

Igniting Productivity Improvements in the Public Sector: a Case Study on Organizational
Innovation in Malaysia

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Abstract

The public sector, worldwide, is pressured to be more innovative in order to address the challenges of raising efficiency, providing solutions to an increasingly demanding citizenry, and enhancing services to industry in a progressively more complex environment that is fraught with unpredictability and tight budgetary constraints. These challenges demand systemic reforms to, among others, organizations, legislations and regulations, procedures and protocols. This paper presents a case study that involves organizational innovation in Malaysia, PEMUDAH, which seeks to enhance the public sector's delivery system in order to better facilitate business. The case study reveals that the key factors contributing to the success of this innovation include, among others, political commitment, sustained leadership and ownership on the initiatives by all the stakeholders. The paper demonstrates that, with commitment and leadership, the innovation potentials of the public sector can be ignited for the benefit of all parties.

Keywords: public sector innovation, organizational innovation, innovation, public sector, Malaysia, PEMUDAH

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Introduction

Improving public sector performance has in recent years emerged as a key goal of governments on a global scale. Expectations for public services to deliver better services and policies, in new ways, at lower costs, and in a timely manner, are increasing. These challenges demand systemic reforms to, among others, organizations, legislations and regulations, procedures and protocols, and the development of capabilities and partnerships. The Malaysian Government has introduced a number of initiatives over the past three decades that are aimed at improving the public delivery system, as well as organizational innovations that seek to forge greater collaborations between industries and the public sector (see Siddiquee, 2006; Sidek 2011). This paper sketches these initiatives, and in particular, aims to investigate a case study on an organizational innovation that aims to enhance the public sector's delivery system in the country.

Literature Review

Since the 1990s, research on PSI has grown rapidly, extending from core administrative functions, to the full complement of public services, including new organizational hybrids. Innovation has also taken on new meanings with entirely new ways of providing and delivering public services. The drivers for innovation in the public sector arise from several sources that are more or less common to this sector across all countries, and include: pressure on government budgets; rising public expectations for more accessible and flexible services; greater participation in service and policy development and review; and complex social, environmental and economic challenges.

Definition of Public Sector Innovation

Several definitions of public sector innovation (PSI) have emerged during the past couple of years, from those that focus on changing ideas and behaviours (Mulgan and Albury, 2003; Damanpour and Wischnevsky, 2006; NAO, 2006), to those that emphasise the value creation of new products, processes or business practices that result in improvements in terms of efficiency, effectiveness or quality (Mulgan and Albury, 2003; Walker, 2006). The OECD (2012) defines public sector innovation as the ‘implementation by a public sector organisation of new or significantly improved operations or products, covering both the content of the services and products, as well as the instruments used to deliver them. A simple, but all embracing, definition of PSI is given by Bason (2010, 2011), who defines PSI as the process of creating new ideas and turning them into value for society. In this paper, innovation is taken to as the exploitation of an idea that adds value for the user, or produces better outcomes. In the public sector, innovation can be considered in three independent streams, namely, shaping policy directions; implementing policies and programmes; and administrative innovations (ANAO 2009). Despite its broad scope, success in innovation is never easy. It is shaped by a number of factors to which we turn next.

Preconditions

Following a conceptual understanding of the definition of PSI, it is crucial that we understand the preconditions and success factors for this concept. It must be stated here that innovation, whether undertaken by a firm or by a public sector organization, is not an isolated activity. It exists within an ecosystem characterized by the dynamic interplay of both tangible and intangible elements that are internal and external to an organization. The success of an innovation ecosystem, according to Smith (2006), is dependent on process, culture and

competencies. A number of studies (for example ANAO, 2009; IDEAKnowledge, 2005) have identified the essential preconditions for PSI to comprise the following:

- Culture, strategy and human capital
- Leadership and innovation champions
- Understanding the environment
- Organizational capabilities and innovative capacity
- Good governance

Additionally, other studies (EURIM, 2002; Mulgan, 2007) have addressed issues pertaining to the implementation of PSI initiatives. These studies highlight the importance of the sustained support of politicians, officials and suppliers.

