



From Customer Satisfaction to Citizen Satisfaction: Rethinking Local Government Service Delivery in Malaysia

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Abstract

The Producer-Customer Paradigm within which much of the service improvement efforts have been undertaken is a highly circumscribed and problematic paradigm for local government services. It views citizens as customers of local government services and seeks to be more efficient in its delivery through process improvements. While the Producer-Customer Paradigm has spotlighted the service delivery side of the local government, it leaves the policy making and political side of local government, so central to the nature and role of government largely beyond its scope. This artificial but politically convenient truncation or limitation has been soundly criticized in the west for distorting the role of the local citizen and the local government. Citizen satisfaction and not merely customer satisfaction is the key indicator of local government quality. An expanded service quality paradigm i.e. Government-Citizen Model is needed to place service quality within a framework of political and social values. The ultimate test of local government quality is a population which is satisfied as a user (personal satisfaction) and citizen (social satisfaction).

Keywords: Local government, Customer satisfaction, Citizen Satisfaction, Public service quality

1. Introduction

Within the national governance systems, the federal government is the centre of most discussion, followed by the 13 state governments and the 144 local authorities that make the local government. Fifty percent of the Gross Domestic Product is generated from areas under the charge of local authorities. Some 14.57 million (62% of total population) million people lived urban areas in 2005 and this figure is forecasted to reach 16.85 million (63.8% of total population) by 2010 (Ninth Malaysian Plan (NMP), 2006:360). Most, if not all, urban citizens live in local authority administered areas. As the population becomes urbanized, local government grows in direct importance to the welfare and the quality of life experienced by a majority of the citizens of this country. Local land use planning and control, hawking and business premise licensing, basic disposal services, environmental control, and social and recreational facilities are within the purview of local authorities. The local government has been since independence plagued by a multitude of problems arising from its financial, personnel and administrative shortcomings. The almost four decades old Dato Athi Nahappan Report (1970) catalogued the crises and administrative difficulties of local authorities in West Malaysia in the post-independence period. Although the local authorities in Malaysia have grown in numbers and stature since the Dato Athi Nahappan Report and the subsequent restructuring in 1974 (Hazman, 1992), they are the weakest link in national governance system. There are now 144 local authorities (LA) in the country. LAs play two key roles at the local level that impact the lives of the local citizen. The first role relates to provision of basic services aimed at the upkeep of the local community including businesses to be found within the administrative purview. The second role is to regulate land use and business activity within the administrative area.

As an unelected level of government, LAs avail itself the powers of government without direct accountability to the local population. Run by seconded federal administrative officers and co-managed by state officers, public participation and influence remains marginal but rising occasionally coinciding with serious outcries over important policies and decisions i.e. location of dump sites or raising of taxes. The larger authorities also play a significant role in development of the local community. Over the years, the local authorities have been soundly criticized for poor services. Due to the

importance of the local services that the LAs provide, they are subjected to daily barrage of questions and complaints directly in the press and through higher ups at the state and federal levels. LAs are allegedly bureaucratic, inefficient, wasteful, unresponsive and not citizen-friendly. A federal Deputy Minister of Local Government and Housing perhaps over dramatized his comments when he maintained that local authorities act as triads and have contributed mainly to the country's low ranking on the Corruption Index. Due either to lack of financial and human resources and often times, due to poor management and incompetence and not to mention sheer arrogance, services are fraught with problems (Lee, 2006a, 2006b; Ambrin, 2006). But LAs have traveled a long way since in improving the services. To be fair, many LAs due to normative pressure from state and federal administrations and in some cases, through enlightened leadership, have improved their service delivery. Through the efforts of the federal government and also the respective state governments, the LAs have taken a variety of measures to improve local services. Total Quality Management, Business Process Re-engineering, Service Recovery System, ISO 9000, privatization, Client Charters, online services etc. have had significant impact on the quality of services provided to the local citizen. There are exemplary local authorities that have won numerous accolades and awards for remarkable changes in the service. Some have made significant strides in realizing some of the objectives of Local Agenda 21.

