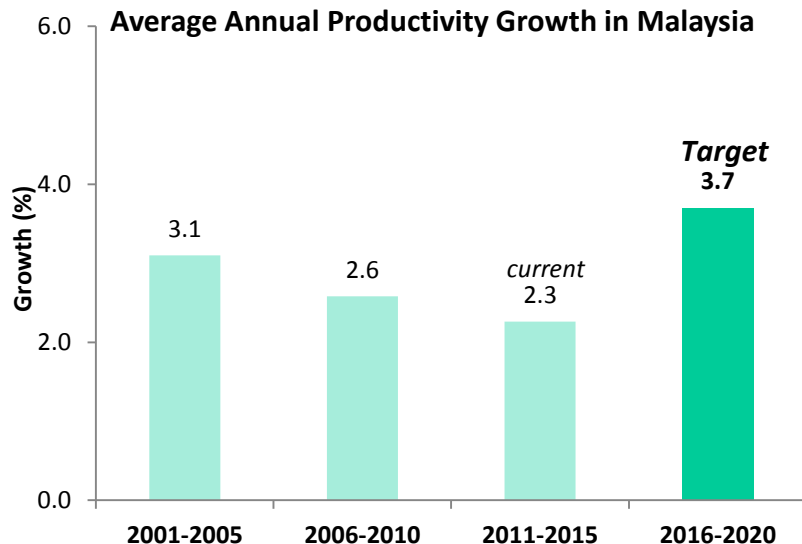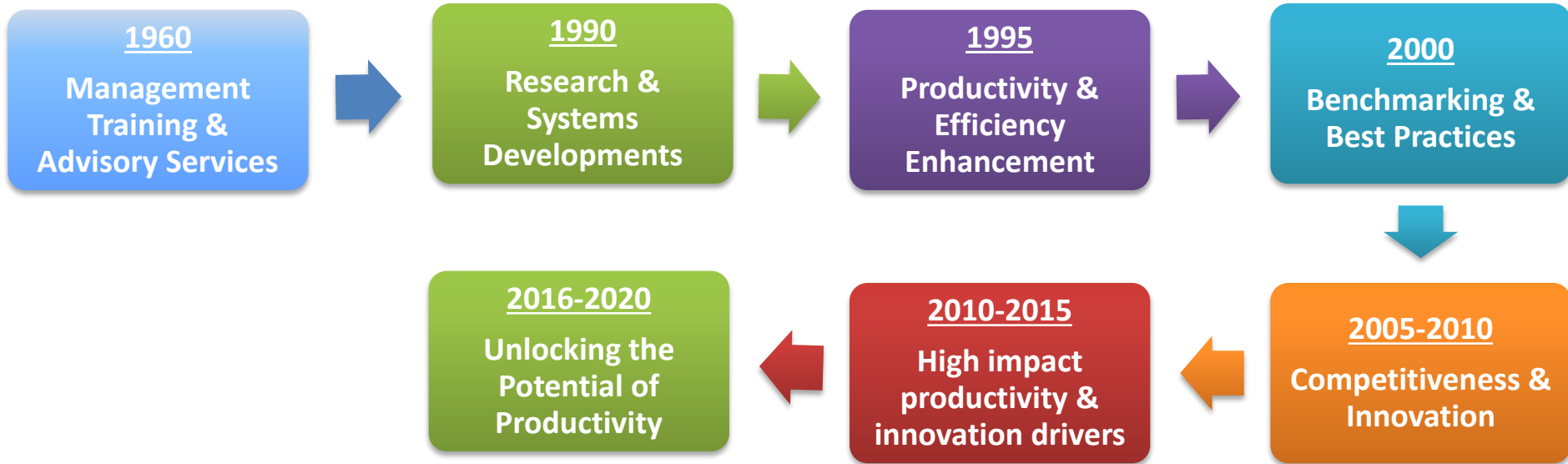# Employing Productivity Tools in Regulatory Reform – Malaysia Experience

National Career and Productivity Fair 2019
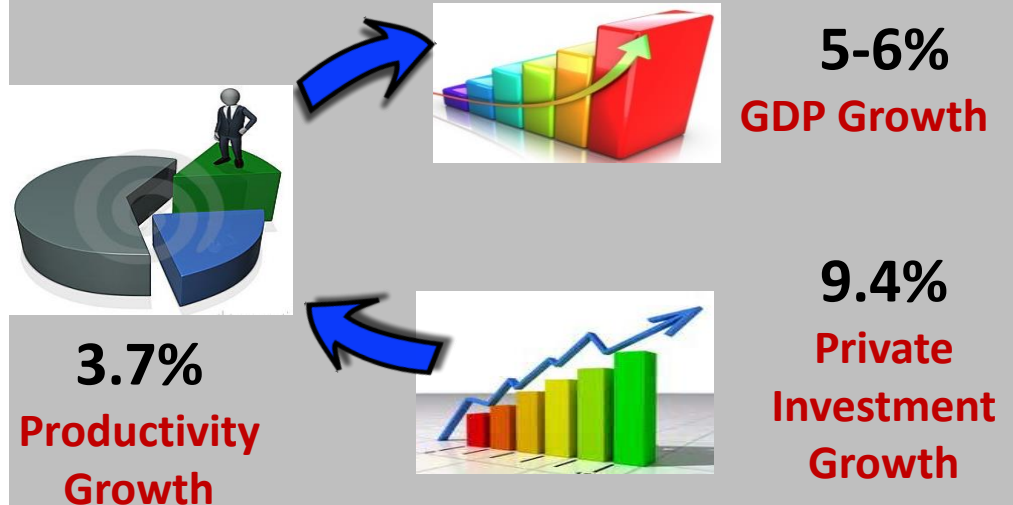
Phnom Penh

