

PERCUMA /
FREE DISTRIBUTION

HUMANOTORIAL

ISSUE 5
OCTOBER 2018

ISSN (2600-7533)

HIGHLIGHTS

Creative Performance Audit

**Fighting with the Big Fox?
What about the Small Virus?
The PTPTN Loan**

**Customer Satisfaction:
Why the Surge?**

**Qualitative Research in
Organisation and Management**

**Special interview with
Datuk Juhari Bin Haron
Advisor, Humanology Sdn Bhd**





03 04



07 12



13 14



NEWS / BERITA

03 Happenings

GALLERY / GALERI

15 Photo about other activities at Humanology

FEATURES / RENCANA

04 Creative Performance Audit

12 Customer Satisfaction: Why the Surge?

07 Fighting with the Big Fox? What about the Small Virus? The PTPTN Loan

13 Qualitative Research in Organisation and Management

EDITORIAL TEAM / SIDANG PENGARANG

Editorial Advisors

Dato' Dr. Zahari Husin
Datuk Mohd Nizom Sairi

Editors

Datuk Dr. Leow Chee Seng
Dr. Vincent Leong

Assistant Editor

Leow Yook Mee

Photographer

Wong Sit Wan

Cover

Wong Sit Wan

Contributors

Datuk Juhari Bin Haron
Humanology Editorial Board
Dr. Dayana N. H. Chaskar
Ts. Dr. Wan Hamiza W. Muhd Zin

Published quarterly by
HUMANOLOGY SDN BHD
73-3 Amber Business Plaza, Jalan Jelawat 1, 56000 Kuala Lumpur.
Tel: +603 - 9174 6755 Mobile: +6018-213 6755 Email: info@hba.com.my Website: www.hba.com.my Facebook: www.fb.com/HumanologySB/

HAPPENINGS

July

In the month of July, which is the celebration of Hari Raya, we were invited to attend the Sambutan of Hari Raya Terbuka by Universiti Putra Malaysia. We had also conducted some training programs such as Coaching and Mentoring for Performance. In addition, we conducted the Customer Satisfaction Training with Perodua as well. Besides, we also had a meeting with Professor Dr. Malik Badri, Department of Psychology, International Islamic University Malaysia and we attend the Inauguration of Malaysia Chapter of The Institute of Chartered Accountants of India (ICAI).

August

In the month of August, we had conducted our signature program which is the Body Language Exposed. We attend the Jamuan Amal Puspa, at Premiera Hotel. We had also conduct few training Certified Professional Educators, Academic



Regulations and Ethics and Introduction to Qualitative Research. Besides, we had also conducted some training as well. In addition, we had conducted the Online Survey for LPPSA (Lembaga Pembiayaan Perumahan Sektor Awam) for thier Employee Engagement Index.

September

This month, we conducted the Stress Management, Project Management and Problem Solving Skill and Psychological Foundation of Attitude and Behaviour training. Besides, we had also signed a MOU with Kolej Vokasional Gerik as thier Industrial partner and we had go to Kolej Vokasional Kuala Selangor to conduct Certified Marketing Assistant.



