Public Administration: Issues and Paradigms of Development

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Preface

The ten chapters in particular, draw attention to the nature of public administration, the issues and paradigms of development. Crucial to the discussion about public administration are issues that concerns development, economy, social, and work environment. In the chapters to follow, we look at how policy-making and implementation may be approached by different levels of international and local scenarios. The first section with three chapters deal with development and globalization around the world with local examples, followed by the second section with three chapters surrounding economic issues in Malaysia on healthcare privatization, urban transportation systems and local government issues. Then, the third social section on social chapters that discuss on social security issues and sexual harassment at workplace among public administrators. In the final fourth segment, we have the chapters on challenges of work environment in both developed and developing countries, and the meaning of work in terms of sustainability.

The impact of globalization on states has been prominent as the capacity of the state erodes recreating another mode of effective government and establishing the capacity of other entities in this emerging world of fragmented globalization. In the first chapter, hybridity is discussed and the concept of hybridization can be contrasting to the idea of homogenous cultures in times of globalization. Arguably, it has been economic changes and technological innovations in transport and information systems that have diffused the world which is increasingly entangled in a complex system of dependencies and resulting in many modes or voices of hybridity via culture, religion, and science. The multifaceted effects of hybridization processes are discussed by Loo-See Beh in this chapter which would also deal with influences from the globalisation process causing people to consider themselves as agents of hybridisation.

The next philosophical chapter two by Jay Wysocki deals with the tragedy of sustainable development and global environmental governance. The governance of the environmental management staggers under the number of voices, claims, and demands. Governance directs its voice toward economic development as such channel facilitates the material conditions man desires. In doing so, if one is not careful, all may be lost and remain locked in the defence of sustainable development rather than living a life.
Chapter three by Santhi Ramanathan & Halimah Awang describe the internationalization process of driving Malaysia’s private universities towards international standards of practice. The process has become an important segment of the Malaysian higher education system which has a dual function, namely, to integrate an international dimension to universities and to make Malaysia a regional hub for educational excellence. This chapter discuss policy reforms and among the factors highlighted are institutional policy and structure; government policy; leadership and governance; administrative support; financial support; knowledge; human resources cum recognition; technology integration; international ethos.

While the first three chapters discuss globalization and development subsequently, chapters four, five and six deal with local economic issues in Malaysia. Chapter four discuss the political economy of healthcare privatization whilst chapter five on urban transportation systems and chapter six on local government issues. Lee Kwee Heng, Halimah Awang & Nik Rosnah Wan Abdullah discuss on privatization issues of hospital services and medical tourism in Malaysia and related issues of politics, accountability and future challenges in chapter four.

Chapter five by Raja Noriza Raja Ariffin & Rustam Khairi Zahari analyses the governance of urban transportation system in the Klang Valley where the lack of synergy in the administration resulted in an adverse impact on its efficiency. The chapter indicates four barriers that result in the inefficiency of the urban transport system, which are institutional issues, political issue, cultural and ideological issues and finally policy issues though the paper concentrated on institutional issue. It was found that the overlapping boundaries between different agencies at the federal level as well as between the federal level and the state level that created this problem. Several reports suggest that there tends to be a lack of coordination between different levels of government and their jurisdictions and the lack of legal empowerment.

Norma Mansor, Sharifah Mariam & Noor Azina Ismail in chapter six describe the background of the Malaysian economy, and the institutional structure of governance. It also examines some of the reform efforts at the local government level and finally offers some policy recommendations. In chapter seven, Suhaimi A. Samad & Halimah Awang further discuss the social and economic security policies and programs in Malaysia detailing the public assistance and social security benefits and schemes.
Chapter eight on whistleblowing and perception of sexual harassment has always been an old wine in a new bottle. This chapter by Sabitha Marican gives an overview of the perception of public managers regarding workplace hostility in specific incidences of sexual harassment at workplace and the whistleblowing act in managing sexual harassment at the workplace. Results showed that respondents perceive visually related behaviors as the most harassing, followed by physical, non-verbal, and verbal form of behaviors.

Chapter nine, by Loo-See Beh attempt on the challenges of quality of work life and the concept of well-being which is open to interpretation and cultural contexts in addition to changing perceptions of expectations in terms of work benefits and conditions. Given the presumption that there is relationship between good quality of work life and good health, this chapter contributes a critical perspective on the nexus between work and well-being in the United Kingdom and developing countries given the different contextual and cultural settings deriving evidences from empirical studies, reports to the governments, policies and conceptual interpretation.

Finally, Jay Wysocki in chapter ten provides an overview of work in the themes of freedom, meaning, and self-society. The author suggests that the meaning of work must be reframed to address these three themes. Reflecting upon the ‘meaning of work’ points toward a more psychological interpretation of work experience that reframes this self-consciousness and fundamental values. In the promotion of health and well-being at work, the concept of well-being is open to interpretation and cultural context in addition to changing perceptions of expectations in terms of benefits and conditions.
Editors

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Chapter 1
The Dynamics of Hybridization and Globalization
Loo-See Beh

Globalization and its Definitions

Most agree that globalization represents a serious challenge to the state-centrist assumptions of most explicit or implicit state-centrist critique of state-centrism. In Leslie Sklair’s chapter on “A Transnational Framework for Theory and Research in the Study of Globalization”, in Frontiers of Globalization Research (2007), he termed the qualifiers of globalization as generic, capitalist and alternative globalization with three competing approaches that have dominated the study of globalization: inter-nationalist (state-centrist), transnationalist (globalization as a contested world-historical project with capitalist and other variants), and globalist (capitalist globalization as a more or less completed and irreversible neoliberal capitalist project).

First, the inter-national (state-centrist) approach to globalization takes as its unit of analysis the state (often confused with the much more contentious idea of the nation-state). Globalization is seen as something that powerful states impose on weaker state, and something that is imposed by the state on weaker groups in all states. This line of argument is similar to older theories of imperialism, colonialism and more recent theories of dependency. The idea that globalization is the new imperialism is common among radical critics of globalization, by which they often mean (but do not always say), capitalist globalization. This view can be rejected on the grounds of theoretical redundancy and empirical inadequacy. It is theoretically redundant because if globalization is just another name for internationalization and/or imperialism, more of the same, then the term is redundant at best and confusing at worst (pg.94).

The globalist approach is the antithesis of the state-centrist thesis. Globalists argue that the state has disappeared that we have entered a virtually borderless world, and that globalization, by which is meant invariably capitalist globalization, is irreversible and nearing completion. The central concerns here are the global economy and its governance driven by market forces, the globalist unit of analysis. Globalism of this variety is often referred to as neoliberal globalization. Whereas the inter-nationalist approach exaggerates the power of the state, the globalist approach fails to theorize the role of the state and interstate systems under
conditions of capitalist globalization. Sklair consider the transnational approach to globalization as the most fruitful approach, facilitating theory and research on the struggle between the dominant but as yet incomplete project of capitalist globalization and its alternatives. The transnational approach is the synthesis of the collision of the flawed state-centrist thesis and the flawed globalist antithesis.

Generic globalization can be defined in terms of four phenomenon: (1) the electronic moment, notably transformations in the technological base and global scope of the electronic mass media; (2) the postcolonial moment; (3) the moment of transnational social spaces; (4) qualitatively new forms of cosmopolitanism.

His theory of capitalist globalization include the debates over whether and to what extent (i) capitalism is the central issue for globalization theory and research; (ii) the transnational capitalist class really is the main driver of capitalist globalization; (iii) capitalist globalization is synonymous with “Westernization” and/or “Americanization; (iv) globalization induces homogenization or hybridization or both at the same time; (v) the state is in decline relative to the forces of capitalist globalization; (vi) the culture-ideology of consumerism is central to the system; and (vii) alternatives to capitalist globalization are possible within the conditions of generic globalization. The transnational capitalist class is composed of the corporate, state, technical and consumerist as follows: (1) those who own and control major TNCs and their local affiliates (corporate fraction), globalizing state and interstate bureaucrats and politicians (state fraction), globalizing professionals (technical fraction), and merchants and media (consumerist fraction).

As for alternatives to capitalist globalization within the conditions of generic globalization, the crises of class and capitalist polarization intensifies and cannot resolve, make it essential to start thinking about alternatives.

**Cultural globalization**

In the end, how do we bring people to the cultural heritage in such a way that they are all able to speak and influence decisions? There are many difficult issues here. For example, should all those around the table have an equal voice? Or should those who have suffered more through the colonial process have a louder voice? Who “owns” the past – those associated most closely with it historically, or the world community, or those who found the site and can best preserve it, and so on? Even during an era of cultural globalization where diversity,
hybridity and heterogeneity prevail, institutions remain unchanged and economically may remain marginalized and continue to experience a sense of exclusion.

The cultural globalization movement has allowed music to develop into “an international phenomenon critically centered in youth popular culture such as hip-hop rap music. Music, can effectively act as a tool for hybridization even though preferences for particular forms of music may differ from country to country, from culture to culture, and amongst different groups of individuals living within similar city and neighborhood. As we have seen how students draw upon aspects of rap in relation to science, hip-hop becomes a powerful vehicle for agency and identity (re)formation and hybridization, particularly essential for economically disadvantaged African American youth who experience schooling in oppressive manners. (Elmesky, 2009). Through new technologies of information and communication, the world has become interconnected in new and complex ways and offers new ways for belonging and identifying with others, youth are developing new categories of consciousness and constantly forming and reforming hybrid identities. Hip-hop has become all-encompassing, influential and global from West to East, from New York to Nairobi, South Africa to Hong Kong, from Iceland to Japan. As cultural boundaries are porous, hip-hop rap music has creolized into different forms that integrate different ways of speaking, knowing, and interacting. Though concerns around rap content and language/word choice are the most typical criticisms that arise and limit the possibilities for considering it in traditional ways other than pure entertainment.

**Hybridization**

Hybridization is a local expression with many possible meanings associated with it. Hybridization refers to the mixture of “religious” and ‘secular’ practices. The empirical claim is that hybridization has always taken place and will continue to do so. The theoretical claim is about the usefulness of hybridity as an analytical tool. Normatively, hybridity/hybridization can be understood as a critique of binary boundaries. The post colonial hybridity discourse evokes the image of proudly self-identifying hybrids challenging the notion of purity, and deconstructing the boundaries constituting the dominant culture, race, class, gender, and religion.

Hybridity is fluid and the value of the hybridity lies in how we live in processes and that which develop in processes resulting in many modes of hybridity. It involves acknowledging diversity, multiplicity, and difference even as we recognize the ties that bind, the ways in
which we remain enmeshed in ever more complex networks, relations, and reciprocities. It means recognizing the full complexity of contemporary circumstances, on the entrenching of neocolonial patterns of dominance on the part of Anglo-American world. It means embracing ambiguity, hybridity, and irony while retaining the ability to undertake concerted ethical action. At a conceptual level, the paradoxical nature of globalization, its mixture of promise and malice, requires double optic. Even at the level of political action, it requires a sharper focus with new and concerted ways of channeling energies and resources. The challenge is the localization of theory and practice combined with the globalization of political interest and organization. Hybridity is strongly related to theories of identity, ongoing process of identity construction to life experiences and social values if one focuses on the hybrid space created by the infusion of Western and non-Western worldviews wherein flourish richly hybridized languages and fluid cultural identities. This perspective is also compatible with theories of cultural pluralism, critical social theory and postmodernism, not to mention several others (e.g. feminist theory, postcolonial theory). Many of these questions are about identity politics, the value of global cultural diversity, cultural identities that have metamorphosed into a complex multicultural identity due to mobility across the borders. Yet to assume that hybridity is due to globalization is, at best, an oversimplification. Culture is itself a complex postcolonial milieu, where everyday life and political economy, commonsense and practice have, for worse and better, been an ongoing process of cultural contact, blending and hybridization of indigenous and non-indigenous, local and global knowledge. It is as much the product of struggle, of having viewed the world differently – critical, hegemonic, dominant and non-dominant, traditional and modern, institutional and informal, acquired and learned, mainstream and non-mainstream interaction and influence, the asymmetries and inequalities of such exchanges, the very human educative processes. Inevitably, all are never equal in such exchanges as discourses and identities are different in different cultural sites and settings, different institutional lives and societies that could potentially alienate rather than hybridize in the new symbolic power. This involves socio-cultural and political perspectives in exploring one’s own cultural identity formation as a political interaction between ethnic, national and global affiliations, and strengthening one’s beliefs, values, and practices and in hybrid languages as building bridges between the existing and forthcoming systems. Such archetypes reside initially in the unconscious mind and then practiced and shaped into their everyday actions attributing to the world the moral and environmental degradation.
The outcome of such development is the global interconnectedness resulting in hybrid cultures worldwide as a result of what Appadurai (1996) calls the ‘indigenization’ of Western culture. But this is not restricted to formerly non-Western nations within Africa or Asia. It is also evident within the geographical borders of the former imperial powers of Europe and the USA where, as a rich legacy of empire, an intercultural flow of persons, ideas, capital and commodities occurs. Schech and Haggiis (2000) argue that paradoxically cultural diversity is increasing as a result of the process of Jamaicanisation of Western culture within the cities of England, and the same may be said of the Africanisation and Latinisation of Western culture within the United States.

Largely due to globalization, the massive movement of people across national borders brought about by technological developments in communication media and transport are revealing new, hybrid cultures among diaspora communities. According to a study by Kenneth Thompson (2002), the diaspora of peoples whose origins were in the Indian subcontinent (South Asia) and who are now living in Western countries (especially the U.S. and UK) provides an interesting example of processes of negotiation of new hybrid cultures and identities, using new technologies, such as the Internet, and older technologies like the video player, cable or satellite television, radio and telephone. These developments may require a revision of the classic sociological picture of assimilation as a zero sum model of acculturation, in which the acculturation of immigrants and their children involves the gradual replacement of their ethnic culture by that of the culture of the host nation. The electronic media, in the context of policies of multiculturalism, may lead to an accentuation of religious-ethnic differences. Contrary to previous assumptions, middle-class immigrants may be more inclined to resist cultural assimilation than their lower-class counterparts.

Much has been said of the global exportation and alleged domination of American culture. However, according to Thompson, the American global cultural domination may be much less than was thought, and there is an argument for an alternative thesis of international regional cultural boundaries- one example of which would be the cultural complex deriving from the Indian subcontinent (Sinclair et al. 1996). The second point made by many researchers is that the U.S., UK, and other Western societies are increasingly multicultural (although multiculturalism takes various forms) and that there is not so much a “melting pot” as a cultural “salad bowl”, in which ethnic cultures coexist without being merged into a homogenous national culture (Thompson 2002:413). Unfortunately, the home culture of ethnic minorities has tended to be portrayed as the site where cultural traditions are
maintained and assimilation to national/global culture is resisted in contrast to contemporary cultural studies that leaned towards stressing negotiation, adaptation and reinvention of cultures and identities. The nature of the resulting hybridization is not fully captured.

Research on South Asian diaspora women reveals how centrally important is the relationship between mothers and daughters in the creation of ethnic cultures and identities through viewing of ethnic films and television in the construction and reaffirmation of their shared cultural identity. Religion also plays a role, sometimes through overt religious practices, but also in a more diffuse way as “traditional” or background element in film narratives. Religion is generally found to play a central role in ethnic construction in immigrant contexts because it serves as a vehicle for the transmission of culture and also provides the institutional framework for community formation (Thompson, 2000).

Christl Kessler (2006:236-237) conceived a four dimensional framework of hybridity. These dimensions are: transgressing boundaries by mixing, awareness of one’s own mixing agency and the diverse roots of cultural practices of all kinds, challenging power structures, and resisting clear boundaries as fixed identity markers. Transgressing and mixing as the empirical core of hybridity has intensified due to increased globalization. Mixing in itself does not necessarily challenge the exclusion/inclusion function of boundaries. People can transgress borders and appropriate cultural practices, but nevertheless claim religious/ethnic/national purity. It is the awareness of the mixed character of one’s own cultural (religious, social, academic, etc.) practice which gives the omnipresent mixing a special quality. Acknowledging the variety of sources for one’s own cultural practices renders exclusion on the grounds of these practices more difficult. For instance, if Catholic Charismatic practices originated in the Pentecostal movement it is difficult to uphold that only Catholic faith provides salvation and spiritual truth. This acknowledgement and awareness of the various sources of one’s own cultural practices inherently challenges the notion of natural and/or impermeable boundaries between religions/nations/races/sexes, etc. Power structures based on such impermeable boundaries are thus – at least potentially de-legitimated.

**Hybrid systems of government**

Much can be said on “hybrid” regimes, systems which, in fusing democratic procedures with authoritarian controls, produce varying amounts of stability (Diamond, 2002). Put simply, with hybrid regimes lacking some of democracy’s key defining elements, they must be
located in the authoritarian category, even if plotted at the near end of a continuum that falls away into harder forms of autocracy. As Andreas Schedler (2006:3) advocates, these regimes “violate liberal-democratic principles of freedom and fairness so profoundly and systematically as to render elections instruments of authoritarian rule rather than “instruments of democracy”. This section revisits an older literature with Robert Dahl’s dimensions of civil liberties and competitive elections. Briefly, politics are democratic when both of these dimensions are present. Accordingly, softer hybrid forms of authoritarian rule appear when the institutions and procedures on one dimension are at least partially respected, while on the other, they substantively missing. In advancing this idea more than two decades ago, O’Donnell and Schmitter (1986:6-14) elaborated the ways in which progress on these two dimensions might vary inversely, delineating a dyad of hybrid sub types. Where civil liberties are tolerated but electoral competitiveness is not, or remains so constrained as to be meaningless, what they understood as “liberalized authoritarianism” emerges. By contrast, where electoral contests are competitive, but civil liberties are suppressed, enabling opposition parties to form, but not fully to mobilize, a “limited democracy” takes shape. This stands as the most fundamental distinction in the category of hybrid regimes, creating two ideal sub-types. They are sometimes conceptualized as liberal and electoral authoritarianism.

Similarly, Vince Boudreau (2004) characterized the dynamic between state repression and popular protest as “contentious” politics. On this score, any “liberalizing trend” produces new “movement opportunities”, greatly increasing the mobilizing potency of even moderate opposition groups and networks. In these circumstances, as social forces gain in political aspirations and mobilizing skills, but find no electoral release, pressure builds steadily until erupting in anti-system behaviors, sometimes militant, finally toppling the government in ways that may lead to, or coincide with, an un-modulated transition from liberal authoritarianism to democratic politics. One example involves the Philippines in 1986, with highly mobilized civil society organizations pushing across a democratic transition after President Marcos attempted to close the electoral aperture that he had so briefly reopened (Case, 2008).

On the other hand, in an electoral authoritarian regime, a government may suppress civil liberties, yet regularly hold elections, even reasonably competitive ones. Electoral authoritarian regimes are more resilient, with social forces kept by the limits on civil liberties. However, skilled leaderships learn to recalibrate competitiveness more effectively, systematically keeping the lid on civil liberties, adjusting electoral procedures tactically in
ways that better their chances. Examples include Nicaragua, Zambia, Malawi during the early 1990s, Ukraine in 1994, Albania in 1997 and Ghana in 2002. More recently, though, governments in developing and post-Communist countries have also come to recognize this.

The lack of democratic procedures through which to hold the government accountable for uneven responsiveness itself becomes a common voice for societal discontents across the globe. Though in most circumstances in many countries today, with the middle class seeking greater procedural transparency and the working class more substantive benefits, majorities call for fuller democratization of politics. This is another form of voices of hybridity.

Hong Kong seeks to do as a semi-autonomous unit of governance within a larger non-democratic system, a liberal authoritarian regime through selective co-optation at the elite level, backed by an implicit threat of violence. By contrast, Singapore’s electoral authoritarianism may more efficiently regulate the pressures of societal discontents than Hong Kong’s liberal form of authoritarian rule.

Hybridization, as in the fusing of secular and religious knowledge, can be witnessed in the declaration by the Malaysian government that no distinction between secular knowledge and religious knowledge exists. Hybridization of politics and religion is welcomed when practiced with sanctity. Secularism and religiosity are jointly called upon in the Malaysian context particularly in terms of sharing the common ethics of life and work so that the principles of good governance can be accomplished far more effectively, such as weeding out corruption and persuading people to act with integrity. But such integrity and conviction must include greater appreciation of humanity and faith in religious doctrines. As it is, many people see religion as the main cause of wars and neither is politics contributing to stability. Where religion enters politics, it is viewed as perpetuating the advancement of political agendas in the name of religion.

**Hybrid governance**

Emergence of hybrid governance modes comprising co-management, public-private partnerships and social private partnerships that bridge state-market community divisions is another example. Analyses of neoliberalism’s propensity to hybridize have particularly focused on the interactions between actors and the ways in which collaboration is conceptualized and managed. Key themes have been the distribution of power between parties in partnership arrangements, institutional forms in which actors come together to
achieve mutual goals and types and levels of stakeholder engagement. However, the forms, origins, structures and dynamics of hybrid governance are largely unexplored. Little attention has been given to the underlying logics and dynamics that generate and shape these hybrids - their elements, the transformation processes acting upon them, and their resulting properties – limiting both understanding and explanation. The focus on neoliberalism has also meant that accounts of hybridity pay little attention to the power of socio-cultural processes to create an transform modes of governance (Barnett, 2005).

Lockwood & Davidson (2010) examined hybridity in the neoliberal, ecocentric and localist deployment of ethics and the identification of nature as an object of governance in Australia. In a hybrid regime of practices, multiple mentalities of rule and multiple logics are simultaneously evident. Hybridization can potentially occur between one or more of (i) a dominant form (such as neoliberalism); (ii) vestiges of once dominant now superseded mentalities (such as welfarism); (iii) waxing and waning but nonetheless durable alternatives (such as localism) and (iv) newly emergent modes that arise as a response to newly-recognized problems (such as ecocentrism). Hybridized structures may be evident within a regime of practices when the authors of a governance program actively design in components from multiple logics, so that the program itself is a ‘meta-governance’ hybrid. A second ‘internal’ mode of hybridization may occur when authors of a program primarily follow the core elements of a particular logic, but in an effort to resolve tensions or make a program workable, graft aspects of another logic (particularly its technologies) onto the primary logic.

‘Outside’ hybridization also has the potential to take two forms. A regime of practices may be constituted by the primary authors of rule, as well as technologies established under prior forms of rule that may not have been fully dismantled, giving actors the means to pursue a parallel or rival program based on a different logic to that evident in the dominant form of rule. This complex of forms comes together, not with intentionality on the part of any actor, but is an emergent outcome of competitive interactions between actors pursuing opposing governance logics. A second mode of emergent hybridization can also be envisaged in which a regime of practices is shaped more by the complementary interactions of multiple logics rather than competition between them.

One such example of hybrid regime is the Australian natural resource governance which has been reshaped by a succession of neoliberal reforms that have pursued logic of community and individual responsibility and deployment of market-oriented technologies. For instance
The Wilderness Society (Tasmania) continues to maintain its distance from mainstream politics and focus on nature conservation issues, recently introduced a localist element into its campaigns by working with local communities and other NGOs to foster landscape connectivity conservation initiatives.

In contrast, WWF Australia also formed in the 1970s has operated both ‘inside’ of neoliberal structures and with localist actors. From its beginnings, WWF fostered working relationships with businesses and governments, and in Australia engages in a range of environmental policy, resource management and conservation programs and projects, emphasizing social and economic as well as environmental needs through establishing partnerships with governments, business, local communities and scientists. However, the combination does not imply equal influence but a consequence of adaptive accommodation and cooption of governance in accord with their respective ends and ethics. It is a meta-governance mentality that may yield better social and environmental outcomes. Such dynamics also point to the possible formation of a higher-order hybrid mentality of rule which is itself a product of sustained co-existence of the three mentalities. Further work is needed to more fully examine the theoretical and empirical dimensions of such hybrid trajectories and their normative implications for environmental governance or any other governance.

**Ethnicity and Hybridity**

In a globalised world, who-we-are appears as a multiple and changing concept as we move from place to place, and between cultures, nationalities, and languages. In such times, the very notions of identity are put under pressure. And the often disjunctive ways of meaning and practice related to a particular conceptual or practical domain – multiculturalism, nationalism, racism, citizenship which defines human existence across different formations of time and space with issues of security, and asylum seekers. They are global concerns with consequences throughout the world but with local expressions.

Ethnic Chinese communities can be found all over the world with much hybridization with local cultures. The largest group of ethnic Chinese living outside China can be found in Southeast Asia; some 25 million of which more than 7 million live in Indonesia. For long it has been argued that the ethnic Chinese in Southeast Asia exhibit dominance in economic terms and such suggestion has not been uncontested. It is said that ethnic Chinese businesses in Malaysia, Indonesia, Thailand, and the Philippines account for 40-60% of total GDP,
whereas the ethnic Chinese are said to control some 80% of Indonesia’s and 40-50% of Malaysia’s corporate assets.

It is interesting to note that the possibility of a hybrid identity was never an option in Indonesia for the Chinese as compared to other Southeast Asian nations. The alienness of Chinese can be understood as the ideological product of socio-historical processes specific to Indonesia particularly in its construction of nationhood. Especially interesting is the role of the state in “the selective creation and manipulation of ethnic identities” (Tan, 2001) in the process of nation building, which in Indonesia can be characterized as an ongoing attempt to forge a national identity out of a multi-ethnic populace. In such a frame of citizenship, the issue of identity relates to the question of how people see themselves as citizens (and hence their perceptions of rights and obligations), how they accordingly act upon such citizenship and their relation to the state and vice versa. It is clear that the state (bureaucracy and instruments of government) has been one of the most important roles contributing to the separateness of the Chinese in Indonesia, particularly in Java.

A brief overview of such state mingling shows that Presidential Instructions and Decrees in 1967 limited the scope of Chinese traditions to the family worship house and required Indonesian ethnic Chinese to change their Chinese names into Indonesian ones in order that “such citizens shall be assimilated as to avoid any racial exclusiveness and discrimination. In 1966, the use of Chinese language and characters in newspapers and shops was prohibited and a much contested law was installed earlier regarding citizenship, stating that Indonesian ethnic Chinese needed to have a SBKRI (Surat Bukti Kewarganegaraan Republik Indonesia), evidence of the change of their Chinese names into Indonesian names and a K-1 Letter to prove their Indonesian citizenship. In the New Order period (1965-1998), the ethnic Chinese “were prohibited from participating fully in political, civic and military affairs” and hence mostly ended up in entrepreneurial and business occupations, the private sector of the economy where the majority in fact are small shop keepers and traders (Freedman, 2000:3). I see this as a common voice of hybridity of overseas Chinese on their life sustainability and the position aftermath across the regions. After the fall of Suharto (1998) a few amendments have been made. Interim president Habibie (May 1998-October 1999) approved the formation of Chinese political parties and installed a Decree to stop the government’s use of the words pribumi and nonpribumi. Abdurrahman Wahid (President from October 1999 – July 2001) abolished the law on the manifestation of Chinese cultural and religious

**Hybridization of Nationalism and Religion**

According to the “primordial” / “perennial” model, nationalism is a result of deep ancient roots, a sui generis process of coalescence involving collective loyalties and identities that has always characterized human communities (Smith, 1986, 1995). According to the “modernist” model, nationalism is a distinctly modern phenomenon, a functional substitute for pre-modern categories and an invented mechanism of mobilization in the hands of manipulating political elites (Shenhav, 2007). Whereas nationalism replaced religion and ethnicity as a modern form of collective identity (e.g.Gellner, 1983; Hobsbawm, 1990; Kedourie, 1971), it manipulated images of the past to create an impression of historical continuity (Hobsbawm, 1983). Hence, history, ethnicity, and religion are organized and tailored to meet the needs of the present. Using Latour’s (1993) framework on modernity to the literature on nationalism, Shenhav argues that Zionism hybridizes the secular with the religious, while at the same time obscures these hybridization practices, thus purifying nationalism (the very product of hybridization) and treating nationalism and religion as two separate spheres of action. Through the simultaneous process of hybridization and purification, the religious is relegated to the pre-modern (and to the East/global South), while the secular is relegated to the modern sphere (and to the West). According to Shenhav, Zionism is hybrid as it is originally European, yet materializes in the Middle East though secular, yet imbued with theology, modern, but relying on ancient roots. The primordial voice mixes (i.e. hybridizes) the old and the new. This argument according to Shenhav, collapses the distinction between primordial and modern nationalism and suggests that they should be viewed as simultaneous practices of hybridization and purification.

The hybridization of nationalism and religion is common across countries’ politics and culture where a significant influence on civil society and on the public sphere is exercised. It is fairly reasonable to assume, (following Geertz, 1983) that sacred religious symbols seep from religion into all forms of political and institutional life. Further, the role of religion in national movements has not diminished obviously, and postcolonial perspective is explicit about the epistemology of hybridization as a way to think about culture, power and fluidity. Hybridization creates mixtures between entirely different phenomena: nature and culture, humans and non-humans, secularity and religion.
Nevertheless, this does not imply that hybridization and religion is identical across nations. At the individual level, for example, many Americans compared with Israelis, claim to believe in God or attend religious congregations (Guttman, 2002) where in the US, 95% say they believe in God in contrast to Britain (76%), France (62%), Sweden (52%). At the public level, however, religion and state are more separated in the US than Iran or Malaysia. Religion becomes public under different philosophies and constitutional traditions and can flow in many unexpected directions where religious challenges promote public debates around liberal issues. Rather than suggesting that such generalizations be made, it should be viewed as a heuristic device to examine more closely the relations among nationalism, public sphere, and religion in societies that are traditionally defined as secular (Shenhav, 2007).

**Concluding Remarks**

In charting these voices of hybridity, this paper argues that globalization has brought about a hybrid regime of politico-administration, and socio-culture characterized by a fragmentation and inextricable tangling of powers but not necessarily limiting the central state’s capacity for action and control. Although the question of globalization is normally discussed in economic terms, it is of course a cultural and political phenomenon as well. The dynamics of hybridity is growing yet generating challenges in terms of intergovernmental coordination. It is true that even in 1848, Marx and Engels stress the ‘cosmopolitan’ character of capitalism, arguing that it impacts upon every corner of the globe and cements the ‘universal interdependence of nations. Stiglitz’ book, *Globalization and its Discontents* makes an attempt to present a positive critique of globalization and argues that the problem is not with globalization per se but with how it is managed. Governments have an essential role in mitigating market failure and ensuring social justice. One of the most positive features of globalization is that people meet others of different ethnic and cultural origin and outlook, not only when they travel abroad, but even at the local level. The acceptance of the plural, hybrid nature of our globalised world in place of the homogenous flattening of culture envisioned by positivist notions of modernity is being constantly challenged by politics of fear, extremism and sensitivity in the midst of global transformation.
References


Chapter 2
The Tragedy of Sustainable Development
Jay Wysocki

Introduction

On the face of it, a paper about sustainability and governance looks reasonable; people live within environments that they would like to see sustained, and they live under governments and rules that, though they might wish them improved, afford a stability that, for the most part they would like to see sustained. But people don’t just wish, they also act, and often in ways that may be deleterious to themselves and others, thereby undermining and working against the very goal they seek or profess to seek. The Greeks, in their tragedies, framed such self-undermining behavior as due to man’s ignorance. Such ignorance sometimes involved the intervention of the Gods, but more often the God’s were simply witness to man’s own stumbling, either his hubris or his failures to control his ambition and base desires. Man’s relationship to the living world environment system within which his life is sustained has this tragic character; it is within this domain that man acts out his base material aspirations even as he remains largely ignorant of natures workings, choosing instead, faith that its benevolences is assured.

There is a well known quote associated with the United States delegation to the 1992 United Nations Conference on Environment and Development (UNCED) in Rio de Janeiro: “The American lifestyle is not up for is negotiation.”¹ What that lifestyle was, or is now, is less important to us here than the fact that it could be referred to as idea that the speaker might feel needs defending. That the high energy use, high consumption, capital and technologically intensive post industrial society needed a preemptive warning regarding the sanctity of its boundaries suggests that the concept of “sustainable development” as outlined in Our Common Future (1987), the report of the World Council on Environment and Development, had not quite taken hold. That it will take hold and be endorsed by developing nations around the world, making the comment ironic in hindsight, is not yet evident. And with memories of the Cold War and its claims and demands for option still fresh, there is not yet a sense of tragedy in the paucity of victory

¹ Some believe President Bush made the comment to the press while in Rio but no paper trail appears to exist for this. The most authoritative sources appears to be Time magazine, June, 1992 which attributing the phrase to US delegates generically.
or the dissonance associated with promoting envy for a lifestyle that few others will access in a resource short world. All this will come but in 1992 had not arrived yet. Like the audience to a theatre of tragedy, though we know the outcome we can learn from the telling of the tale.