03Nov2019

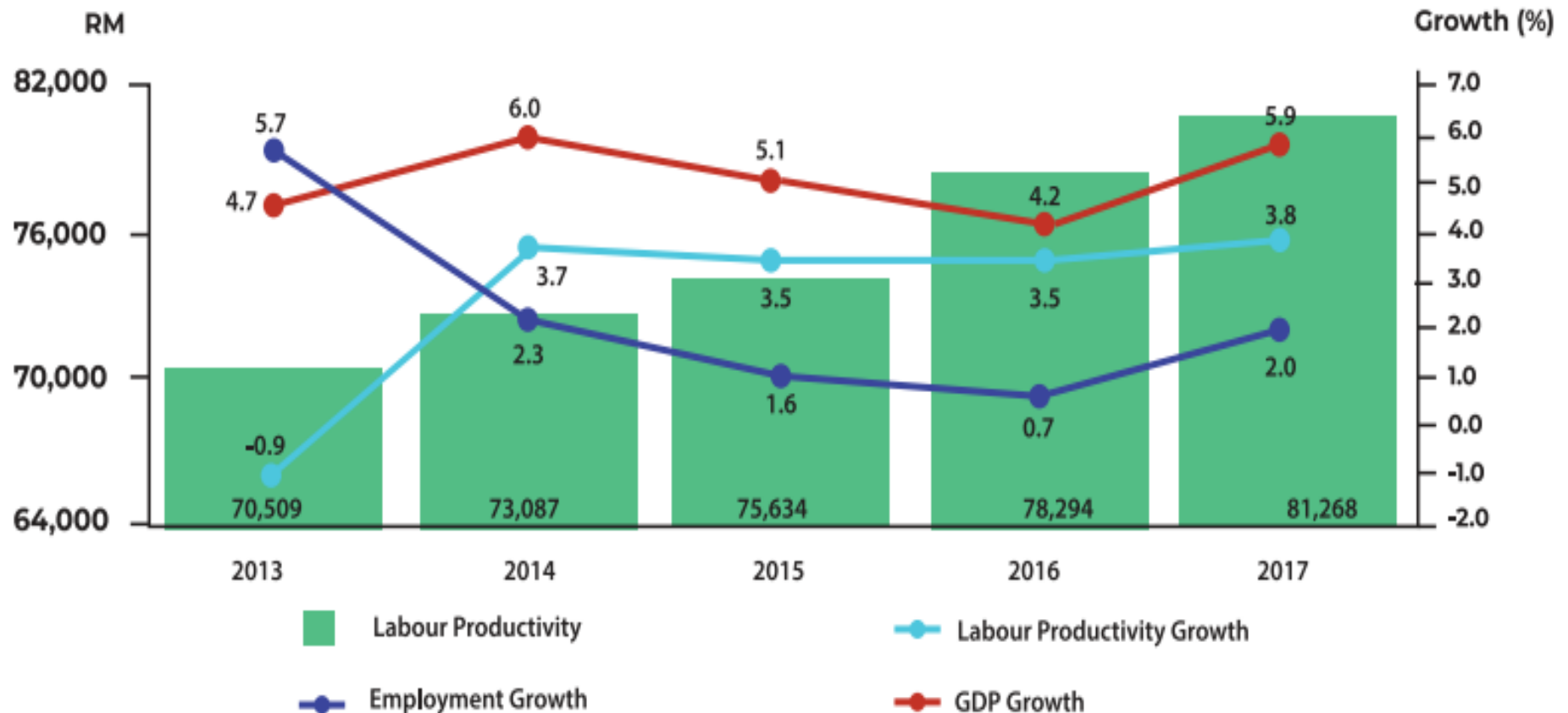# Towards a Quantum Leap Impact on Productivity and Innovation

**1960** — Management Training & Advisory Services → **1990** — Research & Systems Developments → **1995** — Productivity & Efficiency Enhancement → **2000** — Benchmarking & Best Practices

**2005-2010** — Competitiveness & Innovation → **2010-2015** — High impact productivity & innovation drivers → **2016-2020** — Unlocking the Potential of Productivity

## Average Annual Productivity Growth in Malaysia

| Period | Growth (%) |
|---|---|
| 2001-2005 | 3.1 |
| 2006-2010 | 2.6 |
| 2011-2015 | current 2.3 |
| 2016-2020 | Target 3.7 |

Source : Computed from Department of Statistic Malaysia

**5-6% GDP Growth**

**3.7% Productivity Growth**

**9.4% Private Investment Growth**

# National Productivity

## At a Glance

### Gross Domestic Product (GDP), Employment and Labour Productivity, 2013-2017



| | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|
| Labour Productivity (RM) | 70,509 | 73,087 | 75,634 | 78,294 | 81,268 |
| Employment Growth | 5.7 | 2.3 | 1.6 | 0.7 | 2.0 |
| Labour Productivity Growth | -0.9 | 3.7 | 3.5 | 3.5 | 3.8 |
| GDP Growth | 4.7 | 6.0 | 5.1 | 4.2 | 5.9 |

**Legend:**
- Labour Productivity
- Labour Productivity Growth
- Employment Growth
- GDP Growth

# MALAYSIA PRODUCTIVITY BLUEPRINT

The Malaysia Productivity Blueprint represents a bold step in raising labour productivity to achieve the targets set in the Eleventh Malaysia Plan, 2016-2020, laying the groundwork for an era of unprecedented productivity growth in the country.