The above overview reveals that much work on PSI has been undertaken, particularly in the developed world. However, the literature is sparse on PSI in developing countries. This paper aims to contribute to this limited literature by focusing on PSI in a late industrializing country such as Malaysia. Before examining the case study on PSI, it would be appropriate to appreciate a summary of administrative reforms undertaken by the country over the past three decades.

Malaysia's Public Sector Reforms

Following independence in 1957, Malaysia's public administration gradually expanded its limited developmental role from one that was used to promote the colonial administration, to one that is expected to steer socio-economic development. Since the 1980s, numerous reforms to the public service were introduced following the appointment of Mahathir Mohammad as Prime Minister. The role, function and scope of public service underwent numerous reforms with many pro-market values such as efficiency, productivity and cost-effectiveness (see Table 1). A

number of initiatives were introduced, including the Malaysian Incorporated policy; privatization; corporatization of public entities; a new remuneration scheme; client charters; a complaints system; total quality management; ISO 9000; e-government, etc. (see Siddiquee, 2006).

Although there have been no detailed evaluations of these initiatives, some authors (see Siddiquee, 2006) have argued that there have been positive impacts arising from these initiatives in terms of ensuring hassle free and timely services to customers; simplification and ease of access to services, as well as proactive efforts to engage in industry. However, there have been dissenting viewpoints regarding the privatization policy, with assertions that it has favoured vested interests and promoted political patronage in the award of contracts (Gomez and Jomo, 1999). Despite the catalogue of reforms, the public service in Malaysia continues to be largely centralized, and operates on traditional public sector work culture. Many of the public sector reforms in the past can be described as largely process-driven, and rarely emphasize measurable outcomes.

Table 1

Performance Monitoring Efforts in the Malaysian Public Sector (Iyer, 2011)

Year	Reform	Description
1968	Programme and Performance Budgeting System	Treasury spearheaded budget allocation based on planned levels of service delivery and input costs.
1987/1992	Micro-Accounting System	Treasury had ministries integrate projected output costs into planning.
1990	Modified Budgeting System	Treasury improved budget allocation based on planning and introduced performance agreements (commitments between departments and the Treasury to performance targets for each activity listed in their budget).

1991	Productivity Improvement	Treasury improved the identification of performance indicators in the Modified Budgeting System by measuring productivity in terms of time, cost and manpower.
1992	Total Quality Management	Malaysian Administrative Modernization and Management Planning Unit identified public agencies' clients, documented their needs, and integrated quality control into targets.
1992	New Remuneration Scheme	Public Service Department reduced public sector salary schemes to facilitate planning, and introduction of merit-based system linking performance to salary.
1993	Clients' Charter	Malaysian Administrative Modernization and Management Planning Unit advocated a publicity documented charter, publicized by each public agency, targeting the quality and timeliness of services provided to citizens.
2005	Key Performance Indicators (KPIs)	Malaysian Administrative Modernization and Management Planning Unit had ministries set up process-based targets.
2007	Strategic Results Areas and Strategic Key Performance Indicators	Treasury required public sector organizations to identify strategic results areas and indicators and measure the results of operations in these focal areas.
2007	Star Rating System on Financial Management	Auditor-general rated and ranked financial management and performance of ministries using an annual star system.
2007	Star rating System on Public Management	Malaysian Administrative Modernization and Management Planning Unit rated and ranked overall performance of ministry and public agencies' management.
2008	Performance indicators for jobholders in the senior echelons of the public service	Public Service Department annually evaluated senior executive civil service jobholders on targets evaluating national competitiveness, governance, accountability, leadership, and service delivery.
2010	Government Transformation Programme	An ambitious, broad-based programme of change to fundamentally transform the Government into an efficient and citizen-centred institution. This programme is steered by Performance Management and Delivery Unit under the Prime Minister's Department PEMANDU