**From Self-restraint to Sustainable Development**

“.....development that meets the needs of the present without compromising the ability of future generations to meet their own needs.”

This the definition of “sustainable development” most often extracted from *Our Common Future (1987)* by the World Commission on Environment and Development. Almost immediately it was criticized for its ambiguity (Lele, 1991) and its contradictions (Daly, 1992; Redcliff, 1987, 1992). In a review some years latter Mebratu (1998) argued the “instrumental political expediency” to demonstrate relevance had produced a paradoxical outcome: “in trying to win the environmental debate, the emphasis of conceptual development has shifted from logical coherence to that of semantics.” (pg 518).

Robinson (2005) suggests such “constructive ambiguity” is common to political processes that need to garner support as it permits policy makers’ freedom to maneuver.

A sense of tragedy emerges early in the very need to define. In the four paragraphs that comprise the section on sustainable development [surely among the shorter sections] within Common Future, no definition is actually given. Rather the sentence from which the contested and cited “definition” has been so often extracted is but a preliminary statement of optimism: “Humanity has the ability to make development sustainable to ensure that it meets the needs of the present without compromising the ability of future generations to meet their own needs.” (WCED, 1987; para 27). Likely it does; we can endorse the optimism; but the hard work? What follows, in the next 250 pages or more pages, are the issues, options and proposals that elaborate the two fundamental messages of the Chairman’s Forward: the “global agenda for change” requires rethinking the very nature of man’s relationship with the natural world; and, a “return to multilateralism” in required to implement that view. Developing the latter will change and undermine the former.
Positions toward the Environment

Historically, positions taken in environmentalism have been constructed around polarities, such as “eco-centric” and “techno-centric” (O’Riordan, 1981; Pepper, 1996), “bio-centric” and “anthropo-centric” (Pepper, 1996); and, “Arcadian” and “Promethean” (Lewis, 1992). In each case, the first of the poles reflect the romantic role given nature to provide a domain of self-realization which the latter reflects material for man’s sustenance of his life on earth. Robinson (2005) has looked at the action orientations inspired by these two value positions. He updates the protection-conservation debate in turn of the century America, which was resolved with Roosevelt’s preference for the efficient management of resources by experts (Hays, 1959), with those of the mid 70s such as on population between Commoner and Ehrlich (Commoner, 1991; Daly & Ehrlich, 1992; Ehrlich & Ehrlich 1989). He suggests two positions toward action: 1) one of personal “value change” that derives from the romantic, individual oriented position of man in nature; and, 2) “technical fix” as policy driven utilitarian approach to the efficient utilization of resources for man’s needs. The sustainable development approach sides clearly with that of “technical fix” and the drift in that direction is relatively easy to chronicle.

The 1972, *Limits to Growth* (Meadows et al.; 1972) provided a review of global ecology issues and then called for 1) rethinking the consumptive lifestyle of the developed nations and 2) controlling the population growth of the poor ones. *Limits* gave the local lifestyle concerns of Rachel Carson’s (1962) *Silent Spring*, credited with galvanizing the American environmental movement, a global reach; *Limits* sold 9 million copies and was translated into 29 languages. The 1972 UN Conference on the Human Environment (Stockholm) comes some 6 months after *Limits*: attending are representatives from 113 countries and more than 400 inter- and non-governmental organizations. By the end of 1972 environmental concerns are recognized globally and part of the political discussion. The multi-year study *Global 2000 Report to the President* (Barney, 1980) commission by US President Carter continued in the tradition of *Limits* by assessing human impact on the world eco-system, offering similar dour conclusions and calling for value change and self-restraint.
From Self-restraint to Development

The 1981 World Conservation Strategy (IUCN et al; 1980), *Living Resource Conservation for Sustainable Development*, appears to represent an inflection point and a shift away from the 1970s call for new social values of individual self-restraint. The distinctly different appraisals (Mebratu, 1998; Sach, 1993; Robinson, 2005) of the Strategy suggest a “constructive ambiguity” in the approach that, whether intended or not, initiates this change. In December of 1983 UN Resolution A/RES/38/161 establishes the UN Commission on Environment and Development and tasks it to blend environment and development as strategy. The UNCED’s report, *Our Common Future* (WCED; 1987), makes the term “sustainable development” common usage. The term now connotes the management of a broad range of ‘capital’ and resources—environmental, economic, and social—for development. Gone is any argument for individual value change toward self-restraint and in its place economic development through technology and policies: The report is conscious of this and frames “sustainable development” in this context:

“The concept of sustainable development does imply limits—not absolute limits but limitations imposed by the present state of technology and social organizations on environmental resources and by the ability of the biosphere to absorb the effects of human activities. But technology and social organization can be both managed and improved to make way for a new era of economic growth (WCED, 1987; pg 8).”

The 1992 UNCED Conference in Rio de Janeiro, Brazil, is intended to institutionalize the new perspective and its multi-lateral management. Rio mirrors in form, objectives, timing and even leadership the UN’s Stockholm Conference held in June 20 years earlier. The parallels were intentional as Rio was to reaffirm the UN’s relevance in a post-cold war environment of failures in development (Esteva, 1992) and declining aid budgets (Sachs, 1993b; Finger, 1993). *Common Future* and Rio reflected the new social-economic environment of a post Cold War world and attempted to reframe the human-environment relationship within the multiple ‘capitals’ of society, economics, and environment, all to be managed for mankind’s future betterment. The conscious attempt to reflect these changes in the institutional structures of environmentalism and development had other consequences, as well. Reviewing the changes a year on Sachs
observed: “Once, environmentalists called for new public virtues, now they call rather for better managerial strategies” (Sachs, 1993, p. xvi).

The changes to obligation, agency and action are momentous in the new view. Whereas the 1970s sought personal ‘value-change’ cognizant of resource depletion and pollution; this disappears under a future “technological fix” for sustainable development. While certainly true that the historical polarities of the environment debate had been future oriented, the shift from an individual point of view significantly changes the compulsion and form of action. Now, the arbiter for the relationship with nature is neither nature nor oneself but a judgment made by future generations of their “ability” “to meet their needs” in that future. Our present obligation is not action we are to take today, but rather a double negative—“without compromising”—regarding the consequences of any action on the future. Such a double negative opens up the world for the optimistic supporter of economic growth and the ‘technical fix’ for surely our own experience of meeting current needs are directly due to technological advancement and economic growth. Common Future and Rio are not causal, save perhaps for their influence on the official development assistance community. But they are part of a sea-change that comes with the end of the Cold War and the decline of political risk.

The post Cold War globalization, with its focus on Asia, records the fastest economic expansion and the greatest reduction of poverty since the Atlantic Rim globalization of the late 1800s. This is the triumph of the ‘politics of productivity’ waged during the Cold War (Maier, 1977) through emphasis on industrialism and growth in developing countries (Engerman, 2004). It is development, certainly, but the environmental deficits incurred—depletion of the worlds’ fisheries, falling water tables and water pollution, and rising level of greenhouse gasses—are anything but sustainable (Worldwatch Institute, 2008). Indeed, in the context of the environmental elements of Common Future (1987) or Rio, this development represents a “sustained un-sustainability” (Blühdorn, 2007) which requires the complicity of a governance framework the ideology of which limits the ability to compel sovereign action toward environmental concern.
Governance: the Voices of Multilateralism

“...the sum of the world’s formal and informal rule systems at all levels of community.....can properly be called global governance and.....it is a highly disaggregated and only a minimally co-coordinated system...” Rosenau, 2005

Scholars are most often witnesses to the action of men rather than causal agents but a succinct description of an idea whose time has come always appeals. Governance without Government; Order and Change in World Politics (Rosenau & Cziempiel, 1992), captures well the spirit and the struggle of the new post Cold War politics. The shift from governments to ‘Governance’ describes the emergence of new actors demanding recognition in a world no longer constrained by the “long-peace” (Gaddis, 1986) of the bi-lateral order or “restrained” under the two powers that served to order that world (Waltz, 1993). The collapse of the Soviet created a social and economic vacuum into which a variety of changes flowed. New technologies encouraged integration of a globalizing economy about which much of the developed West was triumphantly enthusiastic (Fukuyama, 1992). New global problems—pollution, crime, terrorism—that could no longer be subordinated under the larger political conflict emerged and required new levels of cross border government cooperation which, while necessary, threaten the states as it further fragments the hierarchical government structure (Slaughter, 1997).

The post Cold War environment inspired both enthusiasm and anxiety as the old bi-lateralism gives way to, on one hand, a new global integration for which there were no rules and, on the other, resulted in the resurgence of local identity conflicts previously subordinated within the power blocks. Into the vacuum emerge forces for integration and fragmentation: “One involves all those forces that press for centralization, integration, and globalization, and the other, consists of those forces that press for decentralization, fragmentation and localization” (Rosenau, 2005; pg 24). The new governance reflects a global polity opening vertical space for legitimate voice, and horizontally reaching out to actors in other ‘middles.’ New forms of stability and action emerge within this space and counter the classic polarities of hierarchy or anarchy (Waltz, 1979). Governance, all acknowledge, is not governing, not the steering of the state, but rather a new form of social coordination, albeit complex.

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2 A Google Scholar search, leaving “governance without government” in quotes produces over 4100 hits; of which 1356 refer to the book itself; on Google the results are 137000 hits.
Global Environmental Governance

In the chairman’s forward to the WCED Report, Gro Brundtland offers: “Perhaps our most urgent task today is to persuade nations of the need to return to multilateralism.....The challenge of finding sustainable development paths ought to provide the impetus — indeed the imperative ~ for a renewed search for multilateral solutions and a restructured international economic system of co-operation.” And, tragically, for the environment at least, the globalization and the rapid expansion of the world’s economies will offer just that.

The post Cold War order significantly expands the number of legitimate entities—countries, ethnicities, ‘rights’ groups—emerging from behind the edifice of the two blocks and demanding recognition. Although the numbers are skewed somewhat by the rise in the number of NGOs and civil society actors, a comparison across the Stockholm and Rio conferences is illuminating. Stockholm is attended by representatives from 113 countries and more than 400 inter- and non-governmental organizations. At Rio in 1992, representatives from 172 governments participated, with 108 sending leaders; there were 2,400 officials on non-governmental organizations and some 17,000 people attended the NGO forum which was conducted in parallel and accorded consultative status to the meetings of sovereigns. Rio affirmed the new global governance environment and did much to reframe the recognition of past failures in development (Esteya, 1992; Bartelmus 1994) and declining aid budgets (Sachs, 1993b; Finger, 1993) in a manner supporting multi-lateral engagement. It will establish something of the multi-lateral leadership that Gro Bruntland sought but in the context of development, which will be the primary concern of the attendees (Hildyard, 1993). Observed Sachs, “the governments at Rio came round to recognizing the declining state of the environment, but insisted on the re-launching of development,” and as such, “inaugurated environmentalism as the highest state of developmentalism” (1993, pg. 3). Taken together Common Future and Rio re-frame the human-environment relationship within the multiple ‘capitals’ of society, economics, and environment and in doing so establish a common denominator for those relation in growth rather than environmentalism.

The inadequacy of the new environmental governance framework is soon apparent. In the lead up to the UNCED Johannesburg Summit in 2002, Kofi Annan, Secretary of the UN was quoted as expressing his disappointment at progress post Rio. Subsequent
summits continued to disappoint until Copenhagen in December 2009 when the UN Framework Convention on Climate Change went un-ratified and a new Copenhagen Accord emerged to split the attention of the international community and potentially undermine the UN’s governance of climate change. Questions had begun to emerge about the Governance framework for climate change prior to Copenhagen (Saran 2009). Options include new leadership efforts such as strengthening UNEP or establishing a new World or United Nations Environment Organization (Ivanova 2006, Hoare & Tarasofsky, 2007), and using new legal strategies (Esty, 2005); and new institutional strategies (Esty, 2009; Ostrom, 2005; Paavola, 2007). In fact the problem may be less about agencies and more about the very idea of governance itself.

From One Come Many

Governance is “not governing” it is a new form of social organization and decision making. Opening up the political process beyond the boundaries of the hierarchy of state sovereignty is to invite: 1) new actors; 2) claiming the right to act within contexts relevant to them; and 3) often claiming the right to demanding a relevant response by authorities. This is a bit cumbersome so an easier framework for governance is to speak of it as recognition (Fukuyama, 1992). Restrained for decades behind the alignment of politics, the end of the Cold War invites the resurgence of identities and interest that demand recognition. In some cases such as Yugoslavia the result is bloody and painful, in other cases the emergence of Civil Society is more fluid and fruitful as it finds a voice within a legitimate [governance] domain.

Jessop (1998) and Rhodes (1996) treat governance as networks of decision makers; they find six types and both authors argue self-organizing ones are closest to the idea of governance. These networks are generally described as horizontal and extend outside of hierarchical sovereign structures in order to solve problems that are cross boundary and/or global (Slaughter, 1997). Who or what institutions participated in these networks is a function of both the problems and the claim of relevance by the actors themselves: rights, space (residence), stake, share, interest, power, knowledge (Schmitter, 2002). The setting of participation is determined by the framework given: hierarchy (traditional government), networks—either hierarchical or self organizing, markets, or even anarchy. Finally, how they participate is determined by the ‘institutional’ framework and the rules
for participation permitted therein: position, boundary, authority, aggregation, scope, information, and payoff (Ostrom et al 1994).

There is no doubt that governance is not governing and goes beyond the singularity of the state. What strikes one is the movement “from one to many” that, having denied or transcended hierarchy, opens up the global polity but risks leaving it unmanageable. Consider what happens if we simply multiply the options within the examples above: 7 claims to legitimacy as actors by 5 settings for action by 7 sets of decision rules gets us 245 permutations strategies. Clearly, this is not how things ‘really work’; but lest one think the mathematical example is just contrivance, consider the following linguistic version:

“Governance is how one gets to act, through what types of interactions (deliberation, negotiation, self-regulation or authoritative choice) and the extent to which actors adhere to collective decisions. It involves the level and scope of political allocation, the dominant orientation of state and other institutions and their interactions. Governance structures organize negotiation processes, determine objectives, influence motivations, set standards, perform allocation functions, monitor compliance, impose penalties, initiate and/or reduce conflict, and resolve disputes among actors…. The effective exercise of power is through a network of interconnected actors, in which all actors hold power, through knowledge resources, money and rights granted to them.” (Kemp, et al. 2005, pg 17)

**Voice Lacks Compulsion**

The governance of the environmental managerialism staggers under the number of voices, claims and demands. Says Rosenau (2005); “on balance, the dynamics that underlie the disaggregated character of global governance seem likely to thwart movements towards a viable and world wide sustainability” (2005: p36). The actors multiply and with them the demands; the value for participation and recognition ensures the expansion of positions and disaggregation. At the same time emerges the call for integrative systems to synthesize decision but without compulsion. The same voices, in their demand for legitimacy, expand the demands and claims yet their very legitimacy as claimant leave no strategy for integration.
Kemp et al. (2005) serve as a “claim in point.” About ‘sustainable development’ they acknowledge, “There has been much dispute about the meaning and implications of the concept and much criticism of the actual behavior of bodies that have claimed devotion to it” they then suggests, “Gradually, however, some basics have become clear” and go on to outline, across 4 pages of text, 10 points they believe represent these “basic” commonalities. The list ends with the call to governance. “Implementing a commitment to sustainable development entails a substantial transition not just to a broader understanding and a more ambitious set of objectives, but also to more coherently interrelated institutional structures and processes of planning, administration, markets, tradition and choice at every scale” (Kemp et al., 2005, pg 17).

More actors, more demands, more ambitious targets all require more efforts to integrate, and toward a criteria—“choice at every scales”—that can never be met because it is incomprehensible. One tries to read such demands a naïve, but eventually they become tragic; Gro Bruntland’s new multi-lateralism is realized but it is dysfunctional; 18 years of negotiation and Copenhagen 2010 equivocates (Doyle, 2010). Governance is proposed as strategy for voice and dialogue but without the means for compelling action there is no integration and authority remains with the sovereign state.

Malaysia’s environmental story provides a “case in point” of the limit of voice to compel. Voice may make legitimate claim upon leaders but sovereign divisions in boundaries still exist. Neither governance nor sustainable development are concepts whose seeds have rooted in Malaysia’s tropical soil. The events surrounding deforestation of Eastern Malaysia—the EU’s blocking of imports in 1988 prompting Dr Mahatir’s shrill defense of the developing South against Northern “eco-imperialists”—are cited then and still as shaping policy (Brosius, 1999; Hezri & Hasan, 2006). Peninsular Malaysia, a land of rich bio-diversity perhaps something of a modern paradise in the 80s, has become a mono-culture, with that trend accelerating under government support for state linked (owned) enterprises (Sharp, 1983).

Hezri and Hassan (2006) suggest that Malaysia’s current situation is dependent upon the path set by prior policies; to wit, a commitment to economic growth:

“…… despite strong international driving forces, Malaysia was not successful in institutionalizing sustainability, partly because of its
ideological choice to champion the sovereign rights of developing countries.

In summary, available sustainability choices were too costly as alternative paths to the status quo. Many of the principles of sustainable development—subsidiarity, community empowerment, policy integration—are too foreign for the federal Government to accommodate.

A centralized political decision making system, they argue, has been unable to adapt to these “principles” and so “sustainable development has become a business-as-usual endeavor” of adding environmental elements to a continuing strategy of discrete project investments. Particularly interesting is the authors’ claim that the principles of sustainable development—subsidiarity, community empowerment, policy integration—are “foreign for the federal government…” “Governance” could be substituted for ‘sustainable development’ in the sentence and it would be just as true. Neither were part of the Malaysian government’s vision for its future then, nor now. By recasting sustainability as short term growth, Malaysia appears as a tragic example for the Rio strategies, or at least the status quo that underlie those strategies (Sachs, 1993; Finger 1993).

The Silence of Nature

By expanding the concept of sustainability to include economy and polity, Common Future set the stage for subordinating environment to the sustainability of human life within these two humanly defined domains. The UNCED at Rio then completes the act. However well meaning participants might have been the post Cold War freedom and optimism that gave rise to the very idea of governance itself, as recognition participation and voice, ensured that, without a voice for nature, it would be the concerns of human life that would dominate. That this emergence might have felt good at the time is understandable; it had in “sustainable development” a slogan and a techno-economic model that, in the wake of the liberal Cold War triumph seemed legitimate, strong and right. That this model of governance could not and cannot still function with respect to the environment is not a practical issue; the failure is in the very idea of governance as recognition and voice; a conceptual framework into which the environment cannot enter.

There are at least two forms by which the environment might construct a proxy voice: others may speak for it; and crisis. They are, of course, related in the sense the existence
of the latter will increase the number of the former. However, while it is true that the volume of speech does offer the weight of legitimacy the voices speaking on behalf of the environment only reinforces the discussion of man with himself about the environment. This would be particularly problematic in times of crisis as it would likely mobilize the crude strategies of material fix. This seems to be the case in the current strategies of geo-engineering (Moriarty, & Honnery, 2010) in which a ‘technical fix’ is proposed for the prior technical fixes, albeit for different problems—transportation, chilling of food, etc.—which have created the current problem.

**Economics and the Epistemology of the Environment.**

"The world can, in effect, get along well without natural resources" Solow; Nobel Laureate development economist (1974:11).

“….worries about natural resource exhaustion are hard to rationalize from the point of view of economics.” Lester Thurow (1980: 112),

The quotes are a bit dated; Solow has since publically modified his position and Thurow has likely changed as well. But the discipline of economics remains within that world view even if its practitioners do not, simply because the discipline requires scarcity which allows for measurement of relative values and once so measured all things exist within the economic models as a question of relative value or price. There is then, a paradox that leads to tragedy. On the one hands, since economy exists things must get measured, that which is more valuable is desired, and as economy expand within life that which is measured and valued is real an important. The tragedy ensues when mankind realizes that all toward which he sets value is material and yet man does not see himself as material and accumulated material only to prove he can transcend the material. But this must be done.

Economics studies what is exchanged *between people* because that is what is valued by an economy. Measurement and models are the means by which economics reduces life and people living life, to the prediction of exchange and allows it to function as system. Policies for sustainability required measurement of natural environments so that the use, decline and/or management of them of them would appear on national income accounting
in the same way that built capital is measured and depreciated. Properly expanding the economic variables and modifying the models of income accounting and capital formation to include the environment would improve the quality of national accounting, would help models of productivity, and would allow mankind to assess his real progress measured against a totality of the capitals that mankind created and used (Goodland & Daly, 1996).

Economists recognize the flaw: “Conventional economics and technological optimists depend heavily on substitutability as the rule rather than the exception,” (Goodland, 1995). Measuring of values establishes comparative prices and allocates resources; human ingenuity finds the means of using less valuable substitutes for scarce and more valuable ones. However, while economic systems of goods and services necessarily provide substitutes by its very nature; organic and biological systems frequently have no substitutes, and the creatures within those systems, and this would include mankind, may have little or no means of substitution. The rapid transformation of a habitat would, for example leave a species with no option leading to its extinction. And man for example has no substitute for water, so if it is polluted and degraded it must be cleaned before consuming. There are, therefore, boundaries to the application of substitutability which limit the application of economic models specifically, and economic solutions more generally.

The tragedy of economic approaches to the environment is that the complexity of the natural system means man acts, and must act on ignorance of life and its complexity. So long as mankind’s presence was small his impact on that complexity was small. Now his impact is significant while measurement of it is never complete but expands iteratively to include the new condition sometimes of shortage, sometime of innovation, that man creates. Thus, to the extent that all assignment of value, all measurement, all modeling is created by man according to his understanding at the time, is to recognize mankind’s economics is always ignorant toward the future issues he will himself create. It is a system of knowledge that understands the past but cannot capture the future until the possibility of that future is made concrete in scarcity. And man will make the scarcity.

Sustainable development establishes itself as a singular reference point for economy, society and environment. But it is not so; all these dimensions of life may need to be sustained but the development of the first two requires exploitation of the latter. To
employ the optimism of technology and the models and limited epistemology of economics is to ensure that man remains “the measure of all things” but only as material life. The environment will be exploited according to valuations and knowledge that are adequate to express the present and the past, but not to anticipate, and so “avoid compromising” the needs of the future.

**Governance and Voice of the Environment**

Governance widens the scope of human life by increasing the voices that make demand for recognition and claim rights to act or the obligation of others to act rightly toward them. Unfortunately, what is true of mankind’s approach to economy sets the stage for his politics, especially the politics of development. The conversation in governance can only be about that which is understood by human beings; and what is common to all men is their existence as material. The bias is for a technical manifestation of man’s expanding power over the environment rather than the self-restraint by which he might come to understand life outside of that conversation. In the end, governance directs it voice toward economic development as through economic inclusion it facilitates man’s conversation with himself about the material conditions he desires.

The environment as material is subsumed within the economy that it is seen to serve. Science strives to give it a voice on its own as natural system and process but this voice does not compel as the politics of development are too proximal to sustainability.

The environment cannot be given a voice as life itself for it is not discriminated as actor. Persons have a voice as do states as their representative in the international governance theatre. Life is ‘all around’ and untamable. To be recognized life must be made material and bounded. It does this by becoming object: a lifestyle. Lifestyle is material, it has a measurable history of its own development, continuity with a past and can makes claim on a future. The claim to legitimacy through lifestyle—development, consumption, growth—requires life itself be turned into an object of discussion and for this it must be material and through that movement it is measurable and economically valuable. Life itself, outside the scope of man’s objectification goes unrecognized in his conversation and, then ultimately in his understanding. The role of nature as context of man’s actions, as frame for his social and political thought and his self-representation in the political
sphere is lost in favor of economic development to expand the material options of lifestyle.

Within the governance domain to give nature a voice would require it be approached as self-restraint because the conversation of man with himself must be ‘silenced’ to hear the voice of nature. It is only within the conscious decision to resist himself, either through recognition of his own ignorance or openness to an unknown future that man can give nature a voice. must not actively use nature rely upon the material use of nature to place it as a so man has placed himself at a distance, abstract from this understanding.

When the voice of recognition makes legitimate claim on the right to lifestyle and the obligation of others to permit development it does so within the context of others. The claim to the right to development is a claim to the right to approximate or even reject an existing materiality because the materiality of life rather than the ineffable of life is the assumed context. Whether in the form of attraction or repulsion, the recognition accorded to the other’s lifestyle gives it a material reality. In the bias for development this recognition is most often communicated as envy and attraction.

**Lifestyle: Sustainable Development as Tragic**

“You talk very little about life, you talk too much about survival. It is very important to remember that when the possibilities of life are over, the possibilities for survival start. And there are peoples here in Brazil, especially in the Amazon region, who still live, and these peoples that still live don’t want to reach down to the level of survival.” (Our Common Future: 40).

Lifestyle makes life tragic as, by forcing life into the materiality of economy, it denies access to the larger sense of life itself. Mankind gains control over the material sustenance of his body and the discourse between men is reduced to material and the symbolism of the material. Economy defines the domains of liberty as material and consumer life and within those boundaries permits man the liberty to act without self-restraint even though to do so binds him to that ‘one-dimensional’ life (Marcuse, 1991). Liberty is not freedom approaching life but rather the exploration of the boundaries of man’s conversation with himself as material and as symbolic material self-expression. Once within those boundaries lifestyle functions as object to be expanded and also to be defended against contraction. The economic and the political voices call for these
boundaries to open larger; that is the modern interpretation of progress; that is development—material liberty must expand.

“Sustainable Development,” is the promise of post-Cold War multilateralism; that promise is the expansion of material liberty through technology. The denigration of the environment now suggests an expanding material prosperity—the liberty of lifestyle and the lifestyle of liberty—will slow or be limited. Tragically, had the “the American lifestyle” been more open to discussion if not negotiation in 1992, then perhaps the world would be more economically and politically stable and sustainable in 2011. The period since Rio has witnessed an accelerating and unprecedented extraction and depletion of public resource goods (Worldwatch Institute, 2008) along with the possible collapse of fundamental natural systems (Rockstrom, et al., 2009; Walker, etal. 2009). The globalization that followed rapidly and dramatically changed the face of the global economy as well as initiating three economic crises: the Asian financial crisis of 1997; the Dot-Com collapse of 2000; and the American and European Banking Crisis which started in 2008. The boom and busts have resulted in extreme income inequality which are destabilizing economies and governments throughout the world (WEF, 2010) but especially in the Middle East. A future of expanding material possibility depended upon a “frontier economics” few now believe as critical natural systems reach their limits of tolerance. Lifestyle must now be asserted against a resistant nature, and defended against others and doing so in both cases sustains the unsustainable.

The tragedy of sustainable development is that its future orientation being material, denies both the legitimacy of the ineffable in the present and creates a bias for development that cannot be realized. By objectifying life into lifestyle it creates at both moments a ‘thing’ to defend as object rather than a life to be lived as subject. “Sustainable development” has in the optimism or future ambiguity created what must be defended now and cannot be realized in the future. The very promise made at the end of the Cold War to escape from the limits catalogued in the 1970s and 80s has led to a world in which the liberty of material freedom is defended in the present even though unsustainable in place of the subjective freedom of life as it develop subjectively. The latter will not stop though it is conditioned by decision made about the form of the former. An “lifestyle” is what the American delegation to Rio claimed was not up for negotiation and then helped create the conditions for all to pursue the same. In doing so it
may be that all lost; either because they will never realize those material conditions, or because those who have and might will remained locked in the defense of it rather than living a life.

References


Chapter 3
The Role of Internationalization in Driving Malaysia’s Private Universities towards International Standards

Santhi Ramanathan and Halimah Awang

Introduction
Education has long been recognized as a crucial factor both to individual success and to national development in terms of increased productivity, flexibility, and capacity to compete in the increasingly integrated world economy (Nelson, 2007). Policy makers and economists have long regarded education, in particular higher education as an important factor contributing to the growth of the economy of the 21st century. The term ‘Higher Education System’ generally encompasses all post secondary educational institutions range from universities, vocational and technical schools, colleges and other institutions which aim at providing knowledge and skills so as to contribute to an active employment at national as well as global level.

In the process of addressing issues and constructing a reliable framework to improve the higher education sectors, be it in developed or developing countries, the higher education industry has become one of the most globalized and internationalized sector worldwide. In higher education the terms globalization and internationalization have been regarded as distinct but inter-penetrated with each other (Marginson, 2006).

Internationalization of Higher Education
Internationalization has gained the attention of many scholars (Knight, 2004; Zha, 2003; Bartell, 2003; Marginson, 2004, 2006; Altbach & Knight, 2006; Mok, 2007; Ayoubi & Massoud, 2007; Ahmad S, 2007; Chan & Dimmock, 2008; Childress, 2009) and policy makers from developed as well as developing countries as their exposure towards globalization increases. The explication of the concept of internationalization in the higher education domain seems to cover a wide range of methods and approaches which are different across authors. Many scholars have discovered the need to construct a broader or generalized definition of internationalization. Consequently, Knight (2004) introduced a new definition of internationalization in accordance to the need to ensure that the definition does not specify the rationales, benefits, outcomes, actors, activities, and stakeholders of
internationalization, as they vary enormously across nations and institutions. Knight (2004) defined internationalization as the process of integrating an international, intercultural or global dimension into the purpose, functions or delivery of post-secondary education while Zha (2003) described internationalization as one of the ways a country responds to the impact of globalization, yet at the same time respects the individuality of the nation. On the other hand Bartell (2003) referred to internationalization as an organizational adaptation which requires its articulation by the leadership while simultaneously institutionalizing a strategic planning process that is representative and participative in that it recognizes and utilizes the power of the culture within which it occurs.

Today, internationalization of a university means far more than inter-personal or even inter-institutional cooperation across borders. According to Bendriss (2007), for many universities in developed countries, internationalizing their campuses can help students acquire knowledge, skills, and experiences to be able to compete in the global economy. As for developing countries including Malaysia, internationalization has penetrated into the higher education system in various forms (Ziguras, 2001; Marginson, 2006; Mok, 2007; Morshidi & Kaur, 2007; Yonezawa, 2007; Akiba, 2008; Tham & Kam, 2008). An undeniable fact is that the internationalization trend provides higher education in developing countries with a variety of major challenges which include the pressures for increased mutual recognition in qualifications between member states (UNESCO, 2003).

The Malaysian Higher Education System
Rapid economic development in 1990s has increased the demand for mass higher education (Yonezawa, 2007) which could not be handled by the public higher education sector alone (Tan, 2002). This scenario changed when private higher education became a major player of the education business in Malaysia. At this juncture, Malaysian legislation requires all private higher educational institutions to be registered with the Ministry of Education. However, realizing the complementary role of private higher education in fulfilling national interests (Ministry of Education, 2004), the government had embarked a revolution of the legal aspects of higher education beginning from 1996 (Tan, 2002) by enabling both the public and private higher education sector to integrate democratization and internationalization into their functions (Meriam, 2002). Subsequently, the government established the Ministry of Higher Education (MOHE) in 2004 with the intention to have a more focused agenda in higher education and Malaysian Qualifications Agency (MQA) in 2005. Both the MOHE and MQA
are responsible to accelerate the growth of both the public as well as private higher education to the level of international standards.

Malaysia is the most rapidly developing economies in the world which has successfully invested in universities and other institutions of higher learning (World Bank, 2007). Malaysia’s aspiration, from a higher education perspective, is to build a world class education system dedicated to producing a world class workforce which will enable the country to make the quantum leap towards a knowledge economy (Idris, 2005). Thus, internationalization has become an important segment of the Malaysian higher education system which has a dual function, namely, to integrate an international dimension to universities and to make Malaysia a regional hub for educational excellence.

**Issues of Universities in Malaysia**

In Malaysia, although the higher education sector comprises both public and private providers, the above functions were traditionally played by public sector universities (UNESCO: Nuraizah, 1995). The higher education reforms governing both public and private universities which have taken place can be considered as official acceptance of private universities into the Malaysian university education system. The first era of reforms include enactment of a number of laws (Tan, 2002) namely, the Education Act 1996, Private Higher Educational Act 1996, National Council on Higher Education Act 1996, National Accreditation Board Act 1996 and Universities and University Colleges (Amendment) Act 1996. These Acts enabled the government to encourage the setting up of private sector-funded universities (Ziguras, 2001; Tan, 2002).