> " Economic growth during the Eleventh Malaysia Plan, 2016-2020, must be driven by more sustainable sources of growth, particularly improvements in productivity. Targetted initiatives will be introduced at the national, sector and enterprise levels to ensure tangible and measurable improvements in productivity. Specific productivity targets will be set and the outcomes will be closely monitored. "
>
> Eleventh Malaysia Plan, 2016-2020

# CHALLENGES

## Talent

More cohesive efforts needed to meet the demand of the future economy, by building a strong pipeline of skilled workers and gradually reducing reliance on low-skilled workers

## Technology

Investments in technology and digitalisation, and industry adoption, need to be accelerated and supported. Stronger collaboration between industry and academia is essential for greater innovation and industry-relevant R&D

## Incentive Structure

Incentives and other financial support need to be directly linked to productivity to incentivise enterprises to improve efficiency and performance

## Business Environment

Regulatory hurdles need to be reduced, and regulations interpreted and applied with greater consistency, to improve ease and reduce cost of doing business for enterprises

## Productivity Mindset

Higher level of awareness and understanding of the importance and benefits of productivity needed at enterprise level, along with guidance on how to measure and track productivity
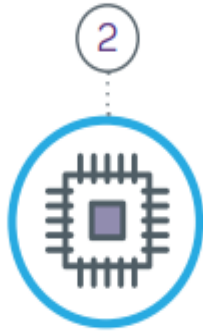
# KEY STRATEGIC THRUSTS

### 1
**Building Workforce of the Future**

Restructuring workforce by raising the number of high-skilled workers, tightening entry of low-skilled workers, and meeting demands of the future economy

### 2
**Driving Digitalisation and Innovation**

Strengthening the readiness of enterprises to effectively adopt and exploit technology and digital advantage (such as 4th Industry Revolution)

### 3
**Making Industry Accountable for Productivity**

Reducing reliance on non-critical subsidies, linking financial assistance and liberalisation efforts to productivity outcomes, and strengthening industry positioning in higher value add segments of the value chain

### 4
**Forging a Robust Ecosystem**

Addressing regulatory constraints and developing a robust accountability system to ensure effective implementation of regulatory reviews

### 5
**Securing a Strong Implementation Mechanism**

Embedding culture of productivity through nationwide movement, and driving accountability in productivity performance through effective governance mechanism

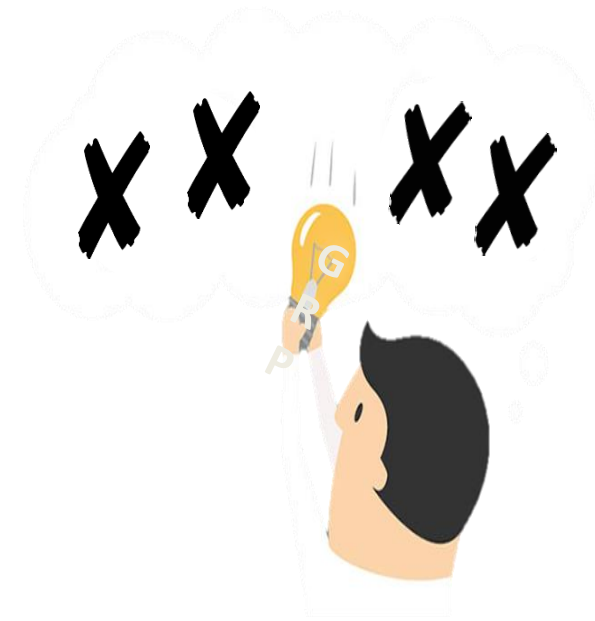# A POLITICAL MANDATE
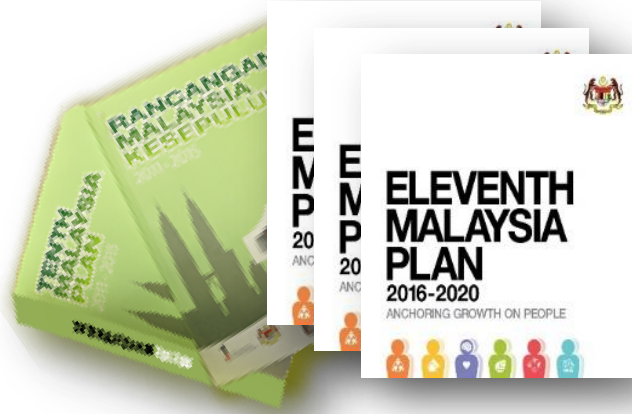
**10ᵗʰ Malaysia Plan & 11ᵗʰ Malaysia Plan**

"The **National Policy on the Development and Implementation of Regulations (NPDIR)** to modernise the current regulatory regime will be fully implemented to include **states and local governments**.