Following the financial crisis in 2007-2008, and the ensuing global economic slowdown, the government accorded, among others, emphasis to forging an innovation-driven economy. A series of measures were introduced to revitalize the public sector, including the adoption of key performance indicators by all agencies. A government transformation programme involving efforts to raise the performance in several sectors was launched to achieve the Government's objective of a high performance public sector. These efforts have contributed towards Malaysia's

improved ranking in the World Bank's Ease of Doing Business Report. This paper aims to examine a case study that involves an initiative to improve the delivery of public services.

Special Task Force to Facilitate Business (or PEMUDAH)

The Special Task Force to Facilitate Business, or better known by its Malay acronym (PEMUDAH), was established in 2007 to improve the manner in which the government works with business. The task force comprises senior individuals from both the private and public sectors: heads of selected government ministries and departments, and leaders of Malaysian businesses. It is presently co-chaired by the Chief Secretary to the government, as well as the President of the Federation of Malaysian Manufacturers. It is currently serviced by a secretariat that is located in the Ministry of International Trade and Industry. PEMUDAH facilitates businesses by introducing improvements to existing government processes and regulations based on public and industry feedback, as well as on cross-country comparisons, from a number of global benchmarking reports. PEMUDAH's terms of reference (TOR) includes the following:

- Review and transform the public and private service delivery system in terms of the processes, procedures, legislation and human resource for improvement;
- Benchmark and adopt best practices;
- Enhance collaboration among public and private sector agencies to improve Malaysia's competitiveness;
- Monitor the implementation of policies, strategies and procedures that would improve the efficiency and effectiveness of the public and private sector delivery system; and

- Take appropriate action to address issues in line with the national philosophy of 1Malaysia, People First, Performance Now.

PEMUDAH has established a number of working groups, task forces and focus groups to undertake its broad remit (see Figure 1). Prior to the establishment of PEMUDAH, there were incessant complaints from industries on excessive procedures and regulations governing business operations. It has been reported in *The Star* (13 April, 2007) that, prior to 2007, a business man was required to go through 25 procedures, taking at least 281 days to set up a factory in Malaysia, whereas the same requires only 14 steps and 133 days in Vietnam, and 11 steps and 129 days in Singapore. Given this backdrop, PEMUDAH has over the past seven years conducted extensive business process reengineering exercises aimed at facilitating business operations through the removal of archaic procedures and regulations, as well as at using information technology to enhance business approvals.

Why PEMUDAH is an Organizational Innovation

Malaysia has a relatively long history of public-private partnership. The introduction of the Malaysia Inc. Policy in 1983 represents a new way of approaching the task of national development through a close relationship between the public and private sectors. The essence of this approach is that it is necessary for the public and private sectors to work closely together, and support, facilitate and supplement each other for rapid socio-economic development. Under this policy, the entire country is seen as a business corporation, with the private sector fuelling its growth and expansion, and the public sector providing the support vital for the success of this corporation (Sarji, 1993). Hence, this policy not only calls for an end to the traditional antagonistic relationship between public and private sectors, but also underscores the need for

establishing a symbiotic relationship between them for realizing national developmental goals. Since the inception of this policy, a series of mechanisms have been developed to foster collaboration between the Government and industries. The Malaysian Business Council (MBC), the Malaysia Inc. Officials Committee and consultative panels have held regular dialogue sessions at different levels/ministries, thus facilitating the exchange of ideas and information (Bahari and Balan, 1999). All these public-private partnership mechanisms largely confined themselves to dialogue sessions, and were led by the public sector. Industries took a backseat in these arrangements. PEMUDAH, instead, is co-chaired by both the public sector and industry, and is primarily ‘action-oriented.’ It defines its own initiatives, seeks and tests ideas as to their feasibility, and finally, implements those ideas that have been endorsed. It has a secretariat that assists it in its tasks. In short, PEMUDAH is not a ‘talk shop’ forum, unlike all the previous public sector-industry mechanisms. It actually implements proposals that have been endorsed by its members.