2. The Paradigmatic Trap

The Market Paradigm advanced through a range of reform initiatives loosely strung together under the rubric of New Public Management (NPM) has even been recognized as promoting a new view of government and citizen. This paradigm has been subjected to critical evaluations in the land of its origin – US and Europe and has undergone substantial revisions, adjustments and in some cases, outright rejection (Vigoda, 2003; Aberbach & Christen, 2005). Are we as clear about the paradigm as we are about the practices? It is often argued that agencies must think outside the 'box' i.e. their paradigm, to achieve quantum leaps in effectiveness. As we break free of one box (Bureaucratic Paradigm) we must also beware of the new paradigm (Producer-Customer Paradigm) we are adopting sub-consciously. Every paradigm has its own values and assumptions and it is imperative that relevance and centrality of these attributes be examined and adopted or rejected. This paradigm must be tested against the notions of society, government and citizen as reflected in the basic statements of destiny – Vision 2020.

In the world of practice and implementation in the public sphere including the local authorities, it is often fashionable to jump onto the "bandwagon" and adopt the latest management fashions and fads. While the technical benefits are often explicit, the underlying assumptions and values are quite often not visible. As the normative values are abstract, invisible and mental devices, the practicality is not immediately observable. But besides delivering instrumental benefits, the NPM practices also individually and collectively promote new paradigms of government and governance which may or may not be desirable.

It is in the light of the foregoing argument and belief that the following discussions becomes important and insightful.

3. The Producer-Customer Paradigm

Malaysia, like all other Asian nations, has not been spared the pain and profit of globalisation on the governmental front (Cheung, 2005:258). As the conservative political ideology and its attendant market philosophy took root in Britain, Europe and in the US through the forces of normative (defining the standards of new (and progressive) public management approaches and practice), mimetic (copying) and coercive (conditionalities attached to aid and other support mechanisms) isomorphism (DiMaggio & Powell, 1991), a collection of practices and approaches that bemoaned the dysfunctions of the Weberian bureaucracy and extolled the superior features of the market were embraced in the public sector. Osborne and Gaebler (1992) through their influential 'Reinventing the Government' theme pushed forth the adoption of a wide range of private sector tools to reinvent public sector work and agencies. Central to their philosophy and underpinning much of the reform energy is the need to serve the customer just like the private sector. In contrast to William Sayre's Dictum that the public and private sectors were fundamentally alike in all unimportant respects (Allison, 1983:453), the NPM proponents ruled that government and private organisations were fundamentally the same. This call resonated well with the reformists within and also critics without the public sector who have long campaigned to have the public sector become more sensitive to the needs of the user. The bureaucratic management overplayed the need for control, accountability and probity and relegated the need for speedy decisions, flexible delivery and customer satisfaction as a key metric of performance. The pendulum swinging all the way in the opposite direction of market discipline also overplayed the role and relevance of the market reifying the customer and negating the citizen.

The public sector reforms in Malaysia since 1990's (see Figure 1) have been influenced by these aforesaid developments in the American and European public services (Cheung, 2005; Hazman, 2003). Total Quality Management, Malaysia Inc., Service Recovery Systems, Client Charters, ISO 9000 Quality Management Standard, Public-Private Partnership, Privatization, Outsourcing, and Online Public Services are some examples of the various practices and approaches introduced at all levels of government to re-engineer the public sector. Undoubtedly and in all honesty, these policies, strategies and practices have resulted in significant to huge improvements in public services.

Through strong political pressure and commitment the public services are more 'customer-oriented'. Although many of these change initiatives were launched and aggressively followed through at the federal level, these practices have the usual cascading effect from the federal, state and local. In the true spirit of providing high quality services to the local population, the many large and urban LAs have become more customer-oriented. They pay more attention to the users of the services than before. There is an attempt to obtain and use feedback from the public. There is also greater readiness to address local concerns. The Prime Minister Dato Abdullah A. Badawi set the tone when he expressed the need for rapid improvements in the quality of public services when took office and he has since continued to vigorously pursue the issue at every juncture.