The capacity of regulatory coordinators in **ministries and agencies will be strengthened** to ensure adherence to the NPDIR. The regulatory reform will also be aligned to Malaysia's commitments in existing free trade agreements and unilateral liberalisation initiatives. "

– 11ᵗʰ MP

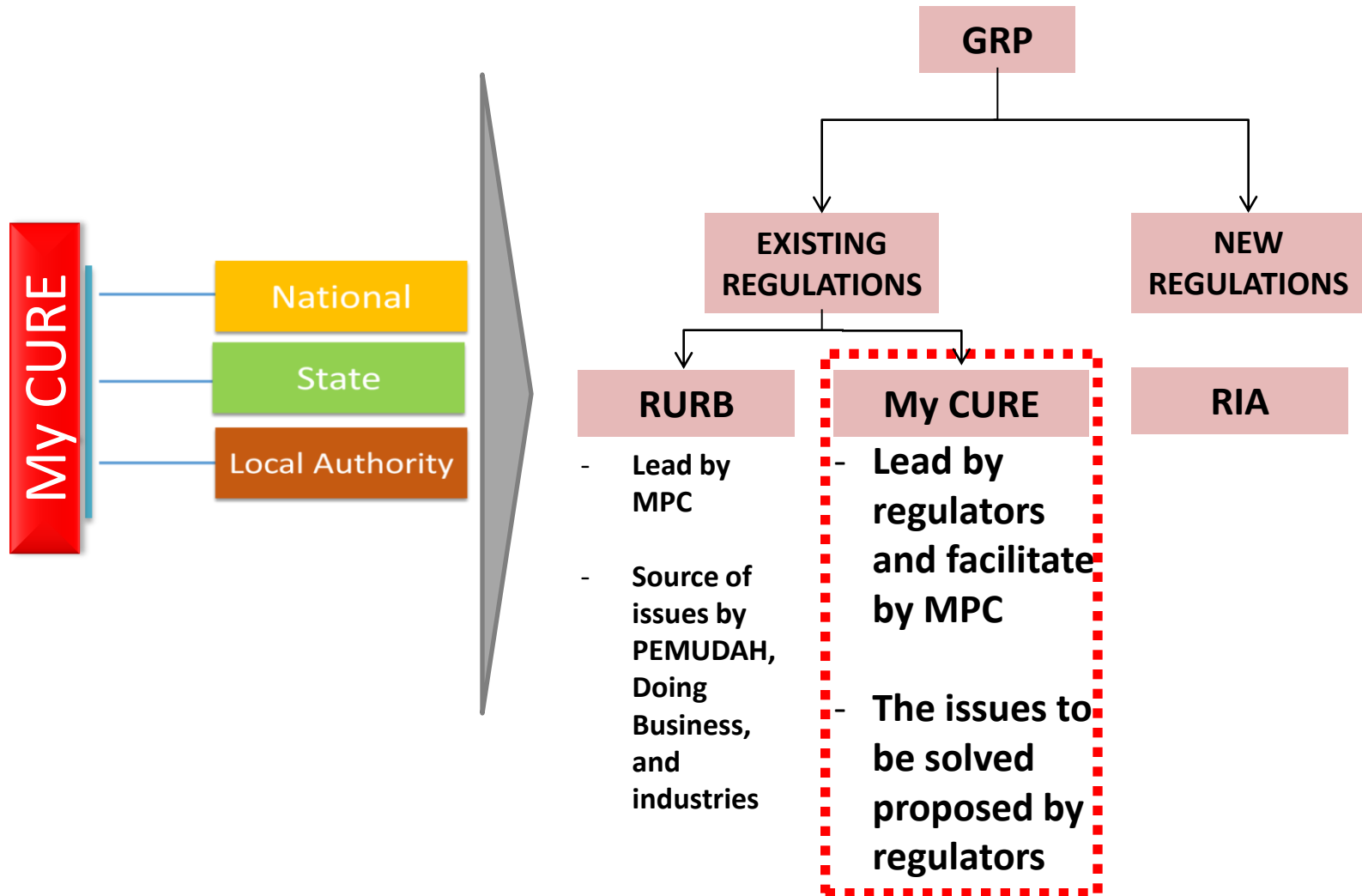# WHAT IS GRP?

- An internationally recognised processes, systems, tools and methods for improving the quality of regulations.

- Good governance: Ensuring regulations are effective in addressing the desired public policy objectives in an accountable, equitable and transparent manner.

- Malaysia launched National Policy on the Development and Implementation of Regulations (NPDIR) in July 2013.

# GRP SET-UP

**My CURE**

- National
- State
- Local Authority

**GRP**

**EXISTING REGULATIONS**

**NEW REGULATIONS**

**RURB**
- Lead by MPC
- Source of issues by PEMUDAH, Doing Business, and industries

**My CURE**
- Lead by regulators and facilitate by MPC
- The issues to be solved proposed by regulators

**RIA**

# CUTTING RED TAPE - MYCURE

*Red tape* refers to **unimportant procedures such as forms, licenses or regulations** that are faced including something that is **outdated, overlapping, waste or confusion** that may reduce the competitiveness of the public sector.

Communication and consultation with stakeholders involved

Coordination of all parties to achieve regulatory coherence

Periodic reviews to assess the need & ongoing effectiveness

Regulatory inefficiency and delays

**Focus**

Impacts of regulations, requirements and procedures

# PUBLIC CONSULTATION

To establish the guiding principles and requirements for carrying out an adequate public consultation exercise

Public consultation enables the regulator to

- Develop better and more practical regulations
- Identify the full range of effected parties
- Minimize the risk of unexpected consequences
- To discover better implementation methods

GUIDELINE ON
PUBLIC
CONSULTATION
PROCEDURES

# IMPLEMENTATION MILESTONE

Conduct Preliminary Planning

Step 1

Step 2

Step 3

Step 4

Step 5

## Conduct Preliminary Planning

- The Project Team identify problematic issues related to regulation policy matters