Creative Performance Audit

By

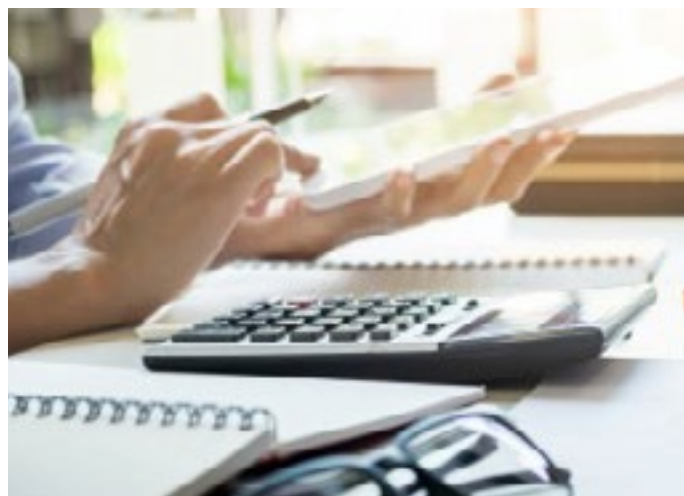
Datuk Juhari Bin Haron

Introduction

Performance audit has a long story in many countries to oversee the programme or activity carried out by the public agencies to manage the resource in an efficient and economical manner and the programme are carried out effectively and managed to give a positive impact to the target group. In Malaysia, performance audit has started way back since the 1990's but the approach at that time whereby certain criteria and aspects are not complicated as compared to this day. Performance audit from time to time are also affected by the government policy and the development of the ICT. Those days, not many activities or programmes involve a huge sum of money spent and very few development projects are carried out throughout the country. Performance audit are also sometimes called value for money or VFM. In the National Audit Department (NAD), VFM is defined as how much RM1 spent by the public sector gives the best value for money in terms of quality on goods and supply rendered to the government agencies. After the independence of Malaysia, the nature of audits still revolves around the certification of financial statements and compliance on rules and regulations. With the introduction of Programme and Performance Budgeting where the estimated budget was based on activities and projects performance budgeting approached in 1968. Consequently, the auditing approach has also been affected and the need for the change of the audit approach not only concentrate on certification of financial statement and compliance audit but also cover a new approach adopted by the Auditor General's (AG) Office.

The Performance Audit was introduced for the first time in history of Malaysia. To be in line with the government policy, the AG Office has amended the Audit Act successfully in 1978. With the introduction of three elements in the Audit Act such as extravagances, wastefulness and fraud, the audit approach has changed the mind and the way how the auditors think extremely. Now, the auditor in the NAD must be equipped with the new approach and tools to conduct the performance

audit. What the NAD is concerned with is how an auditor is going to do the performance audit with the new approach besides the financial and compliance auditing that needs to be fulfilled? NAD has taken several reforms in managing the new challenges. Among the reforms was the Transformation of the NAD in 2016 with the set up of three major sectors which specialised on Financial, Performance and Governance.



Question 1: What is current trend of Performance Auditing in Malaysia?

As we know, performance auditing has started way back in the early 1980's but not so aggressively as in the middle 2000's. Previously, we have the standards developed based on the practices worldwide by adopting some of the developed Supreme Audit Institutions standards such as the United States and the Great Britain. They are far more advanced than any other countries elsewhere. NAD sent some of their officers as job attachment to the Government Accountability Office (GAO) of the United States to beef up their knowledge on performance auditing. They are usually attached for six months to do on job training. In reality, some reviews on performance auditing takes more than six months. So, they who are attached at the GAO office must understand and grasp as much as knowledge they can quickly so that when they return to Malaysia, they can help improve the current NAD performance

Audit. After so many years with the standards, at the Sixth International INTOSAI Congress, Lima 1977, we have started to develop the ISSAI which was approved and endorsed by the INTOSAI in 2016 will be in effective by the year 2019 ready to replace the old standards used by the SAI. This standard is now called the International Standard Supreme Audit Institution (ISSAI) which is more comprehensive and covers all types of auditing. This standard has been translated into the Bahasa Malaysia version as well. This standard has already been referenced by the NAD and starting from December 2016, NAD is already ready to use this standard. ISSAI Standard is divided into Financial Auditing, Performance Auditing and Compliance Auditing.

Basic Principle and Prerequisite in the Performance Auditing (ISSAI 3000) are as follows:

- Mandate
- Types of Auditing
- Accountability, Transparent, Governance and Performance.
- The Need of Quality Controls
- Elements of the Public Sector Auditing
- Principle of Implementation Auditing
- Main Principle of Financial Auditing
- Main Principle of Performance Auditing
- Principle of Auditing Process
- Main Principle of Compliance Auditing

In Performance Auditing (ISSAI 3000), it covers several sub topic or sub chapter as follows:

- Mandate, Objective, Scope, and Main Principle of Performance Auditing
- Audit Planning
- Audit Implementation
- Reporting
- Follow up Audit
- Communication and Assurance
- Environmental Auditing Perspective
- Performance and ICT Auditing

With this new ISSAI standard, a few things have changed and to accommodate with this change, the NAD has come out a work program to suit or adjust with the new methods of the Standard. What are the new things that are being practised based on this standard? If we look carefully in this standard, there are several considerations that need the auditors to think during planning or execution their auditing works. Among the things that the auditor should adjust are:

- Collaboration compliance audit and performance audit.
- The Standard now provide that there is no such specific requirement and specific estimation.
- The use of investigation and assessment and must be operated within the different knowledge from the previous traditional performance audit.
- A new element in performance audit to focus during planning stage.
- Introduction of problem based topics for review.
- Risks aspect incorporated in the inspection or checking during assessing Performance auditing.

