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MEASURING LOCAL GOVERNMENT PERFORMANCE IN MALAYSIA: POLITICAL INDICATORS VERSUS ORGANISATIONAL THEORY

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ABSTRACT

There are localities in Malaysia where local government performance is systematically superior and others where it is inferior. Similar institutions perform that systematically perform better than others always raise queries and objection among people. Recognizing the enormous practical implications of this question for local democratic governance in Malaysia, this paper looks at the decision-makers and researchers to assess and explain local government performance. Thus, this paper looks at the concept of local government performance and uses a wide variety of variables to gauge its variance on the one hand, and its roots in economic, political, legal, cultural and social factors on the other.

Keywords: Local government, measurement, performance, governance, political theories

Introduction

Over the years, the local authorities in Malaysia have been soundly criticized for poor services. Due to the importance of local government services that local authorities provide, they are subjected to daily barrage of questions and complaints directly in the press and tougher higher ups at the state and federal levels. The question on what is mean by performance in the public service context, and how can it best be measured always arise due to lack of services and human resources and often times, due to poor management and incompetence and not to mention sheer arrogance, fraught with problems (Kloot & Goodwin, 1995).

The Concept and Measurement of Local Government Performance

The variable to be explained in the conceptual paper is the political performance of local governments. There is no single, widely accepted definition of government performance in the social sciences. Consensus on the measurement of local government performance, in particular, is conspicuously absent in the literature. Still, insights from two disciplines, political science and organisational theory, can be relied on in conceptualizing local government performance.

Organisational Theory

Organisational theory developed highly sophisticated measures of organisational performance. Three approaches emerged to evaluate performance (Robbins, 1998),

1. The oldest approach focuses on how well an organization attains its goals. This approach assesses organisational performance in terms of accomplishing goals rather than means. The exclusive use of the goal-attainment approach inevitably faces difficulties in the identification of goals (e.g. short-term vs. long-term goals, actual vs. official goals, conflicting and multiple goals).
2. The systems approach defines performance in terms of means to achieve goals. The focus is on internal efficiency measured in ratios (usually output/input). The International City/County Management Association (ICMA) developed a series of indicators for the measurement of administrative efficiency in local governments (e.g. average number of days to replace a defective streetlight, percent of help desk calls resolved at time of call, number of employee grievances and appeals per 100 full time employees; see Kopczynski and Lombardo (1999) and ICMA web page.
3. The third approach stresses the stakeholders' importance in the organization. The strategic constituencies approach (or participant satisfaction model) suggests that a well-performing organization is the one that satisfies the needs of those whose cooperation is necessary for the success of the organization. For local governments, the strategic constituency is mainly the citizens of a municipality.

Political Science

The other discipline taking institutional performance seriously is political science. Since its emergence, the problem of “good government” has been one of the most important items on the research agenda of the discipline. In empirical studies of democracy, comparisons have been drawn, sometimes on a large scale, between countries by means of disaggregated performance indicators such as political corruption, personal freedom, government fairness, responsiveness to citizens’ needs and demands, speed and comprehensiveness of policy response to environmental change such as change in oil prices, etc. The political performance indices produced by these studies usually measure the performance of the political system as a whole.

Robert Putnam (1993) and his associates made a pioneering effort to measure and explain institutional performance on the sub-national level. Their central empirical question was as follows: “What are the conditions for creating strong, responsive, effective representative institutions?”

Representative political institutions, Putnam (1993) claims, must decide things as well as do things. They must achieve agreements as well as attain goals. High-performance institutions are “effective in using limited resources to address ... demands”. But, a democratic institution must be “sensitive to the demands of its constituents”. Putnam’s conception of both effective and responsive institutions is based on the following model of the governmental process: “societal demands → political interaction → government → policy choice → implementation.” Institutional performance, thus, includes the recognition of demands, decision-making, and the execution of decisions.

The question worth raising is whether such democratic features as transparency, political competition, citizen participation, NGO activism, and so forth have an impact on government performance, and under what conditions is this impact positive and significant. What are the specific characteristics of the environment that facilitate or trigger better performance? Does a local government in a democratic environment perform better than a local government in a less democratic political system? Is it democracy that explains performance or something else? These are the questions this research project will address.

Measuring Local Government Performance

Local government performance can be conceptualized in a two-way table in which columns represent the distinction between rational organisational effectiveness and responsiveness; and rows divide government activity into three types: policy processes, policy content, and policy implementation.