The second era of reforms was embarked in early 21st century which is more focused on the role of the university sector towards developing a knowledge-based economy and world-class university. As a result, the Private Higher Educational Act 1996 was amended in 2003 to promote the establishment and upgrading of private universities and university-colleges. The performance of local universities has been a main concern among public policy makers. The Ninth Malaysian Plan (2006-2010), The National Higher Education Strategic Plan and The National Higher Education Action Plan (2007-2010) are among the important policies containing agendas emphasizing on the future of the universities. This government’s resolution has been strengthened further by various reforms especially after the issue of Malaysian universities’ serious drop for the first time in the international league of the
world’s best universities in the 2007 Times Higher Education Supplement-Quacquarelli-Symonds (THES-QS) Rankings. The governments and universities in Asia have taken university-ranking exercises very seriously with the strong intention to enhance their global competitiveness (Deem, Mok, Lucas, 2008) and Malaysia is no exception.

The World Bank (2007) has recognized three significant trends with regards to the university sector in Malaysia. Firstly, Malaysia has successfully invested in universities and other institutions of higher learning. Secondly, Malaysia is attempting to transform its universities into dynamic and responsive institutions which can hold their place internationally. Thirdly, most Malaysian universities have excellent infrastructure, and sophisticated technology to support the teaching and research missions of the institutions. However, based on the assessment and benchmarking done against international standards, the report revealed that Malaysian universities have yet to achieve “world-class” status. Governance, finance, a unified higher education system, quality issues, graduate employability, disjoint research and innovation system and lastly the weak university-industry linkages were among factors pinpointed as hindering Malaysian universities’ development prospects (pp.25).

The Concept of a ‘World Class University’
The concept of a world class university can easily collapse into meaning no more than ‘international’ (Deem, Mok and Lucas, 2008). According to Altbach (2003), the concept of a world-class university reflects the norms and values of the world’s dominant research-oriented academic institutions especially the United States and the major Western European countries. However, the definition of what makes a world class university is subjective due to the lack of an absolute set of performance criteria and measures which are not very powerful predictors, especially for universities in non-English speaking countries (Levin, Jeong & Ou, 2006). According to Levin et al., the subjective nature of world class status means that institutions will attempt to address those dimensions considered in assessing reputations and that are visible.

In relation to the concept of ‘world-class’, there is evidence that Malaysia attempt to transform the universities into dynamic and a responsive institutions which can hold their place internationally (World Bank, 2007). In line with this, internationalization has been chosen as one of the seven key strategic thrusts for transforming Malaysian higher education,
particularly, to enable Malaysia to become a hub for excellence in international higher education (Tham & Kam, 2008).

**Malaysia’s Response and Policy Changes**

Based on the fact that universities need to transform in order to move up the world rankings, Malaysia’s latest policy changes include the establishment of the Malaysian Qualification Agency (MQA) replacing the National Accreditation Board (LAN) and the Quality Assurance Division (QAD) in 2005; categorization of public universities based on their functions and performance which embarked in 2006; and the launching of Accelerated Program for Excellence (APEX) and “MOHE COE” in 2008. The MQA’s function is mainly on assuring the quality of higher education, inspiring the confidence of the stakeholders, and pushing the boundaries to make the country’s higher education comparable with the best in the world. The clustering or categorizing the public universities into ‘research university’, ‘comprehensive university’ and focused university’ has been another MOHE’s attempt to find the potential universities for further improvement. The Accelerated Program for Excellence (APEX) is a program which makes the existing universities to be more progressive and dynamic in five to ten years (The Star, June, 2008). In building a strong research and innovation system which seems to be one of the core issues under the National Higher Education Strategic Plan, the MOHE aims to establish 20 International Centres of Excellence (COE) in 2020. Therefore, the ministry had launched “MOHE COE” in 2008 which would enable the ministry to assess and rank the COEs in public higher educational institutions. In the context of private higher educational institutions, with too many institutions which are different from one another, the MOHE’s system of upgrading the institutions from private college to university college and then to full-university status has made the Malaysian private university (MPU) sector a huge cluster to date.

Although the exercises of ranking, clustering and upgrading the Malaysian universities are being main agenda for MOHE for past few years, those exercises are least concentrated on private sector that functions in highly competitive environment. For many newly established private colleges and universities, they were not happy with the issue of ranking, which for them was threatening and retards their progress in many ways.

**The Role and Relevance of Private Universities**

Malaysian private universities (MPUs) can be divided into 2 categories or status, namely, ‘university’ and ‘university college’. An institution with ‘university’ status provides study
courses in multiple discipline ranges from diploma level to post-graduate programs and they are authorized to award their own degrees and other qualifications (studymalaysia.com, 2005). In contrast, a ‘university college’ is an upgraded private college focuses on certain disciplines of study. MPUs are owned and established by financially sound corporations (Tan, 2002). These corporations have played a vital role in establishing private universities in Malaysia during the late 1990s through the government’s initiative of privatization and corporatization. As of 2008, there were 18 local private universities and 18 private university colleges in Malaysia (MOHE, 2009). The private university sector has expanded amazingly over a short time span.

The changing role of private universities over the last decades has become an interesting issue of discussion from various perspectives. The following Figure 3.1 shows various phases and dimensions which have cultivated numerous momentous paths towards globalizing the Malaysian private higher education (PHE) in general and private universities in particular (Ramanathan & Raman, 2009). Based on Figure 2.1, privatization, corporatization, democratization, liberalization and internationalization are among the prominent approaches, mechanisms as well as policy transformations in the process of globalizing the private higher education in Malaysia.

![Figure 3.1: Changing Role of Private Higher Education in Malaysia](image-url)
The role of private universities in Malaysia is remarkable and progressive. At the national level, many private universities are given awards yearly by the government for their achievements. As a result a number of private colleges have been awarded University or University College status in recent years based on their competency in terms of leadership and management. Besides awards and status upgrading, ISO certification has been another target for many institutions as to indicate the institution’s services and its quality. However, receiving awards and recognition by private universities constantly at the national level seems to be the booster and not the indicator of a world-class university.

As for issues of private universities shared at international level, there were a number of specific cases highlighted by international organizations such as OECD and the World Bank. CASE 1: “Malaysia’s International Medical University (IMU) in Kuala Lumpur provides a notable example of successful university development through internationalization. The IMU…”, (OECD, 2004, pp. 181). CASE 2: “On the research side, pockets of excellence clearly exist in Malaysian universities. One of the examples is the award winning digital media program offered by the private Multimedia University”, (World Bank, 2007, pp. 27).

Internationalization at Institutional Level
In assessing the success of internationalization efforts, it is deemed important to explore three stages of internationalization, namely, the pre-internationalizing or conceptualizing stage, internationalizing or implementing stage and the sustaining internationalizing or continuity stage (Irene, 2003). Irene proposed that the internationalization needs to be conceptually examined, institutionally implemented, and continuously examined for its continuity (pp. 139). Thus, the three stage proposed above can to be integrated with an appropriate internationalization approaches comprises policies, strategies and processes (Knight, 2004) which may help the researchers to form a single framework to assess the factors and their significance towards a progressive internationalization in driving Malaysian private universities towards international standards.

Institutional policy and structure; government policy; leadership and governance; administrative support; financial support; knowledge; human resources cum recognition; technology integration; international ethos and innovativeness are among the factors highlighted by many authors (Fielden, 1996; Elango, 1998; Bourke, 2000; Courts, 2004;
Enders, 2004; Reedstrom, 2005; Ahmad, 2007; Kafouros et al, 2008; Brennan and Garvey, 2009; Horta, 2009; Radakrishnan and Ramanathan, 2010) in various context of higher education, as critical to the successful internationalization efforts at institutional level.

**Institutional Policy and Structure:** Many have raised the concern on the importance of institutional policy and structure for higher education institution as to effectively functioning in local as well as international market (Shattock, 2003; Knight, 2004). The linkages between policy, management and implementation are extremely close in universities (Shattock, 2003). According to Knight (2004), at institutional level, policies can be interpreted in different ways. A narrow interpretation of policies would include those statements and derivatives that refer to priorities and plans related to the international dimension of the institution’s mission, purpose, values and functions. Institutional structure on the other hand refers to the formal layers of authority, patterns of communication, interaction and coordination between the operating units, the academic departments, and the strategic centre (Bartell, 2003). As the institutions are moving towards internationalization, a flexible structure which is able to adapt to environmental change is important.

Since Knight (2004) has highlighted that policy interpretation can vary at institutional level, the general guiding principle of a university in its day-to-day management and administration which can accommodate all the specific institution’s internationalization strategies can also be considered for policy implementation. This could include the restructuring of institution efforts that are streamlined with global needs and expectations; assuring programs offered are in accordance to Malaysian as well as international higher education standards and requirements and a flexible structure which is able to adapt to environmental changes.

**Governmental Policy:** Both the government and the institutions have a clear idea that higher education is an industry that should be managed and supported by clear strategies and policies (Yonezawa, 2007). However, the changing interest of government is increasingly being influenced by global competition and markets (Morshidi & Kaur, 2007) and the role played by the government through the related ministries in facilitating the efficient implementation is crucial (Bourke, 2000; Marginson, 2004; Ahmad, S., 2007; Yonezawa, 2007).
As part of internationalization of higher education, cross border education or transnational education has been gaining more popularity since last decades (Ziguras, 2001; Marginson, 2004; Akiba, 2008). According to Akiba (2008), the current expansion of transnational education and growing demand for higher education have created some issues between the government and the private sector in Malaysia (pp.118). Akiba revealed the responses obtained from a representative of Malaysian Association of Private Colleges and Universities (MAPCU) which highlighted the imbalances in the government’s support to public universities versus private has created frustration among the private sector over the lack of support by the government in term of cost and human capacity building. Consistently, Tham and Kam (2008) have also found that the policy changes by the government, insufficient financial support from the government, bureaucratic problems such as time taken for accreditation and regulatory constraints from the Immigration Department as factors affecting private providers more than public providers.

**Leadership and Governance:** Strong leaders in universities are for the most part successful because they build robust structures and strong teams (Shattock, 2003). The role and support from top institutional leaders in both tangible and non-tangible ways is a critical facilitator in formulating the institutional missions as well as the internationalization strategic plans and also in infrastructure transformations (Bartell, 2003; Courts, 2004; Ahmad, S., 2007; Childress, 2009). In higher education management domain, leadership is often intertwined with governance. University governance is commonly referred to as the activities of the governing body (Shattock, 2003). The term governance is often used to indicate the different modes of coordinating individual actions, or basic forms of social order (Enders, 2004). According to Shattock, successful universities try to ensure that governance is kept in balance between an active lay contribution, strong corporate leadership, an effective central steering core and an involved and participative senate/academic board and academic community.

In sum, top management leadership and commitment towards internationalization are seen as prerequisite for internationalization efforts to take place on campus. A good leadership and effective governance may acquire greater capacity and capability in creating awareness on institutions’ competitive position internationally which may lead to successful internationalization and improved institutional performance.
Administrative Support: Administrative support can be referred to as the availability of guidance and assistance in particular institutions in terms of administrative personnel as well as administrative departments functioned on internationalization (Fielden, 1996). According to Fielden, if there is no co-ordination of international activities, curious things can happen. Thus, some central intelligence function is essential with the power to step in on the grounds of wasted resources. In examining successful internationalization efforts, Horn et al (2007) highlighted the importance of administrative personnel for international activities at institutional level. This attribute was adapted by Jang (2009) as for organizational support in investigating the relationship between internationalization factors and quality of higher education and found that it was positively related to faculty, undergraduate and advanced training competitiveness, financial stability, constituents’ satisfaction and institution reputation.

Financial Support: Success in a university’s core business of teaching and research is underpinned by financial stability and good financial management (Shattock, 2003). Internationalization can be an expensive endeavor, especially in times of tight budgets (Reedstrom, 2005). Budgeting and funding to support the initial cost of internationalization especially in providing the physical infrastructure, program development and review, travelling and accommodation for fact finding and promotional work is the main challenge for an institution (Manning, 1998; Irene, 2003; Ahmad, S., 2007). Childress (2009) found financial resources as a critical resources for designing and implementing an institution’s internationalization plans and strategies.

Knowledge: Brennan and Garvey (2009) highlighted networking and knowledge-based activities as an important element which should be constantly encouraged in order to accelerate the internationalization process. The knowledge and the understanding on internationalization process (IAU, 2003) are also deemed important as they can make the members of universities to be fully committed to the institution’s internationalization efforts.

Human Resource and Recognition: Internationalization of campuses is fast growing in terms of both academic staff and students (Horta, 2009) and the faculty is found to be the key participant in initiatives to internationalize academia (Fielden, 1996). Elango (1998) highlighted that firms with higher productivity will lead to higher efficiency, and firms that
are efficient are likely to be successful and more likely to internationalize their operations much more quickly than firms with lesser efficiency.

Universities in many countries are currently seeking to extend processes of internationalization which includes their faculty (Welch, 1997). Welch cited a number of benefits that can be acquired by universities via internationalizing their academic staff. These include: the source of qualified staff as to replenish and aging teaching profession, the broadening perspectives of teaching and learning, incorporation of specific cultural and scientific skills, the building of tolerance and understanding among staff and students, and the revitalizing of language instruction programs.

It is also very clear that the reward and recognition of faculty and staff participation in internationalization efforts are fundamental to the process of internationalization (Knight, 2004; Reedstrom, 2005). Providing opportunities for faculty to study abroad which happens much in developing countries such as Malaysia (Tan, 2002) may contribute to the internationalization process effectiveness and enhance the institution’s performance.

**Technology integration**: As the 21st century begins, ICT has become a global phenomenon of importance and anxiety in all spheres of human endeavour which include higher education (Dillion, 2000). Thune and Welle-Strand (2005) had provided a framework which portrays the vital usage of ICTs in internationalization processes and for supporting and coordinating internationalization activities.

**Internationalization Ethos**: Creating a culture or climate that values and supports international or intercultural perspectives and initiatives best explains the international ethos. Without a strong belief system and a supportive culture, the international dimension of an institution will never be realized (Zha, 2003; Irene, 2003). Internationalization is more than the quantity of international students and scholars in campus. It also includes the extension of their presence, which is the sharing of cultures, the developing of relationships, the initiation of future exchange programs, and learning about the host culture (Irene, 2003). Thus, higher education institutions should fully integrate international students into campus life and encourage them to share their perspectives and cultural expertise in their department and programs (Jang, 2009).
Innovativeness: Higher education and innovativeness can be linked due to the perception that it enhances the institutions performance. According to Shattock (2003), good universities encourage a climate of innovation and development, where new ideas are supported and initiative is rewarded. Currently, this trend is increasingly emphasized by many developing countries including Malaysia that perceive education as an important segment of nation’s development (World Bank, 2007). The institutions and nations that introduce successful educational innovativeness of quality are going to move to the cutting edge of globalization in higher education, and potentially secure a significant advantage in the global market (Marginson, 2008).

Internationalization Outcomes
The outcomes of internationalization include several important benefits for the individuals who participate in international events and for the institution (Irene, 2003). According to the 2005 IAU Global Survey Report, 96 percent of 526 higher education institutions surveyed have indicated an overwhelming confirmation that internationalization does bring benefits to higher education. The report also highlighted that there is a high level of consistency between the key rationales driving internationalization and the perceived benefits which is important for education leaders and policy makers as it shows a strong link between articulated rationales and actual benefits. In addition, the survey revealed competitiveness as the most important rationale at the national level. In analyzing competitiveness and competitive advantage at institutional level in the context of internationalization, it remains that limited conceptual and empirical insights exist that explain the phenomena underlying the above concepts. Based on Clark’s (2004) study on sustaining change in universities, as competitive striving heats up, nationally and internationally, more universities are encouraged to move towards an entrepreneurial state of mind which will enable universities to acquire confident self images and strong public reputations that enable institutions to advance. In internationalization performance assessment, Jang (2009) has adapted four competitiveness elements such as research competitiveness, faculty competitiveness, undergraduate competitiveness and advanced training competitiveness to proxy the quality aspect of higher education.

Issues to be addressed
Internationalization implies the integration of international dimensions in all three core activities of a university, namely, teaching, research and services which is crucial in achieving international academic standards (Knight, 2004). According to Knight, this
motivation relates to the rationale to achieve a strong world-wide reputation or “brand” name as an international high-quality institution. This rationale is found to have an impact on institutional assessment systems at the international as well as at the national level (Jang, 2009). Two of the cases cited by Jang are discussed here. Firstly, is the issue of institutions using data of the higher number of international students, study abroad participants, and international activities as validation for educational quality. Secondly, the case of Latin America where internationalization is being adapted and the programs are found to be detached from the strategies aimed at quality improvement. Consistent with Jang’s concern, Birnbaum (2007) argued that the vast adaptation of internationalization among higher education providers world-wide triggered by globalization and the lack of uniformity in terms of ranking systems have caused many institutions of higher learning across the globe to claim either that they have the plan to become a world-class university by a certain date or that they have already achieved this status. Birnbaum highlighted Malaysia as one of the countries that has institutions of higher learning which often claim to be world class which contradict with the report produced by the World Bank (2007) stating “Malaysian universities have yet to achieve world class status” (pp: 25). The issue above clearly reflects the narrow understanding of the concept ‘world class’ (Altbach, 2004) which is often assessed based on the institution’s internationalization efforts in terms of quantity and not a quality perspective of international dimensions. Thus, the scope of the internationalization-performance assessment literature needs to be extended with a more empirical investigation with appropriate indicators particularly to be applicable in the emerging private university sector.

In the internationalization-performance literature, the issue of the absence of a comprehensive set of indicators and data sources for evaluating the extent of an institution’s internationalization is always the primary obstacle for researchers (Haywards, 2000 cited in Horn et al, 2007). Many sophisticated models have been developed (Knight, 2004; Ayoubi & Massoud, 2007; Horn, Hendel & Fry, 2007) and yet the great diversity of contexts, perceptions, rationales and priorities affecting institutional views and practices tend to limit the models’ role play in describing how internationalization can be implemented at the institutional level (Courts, 2004; Childress, 2009). The assessment system using the above models may not suit the higher education sectors, the emerging sub-sectors across nations especially in the case of Malaysia. Although internationalization is recognized and practiced by many universities, all three core activities of a university, namely, teaching, research and services is found to be practiced by limited number of institutions (Tham & Kam, 2008). In
this scenario, Tham and Kam proposed a reassessment of the whole structure of higher education in the country.

Similarly, although the issue of Malaysian universities’ competitive position internationally has been clarified by the World Bank (2007), the issues and recommendations provided are limited in guiding the private higher education sector in their internationalization efforts. There is no exclusive model or framework provided to guide the private higher education sector, specifically, the private university sector, which is a fairly new and competitive sector (Malaysian Business, 2003), largely driven by global needs (UNESCO: Gill, 2005) and will probably remain the main site for growth in international education (OECD: Marginson & McBurnie, 2004; Akiba, 2008). Based on various sources, namely, the data produced by MOHE (2007-2009), information on universities’ website and from other sources (Gill, 2005; OECD: Marginson & McBurnie, 2004; Akiba, 2008), it was found that Malaysian private universities (MPUs) embrace internationalization massively especially in terms of international student and faculty recruitment compared to public universities. Up to this point, there are four pertinent issues to be addressed pertaining to MPUs’ internationalization efforts.

Firstly, the concern whether MPUs have indeed internationalized as they have declared through their international strategic intent or mission statements and their current status on internationalization continuum. Since internationalization of an emerging higher education market can be viewed as occurring on a continuum (Bartell, 2003, p: 51), it is thus, relevant if not necessary, for internationalization efforts within these MPUs to be scrutinized based on the continuum. However, there are two common issues to be addressed in assessing universities on the internationalization continuum. The first is that the variables used in the analysis must have strong conceptual support. Second is the lack of accessibility to information that needs to be used in the analysis which is very often not declared by institutions for commercial sensitivity reasons (Ayoubi & Massoud, 2007). The diversity of contexts and perceptions of internationalization often limits any study to have variables with strong conceptual support and are at the same time accessible. Therefore, a combination of indicators from various relevant models could possibly contribute to a new model which may be appropriate for a comprehensive assessment of internationalization efforts.
Secondly, the concern whether the MPU’s international efforts adhere to the general approach to internationalization at the institutional level which comprises the preliminary internal and external policy factors, strategies factors, and process factors of integrating the international dimension. This concern could possibly attend by generating valid measures for variables that are associated with the internationalization policy, internationalization strategy and internationalization processes at MPUs.

The third issue arising in the context of internationalization-performance analysis is that the importance for an individual, institution or national body belonging to any of the sector groups to analyze the diversity and/or homogeneity of rationales and to assess the potentials for conflicts or complementarities of purposes (Zha, 2003). Zha argued that the differences in the level of importance to the major rationales need to be noted as they could lead to a weakened or strengthened position for the international dimension. In the context of Malaysian higher education, as the public universities especially the older ones engaged in internationalization as part of their academic development, the MPUs are engaged in different dimensions of internationalization at different levels of intensity and for different objectives (Tham & Kam, 2008). Thus, analyzing the diversity between the level of importance versus the level of implementation of internationalization factors within the educational sector may show the diversity or gaps between various internationalization dimensions.

The fourth issue is that there is an overwhelming confirmation that internationalization does bring benefits to higher education (IAU, 2005) and it is found to have a positive impact on the quality and competitiveness of higher education (Jang, 2009). However, internationalization can also result in huge losses due to the risky internationalized environment (IAU, 2005). Since MPUs are categorized as a new and emerging industry (Malaysian Business, January 2003) but are actively involved in internationalization efforts, it is important to ensure that their efforts are successful and thus contribute to the well being of the institution. MPUs population currently holds a bigger portion of higher education sector in Malaysia (MOHE, 2008-2010) and thus their efficiency in integrating the internationalization dimension has a greater impact on the nation’s endeavor to become a regional hub of education.

Conclusion
In general, internationalization is a crucial factor in the attainment of success and best practices in higher education institutions. Studying the internationalization approaches and their appropriateness may guide the higher education institutions generally to embrace internationalization progressively and successfully. Capturing internationalization measures may then make it possible to engineer institutional performance towards international standards. Thus by bridging the gaps highlighted in this study, the following points are recommended as the potential outcomes and that to be considered by various parties linked to the higher education sector in Malaysia.

(i) The initiatives to benchmark to national standards and international standards among Malaysian private universities (MPUs) can be strengthened and be more focused;
(ii) The MPUs will be exposed to the importance of internationalization success factors that may support planning and implementation efforts;
(iii) MPUs may improve their existing internal mechanisms and policies to ensure that their KPI (Key Performance Indicators) are aligned not only to the National Higher Education Strategic Plan (2007-2010) but also with the international higher education system;
(iv) The participation and awareness among private universities on the issue of integrating international dimensions may be enhanced proactively;
(v) Other institutions in the private higher education sector domain may have available model for performance assessment on internationalization continuum.

Overall, this study may provide a better understanding on the internationalization scenario of the private universities in Malaysia which has potential to be explored in depth and thus extent the internationalization performance assessment literature. More empirical findings and guidelines for policy improvement may drive the private university sector towards international standards.

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Introduction

The earliest references to privatization in Malaysia were made known sometime in 1983 under the “Malaysia Incorporated” concept whereby the government would provide the enabling environment in terms of infrastructure, deregulation and liberalization, and the overall macroeconomic management, but where the private sector assumed the role as the engine of growth (EPU, 1985; Malaysia, 1986). The privatization policy pursued by the government among others coincided with the move to curb public capital expenditures and public enterprises deficits (Dass and Abbott, 2008). Besides the economic recession in the mid 1980s, the main force behind the emergence of privatization was the reassessment of the affirmative redistributive role of the New Economic Policy (NEP).

The crucial drive for massive privatization then was the result of the emergence of a new middle class Bumiputra within the ruling dominant Bumiputra political party, United Malays National Organization (UMNO) which had led to the increase competition for resources. Therefore while promoting privatization as a mean to address the country’s fiscal and debt problems which were exacerbated by the deteriorating economic crisis in the mid 1980s, the incoming Prime Minister of Malaysia then, Mahathir Mohamad, was compelled to add the privatization agenda as an affirmative ethnic redistributive policy that “would not negate the objectives of the NEP” (Ismail, 1995; Shamsul, 1986).

In Malaysia, however the term “privatization” is often understood to include cases where less than half of the assets or shares of public enterprises are sold to private shareholders. This includes cases of partial divestiture while the rest government retaining control through majority ownership. Further, the definition of privatization is so broad that it includes corporatization and cases where private enterprises are awarded licenses to participate in activities previously the exclusive of the public sector as evidence in the case of television broadcasting from 1984 (Jomo, 1995).
Privatization Guidelines

The Guidelines on Privatization announced in 1985 (EPU, 1985) summed up the Malaysian government’s five arguments for privatization. Firstly, it was supposed to reduce the “financial and administrative burden of the government,” particularly in undertaking and maintaining services and infrastructure. Secondly, it was expected to “promote competition, improve efficiency and increase productivity” in the delivery of these services. Thirdly, privatization was expected to “stimulate private entrepreneurship and investment”, and thus accelerating economic growth. Fourthly, it was expected to help reduce “the presence and size of the public sector, with its monopolistic tendencies and bureaucratic support.” Fifthly, privatization was also expected to help achieve NEP objectives, “especially as Bumiputra entrepreneurship and presence have improved greatly since the early days of NEP and are therefore capable of taking up their share of the privatized services”.

Health Care Privatization

The privatization of health care sector was a controversial and highly political sensitive issue as the government had been the principal financier and welfare provider of health to its citizen since independence until the 1980s (Chee and Barraclough, 2007; Ramesh and Wu, 2008: Chan, 2003; Ramesh and Asher, 2000). The 1991 Privatization Master Plan had included little about the health care sector other than identifying the Government Medical Store (GMS) which was to be privatized first and was not a priority compared with the other privatization projects.

Privatization of Government Medical Store

The first health care entity to be privatized was the government pharmaceutical manufacturing, procurement and distribution centre which was the Government Medical Store (GMS). This award, with an annual volume of US$100 million, or 8 per cent of the Ministry of Health budget, includes a 15 years concession to manufacture, procure and distribute pharmaceutical and medical supplies to all government hospitals and health clinics (Chan, 2004; 2000; Gomez and Jomo,1999). The GMS was initially intimately privatized to Southern Task Sendirian Berhad (STSB), a subsidiary of conglomerate Renong which is politically linked to UMNO. The government hospitals were instructed by order to purchase their supplies from the new company using regular funds allocated to them annually.

This unprecedented move of arbitrary and unilaterally price hiking raise immediate alarming
concern among the various stakeholders. Besides, the supply distribution network laid down by the GMS was also reported to be modified but failed to show any marked improvement in the services rendered. The overall dismal and unsatisfactory performance of STSB was a gross embarrassment and failure for the government’s assertion and rationale of privatization as a distributive policy. Hence after two years and perhaps as the face saving measure resorted to change to another corporate entity namely, Remedi Pharmaceuticals (M) Sdn Bhd (RPSB) (Mohamed Izham et al.1997). RPSB, a wholly owned subsidiary by United Engineers Malaysia (UEM), is closely linked to UMNO (Chan, 2000; Gomez and Jomo, 1999). RPSB is now known as Pharmaniaga, while the parent company is UEM World, which is owned by Khazanah Nasional Holding, the government’s investment agency.

After a decade of privatization it is evident that the healthcare system is now facing the challenges of escalating and spiraling cost of which expenditure on medications form a significant bulk of the government’s expenditure. Babar et al. (2007) conducted a study on drug prices, availability, affordability, price components and access to drugs in Malaysia based on the methodology developed by World Health Organisation (WHO) and Health Action International (HAI). Price data for 48 medicines were collected from 20 public sector facilities, 32 private sector retail pharmacies and 20 dispensing doctors in four geographic regions of West Malaysia. These data were compared with international reference price (IRP) to obtain a median price ratio and to gauge the affordability of medicines, using the daily wage of the lowest paid unskilled government employee of RM 16.03 per day (US 4.18). The findings indicate that in the public sector “procurement prices were high for innovator brands (IBs), and both IBs and generics were very expensive in the doctor dispensing sector (DDS) private sector retail pharmacies (PSRPs) when compared with the international reference prices (IRPs)”. The Malaysian medicine prices were found to be very high in terms of international pricing (IRP). In private pharmacies, the innovator brand (IB) prices were 16 times higher than the IRPs, while generics were 6.6 times higher. In dispensing doctor clinics, the figures were 15 times higher for IBs and 7.5 for generics. In terms of accessibility and affordability for instance, medications for a month’s treatment for peptic ulcer disease and hypertension, these people have to face financial burden to pay about a week’s wages in the private health sector (Babar et. al., 2007).

After almost 15 years, the Ministry of Health’s Pharmaceutical Services Division revoked the manufacturing licence of Pharmaniaga Berhad with effect from 1st March, 2010 after routine
medical audit for non-compliance (The Star, 4 March, 2010). However later upon appeal, the manufacturing license was granted to the dismay of public. This phenomenon concurred with the voluminous theoretical and empirical literatures associated with the market failure in healthcare and the agency theory of “regulatory capture” and the political constraint faced (Laffont and Tirole, 1991; Rees and Vickers, 1995; Stigler, 1971; Bennett, 1997). In short the privatization of GMS did not relieve the financial and administrative burden of the government.

Privatization of Five Hospital Support Services

In 1996 five hospital support services, which collectively constituted the second largest expenditure category accounting for 14 per cent of the Ministry of Health (MOH) budget were privatized to three different local private providers in joint venture with their foreign partners. This was a concession worth US$ 2.8 billion (Chan, 2000; Nik Rosnah, 2002; Noorul Ainon, 2002; Chee, 2008)). Again this involved a 15-year contract for cleaning, linen and laundry, clinical waste management, biomedical engineering maintenance and facility engineering maintenance for all MOH hospital and clinical facilities. The three beneficiaries were Tongkah Medivest which was later known as Pantai Medivest (a subsidiary of Pantai Holdings), Faber Mediserve and Radicare responsible for the three distinct geographical zones respectively. All three companies were closely linked to UMNO interests. However, by September 2005 Parkway, a Singapore premier healthcare chain provider had acquired 31 percent in Pantai Holdings (The Strait Times, 14 September, 2005; The Edge Malaysia, 21 August 2006). With the acquisition it not only gave them effectively control but also became Southeast Asia’s largest private healthcare provider.

This move resulted in much political uproar and dissatisfaction among UMNO members questioning the Government's decision to approve the sales of such a national strategic asset to Singapore. In response Khazanah Nasional Holdings, had to engineer a scheme to buy back majority ownership of Pantai Holdings (The Edge Malaysia, 21 August 2006). Subsequently Khazanah Nasional renegotiated and bought back the controversial majority ownership stake of 51 percent at a hefty price.

SIHAT

In privatizing the hospital support services, the government provided an environment for rent-seeking and stimutaneously appointed another private concession Bumiputra company,
SIHAT (Sistem Kesihatan Awas Taraf) in October, 1997. SIHAT has no expertise track record and is supposed to act as a regulatory body to monitor the performance of these three service providers (Barraclough, 2000; Nik Rosnah, 2002; Noorul, 2002). The concessionaire contractual agreement was a lop-sided affair with lots of contentious “grey areas” in favor of the concession company. The performance of SIHAT was a huge disappointment and dismal considering that SIHAT was paid RM 60 million for monitoring the three service providers over a 5-year period from 1997 to 2001 (Noorul, 2002).

**Unsatisfactory Services**

The MOH 1999 Report on hospital support services observed that maintenance services were underperforming and concluded that the concession companies needed to put in greater effort in order to provide better and satisfactory delivery of service (MOH, 1999). While the privatization of support services freed the hospital staff of the daily tasks of managing aspect of maintenance of equipment and clinical waste, other problems surfaced. The concession company had breached the requirements of its contract in terms of standards and specifications set in terms of services and repair works on cleaning, linen and laundry, equipment and the maintenance of the biomedical equipment.