Performance Measurement

Under the ISSAI 3000 Section 1. 7, this Standard is the target to measure performance and assessment on the programme/activity that has the upmost importance to the legislator and the executive power to make a decision on the programme/activity within their ministry responsibility. This information can help or assist them to evaluate whether the programme/activity have been carried out satisfactory and effectively or vice versa.

Therefore, the NAD's focus is on certain programme/activity whether the objectives set have met certain requirement and can be measured. This performance indicator or measurement can be an early stick yard or early warning to the management on how to improve accountability.

Question 2: What is Creative Performance Audit?

Base on my experience working in the NAD for 33 years, I've witnessed the whole process of auditing throughout my career. Most auditors who carry out or execute the audit are mostly based on the checklists in the detailed audit programme prepared for them or in other words spoon feeding. However, we must bear in mind that the checklist or questionnaire in the detailed audit programme may not be perfect but our own judgement play an important role in developing an audit opinion or conclusion. This is the other part of the story that many auditors failed in their performance review or during the preparation of the audit report. To know when the creative performance audit come in, auditors should know not the end of the process but from the preliminary study. Creative thinking is where the auditor uses his /her expertise to explore ideas, generate new possibilities, look for the issues and develop audit strategic planning. The main problem being that the auditors' experience and expertise also play an important role. If the auditor who is engaged in the task is inexperienced and do not have adequate expertise, the audit report produced then will not be of a quality standard. Another issue that is related to the problem raised is that the audit report produced are not up to the quality standard set by NAD is because the lead auditor or supervisor may not be with the team all the time but at the office doing remote supervision. When it is time to submit the report, they failed to comply some of the important aspect of the audit criteria processes or bypass certain standards again. Another aspect which is also important to good performance auditing is at any time when there is a new development or any changes to the environment, the auditors should immediately adjust or improve the audit standards.

When we talk about creative performance audit, the auditors should conduct their creative performance audit with full confidence so that they can communicate effectively in producing judgement in their reports. My personal experience resulted in a positive outcome when we tried to present an on-site monitoring together with the use of mentor mentee approach to improve the audit standards and audit works. In fact, the NAD has many very skilled and experienced auditors that enable the auditors to endeavour the challenges of

complicated and complexed environments successfully. Creativity always helps a healthy auditor in the market to be ready in any environment and to stay relevant. What the auditor can do in creative performance audit is the creativity to perform facts-finding analysis, interpret data and information on the activity or programme and develop audit planning strategy, structure and communication flows.



This is where the expert auditors can come in and exert their mind to be capable of being more creative in modifying the old fashion thinking, strategies, and the standards to find ways to improve the quality of the findings and produce good audit reports. Why? Audit findings that are highlighted in the audit report must prove to be 'water tight' so that the auditors can defend themselves whenever being challenged.

References

1. Ambrin Buang, Issues & Challenges in Public Auditing In Malaysia. NAD, First Printed 2011.
2. ISSAI 3000- Standard and Guidelines for performance Auditing, The International Standards of Supreme Audit Institutions, INTOSAI.

