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State Capacity and Legitimacy: Challenges in Policy-making and Contemporary Developments in Malaysia

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Abstract

The policy discourse as evidenced by mainly economic and political factors suggest that the state or government aims to maintain control and attempts to consolidate power often through coercion and force in developing countries. Complementarities of various tools in shaping public policy are often utilized. Making sense of the situational context of policy-making and legitimacy often varies according to an analyst's frame of reference, information, disciplinary alliance, and/or ideology. This paper will evaluate the ecology of power relations, ideological orientation, service delivery, and pertinent policies in pursuing its legitimacy in state capacity in Malaysia.

Keywords: state capacity, policy-making, institutions, legitimacy

Introduction

The fundamental premise is that better policy outcomes from public administration can be achieved with better reform efforts and effectiveness. The policy discourse as evidenced by mainly economic and political factors suggest that the state or government aims to maintain control and attempts to consolidate power often through coercion and force in developing countries. Reforms were often driven by an assumption that acquisition lacked an efficiency focus, inherent in public administration. The enthusiasm for sustainable development has called upon better federalism approaches in its public administration particularly on the implications for democracy and representation in its various levels of government and governance. As such, market philosophies in public administration has been prominent for decades, reaching back to the behavioral and institutionalist arguments. These scholars have argued that particularly in complex environments characterized by uncertain outcomes and political complications is about

bargaining and navigating through institutional complexity within federalism and beyond and hence its impact on sustainable development. Complementarities that existed between policy tools could be better utilized through the complexity of policy regimes and changing governance networks of public administration towards sustainable development.

There is a great degree in the continued belief that policy is made by those representatives elected by voters and public servants are just faithful executors of those policies created by them. Public administrators are de facto shapers of public policy with different important levels of complexity. Dichotomized governance seems to be, by choice or by design, enveloped the elected officials and citizenry. The roles of politicians and civil servants are clearly differentiated and remains to be useful despite the much criticism in shaping public policy (Demir & Nyhan, 2008).

Making sense of the situational context of policy-making and legitimacy often varies according to an analyst's frame of reference, information, disciplinary alliance, and/or ideology. For instance, the social-ecological systems model (McGinnis & Ostrom, 2014; Ostrom, 2009; 2011) often associate governance and policy choices with the plethora of relationships and interactions through institutional analysis and jurisdictional domain of a governmental network.

Social-ecological systems are described as multi-leveled in scope and scale consisting of highly interwoven subsystems and interactions between human and ecological units. Ostrom (2009) identified the social-ecological system as an arena of interactions between "first tier" variables that include (a) multiple interlaced ecological subsystems (regional, atmospheric and coastal ecologies), (b) natural resource units consisting of finite environmental services and materials of value to human consumption (e.g. raw materials, esthetic beauty, clean air and water), (c)

resource-user units (producers and consumers) (d) a governance subsystem or network. It is crucial to balance multiple sustainable outcomes through these four identities in the policy-making process and to steer competing interests toward mutual adjustment.

Many agencies act in silos as integrated parts of a whole intergovernmental system. Systems of misalignment often appear as policy outcomes inconsistent with issues or as impediments to achieving balanced collaborative outcomes. Some may appear in dysfunctional ways or general administrative malaises and at times in confusing political perspectives with evidence-based analysis and consensus-building, representing isolated fragments of governance.

Under what conditions are some public administrators more likely than others to seek to become involved in matters of policy formulation? The public service is inherently a political creation and also inherently involved in politics, simply because it is the structure that delivers *services publiques* to the citizens – it plays a role in determining who gets what from the public sector (Peters & Pierre, 2004:2).

The application of strategies at times undermines the ability of networks to foster trust and coordination which in turn affects the implementation of public policies. The policy discourse as evidenced by mainly economic and political factors suggest that the state or government struggles to maintain control over the steering of policies and attempts to consolidate power often through coercion and force during periods of economic stability. Several studies show the evidence of a direct relationship between institutional trust and democratic legitimacy and theoretical traditions (cultural theories, theories of government performance and institutional theories) provide very different perspectives on how trust is developed in political institutions.

