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The future challenges of local authorities in Malaysia: A case study in Seberang Perai, Penang

Kamarudin Ngah¹, Zaherawati Zakaria^{2*}, Nazni Noordin², Mahazril 'Aini Yaacob²,
Jamaludin Mustaffa³ and Mohd Zool Hilmie Mohamed Sawal⁴

¹Pusat Penyelidikan Dasar dan Kajian Antarabangsa (CenPRIS), Universiti Sains Malaysia (USM),
Pulau Pinang, Malaysia.

²Faculty of Administrative Science and Policy Studies, Universiti Teknologi MARA, P. O. Box 187, 08400 Merbok,
Kedah, Malaysia.

³College of Arts and Science, Universiti Utara Malaysia, 06010 Sintok, Kedah, Malaysia.

⁴Faculty of Information Management, Universiti Teknologi MARA, P. O. Box 187, 08400 Merbok, Kedah, Malaysia.

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Local authorities nowadays are faced with many challenges in running their business with rapid development in social, economic and politics as well. The ability to overcome current issues and the readiness to face future challenges are estimated differently between one local authority and another. Local authorities whom are equipped with strong finance, visionary leadership, systematic strategic and action planning and public support will definitely be more prepared to face those challenges. On the other hand, weaker local authorities in financial and effective administration may be faced with problems in its area. Therefore, the objective of this study is to examine the level of issues and challenges facing the council which served the public and the approach applied to this study. Several major findings were obtained from the use of a set of questionnaire on the issues and challenges of local authorities in Malaysia, by referring to Seberang Perai Municipality Council as a case study, and some information in the questionnaires were handed over to the Ministry of Housing and Local Government (MHLG). Thus, few recommendations were proposed to its council in designing better approach to public service. In future research, the local government should be firm in addressing issues and challenges by having good instrument to be measured in their core business. The council should have close relationship with the stakeholders such as the government, non government organizations (NGO's), business communities and public as well, to deal with continuous issues and challenges in local affairs at large.

Key words: Local authority, issues and challenges, strategic planning, urban planning.

INTRODUCTION

Local government is the third level of government institution that is given authority to administrate, plan and

enforce assigned responsibilities in a local area. The function is to provide all societal facilities that are being charted according to Section 101 and 102 of the Local Government Act 1976, Act 171 and Section 5(1) (Malaysia, 1976a) and 6(1) of the Town and Country Planning Act 1976, Act 172 (Malaysia, 1976b). Traditionally, local authorities' role is to provide municipal and maintenance services, planning and control of land use, enforcement and supervision on development projects, besides managing and controlling financial budget and tax revenue in their administration areas. Issues and challenges faced by local authorities are mostly related to the areas and effectiveness of such functions.

*Corresponding author. E-mail: zaherawati@kedah.uitm.edu.my.
Tel: +604- 4562565.

MPSP; *Majlis Perbandaran Seberang Perai*, **MHLG;** Ministry Of Housing And Local Government, **NGO's;** Non Government Organizations, **CEO;** Chief Executive Officer, **LED;** Local Economy Development, **NSPSWM;** National Strategic Plan For Solid Waste Management, **SLGGA;** Smart Local Government Governance Agenda.

Nevertheless, in recent times, the local authorities were faced with various issues and new environment that collectively forced them to be more efficient and objective (Starling, 1986). The issues on effectiveness and credibility of municipal services include: 'e-government', good governance, clearer taxpayers' expectation, the need to put 'benchmarking' as the organization's highest objective (comprising the use of KPI-Key Performance Indicator), restructuring of the organization and administration area and other issues relevant to every local authorities. The objective of every local authority is to provide excellent customer services and improve core business process which is a reflection to how far the issues can be handled in this decade. The study on *Majlis Perbandaran Seberang Perai* (MPSP) is an attempt to table the problems and issues that will be faced, review back effective measurements taken and the preparation to face new challenges that sometimes could be hard to predict. The review on policy and role of government through the Ministry of Housing and Local Government will help to understand the issues and challenges more deeply, especially from the perspective of support and commitment of federal government. The process of urbanization had resulted in huge effects towards land use pattern and urban population (Nooi, 1997). At the same time, the huge economic growth and population growth had given enormous impact towards urban environment. This phenomenon causes various new problems and issues. Traditional urban management is considered outdated and non-relevant. The new era of urban management needs new approaches and practical strategies and solutions that are more effective towards future issues (Nooi, 1978).