Fighting with the Big Fox? What about the Small Virus? The PTPTN Loan

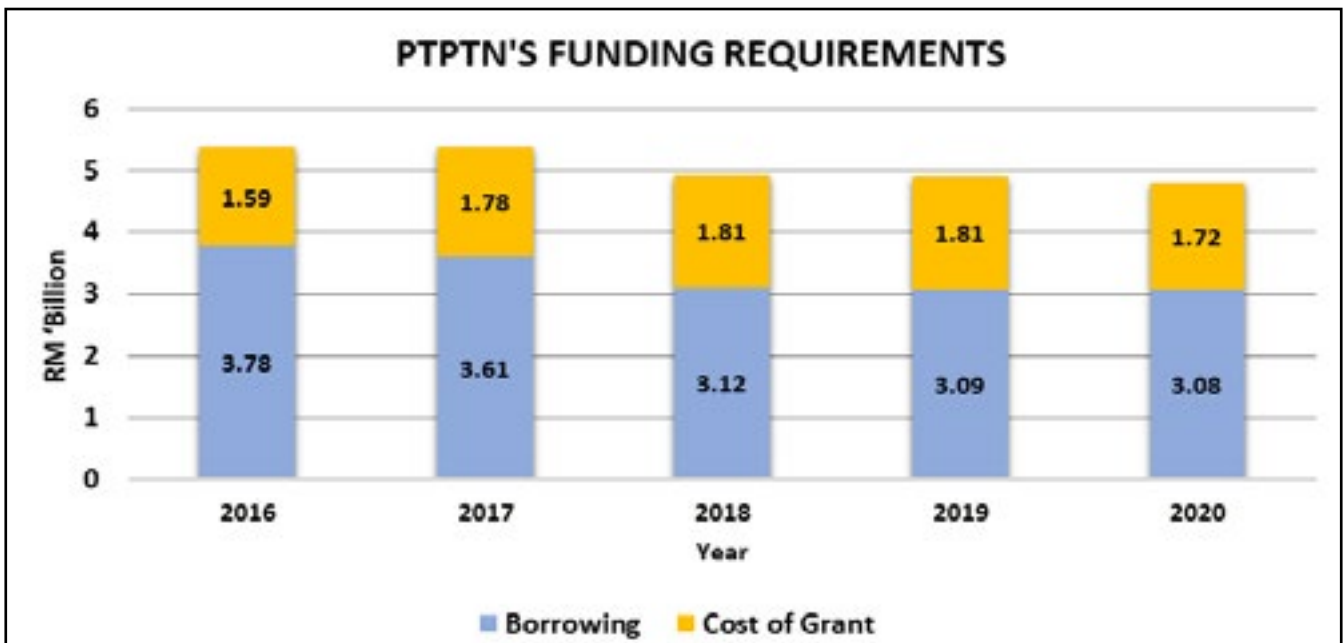
By
Humanology Editorial Board

Introduction

The PTPTN (Perbadanan Tabung Pendidikan Tinggi Nasional) was initiated with the objective to provide financial assistance to students to pursue their education in local public and private universities, as well as polytechnics. Students who pursue their diploma, first degree, master's degree, doctoral degree or professional courses are eligible to apply for these loans.

Between 1997 and 2015, 2,464,937 loans with an approximate value of RM55.83 billion were approved for students pursuing their higher education studies in Malaysia (PTPTN Annual Report, 2015). Another projected PTPTN's funding requirement is to be around RM24 billion in the next 5 years or RM46 billion in the next 10 years. This is around 2.4% of the national debts of RM1 trillion debts and can go up to 4.7% in the next 10 years for the same debts. The average funding requirement is around RM4.5 billion to RM5.00 billion per year. This is especially in the backdrop of RM19 billion in receivable and more importantly a portfolio of RM8.1 billion in overdue or unpaid balances.

PTPTN'S FUNDING REQUIREMENTS						
Year	2016	2017	2018	2019	2020	Total
Borrowing (RM' Billion)	3.78	3.61	3.12	3.09	3.08	16.68
Cost of Grant (RM' Billion)	1.59	1.78	1.81	1.81	1.72	8.71
Total (RM' Billion)	5.37	5.39	4.93	4.9	4.8	25.39



PTPTN Loan A Pressing Issue?

Private Higher Education Provider (PHEPs) approved loans represented a small fraction of the total volume of loans approved during the initial years of PTPTN's implementation (a mere 10.2% in 2000). However, the number of loans going towards PHEPs has increased over the years, culminating in the highest ever percentage of loans given to HEP in 2015 (47.6% of total loans). With the number of private higher education institutions (HEI) students projected to overtake the number of public institution students, it is likely that the number of loans for HEI students will overtake the loans for public HEIs in the very near future. (Malaysia Education Blueprint (Higher Education), 2013-2025).