Initiatives Launched by PEMUDAH

Note that this section draws heavily from the material in PEMUDAH’s 2012 Annual Report. Some of the initiatives introduced by PEMUDAH include the following:

1) Efficiency Improvements.

(i) Malaysian Corporate identity Number (MyCoID):

To expedite the registration of businesses, a unique online company incorporation number system was developed to enhance the registration of businesses and transactions with the

relevant government agencies. With the adoption of this system, businesses can be registered within a day, and much unnecessary red tape has been reduced.

(ii) Expediting Business Licencing:

Since July, 2011, PEMUDAH reviewed all business licence procedures by 23 Ministries, and the agencies under their purview. Following this review, the total number of licences under the respective ministries was reduced from 715 to 448, as of December, 2013. This reduction was achieved largely through rationalization of the licences, and resulted in estimated cost savings of RM 729 million (or USD 172 million, according to the exchange rate of US\$ 1 = RM 4.26 at the time of this writing) in business compliant costs, since July, 2011. A portal – Business Licensing Electronic Support System (BLESS) – that provides information and services to companies to apply licences or permits to start operating business in Malaysia was developed. BLESS facilitates company representatives to select relevant licences and submit the relevant forms online, as well as track the progress of applications throughout the process, until notification of approval, or otherwise.

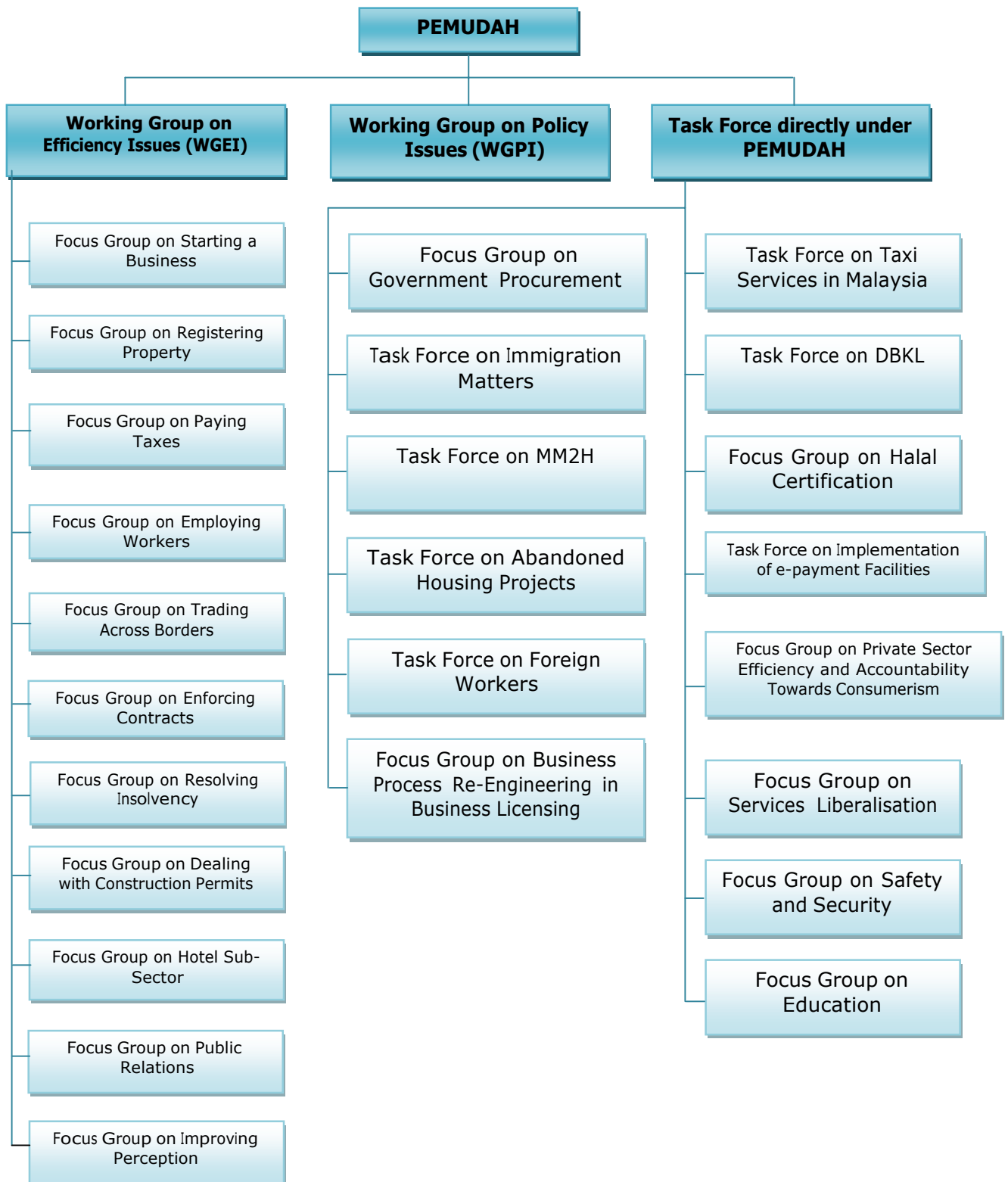


Figure 1. PEMUDAH: Working Groups, Task Forces and Focus Groups

(iii) Dealing with Construction Permits:

The construction industry has long complained about the numerous procedures and time consuming processes involved in the application of construction permits. PEMUDAH conducted a study to identify regulatory and non-regulatory options that are able to reduce the number of processes. Following this study, a new initiative – the OSC 1 Submission – was introduced to streamline the coordination with the various agencies, as well as reduce the number of procedures required for approval. Common templates