The Director of Kuala Lumpur Hospital then was concerned over the quality care and especially on the compliance to hospital requirement and specification on cleaning and sterilizing was found to be low (Lim and Lee, 1998). Further, the privatization of the support services had also resulted in the brain-drain of experienced and technical staff from government hospitals to the private sector.

**Financial Burden**

The healthcare privatization did not achieve the government’s official rationales and objectives among others to reduce the financial burden of the state. According to the figures from the Finance Division, MOH, the expenditures on hospital support services went up from RM 143 million (US$54 million in 1996) to RM 468.5 million (US$174 million, 1997), a 3.2 fold increase with no commensurate expansion of services or improvements in quality. The cost has since steadily increased to RM507.9 million (US$188 million) in 1999 (Chan, 2007; Chan et al., 2000).

There is also evidence of a dramatically increased in the operating expenditure arising from
health care privatization of GMS in 1994 and with the MOH subsequently subcontracting its hospital support services to the private sector from 1996 onwards. As the expenditure for the privatization of the hospital support services is one of the largest under MOH budget items, this subcontracting has escalated the overall MOH expenditure tremendously. The expenditure for support services increased more than six folds from RM263 million in the Sixth Malaysia Plan period (1991-1995) to RM1,956 million in the Seventh Malaysia Plan period (1996-2000). Wee and Jomo (2007) assert that an “increase in cost resulting from privatization means that the increase in allocation to health largely went to the private companies that received the contract for the privatization services rather than to an improvement in service quality or coverage.”

**Corporatization of General Hospitals**

In 1995 the government commissioned a study on the feasibility of corporatizing its 14 general hospitals in the state capitals with the aim of changing the public service culture by creating corporatization in these hospitals which could operate along commercial lines, including recruitment of their own staff at competitive remuneration packages (Barraclough and Phua, 2007; Nik Rosnah, 2002).

In the Seventh Malaysia Plan (1996-2000) the government laid out its objectives that it will undertake corporatization and privatization of hospitals as well as medical services as strategies to increase the efficiency of services, retained qualified and experienced manpower and will reduce its role in the provision of health services and increase its regulatory and enforcement functions (Malaysia, 1996). However, the distinction between corporatization and privatization has been blurred. Barraclough and Phua (2007) argue that the generic of privatization policy to be applied to the health sector had caused confusion among Malaysians. A clear example was the initial announcement made by the Health Minister in 1994 that the Kuala Lumpur Hospital would be corporatized, and subsequently that it would be privatized (News Straits Times 22 April, 1994).

In 1996 while launching the Seventh Malaysia, the then Prime Minister Mahathir made an official announcement that “the government intends to privatize many of the health facilities, including hospitals and specialist units” (News Straits Times 7 May, 1996). In this context, the National Heart Institute (Institut Jantung Negara) was corporatized soon after it was opened. The university teaching hospitals such as University Malaya Medical Centre and
Hospital Universiti Kebangsaan Malaysia also instituted corporatization exercise. This announcement caused immediate nationwide public outcry, protests by the civil society organizations (CSO) and political parties in the country. Their main objections and concerns were apart from the general pronouncements that the government would assist the poor, there were no concrete plans to offset the impact of the healthcare privatization especially on the poor and marginalized groups. However with the continuous massive protests, by the time of the 1999 General Election, this policy was shelved and the government assured that more funds would be channeled to the public health system (Chan, 2007; Chee and Barraclough, 2007; Nik Rosnah, 2002; The Star, August 14, 1999).

Protest against Privatization and Corporatization by Civil Society

The issue of privatization of health sector has been intensively debated within the civil society organisations (CSO) and protested by various interest groups especially the Consumer Association Penang (CAP), Federation of Malaysian Consumers Association (FORMCA), Malaysian Medical Association (MMA), Malaysian Trade Union Congress (MTUC) and Suara Rakyat Malaysia (SUARAM), leading to the formation of the Citizens’ Health Initiative (CHI) in 1997. This was an immediate response primarily to the government policy that has introduced privatization and plans to corporatize public hospitals. Furthermore privatization “would substantially reduce the previously welfare based scheme, available to all for a token payment, to a “residualist” scheme in which only certain categories of patients would be exempted from payment” (Chee and Barraclough, 2007).

Awareness of this challenge subsequently led to the formation of the “Coalition Against Health Care Privatization” or CAHCP (Gabungan Membantah Pengswastaan Perkhidmatan Kesihatan or GMPPK) which comprise of 81 NGOs, trade unions and political parties in Malaysia. The Coalition was formed to strictly oppose further privatization of the health care system and to insist on democratic accountability from the government on whatever new health care system that it plans to introduce (Aliran, 2006).

Efforts by CAHP against healthcare privatization has been well received by the public. Among others, it includes the demonstration staged by 400 protesters outside the MOH, Putrajaya in 2004 demanding a halt to the privatization of government hospitals and dispensaries. Subsequently on the 13th February, 2006, CAHP embarked on a campaign in which about 20,000 leaflets were distributed to patients, hospital staff, visitors and passers-by
in nine government hospitals with the inscription “do not destroy government hospitals”. The campaign was to create public awareness and an attempt to deter any healthcare privatization in the future. In March, 2010 the CAHP criticized and attacked the full patient-paying scheme (FPPS) which was introduced in 2007 to have patients pay extra for full access to specialists in government hospitals with the aim to enhance the specialists’ income and to retain them in the public sector. CAHP carried out simultaneous pickets in four public hospitals nationwide demanding the halt of the FPPS which they alleged to be detrimental to both patients and doctors. CAHP asserts that the government specialists are too keen to do private practice treating full paying private patients and neglect their primary duty to other less paying patients in the hospitals.

Private Wings in Public Hospitals
Inspite of public outcry and opposition, Barraclough & Phua (2007) and Chee & Barraclough (2007) argue that even in the public government hospitals there is evidence of incremental policy change in introducing plurality into these public hospitals with the establishment of private wings. The rationale for the policy change according to the Health Minister,Datuk Chua Soi Lek in 2004 was to retain specialists in the public sector. Private wings would be permitted in non-corporatized government hospitals on trial basis (The Star, 7 May 2004). Subsequently the Minister announced that, in 2005, a pilot project would be launched in Putrajaya and Selayang Hospitals to treat full fee-paying patients who have private medical insurance coverage or those who are part of an employee medical benefit scheme (The Star, 14 December, 2004).

In 2007 the Full Fee-Paying Patient Services Scheme was implemented at Putrajaya Hospital and Selayang Hospital. It was reported that both hospitals during the implementation period of the pilot project indicated that the number of outpatient visits was the highest at 73 percent, followed by inpatients visits at 24 percent and daycare visits at nearly three percent. A total of 2,573 patients including new and follow-ups cases had utilized the facilities and services in 2008 of which 71 percent were Malaysians. Similarly, the local patients formed the majority of new patients at 85 percent. The Full Fee-Paying Patient Services Scheme will be introduced in stages to several specialist hospitals in 2009. Steps have been taken to review related guidelines to improve the scheme prior to the implementation at other hospitals {MOH, 2008}. 
Medical Tourism

The severe impact of the Asian Financial Crisis 1997/1998 on the Malaysian economy has triggered the government to tout medical tourism as an important growth strategy. The devaluation of the Malaysian currency had serious implications on the economy resulting in escalating prices of imported medical drugs, supplies and equipment. The crisis had led to the dramatic decrease in the number of patients patronizing and utilizing the private hospitals in the country. As the local market was limited then and facing the unprecedented challenge of diminishing returns, many private hospitals decided to embark on international markets to promote their services and products for business sustainability (Chee, 2008, 2007; Jomo & Lee, 2001; Wong, 2003; MOH, 2002).

The government explicitly supported medical tourism in a big way as a target for increasing foreign exchange revenue from tourism. Hence in 1998 a national committee on medical tourism was convened with the Ministry of Health (MOH) entrusted to take charge of accrediting and assisting in the selection of private hospitals under the panel to provide services for foreign patients and to review the regulations on advertisement. A total of 35 private hospitals were selected on the panel for medical tourism, of which 15 are majority owned by government linked companies (GLCs), three by transnational corporations (TNCs), and 11 by Malaysian companies and six by non-profit organizations (Chee, 2008).

This was the beginning era of medical tourism industry in Malaysia and a new phase of health care privatization with the public and private collaborations between the government and the private hospital sectors. This joint effort of collaborations together with the weakening devalued Malaysian ringgit had attracted many foreign patients into the Malaysian private hospitals especially from the neighboring countries such as Indonesia and Brunei.

Between 1989 and 2001, eight private hospitals reported an increase of 197 percent in revenue from foreign patients. Ten private hospitals reported an increase in revenue of RM 32.6 million to RM 44.3 million from 2000 to 2001, and a corresponding increase of foreign patients from 56,133 to 75,210 during the twelve months period (Chee, 2007). The uptrend revenue from medical tourism continues to generate RM56 million into the third quarter of 2004, which was a marked increase from the estimated RM48 million for the previous year 2003 (The Edge Malaysia 20 June, 2005). While accurate data collection is vital for the overall strategic planning of the health travel industry, there were variations in the statistics...
reported for medical tourism. MOH could not compute the total revenue generated from medical tourism because not all private hospitals have complied in providing statistics (MOH, 2002b). As such there were two estimates for the total revenue for medical tourism in 2002. The first estimate of RM90 million was provided by the Socio-Economic and Environmental Research Institute (SERI), the research think-tank of the Penang state government (SERI, 2004). The second estimate of RM150 million revenue was from the Malaysian Institute of Economic Research (MIER), a research think-tank of the Federal Government (Wong, 2003). Under the Ninth Malaysia Plan (2006-2010), foreign exchange earnings from medical tourism in 2005 was estimated to be at RM925 million. This figure was about five percent of total health expenditure, and more than 10 percent of private health expenditure (Chee, 2007; Malaysia, 2006).

Since 2007, MOH together with the APHM, Ministry of Tourism, MALTRADE have been actively spearheading promotional activities overseas in relation to healthcare travel. The purpose is to provide exposure to the accessibility and availability of facilities and services in private hospitals in Malaysia. The MOH has also initiated a branding campaign “Malaysia Healthcare” for the Malaysian Healthcare Travel industry. It draws together healthcare providers, travel agents, government agencies, and all relevant stakeholders in its promotional exercises of Malaysia as a healthcare travel destination. With the tagline: “Quality Care for your Peace of Mind” the government is reinforcing its reputation for high quality and value-for-money healthcare services.

To further promote and develop Malaysia’s healthcare travel industry, the Government has taken the initiative to establish the Malaysia Healthcare Travel Council (MHTC) on 21 December, 2009 which will be the primary agency to promote and develop healthcare travel. The establishment of this Council is a testimony of the Government’s commitment to work together with all relevant stakeholders to further develop the healthcare travel industry (Malaysia, 2010). In 2008, the Health Minister announced about 375,000 healthcare tourists visited the Malaysian promoted private hospitals, bringing in a total revenue of RM299 million. In 2009 with the economic slowdown, it has somewhat affected the tourist inflows. During the first half of 2009, these promoted hospitals recorded a total of 165,095 foreign patients, with RM142.3 million in revenue.

**Moves to Privatize National Heart Institute (IJN)**
Sometime in late 2008, there was a national outcry when Sime Darby made an unprecedented public announcement that it has offered to the government to buy a stake in IJN and gave assurance that fees structure would not rise. This led to overwhelming nationwide objections and protests from the general public and CSOs including the specialist consultants from IJN. Fearing another political backlash the Government finally made a public announcement that it was not selling IJN and Sime Darby simultaneously withdrew from the bid.

The IJN Board, in a fresh bid to privatize the institution, has allegedly obtained the consent of Economic Planning Unit (EPU) and Ministry of Finance to conduct a Widespread Asset Unbundling (WAU) scheme or the “divide and conquer concept”, geared towards separating IJN’s operational functions and further creating new subsidiaries. The new subsidiaries, it is claimed would include entities such as IJN Services forming a joint-venture company for hospital support services, IJN Assets to manage and maintain the upkeep of the building and equipment, and IJN Pharmacy which would handle pharmaceuticals. This, it is alleged would transform IJN into a full-fledged business entity focus on profits. This grossly contradict the government’s original policy of the establishment of IJN of its corporate social responsibility of providing welfare services to the lower income group, the poor, the government servants and retirees. This contradictory policy concurred with the increasing number of concerned discerning public who are opposed to such proposed privatization exercise including the former pioneer and renowned Chief Cardiothoracic Surgeon of IJN, Tan Sri Datuk Dr Yahaya Awang who was instrumental in the setting up and commissioning IJN as the cardiothoracic centre of excellence. Tan Sri Dr. Yahya Awang was quoted in the media, “It (IJN) was never meant to be a commercial institute. It was meant to be a centre of research, a premier academic institute.

Since its establishment in 1992, more than 1.5 million patients have come to IJN for care, out of which over 153,858 have been treated as inpatients. During the same period, 51,500 surgeries have been performed, of which 41,000 were open-heart surgeries. 96,529 of our patients have also undergone interventional cardiology procedures since it began operations. IJN has also established a sound record in children’s cardiac medicine with 16,767 paediatric cardiothoracic surgeries and 15,262 paediatric cardiology invasive procedures to their credit.

In fact currently IJN workload has increased nearly four-fold from the year it began operations. In 2008 alone IJN handled 175,667 patients, 12,704 being inpatients; performing
3,266 cardiothoracic surgeries in the course of the year with 2,145 open-heart, 759 closed-heart and 362 thoracic surgeries as well as over 8,000 interventional cardiology procedures. In line with its mission to provide the best possible healthcare, IJN keeps abreast with latest technology and are active in research efforts to advance knowledge as well as develop and adopt new procedures for the benefit of all our patients (IJN, 2010).

There is no rationale for IJN to go privatization. Why would the government wish to sell IJN when MOH had plans to build other five new cardiac thoracic centres in the country (MOH, 2000). They would definitely need the support of IJN in terms of medical expertise training, personnel, management and operations. In addition IJN has taken a bridging loan through SUKUK Islamic bond of RM 200 million building the new private wing for another 250 beds occupancy which is already functional. The expansion of the new wing is partly due to the increasing demand and also in anticipation of the influx of neighboring foreign patients through medical tourism as a source of foreign exchange revenue.

**Proposed National Health Financing Scheme**

The government’s concern with the escalating health care cost which was a financial burden was reflected in the 1980s with the commissioning of National Health Financing study in 1984/85 (Chua, 1996; Ramesh, 2007; Chan, 2007; Phua, 2007; Chee and Barraclough, 2007; Kananatu, 2002). Following the study, it was recommended that for Malaysia to be sustainable in the management of health care cost, it should establish a contributory national health insurance scheme for all its inpatients and outpatients services to overcome the spiraling cost. Subsequently the government commissioned another feasibility study with the assistance of the Asian Development Bank in 1988 among others, recommend a compulsory scheme funded from contributions from both the employers and employees, with the government subscribing the premium for the poor. While the recommendation received the support of the government, however there was no action until the mid 1990s.

The government broadened its search for alternative health care financing scheme. This led to the establishment of the Employees Provident Fund Account III in 1994. There were objections and reservations by the public and the civil society organizations. However the government soon realized of its adverse political sensitiveness and implications of any such proposal to increase private spending from this account. The plan was not implemented (Barraclough, 1996; Chan, 2007; Ramesh, 2007). Consequently in the Eighth Malaysia Plan,
the government stated explicitly that a new national health financing scheme is to be introduced to the nation (Malaysia, 2000). Nothing more details were expressed explicitly except that the poor, government servants and the retirees would be taken care of under the scheme. Very little is known about the proposed scheme except for occasional announcements made by the succession of Health Ministers over the media that the scheme would not be privatized. The fact that it has substantial impact of financing strategies on households, it is desirable and important for a clear understanding of the equity implications. This was particularly timely as Malaysia had already embarked on the Ninth Malaysia Plan (2006-2010) and the government assured that the equity of health care will be enhanced by the implementation of a new national health financing scheme (Malaysia, 2006).

Critics point out that the health care expenditure in Malaysia has traditionally hover around 3-4 percent of GDP of which the public sector accounted for an average of two percent which is well short of the World Health Organization’s (WHO) minimum recommendation of 5-6 percent. Private health care expenditure in Malaysia as a share of the GDP rose from 1.5 percent in 1997 to 2.4 percent in 2006 (Selangor, 2010). The public health care expenditure also rose from 1.5 percent in 1997 to its peak of 2.7 percent in 2003 before falling to 1.9 percent in 2006. This trend is alarming as the public health care expenditure in most developed countries remained much higher. For instance in Denmark, Finland, France, Norway, Sweden and the United Kingdom, public health care expenditure exceeded 60 percent of the overall health care expenditures while Malaysia and Singapore were at 44 percent and 33 percent, respectively, in 2007 (WHO, 2010).

In summary it is evident that the government is seen to be gradually reducing its provision in the public health sector through cost-containment of its expenditure budget over the years which led to the relative fall of its GDP during this period. This move could be seen through both reducing relative support for public hospitals in terms of restrictive resources and human capital constraints. On the hand, the government is explicitly committed and seen to be supporting healthcare privatization by market intervention through incentives structures such as subsidies and taxation. Similar trends are observed in most developing countries which is against the trend in most of the developed countries where the government still played a more significant role in the provision and financing of the public health sector (Barraclough and Chee, 2007).
Concluding Remarks

The privatization policy has been extensively debated over the relative efficiency of the state against the market and private property in the allocation of resources. It is said that efficiency would be improved by changing the incentive structures, reducing state intervention, improving monitoring and introducing competition. In this context, proponents for privatization had largely focused on the correlation between privatization and performance by comparing public and private firms and the outcomes between private ownership and performance. Many developing countries continued to embrace privatization as advocated by the international financial institutions. However, many failures cited in these countries were generally due to the narrow understanding of privatization and institutional weaknesses.

Similarly in the case of Malaysia, it is of no exception. Besides addressing the country’s fiscal and debt problems in the mid 1980s the controversial privatization agenda was used predominantly as an affirmative ethnic redistributive policy to achieve the objectives of the NEP (Ismail, 1995; Shamsul, 1986). Politically dominant statist interests dominate the Malaysian economic policy decision making process. Several authors have argued that the privatization in Malaysia has severely compromised most of its official policy objectives among others, raising efficiency and productivity, accelerating growth, reducing the government’s financial and administrative burden, and reducing the public sector size and strengthening the private sector. One of the most pervasive criticisms of privatization is that of “the first-come, first served” policy adopted which was initially promoted as a means to kick start the process it invariably provides a conducive platform for political patronage and rent seeking whereby the private sector had an incentive to submit projects.

There is also evidence of considerably diminishing public accountability and government transparency with the amendment of draconian OSA which further limit the democratic space. The state’s assertiveness and biasness towards the private business sector especially of those politically well connected cables with political patronage had inevitably provide the selected privileged Bumiputra the opportunities for rent seeking behavior, corruption and costs (Shamsul, 1986). Healthcare privatization has been a political sensitive issue as the state has been the primary financier and provider of accessible welfare health care system since its independence in 1957. “Passive privatization” of the health sector was observed through the encouragement and development of private healthcare facilities and services especially the
private hospitals.

The unprecedented rapid growth resulted in wide social-economic implications in the health care sector. While it has been reported that private health care affects the distribution which resulted in inequitable medical and health care resources, and in some cases resulted in poorer quality care (EPU, 1996; Nik Rosnah, 2007, 2002). The public sector hospitals were grossly neglected and equally adversely affected with massive brain drain of human capital into the private sector and the restricted resources leading to overcrowding, long waiting time, dissatisfactory service and at times poor quality care while the private health sector serving mostly fee for services to the affluent group especially the rich has been under utilized.

After a decade of privatization it is evident that the healthcare system is now facing the challenges of escalating and spiraling cost of which expenditure on medications form a significant bulk of the government’s expenditure. It was reported in the mainstream media that hospital drugs were to cost more. Exorbitant price of drugs is not only a budgetary financial burden to the government but a concern to the healthcare consumers and the civil society. The Malaysian medicine prices were found to be very high in terms of international pricing (IRP).

Overall the healthcare privatization did not achieve the government’s official rationales and objectives among others to reduce of financial burden of the state nor economic efficiency but instead privatization had incurred inefficiencies and financial burden to the state and the tax payers. There is also evidence of a dramatically increased in the operating expenditure arising from health care privatization of GMS in 1994 and with the MOH subsequently subcontracting its hospital support services to the private sector from 1996 onwards. As the expenditure for the privatization of the hospital support services is one of the largest under MOH budget items, this subcontracting has escalated the overall MOH expenditure tremendously.

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Chapter 5

Governance of the Urban Transportation Systems in the Klang Valley, Malaysia

Raja Noriza Raja Ariffin & Rustam Khairi Zahari

Introduction

As in many other cities in the world, particularly cities in the developing economies, Malaysia’s growing urban population and increasing household incomes have led to a rise in car ownership. The Klang Valley that covers an area of about 2826 square kilometers is considered as the most developed and fastest growing region in the country with more than 30 rapidly growing new towns. It comprises of Kuala Lumpur and its suburbs, and adjoining cities and towns in the state of Selangor. According to year 2000 statistics, 4,791,000 people, which account for about 21 percent of the nation’s population, live within the Klang Valley (Ministry of Federal Territories, 2004). Within that population, 84 percent of the households are car owners.

In view of the fact that transportation infrastructure crosses municipal boundaries, cooperation, then it must often be interregional between different political jurisdictions. In the case of the Klang Valley, the jurisdiction is dispersed among the federal, state and local government. Currently there is no single coordinating body for the Klang Valley. Therefore, the responsibility for transport is shared amongst various agencies at the federal, state and local level. Basically, there are more than nine agencies responsible for transport in the Klang Valley.

Implementing transport policy requires a supportive organizational structure. The purpose of the organization is to produce an effective institutional arrangement that promotes collaboration. Organizational issues are often the hardest implementation barriers to overcome. Most of the time, they are merely self-imposed by bureaucratic boundaries. In practice, a wide range of administrative structures may be seen. These often reflect a country’s historical legacy and political system. An urban transport program or project can often involve agencies from all three levels of government, for example federal financing, state or regional administration, and local operations and implementation. Within the scope
of a transport system there are typically elements relating to the environment, land use planning, traffic, and law enforcement departments, among others.

One of the biggest challenges in urban transport development and implementation in the Klang Valley is the fragmentation of transport related agencies. Although several policies have been ‘beautifully crafted’, a lack of coordinated effort has hindered their effectiveness. This paper explores the issues of urban transport governance in the Klang Valley, Malaysia. In particular, it will specifically look at the issues of implementation of urban transport policy in the Klang Valley as it is often acknowledge that stated policy aims are often seldom realized in the manner envisaged by its proponent due to the fall out in the process from policy formulation to policy implementation. Within the sphere of implementation, this paper will specifically focus on the theme of institution, which has been found as one of the main factors affecting the efficiency of urban transport governance in the Klang Valley.

**Literature Review**

Despite the fact that factors like income, car ownership, social change and suburbanisation undoubtedly affect the viability of different forms of urban transportation, public policy and politics are also critical, if much neglected influences (Mees, 2000). Although they cannot guarantee success, co-ordination and planning are the key factors that make good outcomes possible (Mees, 2000). Fragmentation in the decision-making process hampers efforts to achieve the objectives of transportation policy (Cervero, 1998; Dimitriou, 1990; Barat, 1990). Most of the time, the lack of a ‘workable’ institutional framework has been found to be the main factor in the less than desirable end result of the policy objectives.

Institutional framework is regarded by many as a very critical instrument in ensuring the success of policy planning and implementation (Barat, 1990; Brinkerhoff, 1996; Pugh, 1996). Brinkerhoff (1996: 1497) states that policy implementation brings together multiple agencies and groups that intend to work in concert to achieve a set of objectives. Making these multi-actor arrangements work effectively is a vital management challenge requiring creative and flexible solutions. Linkages created among implementation actors are often multiple and create interdependency among them. These interdependencies bring about the need for coordinated action. According to Pugh (1996), institutional frameworks can have widely divergent influences, which mean that they can either create incentives or disincentives to
organizations. It is further stated that institutional frameworks can give organizations their characteristics and influence their ability to carry out their organizational functions.

Policy implementation research has identified various reasons for lack of inter-organizational coordination in the context of public policies in developing countries. Constraints to coordination include the perceived threat to the autonomy of the organization, lack of consensus regarding the tasks at hand, and competing demands on the organization stemming from its involvement in a variety of horizontal and vertical networks (Brinkerhoff, 1996). In threat to autonomy, Brinkerhoff states that a fundamental approach in most organizations is to try to maintain as much independent control. In the case where coordination requirements impinge upon agency independence, an agency will be reluctant to coordinate (assuming it has a choice) unless there are clear and significant benefits to be gained. In this context, threats to autonomy are said to be increased when stakeholder interests are diverse, cooperating agency operational procedures are different, and linkages among agencies are multiple and interlocking.

Task consensus refers to the agreement on the client groups to be targeted, the actions to be undertaken, the services to be provided, the methodologies to be employed, and so on (Brinkerhoff, 1996). Since many of the urban transport policy and governance are only partially understood, lack of agreement on what to do, for whom, and how is very likely to be encountered. Furthermore, in this area of urban transport policy and governance, diversity among stakeholder perceptions and interests, multiplicity of linkages, and scarcity of resources may likely aggravate coordination problem. Among lateral partners, working at the same level, resolving differing views and disagreements calls for open discussions and negotiations. However, these participatory processes take time and effort. Often, hierarchy is used to deal with lack of task consensus; the problem is handled at a higher level and subordinate entities are issued instructions on their tasks.

Majority of members in implementation networks belong to more than a single system, and frequently coordination places the unit whose actions are to be coordinated in a situation where it is subject to conflicting demands (Brinkerhoff, 1996). The most common conflict is the need for lateral and vertical coordination action. Some of the difficulties here arise from legal barriers imposed by legislation and administrative statutes that place limits on an agency’s margin for maneuver. Sometimes there can be restrictions on the use of funds that
can hinder coordination. The potential for this conflict is high where resources are scarce, because agencies have little slack available and the costs of coordination are rarely factored into operating budgets. Complex and diverse linkages also heighten the probability of conflict, because there are basically so many connecting threads that some degree of working at cross purposes becomes inevitable.

Theories of public policy networks (Hanf and Scharpf, 1978, Scharpf, 1993) postulate that public policies need coordinated policy actions through networks of separate but interdependent organizations (Hanf, 1978). Policy is formulated by negotiations and agreements between the organizational actors involved, which are bound together by varying degrees of dependence and interdependence. Classical public policy theories on the other hand assumed that policy coordination would take place in hierarchically-structured settings in which a superior actor (in Malaysia’s scenario, it could be a ministry at the federal, cabinet office, or the cabinet itself) would have sufficient authority to direct the behavior of other actors and enforce compliance. In this concept, coordination and cooperation in policy networks do not take place automatically, they have to be induced and the “infrastructure of communication” has to be purposely established (O’Toole cited in Rohdewohld, 2006).

Availability of information is a key factor for achieving cooperation and coordination as in policy network because availability of information reduces uncertainty for the policy actors involved (Rohdewohld, 2006). The institutions involved, especially the lead agency, require institutional capacity to utilize the available information. Since organizations usually feel threatened by the idea of cooperation and coordination, the building of trust can significantly increase the effectiveness of policy networks and improve joint policy implementation. Determining precise guidelines for the interaction between the policy actors, establishing predictable and repeated patterns of interaction, ensuring transparent documentation and reporting of agreements, and applying predetermined rules and procedures to deal with disagreements and conflicts are important elements of building trust and of creating a more stable setting for policy formulation and implementation.

**Methodology**

This study was based on semi-structured interviews with respondents from various sectors, who are directly or indirectly involved in urban transport policy formulation and implementation. Generally, a full range of individual experiences is potentially accessible
through interview as it acts as a virtual window on the individual’s experience (Weiss cited in Gubrium and Holstein, 2002). The fieldwork for the research was divided into two parts. The first part was a preliminary data collection exercise. Eight people were interviewed during the preliminary data collection. For the preliminary study, some of the interviewees were selected by searching the websites of several agencies that deal with transport related matters. They were then contacted via electronic mail to request for their participation. This was later followed by a telephone call. In addition, a snowball technique was utilized to get certain individuals to participate in the study. This was done by asking the first batch of interviewees to suggest relevant individuals who could provide further useful information for the interview process. These individuals were then contacted by telephone to seek their agreement to be interviewed.

For the second phase of fieldwork, 45 respondents were interviewed. Some of the respondents were those interviewed during the first phase of fieldwork. Similar to the first phase of fieldwork, the other respondents were selected either by searching the websites of agencies that deal with transport related matters or employing the snowball technique. For the second phase of the data collection exercise, four sets of interview questionnaires were prepared for different groups of stakeholders. These four groups consisted of government officials, experts in transportation-related issues (academics and NGO representatives), representatives from the motor industry and representatives from public transport operator. One federal minister was interviewed, however, due to his busy schedule the interview was brief and questions asked were very limited. Nevertheless, the interview helped to give the overall perspective of the politician on transportation issues. When interview appointments were made, the nature of the research was briefly explained. At the start of the interview the interviewee was assured of confidentiality and was asked for their consent for the interview to be recorded.

An interview guide was used to ensure that all issues intended for the research were covered in each of the interviews. The interview guide contained outlines of the topics and subtopics to be covered during the interviews. The questions included in the interview guide were open-ended to allow respondents to provide opinions and perception in their own words. The interviews lasted for at least one hour, with some lasting for up to three hours. Thirty interviews were tape-recorded while handwritten notes recorded another fifteen interviews. The digitally recorded interviews were transcribed and later all of the interviews were coded.
The researcher adopted the coding procedure as advocated by Cope (2003). The first set of codes was constructed after reading the transcripts while marking important sections, phrases, or individual words and assigning them with a code, while keeping in mind the research questions that have been established at the outset of the study. This then was the first list of codes that the researcher thought important, along with some notes about them.

Codes emerged from the collection of data through an iterative process called ‘analytic induction’ and this process of categorization helps to organize the material so that interesting relationships can be observed and reflected back to the research questions and research objectives (Crang, 2005). When all coding had been completed, the list of categories generated was studied so that they could be collapsed into a much smaller number of themes. Examination and re-examination of the coded data was undertaken in order to identify emergent themes.

Results
The first obvious element that emerged from the interview data was the prime importance of organizational structures in influencing inter-organizational relationships in urban transport policy implementation in the Klang Valley. The organizational structures, both within a similar level of government, and between different levels of government were complex. This complexity arose not simply from the combined vagaries of the horizontal and vertical organizational structures, but also because of the lack of clear leadership that could steer urban transport policy implementation. It was the overlapping boundaries between different agencies at the federal level as well as between the federal level and the state level that created this problem.

In addition, this situation undoubtedly caused a degree of friction between different levels of government. It is apparent from the interviews that the relationship between federal, state and local levels is not very cordial. It appeared that most policies in Malaysia including transport are developed on the preferred premise of ‘top-down’ approach. In this case, the central agency formulates the policy while the local levels are given the responsibility, or directed to implement it. Separation from local politics and administration gives policy-makers in the federal government a license to formulate ideal objectives. In addition, it may also give them a licence to formulate innovative ones, for the political and administrative burdens of the innovations they conceive will be borne locally. They are freer than local
officials, to stand publicly for progress and to answer to the public. However, in the majority of cases, after formulating ‘ideal objectives’, federal authors have to depend on local actors for implementation; and local resistance made implementation a difficult undertaking. In the Klang Valley the directives are not clearly presented and came from several levels of government and agencies. All the interviewees representing local government in the Klang Valley echoed their frustration at not being able to implement effectively urban transport policy due to the lack of clear directive from the upper level government: be they the state and the federal government. This conundrum could be solved if the processes are done according to what have been suggested by Rohdewohld (2006) whereby precise guidelines are determined for the interaction between the policy actors.

There was a distinct difference in the way in which interviewees from each level of government talked about the process of implementation. Personnel from the federal level government seemed to think that policy implementation is best done through the ‘top-down’ approach or in other words ‘hierarchical’ from the top to the bottom. They talked about their role in policy formulation and the need for the lower levels of government to collaborate in implementing the policy. In this context they appear to consider policy implementation as a control problem whereby lower levels government need to comply with the directive given by top-level government. On the other hand, interviewees from lower level governments felt that upper level government was keen on imposing its directives on them rather than engaging a proper consultation. This scenario at times resulted in silent confrontation between the upper and bottom levels of government.