Among the factors which must be considered is the projected increase in the HEP enrolment under the Higher Education Blueprint 2013-2025. According to the Blueprint, PHEPs enrolment levels are expected to exceed that of public higher education providers, with IPTS being projected to grow at a 2.5% higher growth rate than Higher Education from 2012 to 2025. Student enrolment in Higher Education is projected to increase from 455,000 to 867,000 during this period, while the corresponding increase in Higher Education is 545,000 in 2012 to 765,000 in 2025. The tuition fees for PHEPs, which usually operate on a for-profit model, are significantly higher than their public counterparts. With a greater proportion of Higher Education students seeking PTPTN loans, it follows that the total amount of funds required to meet this demand would also have to increase commensurately.

The annual intake of local students in Public and Private Higher Education is projected to increase to approximately 322,000 and 247,000 respectively in 2025. Of these, the percentage of successful loan applicants from Public and Private Higher Education is assumed to be 50% and 75% respectively in 2025. The number of loans approved for Public and Private Higher Education Institute is approximately 162,000 and 185,000 respectively, while the average loan amounts are RM20k and RM37.5k respectively. The total annual loan amount for Public and Private Higher Education Institute is projected to reach RM3.3 billion and RM6.95 billion

respectively in 2025. Finally, cumulative loans given out to private and public higher education are projected to reach RM57.8 billion and RM83.7 billion respectively.

The myth that You Might Not Believe

The issue of low repayment rates has been around for quite some time. According to figures from 2012 to 2015 annual reports, the accumulated repayment rate, which, at 54.6% in 2011, was not high, to begin with, had dipped to 45% in 2014, increasing only slightly to 46.6% in 2015. In 2015, a total of RM15.63 billion in repayments were due. Instead, only a total of RM7.14 billion was collected (or 46.6% of the total) (2012 to 2015 PTPTN Annual Report).

In response to increasing financial constraints arising from low repayment rates, PTPTN had implemented several mitigation measures beginning of 2004. These included:

- i. Introducing the National Education Savings Scheme / Skim Simpanan Pendidikan Nasional (SSPN).
- ii. Introducing the SSPN-I PLUS scheme with insurance/Takaful elements.
- iii. Increasing the number of PTPTN offices and payment options.
- iv. Reducing the maximum loan amount for PuHEI and PrHEI courses.
- v. A direct deduction from the salaries of civil servants who owe PTPTN money.
- vi. Drawing from borrowers' Employees Provident Fund (EPF) repay PTPTN loans.
- vii. Introducing Income Contingent Loan Repayment (ICLR) for civil servants.
- viii. Blacklisting PTPTN defaulters and preventing them from leaving the country.
- ix. Credit Blacklist for PTPTN defaulters (Ceased in June 2018).

Even if PTPTN has imposed many strategies to help the loan player to facilitate their payment, the number of the outstanding account remains at the unbelievable stage.