State Capacity and Legitimacy: Developmental State

A state such as Malaysia absent from ethnic neutrality with the exposition of self-defining religious contentions is examined from the perspective of the developmental state. A developmental state is defined as one which promotes long-term entrepreneurial perspectives among the industrial elite comprising key business groups and resists growth-compromising demands from special-interest groups (Johnson, 1982: 1999). Most Asian developmental states are not homogenous and, like the Association of Southeast Asian Nations (ASEAN), have their own political priorities. State-business relations are not forged through industrial policy but through ethnic division of labour in managing politics and economy (Woo-Cumings, 1999). The ethnic dimension in business-government partnerships and relations has gone beyond arm's length industrial policy, abetted by regime durability, extended incumbency and consequent autonomy of the executive. In fact, late industrialization in East Asia has made the region more "state-managed" and Malaysia is no exception. The resulting state control and domination is inevitable to rebalance the ownership equity and create space for government-linked companies (GLCs). In conventional economic theory, the state is often referred to as an important initiator and catalyst of growth and development. There is a tendency to conceive the state as an independent institution that functions in accordance with the decisions of rational decision makers (Martinussen, 2004). In Southeast Asia, relationship between state and business is a result of the elaborate ethnic give-and-take and even protection (Woo-Cumings, 1999) and the causal relationship between politics and economy is hardly transparent.

In political terms, the developmental state concerns political legitimacy, with the economy as a side show where decisive characteristics of the state and/or the mechanisms by which it becomes developmental is established. Johnson's (1982) implicit model of developmental state comprises

four elements: a small, elite, top-quality management within the state to select and promote industries and to supervise competition; a political system that oversees such a development approach; market-conforming methods of state intervention; and a "guiding" organization such as the Ministry of International Trade and Industries (MITI), to effect implementation. Implicitly again, economic development is not so much the goal but rather the means for the developmental state. This portrays the deliberate construction of a set of institutions geared towards a clear vision of development under the guidance of a motivated political leadership. Accordingly, the essential feature of the autonomy of the state is the concern with vested interests. In Malaysia, the developmental state has been a negotiated consensus on power and resource sharing, assimilative in its advocacy of language and unity but salient to religions. Nevertheless, the dynamism of such negotiated consensus seems to be waning over the years with the dominance of one party over the others.

The concept of the ethnically identified developmental state contributes several important foci to the debate on politics and economic growth. There are four notable aspects. First, analysts of this concept stress the primacy of politics, as carried out most particularly by the bureaucrats. Second, the bureaucrats concentrate on how economic development can result from a politically constructed project aimed at improving national economic competitiveness; Third, growth need not be (and perhaps never is) the passively generated consequence of multiple and uncoordinated invisible hands. Fourth, the developmental state underscores the ways in which political power, if wielded astutely, can contribute positively and effectively to a nation's economic well-being (Pempel, 1999). What impedes the developmental state's progress are local political and cultural elites that have a vested interest in maintaining certain traditional structures because these enhance their social, economic, and political position, and a remote rural and uneducated urban

populace who know no other possibilities. These elites are threatened by progress, democratic, competition, and otherwise, because it challenges their prerogatives in the statehood.

According to Yeung (2006), the state plays a critical role in shaping economic institutions of the developmental state. In Malaysia, it appears that political-economic alliances based on patron-client relationships have taken precedence over state-driven industrial and business networks in the still developing economy. This preference for political connections is particularly important in the context of the state's ethnic-biased redistributive economic policies through which indigenous capitalists have been given special rights and privileges. This is accompanied by the rise of so-called ersatz capitalism in such economies, a term that refers to the rent-seeking behavior of capitalists in Southeast Asia through political-economic alliances with dominant ruling elites (Yoshihara, 1988; McVey, 1992; Brown, 2000; Yeung, 1999, 2000).

State Capacity and Legitimacy: Theories of Institutional Trust

Studies have shown the evidences of direct relationships between institutional trust and democratic legitimacy and theoretical traditions (cultural theories, theories of government performance and institutional theories) provide perspectives on how trust is developed in institutions.