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

The whole repertoire of changes and initiatives ushered in the name of modernization and improvement of the public services are reflective of an important, though not always articulated paradigm - Producer-Customer Paradigm or also called the Market paradigm. The problem and hence the challenges are conceived as one that requires the services delivered by the LA to be fast, accurate, fair, professional and polite. The focus of the reform and improvement effort is on the delivery side of the service. In traditional public administration language, it is the implementation of policies that the present approach dwells on. The policy and policy making dimensions are not very in focus. Cheung (2003) opined that the agenda of change and reform in government has settled on an important but secondary issue of service efficiency of the authorities and pushed to the backseat the importance of policy making. The policy making was deemed to be unproblematic and the primary challenge was and still is the implementation and delivery of the services so determined by the relevant governments through its various policies. This paradigm was given intellectual muscle by the NPM proponents who proposed and argued for the private sector style approaches and practices including especially the treatment of the citizens as customers. From the public standpoint, the plethora of changes aimed at improving the quality of services was welcomed as service delivery was and still continues to be a major source of public dissatisfaction with governments including local governments. One only needs to look at the local dailies to obtain get a taste of the persistent and ubiquitous service failures.

In true NPM spirit, this paradigm has culminated in the development of public satisfaction index like US Customer Satisfaction Index to locate and tract the effect of the stream of changes introduced. Many LAs have developed or are in the process of developing similar local satisfaction index. The Ministry of Local Government and Housing has indicated many times the need for and the interest in developing one for the local government. As important as these indicators and the improvements in the services are to the local population, the nature of local government, the political and constitutional relationship between the public and LA and democratic ideology demands that the Producer-Customer Paradigm be transformed and expanded into a Government-Citizen Paradigm. The Government-Citizen Paradigm encapsulates the essence of the Producer-Customer Paradigm but offers more opportunities and scope for the improvement process. It focuses on the services as well as the policies, on the instrumental values as well as social and political values and it serves the customer but also highlights their role as citizens.

In the following sections of the paper, I would articulate the limitations and perils of this Producer-Customer Paradigm in developing a politically vibrant and active local population consistent with the national vision of the future Malaysian society.

4. The Government-Citizen Paradigm

The conceptualisation (and relegation) of the citizen to a customer is often portrayed as beneficial development within the Producer-Customer Paradigm (Gore, 1993). The need to serve the sovereign customer coheres well with the democratic political ideology where the citizen is the ultimate repository of power (Self, 2000). Customer satisfaction is the main mantra of this paradigm. It defines the role and challenge of the producer i.e. agencies or authorities as seeking to satisfy their customers (Pierre, 1998). This paradigm redefines the role of the authorities to one of production and that of the local citizens as one of consumption. Producer's i.e. LA's primary challenge is to improve delivery of services so as to make the consumption satisfactory or pleasurable. The objective of the customer is to seek greater satiation of his/her needs. It promotes a consumerist and individualist value and mindset on the part of the citizens (Aberbach & Christensen, 2005:226).

What is worrisome about this picture? The conceptualisation of the role of local government as a producer akin to a private entity is simplistic, naïve and manifestly, inaccurate. The private sector does not seek to regulate but supply and satisfy. Governments including LAs do not always seek to produce, supply and provide but also seek to prevent, limit or shape consumption (Alford & Speed, 2006). A large part of the LA functions involve the regulation of local affairs. In the case of the regulatory services, the citizens at large are the ‘consumers’ not the regulatees as the simple Producer-Customer Paradigm would have it. The local public must be satisfied with the ‘quality’ of regulatory service delivery. Unlike the non-regulatory services, the quality of delivery is mainly affected by the ‘quality’ of public influence in the making of these regulations. Participation, consultation and information about the regulations are as important aspects of the satisfaction with regulatory services as are the enforcement of the regulations.