**Engagement Sessions with Stakeholders and Customers**

**Approach : Discussion**
**Duration : 1 Man Days**
**Project Execution : 1 week**

## Step 1
### Defining the Issues / Problems

- Understanding RIA, RIS and DMAIC Methodology
- Set-up target outcome and goals
- Develop action plan with milestone
- Develop Public Consultation Plan
- Identify the problem(s) that need to be addressed.
- State the Project objectives
- Identify impacted customers and stakeholders
- Demonstrate that existing regulation is not adequately addressing the problem

**Engagement Sessions with Stakeholders and Customers**

**Approach : Discussion**
**Duration : 3 Man Days**
**Project Execution : 3-4 week**

## Step 2
### Measuring the Current Performance

- Establish Data Collection Plan and Compliance Cost
- Conduct Baseline Study and Mapping Out Process
- Collect Process Data

**Engagement Sessions with Stakeholders and Customers**

**Approach : Workshop**
**Duration : 3 Man days**
**Project Execution : 3-4 weeks**

# IMPLEMENTATION MILESTONE

Conduct Preliminary Planning

Step 1

Step 2

Step 3

Step 4

Step 5

## Step 3
### Analyze the Root Cause and Verification

- Review on the existing regulation and procedures
- Review and Verify the Validity of Data Collected
- Identify issues on the performance gaps and competency gaps
- Identify Root Causes

**Engagement Sessions with Stakeholders and Customers**

**Approach : Workshop**
**Duration : 3 Man Days**
**Project Execution : 3-4 weeks**

## Step 4
### Propose Recommendation Solution

- Undertake benchmarking studies
- Generate alternative solutions and options
- Elaborate the different options, considering alternatives
- Consult with affected groups
- Analysing the options, considering the costs and benefits
- Compare options
- Recommend the policy option with the greatest benefit

**Engagement Sessions with Stakeholders and Customers**

**Approach : Workshop**
**Duration : 3 Man Days**
**Project Execution : 3-4 weeks**

## Step 5
### Execution & Control

- Communicate with the public & stakeholders (public consultation)
- Monitor and report on the performance of regulation (ERR)
- Register updates and monitor issue

**Engagement Sessions with Stakeholders and Customers**

**Approach : Workshop**
**Duration : 3 Man Days**
**Project Execution : 3 - 4 weeks**

# INNOVATIVE AND CREATIVE CIRCLE

- Formation of a group of workers to investigate, analyse, and find the way to solve the problems
- Part of excellence workplace culture.
- The PDCA (Plan, Do, Check, Action) cycle is utilized
- The problem identification explained by 5W 1H (What, When, Why, Who and Where, How) approach.
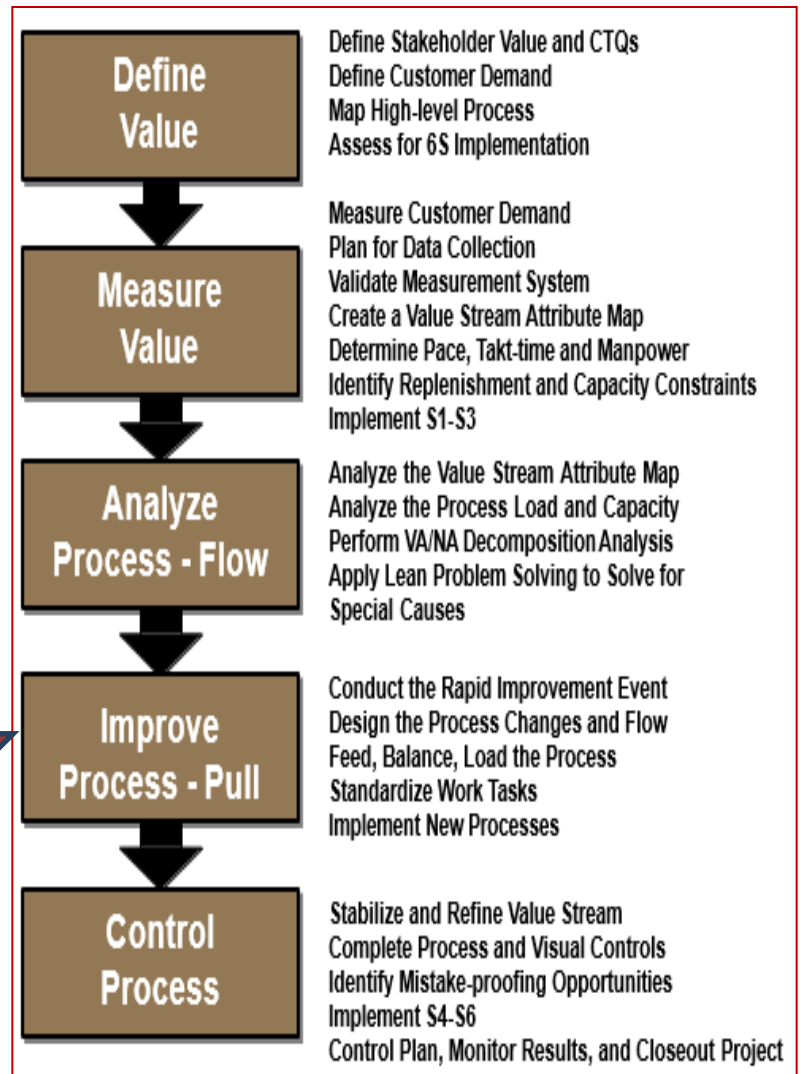- Employing ICC tools and technique – 7 QC Tools (New and Old)

