

# Reflections of a Recycled Bureaucrat

By JY Pillay

J Y Pillay addressed the EDB Society in February this year. With almost 40 years of experience in the civil service, Mr Pillay, who once described himself as a 'recycled bureaucrat', spoke about how Singapore is adapting to a new economic and social environment. He also distilled the management and leadership lessons from his experience of working with former Minister for Finance, Hon Sui Sen. What follows is an edited excerpt of his remarks.

## The New Environment

### Civil Service Then and Now

I am occasionally asked to compare the environment for civil servants now with what it was forty-odd years ago. There is a perception that the labour, political, security and social turbulence of the 1950s and early 1960s, combined with economic uncertainty, created very difficult conditions for civil servants. Yes, and no. Certainly, there was turmoil for people in some areas like the security services, labour, and perhaps education. By the mid-1960s, most of the turmoil had subsided, and by the end of that decade, even unemployment was no longer a problem. Indeed, finding enough labour became the new and welcome task.

On the economic side, the problem was essentially an existential one—employment and growth. It was tackled by attracting enough factors of production, that is, resources of capital, manpower, and technical and managerial know-how. Also land—think of Jurong. Money may not have been as plentiful as it is now, but it was not a critical bottleneck. There was enough for essential infrastructure and for investment in new industries. Labour was abundant. Management and technical know-how, as well as markets,

could be acquired through joint-ventures with MNCs.

### The Customer is King

The situation today, of course, is quite different. In the intervening decades, we have moved up to sustained full employment, at least until recent times. Singapore is far wealthier. Civil servants are better educated and trained, and have the most up-to-date tools to carry out their trade. But, likewise, the world has moved on, globalisation has extended its reach, Asian giants with enormous talent and potential are rising. We are better equipped, but the terms of engagement are not necessarily mutating in our favour.

Moreover, the electorate has also been globalised. They are no longer country bumpkins with straws dangling from their mouths. They know their rights, or at least their interests, and are well-equipped to engage in the cut-and-thrust of debate. So the task for civil servants is a lot more daunting. The electorate are their customers. Civil servants may not push them around. They have to justify their actions, and demonstrate to the electorate that what civil servants are up to is in the long-term interests of the populace.

### Some Contrasting Examples

I am struck by the contrast in customer reaction between those early days and more recent times. In 1975, government introduced the area-licencing scheme for vehicles entering the business district. There was the usual murmuring, which dissipated before too long. The customer reacted, as always, by adjusting his spending habits. Many of them decided to leave their vehicles at home, which was precisely the intent of the measure. And that was it.

Cut to the turn of the millennium. DBS Bank wanted to impose a \$2 monthly charge on accounts

of customers of POSB Bank, which it had earlier acquired. A storm of protest erupted, lasting for weeks, or months. Ministerial intervention became necessary because, after all, POSB had been a government bailiwick for a century.

Earlier still, SingTel decided to switch the basis of charging residential customers from a flat monthly rate to a time-usage rate. Again, a customer uproar, ministerial intervention, tumultuous times.

### **Old Economic Model is Faltering**

It is evident by now that the old economic model requires tweaking, radically so. It served us well, for 30 years, until about the mid-1990s. It is showing signs of advanced fatigue. The series of reversals since the mid-1997 financial and economic crisis in South-East Asia only accelerated its obsolescence, not precipitated it. What do we do for an encore?

The old formula required large inputs of the principal factors of production. We relied on multinationals and international financial firms to provide the drive and the thrust, since they had the critical factors of know-how and markets. Complementing the MNCs were our valiant GLCs and a clutch of traditional, or upcoming, private-sector listed companies. Following, some distance behind, were the SMEs, who were generally regarded, in those snooty days, as bit players.

### **A New Model of Development**

Now, which means in the past ten years, but in an accelerating trend, the terms of trade are moving against us. In a sense, it is not a new phenomenon. From the 1970s, industrial activities of lower added-value have been migrating out of Singapore to neighbouring countries. They were replaced by incrementally higher-end activities. That process continues to this day, but the scope for replacement activities seems to be thinning. Some people believe that it is because of competition from the new Asian giants. That may be part of the answer, but nowhere near the complete answer. To try to address the issue, we have to look elsewhere.

The essential point is that we have now caught up with the first world in per-capita income. A recent report in *The Economist* placed Singapore in the top ten countries by per-capita income. Interestingly, we were one of only four countries in that select group with a population exceeding one million. We are not yet up there in scientific

know-how or even the general education level of the people. Yet, we must now increasingly rely on indigenous forces to drive our growth. It calls for an entirely different development model and policies.

We shall continue to attract investment from MNCs, but it is unlikely to be fast enough to maintain reasonable growth rates, or to provide enough employment. It would help if our South-East Asian neighbours were growing faster. If they did, our services sector, which provides the bulk of employment, would pick up very fast, and support our continued growth. Those countries are, in general, doing better than Singapore now, but they too find it difficult to sustain growth rates in excess of 6%.

So, we are feverishly casting around for a formula to inject more dynamism into indigenous enterprise. SMEs are assiduously courted, in contrast to the past, and the larger companies are fervently encouraged to strike out into regional and global markets. We have rediscovered the beguiling properties of creativity and entrepreneurship, from childhood to old age, and believe that they will be a key factor in retaining our lead over Asian and other competitors, without sacrificing living standards.

This new approach appears to be well-founded. Yet, we should be aware that the rest of Asia, and the world, is not standing still. There is enormous talent in Asia, especially in the rising giants of China and India. Japan, Korea and Taiwan are established industrial and scientific powers. Some countries in South-East Asia, like Thailand and Malaysia, are not laggards in this race either.

