Chapter One

INTRODUCTION

The New Remuneration System (NRS) for the Malaysian Public Services came into effect on January 1st, 1992. The new scheme was implemented through Service Circular No. 9 of 1991 dated July 23, 1991. It is aimed at enhancing the capacity of the public service in meeting the present and future challenges in national development. When it was first announced it was generally hailed as a positive move to check inefficiency and push up productivity and quality of the public sector.

The implementation of the NRS brought with it a host of new benefits like an extended ninety (90) days leave (in addition to the forty-two (42) days full-paid maternity leave) for new mothers, loans to buy computer, subsidy to join recreational club and extension of medical benefits to parents to name only a few. However, it is the performance appraisal and the Matrix Salary Schedule (MSS) that have attracted so much debate and attention. The reason is obvious - where previously, a civil servant can expect an increment in his salary after a completion of a year's service (in other word, an 'automatic' raise every year), under the NRS his salary may now 'moves' or 'progress' in any three different direction: horizontal, diagonal, vertical or it may remain static. Dynamic or excellent performers will be rewarded by a diagonal or double salary increment, together with a host of other rewards including a
monetary gift equivalent to a month's salary. On the down side, poor performers will not get any salary increment for that particular year. The system however, allows at the most only five percent of the total personnel to be rewarded as excellent performers every year, making it extremely competitive. In contrast, under the old system, all public servant other than those who had reached maximum pay or under disciplinary action, get an annual increment irrespective of performance. Officers in the same category received the same amount of increment.

The fact that the NRS was intended to boost productivity and efficiency in the Public Service was well publicised and high-lighted. The government was determined to tie up rewards, be it monetary or otherwise, to its workers with individual performance/productivity. In the words of the Prime Minister himself, "... those who are mere passengers will not get the same treatment as those who really strive ('berusaha') and those who are productive. Promotions and rewards will be based on performance. This way, we believe productivity will go up ..."\(^1\). The then Director-General of Public Services, Tan Sri Mahmud Taib puts it candidly, "If you are good, you move up very fast. If you are not, you go out very fast"\(^2\).

What follows was surely not expected by the authors of the System. Hardly a week passes without a comment or complaint about the NRS in the

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popular newspapers. The loudest and most sweeping criticism came from the Unions. The deputy secretary-general of The National Union of Teaching Profession (NUTP) even claimed that the NRS is "the single most demotivating factor in the teaching profession". The secretary-general of the powerful Congress of the Unions of Employees in the Public and Civil Service (Cuepacs), called the Matrix Salary Schedule (MSS) which forms the landmark of the NRS a 'fraud'. He alleged that senior officers had a better chance of gaining merit increments. Yet another union leader (from the Joint Council of Science and Technology Groups) described the MSS as a 'window decoration which looks beautiful when looked at from the outside'.

1.1 Statement of the problems

There are different reactions to the NRS when it was implemented. Some of these reactions are positive, others are negative. However, there are some who remain neutral, that is they did not show their support nor their objections to the new system. Nevertheless, generally it seems that the NRS has generated more dissatisfaction and antagonism among public servants. This is basically because of the discrepancies between that which is stated in the NRS and that which is implemented.

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4 Ibid.
1.2 Objectives of the Study

The objectives of the study are as follows:

1. To establish the discrepancies between the NRS as it is promulgated and as it is implemented
2. To find out how Ministry of Education officials react to the NRS
3. To make recommendations on improving the NRS based on the research findings.

1.3 Scope of the Study

This study covers the following areas:

1. The implementation of the NRS
2. The New Performance Appraisal System
3. The Matrix Salary Schedule
4. The Annual Work Target
5. Reactions to the above from the Ministry officials and NUTP officials.
1.4 Research Questions

Why is it that a system that was designed to improve the welfare of the civil servants has received so much criticism, even derision from the very people it seeks to promote? Just three years since its implementation and already there are calls to revamp, even to abolish it altogether. What has gone wrong? Is it 'human short-coming'\textsuperscript{5} in implementing the System or is the System itself faulty? Are the complaints 'merely teething problems' and were the results of a 'lack of understanding among public servants'\textsuperscript{6}?

The above questions will form the focus of this study. More specifically, the study will attempt to examine the following questions:

1. What are the discrepancies between intended NRS and implemented NRS?
2. What are the anomalies which the NUTP highlights in their complaints against NRS?
3. To what extent do public servants know/understand the content and requirement of the NRS other than the annual appraisal and the salary progression?

\textsuperscript{5} Abang Abu Bakar, Minister in the PM's Dept., quoted in \textit{Business Times}, August 6, 1994.
\textsuperscript{6} Tan Sri Mahmud Taib, Director General of the Public Services Dept., quoted in \textit{The New Straits Times}, June 13, 1994.
1.5 Significance of the study

This study is significant from these points:

1. Although it is hardly three years since the introduction of the NRS, the new system has come under so much attention and criticism like no other system before it. Obviously there are flaws and shortcomings in the system. The findings of this study will help establish what the shortcomings are and perhaps they can serve as a source to overcome some of the problems; and

2. Despite the various outcry and statements for and against the system, no academic research has been undertaken to evaluate the effects of the system on the public servants. This study would therefore contribute to filling the gap in that area.