In relation to the Malaysia's context there are related theories of institutional trust. Three theoretical traditions (cultural theories, theories of government performance, and institutional theories) attempt to explain the origins of institutional trust, and they provide very different perspectives on how ordinary citizens develop high levels of trust in political institutions (Mishler & Rose, 2001; Norris, 1999). Cultural theories emphasize the role of deep-rooted

cultural norms and individual's socialization experiences (Inglehart 1997; Putnam 1993). Individuals learn to trust or distrust other people by interacting with family members, friends, and formal social networks and this socialization process results in a collective sense of interpersonal trust in a given society, and high levels of interpersonal trust are strongly associated with high levels of institutional trust. Nevertheless, Mishler and Rose (2001) find few empirical results supporting the cultural explanations with the survey data from 10 post-communist countries.

Theories of government performance focus on the effects of either public evaluation of government performance or objective indicators of economic performance on institutional trust (Anderson and Guillory 1997; Hetherington 1998). The high quality of policy outcomes and improvement in economic evaluations lead ordinary citizens to perceive government to be working effectively. These positive perceptions result in increased institutional trust. Furthermore, in addition to economic outcomes, political outcomes such as removing restrictions on individual liberty, providing increasing freedoms (as in removing Internal Security Act and liberation on Universities and Colleges Act) and reducing corruption are important elements in contributing to high levels of institutional trust, particularly in emerging democracies.

Another group of scholars emphasizes the influence of political institutions on levels of public trust in institutions (Cho and Bratton 2006; Criado and Herreros 2007). The variation in public trust in institutions across countries seems due to characteristics of political institutions such as electoral systems, executive types, and party systems. The direct effects on popular attitudes toward political institutions vary in different studies. For instance, countries with majority

electoral systems have higher levels of institutional confidence than ones with proportional electoral systems in her cross-national analysis. However, Cho and Bratton (2006) show that more proportional electoral systems increase citizens' confidence in the political system. Focusing on country-level political institutions helps scholars understand the various levels of citizens' institutional confidence across countries. However, those discrepancies in empirical results suggest that the issues of the effects of institutions on institutional confidence remain understudied.

Cho (2012) combines two existing bodies of knowledge: theories of government performance and institutional theories in his study in Africa. The effects of citizens' perception of institutional performance on their levels of institutional trust can be mediated by the impact of political institutions. At a basic level, public trust in a given institution is an evaluative orientation focused on how well the institution is operating according to some normative expectations. In addition, the same democratic institutions can have different effects on citizens' attitudes toward political systems (Cho, 2010). Cho further explores how citizens' perceptions of the performance of multiparty elections affect their levels of trust in the legislature. Such phenomenon is synonymous in many countries including Malaysia.

Individual evaluations of the performance of a given institution are based on their experiences and thoughts, for example, whether they perceive that individuals are able to vote for the candidate that represents them best when casting votes in a general election. The legislature represents an institution that captures the diversity of society. And the legislature is expected to serve both as an agency of restraint on the executive branch of government and as a public arena

for the mobilization of popular participation in the broad governmental decision-making process. When legislatures were introduced as a political institution, in turn, they were supposed to have a significant role in the establishing and consolidation of democracy which would effectively shapes political debates.

Challenges: Policy Changes, Trust, and Election

Public perceptions of economic and social matters to citizens. Given the politics of policy changes of the government, there is relationship in the development of trust in the legislature and government. Citizens judge a legislature according to whether it provides what people want and whether it provides a reasonably fair chance for them to influence decision-making processes through the periodic general elections which may promote a sense of citizen control at the very least. Leaders are expected to be able to contribute constructively and be directly involved in formulating, implementing, controlling and supervising policies that are specifically designed to address the problems of their constituents according to the right order of priorities.

The problems of governance that arise in most nations today are the repercussions of poor management of public resources and failure in policy implementation by leaders who lack commitment, integrity and the relevant knowledge. It is vital for leaders to be knowledgeable and capable of demonstrating high competencies and correct attitudes for their followers to replicate. When discussing the elements of leadership and policy changes and of course the element of trust included, one must realize that leaders are the prime movers in the nation-building agenda.