and checklists were produced to be used by all the relevant agencies. The number of items required for a building plan approval has been reduced from 81 to 19 items. The issuance of the Certificate of Fitness of Occupation will be self-regulated by industry professionals. All these initiatives have helped to reduce the issuance of construction permits to less than 100 days, requiring only 10 procedures, from the original 140 days and 37 procedures.

(iv) Registering Property:

Malaysia had substantially reduced the number of days it takes to register a standard property transfer from 41 days to 1 day. This has contributed to its significantly improved ranking at the 35th position (2012: 59th) in the World Bank's Doing Business Report for this item. The implementation of the Biometric System has reduced fraud and forgery in property registration, as well as the Standard Computerised Land Registration System (SPBT), known as myForm in all land offices, has minimised the time taken for data entry by counter clerks.

2) Policy Improvements.

Some of the policy initiatives introduced during 2012 include the following:

(i) Services liberalization:

The regulatory framework was reviewed for the 17 liberalized autonomous services sub-sectors to assist ministries and agencies involved in order to expedite the process of the liberalisation of these sub-sectors;

(ii) Resolving insolvency:

Amendments were made to the Bankruptcy Act 1967 to expedite the insolvency process, and to introduce the rescue mechanism for debtors;

(iii) Abandoned housing projects:

- Completed and resolved 102 of the 116 abandoned housing projects as of December 31, 2012;
- Amended the Housing Development (Control and Licensing) Act 1966 (Act 118); and
- Published the names of black listed developers and problematic housing projects in the portal of the Ministry of Housing and Local Government;
- Introduced the Build-Then –Sell Concept

(iv) Public Consultation before adoption of New Policies/Legislations:

Issued circular on online public consultation by ministries and agencies for all new proposals or amendments to draft laws to all ministries and agencies in order to promote online public consultation by a ministry before any policy changes are adopted