The question is, do the local authorities have the ability to handle such issues and challenges and how far can they play their role as the urban manager in the new era? What are the preparations needed in new capacity-building that are much more innovative and proactive? Is the unpredictability of issues detected earlier and always prepared to face any possibility? Perhaps the words of Malaysia's former Prime Minister could well summarize the research's significance; "given those rapid changes in the world economy, they must be prepared to confront new sets of challenges in the 21st century... Therefore, they are continuously made to review the public service so as to be in line with the current needs. We need to look into ways and means to improve and enhance the capability of our services" (Nghah, 1995).

LITERATURE REVIEW

There are nine challenges, according to the ministry's perspective, faced by local authorities in the future; i) urban poverty, ii) relevance of function, iii) pollution of environment, iv) explosion of information system development, v) human resource development, vi) expectation of

tax payers, vii) changes in working culture, viii) generating financial sources, and ix) corporate leadership. Urban poverty is seen as the main cause to other urban problems, especially crimes and social illness. In addition, as an urban service provider, local authority needs to create programs/ activities to free the urban dwellers from poverty. In order to ensure the relevance of function in the country's development, local authority needs to have high level of competitiveness and is able to function as the force for local development and not merely as a department. The Ninth Malaysia Plan emphasize that local authorities must undertake various obligatory and discretionary activities in providing services to the urban population (Amis, 2001). These included the provision of solid waste management services as well as the construction and upgrading of public amenities such as community halls, markets, business premises and recreational facilities.

In order to handle the challenge of environmental pollution, local authority needs to create a provision for effective solid waste management system in the long term so as not to create problems due to environmental pollution. At the same time, they hope that the people will cooperate to pay service charge. To ensure the integrated and sustainable solid waste management, the National Strategic Plan for Solid Waste Management (NSPSWM) was adopted in 2005 (Malaysia, 2006). The NSPSWM outlined various strategies including the adoption of sustainable solid waste management through reduction, reuse and recycling, as well as the use of appropriate technologies, facilities, and equipment and service standards.

Information system or IT will be the main approach to increase the effectiveness of service delivery system. Any local authority that is incapable financially and technically will subsequently be left out. For the duration of the 9th Malaysia Plan, the use of information and communication technology in administration and management of local authorities was further enhanced to increase their capacity and efficiency. In the implementation of the Smart Local Government Governance Agenda (SLGGA), efforts were undertaken to equip local authorities with computer equipment and relevant software. Websites for 52 local authorities were developed to enable the implementation of the e-local authority application involving various systems such as the revenue, licensing, reporting, accounting, complaint and the e-submission system.

Local authority needs to focus on developing knowledge workers, so that it can manage current issues that are getting more and more complex. To enhance the capacity and management capabilities of local authorities, measures will be undertaken through capacity building efforts and reviewing of systems and procedures (Government of South Australia, 2000). In this regard, efforts will be made to continuously enhance human capital development and increase awareness among

employees on their role and responsibilities in serving the general public. To ensure that decisions made at the National Council of Local Government (Majlis Negara Kerajaan Tempatan) are implemented by state governments and local authorities, a monitoring mechanism will be developed by the Ministry of Housing and Local Government (Malaysia, 2006).

The level of education and knowledge of the people as tax payers is increasing. Their expectation on better services is more demanding, without taking into consideration the local authority's capability. They need to change the working style to be more responsive and friendly to customers, in line with its role as the urban managers. The capability to provide quality services relies on their financial capability. Therefore, they need to find their own financial sources, without relying on the assistance of the state and federal governments. Local authority is still holding on to its old leadership style (Malaysia, 2002). There should be a corporate style especially in the management level in any local authority (Bingham and Hedge, 1986).

The Mayor or the President needs to function as chief executive officer (CEO) in a company so that the role of local authority can be implemented efficiently (Devas, 2001). Among the steps taken by the ministry in an effort to handle the challenges is to increase the competitiveness of local authority, especially in the 9th Malaysia Plan, by continuing the existing development and creating new programs. The continuation of existing programs involves; i) provide programs towards modern, efficient and capable services to develop a healthy, progressive and united society, ii) assist local authorities in implementing development projects in each areas, iii) identify privatization projects to produce multiple effects and increase the quality of services, and iv) continue programs for increasing the quality of life. The new programs that will be introduced are; i) introduce local authority towards a 21st century, ii) sustainable solid waste management, iii) healthy environment programs, iv) strategic planning and action plan programs to reduce urban poverty, v) policy for indigenous (Bumiputera) participation, vi) national health policy, and vii) safety policy in local authority's areas.