The research interviews provided a huge amount of information concerning the structural constraints within which urban transport policy process operated in the Klang Valley. These problems are evidently related to the sheer number of organisations with various transport related functions. According to Meakin (2002: 8), “the more departments that exist, the more institutional boundaries there will be and the more complex and formal must be the coordination arrangements.” Several reports relating to Klang Valley seem to suggest that there tends to be a lack of coordination between different levels of government and their jurisdictions (JICA, 1999; Wahab, 1994; Zakaria, 2003) as a result of this phenomenon.

Traffic flows in the Klang Valley cross several local governments jurisdictional boundaries. However, there is no proper government institution that effectively coordinates the overall
regional development of the Klang Valley. Thus, the first level of disadvantage facing urban transport policy implementation in the Klang Valley was the lack of a metropolitan authority to govern the area. Regional development in the area is under the jurisdiction of various entities, which include the Kuala Lumpur City Hall, the Ministry of Federal Territories, the State of Selangor, and eight local authorities, which are under the State of Selangor. This list of authorities, however, does not include other agencies related to urban transport, which also have their power over urban transport policy development and implementation in the Klang Valley. In this case, inter-agency collaboration was not simply a case of bilateral coordination, but also of understanding relationships clouded by complex overlapping areas of geographical responsibility.

Obviously from the above description, there are significant institutional problems associated with administrative organization in the Klang Valley urban transport system. Transportation involves many vertical layers as well as horizontal organizations of government since it affects several jurisdictions and is inter-sectoral in nature. These vertical layers create a problem whereby no authority has ultimate control when it comes to regional jurisdiction. As a result, general decision-making at the regional level may be delayed leading to inefficient processes.

Discrepancy in approaches and perspective adopted by different levels of government also contributed to the difficulties in implementation. According to JICA (1999), the federal government organizations adopt a national point of view while the local authorities adopt a local one for the area under their jurisdiction. In this instance, the federal level infrastructure planning institutions have been planning from a national perspective instead of a regional one (Zakaria, 2003). Meanwhile, the local governments have been trying to implement their own projects without much help and direction from the federal or the state governments. There is a tendency by the institutions to overlook the needs for regional development of the area in lieu of national development.

There were many occasions during the interviews, where the interviewees despite their position in the transport policy community, lacked knowledge of the organisation responsible for urban transport in the Klang Valley and were very often unsure of the roles fulfilled by particular agencies. This fact was undoubtedly significant in enabling effective communication and cooperation between agencies. This state of affairs indicates that there is
in fact no clear line of responsibility and a lack of role clarity in urban transport policy implementation. As a consequence of the lack of such structural and role clarity, organisational relationships between agencies become considerably harder to develop. Subsequently, lack of role clarity has to some extent contributed to the problem of unclear lines of responsibility for various agencies. This state of affairs can bring about difficulties in institutional coordination, which in turn can paralyse policy development (Meakin, 2002). There is evidence from the interviews that unclear lines of responsibility have hampered decision-making and also resulted in an unspoken battle for power between agencies.

In the case of the Klang Valley, there appears to be inefficient allocation of responsibilities in urban transport management. Experience shows that overlapping authority between national, provincial and city governments in cities such as Buenos Aires and Bangkok have caused conflicts between different levels of government (Meakin, 2002). Similarly in the Klang Valley, overlapping authority has contributed to the duplication of management services. For example, several agencies have undertaken studies related to urban transport in the Klang Valley: be they at the Federal, State or Local level. These studies are often undertaken in isolation and only serve the objectives of the authorities commissioning them, thus at times bringing them in conflict with each other. As a result, most of the time the proposals presented in the studies will not be implemented due to confusion in role clarity and line of responsibility.

Similar to most other organisations, particularly those in developing countries as stated by Brinkerhoff (1996), the implementation of urban transport policy in the Klang Valley faces the problem of resource constraints, which reduces the capacity of certain agencies to implement. For instance, there is a problem of weak enforcement by responsible institutions. Weak enforcement are mainly due to the shortage of financial and human resources, unclear lines of responsibility as well as lack of legal power to enforce. Table 5.1 shows the fragmentation of regulatory power and its distribution amongst several agencies related to the urban transport system in the Klang Valley.

<table>
<thead>
<tr>
<th>Empowering Legislation</th>
<th>Responsible Agencies.Persons</th>
<th>Powers Conferred</th>
</tr>
</thead>
<tbody>
<tr>
<td>Road Transport Act 1987 (Act 333)</td>
<td>Road Transport Department</td>
<td>Classification, registration and licensing of motor vehicles and drivers.</td>
</tr>
<tr>
<td>Act/Act</td>
<td>Body/Authority</td>
<td>Responsibilities</td>
</tr>
<tr>
<td>----------</td>
<td>----------------------------------------</td>
<td>----------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>CVLB Act 1987 (Act 334)</td>
<td>CVLB</td>
<td>-Licensing and regulation of commercial vehicles and all other related matters.</td>
</tr>
</tbody>
</table>
| Railway Act 1991 (Act 463) | Department of Railway                   | -Stock licensing  
                          -Safety regulation  
                          -Control fares and tariff |
| Railways (Successor Company) Act 1991 | Railway Asset Corporation              | -Administer and manage lands, properties and rights for railway services and develop infrastructure facilities for railway services |
| Town and Country Planning Act 1976 (Act 172) | National Physical Planning Council (NPPC)  
                          Director General of Town and Country Planning  
                          State Planning Committee  
                          Local Authorities | -Spatial/land use planning  
                          -Secretary of the NPPC  
                          -Regulate, control, plan and coordinate all development activities in the State  
                          -Regulate, control, and plan the development of all lands and buildings within its area. |
| Environmental Quality Act, 1974 (Amendment. 1985) | Department of Environment          | -prevention, abatement and control of pollution                                    |
| Federal Territory (Planning) Act (267), 1982 | Kuala Lumpur City Hall                | -Spatial/land use planning                                                       |
| Local Government Act 1976 (ACT 171) | Local Authorities                     | -General power to make by-laws including those related to transport, which include:  
                          ▪ to provide for the establishment, maintenance, regulation and control of public transport services and to prescribe fares to be charged  
                          ▪ to regulate, supervise, and licence trishaws and carts  
                          ▪ to provide for the licensing of bicycles and tricycles  
                          ▪ parking provision  
                          ▪ pedestrian facilities |

**Discussion**

Similar to Bangkok, institutional fragmentation is commonly identified as a root cause of transport problems in Kuala Lumpur (Townsend, 2001). There are a number of federal and local bodies, involved in transport related issues; however, there is no single agency to see
through transport planning, regulation and implementation in Kuala Lumpur (Saleh, 2005). The lack of an institution with oversight and visions for the future of multi-modal transport development integrated with urban land use has encouraged individual public and private stakeholders to initiate uncoordinated transit projects. Furthermore, the local governments are lacking in strong political power. All this has led to a situation where the federal government and politicians, emerged as the more influential forum for transportation planning initiatives in the Klang Valley. As mentioned before, a large number of public and private bodies are involved in transport provision and this means it is often difficult for the implementing agency to achieve coordinated action.

The lack of legal empowerment has also been noted as affecting the implementation of transport measures and schemes. This fact is in tandem with Brinkerhoff’s (1996) views that some of the difficulties, which resulted in conflict between agencies, arise from legal barriers imposed by legislation and administrative statues. In Malaysia, the lack of legal power on the part of the local authorities in determining transport development in their jurisdiction has been said to cause inefficient transport provision. Most local transport decisions are made at the federal level, which is far removed from the local scene. Hence, more often than not, the policies formulated do not cater for the needs of the local stakeholders. One of the main factors in the lack of legal empowerment is related to resource constraints. As suggested by Brinkerhoff (1996) resource constraints can hinder coordination. Financial and human are two of the main resources that can affect policy implementation. The Malaysian Constitution provided a pattern of centre-state financial relations, which are dominated by the central government because it controls most of the riches and productive revenue sources as well as most areas of expenditure. A strong central government also implies weak local authorities. The federal structure ensures that the majority of powers remain in the hands of the central government. In this context, it is not a surprise to find from the interview analysis that the local authorities that were supposed to be the agents for implementation were facing difficulties in carrying out their responsibilities. The lack of financial resource is heavily tied to the lack of human resources. Subsequently, the lack of financial means has affected the capability of the state and the local authorities in providing highly skilled human resources.

There is also a link between the lack of coordination and communication and the lack of human resources. For instance, the lack of coordination between the eight local authorities in the Klang Valley is said to stem from a lack of proper planning and implementation
guidelines as well as skilled human resources. The lack of proper guidelines and human resources, in turn, resulted in less commitment on the part of the local authorities. Therefore, in this context, uncertainty due to the lack of a proper channel of coordination and communication has resulted in ineffective implementation of policies. In this case, Hong Kong and Singapore attest to the benefits of clear policy objectives pursued in a favorable and stable economic and political environment. Consistent policies for urban transport management are being applied by governments who have political authority, within an environment of economic growth and social discipline. Similar to Hong Kong and Singapore, urban transport governance in the Klang Valley could also benefit from the presence of a strong political authority. The strong political authority could be used to streamline policy objectives and provide guidelines to the lower level government.

Theories of public policy networks as stated by Hanf and Sharpf (1978) have proposed that public policies need coordinated policy through networks of separate and interdependent action. However, in order for these arrangements to work, there is a need to streamline and provide clear and consistent objectives as one of the conditions for effective implementation. As thing stands now, there are unclear policy objectives in urban transport policy, which apparently contribute to ineffective implementation of the urban transport policy.

In the case of the Klang Valley, the multi-jurisdictional nature of urban transport has caused the divorce of policy formulation from implementation. When policy formulation is divorced from its implementation, the objectives that have been set earlier will more often than not fail to be carried down to the implementing agencies. If however, it is carried down to the implementing agencies, it will probably be difficult to interpret due to differences such as cultural values between agencies or level of government. As mentioned before, federal level agencies adopt a national point of view while the local authorities adopt a local one representing the area under their jurisdiction.

Central government’s distance from the scene and detachment from the conduct of local affairs were handicaps to urban transport policy implementation. This is the case because the central government is responsible for policy formulation for the local level. This trend is in contrast with Hall and Pfeifer’s (2001: 163) opinion that successful urban strategies “...will be possible only if national and local government work in close cooperation, if central government defines more clearly the
most efficient distribution of functions between the different levels of government (state, provinces, regions, cities, counties, suburbs), and if political activities follow a common framework.”

In this context, Rohdewohld (2006) echoes similar opinion for the need of cooperation, proper guidelines and information sharing in order to build trust and reduce uncertainty in order to create a more stable setting for policy formulation and implementation.

It is apparent that the division of authority among governments in the federal system that deal with transport led to unclear lines of authority from central down to local government. In this context, there seems to be an absence of a ‘lead agency’ to streamline transport policy implementation. It can be seen that the state government and local authorities have no formal authority or role in urban transport policy. Although the local authority is said to be an agent for implementation, the lack of financial and human resources made available to achieve this has hampered their vital participation in ensuring effective implementation. Local authorities in the Klang Valley have shown enthusiasm in participating in the improvement of the urban transport system but lack of resources has made them helpless participants.

The absence of a clear understanding of each actor’s role in the transport related coordination might have contributed to people working at cross purposes, in many cases seeking to advance their individual agency interests at the expense of progress in transportation. The problem of uncertainty will manifest itself when one agency interpreted coordination as a move towards subordination. In this context, agencies at times interpret coordination as hierarchical control or giving up their control of certain things.

Another main issue relating to weakness in urban transport policy implementation is the lack of a ministry or departments accepting responsibility for transport policy issues. There are at least nine ministries responsible for urban transportation in Malaysia. In the case of the Klang Valley, there are several other organisations involved in addition to the nine ministries, which include the State of Selangor and eight local authorities. In addition, there are also regional authorities that look into transportation matters in the Klang Valley. This arrangement does not seem to contribute to effective urban transport policy implementation.
One of the problems of not having any agencies fully responsible for urban transport issues are that the agencies being put under the wrong ministries. This generally hinders enforcement and long-term strategic planning. This phenomenon might be due to power struggles between different agencies. As it is now, no agencies seem to want to take full responsibility for handling urban transport issues. If there is an effort by certain agencies to streamline the structure of urban transport policy implementation, it seems that certain agencies are reluctant to give their full cooperation. Table 5.2 summarises the institutional barriers in the implementation of urban transport policy in the Klang Valley.

### Table 5.2: Summary Table of Institutional Barriers

<table>
<thead>
<tr>
<th>Institutional Barriers</th>
<th>Influences</th>
</tr>
</thead>
</table>
| Multiplicity of agencies                                   | ▪ Difficulties in coordination  
▪ Difficulties in communication due to different mentality/agenda/culture  
▪ Power struggles, which act as obstacles to effective cooperation |
| Lack of coordination and communication                     | ▪ Lack of inter sectoral policy on alleviating transport problems            |
| Lack of power in certain organisations particularly local government | ▪ Difficulties in implementation due to lack of autonomy                       |
| Lack of resources                                           | ▪ Difficulties in implementation due to lack of funding or expertise  
▪ Lack of monitoring and evaluation mechanisms                |
| Lack of framework/clear structure                           | ▪ Difficulties in implementation due to lack of proper guidelines  
▪ Prohibits effective implementation due to unclear lines of responsibilities and accountability |
| Divorce of decision-making from implementation              | ▪ Ineffective implementation due to lack of clear objectives and consistent policy |
Conclusion

The current condition of the institutional framework in the Klang Valley indicates failures in transport planning coordination in a region-wide context. Therefore, establishment of a new agency or organization with a strong power for authorization of region-wide plans that cover multiple local governments, supported by sufficient technical staff and funds, is strongly recommended as a strategy to make consistent a metropolitan-wide transportation system development plan and to manage transportation demand in the region.

One key to improving the coordination and integration of plans and efforts in the Klang Valley lies mainly in strengthening institutional arrangements for planning and implementation. The inevitable and foremost imperative institutional issue in the transportation sector is insignificant coordination and communications among central ministries, state government and local government agencies. Not only vertical discrepancy but also a lack of consensus on regional planning across each local government’s jurisdiction makes it more difficult to formulate an integrated transportation system development plan in the region.

Transport governance and implementation responsibilities among the three tiers of government in in the Klang Valley are still not clearly defined. The involvement of several tiers of government with different regional perspectives, the role played by national agencies, the diverse range and scope of transport development programs, and the limitations of the existing procedures all hamper the planning and implementation of concerted development efforts. There is a clear need for improved channels of communication, for more clearly stated development policies, principles, and criteria, and for an overall, coordinating perspective on the region's transport planning and implementation.

In summary, the multiplicity of hierarchies involved in the urban transport governance in the Klang Valley, makes the shaping of consistent action on everyone’s part extremely difficult because of the threats to coordination, namely, threats to autonomy, lack of task consensus, and conflict between vertical and horizontal linkages. In highly complex and interdependent situations, management based on hierarchical monitoring and control often sets a decrease in compliance and declining performance. Coordination that relies heavily on formal mechanisms enforced by a central unit is rarely successful (Chisholm, 1989; Landau, 1991,
Therefore, solutions that grow from a dynamic exchange of information, experience, and resources should be the alternative. Besides some measure of supervisory control, the central management task should expand to include assuring the monitoring of the network itself, intervening to keep information flowing and joint actions on track according to the agreed-upon rules of the game, with timely feedback and self-assessment (Brinkerhoff, 1996; Rohdewohld, 2006).

References


Chapter 6

Economic Development: Local Government Issues in Malaysia

Norma Mansor, Sharifah Mariam S. M. Alhabshi, & Noor Azina Ismail

Introduction

Since the mid 1980's, Malaysia has been enjoying an impressive economic growth despite the two crises in the early 1980's and in 1997. Many suggest that it is attributed to the sound macroeconomic policies of the federal government, particularly the pragmatic ways in which the Malaysian government responded to economic crises. With the objective of achieving growth with equity, the laissez faire economic system was replaced by a more regulated economy. The macro planning of the Malaysian economy started with the New Economic Policy (NEP). This chapter will be divided into 4 parts: the first part describes the background of the Malaysian economy, the second part looks at the institutional structure of governance in Malaysia, the third part examines some of the reform efforts at the local government level and the final part the conclusion and policy recommendations.

In 1970's covering a 30 year period, the NEP became the guiding blueprint in subsequent planning including the Five Year Development plans, the Outline Perspective Plan and the Industrial Master Plan. The NEP essentially promotes growth with equity. The two pronged objectives were: to reduce and eventually eradicate poverty and to restructure the Malaysian society which was associated with race, profession and economic activity. The NEP could only be carried out in an expansionary economy and hence had forced the Malaysian government to elevate the economy from a commodity oriented economy to export oriented activities by attracting foreign capital and foreign owned manufacturing companies. Many incentives were introduced to induce foreign investment including the Pioneer Industry Incentives which grants tax holidays of between two to five years to firms, depending on the value of their fixed capital investment, plus additional tax relief of one year if they are established in a development area manufacturing priority products and have specified percentages of domestic content in their products. Several other incentives were
offered to attract foreign investors. Free Trade Zones (FTZ's) were established with special attention to infrastructure developments in certain identified areas. As a result, manufacturing sector expanded its contribution to the GDP from 12.2% in 1970 to 23% of the GDP in 1987.

However, the NEP also saw unprecedented government intervention and involvement in the economy with the introduction of policies regulating the private sector. The Industrial Coordination Act 1975, though now has been abolished, provides extensive power to the Minister of Trade and Industry to ensure a 30% equity and employment participation of bumiputras in the manufacturing sector met with a lot of resistance from non-bumiputra businesses. Also, the public sector expanded exceptionally through the formation of the Ministry of Public Enterprises in 1974 and the proliferation of government enterprises totaling up to 453 in 1985.

The economic recession in the early eighties had left the government with no option but to review its policies. Also the government had to accede the IMF condition for structural adjustment, the NEP was thus kept in abeyance, adoption of less stringent licensing requirements, equity ownership, lower corporate tax and several public enterprises were also privatized. The liberalization coupled with improvement in the global economy aided the Malaysian economy to recover from a -1.1% in 1985 to an impressive growth of 7-8% in the late 1980's into the 1990's until the 1997 crisis. Malaysia is one of the only 13 countries in the world to have sustained growth of more than 7% for more than 25 years since Second World War (World Bank, the Commission on Growth and Development). Unemployment and inflation were also kept low at 3 to 4% (refer Table 6.1).

<table>
<thead>
<tr>
<th>Year</th>
<th>Real GDP Growth (%)</th>
<th>Inflation (%)</th>
<th>Unemployment rate (%)</th>
<th>Population (millions)</th>
<th>GNP percapita At Current market Prices (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1985</td>
<td>-1.1</td>
<td>0.4</td>
<td>6.9</td>
<td>15.68</td>
<td>1,896</td>
</tr>
</tbody>
</table>
A total of 204 projects were privatized during the period of 1985 to 1990 period. In fact, many activities traditionally of the public domain were privatized. The more liberal stance on the part of the Malaysian authorities contributed to greater role of the private sector in the Malaysian economy (Mansor, Norma et al 2001). The private sector investment has expanded by more than 21% per annum during the last ten years.

Evidently, the Malaysian economy weathered the 1997 crisis better than many of its neighbors. Through a combination of monetary and fiscal policies such

<table>
<thead>
<tr>
<th>Year</th>
<th>GDP %</th>
<th>Inflation</th>
<th>Investment %</th>
<th>External Debt %</th>
<th>Foreign Direct Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1986</td>
<td>1.2</td>
<td>0.6</td>
<td>8.3</td>
<td>16.11</td>
<td>1,595</td>
</tr>
<tr>
<td>1987</td>
<td>5.4</td>
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as capital control, pegging ringgit to US dollars, pump priming to create employment and stimulate domestic demand, effective management of the Non Performing Loans (NPLs) and the banking reforms, and to a certain extent continuing with its structural policies, the Malaysian economy is back on its feet with the economy picking up steadily at 5-2% in 2003. However, with regard to the fiscal policies, there is an implementation shortfall as about 25% of government's allocation for development projects was not utilised in 2000 (Navaratnam 2001). Although this sort of situation is not new it could however, become critical during a crisis when public sector spending is seen as a solution to promote growth.

By and large, the development undertaken has transformed the Malaysian landscape. Structurally the Malaysian economy has changed from primary commodities based economy to export of manufactured products. In 1997 the manufacturing sector accounted for 35% of Malaysia's GDP. The aggressive infrastructure developments as part of the effort to boost economic activities has led to rapid urbanization of Malaysian towns and states. (refer Table 6.2)

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The Formal Structure of Governance

The Constitution of the Federation of Malaysia reflects the Malaysian history particularly in relation to negotiations agreed between the states within Malaysia and the heterogenous Malaysian population. The Malay Sultanate system of chieftans was replaced by a constitutional monarchy with parliamentary democratic system operating at three levels of government: Federal, State and Local authority. At the federal government, the legislature (the policy making body) comprise of the Parliament and the Senate or the upper house (Dewan Negara). The Parliament has 219 elected members (elected every five years) and currently, the National Front rules the country. The National Front which was formerly known as the Alliance Party has been in power since the first election in Malaysia in 1955. The ruling party forms the Malaysian Cabinet headed by the Prime Minister, the highest executive body. The cabinet members head the Federal Ministries which essentially controls the whole administration of the country. The Constitution grants, the national economic development planning to the Economic Planning Unit of the Prime Minister’s Department. The Federal Constitution grants the Federal Government legislative and administrative powers over all areas except Malay customs, land matters and the local government. There are altogether 25 Federal Ministries and several other public enterprises making and implementing policies in their respective areas. A Ministry which is headed by a cabinet minister are all assisted by the common user and permanent Malaysian Administrative and Diplomatic Service, hence structurally the Malaysian government is inherently centralized.

The second tier of government are the State Governments that have state
legislative assemblies and state bureaucracies. The state legislative member were elected every five years during a simultaneously conducted Parliamentary general election. The State Executive is headed by the Chief Minister, the leader of the majority party in the state assembly. Since 1955, The National Front has the control of the all states except for occasional wins by the opposition party in one or two states. In the last election for example the Pan-Islamic Party (PAS), an opposition party won two state legislative assemblies. The state government has administrative tasks within its constitutional sphere. However, since State government is financially dependent on Federal government, States become subordinate to Federal Government. The Federal-centred system is further strengthened by the control of the state bureaucracies through the Malaysian Civil Service officers who occupy all important posts in state bureaucracies.

Local Government: Issues and Reforms
The third level of the institutions of governance is the local authority. The local authority is under State administration. Local authorities are responsible for development planning and administration. It also provides a consultation forum by virtue of the council membership which includes appointed council members to represent the different groups in the community and the heads of technical departments as ex-officio members.

The Malaysian local government system which was introduced in 1801 was merely an ad hoc voluntary body known as the Committee of Assessors. The body was given the task to undertake the planning and development of Penang, one of the three states that form the Straits Settlements - Malacca and Singapore are the other two. In 1827, the Committee of Assessors was formalized and in 1884 was upgraded to Municipal Committees. The upgrading empowered the Committees to govern the other states of the Straits Settlements. In 1886, the Municipal Committee was renamed as Municipal Council and was bestowed with legal status to collect revenues. By 1900s, the role of the Municipal Council expanded to public health and welfare. Appropriately, its name was changed to Sanitary Board. By then offices of the Sanitary Board were in all the Malay States. In 1930, the Board's role was into the provision of infrastructure
namely roads and electricity and soon was given a new name, the Town Board.

With better facilities and basic amenities such as roads and electricity, towns attracted commercial centres and people. Growth in population and building density demanded bigger administration power to assist in delivering services. Thus in 1950, some Town Boards, namely those in growing centres such as Georgetown, Butterworth and Kuala Lumpur were converted into Town Councils through Local Authorities election Ordinance. Albeit slowly, by 1952 local councils were extended to rural areas, a push created by development spillover.

In Sarawak and Sabah, local government was introduced slightly later. Sabah, developed its local government in 1901, initially as Sanitary Board, and fifty years later (1954) changed to Town Board. For smaller towns and rural areas district councils were formed. In Sarawak, local government was introduced in the town of Kuching in 1922, initially as a Sanitary Board and ten years later as Municipal Board. And, for smaller towns and rural areas, district councils were formed.

The early ordinances that governed local authorities in Malaysia were purely duplicated from the then colonial master, Britain (Norris: 1980). However, the law was not only different in terms of its contexts to which the law was based upon but the inadequacy of the law as it stands even in England. Thus when the law was adopted for Malaysia (or then the Malay States and Straits Settlements) there had been continued reforms to suit the local environment. As explained by Norton (1994:356):

"British administrative law is a collection of the ad hoc statutes and court rulings, and has not been sharpened... by the judicial interpretation of an entrenched constitution. There is no written constitutional underpropping of doctrines about local government's status and rights, nor any statement defining its role within the local community."

The transferring of the system to Malaysia in its original form certainly posed some problems. Since the beginning the government has seen the local authorities as little more than agencies thus there is no assumption that local
authorities have a right to act in the interests of their inhabitants unless they can quote legal justification or limit their free expenditure to a low statutory level.

Elected municipal councillors, a practiced based on the British system was found inadequate. After three local elections, the government decided to review the practise. It was felt then, that the devolution of power would destabilise the socio-political framework especially the confrontation by the Indonesian government on the newly formed Federation. Also, developments were highly politicized towards ethnicity equity, which was totally in contradiction with the national policy. In 1965, following several incidents, the Cabinet suspended local government elections and called a Royal Commission of Enquiry on Local Authorities to study the situation. Among other things the Commission were to address the complicated laws affecting local authorities. First, there were various types of local councils operating and secondly there were a number of ordinances, enactments, bylaws, rules and regulations which were applicable. For example, by late 1960s there were 374 local governments in the Peninsular alone. The report was submitted in 1968. Among the recommendations made were to streamline and improve local government and to continue with local elections.

However, the Development and Administration Unit (DAU) of the Prime Minister's Department (a unit that deals with any administrative improvement) rejected the main thrust of the commission report. The DAU argued that local government's role in urban development and management, was more important than its role as a democratic institution. Vertical integration with state and federal government was essential and that retention of such elections will not facilitate the accomplishment of the objectives of national unity and socio-economic development of West Malaysia, therefore inconsistent with the national objective of the New Economic Policy.

The DAU's recommendations were adopted by Cabinet and the Parliament passed the Local Government Act 124 (Temporary Provisions) in 1973 which was the first step towards restructuring local authorities to its present form thus changing the original concept of local government as the smallest unit of democratic institution into an agent of development.
In an effort to ensure uniformity, the government reviewed all basic laws that regulated the powers, duties, responsibilities and functions of local authorities. Three parent laws were enacted for that purpose: The Street, Drainage and Building Act 133 (1974), the Local Government Act 171(1976) and the Town and Country Act 172 (1976).

Nevertheless, the Local Government Act 1974 (124) was inadequate to manage the already chaotic councils. Developments in the 1970's were cutting across authorities and there were concentration in urban areas with the highest opportunities. In dynamic council areas, such as Georgetown and Kuala Lumpur, squatters were growing rapidly because job opportunities were abundant. Dynamic local authorities were losing their grip in controlling development because growth had exceeded the supply of services and has disrupted simple assessment and revenue collection methods. There were continuous struggle among local councils particularly with regard to accountability to population over-spilling and the related problems that came with urbanization such as, crime, pollution and squatters. The mal-administration devalued the local authorities in the eyes of the national government officials and politicians who had to monitor the performance of the councils.

The Local Government Act 1976 is a watershed affecting local government. Article 171\(^1\) and the introduction of the Town and Country Act 172 (1976) provides extensive power to local authorities. With an overriding objective of providing efficient and effective delivery of services to the people the Acts have three main features: (i) to restructure local authorities for administrative standardization, (ii) incorporating local authority as part of development planning machinery and(iii) greater flexibility in finance.

The Act advocated the setting up of two types of local authorities, namely Municipal Council (including City Council) and District Council. The process of restructuring was in the beginning slow because many State governments were sceptical over the intention of the Act, specifically with regard to sharing State authority with a new body. The scepticism was hard to break despite clear provisions of State power over local authorities. In fact, Sub-Section 9 of the 171
"The State Authority may from time to time give the local authority directions of a general character, and not inconsistent with the provisions of the Act, on the policy to be followed in the exercise of the powers conferred and the duties imposed on the local authority by or under this Act in relation to matters which appear to the State Authority to affect the interests of the local authority area, and the local authority shall as soon as possible give effect to all such directions. The local authority shall furnish the State Authority with such returns, accounts and other information with respect to the property and activities of the local authority as the State Authority may from time to time require"

(Local Government Act 1976, Sub-Section 9, July 2003).

In addition, the Act also provides an extensive power to State authority over local authorities. The powers are the following:
- the appointment of councillors;
- the appointment of council secretary;
- the power to approve the staff appointed by the local authority;
  - the reduction or rejection of any item of expenditure appearing in the budget or refusal to approve the annual budget;
- the power to withhold the imposition of rates by local authorities;
- the power to transfer the functions of a local authority in the Chief Minister;
- the power to order an inquiry into any malpractice in the local authority; and
- the power to give general policy guidelines to the extent that they are not inconsistent with the provisions of Act 171 in section 9 (Local Government Act 1976: July 2003).

Nevertheless, efforts towards restructuring remained slow and difficult. Among the major reasons were because restructuring creates pressure for standardized services, which means the two or three authorities that were merged together as an authority have to forego old practices and have to adopt a new one. Also, moves towards equality forces a dynamically growing area to wait for further progress until the rest of the authorities especially new authorities have caught up.

The 1976 Act (171) had also mandated the local authorities to partake in planning and
developing State areas. The implementation was however difficult especially in ensuring that the state devolve the mandated power to the local government. Clearly, States were reluctant to give up its role as main development agent and states refused to acknowledge local authorities business as state business. As Gurr and King (1990: 2) put it:

"In the short run they combine the self-interests of elected and appointed state officials structured by values and cultures of the state institutions to which they belong. In the longer term, it is the maintenance and advancement of the state's power which must be addressed by officials: the maintenance of public order, durable state institutions and an adequate financial base to fund the institutions and the programs they support".

Thus between the two types of government there is power struggle. Because of this antagonism, change is slow and division of trust is divided. The struggle is well described by Allison when he wrote about bureaucratic politics,

"Men share power. Men differ concerning what must be done. The differences matter. This milieu necessitates that policy be resolved by politics. What the nation [or authority] does is sometimes the result of the triumph of one group over others. More often, however, different groups pulling indifferent directions yield a resultant distinct from what anyone intended" (p.183).

Due to initial resistance, as of 1976 there were only 89 local authorities, with 15 municipalities and 74 district councils. With aggressive publicity from Federal government, namely Ministry of Local Government on the benefit of restructuring, reluctant state governments gradually came to term with the spirit of the Act. By 1997 the number of local authority increased to 114 and by 2003 has increased to 149.

Clearly, the reforms of 1976 was to include local government as part of local and state development planning and management team. The introduction of Act 172 or Town and Country Planning Act, clearly specifies the functions of a local planning authority in Section 6 of the Act. The Act stipulates that every local authority shall be the local planning authority for the area of the local authority and for any area in the State, the State Director shall be the local planning authority (refer to Section 5 sub-section 1 and 2 of Act 172). And the functions of the said local planning authorities are as follows:
(a) to regulate, control, and plan the development and use of lands and buildings within its
area;

(b) to undertake, assist in, and encourage the collection, maintenance, and publication of statistics, bulletins, monographs, and other publications relating to town and country planning and its methodology; and

(c) to perform such other functions as the State Authority or the Committee may from time to time assign to it; and

(d) a local planning authority may perform any other functions that are supplemental, incidental, or consequential to any of the functions specified in subsection (1) and do all such things as may be necessary or expedient for carrying out its functions under the Act. The third feature is flexibility in finance and this will be dealt with in the later part of this paper.