Even where LAs provide services, the pure Producer-Customer Model is inappropriate. The government is very unlike a business entity. In a democratic setting such as in Malaysia, the LAs theoretically serve the interest and welfare of the local community. In the Government-citizen model, the citizens have an obligation to provide inputs into the policy making i.e. determining what, how, what level, and who is entitled to receive benefits. There is a clear reciprocal relationship marked by mutual obligations. The role of the citizens is not just to consume and provide feedback on their satisfaction. They are to participate and determine, in a collective manner, what will be produced, how and for whom. This mutuality of obligation is absent in the private parallel. It is not the satisfaction of the consumer *per se* that marks the quality of governmental service but the satisfaction of the community at large. The circumscription of the role of the citizen to a consumer hinders healthy development of an active, civic conscious and democratic society – all key values enshrined in Malaysia’s Vision 2020

In the Government-Citizen Model, the values of accountability, transparency and public consultation participation or democracy are just as important as service quality. Within this paradigm, the indicators are the degree of transparency displayed by the LAs in the conduct of their affairs. This can be assessed through the features of the processes, players in decision making, the basis of decision making and the extent to which the LAs are accountable to the ratepayers and populations for their performance and conduct.

5. Observation of Current Development

There is increasing evidence that the new generation raised in an economically munificent environment with limited participation in civic and political affairs especially at the local level, is all too happy with and, at times, consumed with modern technology and self, and is disconnected with the government (Putnam, 2000). If this trend continues, local government will be deprived of its representative quality. Without continuous and massive citizen engagement with government, administrative state is likely to rise to the fore. Salaried professional officers will become, by default, policy makers removing policy from the realm of politics to administrative experts. This form of governance is unhealthy, ineffective and dangerous as has been observed in the recent reforms in corporate governance – leaving the business to the managers. The primary stakeholders i.e. the local citizens must have the driver’s seat to ensure collective welfare is democratically determined through and with their active participation.

Although in the interim, and from an administrative standpoint, the treatment of the citizens as customer is useful, it will in the long run cause the LAs to be less of a government and more of a service provider. Administrators will be unfairly called to make policies rather than mainly focused on the issues of implementation. This overextension of roles will be detrimental to the kind of society Malaysia envisions by 2020. Already there are signs that this dilettantish view is taking hold. For example, the national e-government plans speak of how ICT can and should be used to improve the delivery of services to the public. Deployment of ICT in the back room for internal efficiency and more flexible and faster services online to the customers are the stated aims. The use of ICT for purposes of improving public feedback on services is emphasized over participation in local affairs i.e. local democracy is unmentioned. The continued restriction of access to information about LA operations and decisions ostensibly permitted by the relevant laws appears to evidence the Producer-Customer Paradigm. Customers can demand high quality services but not right to make decisions or access to the inner sanctum of the authority. Ironically and simultaneously, many larger LAs are espousing support for and operationalisation of Agenda 21. The local version of the Agenda 21 calls for a community-based approach to sustainable development. It calls for greater and not less public participation on the sustainability question. It is assumed that sustainable development values must be anchored in the politics and policies of the people for it to be ever sustainable. The model of developing and institutionalizing a citizen-based programme for sustainable environment requires active citizen involvement and agreement to limit and alter consumption. Collective and sustainable satisfaction should be given greater premium than immediate and individual satisfaction. The market-based model promotes a contrarian view and value system.

In the wake of the Asian financial crisis, the governance model (Polidano & Hulme, 2001) was promoted by many international bodies (Asian Development Bank, World Bank, International Monetary Fund) as necessary for both corporations and governments. The improvement in accountability, transparency and democratic participation of the people was suggested as antidotes for future market and political instability. This reform theme is in many ways