1.6 Limitations of the study

This study will be confined to a single ministry, that is the Ministry of Education and the National Union of Teaching Profession (NUTP). Ideally, the study should cover all public sector departments but to do so would be beyond the ability of the writer.
The Ministry of Education is chosen because it was reported that the most number of complaints against the NRS came from members of the teaching profession. The teachers' Unions were certainly among the NRS' most vocal critics. However, since the research survey is confined to the officials in the Ministry and NUTP, any conclusions drawn from the data of this sample will hold true only to this population. In short, the findings in this study cannot be generated beyond the Ministry of Education and the NUTP in so far as their reactions to the NRS is concerned.

In addition, the generalisations delivered in this study does not extend beyond the selected samples of education officers classified. The samples in the Ministry of Education were limited to Education officers serving in the Departments and Divisions at the Federal level of the Ministry.
1.7 Research Methodology

1. Research Model

**Input**

1. THE NEW REMUNERATION SYSTEM
   1. New Service Structure
      i) formation of 19 service classification
      ii) creation of 3 service grouping in place of previous four group
      iii) reformation of schemes of services and changes in grade levels
      iv) establishment of premier and special grade posts
   2. New Remuneration Structure
      i) matrix salary scale
      ii) separate salary scale for the various schemes
      iii) salary progression based for individual performances
      iv) salary structure also based on variable component other than basic salary and fixed allowance

**Throughput**

2. reformation of schemes of services
   3. regrading of post
   4. restructuring of organisations

**Output**

4. Response
   - Positive
   - Negative
   - Neutral

**Outcome**

5. Impact
   i) unhappy civil servants
   - very critical of NRS
   - critical
   ii) for those who accept NRS
   - partial acceptance
   - total acceptance

Feedback
The model posits that the NRS consists of two main features: a new service structure and a new remuneration structure as shown in box 1. Box 2 shows the processes involved when the new service structure was implemented while box 3 shows those that involved the new remuneration structure. The response to the new system obviously varies: some are positive, many are negative while some are neutral (box 4). Since then, there were numerous criticism against the system from unhappy civil servants as evidence from the spate of letters that appear in all the popular newspapers. Among the most critical are the teachers. However, it cannot be denied that the new system bring forth numerous benefit, thus the acceptance of the system, even though only partially by some (box 5).

2. Research Hypotheses

This study will test the following hypotheses:

a. Most respondents, regardless of their age groups are indifferent about the NRS.

b. Most respondents, regardless of their years of service are concerned about the NRS.

c. Most respondents, regardless of their academic qualification, are concerned about the NRS.
d. Most respondents, regardless of their salary, are indifferent about the NRS.

e. Most respondents, regardless of their service groups are concerned about the NRS.

f. Most respondents, regardless of their role as appraiser, appraisee or both are indifferent about the NRS.

3. Data Collections and Analysis

Questionnaires represents one of the two main instruments of securing responses to the research survey; the other being interviews with selected senior officials of the Ministry of Education, and informal interviews with former colleagues in the ministry where the writer had served for seven years as Assistant Secretary the Service and Establishment Division (now known as Organisational Development and Service Division) from 1984 to 1991. The latter work experiences also provided a rich source of information and data based on the survey subjects. Newspaper reports, articles, and public letters on the subject of the NRS also formed an invaluable source of research data.

Upon collection of the required data, a content analysis is done on secondary sources (local press reports). The response to the questionnaires are collated and analysed, using the SPSS PC+ statistical software. The Research Hypotheses are tested and confirmed for significant relationship between the
variables based on Chi square ($\chi^2$) technique, and for acceptance and rejection based on the Pearson Product Moment Correlation.

Methods of data collections, populations and samples used in this studies will be discussed in greater details in Chapter Five.

1.8 Definition of Terms

The terms or vocabulary used in this study convey the following specific meaning, especially when used in the research hypotheses:

1. *Indifferent* means the respondents are not duly worried about the NRS and its impact on their professional lives.

2. *Concerned* means the respondents are very worried and are unhappy about the NRS and its impact on their professional lives.

1.9 Organisation of The Study

The study is divided into seven chapters. Chapter One outlines the basic information relating to the overall study, namely the research problems, the objectives, the research questions, the limitations of the study, and aspects of the research methodology.
Chapter Two will provide the background and general information on the NRS. There is also a good deal of reference to and comparison with the Cabinet Committee Report (CCR) of 1975 in this chapter.

Chapter Three gives a brief account of the various changes in the salary structure and schemes of service that involves the teaching profession. The focus will be on the Aziz Commission Scheme, the Two-tier scheme and the NRS.

Chapter Four will be divided into two parts: the first part is devoted to the present day organisation of the Ministry of Education while the second part will discuss the set-up of the NUTP.

In chapter Five, the population and samples used to provide the data for analysis is described. This chapter will also describe the sources and methods of data collection.

Tables and descriptions of background data on the samples responses to the interview and questionnaires will be presented in chapter Six. It will also provide the analytical data for hypotheses testing.

Finally chapter Seven will summarise the research findings and discuss solutions for some of the problems identified in this study.