To streamline development, local authorities are also coordinated by the Ministry of Local Government and Housing. The coordination has been described as minimal and unsubstantive. This framework seems suitable with the changing environment in which the present local government is operating. However, the question is whether local authorities have the capacity i.e are local authorities equipped to do the job or put differently, do local authorities have the capacity and capability to be effective? The rapid development which has brought about better education, and improved standard of living has resulted in the local citizens and business communities demanding for better services. The privatization of some health care services and the liberalization of education would require an effective local government to protect public interest. The downside of industrialization has to be monitored to ensure that industrial waste are safely disposed. Some local authorities, especially Municipal Councils and City councils have however incorporated NGO's both in planning of towns and cities and in the implementations of projects such as the preservation of the environment.

In other words, the environment that local authorities perform are not static instead is both dynamic and volatile. A study by UNESCAP (2000) observed that
it is rather impossible for a local authority, especially the smaller ones, to withstand change that comes from rapid urbanization and globalization. Local authorities, according to the study, can no longer be only the service provider but are forced to become a facilitator of national growth as well, i.e. ensuring the country remain competitive in the era of economic globalization.

Evidently, there is a growing mismatch between the demands of development and the capacity and the capability of local authorities. This could be better understood by looking at the financial structure of local government. In general, local governments are revenue based. However, local government in Malaysia is an administrative unit which was initially never intended to be financially independent. Hence, local authorities have the tendency to rely on grants from federal and state governments and this is so, even after the 1976 reforms. To begin with, local government’s budget is very small i.e about 4% of the annual national budget. The local government has 3 sources of revenue: Federal are State grants, tax revenue and non-tax revenue.

The main domestic and local sources of revenue of local authorities are assessment rates, rental revenue, licensing fees and other fees and charges either from commercial activities, services or trading. Other revenues are from interest from investment by local authorities, income from idle assets and any accrued revenue obtained by the local authorities such as grants, contributions, endowment or other sources (Phang et al, 1998). Tax revenue is the main source of income for the local authorities where local authorities are stratified into city council, municipal council and district council. City councils rely more on their tax revenue and less on the income derived from grants given by the Federal government. On the other hand, municipal councils and district councils are more dependent on grants as compared to city councils. This is due to the smaller population and thus less taxable properties.

The financial scenario of local authorities is to say the least, weak. In year 2000, 15% of the local authorities reported deficit in their current account. While more than 30% of the local authorities have fiscal account deficit. This scenario is rather odd since the revenue of local authorities also includes grants from the federal or state governments. If the grants given are sufficient enough, then local authorities should not have deficit in either account.
There are a few types of government aid given to local authorities. Among the most important grants are the launching grants, road maintenance grants, development grants and annual grants. Launching grant is given as a result of the restructuring of local authorities and are given as an outright grant to help local authorities in upgrading capacities or buying assets. These grants are given based on the area and population under the jurisdiction of the local authorities (Phang et al, 1988). Road maintenance grants were given based on the road distance, the number of main roads and lanes, regardless of whether they were state or federal roads while development grants were given based on the applications from the local authorities to the Federal government. On the other hand, annual grants are given by the Federal government based on a formula formed from a study of ten local authorities in Malaysia and was used in 1990 under the Act 245. This formula uses the equalization system and originated from Germany. Using this formula, the total amount of grants increases six folds from the total amount of annual grants given using a formula established earliest in 1978 i.e. from RM9.6 million a year to RM54.92 million a year (Ministry of Housing and Local Government, 1997). The minimum amount per local authority was RM107,000. However, the total amount of grants was raised by 15% in 1992 ranging from RM215,000 to RM4,891,895.99. The average amount of the grants is RM881,970.60. 60% of the local authorities received less than this amount. These grants are supposed to support the functions of the local authorities. Unfortunately, because of the small amount and the absence of a review since more than 10 years ago, the annual grants have no incentive effects on the performance of local authorities. Furthermore, sometimes there were delays in the dissemination of the grants from the state government to the local authorities. For example, in year 2000, about 94 per cent of local authorities received grants more than one month after the Federal government distributed them to the state government. In Melaka, Kelantan, Pahang, Perak and Penang, a few or all local authorities received their grants after more than three months. Terengganu is the only state that disseminates the grants after more than six months. This could be due to the change of the ruling state government at the time. This problem could also be due to the inability of local authorities to fulfill conditions given for payment of grants. Before grants can be disbursed the local authorities would have to fulfill two conditions: financial statements for the last two years should be provided and the local authority also has to provide the proposed expenditure for the current year. Unless these two conditions are met, the local authority will not receive its annual grant in time.
The inefficiency of local authorities in tax collection is certainly quite acute. When tax payers do not pay their taxes on time, these amounts are included as arrears. The current account that was reported by local authorities actually is the expected income, i.e. the income obtained for that particular year plus the arrears or the expected income for the year. In other words, the actual income of a local authority is actually less than the amount reported. There were only two states, namely Melaka and Selangor, were able to collect more than 50 per cent of their arrears. The rest of the states were unable to do so and majority of the local authorities are only able to collect less than 30 per cent of the total amount. Kelantan is the state with the lowest amount of collection. Therefore, the uncollected arrears will remain as bad debts unless tax payers pay them in later years.

For a local authority to continue giving efficient service to the communities it should have enough money to do so and one way of doing it is by collecting the arrears effectively and efficiently. Unfortunately, while there are a few local authorities that have done so, many were unable to. There are a number of factors affecting the collection of arrears. The main factor would be enforcement. This will involve the appointment of more enforcement officers and/or expansion of the enforcement division. This division and the officers will have to frequently conduct checks and spot checks to residences and premises. This will ensure that errant ratepayers pay up.

However, before such a drastic measure can be executed, local communities should be made aware that services will not be provided unless rates are paid on time. Until the communities observed benefits of paying their dues, it is unlikely that they felt compelled to pay. Pre-emptive measures like accessible payment counters, people-friendly front line counters should first be introduced. Improve collection methods to provide easy access for customers to make payment via update database, on-line payment options etc. should be considered.

Despite the flexibility in financial management spelt out in the Local Government Act 1976(171), evidently local authorities are still faced with the same issues as far as financial management is concerned. This in part is due to the hierarchy of authority whereby state approval is required for any revision or any reassessment of taxes. Also local authorities lack competent and qualified personnel to manage its finances. As a result of inefficient
management arrears from tax revenue is high. The number of professionals and managers (degree holders or an equivalent certificate) are very small especially for the district councils. Unlike the municipal councils where at least one professional accountant is employed, in all the district councils, most of the tasks that were supposed to be carried out by an accountant were done by a non-qualified assistant accountant. This is also true for other district councils in Malaysia. Hence, the reason why most district councils are financially reliant on the grants given by the Federal government which in most cases is also insufficient.

Other professionals are also needed to make sure that other functions of local authorities can be carried out efficiently. These professionals include architects, engineers, medical officers, quantity surveyors, lawyers and many others. Unfortunately, in the local authorities, most of the time these jobs were also carried out by less qualified personnel due to the lack of these professionals. The situation is even more acute in district councils.

Some argued that since its existence, local authorities have been given pressing roles but limited power. Despite the autonomy provided in the 1976 Act, the administration of local authority is still based on control administrative concept. Local authority performs its tasks on the basis of the authority divested by the state. Local authority does not really formulate policy, but implements and executes policy decisions. In other words, a top-down approach characterized policy formulation, planning, decision-making and implementation, and perpetuating concentration of power in the hands of the Federal government and the State government. The other problem is excessive bureaucratism through insistence on secrecy and administrative procedures.

**Conclusion and Recommendations**

We have tried in this paper to outline the Malaysian macroeconomic scenario and policy response to adverse economic events. However, issues such as inefficiency, ineffectiveness, low capacity and governance at local level, often punctuated the implementation. Low administrative capacity at local governments has resulted in shortfall in expenditure between 25 to 30 % of the yearly budget allocation as mentioned in the earlier part of the paper. We would confine our recommendations into 3 main areas:
(i) authority and scope of responsibility, (ii) financial position and (iii) participation.

With regards to the authority and functions, the law that frame the workings of local authorities, Act 171 and Act 172, are already very comprehensive. The Acts have clear provisions on the division of power and functions between local authorities, state and the federal government. The operational dimension of the law has to be reviewed. Federal and state governments have to trust local governments as part of development machinery.

The administrative capacity of local governments need to be enhanced by employing qualified personnel. The scope of local government has gone beyond its traditional functions of collecting garbage and sanitation. Rapid industrialization and urbanization, have called on local authorities to cope with new demands for services.

The functions of local authorities could be more effective if the distribution of the grants can be done efficiently. Hence it would be appropriate for the Federal government to consider distributing the grants directly to local authorities especially to those heavily reliant on the annual grants. The efficiency of local government would improve if the quantum of the federal government grants are increased. Development expenditure such as infrastructure projects and fiscal stimulus for employment creation, provision of soft loans to small and medium industries could be channeled directly to local authorities.

Furthermore, the efficiency of the local authorities could be improved through effective collection of tax revenues by employing qualified professional. Professionals are also needed to ensure that other functions of local government are being run smoothly. This is related to the point mentioned earlier about strengthening administrative capacity.

Local governments have to be more creative in improving their financial position. State governments should support efforts by local governments to review and reassess taxes. A global trend of contracting out some of the services has caught up with some of the local authorities. Although there are doubts about whether private companies are more efficient but from the existing record there are some services which are effectively carried out by private companies. Hence, more of these functions could be privatized.
However, what is needed is better contract management on the part of the local authorities. Again, qualified and competent personnel is key in ensuring that public interest is not compromised. Also, monitoring and program evaluation of these programs have to be carried out. This is to ensure that it is the most efficient and cost-effective production. Local authorities could then focus more on resource allocation and resource control. This is more necessary as local authorities have a responsibility to provide for the needs of a wider range of communities i.e., the poor, the handicapped, single mothers and the aged.

Participation by local authority could further enhance governance at local level. The councilors who are also residents in the local authority could become the channel of communication between the residents and local authorities. Also, several local authorities have taken initiatives to incorporate local non-governmental organizations in efforts to promote sustainable development and environment adopting Local agenda 21 but others are still lagging behind. Examples are Subang Jaya Municipal Council and Petaling Jaya Municipal Council. With regards to public participation it is stipulated in the Town and Country Planning Act, whereby the preparation of the Structure Plan has to include local representatives and the plan has to be made public. The plan has to be modified according to public opinion. However, the implementation could be improved by adopting a more effective publicity drive. Also smaller local governments may want to be more open and transparent to include residents’ views to improve their services.

A competent and responsive local governments is critical for development and as outlined above there are capacity gaps between the three levels of governments in Malaysia. Moving forward Malaysia will have to seriously address those gaps. We would have achieved greater success with economic development if local governments had been strengthened.

References


Endnote:

1 The Act (171) has clearly spelt out the local government functions:

- Local planning authority;
- Licensing authority;
- Power to impose certain kinds of taxes;
- Undertake building, housing and commercial construction (markets, hawker stalls etc.);
- Power to perform urban planning and management functions;
- Traffic management and control (manage urban public transport systems); and
- Power to plan and provide public utilities.

In addition, local government are also allowed to source business opportunities, loans and grants.
Chapter 7

Social and Economic Security in Malaysia
Suhaimi Abd Samad, Halimah Awang, Nik Rosnah Wan Abdullah

Introduction

The recent development of Malaysian socio-economic condition shows the rapid changes in the cost of living in terms of health, education, family-care, safety, mobility and social life. Global trends in ageing population, longer life expectancy, working women may lead to the incremental of government budget. This scenario will possibly lead to economic insecurity which consists of several components including loss of income, additional expenses, insufficient income and uncertainty of income (Rejda, 1999). The situation has proven the importance of social security to be governed in a very systematic and proper approach to meet the global needs.

Numerous factors can cause economic insecurity including premature death of the family head, old age, poor health, unemployment, substandard wage, inflation, natural disaster and personal factors. Several techniques, programs and approach used by the government to tackle and combat such issues as neglecting the economic insecurity will lead to the increase of poverty in a community due to the loss of income etc. The abandonment of economic security will also increase the government budget (Federal Government Operating Expenditure) under social services in providing subsidies and assistance to the people who are really in need.

Definition

There is a close relationship between social security and economic security. Social security programs usually established by the government is actually part of the overall economic security programs but narrower in scope (ibid). Social security refers to community or state protection for individuals or families who are in need or distressed (ILO. 1984), while economic security can be defined as a state of mind or sense of well-being by which an individual is relatively certain that he or she can satisfy basic needs and wants, both present and future (Rejda, 1999).
In order to achieve the sense and feeling of economic security, the social security concept and programs have to be in place. Thus, social security system can be regarded as the tool used by the government in ensuring the existence and availability of economic and social security.

**Types of social security**

Social security system is usually established by government statute as a guideline to govern and regulate the policies and programs under social security. These programs generally provide individuals with cash payments to replace at least part of the income loss due to old age, disability and death, sickness and maternity, unemployment, family allowances and occupational injuries. Basically, there are two types of social security, public assistance and social insurance. The two types are different in nature but having similar aims and objectives to protect the loss of income as well as to ensure there is a minimum level of income to survive.

Public Assistance Programs are offered only to those individuals who can demonstrate need, and the amount of the benefit is based on the extent of the demonstrated need. The final decisions on both eligibility and benefit amounts of this scheme are made on a discretionary basis by the officials administering the public assistance programs. Thus, it always becomes an issue of concern as it relates to discrimination, bias and unequal distribution of assistance among the community. Public assistance is also the responsibility of federal and state system for providing welfare payments to the aged, blind, the disabled and to families with dependent children in the form of social support, money or goods granted by the state to a person or family based on income; that is also commonly known as welfare benefits.

On the other hand, Social Insurance Programs are offered regardless of need to all persons who can satisfy certain requirements. These include all insurance arrangement in which the government acts as the insurer, subsidies the operation, or requires insured to purchase the protection. This can also be considered as the government insurance programs with certain characteristics that distinguish them from other government insurance programs. The social insurance programs are generally compulsory. There are specific earmarked taxes that fund the programs; benefits are heavily weighted in favor of low-income groups; and programs are designed to achieve certain social goals.
The principles of social security
The basic principle of social security is that the person eligible for coverage must be covered or firstly need to become a member of the social security program. In social insurance program, the eligibility for the benefits is derived from contributions having made to the program by or in respect of (a) the claimant or (b) the person to whom the claimant is dependent while the method for determining the benefits is specifically prescribed by law. The benefits for any individual can be directly related to contributions made by him or in his respect. There is a definite plan for financing the benefits and it is designed to be adequate in terms of long-range considerations. The cost of the program is usually borne by contributions that are made by covered persons, their employers or both. However, both the schemes of public assistance and social insurance are administered or at least supervised by the government.

Importance of social security
There are many reasons for the importance of having and implementing an effective socio-economic security. First and foremost, it provides protection and contingencies for the well-being of workers from any eventualities such as accident death, pre-mature death, invalidity etc and not only for the workers but also their families as dependents and survivors, as well as the entire community. Secondly, it is a basic human right for individuals to be protected under the government schemes. It is also part of the employee’s right to obtain protection from any program and government provision. Thirdly, social and economic security is a fundamental means for creating social cohesion among communities as well as to ensure social peace and social inclusion. Fourthly, it is a tool to prevent and alleviate poverty through various programs from the government policies to at least provide a minimum floor of income. The social and economic security can also contribute to human dignity, equity and social justice through national solidarity and fair burden sharing.

The Development of Social Security in Malaysia

Public assistance
Malaysia as an Islamic state with a population, predominantly Malays, and by definition, Muslims, had implemented the Islamic social security concept since the ancient history. The
concept of social security and in particular, public assistance can also been seen from the system of zakat (which occurs in figurative sense to designate the contribution that every Muslim, man or woman, of means must take to further social assistance and subsidize establishments and works of public welfare for the benefit and progress for the growth of Islamic nation (Farishta, 2003) and role of baitulmal as a financial institution in Islam in managing zakat and sadaqah (alms, charity) with the purpose and objective in providing assistance among the community under the concept of wealth sharing.

In many countries including Malaysia, the public assistance basically started with the assistance among the community, families and neighborhood. In the early colonial times, local villages and towns recognized an obligation to aid the needy when family effort and assistance provided by neighbors and friends were not sufficient. They help each other under the concept of amal jariah and gotong royong among their families, relatives and communities.

The traditional social and economic security systems are voluntary in nature and governed by local cultural practices which ensure that assistance is provided to families and individuals in times of need. The collective action in the community for the purpose of mobilizing resources to provide benefits for families for such occasion such as funerals, assistance for widows, orphans and the destitute are usually informal in nature but are sanctioned through convention in the community (Navamukundan, 2000)

However, when the systematic government or state is established, the role of government to provide schemes for the needy becomes significantly important. The Department of Social Welfare or Jabatan Kebajikan Masyarakat Malaysia (JKMM) was established in year 1946 as a government agency responsible for the welfare of children, disabled people, the elderly, the poor, victims of a natural disaster and voluntary groups championing for welfare issues. JKMM plays a crucial role in providing public assistance to the people who can really demonstrate needs by offering help in process services, and social services as a human service organization (Noraini, 2006).

In year 2001, a new ministry was established to champion the social and welfare issues in the country, called Ministry of Women, Family and Community Development or Kementerian Pembangunan Wanita, Keluarga & Masyarakat (KPWK). This ministry is not only responsible for women’s issues but also issues pertaining to the elderly, families, children etc. Subsequently the restructuring of the welfare administration and management was done
through this establishment and thus JKMM has been placed under the administration of KPWKM. There are several other departments and units established under KPWKM including the Department of Women Development (Jabatan Pembangunan Wanita), National Population & Family Development Board and Social Institute of Malaysia. The main difference between the role of JKMM and the other department is that JKMM provides assistance in the form of nonmonetary, cash and tangible aids, while the focus of the other departments is on providing intangible aids to prepare the needy with adequate training, knowledge, social, emotional and spiritual support.

However, due to the industrialization and urbanization, the government realizes that the public assistance per se is insufficient to provide protection among public in the state. Thus, there is a need for the government to have a social insurance program to solve these problems.

**Social insurance**

There is not much difference between Malaysia and the other countries in as far as the development in social security are concerned. Basically, the emergence of this system originates from a genuinely practiced form in the society and community, in a family, neighborhoods etc. It can also be derived from the awareness of the state and public over time. Similar to the US and other countries, Malaysia was a predominantly agricultural economy. Rubber and mining were the main focus industry during the British colonialism era. Then in year 1900s, the process of urbanization and the establishment of several industries gradually took place in this country. In 1911, the Labour Code Enactment was established and implemented as a central administrative mechanism to check the condition of employees in particular laborers (Siti Hajar, 2006).

One of the significant developments in social protection policy in Malaysia was the establishment of Employee Provident Fund under Act of Ordinance Employees Provident Fund in 1951. The main objectives were to provide protection of income in old age ie saving retirement scheme through compulsory saving scheme (Siti Hajar, 2006). In the following year (1952), the Workmen’s Compensation Ordinance was formulated to cover the eventualities of industrial accidents which required all employers to take Workmen’s
Compensation Insurance to avoid the problems of inability of employers to pay such a substantial compensation to injured workers.

Then in 1965, a Study Group with the assistance of the ILO conducted a study on the effectiveness of Workmen Compensation Ordinance. The report proposed a new and comprehensive Social Security Scheme for Malaysian workers. The model or scheme was based on the British Social Security Scheme. The introduction of social security schemes into Malaysia initially as a pilot scheme in Johor Baharu and then extended to cover the whole country.

Social security, embodying the concept of social insurance, was introduced in Malaysia with the passage of the Employees Social Security Act, 1969 on the 2nd April 1969. The act provides the social security protection to all workers employed under a contract of service against the contingencies of industrial accident, occupational disease and invalidity. The act covers not only the compensation for the effect of injuries sustained at work but for invalidity from whatever cause. It also includes compensation for the victims’ dependents upon death.

The social security scheme arose out of a realization that the existing legislation on the welfare of workers, namely the Employees Provident Fund Act 1951 (which is essentially a forced saving scheme for retirement) and the Workmen’s Compensation Act 1952 (which is an employers liability scheme and purely compensatory in nature) were inadequate in providing social security protection to the working population because of their inherent limitations and inadequacies. The scheme is both compulsory and contributory in character.

Since its inception in 1969, the Employees Social Security Act 1969 and Employees Provident Fund Act (1991) as well as several other provisions including Workmen Compensation Act, Employment Act etc have undergone several legislative changes with new benefits introduced and existing benefits enhanced or improved upon. The coverage also widened for more employees. The scheme (Employees Social Security Act 1969) is administered by the Social Security Organization (SOCSO) as a department within the Ministry of Labor (now Ministry of Human Resource) while Employees Provident Fund Act 1991 is administered by Employee Provident Fund (EPF) or Pertubuhan Kumpulan Wang Simpanan Pekerja (KWSP) under the Ministry of Finance.
Social Security System in Malaysia

Public assistance programs

A public assistance program is the state programs and protection established by the government for all citizens who can demonstrate their needs. The terms used in International Labor Organization is the universal benefits which means that all are covered under this protection and program as long as they can prove that they are really in need of the benefits. The approach and methods adopted by the government is using the means test.

The responsible department is the Department of Social Welfare (JKM) under the Ministry of Women, Family and Community Development, to provide such benefits for special groups including children, disabled people, elderly, family, the poor, victims of natural disaster and voluntary welfare association. JKM provides the services as a public assistance as a human service organization and social services. Among basic anchors in JKM are preventive measures from any abrupt fall of income and victims of any abusive experience. It is also to provide protection as well as rehabilitation assistance for people who are in need especially the disabled and development of community as a integration objectives (Siti Hajar, 2006).

Since the establishment of JKMM, several policies were formulated related to social protection of specific target groups. The relevant policies include National Social Welfare Policy (Dasar Kebajikan Masyarakat Negara), National Policy for the Elderly (Dasar Warga Tua Negara), National Social Policy (Dasar Sosial Negara) and National Policy for the Disabled (Dasar Orang Kurang Upaya). These policies represent the mechanisms used by the government to propel the well-being of the people and social stability towards social equitability by promoting social security.

However, social security issues are not the main priority in a national agenda like economic issues. Thus, there is a need for a multi-sectoral synergy and collaboration from government, private and third sector to enhance the sustainability of quality living among communities in Malaysia. Comprehensive policies, programs and effective implementation are also required to achieve the social and economic security. Even though the incidence of poverty has been decreased over the years, the distribution of subsidies and assistance remain a debatable national issue (Table 7.1).
Table 7.1: Poverty in Malaysia

<table>
<thead>
<tr>
<th>Poverty</th>
<th>2004</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incidence of Poverty</td>
<td>5.7%</td>
<td>3.6%</td>
</tr>
<tr>
<td>Hardcore Poor Household</td>
<td>67,300</td>
<td>38,400</td>
</tr>
</tbody>
</table>


The concern and sympathy of the government is undeniable. It can be seen from several new welfare assistance programs in the 2009 Budget which includes the revision of allowance for specific eligible groups, tax exemption, almshouses etc to reduce the financial burden of the people.

**Social insurance programs**

In Malaysia, the social insurance programs are enforced through two major social security organization namely Social Security Organization or Pertubuhan Keselamatan Sosial (PERKESO) and Employees Provident Fund or Kumpulan Wang Simpanan Pekerja (KWSP) which both responsible to provide a benefits for employees’ health, death, injuries, premature death and old age benefits. These two social security organizations work independently as separate entity focusing on different issues and scope of programs.

PERKESO is responsible for the safety and welfare as well as the protection for all workers in private sector regardless of their status whether temporary, probation, or contract. The protections available are in terms of health, premature death or death. The coverage is only limited to private sector and not for civil servants, domestic workers, self-employed and foreign workers.

There are two schemes under PERKESO. Firstly employment injury scheme (EIS) and secondly invalidity pension scheme (IPS) which cover all eventualities and accidents of workers. Both schemes’ objective is to ensure cash payment benefits to all the workers and contributors upon injuries and accidents. EIS is the protection for workers in terms of commuting accidents, occupational disease, accident which is arising in and out of
employment and emergency accident. In short, EIS is to cover accidents that occur in the workplace or in relation to the work. There are several schemes under EIS such as temporary disablement benefits, permanent disablement benefits, dependents benefits, constant attendance allowance, funeral benefits, rehabilitation benefits and education loan. IPS is the scheme of the 24 hours coverage of any injuries, accidents and death or disease that occurs arising out of workplace including even those events which are not related work. Among the benefits are invalidity pension benefits, invalidity benefits, survivors pension scheme, constant attendance allowance, funeral benefits, rehabilitation benefits and education loan. However, most workers do not have a clear picture and are not aware of the difference between the two schemes under PERKESO and usually assume that they are only protected if the accident occurs at the workplace.

Previously the coverage for PERKESO was for those who earn income less than RM2000, however since 2004 the coverage has been extended to RM3000 income earners. This amendment shows a significant impact in terms of coverage and indirectly to the sources of funding in PERKESO. The trend also shows the decreasing number of accidents and claims reported to PERKESO and this is testimony to the efforts put by PERKESO and the Department of Occupational Safety and Health working hand in hand to reduce workplace injuries and accidents as record of claims in PERKESO were mostly for EIS and not IPS (Table 7.2). From observation, it could also due to the fact that most of the contributors or PERKESO members are either not aware of or do not really understand about their rights and protection available for them. Perhaps PERKESO should enhance the promotion and awareness among its members about the available protection especially under IPS.

Table 7.2: Report in PERKESO’s Scheme

<table>
<thead>
<tr>
<th>Scheme</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment injury scheme</td>
<td>61,182</td>
<td>58,321</td>
</tr>
<tr>
<td>Invalidity pension scheme</td>
<td>7,657</td>
<td>7,602</td>
</tr>
</tbody>
</table>

Source : PERKESO 2006 Annual Report

While PERKESO’s concentration is on providing benefits for accidents, injuries at workplace, Employee Provident Fund (EPF) provides a protection for old age benefits. EPF
is the national social security organization for private sector workers. This scheme is funded by joint fund method through compulsory monthly contribution by employees and employers.

The main objective of EPF establishment is to provide benefits as preparation for retirement. Currently, the contribution of employees and employers are 11 percent and 12 percent, respectively. The contribution rate has fluctuated over the years since 1952 due to the country’s economic condition (Table 7.3).

<table>
<thead>
<tr>
<th>Year</th>
<th>Employees (%)</th>
<th>Employers (%)</th>
<th>Total (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1952 – June 1975</td>
<td>5</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>Jul 1975 – Nov 1980</td>
<td>6</td>
<td>7</td>
<td>13</td>
</tr>
<tr>
<td>Jan 1993 – Dis 1995</td>
<td>10</td>
<td>12</td>
<td>22</td>
</tr>
<tr>
<td>Jan 1996 – Mac 2001</td>
<td>11</td>
<td>12</td>
<td>23</td>
</tr>
<tr>
<td>Apr 2001 – Mac 2002</td>
<td>9</td>
<td>12</td>
<td>21</td>
</tr>
<tr>
<td>Apr 2002 – May 2003</td>
<td>11</td>
<td>12</td>
<td>23</td>
</tr>
<tr>
<td>June 2003 – May 2004</td>
<td>9</td>
<td>12</td>
<td>21</td>
</tr>
<tr>
<td>June 2004 to date</td>
<td>11</td>
<td>12</td>
<td>23</td>
</tr>
</tbody>
</table>

Source: http://www.kwsp.gov.my

The workers’ fund in EPF is divided into two accounts namely Account I comprising 70 percent of the total contribution meant for retirement and can only be withdrawn when a member reaches age 56. The remaining 30 percent of the fund goes to Account II which is to be used for preparation for retirement (pre-retirement) such as purchase of house, housing loan settlement, education withdrawal, medical withdrawal and incapacitation withdrawal.

Contribution in EPF is invested in low risk investments such as Malaysian Government Security (MGS), bond and equity, and since 1991 it was decided that 70 percent of the
investment must be in MGS. However in 1995, the investment in MGS was reduced to 30 percent in conjunction with the surplus of government fiscal and privatization policy. In terms of dividend rates received by contributors, there have been critics from Malaysian Trade Union Congress (MTUC) about the low dividend rate since 1985 (Table 7.4).

Table 7.4: Dividend rate – selected years

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividend rate (%)</td>
<td>5.75</td>
<td>8.50</td>
<td>8.00</td>
<td>7.50</td>
<td>6.00</td>
<td>5.00</td>
<td>5.80</td>
</tr>
</tbody>
</table>

Source: http://kwsp.gov.my

Since the establishment of EPF in 1951, many reforms have been made to address the demands of the public in line with the modernization and rapid growth in socio-economic situation in the country. Even though several reforms and amendments were made to meet the objectives of old age benefits but the fact that withdrawal for pre-retirement are allowed will affect the savings of employees for their retirement in their golden age as the life expectancy of Malaysian is increasing due to better quality of live. EPF should be extra careful in planning and passing the withdrawal policy in order to ensure there is no situation of insufficient income or economic insecurity among the elderly in their retirement years.

**Issues and Discussion**

Comparatively, Malaysian social security system can be considered competitive, effective and not far behind in the classification of the developing countries. Nevertheless, it cannot be denied that the strength of any social and economic security system is very much dependent on the stability and strength of state economy, financial, demographic factor namely population, rate of employment or unemployment, GDP, incidence of poverty as well as the government support towards the issue. In Malaysia, although there is no specific policy so called social security policy (Saidatul Akmal; 2006), its existence is articulated through several other policies and statutes to realized the efforts and aspirations of the government towards promoting and enhancing the social and economic security in the country.
From public assistance perspective, programs have been implemented through several policies, for example, National Social Welfare Policy, National Policy for the Elderly and National Social Policy. However, social insurance program in Malaysia has no specific policy but is being regulated through Employees Social security Act 1969 and Employees Provident Fund Act 1955. Hence the need for Malaysian government to have a specific social security policy to ensure that efforts and initiatives in promoting social security can be more effectively directed and organized.

There have been debates on the effectiveness and efficiency in implementation of the social economic security programs. The dissatisfaction among claimants of PERKESO is a never ending issue especially with regard to the procedures and red tape, delay of payment, poor trust on the part of PERKESO towards the medical board etc undermining the system. With respect to EPF, there are concerns with the withdrawal system largely because the retirement saving is reduced by periodic withdrawals being allowed for purchase of property, settlement of housing loan, education and medical purposes. In fact, in the last few years, withdrawals were allowed for purchase of computers which to many, totally defeats the purpose of retirement and old age benefits objectives of EPF. The EPF Board Chairman reported (the Star 5/2/2002) that, 72 percent of EPF contributors who withdraw their savings at the age of 55 years tend to spend all their money within 3 years. To worsen the situation, there were recommendations in the withdrawal scheme of EPF to allow withdrawals for the purpose of purchasing car, performing hajj and Perbadanan Tabung Pendidikan Tinggi Nasional (PTPTN) education loan settlement. Again this proposal seemed unnecessary and against the objectives of old age benefits.

The distribution of welfare and subsidies in public assistance program is one of the talked about issues in social security studies. Unfair distribution of allowance, qualified versus unqualified recipients, ineffective assessment of beneficiaries can undermine public confidence towards the system. There must be a systematic means-tested methodology of reaching out to the target groups in order to monitor delivery of aids to ensure that it reaches the right deserving recipients (Sulochana Nair; NST 30/8/2008).

The inadequacy of assistance is another important issue of concern. Since the allowance, financial aids, subsidies of the government given to the poor, the elderly, single mothers, orphanages vary from one state to another, it is of utmost important that there are some form of standardization and common uniformity of practice throughout the nation. The
announcement of RM150 allowance for the disabled in the Budget 2009 was considered insufficient, according to Animal-Assisted Therapy for the Disabled & Elderly President, Anthony Taneseyan (New Straits Times 30/8/2008). In this respect there is a need for the government to re-evaluate the current system designed for the disabled by comparing with those in other developing and developed countries.

The coverage for social and economic security is not widely spread among all communities in the country. As PERKESO only covers Malaysian private sector workers and thus automatically excludes those who work as domestic helpers, self-employed, civil servants and foreign workers. The self-employed are the group who are much more vulnerable to unexpected eventualities as they have no protection under specific system. Some form of protection of income and social economic security are needed for them because many would not or could not afford their own private insurance or investment. Another related issue of inadequacy of social security protection is the absence of protection for people working in the informal sector including short term contract workers, part-time workers as well as foreign workers (Mary, 2003).