From the viewpoint of policy processes (“maintenance” in the functionalist language; “operational efficiency” for the student of public administration (Polidano, 1999), effectiveness means the ability of the local government to conduct its internal operations smoothly and efficiently. The operating assumption here is that frequently delayed or modified decisions indicate the lack of information, poor preparation by the administration or serious disagreements among decision-makers (Putnam, 1993).

The next framework shows the conceptualization of responsiveness. On the level of individual citizens, responsiveness means the helpful and prompt activity in the offices of the local government. If citizens experience relief, benevolence and efficiency, the local government has achieved a good level of responsiveness in this respect.

A more substantive responsiveness can be captured through the correspondence between budget allocation of local government and public concerns, respectively. Thus, on the level of goals, responsiveness is the congruence between local government policy objectives and citizens’ wants and needs. If local government is able to address local people’s demands, it shows responsiveness. It is to be examined, however, what qualifies for representing public concerns in the eyes of decision-makers and administrative officials: the opinion of elected representatives, the general public opinion (gauged through local polls, for instance), and the opinion of the noisiest or the best organized or otherwise resourceful groups in the local community. Finally, responsiveness also implies the implementation of policies in a way that meets people’s expectations. The level of satisfaction with the services and programmes of local government shows this kind of responsiveness.

‘Doing More With Less’ Or ‘Doing Less With Less’

Since local authorities are the level of government that is closest to the people, they also faced increased pressures for more accountability and transparency. In addition, the local authorities are facing greater challenges, due to increase in urbanization and education levels of the population, also industrialization of the country (Ministry of Housing & Local Government, 2003). Besides the administrative pressures, such changes have also exerted pressure on the management of local government finance. Besides that, local authorities have to bear the burden of having to pay for some of privatized services such as privatization of solid waste disposal and related cleaning services. Under the interim period of the privatization plan, the private consortium which undertook the provision for the solid waste disposal and urban cleaning services are paid by the local authorities. A number of the poorer district authorities have been faced with lack of funds to pay the consortium due to higher costs of private provision of the services. Nevertheless, these events have led local

governments in the country to be more focused in the remaining services. Thus, we need to look hard at what is working well and what is not working well at present by expressing this as “doing more with less” or “doing less with less” by looking for what priority to measure performance in local government.

In large measure, these queries exist because too many local governments conceive organize, and implement various policies under the influence of political circumstances. Admittedly, all policy makers should rely on organisational theory such as leadership, commitment, decision making and so forth when measuring performance in local government. The “showstopper problems”, however, are almost always the problems that flow from the politics of organisational change, in other words, the ‘political will’ of the leaders in local government is of importance as well as being realistic with the challenges of implementing changes in their respect municipality (Rao, 1993). The queries always rise up as; “Should a service be judged by its accessibility or its financial matter”, and “who should do the judging”? “How can moves to increase the managerial responsibilities and decision-making powers of public servants be reconciled with democratic control and effective auditing procedures”? These questions create dilemmas for scholars evaluating for public agencies: “Is the public manager doing the right things or doing the good things”.

It is difficult to assess how well a local authority is performing because there is no owner with equity stake in the local authority demanding or requiring measurement. There is no bottom-line of profitability or easily quantifiable outcomes that can be used as a benchmark. As a government agency, local authority is not focusing on profitability but rather on providing services for the well being of its community. By determining whether public agencies are doing the right thing or not, there are questions that need to be answered. Are the programmes achieving the agreed objectives? Are the resources used economically? Does the public manager face the right incentives for forging appropriate partnership of constructing within and beyond government?

What activities should or could be transferred in whole or part to the private or voluntary sector? Answering these questions tends to be subjective because local authorities may be efficient in performing their functions but are they effective as a social and development agent? In other words, even the public communities may assess the performance of their local authority by looking at whether they have been served to a satisfactory level but still insufficient. The public is not so much concerned about whether the local authority is having sufficient resource or not since they expect that resources would come from the government. The public also does not consider whether local authorities are develop oriented rather than service oriented which has limitations in

certain conditions.

Local authorities are accountable for performance of their organizations. The stakeholders who are interested to know their performance include the members of the House of Representatives, the local authorities council members, the community or the tax payers the local authorities are serving, the public large as well as the mass media. In recent years, the media has taken an active role in highlighting many issues that concern the public interest, which demand the local authorities to be more accountable. Is the general public receiving the best value for its tax dollars? Because of some political circumstances, this question lead to factor that public does not get many explanations from their local authorities until some problem or issue cropped up and received the media coverage in the press or television. Because of this, the community is becoming more vocal in voicing their grouses over the services provided by their local authorities. They also demanding clearer and greater accountability for the way their local authority make decisions.