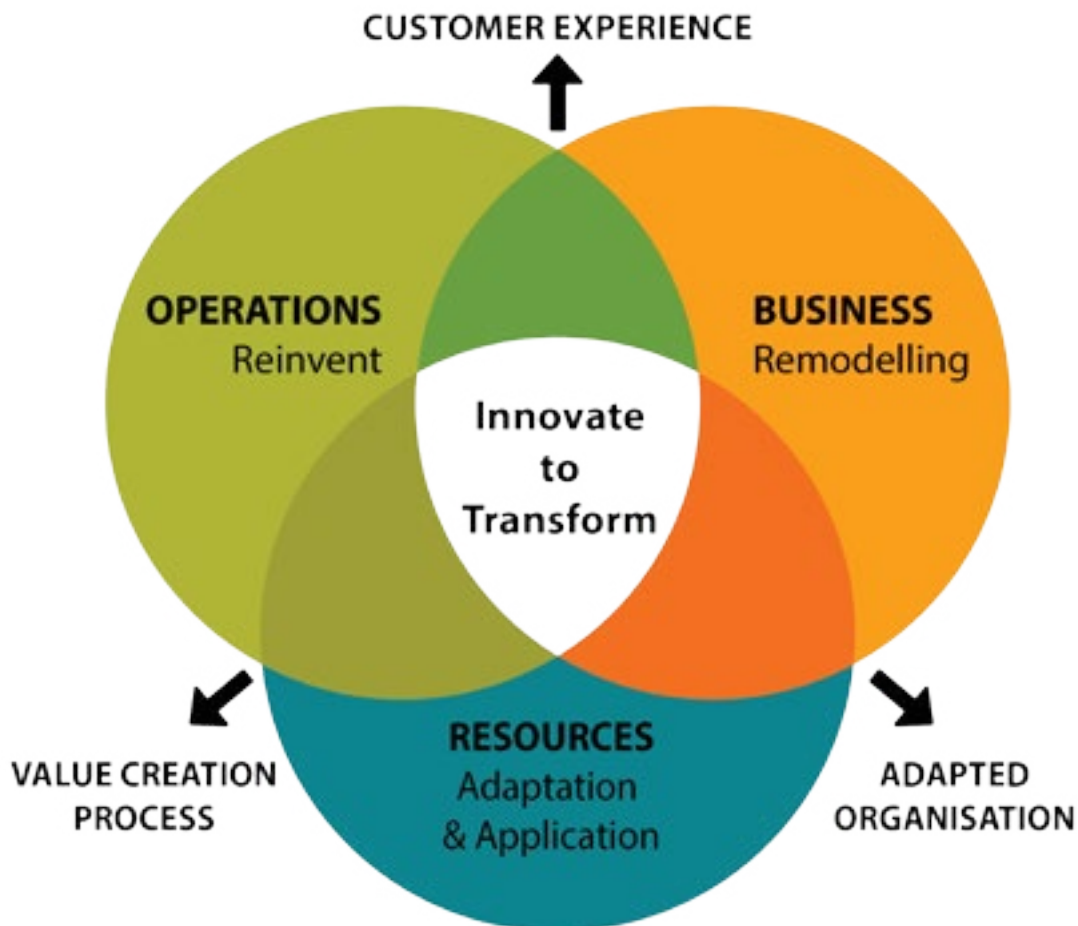
Year of Delinquent and Number of Outstanding Account

Years Delinquent	No of A/Cs
More than 10	37,125
10	29,302
9	26,382
8	22,138
7	27,857
6	51,219
5	37,038
4	49,086
3	77,344
2	86,554
1	110,100
< 1	124,972
Total	679,118

Several factors contribute to the non-performing loan. One of the significant reasons is due to the attitudes towards repayment of the loan. From our research, Humanology found that the defaulters refuse to pay the loan because they claim that the rest also do not serve the loan. Hence, they only follow the majority. Some of the defaulters reported that it is better to keep their money in the fixed deposits of banks rather than paying the loan because there is no significant impact on them when the loan is not served. Hence, there is a need to look into the human factors to nurture the habit of taking up accountability for them to serve the loan in order to create sustainability and to help other students in the long run.

Moving Forward

In order to improve the repayment of the PTPTN loans, it is important to have a very comprehensive and efficient collection and bad debt recovery program introduced.



Model 1: Solving Non-performance Loan through Compassionate Methodology

The compassionate methodology is essential to understand the borrower behaviour. Hence, conducting an in-depth initial survey to understand the PTPTN loan borrowers, to assess their motivations, challenges, attitude and general information of the general demographics information. From the research, it is essential to building a comprehensive PTPTN borrowers' profile to provide an insight into the management of the collection and bad debt recovery.

At the same time, PTPTN should consider developing and propose, a viable collection and bad debt recovery in an outsourced operation, to allow PTPTN to focus on its main objective to help students in the pursuits in higher education. Hence, the debt collection could be focused and assisted with experts who could cultivate and nurture the behaviour of *fathanah*, *siddiq*, *tabligh* and *amanah*. When the attitude is formulated, it promotes the culture of paying back after they have graduated.

However, for the long non-performing borrowers, the outsourced operations for collections and bad debts would help PTPTN to overcome their paralysing funding problems while helping borrowers build a greater payment trend to alleviate overall PTPTN overdue outstanding repayments.