As Malaysia makes its way to become a developed nation by the year 2020, the aspect of nation building should not just be about making the country economically and politically strong, it also needs to include the creation of a nation that is united and resilient. In Malaysia, diversity shapes the very essence of the country's social structure and historical aspects. Good leaders will be able to manage these diversities and leverage upon the cultural and ethnic plurality to become pillars of strength in building a better nation.

Citizens have the abilities to acknowledge improvements and positive changes that have taken place and currently being carried out by our leaders. For leaders to make policy changes, they must possess great responsibilities that need to be shouldered with integrity, enthusiasm and dignity, which may seem absent at times. Leaders must learn to become agents of change and learn to accept the reality that the country and its populace have evolved rapidly with the challenges put forward by the world today, in the nation-building agenda. Given the essence of power vested in the leaders, leaders need to ensure that leaders should not perceive leadership as a position of authority for them to further their personal interests. Having said this, policy changes have evolved, some towards the positive whilst some tend to be on the reverse, as some of these policies need further detailed discussion and focus.

In this respect, the government had taken a cue from the 2008 general election to initiate reforms on a broad spectrum of governance, including the economy as seen in many of the transformation programs below in the following section. Prior to the 2013 general election, the government struggles much to seek control and consolidate its position where class dimension transcends ethnic divide whereby the expectations are different among people within the same

community when compared across geographical locations such as urban, sub-urban and rural areas. There was much discontentment among urban citizens as to some of the policies which have been constantly changing. The recent general election on 5th May 2013 in Malaysia demonstrates the important implications for citizen expectations of representation and accountability which utilizes the majoritarian system. The incumbent National Coalition Front retained its position with 133 seats out of 222. During the election campaign, the candidates of the respective parties were more inclined for personal votes and to seek out regular contact with individual voters. Thus, we see that voters feel that they have the ability to reward or punish elected officials in elections, which then seems to shape the positive attitudes toward the legislature as these individual potential candidates of state and parliamentary seats are expected to represent their constituents' interests.

After all, elections are instruments of citizen influence, rather than any direct control. They work as an instrument to choose representatives who can bargain for their voters' interests in post-election policymaking. Furthermore, citizens seem more likely to see elections as a periodic opportunity to change unsatisfactory policymakers. Competitive elections, to a certain extent as witnessed in this election, create pressure on all incumbents to worry about the next elections and to make policy with voters review in mind. Thus, this explains the victory and loss of some of these state and parliamentary seats which were traditionally won and non-competitive in nature by the ruling party members. Under the accountability model (Powell, 2000), citizens appear to be more suspicious of the autonomy of the elected representatives and are more likely to trust elected officials who are accountable to voters, especially when such phenomenon is much demonstrated in urban areas rather than the rural communities given the level of higher education

and availability of internet and alternative media instead of relying on mainstream media as in rural communities.

As witnessed in the results of the general election, the more urbanized and educated votes exhibit lower levels of trust in the legislature as they are more likely to have more information on the government decision-making process and being more critical of how the political system works in the country. People who feel that their own ethnic group is treated unfairly by the government are more likely to show lower levels of trust in the legislature as those ethnic groups marginalized from the government decision-making process are very likely to express their distrust in the legislature, which again may contradict the role of legislature in representing and the various and conflicting interests of the society as a whole.

State Legitimacy: Selected Transformation Policies/ Programs of Capacity

There are many transformation programs which could not be detailed due to the constraint of space in this article and as such only selected ones will be reviewed. Waves of privatization altered the traditional forms of governance in the 1980s followed by de-regulation to develop a spectrum of regulatory tools with varying degrees of legitimate coercion from minimum government involvement in private, self-regulation to full public ownership and privatization /Public-Private Partnership (PPP). PPP arrangements have been a new form of governance and legitimacy involving both public and private sectors with increased interdependencies (Beh, 2010).