Key Performance Indicator (Kpi) In Local Government

Annual reports of local authorities that are audited are means for the local authorities to show their accountability to the stakeholders. However, not much information is made available in these report other than the audited general reports. In addition there have been a number of issues raised with regards to the published State reports of the local authorities. There are some of examples of poor performance of local authorities. The implementation of key-performance-indicators (KPI's) system to monitor and measure the performance of the public sector delivery system as proposed by the Federal Government is still at the infancy stage. The poor performance of local authorities will pose a challenge in meeting their KPI's. Are the structure and ways of working in the current local government fit for improving local service delivery? And what significant changes can be proposed and are necessary if we are to realize the potential of federal and state government agendas? In other words, the tasks is to make how local government effective and efficient in service deliveries at local levels.

In Malaysia, although elections are held to elect people's representatives at the federal and state levels, none is available at the third level where the office bearers are appointed by the state government, which is the statutory owner. The citizenry are also ill-equipped with what can be expected from their local governments although their awareness on this aspect has been rising over time. For instance, the man on the street is often confused about the functions of local government in Malaysia although its importance to him is very real and personal (Ambrin, 2006). As such, it is not surprising to note that most local governments are also uninterested to disseminate information to their

residents on how their revenue is spent fearing that they will be burdened with too many unwanted queries and objections. This view is contrary to the statement that the performance of different local government organizations must be publicized in the form of scorecards in the new media. Lack of a heck-and-balance system by the people has led most local authorities in the country to be complacent and self-governing.

Political Masters In Public Agencies

Despite the variety of changes and interest and commitment of political masters at federal, state and local levels, these changes have resulted in a slight shift in the fulcrum balancing the agency interest vis-a-vis those of users cum customers. Arguably, the changes have been a symbolic, tactical and mechanical embracement of the practices. For example, the Client Charters are in place but there is no public report of performance of the agency, there is still no active consultation with users in designing processes especially if they are a diffused and non-vocal lot (Hazman, 2003). There is no significance attempt to enable tracking of transactions including online arrangements, the laws that enable limited disclosure-habits with practices that symbolize accountability and transparency, and focus on productivity rather than productive outcomes.

Having multiple stakeholders with conflicting needs may result in the measure used to evaluate local authorities' performance to be in conflict. The measurement and evaluation of public agencies performance is further complicated due to the vagueness of public policy (Cheung & Lai, 1993). Policy objectives may result in contradictory and competing goals. As a result, it is very difficult to determine which objectives are most important and to whom it is important. The multiple and vague goals would result in difficulty in measuring performance related to those goals. Thus the question is what are the key objectives of local agencies for which performance can be evaluated? To answer this question, we should trace back the practice of organisational theories but most of organization decisions show that we are still left behind in making the right political decisions. The Rational Model of decision making should be close to public agencies performance which is concerned about objectives, alternatives and the best method should be selected in decide in policy making process.

In addition, many researchers have formulated their conceptual model in performance measurement that is holistic and takes into consideration the social, political and cultural context in which local government operates but these models although advocated both by academics and consultants, such as the balance scorecard, performance value scorecard and Performance Pyramid, was based on rationalistic viewpoint which mainly ignored the power

relationship and political bargaining process (Atkinson & McCrindall, 1997). These models did not show actual emphasis on various performance dimensions which are linked to various stakeholders' interests. An ongoing study on the effectiveness of the local government in Malaysia found that local government officers and councilors indicated that they are largely responsible and accountable to the State and Federal agencies but not to the people they serve. On the other hand, the Public Complaints Bureau under the Prime Minister's Department identified that about 17% of total complaints received are attributed to local governments throughout the country.

Conclusion

Given the above, what are the measures of performance to be used within the public agencies, specifically the local government always debated by scholars. Other questions that arise are what measures to be used and how do we formulate measures for performance? Should the focus be on input indicators (units of output/service provided), outcome indicators (the results of service provided), the cost effectiveness indicators or the productivity indicators (focus on both effectiveness and efficiency). Finally, the main question to consider is whether the performance measurement in Malaysian local government is influenced by political indicators or organisational theory as indirectly shown by the above phenomena. Whatever views in measuring local government performance whether by political indicators or organisational theory. The decision making process should take into account both views. Both methods show that human behavior is the best platform for taking rational action and process. Even though they contradicted each other, it does not mean that the result of the analysis of local government performance is off track. Different methods used in measuring performance will show different results.

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