The socio-economic scenario in the country is quite vulnerable in the global trends. The continued rising cost of living, rapid demographic changes have a direct implication on the social and economic security. Unhealthy lifestyle, more cases reported in disease and illness globally (for example, SARS, Bird flu, cancer, HIV/AIDS, etc) are some of the contributing factors of social and economic security. The global trends indicate smaller nuclear families, higher labor mobility, higher divorce rates, increase in single parents households, ageing population, longer life expectancy have also posed challenges for adequate social economic security.

The costs for medical and health are showing growing trends. Thus, while people are living longer, the cost of living gets costlier. The News Strait Times dated 12/3/2007 stated that, Malaysians will have to bear much higher medical cost in the twilight of their lives in the light of the longer life expectancy of Malaysian men and women of 72 and 76 years, respectively. Financial planners suggested that we need between RM1.4 million to RM2.8 million to retire comfortably at age 55. This message may have been addressed to those people who are working, with protection under EPF and/or government pension scheme, with purchasing power to accumulate savings through private and/or conventional insurance and investment schemes. Unfortunately the more vulnerable lot of citizens are those who are self-
employed with low income from agricultural sector which include home workers, casual workers, fishermen, farmers hawkers and petty traders. Perhaps, it is time to introduce some form of compulsory reasonable private life and health insurance scheme specifically for this target group.

**Concluding Remarks**

Social security has been recognized as one of the important issues of social agenda in most developed and developing countries including Malaysia. There are various schemes and legislations of social security in Malaysia, aimed to provide protection and benefits to the society in particular, employees. The Malaysian social security laws have grown both in size and scope in accordance with the growth of population, demographic and employment. The management and implementation of social security schemes has been improved over the years. However, in line with the nation’s future direction, social security system needs to be reevaluated in order to fulfill the current and future changes and needs of the country and its people.

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News Straits Times, August 30, 2008.


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Meaning of Sexual Harassment Behavior

Sexual harassment issue in Malaysia started to catch the eye of the public in 1997. A great deal of the new found interest in sexual harassment can be attributed to the uproar created in January, 1997, when Lillian Thiera de Costa alleged Jennico Associates Sdn. Bhd that she was constructively dismissed or forced to resign from her company due to sexual harassment. The Industrial Court’s decision in Jenico Associates Sdn. Bhd. v Lillian was regarded sexual harassment in the workplace as an offence for the first time in Malaysia. In doing so, it affirmed convictions long held by proponents of gender equality that sexual harassment needs to be taken seriously. It was an occasion of much joy for women’s groups and those engaged in the fight for social justice in Malaysia. This case was considered as a landmark decision in Malaysia’s legal history.

According to the Malaysian Ministry of Human Resources, under the Code of practice on the Prevention and Eradication of Sexual Harassment in the Workplace, sexual harassment can be divided into two categories, which are sexual coercion and sexual annoyance. The first looks at the harassing behavior in purely contractual terms known as sexual coercion, whereas in the Western literature it is referred to as “quid pro quo” harassment. It means in order to obtain a job, win promotion, or gain access to training opportunities or other benefits that granting of sexual favors becomes a contractual term, either explicitly or implicitly. Failure to comply may lead to non-employment, denial of training and promotional opportunities, demotion, poor work assignments, or dismissal.

The second is related to the creation of hostile working environment, that is sexual annoyance where there might be no direct contractual dimensions involved. It is where there may be no clear contractual gain or penalty, but where a pattern of behavior based on sex develops and creates an uncomfortable and hostile work situation for the victim. Such behavior has the purpose or effect of unreasonably interfering with a person’s performance on the job or creating an intimidating, hostile or offensive working environment. On the overall the
definition of sexual harassment in Malaysia and the West are quite similar, only known with different names.

**Effects of Sexual Harassment**

Sexual harassment is an important problem in the workplace (Sheffey & Tindale, 1992). Not only it is a problem that has an impact on individuals (Bingham et al., 1993), but also a problem that can affect organizations both directly and indirectly (Fitzgerald & Shullman, 1993). Effects of sexual harassment can effect not only the victim but also the rest of the workforce that has to deal with the counterproductive hostile behaviour. Hostile behaviors are problematic because the perpetrators and targets are likely to be in frequent contact with each other (Andersson and Pearson, 1999; Hornstein, 1996; Mitchell and Ambrose, 2007; Namie, 2003, 2007; Pearson et al., 2000).

Findings in the past also indicate that companies that tolerate sexual harassment tend to have personnel problems in general (Sandroff, 1992). This is because Sexual harassment has been found to cause employees to feel uncomfortable and to engage in adaptive behaviors that have costly consequences to organizations. Brown (Stockdale, 1996) states that individuals who are sexually harassed are exposed to and undergo multiple abnormal stressors. Exposure to such hostile behavior in long-term by the perpetrator (Namie, 2003; 2007) will effect the well being of the victims (Burton and Hoobler, 2006; Lutgen-Sandvik et al., 2007) and will result in lost performance of the worker and the organization as a whole ( Lim, et al., 2008, Lutgen –Sandvik, 2006; Rospenda, 2002)

One of the most disturbing consequences of sexual harassment is the human impact, with devastating short and long term physical and psychological consequences (Sabitha, 1999). Many victims suffer ’detrimental physical and psychosocial effects ranging from sickness, anger, anxiety, tiredness, fear, sleep problems, weight loss, relationship problems, depression and loss of confidence, to nervous breakdown (Bjorkqvist et al., 1994; Levy & Paludy, 1997; Namie, 2003; 2007). There may be hidden costs associated with increased stress, that is decreased work effectiveness, absenteeism, and turnovers, lowered motivation, decreased job satisfaction, lowered confidence to do the job and lowered organizational commitment (Jensen & Gutek, 1982; Loy & Stewart, 1984; Sabitha, 2009)
Moreover organizations, which have high rates of sexual harassment, were found to have high rates of racial harassment, discrimination, and other forms of unfair treatment (Sandroff, 1992). In addition, apart from the obvious cost related to the payment of damage awards springing from sexual harassment, unwanted publicity may accompany sexual harassment charges, will have an immeasurable impact on an organization’s ability to attract and retain valued employees. Thus unchecked sexual harassment can deter organization from achieving its targeted goal nationally or globally.

**Objective of the study**

The objectives of this study are to measure the perception of sexual harassment and the whistle blowing mechanism (complain mechanism) in the organization. This study is deemed imperative at this juncture since there has not been any specific act, statute or law on sexual harassment in this country. It is hoped that the data provided in this study can act as a guideline for policy makers to understand basic issues on sexual harassment. As for public managers, it will increase their awareness and understanding of what constitutes sexual harassment at workplace, in order to deal with the matter more effectively, and to work towards a more holistic guideline towards the prevention of sexual harassment at workplace.

**Method**

This is an exploratory study that was carried out in 60 public sector departments. A total of 1100 questionnaires were mailed to all the public administrators in the 60 departments, and 586 managers mailed back the questionnaires.

In this study, perception of sexual harassment was measured using Utara Sexual Harassment Perception Questionnaire (Sabitha, 2001). The instrument was based on instruments reviewed from the Western literature and adapted to the Malaysian culture using Focus Group. The 40-item questionnaire consists of verbal, non-verbal, visual and physical forms of sexual harassment behaviors. Meanwhile the whistle blowing mechanism towards sexual harassment was measured using Organizational Tolerance for Sexual Harassment Scale developed by Hulin and friends (Hulin, Fitzgerald & Drasgow, 1996). The tolerance scale refers to employee’s perception of risk when they complain about harassment, likelihood that complains will be taken seriously, and consequences for the harasser. Additional questions were also included to obtain understanding of the complaint mechanism in the organization.
Findings

The following are the results obtained regarding the perception and sexual harassment complaints among public administrators.

The respondents were asked to rate the four types of sexual harassment behaviors, which are the physical (touching-body private, touching-body not private, patting, kisses, hugs, pinching, brushing, standing too close for comfort, give intimate gifts (example lingerie), attempts for sexual favor or intercourse), visual (Pinups of sexually suggestive materials, sexual letters, sexual pictures in computer), verbal (Pressure for date, simply asked to stay late after work, sexual jokes, sexual remarks about body, sexual remarks about sexual practices, implied reward for sexual co-operation, sexual telephone calls, requesting for sexual intercourse, sexual innuendo's, using words patronizing, promotion for sexual cooperation and non verbal form of sexual behavior) and non verbal behavior (Acting in over familiar behavior, suggestive looks, ogling, whistling, using revealing clothes to office, making sexually suggestive gestures) that they perceive as most harassing. In terms of severity, Malaysian respondents perceived visually related behaviors as the most harassing, followed by physical, non-verbal and verbal form of behaviors.

Perception of sexual harassment from the perceivers point of view were analyzed. Majority of the respondents perceived behaviors as sexual harassment if the men do it to women. Only 66% of the respondent perceived the behavior as sexual harassment if women do it to men. Meanwhile more than 70% of the respondents do not regard sexual harassment behaviors between the same sexes as a sexual harassment act. On the contrary, in the West sexually harassing behaviors between the same genders are also considered as sexual harassment.

In terms of awareness on sexual harassment behaviors, respondents in the study feel that it is important for the organization to offer training programs to enhance their awareness on sexual harassment behaviors at the workplace. This is particularly important considering that majority of the victims (73.3%) who have experienced various sexual harassment behaviors fail to label them as sexual harassment experience. In fact 15.8% of the managers perceived that sexual harassment did not happen in their organization. This might pose problems to victims who approach such managers that have little awareness on this issue.

Insofar as the definitions of sexual harassment depend on individual’s perceptions, there are potentials for misunderstandings, miscommunications, and interpersonal conflicts, resulting
in workplace complaints. As found in this study slightly more that 70% of the acts arose out of ignorance or were unintentional. The harasser believed that what they did was funny, cute or complementary and did not realize that the act can constitute sexual harassment. Thus the role of training becomes inevitable, that is apart from helping the workers, and no one falls into the trap of what one usually calls sexual harassment as the crime of perception.

**Act of whistle-blowing towards sexual harassment**

In this study, victims are referred to as individuals who have faced at least one form of sexual harassment behavior as listed in the sexual harassment questionnaire. Findings in this study showed that, although 73.3% of the respondent has experienced sexual harassment behaviors but only 6.8% or the respondents label their experience as sexual harassment. That is, offensive behaviors to which respondents have reported being exposed have not consistently been recognized as sexual harassment. For example, although an individual reported feeling offended and disturbed by a supervisor’s sexual comments, when asked if they were sexually harassed, the individual answered no. Hence majority of the victims fail to label their experience as sexual harassment as found in other studies (Fitzgerald, et al., 1988).

**Whistle-blowing and sexual harassment**

Whistle-blowing is an act of reporting of unethical behavior in the workpacle by the present or previous employees (Dozier & Micelli, 1985; Pamerlee, Near & Johnson, 1982). Analysis between whistle bowing mechanism and perception of sexual harassment showed that the respondents have a higher tendency to perceive sexual harassment items as disturbing when respondents view that organizations take sexual harassment complaints seriously. This indicates that perception of sexual harassment is related to complain mechanism in the organization.

The results from the study also revealed that there are a number of reasons why the victims decided not to complain. Among the reasons are that they afraid of facing the following consequences such as their services will be terminated (5.6), no action taken (52.8), will be laughed at (50%), may get into more problems (47.2%), peers (33.3 %), supervisor (5.6%) or top management may not be pleased with their action (30.6 %), they might be blamed back for the incidence (25 %), labeled as a person causing the disturbance (25%), the harasser will be told to stop harassing (19.4%), may be transferred to avoid seeing the harasser (19.4%),
may be transferred because someone disagree with their action (13.9%). Only 2.8% of the respondents believed that action would be taken to reimburse their losses.

There are also victims who did not complain due to lack of confidence in the system and belief that an answer will not be received (16.7%). Some victims of harassment have no faith in their organization’s professed commitment to equal opportunities. They do not trust the organization as being able or willing to deal effectively with harassers. Other victims who share this view report that they were ‘put off’ by the fact that previous cases reported to management were not taken seriously. Results also showed that 4% of the respondents are actually on the verge of leaving their job because sexual harassment at their workplace.

Further, interviews conducted with women victims also showed evidences that they were afraid to go to work because they were being harassed and afraid to complain for fear that no one would believe them. Thus they suffered in silence and this affected their work. As related by one of the victims “I cannot do my work well, and always looking at the clock to go back”

Victims who did complain to the management found that their complaints were not taken seriously (61.9%) and faced various forms of retaliations and consequences from colleagues and the management (31.8%). In fact 7.8% of the victims were ridiculed for complaining the behavior. Findings indicated that the victims were hesitant to use the official channels, and would rather tell a colleague or friend. One female respondent even said that she felt that management would not believe her experiences.

Fear, embarrassment and uncertainty were also some of the main reasons why, women have put off reporting sexual harassment cases to formal channels, which are prepared to assist them. Partly is also because the women usually risk losing opportunities for career advancement when they report instances of sexual harassment, especially if male superiors in their work place perpetrated them. They have also been made to suffer ill treatment by their senior male colleagues if they complained about the harassment.

In short, the fate of the victim who complained the behavior in this study is similar to many other studies in the past (Benson & Thompson, 1982; Gruber & Smith, 1995; Pryor, Giedd &
Williams, 1995; Pryor, La Vite & Stoller, 1993). This has to be addressed by the organizations as it could depict a gross under-reporting of such incidents in the workplace.

**Managers as role model**
Correspondingly, the research on whistle blowing also indicated that if observers of wrongdoing do not expect members of the top management to be willing to correct the wrongdoing, than those observers are unlikely to view whistle blowing as a feasible action (Dossier & Micelli, 1985; Pamerlee, Near & Jensen, 1982). Thus, the manner in which organizations behave when sexual harassment complaints are made may have an effect on the future behavior of individuals and the climate of the work group in general (Fitzgerald, & Shullman, 1993).

In fact research also had shown that if the management condones such behavior in the workplace, the victims would less likely label such experiences as sexual harassment behaviors (Kremer & Marks, 1992). Hence based on the consequences faced by the victims in this study, it is not surprising to find out that out of 73.3% victims in this study, only 6.8% of the victims label their experience as sexual harassment. This implies that a proper whistle blowing mechanism is important in order to encourage victim to come forward and make complaints of sexual harassment. This would show that management recognizes the value of the employee’s dignity, the importance of his/her professional contribution to the organization that is leading by example.

The findings in this study also confirms that managers can influence the social work norm at workplace (Pryor, et al., 1993). Similarly other research also showed that sexual harassment may be more likely to occur in situations where it is perceived as socially permissible (Gutek, 1985; Haavio-Mannila, Kaupinen-Toraopaonen & Kandolin, 1988; Sabitha, 2002). Potential harassers may perceive that they are free to harass if management tolerates or condones such behavior. So, the perceived attitudes of local work group leaders may provide an important index of local norms (Larwood, Szwajkwoski & Rose, 1988; 1989) in the organization. Hence it is assumed that exposure to a harassing model could influence organizational norms – “everybody’s doing it and it’s okay to do it”.
In-house mechanisms

In terms of improving the existing procedure in the organization, more than half of the respondents (55.4%) perceived that a strict work procedure and organizational guidelines could help the organization to curb sexual harassment behaviors at workplace. Since there are few mechanisms that encourage victims to come forward, therefore one of the major ways to eradicate sexual harassment at the workplace is through effective sexual harassment policy. The code of practice in preventing and handling sexual harassment should aim to provide an in house preventive and redress mechanisms for dealing with the problems at the organizational level without having to seek redress through other channels such as the Industrial Court, to save costs, time and avoid embarrassment.

In fact many studies in the past suggested that, a clear definition of sexual harassment at the organizational level (Dozier & Micelli, 1985; Gutek, 1985; Hulin, Fitzgerald & Drasgow, 1996; Knapp et al., 1997), and a clear policy on sexual harassment for the workers can prevent incidences of sexual harassment in the future (Dozier & Micelli, 1985). Thus this creates a need for the employees to go beyond the guidelines to fine tune policies or procedures so it reflects the specific circumstances within the organization. The policy must be explicit and it must define and give various examples of behaviors that constitute sexual harassment. Explicitness is particularly important for the hostile work environment form of harassment. For example, many employees are probably aware that making promotional decisions contingent on the granting of sexual favors is harassment but they may not recognize that jokes, postures, gestures, or computer pornography are also forms of sexual harassment.

Thus every employer should adopt preventive methods. The first step would of course be the acceptance and implementing the in-house mechanisms or policy. The policy also should outline complain procedure, including the role that management will take in investigating complaints and discipline procedures for those who are found guilty of sexual harassment. The policy should also serve as a means of defense for individuals who are faced with a lawsuit over sexual harassment charges. Any sexual harassment policy that is formulated within an organization, emphasis should be placed on prevention. The costs to an organization are much less if an environment of sexual harassment can be avoided, rather than resulting in lost of productivity, low morale, employee turnover and litigation.
Another point that should be emphasized is that, respondents in this study, who are aware of sexual harassment incidences (85.4%) perceived that it’s occurrence are more rampant and have a higher tendency to support that there should be a specific law on sexual harassment (91.7%). Although The Ministry of Human Resource in 1999 has come up with a Code of practice on the Prevention and Eradication of Sexual Harassment in the Workplace to prevent this problem, yet many complained that it is not effective, because no one is being punished if the code is not enforced. This is mainly because it is only a voluntary code and not legally binding. Thus the importance of formulating the specific law should not be disregarded.

The findings implies that before sexual harassment can be addressed and eliminated, the managers themselves must be aware of the meanings of sexual harassment and have proper internal whistle blowing mechanism with their support and commitment to it. Management can play a major role in managing sexual harassment at the workplace, by acting as a role model, providing appropriate training and various avenues for victims to complain and controlling the negative effects from flourishing at the workplace.

Hence within workplace, organizations should have resources to deal with sexual harassment, but if there are not official avenues of complaint in the workplace yet, the victims can try approaching their boss if the harasser is a colleague, or the company counselor or human resources personnel to ask them what they should do.

Meanwhile employees cannot just rely on the societal consciousness of individual managers whom are faced with conflicting priorities, to meet their needs for a safe and respectful work environment. Hence a social engineering approach should also be taken into account, rather than just depending on legislative enforcement in fighting sexual harassment. It is in keeping with the changing times, society should learn self-governing and not rely on policing by the authorities only.

**Conclusion**

In an effort to create zero tolerance towards sexual harassment, apart from efforts by the management at workplace other parties such as individuals, women’s groups, the government, political parties, educational institutions and unions also need to be aware that they have a shared responsibility towards the elimination of sexual harassment at the
workplace. This is to create a national atmosphere where it becomes acceptable to speak out against sexual harassment and will not be treated as private or as an individual matter. In sum a smart partnership between, employee, employer and also the whole community at large should play a role in the eradication of sexual harassment at workplace.

References


Chapter 9

Challenges of Quality of Work Life: Evidences and Implications in Developed and Developing Countries

Loo-See Beh

Introduction

The concepts of Quality of Work Life (QWL) and work-life balance are not new. In its initial development in the mid-1970s, QWL was first defined in terms of people’s reaction to work, particularly individual outcomes related to job satisfaction and mental health. Using this definition, QWL focused primarily on the personal consequences of the work experience and how to improve work to satisfy personal needs. A second definition was defined in terms of techniques and approaches used for improving work such as job enrichment, self-managed teams, and labor-management committees (Davis & Cherns, 1975, Davis, 1977). The expansion of QWL beyond the initial development include features of the workplace that can affect employee productivity and satisfaction such as reward systems, work flows, management styles, and physical work environment (Cummings & Worley, 2005).

This paper briefly reviews some of the issues facing industrialised developed and developing countries in regards to work-life balance and quality of work life. As Duxbury & Higgins (2003) said that work-life conflict is not only a moral issue but also a productivity and economic issue, a workplace and social issue and needs to be addressed as such. The evidences for QWL suggest that it is not only a concern for the individual but also a consideration for the organisation and society at large, both individual and collective experiences.

Staffs expect greater freedom, flexibility and cooperation from their employer than ever before. Hence, the challenge for employers was to develop a flexible working strategy that helped meet the needs of its people whilst improving its competitiveness. There exists constantly the push for a flexible labour market with flexibility at work so that jobs, and careers are part of what we do and who we are and of which we can have control though may be limited. Having the flexibility to strike the right work-life balance improves morale, and helps organizations with staff retention.
Literature Review

In autumn 2005, the Equal Opportunities Commission (EOC) funded by the European Social Fund, launched an investigation into transforming work, looking at how work organization can be transformed to improve productivity for businesses and the economy and better lifelong choices for men and women. According to Jones et al. (2007), sustainable ‘transformed work’ is ECO Work that balances the needs of employees, customers and the organisation in a flexible way to increase the productivity and efficiency of the organisation and to meet the needs of individual employees and customers as shown below in Figure 9.1.

**Figure 9.1: Meeting the Needs of Productivity and Efficiency**

<table>
<thead>
<tr>
<th>Employees</th>
<th>Customer</th>
<th>Organisation</th>
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<tbody>
<tr>
<td>Balancing work and life at different times in the lifecycle.</td>
<td>Responding to demand for customised services as and when they want them</td>
<td>Managing cost pressures (e.g. office space)</td>
</tr>
<tr>
<td>Having a fulfilling job with opportunities for development.</td>
<td>Need to have teams that work well together and get the job</td>
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Despite the importance of paid work, more people desire to have a balance between work and other activities. A Work Foundation survey found that nearly three-quarters of full-time workers want to spend more time with their family and that this includes those without children, with nearly two-thirds of those without children in agreement with this. Flexibility is not just about changing when, where and how you work – it is also about who makes that choice and what the results are for individuals, customers and employers, as these can vary. Flexibility is about being able to change when, where and how one work. It includes a wide range of different arrangements, with some of the current types identified in Figure 9.2 below:
Research on work and family has sought to explain work-family conflict from multiple theoretical approaches such as boundary theory, compensation theory, ecological systems theory, social identity theory, and spillover theory, to name a few. Researchers generally state that role theory has provided the broad theoretical umbrella for much of the work-family conflict literature. Role theory implies that work and family roles result from the expectations of others, and what is believed to be appropriate behaviour for a particular position. Role theory indicates that both work and family domains entail multiple roles where numerous demands are placed on the individual, often resulting in conflict. And rooted in role theory, and deriving from the conflict, conflict theory posits that work and family domains can be incompatible resulting from different norms and requirements, hence resulting from different norms and requirements of societies, increased role performance in one domain (such as work) results in decreased role performance in other domain (such as family) and vice versa.

The perspective of the gender role theory establishes that the family and work roles have traditionally been gender-specific, such that men are socialised so that their central role in life is that of worker and family breadwinner, whereas women are brought up in the line that their essential role in life is at the heart of the family, as wife, mother and homemaker (Gutek et al., 1991). Empirical evidence support that work is more central for a man’s identity, whereas the family is more central for a woman (Cinnamon & Rich, 2002; Mauno & Kinnunen, 2000, Parasuraman et al., 1992). However, due to gender role socialisation, men show a higher
level of identity and involvement with work than with the family, so the interference is less damaging to their social identity, and consequently, less threatening (Grandey et al., 2005).

Michel et al (2009) examined the complex interplay between work and family through a conflict theory perspective. It was found that family time demands had a low impact on family interference with work conflict and work roles and organizations may benefit by potentially increase work social support in an effort to decrease work role conflict. Results indicate that direct effects drive work-family conflict models while indirect effects provide little incremental explanations in regards to satisfaction outcomes.

Perceived balance between work and social roles usually is conducive to life satisfaction. Work-family balance was found to predict well-being and the overall quality of life (Greenhaus, Collins, & Shaw, 2003). Conversely, failure to achieve balance was associated with reduced job and life satisfaction, decreased well-being and quality of life (Allen, Herst, Bruck, & Sutton 2000; Aryee, 1992; Grant-Vallone & Donaldson, 2001).

**Work-Life Balance Policies in Developed and Developing Countries**

Current approaches to work have increased economic pressure on organizations, which has equated to greater work pressures and affected work life balance. Individual consequences of work-life imbalance are documented (e.g. Brough and O’Driscoll, 2005) and organizations, for instance Higgins, Duxbury & Johnson (2004) in a benchmark study, estimated that work overload cost the Canadian healthcare system CA$5.92 billion per annum, followed by caregiver strain (CA$4.85 billion), work-to-family interference (CA$2.77 billion), and family-to-work interference (CA$514 million).

Recent policies of work-life balance include initiatives for employees to achieve balance regardless of their actual care-giving responsibilities (Lewis, Gambles, & Rapoport, 2007). Currently there are four major categories of work-life balance and family friendly initiatives: 1) flexible/alternative work arrangements, such as compressed working weeks and permanent part-time positions; 2) paid and unpaid leave arrangements, such as paid maternity, paternity, and adoption leave, and unpaid leave for sabbaticals, cultural, or volunteer reasons; 3) dependent care services, such as the provision or subsidy of childcare or eldercare services; and 4) access to information, resources or services, such as employee assistance programs, health facilities and stress management programs (Gray & Tudball, 2003).
Policies in Anglo-Saxon countries, such as Australia, tend to emphasise individual responsibility and are voluntarily adopted by organizations with little government influences. In contrast, policies in Scandinavian countries (e.g. Norway and Sweden) are influenced by a prevailing public responsibility model characterised by generous leave conditions and benefits (Brough, O’Driscoll, & Kalliath, 2007; Gauthier & Hatzius, 1997).

It appears that family-friendly and work-life balance initiatives can support organizations to address key issues such as retention and productivity. Glass and Riley (1998) demonstrated that a positive relationship existed between the provision of adequate maternity leave and reduced rates of turnover in US female employees. Similarly, Australian research found that 70% of businesses that incorporated telework options reported a number of positive benefits, such as increased business productivity and reduced costs, improved employee flexibility and work-life balance, and increased workforce participation (Australian Telework Advisory Committee, 2006).

However, the opposite is true where research has also identified an increase in organizational costs due to work-life balance policies. Myer, Mukerjee, & Sestero (2001) identified that not all flexible family-friendly policies uniformly improved productivity and some, such as job-sharing, actually decreased productivity. In addition, some researchers have questioned whether the cost of implementing work-family balance policies is commensurate with subsequent gains in productivity. Bloom, Kretchmer, & Van Reenen (2006) observed that though work-life balance is socially desirable but they do not give a green light for policy makers to regulate even more work-life balance as it is costly to implement and maintain and may result in significantly lower profitability.

Similarly, a comprehensive study of 2191 UK organizations (Heywood, Siebert, & Wei, 2007) found that the organizational costs of family-friendly policies were offset by reduced employee earnings.

On the other hand, in the developing countries, benefits relating work-family balance are rare and less obvious in most countries in Asia. Lo (2003) reported that socio-cultural environment in Hong Kong ensured that married professional women received limited support from their husbands and employers to assist them in managing the demands of both
full-time work and family responsibilities. In identifying what would help them to improve their situation, the over-whelming response was the need for flexible working schedules (Brough, Holt, Bauld, et al, 2008).

In an independent report commissioned by UNISON, Visser & Williams (2006) mentioned key findings which among others include: (1) members report high levels of job satisfaction and are generally happy with their working arrangements; (2) work-life balance is important to members, but can be less important than other factors and is significantly affected by other issues, such as the amount of control people have over their work; (3) employers are paying lip service to the idea of work-life balance but are not making sufficient investment in managing the implementation of initiatives’ (4) some members feel that they are not always making well-informed decisions about their work-life balance or that of the staff they manage and some policies are implemented on an inconsistent and inequitable basis; (5) members are pragmatic about workable solutions and prepared to settle for different arrangements, compromises their needs with that of the organisations, customers, and other staff.

**Case Studies of UK Companies/Research**

Employment rates of older workers reflect the recognition of the value of retaining these skilled employees, although rates do vary by country: - 30 – 42% in the southern European and continental European countries, 50% in Nordic countries and the UK, 59% in US, and 62% in Japan (Burniaux, Duval, and Jaumotte, 2003). Mercer (2004) reported that while 93% of UK unemployed workers aged 55 – 64 would prefer to be working, a lack of access to flexible working conditions and quality part-time work directly prevented their employment. Reday-Mulvey (2005) demonstrated that older workers in ‘low-quality’ jobs were four times as likely to leave employment as workers in ‘high quality’ positions.

The UK Government’s commitment to improving the health and well-being of the working age population is a central element of wider welfare reform agenda which was set out in the Government’s White Paper *Choosing Health: Making Healthier Choices Easier*. One of the strategies in helping people return to work due to ill health is to engage healthcare professionals, through employment advice in finding suitable jobs and if necessary, support in managing their condition, adaptation to workplaces and work practices including time flexibilities as key to reducing the number of people who suffer from work-related ill health.
A 2004 review of over 20 evidence-based survey articles on work-based health promotion programmes and studies concluded that health-promoting programmes do have positive impact. Fourteen evaluation studies included in the review examined absenteeism and reported that health promotion measures led to between 12 per cent and 36 per cent reduction in sickness absence. This led to a saving of 34 per cent in absenteeism costs, including that every pound spent on promoting health in the workplace could lead to a £2.50 savings (Kreis & Bödeker, 2004). In 2003/04, there were 609,000 new cases of workplace ill health – of these cases, stress contributed 254,000 (42 per cent) and musculoskeletal disorders 204,000 (33 per cent). This was out of a total 2.2 million new and existing cases. In the same period, 29.8 million working days were lost to ill health; the equivalent figure for injuries (i.e. safety) is approximately 9 million (HSE, 2004).

Case Study 1: Work and Health Network
This group represents a wide range of expertise in delivering occupational health support in primary care, for small and medium-enterprises and the voluntary sector. Members include:

- Sheffield Occupational Health Advisory Service, which sees over 1,200 patients a year and provides advice on prevention, returning to work and general issues such as employment and health and safety law;
- Health Works in London (Newham) which works alongside other agencies to provide services for long-term unemployed people to help them back to work and support and training for SMEs to help them improve their workplace health and safety standards.

In developing these, they will therefore create a National Stakeholder Council & Network, develop a Charter for Health, Work, and Well-being, and support the creation of local stakeholder councils.

Case Study 2: AstraZeneca
This pharmaceutical company, made a £5 million saving in one year through a programme of initiatives, including standalone projects and improved management aimed at reducing sickness absence levels through top management commitment.

Case Study 3: Port of London Authority (PLA)
PLA provides safe navigation on the tidal Thames. The company introduced a sickness absence management policy which resulted in a 70 per cent drop in absence rates from 11 –
12 per cent to 3 - 3.4 per cent (2003). PLA estimate that the improvement was the equivalent of 8.2 per cent more staff at work.

Case Study of Malaysian Companies/Research

A case study of 450 managerial staff from 25 firms of electrical and electronic industry in Malaysia, in the state capital was employed to determine the level of QWL. The results of this study support the proposition that the degree of satisfaction in QWL is related to the degree to which the individual believes one’s success criteria have been met where the emphasis is on income, position, personal growth, and work-family balance. It further suggests that a successful and harmonious family life carries over into one’s career and makes one even more satisfied with personal achievements (Rose, R.C., Beh, et al., 2006a, 2006b). In this sense, QWL indicators can be used to assist the organization to improve work-life quality through flexible scheduling, time-off policies, financial assistance and other similar supporting programmes.

QWL and Performance

Similarities exist between QWL and Job Performance in that both are organizational-based. Job performance is a function of both the individual and the organization. Therefore the basis of the two constructs is, they are situational based and contextual in the workplace. This means that individuals and organizations are interdependent. As such, QWL can be identified as a plausible predictor of job performance.