*ICC – Small Group Activities (QCC, SGA, SDWT) approach to improve pieces of the processes.*

# LEAN & SIX SIGMA METHODOLOGY

## SIX-SIGMA

**Define**
- Develop Project Charter
- Determine Customers & CTQs
- Map High-Level Process

**Measure**
- Establish and Measure Ys
- Plan for Data Collection
- Validate Measurement System
- Measure Baseline Sigma
- Identify Possible Xs

**Analyze**
- Test Hypotheses
- List Vital Few Xs

**Improve**
- Select the Solution
- Design Solution, Controls, and Design for Culture
- Prove Effectiveness

**Control**
- Identify Control Subjects
- Develop Feedback Loops
- Develop Process Control Plan to Hold the Gains
- Implement, Replicate

## LEAN MANAGEMENT

**Define Value**
- Define Stakeholder Value and CTQs
- Define Customer Demand
- Map High-level Process
- Assess for 6S Implementation

**Measure Value**
- Measure Customer Demand
- Plan for Data Collection
- Validate Measurement System
- Create a Value Stream Attribute Map
- Determine Pace, Takt-time and Manpower
- Identify Replenishment and Capacity Constraints
- Implement S1-S3

**Analyze Process - Flow**
- Analyze the Value Stream Attribute Map
- Analyze the Process Load and Capacity
- Perform VA/NA Decomposition Analysis
- Apply Lean Problem Solving to Solve for Special Causes

**Improve Process - Pull**
- Conduct the Rapid Improvement Event
- Design the Process Changes and Flow
- Feed, Balance, Load the Process
- Standardize Work Tasks
- Implement New Processes

**Control Process**
- Stabilize and Refine Value Stream
- Complete Process and Visual Controls
- Identify Mistake-proofing Opportunities
- Implement S4-S6
- Control Plan, Monitor Results, and Closeout Project

*MYCURE*

# PROBLEM DEFINITION

A Process Of Clear Description Of The Problem And Ways To Improve It

**Clearly define the problem** need to be address

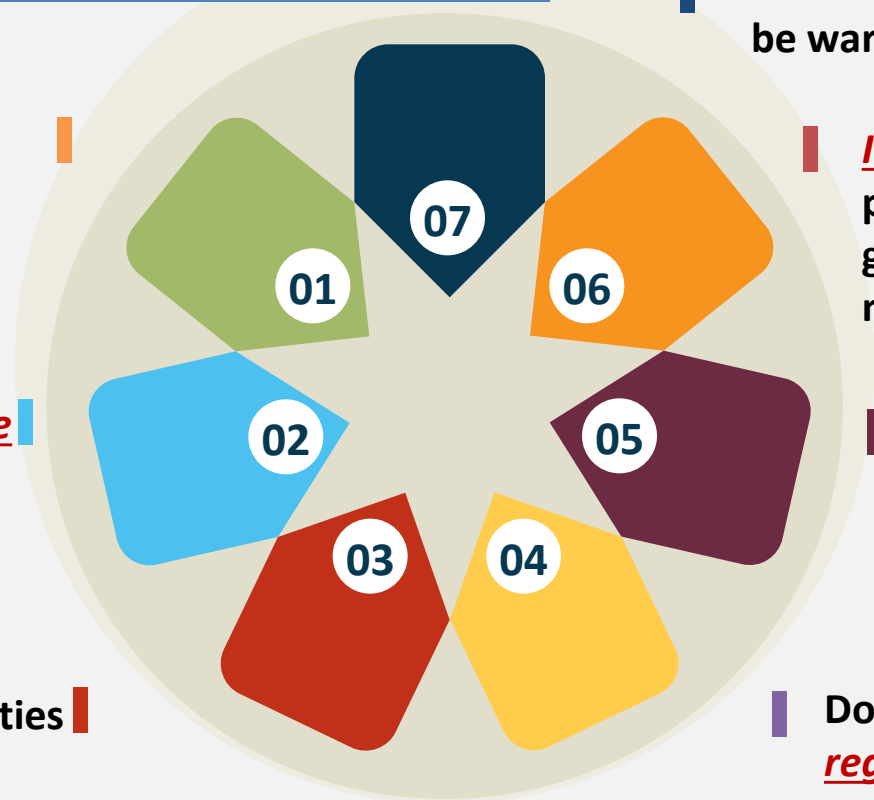Present **evidence on the magnitude** of the problem

**Identify** affected parties & stakeholders

**Present a clear case** for considering that additional government action may be warrant

**Identify the relevant,** risk of a problem and explain why government should act to minimize them

Demonstrate that existing regulation is **not adequately** addressing the problem