At the same time, it is essential to revise and nurture the leadership for the future PTPTN employees to improve on the policy and strategies for receivables management. Deliberate and continuous, scientific evaluation of the collection and bad debt recovery to help PTPTN to form, update and revamp the overall general policies and strategies as deemed fit by PTPTN to assist students in their pursuit of higher education and the collection of their subsequent repayment. Developing and reviewing the overall collection and bad debts recovery policies and strategies, in the outsourced operations of the collection and bad debts to meet the objectives and expectations of PTPTN.

Lastly, developing a benchmark for the status of PTPN portfolio. The detailed status of accounts of the respective PTPN's borrower as part of the overall portfolio. The quantifying of the Action vs Results for the collection and recovery of bad debts. Establishing the status of the PTPN portfolio's processes, information system compatibility and general resources used in the pursuit of collection and recovery of bad debts. Identification of the different requirements for a comprehensive collection and bad debt operations. Developing the interfacing and compatibility between the different systems and operations for a seamlessly integrated collection and bad debts operations.

Summary

It is essential to apply the humane methodology to help the nation to grow by collecting the debts from the students. Students who have benefited from the PTPN should play their role as Malaysians to pay the loans that they have obtained previously. By playing their own role, PTPN funds would not be depleted and at the same time, they are able to allow more people to benefit from this loan.

Customer Satisfaction: Why the Surge?

By Dr. Dayana N. H. Chaskar

Globally we now stand in the periphery of Industry 4.0, which comprises of cyber-physical systems that monitor the physical processes of a factory or system and able to make decentralized decisions. The 4th Industrial Revolution is also referred to as a 'smart factory' as digital technologies make manufacturing more agile, flexible and responsive to customers. This system adopts computers and automation with robotics connected remotely to computer systems and require very little input from humans (What Everyone Must Know about Industry 4.0, Forbes 2016). Despite the fact of Internet of Things (IoT) and Internet of Services (IoS) taking over the technological revolution, the continuous interaction and exchange of information between humans is still vital for the human touch experience (*A Complex View of Industry 4.0, Sage Publication June 2016*). Thus industry players of different sectors are baffled to retain their customer's loyalty and contentment. Awareness and knowledge are the game changer for today's modern day customer. Their needs have now escalated and require an extent of effort in retaining their loyalty.

Customer satisfaction (CS) is one of the most important factors for any company's success. In Malaysia, Malaysia Productivity Corporation (MPC) which was initially established in 1962 is responsible for benchmarking our local Customer Satisfaction Index (CSI). The CSI generally measures the satisfaction level of a customer towards product/services and is mandatory to provide the customer's pre and post purchase behaviour. This index is capable of determining a company's service excellence standard which focuses on quality improvement, brand reputation, customer relationship and loyalty (*Malaysia Productivity Corporation, 2016*).

According to J.D. Power's Malaysia Automotive Customer Service Index study conducted in mid-2017, service advisors efficient efforts in meeting their customers' requirements at service centers plays a significant effect on CS. Its Country Head, Muhammad Asyraf Bin Mustafar remarked that good CS perceives customers as individuals with unique needs instead of

applying a blanket rule to all. J.D. Power has successfully led 15 years study on the local automotive industry, measuring overall service satisfaction among vehicle owners by assessing 5 areas in dealership performance (*Auto Service Center Efficiency Leads to Higher Satisfaction, J.D. Power Finds, August 2017*).



Consequently, local major industrial players are now gearing their CS to improve their CSI ranking. As a matter of fact, even the slightest increase in CS is able to greatly improve the customer's retention. Just by constructing a better customer experience and consistently exceeding expectations, this is able to increase their satisfaction their loyalty. Increased CS parallelly surges Customer Lifetime Value (CLV). It may seem a challenge to some but the bottom line is about measuring and acting on responses, identifying issues and solving problems directly. A small and sincere gesture to a customer can make a big difference to the overall experience. As the modern day customer spends lesser time at physical stores in the future, every interaction is an opportunity to either win or lose their loyalty. This also includes the customer's increasing awareness, preferences and needs.