RESEARCH METHODOLOGY

The gathering of information involves the distribution of a set of questionnaire designed to achieve the research objectives. The Mayor or Council's President with the assistance of senior officers are required to answer every question based on the facts, collective views, current action plans, observe management's strengths and weaknesses, recognize threats and other critical factors that influence organization's success and identify issues on current and future strategy and challenges (Dodds et al., 2000). The level of information clarification involves extended discussion with council's senior officers. On the level of Ministry of Housing and Local Government, the same approach is used, except that the clarification on information is made through electronic interview. Collective answer derived involves senior officers, by observation and providing relevant answers.

FINDINGS

The case study of MPSP had successfully showcased the real issues and challenges that provided real implication on the existing system, organization and process, as well as being faced with various possibilities, especially from the aspect of human's quality of life. The effort to redraw the borders of MPSP's administration areas through the process of decentralization will contribute to huge effects toward the ability of administration, finance, and provide and maintain public facilities. The maintaining of status quo like the current condition will contribute positive impacts toward the handling of financial resources through cross subsidies, and provide the benefit of economic scale to the development of Seberang Perai area (Pulau, 1996). Whatever alternatives that are being suggested, the implication on, for example, the emolument payment, financial subsidiary, imbalance among areas, and basic issues such as personnel, positioning and jurisdiction, need to be given undue attention.

Norris (1980) explained that the main problems of local government in this country is the provision of adequate finance, whether in the form of grants, assigned revenues or capital credit, at least sufficient to give meaning to the Local Government Act. Restructuring demands a rigorous relation of resources to new responsibilities. The process of transformation in the global economy has made the function of cities become complex. This was illustrated by Sassan and Patel (1996) ... "yet the dominant images of such a notion - the information revolution, the neutralization of distance through telemetric, the instantaneous transmission of money around the only part of the transformation process. As such, they are profoundly inadequate as images of what globalization and the growth of information economies really mean for cities ... it is the simultaneous combination of the global dispersal of economic activities and of global integration that has given major cities a strategic role and transformed them into global cities. "

In the perspective of space or urban system, the reliance between urban-edge areas does influence the distribution of all activities and pattern of the economy. The effect of local economic development happened in the hierarchy of city and spread through the edge and all of the sequences of the process will influence the organization's socio-economy and welfare distribution (Friedmann and Wulff, 1986). In the context of Seberang Perai, the role of metropolitan such as Butterworth-Bukit Mertajam in influencing the housing distribution and trade through the impact of over flow is extremely obvious.

The focus of MPSP strategic plan on financial management is aimed at managing finance efficiently in order to set up strategies that are able to withstand challenges of economic development and global economic shock. In addition, wise expenditure plan and effort to increase yearly revenue, focus on innovative approach and optimal rewards and optimize the usage of asset for

generating income, and absorption accountability values to ensure the organization's durability (Ngah et al., 2001). Efforts to upgrade the system of traffic management, provide public facilities and cooperation between agencies can cause implications toward commitment and effectiveness of municipal service system by the councils. The innovative and open attitude can contribute to new perspective to people in realizing the vision and mission of the councils (Hambleton, 1978). In the context of Norris (1980), one explained ... "Barriers of status and interagency rivalries, which have crippled local authorities in the past and continue to belittle the work of their employees, need to be removed. Councilors should be seen as men of quality, the nicety of political balance being at least irrelevant. The Act demands quality and it is only quality that will command respect... public interest need to be involved. Albeit the aid of overt political exchange. Public communication needs strong emphasis in the political exchange. Public communication needs strong emphasis in the procedures adopted by the authority." The enactment and implementation of MPSP strategic plan (2001 to 2010) redefines the focus and direction of the council based on the close cooperation between the council and the people. The plan includes some aspects of administrative and services that have 10 focuses with goals and specific strategies, which are: i) human resource performance and practice, ii) ICT plan, iii) customer service, iv) organization's efficiency, v) ethics and management, vi) communication, vii) community participation, viii) financial management, ix) quality of life, and x) indigenous (Bumiputera) participation.

The focus of customer service for example, aimed at providing effective feedback toward customer service by setting up strategies such as creating the method on smart partnership for critical services, increase public awareness and societal leadership service, community development service, and provide the best and consistent municipal services. The focus on effectiveness and accuracy of organization outlined several strategies; one of them is equipped with the latest equipment, uphold best practice, division of best fitted man powers, focus on the process of producing good work and restructuring all council's organization (William, 1991).

