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Performance Measurement for Local Authorities in Sarawak

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Abstract

This paper provides an overview of performance measurement implementation by Local Authorities in Sarawak. It discusses the importance of performance measurement and identifies the factors for achieving excellent performance among local authorities. The paper also raises the need to develop a measurement model for assessing the performance of local authorities and offers some suggestions to improve performance. It also discusses the philosophy of Government Transformation Program (GTP) towards achieving a fully-developed nation through excellent service delivery.

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1. Introduction

In Sarawak, the local authorities (LA) are part of the constitutional structure of the State Government and they are confined with the authority as prescribed in the Local Authorities Ordinance, 1996. The Local Authorities Ordinance, 1996 had come into force on January, 1998 and was intended to consolidate the laws on local authorities and to repeal the previous Local Authority Ordinance, 1977. The Ordinance touches on the constitution of any LA, its composition and organization, for the Councillors as their policy maker or the officers who are the implementers, running the daily business of any LA. It also covers financial provision for the LA in general, including its account and audit. Hence, Local Authorities Financial Regulations, 1997 were formulated to regulate and control the conduct and administration of the LA's finances and any other activities related thereto.

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The supervisory responsibility of the LA is entrusted to the Ministry of Local Government and Community Development (MLGCD). The Ministry is responsible to monitor and ensure that the LA exercise their powers within the provisions of the laws nor exceed their jurisdictions. The Ministry is also responsible to secure sufficient fund from the State Government to assist the LA to implement their development program and deliver their services to the community. LA also received statutory grants from the Federal Government. The Ministry is responsible to the 23 councils known as Miri City Council, Sibuan Municipal Council, Padawan Municipal Council, Bau District Council, Lundu District Council, Samarahan District Council, Serian District Council, Simunjan District Council, Sri Aman District Council, Lubok Antu District Council, Betong District Council, Saratok District Council, Luar Bandar Sibuan District Council, Kanowit District Council, Maradong & Julau District Council, Kapit District Council, Dalat & Mukah District Council, Matu & Daro District Council, Sarikei District Council, Marudi District Council, Subis District Council, Lawas District Council & Limbang District Council (MLGCD, 2011).

LA worldwide have come under increasing pressure to modernize, to improve overall performance and service delivery and to increase accountability to their stakeholders (Guthrie and English, 1997). As part of its wider public sector transformation, the government introduced PM such as ISO 9000, Balance Scorecard (BSC), KPI, TQM and star rating. Until very recently, the need for performance monitoring is required in the ever changing environment, where any proper study of PM for LA in Sarawak still remains unknown.

1.1. Problem Statement

PM issues in the public sector have been well explored over the past decade (Modell, 2001). A common theme is that public sector PM is linked closely to accountability (Guthrie and English, 1997; Kloot and Martin, 2000). Following the performance trends of the business sector, the development of PM for public sector proves to be a valuable tool that can analyze the performance of the organizations. Fitzgerald et al. (1991) highlight the complexity of measuring performance within the service sector.

PM, benchmarking, corporate governance and improved audit scope have all been considered and discussed in prior research (Bovaird et al., 2003; Boyne et al., 2002). Although most of the literature has been concerned with the application of PM models and frameworks in the private sector, there has been a long-running debate about their applicability in the public sector (Boyne, 1996; Moxham and Boaden, 2007). There is a body of opinion that believes the difference between private sector and public sector organizations is such that private sector management practices cannot easily be transferred to the public sector (Allison, 1979; Pollitt, 1990). However, more recently, evidence is appearing that confirms the successful application of private sector tools and frameworks into the public sector with a significant impact on performance (Boyne, 2002; Greatbanks and Tapp, 2007; Moxham and Boaden, 2007). Greatbanks and Tapp (2007) found that BSC, as a strategy balancing and alignment approach, has been deployed to a considerable degree of success within a public sector environment, albeit with some degree of modification. A worthy research area, this has been considered by various academics (Newberry, 2001; Lapsley and Falconer, 1996), however, not for LA in the context of a measures design template. The issue considered a more under-researched area for model, framework or bases to produce performance indicators used by LA remained unknown.

The government have committed to a Government Transformation Program (GTP), in accordance with the principles of 1Malaysia, People First, Performance Now. Calls for transparency and accountability in government organizations especially public sector become major agenda (Najib, 2010). The principle of People First means that the focus areas are on the rakyat most want and need and excessively direct limited resources to those areas. The rationale for the GTP is that the Government needs a new way of doing things to both accelerate and sustain impact and enhance performance. This transformation requires a fundamental change to the way things are done in an organization, and through this new way of performing, the character of the organization is changed and hence performance will be distinctly improved.

In Sarawak, various strategies have been implemented especially to fasten the delivery of services to the customer and reduce administrative cost. Sarawak's economy accounts for nearly 20 per cent of Malaysia's total GDP (gross domestic product). Its resources have burst the economy outlook entirely because the state is blessed

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