PEMUDAH's Approach: Shaping Solutions Together

PEMUDAH adopted a consultative or engagement approach with its various stakeholders. This approach is a scaled-down version of the management lab style – made popular by the Minister in the Prime Minister's Department – which has been widely adopted in shaping the government's transformation programme. The engagement model is simply an intensive approach to identify solutions and their implementation details through a team of people selected for their competence and potential contributions to the challenges at hand. During the session, participants from various related organizations openly expressed their views. Hierarchy is set aside, and the teams are expected to develop clear implementation strategies to the problem at hand. Operational targets and timelines are clearly established for each of the strategies identified so that the effectiveness of the proposed measures can be gauged. The ideas and strategies are tested with the target groups, and are then refined. The proposed strategies are next tabled at the working group and the PEMUDAH board meetings for endorsement. What clearly emerges from these engagement sessions is ownership of the solutions forged together. These solutions/strategies are implemented throughout the country. The implementation of the approved approaches/strategies is monitored by the relevant working group, and also by PEMUDAH state-level branches. In some cases, evaluation is being conducted by an externally appointed group to provide independent assessment.

Benchmarking PEMUDAH's Achievements

PEMUDAH's achievements can be gauged by Malaysia's performance in the World Bank Doing Business (WBDB) annual reports for the period of 2007-2014. Malaysia's WBDB overall ranking has improved from the 24th position in 2008, to the 6th position in 2014.

The performance in the 10 categories of doing business is shown in Table 2. Malaysia continues to be the top country for Getting Credit, and the 4th for Protecting Investors. Other areas where the country has registered significant improvements since the last exercise in 2013 include Starting a Business, where the country's ranking has moved up by 38 places to the 16th position; Trading Across Borders by 6 places to the 5th position; and Dealing with Construction Permits by 53 places to the 43rd position. PEMUDAH's ambition is to tank among the top three nations in ease of doing business in the near term.

While Malaysia's rankings in the World Bank's Doing Business Report has improved, in terms of overall competitiveness, it has slightly improved its ranking in the IMD World Competitiveness Yearbook from the 15th position in 2013, to the 12th position in 2014. Similarly, Malaysia's ranking in the World Economic Forum Global Competitiveness Report improved slightly from the 24th in 2013-2014, to the 20th in 2014-2015. A major factor for the improvement can be attributed to the heavy investment by the country in R&D, particularly in the public sector, as well as increasing investments by industry in product innovation.

Table 2

Malaysia's Performance in each Indicator of World Bank's Ease of Doing Business Report, 2007-2013

Indicator	Year							
	2007	2008	2009	2010	2011	2012	2013	2014
OVERALL	25	24	20	23	21	14	12	6
Starting a business	71	74	75	88	113	42	54	16
Dealing with construction permits	137	105	104	109	108	116	96	43
Employing workers	38	43	48	61	-	-	-	-
Getting electricity	-	-	-	-	60	59	28	21
Registering property	66	67	81	86	60	62	33	35
Getting credit	3	3	1	1	1	1	1	1
Protecting investors	4	4	4	4	4	4	4	4
Paying taxes	49	56	21	24	23	25	15	36
Trading across borders	46	21	29	35	37	12	11	5
Enforcing contracts	81	63	59	59	59	31	33	30
Closing a business	51	54	54	57	55	48	49	42

Lessons from the Case Study on PEMUDAH

A number of lessons have emerged from this case study, which are as follows:

(i) Holistic approach towards addressing challenges:

PEMUDAH constantly receives a long list of problems that industry and other interest groups face when dealing with the public sector. Some examples are excessive red tape, slow decision-making, lack of coordination between government agencies, lack of information on new policies/regulations and poor service quality. PEMUDAH examined these problems in depth, and engaged the various parties to seek possible solutions through engagement sessions, as previously mentioned. The key to addressing these problems was the willingness to experiment with new approaches, as well as working together in jointly shaping solutions, rather than finger-pointing at agencies responsible for the problems. This methodology exposed civil servants and other participants to analytical rigour, and granted them a platform to express their views and ownership of the proposed changes. Solutions were not viewed narrowly in terms of ‘territorial domains’ of agencies, but more in terms of the value they would contribute towards addressing the problem. In short, PEMUDAH viewed the various problems in the public sector delivery system as opportunities to experiment with new approaches forged together in an integrated fashion, thereby enhancing ownership of the solutions.