The Government recently introduced the Community Transformation Program (CTP) which aims to reach out directly to the citizens and enable all communities to fully benefit. The CTP is part of the National Transformation Policy which aspires to transform the country into a high-income and developed nation by 2020. The CTP comprises two components, namely the Rural Transformation Program (RTP) and Urban Transformation Program (UTP). The RTP aspires to revitalize rural areas into developed, attractive, productive and safe and secure localities. This will attract private investments, intensify economic activities and create employment opportunities in targeted areas. This initiative will enhance the well-being of the citizens and encourage youths to reside and work in rural areas. The RTP focuses on several projects including developing a RTP Master Database which contains information on rural households to assist in planning and poverty eradication; establishment of Rural Development Committee in rural areas to coordinate and implement various programs as well as establishing Rural Transformation Center (RTC) as an integrated services centre. Among the initiatives of RTC include establishing the 1Malaysia information kiosks; encouraging value added agriculture; processing of agro foods; managing the agricultural-output supply chain and providing 1Malaysia health services. Meanwhile, the UTP is designed to address urban issues in enhancing employment opportunities, support educational achievement and skills training as well as provide affordable home ownership, improve transport connections within and outside urban areas as well as provide better access to quality services.

Over the last 3 years, it is estimated that 4.3 million rural people have benefitted over the construction of 3,490km of rural roads. In the efforts to alleviate poverty under the Low Income Household National Key Result Area, between 2010 and 2012, 109,050 people were lifted out of

poverty. When minimum wage is fully implemented in 2013, it will lift the incomes of about 3.2 million people out of poverty.

In Malaysia, a number of anti-corruption measures were initiated under the Fighting Corruption National Key Results Area (NKRA) of the Government Transformation Program to generate a better environment. The Corporate Integrity Pledge (CIP) was introduced for companies to develop their own anti-corruption program. The CIP is a document which pledges a company to upholding the Anti-Corruption Principles for Corporations in Malaysia in the conduct of its business and in its interactions with business partners and the Government. And along with it is the Whistleblower Protection Act, which encourages citizens to come forward to highlight corrupt practices in all organization and since 2010, 96 whistle blowers have been given protection of their identity. Under planned amendments to the Registrar of Societies Act 1966, clear guidelines will be set out on donations made to political parties which would include receipts issued upon the collection of political funds as well as for all donations to be properly recorded and accounted for.

In contrary among others, educational policy changes have disrupted some smooth transition of which was envisaged to have a better impact that could have been experienced if it had not been changed such as teaching of Mathematics and Science in English Language back into the native language was uncalled for in the eyes of many urban citizens despite only in its first six years of implementation. Such policy change was seen as a political move in reaching out to the rural dwellers and some segments of the communities.

Some other touch point programs which impacted upon citizens, at least implemented a few months prior to the general election 2013 include the 1Malaysia People's Aid (BR1M), 1Malaysia Book Voucher (BB1M) and 1Malaysia Veterans Recognition Program (1MVRP). Under the BR1M, a disbursement of RM500 to households with monthly income of RM3000 and below, adding up to a RM2.2 billion initiative was given. BRIM 1 and 2, which give cash awards in 2012 and 2013 to poor households have been received by over four million people. In addition, the government also gave out RM545 million in the form of RM100 schooling assistance to primary and secondary school students from Year One to Form Five. It also gave out RM200 book vouchers to public and private institution students. Such policies (with continuous value upgrade e.g. in 2017) was estimated to have aided in the election victory given the changing levels of personal empowerment and financial security to the poor and meeting some of the needs for greater inclusive development and reconciliation in the articulation of public policies and resources. In relation to reducing the incidence of poverty and enhancing the productivity of low-income households, one of the key achievements was in moving a significant number of households out of the extreme poor and setting up sustainable incomes.