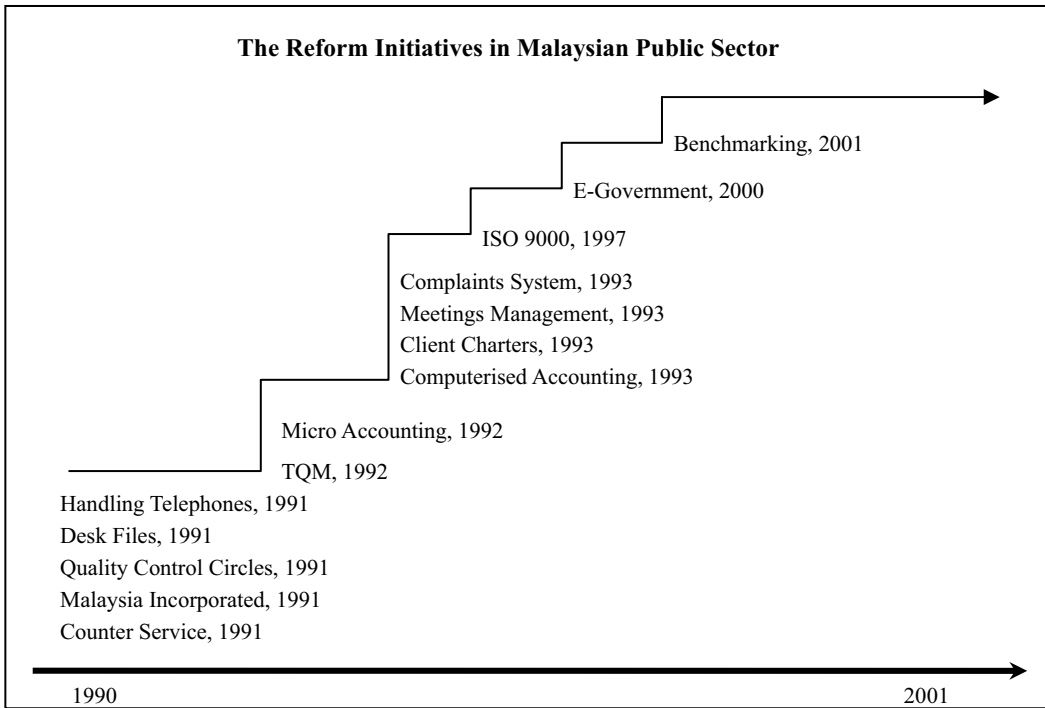
consistent with the Government-Citizen Paradigm. It focuses on political dimensions of the government and citizen. It highlights the need to complement the service quality of governments (marked by improvements in service delivery) with democratic quality i.e. improvements in accountability, transparency, rule of law and citizen participation. But empirically, the Producer-Customer Model and Government-Citizen Model may not be complementary (Andrews, 2003). The ethics, ethos and values of a customer-oriented government may actually undermine the democratic values (Fountain, 2001; Aberbach & Christenson, 2005)

6. Conclusion

In summary, while the plethora of efforts and practices undertaken by LAs is laudable and should be supported, the larger context of these changes must be reflected on. The measure of an effective or successful LA is not merely the level of satisfaction of the customers, but the level of satisfaction with quality of government regulating their lives. Political or democratic quality is just as important as service quality. At present, there is tremendous interest in measuring the LAs as producers or service providers but not as a governmental authority. The Malaysian national aspirations and vision will not be well served within the present paradigm of service quality. The government-citizen paradigm should benefit from the producer-customer paradigm, and not be supplanted. The relegation of the government-citizen paradigm to the market-customer paradigm is perilous to the development of a democratic Malaysian society.

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Source: Modernisation and Manpower Planning Unit, [www.mampu.gov.my]

Figure 1. The Service Improvement Initiatives

Dimensions	Producer-Customer	Government-Citizen
Role	Producer/ Provider	Government/ Protector
Challenge	Production/ Management	Welfare & Safety/ Consultation/Balance
Values	Consumerist/ Individualistic	Conservationist/ Collectivistic
Relationship	Economic	Political/social
Indicators	Productivity/ Satisfaction	Support/ Participation
Public	Consumer/ Recipient/ Buyer	Decider/ Participant/ Tax Payer

Figure 2. Features of the Two Paradigms