(ii) Emphasis on clearly defined deliverables:

PEMUDAH ensured that proposed solutions towards addressing identified problems must be doable; undergo testing with the relevant groups, and above all, must have clearly defined timelines and measurable targets. This approach represented a huge mindset change for civil servants who were more focused on process issues, without much concern on results.

Indeed, if such an approach can be replicated in the entire civil service, it would result in a more structured and outcome-driven civil service. Many civil servants have been impressed by this results-driven approach. Ismail Adam, a former director-general of the public services department, remarked “It amazed me. . . Ask anyone in a ministry what a big win or a quick win is, what target is, what key performance indicators are, and they will be able to tell you in an instant. It is a real change in the mindset, making us all more results-oriented” (Iyer, 2011).

(iii) Co-ownership:

There have been numerous government industry collaborative mechanisms in the past, many of which have failed to achieve anything substantial, as industry’s participation was largely cosmetic and peripheral. PEMUDAH represented a sea change in terms of industry assuming joint chairmanship with the public sector of this very important task force. The leading civil servant and the president of the leading industry association in the country co-chair were responsible for this hybrid organizational structure. Industry views this co-chairmanship as a sense of responsibility in driving the work of this committee, which has far reaching implications for industry. In fact, it has been expressed by some commentators that the effectiveness of PEMUDAH is largely due to the driving role by industry in defining its agenda, as well as monitoring the implementation of measures endorsed. Note that the mentioned view has been conveyed to the researchers by various industry representatives.

(iv) Small membership:

Another feature of PEMUDAH is that it has consistently maintained its original size of membership – 23 members from both public and private sectors. It has co-opted members from time to time, but continues to maintain its original size. This attention to keeping the membership relatively small ensured that the organization did not become too unwieldy, lest it loses its focus.

(v) Strong Secretariat and State level implementation:

A sound secretariat is essential in ensuring that the activities of PEMUDAH are being effectively implemented. In the case of PEMUDAH, a secretariat was established under the auspices of the Ministry of International Trade and Industry to provide such support services, and also to facilitate PEMUDAH in its various activities. Another feature of PEMUDAH's organizational establishment is the presence of state-level committees. Such local level committees ensure that the drive for enhancing business operations is not merely a top-down initiative, or localized only in the main business hub of the country, but involves the entire country. This nation-wide approach will promote the diffusion of best practices throughout the country, and will also facilitate in the dispersal of industries.

(vi) Political Commitment:

Without political patronage from the very top, the initiatives by PEMUDAH would not have been implemented on the scale that they have finally turned out to be. The continuing support of the then Prime Minister and the present incumbent for this initiative ensured that PEMUDAH did not encounter any serious impediments. Without solid political support, it is doubtful if PEMUDAH would have achieved all that it has delivered to-date in terms of public sector delivery improvements.

(vii) Sustained Leadership:

The successful implementation of the initiatives by PEMUDAH would not have been possible without the undivided commitment of its co-chairmen, particularly the Chief Secretary to the Government, who has the clout to direct all public sector agencies to provide the necessary cooperation to PEMUDAH. Since its inception, PEMUDAH's co-chairmen have actively promoted an open platform, enabling members to voice their views freely on the various issues

needing PEMUDAH's resolution. Such openness has laid the foundation for strong rapport among the members, thereby facilitating a more integrated approach towards the issues that come before PEMUDAH. Leadership, as amply demonstrated by both the co-chairmen, is critical in forging trust among all the participating organizations in the change process.