Contemporary Developments and Recognizing the Reforms of Service Delivery

In many Asian countries, public administration is in the process of considerable change and reform. Across these countries, citizens have demanded faster, better, and more efficient public service. They have also demanded for more effective and efficient government. In order to meet these demands, the nation has to change its public into more democratic, efficient, and citizen-oriented governance by encompassing administrative reforms such as the New Public Management (NPM). However, with the introduction of new principles and tools

inspired by the NPM, public sector employees are currently confronted with new professional challenges. As the principles and tools of NPM attempt to breathe a new ‒business-mindset‖ into the field of public administration, based in part on economic theories of organization, new values have arisen by which today's civil servants are assessed: productivity, efficiency, risk-taking and initiative, ability to work to objectives, independence and accountability. NPM reforms addressed mainly vertical specialization (structural devolution and agencification) and horizontal specialization (single-purpose organizations) but had little to offer to solve much bigger problems of horizontal coordination. The second wave of structural reforms known as the "post-NPM" era in the late 1990s addressed central control and horizontal coordination issues and set about introducing more integration into public sector organizations via various forms of mergers or cooperative arrangements. Horizontal coordination concerns coordination between policy areas or sectors such as health, education, environment, or public transport at the same level – be it central or state levels. Vertical coordination is concerned with the coordination of various administrative levels, for example between ministries and subordinate authorities and between central and state authorities.

Various reforms of policies have been undertaken in Malaysia, both economic and social aspects. The tension between efficiency and responsiveness grows from issues that are deeply rooted in the history of public administration; those of politics and administration, and bureaucracy versus democracy. Issues of accountability and responsiveness to public demands are especially intense in the relationship between administrators and the legislative branch. Reforms of information technology and internet have made significant impact for resource development and e-governance participation in obtaining information and application of various

documents and directories in the efforts of offering better services to citizens.

With the advent of modern state, public officials are seen as stewards of public resources and custodian of a special trust that the citizens have placed in them. Therefore, in return of public confidence, they are expected to put the public interest above self-interest. On the same scale, given these crucial roles that they play in nation-building, a country expects its public service to demonstrate utmost professionalism and ethics. As a result, one may ask what changes in the attitudes and work practices of the public officials that must be made in order to serve citizens in a fair and friendly manner, be accountable for what they do or manage, to clients and the public in general as well as remaining cautions against corruption and not allowing conflict of interest in their work. These are the ethical questions that must be addressed by the civil servants in order to ensure public interest. All these qualities lie in the spirit of good governance which encompasses ethics and morality and can only be achieved without the erosion of values, moral deviation, corrupt behavior and actions of the officers.

According to Lane (1995), the public administration framework cannot easily be replaced by the new management approach, as the former has qualities not covered by the latter. Therefore, there is more to the public sector than efficiency as internal markets will not be able to meet the non-financial goals connected with the public sector, in particular the strong emphasis upon legality and its various values (Kolthoff, et al., 2007). Moreover, the warnings against the confusion of morals often lead to doubts about practices from the commercial world being applied to the public sector and thus transforming governmental agencies into hybrid organizations which could lead to an increased risk of integrity violations

(Denhardt & Denhardt 2000, Frederickson 1996). As a result, the public sector officials are confronted with the temptations of the market sector and with behavior that is considered prestigious in the private sector and corrupt in the public sector (Kolthoff, et al., 2007).

Frederickson argued that both the logic and the effects of the new managerialism have moved democratic government further away from the prospects for an influential and selfless public service. He argued that in democratic settings government agencies and their officials in bureaucratic hierarchies are more ethical than self-interested individuals or firms in competitive markets (Frederickson, 1999).

Local authorities in Malaysia, despite the implementation of NPM are still facing difficulties in meeting their local communities demand especially in a changing and challenging global environment. This lowest level of government experience continuous criticisms over delays, fragile enforcement, poor attitudes and also ignorance of certain services. Therefore, the local government leadership is being forced to reappraise its role and contribution in local affairs. The community also continuously seeks empowerment and to reinforce its right to be consulted in the decision making process of its local council.