The practice of the principal of good governance is seen in the focus for ethics and management, with the setting up of strategies, refining policies, regulations, program schedule and ethics in line with good virtues, accountability and justice, lead to the role of council members as advisory of check and balance, implementing audit process and absorbing the ethics guideline in practice, based on corporate values, personal values and social obligation (IADeA, 2004).

Conclusion

The ability to identify or estimate the possibilities of challenges that will be faced by the Local Authorities in

this country needs high level of sensitivity and awareness among top management. In this context, MPSP had proved that this ability depends on the preparations that had been implemented earlier especially the adoption of Strategic Plan and Corporate Action Council Plan. The MPSP strategic plan was enacted through scientific and systematic process, using various technical approaches such as SWOT analysis, balance score card and scenario method. Through these methods, future issues can be sensed and predicted earlier, and early warnings to overcome the issues can be presented in the brainstorming sessions that includes all staff, entrepreneurs, politicians, state administrative, NGOs, professional associations, community associations and the public. The findings of this research showed that MPSP is optimistic and prepared to face with these challenges. The preparations made and action plans implemented are predicted to act positively with the future of the council.

FUTURE CHALLENGES

Here, we will identify several challenges that will be faced by MPSP in the future. The economic issues are dominant, in addition to the quality of life, environment, and safety, the basic challenge is the re-demarcation of municipality's administrative areas that contribute huge implications on other issues. Five challenges are predicted to be faced by MPSP: i) the re-demarcation of administrative areas, ii) destabilization and global economy crisis, iii) local economy development (LED) and competitive economic, iv) the increase in the quality of life, and v) environment and safety.

One of the most talked about issue is the size of the administrative areas and huge population size (represents 55% from the overall population of Penang), and the efficiency of urban service that MPSP can provide to the people of Seberang Perai, currently and in future. The intention of state's government of restructuring the local authority in Seberang Perai is seen as the main challenge that needs real justification and rationality for decision and its implications on organization administration, geo-politics, infrastructure facilities, socio-economy and physical, cost benefit, and the impact on the income and expenditure of the council. The re-demarcation can be categorized into three possibilities; a) to create one Municipality Council and three District Councils, b) to create two Municipality Councils and one District Council, and c) to maintain the existing structure.

The main challenge of MPSP is how to react to this situation and what kind of preparation that needs to be taken as a precautionary step from making the situation even worse due to the moving of investment location. The question is, will the vision of MPSP "to make Seberang Perai as a clean, beautiful and comfortable place to live, work and competitive investment" still sound relevant, especially in convincing the investors? The reliance on uncertain globalization economy caused a

shifting, focused to the development of local economy, including identifying new sources that can be exploited, support small and medium enterprise (SME) and other fields including trade and agriculture. Seberang Perai has a variety of sources and land uses, including investment, industrial and agriculture areas, with a huge potential to exploit as new form of resources for the growth of local economy. The effort to increase the quality of life of the people is an on-going agenda. The quality of life covers all aspects; the physical infrastructure development and public facilities, the facilities for housing, trade, industrial and service, safety and neighbors, and the access to greater socio-economy opportunities. The objective is in line with the 9th Malaysia Plan (2006 to 2010) which emphasize that “the quality of life is also intrinsically linked to fulfilling basic needs as well as to maintaining peace, security and harmony”.

The increase in the quality of the environment among the urban and rural communities can be seen through the perspective of secured urban environment in terms of cleanliness, the management of continuous natural resources, consistent and effective, and sensitive toward any forms of threats and disturbances. In this context, MPSP sees the challenge to preserve and increase the quality of environment (living, work and other areas) as one of the main priority in policy making, implementation and monitoring of the council.

RECOMMENDATIONS

The challenge to increase the quality of life needs to be implemented in the focus for quality of live in the MPSP's strategic planning, by the aim of increasing the prosperity of Seberang Perai lives. Several strategies were recommended, among them are the increased role of the council in an effort to develop development, management approach based on revenue, emphasis on public importance in operational structure, and create an environment that contributes to the economic capability of a state.

This statement is supported by the community participation's focus that instill aims such as collaborative and consortia with the community. In addition to setting up smart partnership service between the council and private sectors, academic institutions and NGOs, the strategy to promote investment and productive tourism were also recognized to be able to help achieve community participation which will influence the environmental quality. In future research, the new approach is based on the smart partnership concept, through the Local Agenda

21 (LA21) method, which integrated the roles and commitments of all parties in community development projects, increased living quality and the importance of environmental conservation and safety issues should be more focused.

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