Many studies have examined the multidimensional and complex construct of job performance. For example, Campbell, McHenry, & Wise (1990) identified eight major dimensions of performance: (1) job-specific task proficiency, (2) non job-specific task proficiency, (3) written & oral communication tasks, (4) demonstrating effort, (5) maintaining personal discipline, (6) facilitating peer and team performance, (7) supervision, and (8) management/administration. A number of theoretical perspectives have been put forth, some representing performance on jobs in general and some specific to managerial jobs (e.g. Borman & Brush, 1993; Yukl, 1989). Through the literature, dimensions of individual job performance include units of production, quality of work, tenure, supervisory, leadership abilities, output, quality, lost time, turnover, training time, promotion, and satisfaction. Hunter & Hunter (1984) described characteristics that can predict future job performance. The list includes past performance on related jobs, job knowledge, psychomotor skills,
cognitive abilities, social skills, job-related attitudes such as need for achievement, enthusiasm, stress, and control. Viswesvaran, Ones, and Schmidt (1996) identified ten dimensions of job performance: (1) overall job performance, (2) job performance or productivity, (3) quality, (4) leadership, (5) communication competence, (6) administrative competence, (7) effort, (8) interpersonal competence, (9) job knowledge, and (10) compliance with or acceptance of authority. On the other hand, Witt, Burke, Barrick and Mount (2002) identified eleven dimensions that include quality of work, quantity of work, initiative, customer communications, planning, organizational commitment, job knowledge, allocation, interpersonal orientation, self-development, and account management. Recent literature also attempted to include organizational citizenship behavior which refers to behaviors beyond task proficiency (Organ, 1997). Some have distinguished between task performance and contextual performance. Task performance is defined as behaviors that are formally recognized as part of job and either contribute to the organizations technical core directly or service it indirectly. Meanwhile, contextual performance is defined as behaviors which does not directly support the technical core activities, but rather supports the organizational, social, psychological environment in which the technical core must function (Motowidlo & Van Scotter, 1994; Borman & Motowidlo, 1997).

The results gave strong support that QWL was applicable across a homogenous sample of organizations and that the work life of acceptable level existed. Thus, the construct can be operationalized along repeatable dimensions. This finding contributes to the theory building in operationalization of QWL construct and validates as a measure instrument. The finding is consistent with the study by Lau (2000) and Delaney and Huselid (1996) that indicated that QWL is a significant factor in determining job performance. Thus, the study exhibits optimism concerning the potential of QWL in enhancing the performance of employees and organizations as QWL is found to significantly reduce absenteeism, minor accidents, grievances, and quits (Havlovic, 1991).

The evidence gave some tentative support to the notion that QWL is as important as other factors such as job satisfaction, cultural strength, creativity, innovativeness, commitment, competitiveness, etc in determining performance. Arguably, it is valuable that this perspective offers one possible explanation why performance results in organizations are mixed. In addition, QWL can prove to be a source of sustained human capital and competitive advantage in order to assess what is truly unique about each organization. From
the person-environment fit model, achievement-motivation theory and Herzberg’s model, it can be seen that adopting certain common traits of QWL would result in better performance as the values and interlocking elements to a wide range of social interactions were built up over a period of time among organizational members.

The relationship between productivity and performance and changes in the quality of a particular dimension of work life depends to some extent upon the particular employees’ awareness of certain deficiencies (Walton, 1975). Presumably, those aspects of work and work environment in organizations can be identified which would enable and encourage employees to ascend a hierarchy of achievement and enrichment of work life. In having a theoretical rationale, in assessing the QWL provided by a particular organization, two questions could be asked. First, what potential situation exists for employees to reach successively higher level of QWL? Second, what percentage of employees is currently operating at each of these levels of fulfillment of QWL in their working roles? Indeed, the ways that people respond to their jobs have consequences for their personal happiness, the effectiveness of their work organizations, and even the society at large. It is also important to recognize that there are varying definitions of the quality of work life from country to country, which may lead to different determinants of employee attitudes. However, fundamentally, according to social constructionist theory (Gergen, 1994), organizations behave in accordance with our mutual understanding and the way we share and communicate this understanding. This view and its implication for organizational practice are immense. Any organization in any culture depends on the performance of the employees. This approach requires that more attention is paid to qualities of ongoing interaction processes among the employees involved, as well as a conceptualization of individuals and organizations as inextricably linked rather than separate entities to be related. In this reasoning, the relationship is constructed by employees as the focus of analysis and QWL is considered as an inherent phenomenon not merely achieved but also sustained. Drawing on this, it is worth highlighting that the individual and organizational implications are paramount as the organizations can provide support structures as well as offer personal development and career advancement opportunities in transforming their working lives. This is due to the dependent nature of both entities of employees and organizations. In this way, the organizations can take steps to improve the working conditions and employment prospects and the return of investment is the higher performance of the individual employee and hence, the performance of the organization.
Inevitably, this means that the key determinant of a great organization to work in is the level of QWL. Obviously, employees will want to choose the best employer or organization to work, to share the direction and alignment as to the engagement perpetuated through good practices that can provide such quality of work life. The result of the study (Beh, 2007) has important implications for future research. QWL is a relevant and crucial dimension of job performance. This could be an important prerequisite for future job performance studies involving comparisons across organizations and industries. This study provides strong evidence that QWL accounts for some proportion of job performance. Future studies can provide a discerned pattern applicable to a wider sample of companies. Future research is also needed to provide additional empirical evidence for the two concepts in other work settings.

Conclusion
This review considers the evidence for future consideration for why work-life balance is important, may not be just an individual’s concern but that of organizational and social concerns, though seemingly short-term but rather has long-term effects. Most of the studies which have looked into the relationship between work-family have assumed similar expectations and results between the employees, without considering the individual differences in a range of characteristics. The health and well-being of people of working age is therefore a fundamental importance to our future, given the attention it deserves and a commitment to bringing about a real and sustained improvement. However, there is no one size of QWL that fits all model as every organisation needs to develop its own, responding to employees, customer and organisational needs though evidences and implications in developed and developing countries do not seem to suggest stark differences.

References


Chapter 10

The Meaning of Work as Fundamental to Sustainability

Jay Wysocki

Introduction

The current environmentalist discussion is dominated by the sustainable development concept advanced by the UN Commission on Environment and Development in *Our Common Heritage (1987)*, (the *Bruntland Report*) and subsequently developed as the dominant paradigm in the UN Conference in Environment and Development in Rio de Janeiro in 1992. Sustainable development views environmental concerns as one of three areas—the other two are economic and social—to be ‘managed’ in a manner so as not to reduce the future’s ability to manage itself. The approach has been criticized for its ambiguity (Lele, 1991) and its inherent contradictions (Redcliff, 1987). However ambiguous in itself, it is clear that the sustainable development approach differs radically from the environmentalism of the 1960s and 70s as it no longer questions the socio-economic system of capitalist production and consumption (Meadows & Meadows, 1974) or the consequence of a growing world population (Ehrlich & Ehrlich, 1991).

Indeed, at Rio in 1992 and in subsequent years since there is a notable absence of historical analysis of the role played by the current socio-economic system in creating the unsustainable lifestyle of consumption that now requires remediation (Hildyard, 1993). Certainly the passing of the Cold War has had some impact. The salient presence of a Soviet option in the 60s and 70s offered, however unattractive in practice, a constant reminder of a theoretical alternative to unbridled production and conspicuous consumption. The noisy triumphalism of neo-conservative in the 1990s fostered no thoughtful reflection. Too, winding down the Cold War reduced patronage funding to developing nations from the major political blocks. This latter issue was certainly salient at the 1992 UNCED Summit where; “the governments at Rio came round to recognizing the declining state of the environment, but insisted on the re-launching of development” (Sachs, 1993, pg. 3) in a manner cognizant of the need for economic growth, thereby facilitating the global expansion of industry. Overall, there is a widespread political and public disinterest in questioning the role of industrialism vis-à-vis sustainability.
While there may be little profit in reconsidering the international political-economic ‘system’ of growth expectations that transformed environmental concern into sustainable development, it may be useful to reconsider the individual’s role within his or her own system of production and consumption. Toward this end, this paper looks at the idea of work itself; how it was transformed by industrialism in the fin de siècle and how a deep understanding of the term, from the standpoint of the individual might facilitate sustainability. To renew the idea of work it must be distinguished from labor and each accorded the domain of human life proper to it. For this they must both be extracted from the idea of employment into which they have been blended and therein linked with consumption. The factory labor and mass produced goods that arose at the end of the 19th century replaced a world of craft and personal interaction (Braverman, 1974). At the same time urbanization loosed the bonds of community (Tonnies, 1887; 1963, Durkheim; 1893) and created an anonymity that was addressed by public display and consumption (Boorstin, 1973). As life becomes an unceasing round of employment and consumption, the avenues for personal creativity receded, and situating such in an urban environment increased the salience of social, albeit anonymous, judgment. In place of the material transformation of the world that is the work of Man and Culture, consumerism offers the material transformation of one’s own world through acquisition, decoration and display. This pattern is unlikely to cease until individual’s recover their sense of work from within the cycle of labor and consumption that, while it sustains their body, cannot satisfy man’s need for creativity, and self-realization.

Work

“The one sole truth lies in Work; the World will someday become such as Work will make it.” Zola The Industrial Revolution, which begins in the mid to late 18th century has relatively limited impact but the first applications of technology are greeted optimistically and enthusiastically by most. It is the Second Industrial Revolution (1960-1913) that creates the managerial corporation, mass production of [consumer] goods and with all that radical social change (Chandler, 1977; 1984). It is the experience of mass production, the urbanization it requires, and the mass consumption it allows that transforms the idea of work by blending it with labor into employment. The literature on work and its transformation describe three major themes: the technological and managerial strategies for expanding freedom of action within a material and lawful world;
the meaning man derives and constructs from his place and actions within the world; and, the manner by which the personal self emerges in the social world. The former two have their roots in the Renaissance and the development of science, and in the Reformation’s restructuring of man’s relationship with God. The development of the self and the construction of the individual can be traced back to the beginning of the Enlightenment.

**Industrialism Blends Work and Labor through Employment**

A common approach to treatise on Work begins with Marx’s idea about labor, capitalism and alienation; however, it is much more illuminating to begin with Hegel’s ideas concerning work and then use the contrast between the two thinkers to illustrate difference in work and labor that emerge between the early and latter 1800s as a result of industrialism. Hegel, first in *The Phenomenology of Geist* (1802), then in *Elements of The Philosophy of Right* (1821) and finally in the posthumously compiled *Lectures on the Philosophy of History* (1837) establishes the importance of work as a concept by arguing that Man makes his world through his productive activities. The process by which man fashions material into a concrete reality (in latin reality means becoming ‘thing-like’) that reflect his ideas and aspirations Hegel called “alienation.” In Hegel’s philosophy of idealism the transformation of the world through ‘alienating’ the thing is the way in which man uses the material world to discover himself, his abilities, and his aspirations. Work is Man’s self-realization in history demonstrated in the production of things and a world ‘alienated’ out from man himself.

Marx’s concern is not the realization of Man through material expression but labor as man’s “species life” in which he uses nature to sustain his material bodily existence. For Marx there is no unified Man using history to realize himself, but rather a ongoing struggle between man as subject and material nature as object; productive activity brings nature into man’s use according to the things man makes from it and in this way nature ‘becomes for man.’ By transforming nature into a material reality he need to allow for his life, man is not realizing himself but rather creating the domain for a Darwinian class struggle. For Marx, the bourgeois and the capitalist classes existed through their ability to exploit the productivity of the laboring class within the struggle for man’s creation of his ‘species life.’ Beginning with the *Economic and Philosophical Manuscripts* (1844) and continuing through to *Capital* (1867) Marx saw alienation as primarily the removal
and exploitation of the individual’s productive activity from him at price and for purposes established by the capitalist class. Alienation and class struggle end when the contribution of labor in production is returned back to labor through ownership.

Hegel and Marx’s ideas are complimentary; the former’s concern work the latter’s concern labor (Arendt, 1958). Work we use, as did Hegel, to describe making something permanent in Man’s search for and realization of his nature within the world. Labor, which historically never applies to things completed, represents the continual cycle of activities that provide men and women with sustenance for the body (Arendt, 1958). The difference in focus reflects the project of each thinking within his historical context—Hegel’s socio-political concern over the creation of a stable German “State” in the aftermath of the French Revolution and Marx’s political-economic focus on capitalism in the context of Social Darwinism and the expansion of corporate capitalism in the latter half of the 19th century. Hegel seeks to create a stable political vision that preserves the Enlightenment idea of Reason; Marx, too, seeks a vision of stability that will resolve the struggle of class in the context of evolution. These circumstances frame the idea of alienation for each.

What is common to both Hegel and Marx, and their respective emphasis on either work or labor, is human interaction with an intransigent physical world that is indifferent to man. From the perspective of the material—that which is produced, done and provided by and for the person—there may be little difference in the results of work or labor. What differs dramatically is the perspective assigned to the individual person. The difference between work and labor is the psychological experience of doing and the meaning attached to what is done by the actor as individual. As productive activity moves from craft to the repetitive work of the factory and acquisition from same to the anonymous market of products, it becomes difficult for the individual to retain meaning proximal to him or herself. Gone now is the exigencies and clarity of satisfying oneself or the other whom one serves through transformation of intransigent material; and what replaces that immediate exchange is the anonymity and social ambiguity of mass production and mass consumption. It is during the period from 1860 to 1910, generally labeled the Second Industrial Revolution, that Work and Labor lose their distinction and blend with employment and with consumption. “The notion of work assumed its present meaning only as commodity production and consumption came to gain precedence over production
for self. (Gorz 1994, p 53). In this way the meaning of work “shifted from the productive effort itself to the predominant social relationship.” (Williams, 1976, pg 335).

A review of scholarship about this change offers an outline of the dimensions of meaning, both individual and social, that shifted as labor blended with work; as the alienation of the thing as creation became, instead, the loss of control over oneself. Re-establishing work as independent from labor is possible by looking directly at, and then disentangling, the psychological experience of work from that of labor and consumption. This may offer a new and useful perspective on sustainability; one not derived from analysis of the market of production and consumption but from the nature of persons themselves.

The Three Dimensions to Work

A review of the literature about work and how it is transformed through industrialism illuminates three dimensions: the use of technology and production to increase man’s freedom from the limits of the natural world; changes to the normative and symbolic structures that give meaning to the world; the changes to society and the individual’s place within that world. These dimension are each two-fold; on the one hand they reflect changes and developments in the social structures of the world such as science, technology, economy religion, politics, and most recently culture and self; and, on the other they indicate an individual psychological experience: the experience of freedom and self-determination; the constant search for meaning to guides man’s need for self-realization; and tension between the nature of society and the individual which frames the negotiation of the individual and, in the case here, the “modern” self. At both levels, either objective or subjective, the changes that industrialism brought about to man’s relationship with the material work and his sense of agency within, brought about changes to the meaning he assigned to action and sense of self.

Psychology corroborates this tri-partite notion of self in the world. It is unlikely a coincidence that the first articulate version of the three elements is made in 1890 by William James, who, in Principles of Psychology, argued that man has three selves—a material, social and a spiritual. After the Wars and the Depression, Motivation theory emerged and tended to support a similar tripartite structure. McClelland (1953) argued action manifested three vectors: a need for control over material circumstances, a need for affiliation, and a need for achievement and demonstration of ability. Maslow’s (1943,
1954) famous hierarchy was tested and reinterpreted by Aldefer (1969) who demonstrated evidence for three needs: a secure physical existence, relationships with others, and a self realizing growth experience. Finally and more recently, Deci and Ryan (2002) have extended their extensive work on intrinsic motivation to frame an integrative motivational theory including the three dimensions. Although the psychological literature is not directly related to work itself, the coherence and correspondence of the findings offers support to the patter and credence to Hegel’s notion that man makes the world in order to realize himself within.

**Freedom from Material Limit: The Desire for Self-Determination**

The industrial revolution established freedom in the context of control over nature through efficiency. In America efficiency in production is elevated to a social value in the Progressive Era. Frederick Winslow Taylor is the first thinker to systematically study labor itself—the person, the job and the fit between them—as a subject about which knowledge should be developed (Drucker, 1993). Taylor’s (1911) *Principle of Scientific Management* outlines a system to improve worker productivity and industrial efficiency. Taylorism as movement, and the term *Scientific Management* get their beginning as an argument for made by Louis Brandies, lawyer and future supreme court justice, in a 1910 hearing before the American Interstate Commerce Commission. Brandies argued that railroads could raise worker’s pay without raising rates if they managed “scientifically” according to Taylor’s management principles. The publicity of the argument propelled Taylor’s ideas, into the consciousness of an America striving to remake itself during the Progressive Era.

The Progressive Era is America’s response to industrialization and social change which had taken excessive form during the Gilded Age (1865-1896). Rapid industrialism, scandals involving corporations, financiers and government, rapid urbanization and crowding, and high levels of immigration all contributed to sense that things were chaotic and needed to be brought under control (Wiebe, 1967; Hays, 1957). Three dominant ideas emerged (Rogers, 1979, 1982): a need to break the corporate trusts and Robber Baron capitalism of the Gilded Age initiated a regulation and socialization of corporations (Hamilton, 1989; Sklar, 1988); disdain for the crass individualism and the Social Darwinism that had prevailed in the prior decades initiated social welfare and a more community spirit toward progress, and the *scientific management* of the workplace was
elevated to a belief in “social efficiency” through sponsorship by popular will and government (Wiebe, 1962). Though they may have pursued efficiency with less vigor than the USA, the efficiency movements inspired by Taylorism and Henry Ford’s integrated production systems were world-wide movements with elements adopted or adapted in most developing industrial economies: England (Whiston, 1977), Germany (Nolan, 1990), Italy (Maier, 1970), Japan (Tsutsui, 1998) and Russia (Maier, 1979; Ehrlich, 1960).

The literature on technology and mechanization compliments the efficiency literature. Lewis Mumford’s (1934) *Technics and Civilization*; Gideon’s (1948) *Mechanization Takes Command*; Jacque Ellul’s (1954) *La Technique* (translated to English 1964) and David Landes (1968) *The Unbound Prometheus* all represent important works looking at man’s historical use of technology to increase his power and to harness nature. The works uniformly recognize man’s use of technology and technical approaches to transform the world, harness nature and improve the quality of material life. Said Mumford (1944, p301), “One theme bound the leaders of the 19th Century together; the conquest of nature and the liberation of mankind by mechanical invention,” and with a fob to the Marxists and Romantics added, “Even those who did not accept the theme achieved their main energy by recoil from it…” But other than Landes the works question how effectively man has used this knowledge to improve his human life. Gideon, Mumford and Ellul, all express frustration with society’s failure to capitalize on the promise of technological efficiency to shorten the workday, to ease drudgery and to provide the time for a richer human experience. Mumford saw industrial society’s choice to use efficiencies to then produce more material goods as the failure of man to control technical thinking and the rationality of technique; ultimately the failure of the promise of technology to release man from labor. Jacque Ellul, even more stridently, views, the expansion of the rational technical attitude as a retreat of the truly human and spontaneous in the face of the rational measurable and manageable.

In Gideon, Mumford and Ellul, the criticism is not about technology but about man’s choice to allow, or his inability to resist, the encroachment of the rational technical thinking into other areas of life that should, they thought, be a place for the finer virtues. Their criticism reflects Weber’s concerns regarding the “iron cage” of rationality; that once unleashed man would be unable to contain the application of measurement and
efficiency and so reduce the qualities of life to that which could be measured. Man comes to see himself and other men as objects in the world to be managed and used in such a way as to increase control over nature and over other men. The ‘social efficiency’ of the Progressive Era is not held in check; while fitting the best possible worker to the best designed job industry forgot that the reason for doing was to facilitate the best possible life for men and women. Such a trend can be seen, for example, in the development of industrial psychology in the 1920s and in to the 1930s. Munsterberg’s (1913) *Psychology and Industrial Efficiency*, which is the first major work in industrial psychology, is organized, following Taylor, according to the three areas just mentioned. But its research effort, sponsored by and paid for by industry, is dominated by the first two. It is not until the mid 1930s and the famous Hawthorne studies that Elton Mayo’s (1933) *The Human Problems of an Industrial Psychology* would look at the work-place as a social system, question the treatment of workers as objects and lay the foundation for the human relations movement. But an America then gripped by the Depression and soon to be focused on the Second World War would have to wait until the 1950s for the human relations movement in management to gain hold and change the manner by which workers, the workplace and work itself was interpreted.

**Reframing Meaning: the Desire for Self-realization**

Max Weber’s *Protestant Ethic and the Spirit of Capitalism* (1905) is the seminal book in understanding how work interacts with man’s sense of himself as embedded in a larger reality, possessed of a teleological destiny that is self transcendental. The book, originally published in German in 1905 during the industrial revolution argues that the Reformation’s revision of the Man’s relationship to God forced also a revision of man’s place within the world and the meaning of action therein. As action in the world became relevant and meaningful it became so to the person himself and eventually, beginning in the early 18th century, became seen as a reflection of internal states and motives (Hirshman, 1977). Subsequent important work directly addressing the relationship of religion and capitalism include Tawney (1926) *Religion and the Rise of Capitalism* and Troeltsch’s (1912) *Protestantism and Progress*. Important background studies include Troeltsch (1911) *The Social Teaching of the Christian Churches* and Walzer’s (1965) *Revolution of the Saints*. The latter provides an excellent interpretation of the Weber thesis and does so while illustrating the role of Puritan thought in facilitating important
commercial and economic changes in the Glorious Revolution of 1693 upon which Hirschman places importance. The question of the meaning of work has been addressed directly by Adriano Tilgher (1930) in *Homo Faber: Work; what it has meant to man through the Ages*, and again more recently by Applebaum (1992) *The Concept of Work: Ancient, Medieval, and Modern*.

The idea of progress and man’s situation in time, is a second thread within this fundamental theme of realization and meaning for it situates man within a time frame that is normatively development; there is progress so persons are obligated toward it. Bury’s (1932) *The Idea of Progress: An Inquiry into its Origins and Growth,* is of seminal importance and it is complimented by Becker’s (1932) *Heavenly City of the Eighteenth Century Philosophers.* These chronicle a change from time as contiguous description in which current events are simply a most recent version, into a ‘current’ that moves forward by virtue of man’s betterment in science, economy and society. Said Bury of the period, “we need not hesitate to say that the last century [the 19th] is not only as important an era as the fifth century B.C. in the annals of historical study, but marks, like it, a stage in the growth of man’s self-consciousness. (Bury, 1930:10)

It is not possible to underestimate the impact of a changing notion of time on the meaning man gives to his place (and time) in the world. Marx’s ideas on socialism, within which he embedded his ideas about labor and capital, would not have been possible without the very idea of progress in history. Class struggle is Marx’s version of Social Darwinism, itself based on an interpretation of evolution applied to mankind, and his scientific socialism elevates economics to nearly religious doctrine with paradise located in a post revolutionary future. Socialism functioned as a religion without a God, it has a similar sense of destiny and teleology along with a command of the moral high ground that capitalism could not attain.

**Restructuring Society: the Threat to and Desire for Affiliation**

The impact of the forces described above was felt socially and personally in the realignment of affiliations, identity and belonging. Emile Durkheim’s *Division of Labor in Society* (1893) and Ferdinand Tonnies *Community and Society* (1887) were sociological studies of how persons coped with identity and membership. Tonnies’s and Durkheim described two different forms of affiliation, broadly defined, for there are
subtle differences between the thinkers, as an emotional and affective one extending to ones community and granting one a place within community and an instrumental one to society necessary to negotiate and manage ones social life. Durkheim’s introduced the concept of anomie, or “normlessness,” to describe the experience of the individual when rapid changes presented individual opportunities to behave in ways for which the person had no past experience and for which there were no rules. This anomie was particularly problematic at that time because the sense of community had been lost and there were few rules written for the relation to society. Latter scholarship such as Sennett’s (1977) *Fall of Public Man: a Social Psychology of Industrialism* and Polanyi’s (1944) *The Great Transformation: The Economic and Political Origins of Out Times* explore the impact on society of the new industrialism and market economy from the latter part of the 18th century into the middle of the 19th.

The general pattern that emerges is one of relative stability and slow change through the first half of the 19th century accelerating toward the latter half. This change brought about, as Bury (1930) notes, a change in man’s consciousness; of his place in the world and his relations to himself and society (Hughes, 1958). The new social sciences of anthropology, sociology and psychology emerge to reflect and analyze the concerns and questions of these changes in man’s relationship with the world. The industrial revolution should, in this sense, be seen as a personal and human event; work is redefined as employment, and the person is redefined, no longer as an individual struggling to be the fittest in a Social Darwinian world, but as a self-conscious member of a society organized rationally around the self-interest of exchange. For Tonnies, Durkheim and Weber this represents a shift from the emotional networks of community and into Weber paradoxical rationalism; wherein one strives rationally to resurrect the status and prestige associated with community through material acquisition.

For these three thinkers, the profession represented an new and emerging social position that offered the opportunity for solidarity within the modern constructed identity related to work. This is the argument developed at length by Tawney in the *Acquisitive Society* (1921), and suggested by Elton Mayo in *The Human Problems of an Industrial Society* (1933). This line of thinking gave rise, in the 1950s to Human Relations movement in management, or “industrial relations” as it was more commonly called. Both the sociology and management thinking of this period tried hard to address the social
dissonance of rising levels of affluence and alienation that found at least one expression in the consumerism of the time.

**The Echo of Concern: Work and Society in mid 20th Century America**

Historical events—the first War, the Depression and WWII—forced an immediacy that left little time for rumination about the meaning of work in the 1930s and 40s. However, the end of hostilities found America possessed of the luxury of reflection and equipped with the intellectual and academic resources to do so. Much of the important European work on the industrial revolution was translated and used by a European academic community made expatriate from Europe by WWII. This literature now interacted with an intellectual environment that had become quite psychological in character because of the experience with the war, the nature of the European scholars who had immigrated, and because the baby boomers were prone to the existential self-absorption common to the questions of youth: why?, and what does it mean?

Psychological introspection was a social movement. The existential approaches to psychology and psychotherapies imported from Europe questioned directly industrial society: Eric Fromm (Escape from Freedom, 1941; Man for Himself 1947; The Sane Society, 1955) and Victor Frankl (Man’s Search for Meaning, 1959) recognized work as an act of will that creates meaning, and alienation the consequence of denying that opportunity to the human will. The introspection of the existential analysts was complimented by sociological studies of change. Reisman’s (1961) *The Lonely Crowd: A Study of the Changing American Character* looked directly at work, labor and consumption and how these had changed with changes in America from the 19th century. The psychologist David McClelland reflected Reisman’s concern that America character was losing its drive and initiative to achieve in his *The Achieving Society* (1961). Whyte’s (1959) *The Organizational Man* looked at the loss of America’s much touted individualism in the context of the organization and the workplace.

By the mid 1960s America recognized a problem with labor, work and the workplace. Alienation in the workplace was studied as a sociological problem of mechanization and urbanization (Kohn, 1983; Seaman, 1983) and treated by industrial psychologists as a problem of fit between the structure of work itself and man (Argyris, 1957; Herzberg et.al., 1959; Herzberg 1966). The problem was seen as sufficiently disruptive to warrant
the US Department of Health and Welfare to commission *Work in America* (1972), a national study to look at the causes and options for action; its ‘keystone’ finding being the need for worker participation in decisions affecting their lives. A seminal work in this heritage was Braverman’s (1974) *Labor and Monopoly Capital: the Degradation of Work in the 20th Century* which re-focused the question of alienation into the context of changes to work and labor during the industrial revolution.

The writers of the 60s and 70s recognized fundamental changes were in store for the future. Daniel Bell’s (1960) *The End of Ideology* and Peter Drucker’s (1969) *The Age of Discontinuity* both represent early attempt to describe the nature of political and economic change later described in Bell’s *The Coming of Post-Industrial Society* (1973). These studies tended to see changes in economy and work as major drivers of change. Some of the projections for the future were not optimistic: the *Limits to Growth* (Meadows et al., 1972) provided a review of global ecology issues and then called for both rethinking the modern industrialism of the developed nations and the population growth of the poor ones. It gave the local concerns of Rachel Carson’s (1962) *Silent Spring*--which is often credited with galvanizing the American environmental movement—a global reach; *Limits* sold 9 million copies and was translated into 29 languages. A similar concerns about resource shortages were framed in the context of work in E.F. Schumacher’s (1973) *Small Is Beautiful: Economics As If People Mattered*.

**Sustainability Values and Work**

Man’s relationship to the natural environment frames his labor and his work. From nature man labors to extract the resourced necessary for sustenance of the body and with nature man builds the edifice of the world that reflects his presence and his vision of himself. Not surprisingly man’s values toward nature tend to reflect these two poles; on one hand a utilitarianism that recognizes the needs of the body, and on the other hand a romantic reverence for the insight into man’s self that can be experienced when working with nature.

The sustainable development paradigm submerges this polarity within the context of man’s social relationship with others. Sustainability is no longer a question solely of man’s relationship with nature; it is now a question of economy and society both of which use nature for human ends. This shift is analogous to the reframing, in 1890s, of man’s
relationship with work and labor within the context of employment and consumption. To use Tonnies terminology, what is lost is a clear focus on the nature of the individual and community relationship with the natural environment. Replacing it is a social, urban instrumental relationships that revolves around production and consumption. What is lost is the immediacy of the relationship of the individual to nature through values other than the utility of the body. The way to recover this immediacy is to renew and recover work as the psychological experience of the individual.

**Values and Agency toward Nature**

Historically, descriptions of the positions taken in environmentalism have been constructed as polarities—such as “ecocentric” and “technocentric” (O’Riordan, 1981, Pepper, 1996), “biocentric” and “anthropocentric” (Pepper, 1996); and, “Arcadian” and “Promethean” (Lewis, 1992)—that reflect the romantic role of nature in self-realization or the material role in body sustenance of man and his material life. Robinson (2005) looked at these position pairs in order to determine how the sustainability claim has blended one or another into action. He offers “technical fix” as a description of the policy driven utilitarian application of technology and “value change” as indicative of the romantic, individual oriented change in values.

The important question with respect to sustainability is the values of the individual and the action that follows with respect to consumption. It is self-restraint in the context of values changes toward consumption that was present in the 1960s and 70s and is now missing in the sustainability debate. This issue still remains but is only tangentially addressed in the sustainability literature as, by including economy and society which only sustain through production, the concern for role of individual values toward consumption has been lost. Because the origin of the rise of consumption is in the mass production of the industrial revolution the only sustainable solution to sustainable development must be found there.

**Work not Consumption**

Efficiency is the criteria man has adopted to deal with the material world; it is a criteria that can apply to man as material—his body, that which sustains him in the body and in the life-space. This is the domain of labor, made possible by employment. But it is not the domain of work. Man is more than his body and his material. He is his creativity
and his expression, he makes the material world in order to realize himself in that world. This process of self-realization is fundamental to man’s thought and emotion, for this he needs a body but this activity is not of the body. Man creates not to sustain himself but to transcend himself and find meaning there. This is the domain of work.

The confusions of labor and work is the confusion of strategies for self-sustenance with the strategies of self-realization through a faith in consumption. This is the belief that having more will allow one to do more and so lead to self-realization. When things are tools for action this can be true; to best one’s own time as a runner one needs shoes, to develop the skill of a craft one needs the tools. But the shoes and the tools are means, useful in the context of an action one uses for self-realization. It is not the thing itself but its use. Man self-realizes through action not through things. Things add to the freedom of the body, it is the use of self-determination for self-realization that satisfies.

But Man is social and from his social nature he derives the symbolism of things. It is his social being that consumes symbolically, and he is willing to labor for the resources to acquire symbols. The control over things that have symbolic meaning as status and are envied for that reason give an extended sense of liberty (freedom as absence of restraint), but this is a false sense of freedom for it has no stability. Symbols exist because they are recognized socially, the reality of the thing is an existence given by others over which the individual has no control. The pursuit of symbolic meaning over and beyond what is the useful value of a thing is what Marx called ‘commodity fetish’ and it binds the individual to the body and a material dimensionality that he creates and maintains with others. The symbolic status of the thing affords recognition but offers neither self-determination nor freedom as the status of recognition given by the other can be revoked at any time.

As an individual laboring or working with nature there is no confusion; one knows from the inside out what is the experience that comes from one’s action. As a social creature acting in the network of consumption or employment one’s freedom and meaning are shared with others. This is the reality of modern industrial life. Consumption offers no opportunity for self-realization and one’s employment may or may not be the domain of one’s work. The control that is present in consumption offers no satisfaction, the place of production may or may not offer one control sufficient to allow for self-determination and realization. If the future is to sustain, labor must be accorded is appropriate domain and given no false promises beyond the sustenance of the body. The surplus produced
must then be channeled toward work and that work must be recognized as the individual psychological experience of self-realization. It may occur in any domain of life—the family, community, religion, education, or if one is fortunate in employment. But in all cases it must be separated from consumption because there it is neither satisfying for the individual nor sustainable for the world.

References


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