Legitimacy of Bureaucracy and Administration – Ecology and Ideology of Power

The problems of governance today are the repercussions of poor management of public resources and failure in policy implementation by leaders and executives who lack commitment, integrity and the relevant knowledge. Malaysia has had varying levels of success enacting reforms but little is known about the political economy of reform choices – in how fiscal,

political and workforce traits conspire to shape reform outcomes but certainly to ensure its continuous ecology and ideology of power retention. As Malaysia makes its way to be a developed nation, the aspect of nation building should not just be about making the country economically and politically strong but includes the creation of a united and resilient society. Policymakers must be able to manage these diversities and leverage upon the cultural and ethnic plurality to become pillars of strength in building a better nation, more so in the legitimacy of bureaucracy and reform processes. The next section illustrates the institution building process in its federalism approach of decentralization and recentralization administration from within its ideology and ecology of power and orientation of policymaking.

Decentralization and Recentralization

Administrative reforms and institution building process have always evolved around modernizing its civil service and laying the foundation for political stability and economic development of the nation. The distinction between government administration and politics has become fused over time and as such it is not surprising to know that it is what is desirable rather than just by virtue-based approach of public administration of the central government. This perspective has its consequences on its political and administrative relations between the central, state and local government levels.

Local government is the lowest in the governmental hierarchy of Malaysia. All local authorities outside the federal territories come under the exclusive jurisdiction of each state government. By virtue of the constitution, the state government has wide legislative powers to control the local authorities and to ensure their proper functioning. Nevertheless, the federal government via the

National Council for Local Government (NCLG) can exert influence to ensure that state and local authorities follow national policies. Such inter-governmental dynamics determines and influences local government's relationship and response to the community. Thus such notion of decentralization indicates the imposition of controls and powers by the central government over a lower tier government. This means it further emphasizes the top-down process which erodes the autonomy of lower tier, local government and the local community. In reality, local government and decentralization have been weakened with the control maintained at the central/federal level of power arrangements. The reassertion of central powers has been termed recentralization. This is further aided by the federal constitution that provides for federal laws to supersede those of the states when conflict exists between these laws.

The process of decentralization was supposed to delegate a degree of autonomy to local government when it was restructured in the early 1970s has now been recentralized. The election of local representatives has been removed and traditional functions such as providing for water, electricity, sewerage, and bus services have been privatized. Through the various federal laws which concerns local government such as the Local Government Act 1976(Act 171)[11], the Town and Country Planning Act (Act 172)[12], and the Street, Drainage and Building Act 1974 (Act 122)[13], central control is further reinforced.

As the process continues, the ability of the local government to sustain the challenges of a local community that demands more transparency and accountability seems diminishing. Given such situations, understandably, the administrative and institutional systems are inadequate for operationalizing good governance at the community level. Historically, the local government

autonomy eroded with the suspension of local elections in 1965. Even the Local Government Act was intended to establish the process of decentralization and to give powers to the restructured local authorities, the reality is that the process had made it more subservient to the state government which had effectively assumed control though seemingly encouraging decentralization.

There was for instance, the implementation of Local Agenda 21 (LA 21) and its bottom up approach which acknowledges that a relationship exists between local government and its community may not necessarily demonstrate legitimate power of the citizens. The communities' participation at full council meetings is not encouraged and attendance is by invitation of the local authorities. Hence, we experienced many criticisms and expressions of dissatisfaction appeared in local media rather than channeled through the respective councilors. From thereon, there emerge many non-governmental organizations, neighborhood and residents associations in influencing the local decision making demonstrating the desires of the public involvement in policy making. Community participation is viewed more as an exercise of public relations by the government rather than political decentralization with direct citizen engagement in local government activities. Thus far, it appears more a rhetoric rather than a reality of local self-government as there is the absence of local elections, in addition to limited resources, and finances where local government functions truly reflects decentralization.