(viii) Importance of Learning, Monitoring and Evaluation:

The introduction of any new system or procedure is not without its problems, which stresses the need for continuous learning and receptiveness, to feedback from users of the service. PEMUDAH, through the lead implementing agency, regularly solicited feedback from users of the new or improved system. Such feedback is crucial in ensuring that teething problems are quickly addressed, and that the new system is seen to be superior in terms of transparency, customer satisfaction and timeline, when compared to the previous one.

PEMUDAH: Issues and Challenges

(i) Attention to policy initiatives:

While PEMUDAH has recorded laudable achievements over the past eight years, it is not without its problems and detractors. In has, to date, focused more on service delivery efficiency issues, which are relatively easier to address, than the more long-term issues such as quality of education, workforce, and legislations and regulations governing land and procurement. This focus on efficiency issues was necessary, since PEMUDAH has to convince its sceptics that it is able to deliver its tasks successfully.

(ii) Publicity:

There have been debates that PEMUDAH has been far too business-centric, and that issues related to the public have not been accorded adequate attention. These negative perceptions need to be allayed so that more people realize that the benefits stemming from

improved services to business will also flow to ordinary people. For example, improvements to payment of tax refunds or issuance of passports/visas benefit both businesses and the public.

There has not been much publicity devoted to the work undertaken by PEMUDAH, although in recent months, efforts towards improving this situation have been undertaken.

(iii) Diffusing ideas and approaches:

PEMUDAH, the Malaysian Administrative Modernization and Management Planning Unit and Industry associations can organize road shows to publicize the trove of ideas and approaches (many of which were generated by the public sector) that have been adopted to improve the public delivery system. Such road shows, besides publicizing the work of PEMUDAH, aim to diffuse the customer-centric orientation of the public service to all parts and levels of the public sector.

(iv) Rebranding:

PEMUDAH has been in existence for almost eight years. Its prime mover from the civil service – the former Chief Secretary to the Government – has retired, and a new person has assumed his position. It is crucial that PEMUDAH take stock of its activities during this transition period, and in turn reposition itself so that it continues to be relevant and effective in enhancing Malaysia's competitiveness. One area in which it may want to lead is to catalyze and streamline policies, processes and procedures to promote a low carbon economy for Malaysia.

Discussion and Conclusion

We live in an ever increasing complex and unpredictable world. Such uncertainties are not insurmountable. They require fresh thinking as to how governments can be organized to confront them. This paper has highlighted how an innovative hybrid mechanism –PEMUDAH - has been able to successfully integrate diverse insights, experiences and expertise, both from the

public sector and industry, to address problems that transcend the boundaries of several ministries. It has engendered a sharing of information and perspectives, not only between the public sector and industry, but also across ministries, thus breaking down the silos that have been the bane of the public sector. More importantly, given adroit and enlightened leadership, it has created a partnership of equals for the benefit of all.

Being a dynamic ecosystem, PEMUDAH's success is dependent on the contributions and interactions among its members. However, such an integrated approach adopted by PEMUDAH requires constant support from the top. Without such support and leadership, its noble aims will flounder. Additionally, for such a holistic approach to take root in the public sector, mechanisms such as PEMUDAH must be established at all levels of Government (national, regional and local). When such mechanisms are pervasive, they contribute towards systemic change within the Government that enhances, among others, its ability to deliver results.

A flexible, adaptive and integrated approach is the way of the future. Governments - in both developed and developing countries – will have to prepare themselves to operate in an environment of constant uncertainties, where they will have to be prepared, as Ho (2012) emphasizes, to experiment, manage risk, fail, learn, and then pick themselves up to start all over again and hopefully do better. PEMUDAH has demonstrated that, with commitment and leadership, the innovative potentials of the public sector can be ignited for the benefit of all parties.

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