Document **relevant existing regulation** at all level of government

01
02
03
04
05
06
07

# PROCESS MAPPING

ORDER CREATED → PROCESS ORDER → SHIP ORDER → ORDER COMPLETED

**30,000 FEET VIEW**

Start — Alarm Rings — Ready to Get Up ? — Out of — End

Dela — Snooze
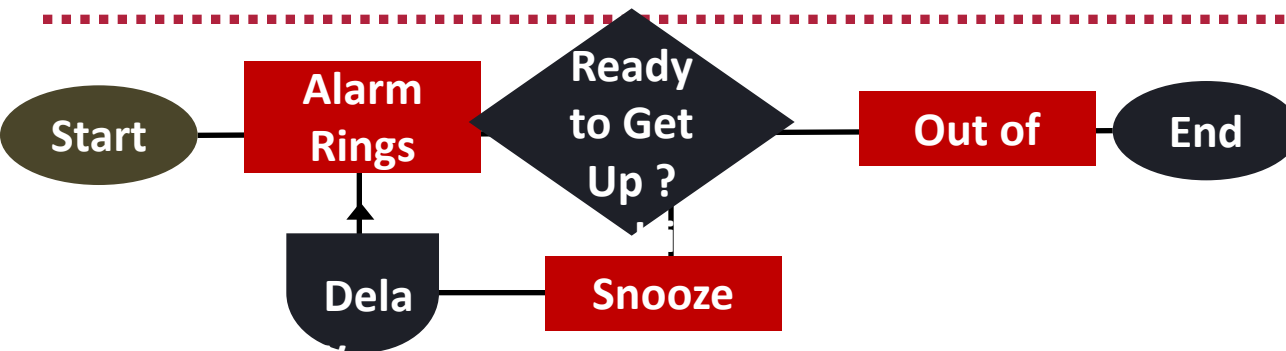
**DETAILED PROCESS FLOW**

| DEPT1 | DEPT 2 | DEPT 3 | DEPT 4 |
|---|---|---|---|
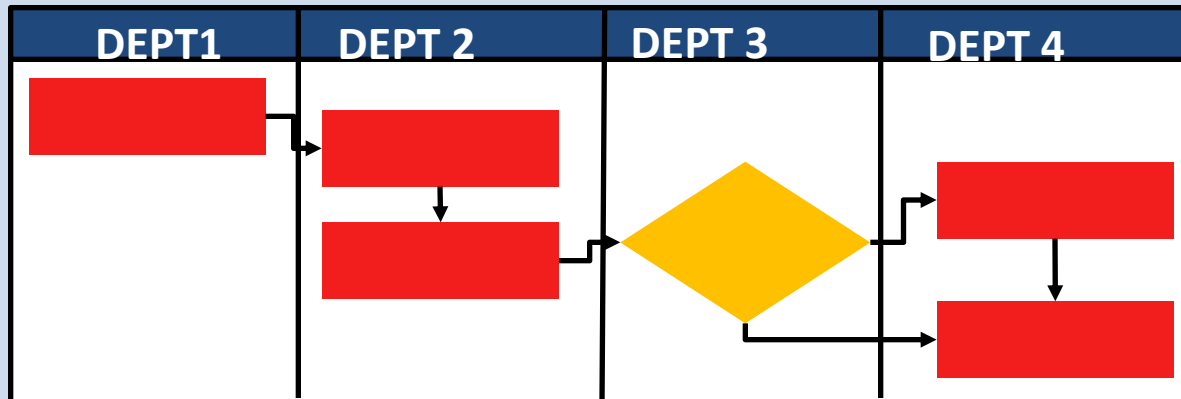
**SWIM LANE** ✅

# MEASUREMENT

**1. Accessing the baseline data & the performance gap**
An analysis that involves the comparison of actual performance with potential or desired performance

**2. Understanding type of data**
a particular kind of data item, as defined by the values it can take, the programming language used, or the operations that can be performed on it.

**3. Identify Key Input, Process and Output Metrics**
Identify what metric information must be gathered to determine what are the 'root causes' of current process performance from process flow to excel.

**4. Develop Data Collection Plan**
Develop a formal Data Collection Plan, including 'stratification' factors to assist in the Analyze Phase

**5. Develop Operational Definitions**
Clearly, define each metric for which information will be gathered, to provide clarity