The local government of Malaysia and its intricate processes have been largely shrouded in secrecy and away from public scrutiny when it is in fact one of the key institutions dealing with the public service delivery system and the management of funds transferred by State

Governments. The increasing centralization of decision making and functions over the years, where power has been transferred to federal and state levels, has reduced the jurisdiction of local councils significantly. Furthermore, local council elections were practiced in the past, but were however abolished since the 1960s. Today, local councilors are appointed by state governments without consultation with the Federal Government or the minister in charge of local government in this matter. There are also newspaper reports that raised the concerns about the alleged mismanagement of taxpayers' funds and lack of accountability in handling people's money on the part of the local government. A number of research projects have also been carried out, some in collaboration with the relevant ministries, to address the issue of public dissatisfaction with local government service delivery and seek measures to improve its performance. For instance, a recent report of the Ministry of Finance discussed work culture and monitoring mechanisms, as well as questioning the calibre of local leadership that has been responsible for a decline in the quality of service delivery. Prior to this, the National Institute of Public Administration had reported to federal cabinet on how local authorities can improve their functions and services by following a prescribed format. This was followed closely by a report of the Ministry of Housing and Local Government and the Economic Planning Unit on necessary local government reforms.

Theoretical accounts of policymaking are incomplete when they neglect the post-decisional, follow-up, or implementation phases at times. Although service collaborations produce benefits, jurisdictions confront exchange barriers such as opportunistic behavior or credibility of commitment problems in their efforts to create and maintain exchanges. In this context, *public governance* is to pursue collective interest and contribute to the resourcing and implementation of public policies to show social responsibility and sustainable development in all reform

processes. What is challenging is for policymakers and citizens to consciously take account of values and beliefs that exist in local ethics including economic, social and political factors.

The fear for a decline in public administration ethics is mostly related to entrepreneurial government and the introduction of the market model in the public service (Kolthoff, et al., 2007).The term ethics generally has no universally agreed definition. Some see it as the same as morality. However, as morality has to do with the personal conduct of the individual, one's principle of behavior and conformity to conventional rules, ethics may be regarded as the basic integrity of the right action and rules of conduct (Chapman, 1993). In other words, ethics which is seen as a responsibility refers to the question of to whom or to what the administrators look for moral guidance in making complex policy choices, and in exercising administrative directions . Ethics as a code of conduct is like an inner eye that enables people to see their actions as right or wrong. In decision making, ethics is used as a guiding system while in administrative context ethics involves the application of moral principles to the conduct of officials in any organizations (Thompson, 1985). Ethics is both a process of inquiry and code of conduct. In fact, ethics is not a status to be attained but to be seen as an ongoing activity. It is also not just about a set of rules or code of conduct but a continuous management process to support the work of government. Ethics can also be defined as ‒the collection of moral values, standards, principles, and norms that provide a framework for action‖; *integrity* connotes ‒acting in agreement with the relevant moral values, standards, norms, and rules. Integrity violations are sorted into ten categories as a breakdown to the effect of the introduction of businesslike approaches on public integrity by using the classification of Kolthoff (2007).

It is imperative to understand that leadership must be coupled with the aspect of good ethical governance. The success of any form of political leadership depends especially on the ability of the leaders to govern well to ensure continuous state capacity and legitimacy. Most voters today have become more politically aware about the dynamics in democracy and would be more likely to scrutinize every action of the leaders that they have elected into office. Recognizing these social realities is of utmost importance to the government in the command of a favorable position in the sovereign ratings.

Concluding Remarks

In pursuing its legitimacy of state capacity, the sustainability of political control is pertinent in ensuring its continuing rule with budget allocations for national transformation programs. Against this backdrop, many policies have been introduced and changed in view of contemporary developments and increasing vulnerability of the sustainability of the government. State capacity and legitimacy is built upon the commonalities that bind the citizens together as a nation and to celebrate the differences between the communities would be imbued with real meaning of unity in diversity as the country continuously evolve in the national and international contexts to be more dynamic and resilient in its contemporary development. Policymakers must be able to manage these diversities and leverage upon the cultural and ethnic plurality to become pillars of strength in building a better nation.

Much publicity was communicated to the citizens on the success of policies and continuation of transformation programs which have been and continuously being implemented in supporting economic growth and state capacity. Given the emerging and increasing urban and educated

group of citizens who recognize the politics of policy developments related to state capacity and legitimacy requires more than the current in strengthening the key enablers for further development and sustainability of the nation with regards to the issues of governance that would be the ultimate transformation of such effects of innovation and competitiveness in both citizenry and governmental entities.

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