Occasionally, people ask how we are to compete with the likes of China and India. My perception is that we don't compete with them; they compete with us. If we have to compete with them, we're sunk. Our per-capita income, that is, the standard of living, will plunge. Unacceptable. We just have to climb the ladder faster.

### **Our Core Competence Remains Valid**

This new policy, founded on a liberated economy, individual resourcefulness, and private-sector dynamism, will take time to deliver the goods. Meanwhile, we should retain our core competencies. We do not throw the baby out with the bath-water. The dominating features are discipline, organisation and good governance. Inherent and ingrained talent will now feature

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more prominently. We shall soon have more university, polytechnic and other tertiary-level graduates as a percentage of our population than most other countries in Asia. Before long, we will be near, or at the top of, the global league-table in educational attainment.

Yet, we must recognise our creative limitations. It is difficult to imagine us producing artistic treasures such as what you find in a place like Italy. Nor can we, for a long time, aspire to the scientific prowess of a small country like Israel, which has not much more people than Singapore. Israel is unique in being able to attract to its shores a highly-talented, accomplished diaspora from the developed West and Russia.

The efforts our education authorities say they are making to arouse the creative spark in school children are commendable. We should also applaud the determination of our economic managers in fostering the spirit of innovation and entrepreneurship. Those initiatives must be complemented by expansion of the space for enterprise, innovation and creativity to flourish. There can be no back-tracking in that process. Combined with our traditional discipline and organisational skills, the fresh emphasis on innovative enterprise might help to sustain us in the long haul. It will be the evolving model for Singapore in the 21st century. The old model served us well; its day is about done. The sooner we move on, the better. It sounds easy, but if you reflect on the matter, quite dramatic changes in our rules of engagement with the public will have to be adopted.

## Management And Leadership

### Leadership Lessons from Hon Sui Sen

When I joined the service, my first permanent secretary was Hon Sui Sen. When he died in harness, in the mid-1980s, he was the Minister for

Finance, and I was one of the permanent secretaries in that ministry. He was my boss for most of the intervening 25 years. He was, without doubt, the best reporting officer I had, a perception that most of my contemporaries who served under him shared. I have tried to apply his template of leadership and management in the many areas where I have worked, albeit with nowhere near as much success.

Nonetheless, I was fortunate to observe that template at close hand and to try to replicate it. I suppose that is how traditions in an institution are built, and a culture of good governance is fostered. Like most good things in life, the concept is deceptively simple, the application a matter of discipline. It is a distillation of principles and practices that have stood the test of time. But for success, the environment has to be wholesome. The example must come from the top. If that vital element is missing, good deeds below decks may ameliorate the situation, but cannot make up for that critical deficiency.

So, what was it in Hon Sui Sen's leadership style that many of my contemporaries and I admired? Without doubt, integrity—not just moral, but intellectual. Some will say, "What is so unusual about integrity?" Surely, leaders must have integrity to get to their lofty position. Integrity is more than keeping the hands off the till, although scary examples in recent times suggest that some leaders cannot even refrain from doing that. Consider Enron, WorldCom, Tyco, Parmalat.

Then, there are shades of grey—ethical issues that do not transgress any law except one's sense of honour and straight dealing. But intellectual integrity goes further than that. It is a matter of quietly defending your position no matter how unpopular it may be to the institution.

A second outstanding quality of Mr Hon was his ability to delegate a large measure of authority

to his subordinates, to leave them to run their show, and to avoid breathing down their necks. Of course, they were held accountable for their actions, and Mr Hon was no namby-pamby when it came to disciplining people. Yet, he would always support subordinates who made an honest error, and did not shield himself by assigning blame to others. He took the rap for anything that went wrong in his bailiwick.

You may well imagine that such behaviour comes from enormous self-confidence, without arrogance. It is the measure of a person's generosity of spirit, modesty, the even tenor of his ways, and a forgiving nature. At the same time, while Mr Hon was prepared to defend his officers and ministry, he was respectful of authority, following the age-old principle of rendering unto Caesar that which is Caesar's.

A third, key attribute was his skill in drawing out ideas from his officers through a heuristic approach, gently challenging assumptions, and urging thinking out of the box. He got the best out of his people.

That, in a nutshell, is what characterises an outstanding leader and manager. Textbooks, management consultants, workshops, seminars, and executive courses, all play a role in the effort to learn about management and leadership; or, if you like, in the context of present-day Singapore, creativity, innovation and entrepreneurship. But above all, keep the eyes and ears open. There are always many examples of outstanding leadership around.

The attributes of good leadership are eternal and universal. They stem from traditional norms embellished by sound management-practices that have evolved and been refined with experience. The starting point is clarification of the mission, based on a realistic assessment of the environment, and courage in pushing the envelope. Strengthen the organisation, paying particular attention to how people are managed and endowed with authority. Encourage openness, do not fear dissent within limits, and allow those now-cherished attributes of creativity and innovation to flourish. Finally, define and know your customer, and respond to his legitimate needs.

When I look back on the institutions in which I have worked, I do not see any fundamental difference in the package of leadership and management skills that contributes to success. Of course, each institution is unique, with its own

mission and culture. An adaptable leader can, within reason, certainly function in many environments. The civil service, or at least the administrative service, testifies to that dictum. The key to successful leadership lies in the individual, the experiences he has been exposed to, the environment. Management gurus, seminars, consultants, and so forth, may be useful tools. They cannot substitute for the real thing. ■