**6. Data Sampling**
A statistical analysis technique used to select, manipulate and analyze a representative subset of data points in order to identify patterns and trends in the larger data set being examined.
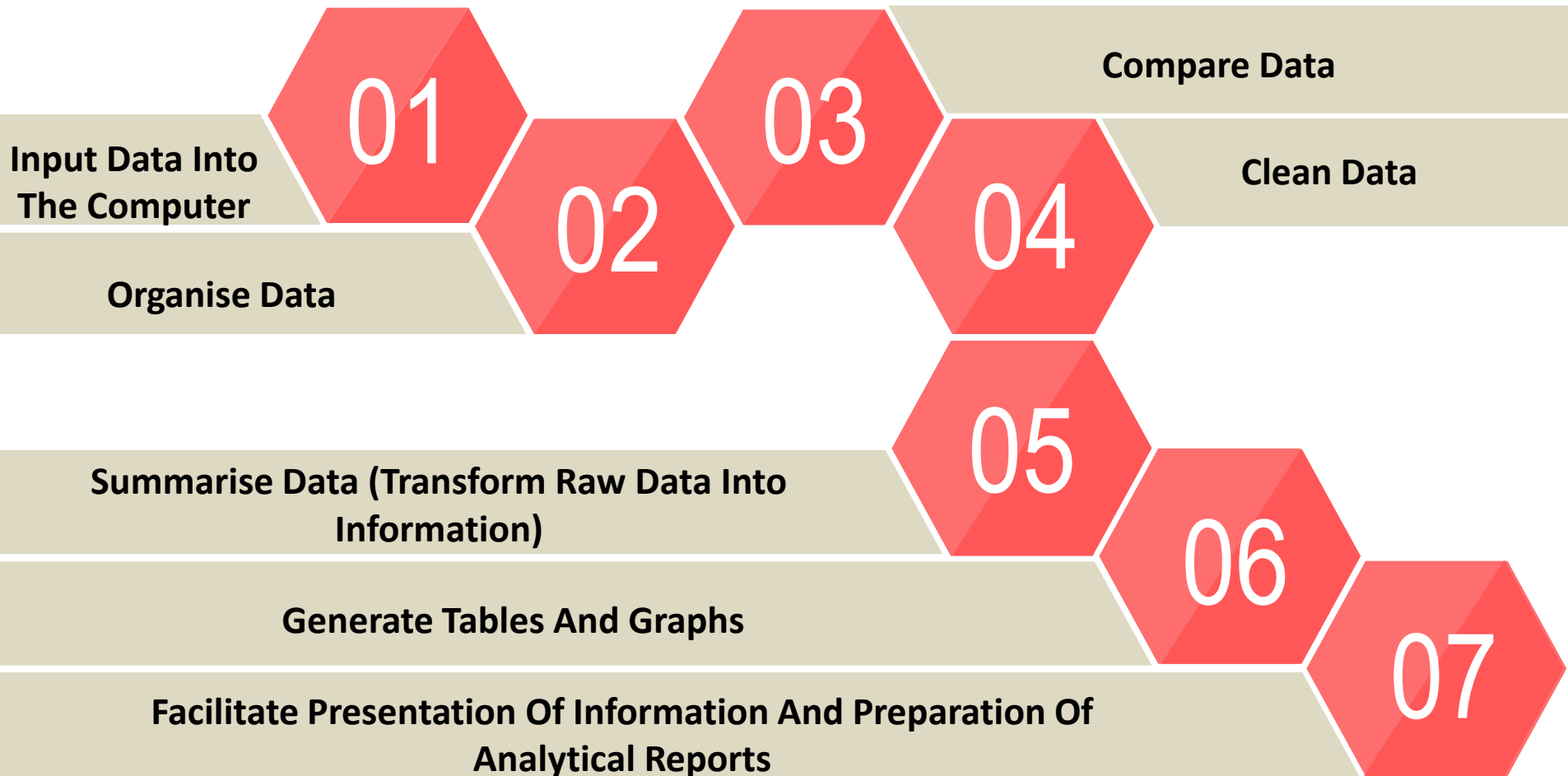
**7. Introduction to Data Mining**
the practice of examining large pre-existing databases in order to generate new information.

**8. Basic Analysis Tools**
A set of Tools and techniques identified as being most helpful in troubleshooting issues related to quality & performance
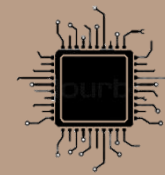
# MEASUREMENT

**01** Input Data Into The Computer

**02** Organise Data

**03** Compare Data

**04** Clean Data

**05** Summarise Data (Transform Raw Data Into Information)

**06** Generate Tables And Graphs

**07** Facilitate Presentation Of Information And Preparation Of Analytical Reports

# SOLUTIONING

## 1 Eliminate
- Too Many Approval Levels
- Rule out Non- Value Added Task

## 2 Combine Task
- Using Concurrent Processing
- Solve Problems
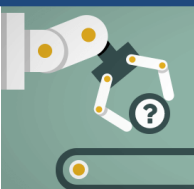
## 3 Rearrange
- Automate
- Relocate Works

## 4 Simplify the Process
- Shift Roles & Responsibilities
- Eliminate Unnecessary Steps

# BENEFITS TO ORGANIZATION

**01**

**Savings on Compliance & Administration Costs**

**02**

**Elimination Of Attitude In Bureaucracy and Non-Relevant Requirements**

**03**

**Increasing Service Productivity & Efficiency In Department And Agencies (Shortening Time & Process)**
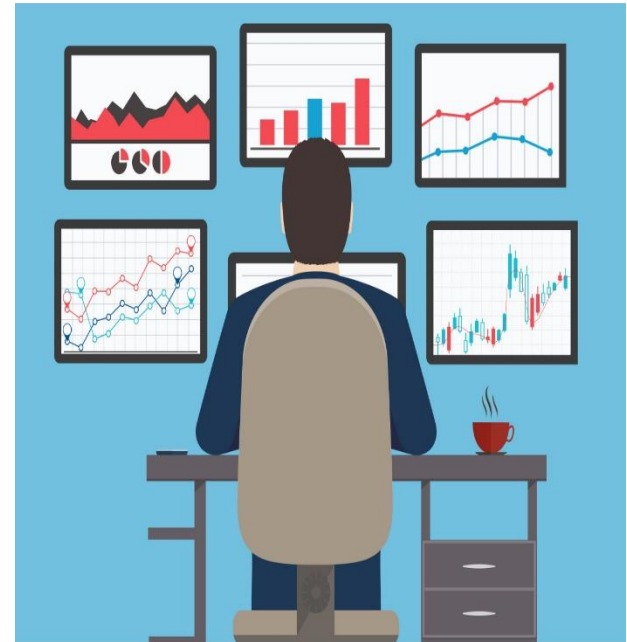
**04**

**Helps Enhance State Revenue (Royalties & Taxes)**

# BENEFITS TO TEAM PARTICIPANTS

- Exposure to Project Management Implementation Methodology
- Improving Problem Solving and Decision Making Skills
- Enhance knowledge on Data Driven Decision Marking
  o Making decisions that are backed up by hard data rather than making decisions that are intuitive or based on observation alone.
- Exposed to various Improvement Tools and Techniques (Six-Sigma, Lean, ICC, etc.)
- Mentored and facilitated by consultants with Productivity Improvement expertise
- Becomes Facilitator for new teams

# PROJECT EXAMPLE