Bearing this in mind Humanology offers several customised CS Transformation programmes to our clients. Our industrial experts organise practical and interactive workshops tailored to focus on critically developing the CS mind-set, alongside with the company's values. The programmes also cover participants' motivation subjectively through the change process by addressing fundamental skills to be effectively implemented and to manage transformation in the workplace.

Having CS issues? Call US now to rescue YOU!

Make every customer's visit count, be it physical or virtual.

Qualitative Research in Organisation and Management

By

Ts. Dr. Wan Hamiza W. Muhd Zin

Traditionally the management and organization field has been dominated by research studies based on quantitative techniques of data collection and analysis. Yet increasingly there is an interest in the ‘in-depth’ studies that are produced from qualitative work. So what is Qualitative Research? Generally, qualitative methods are used to capture and describe the depth, richness, and complexity of phenomena.

The many types of qualitative research designs and methods include:

Ethnography	Ethnography originates from the field of anthropology, is used to describe characteristics of culture within groups, communities, and organizations.
Discourse analysis	Discourse analysis, which has roots in the field of linguistics, is used to explicate the forms and functions of semiotic events such as written words, spoken dialogue, and visual texts. One type of discourse analysis is content analysis , which has been used by management scholars as a method for examining language and its effects on individual and organizational outcomes.
Ethnomethodology and conversation analysis	Ethnomethodology and conversation analysis, which emerged from the field of sociology, examine the methods that people use to produce and understand the social order of everyday
Phenomenology	Phenomenology involves a philosophical commitment to privileging the uniqueness of an individual’s lived situation and provides a first-person point of view.
Archival	Archival and historical methods employ the practices of historians in describing past events, toward accounting for the present and anticipating the future.

Structured interviews and focus groups, which are especially popular in the field of management allow us, the researchers to hear how participants describe situations; thereby helping us to see into their world (i.e., to understand their perceptions, interpretations, thoughts, and emotions) and to discover phenomena that we might not see if we relied on other methods such as observations, surveys, or laboratory studies. Interviewees may also use rich, evocative language for describing the situations they are dealing with, which can help us as researchers to discover aspects of a phenomenon to which we might not be paying attention.

These approaches (and others not listed) play out in a wide variety of ways as researchers adapt their methods to fit the questions at hand, the sites available for study, and their own particular interests and preferences. A few core skills commonly required in qualitative research are **Data Collection Skills, Data Analysis Skills, Writing Skills and ability to be reflexive.**







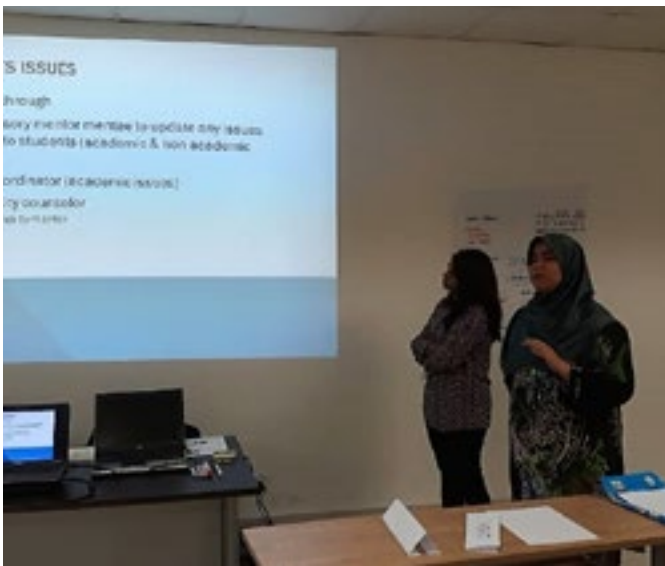


















Published by




Being Humane is Humane Being

www.hba.com.my

Published quarterly by Humanology Sdn Bhd
73-3 Amber Business Plaza, Jalan Jelawat 1,
Cheras, 56000 Kuala Lumpur

Copyright © 2018 Humanology Sdn Bhd

All rights reserved. No part of this newsletter may be reproduced or used in any form or by any means, electronic or mechanical, including photocopying, recording, or by an information storage or retrieval system, whatsoever, without prior written permission from the publisher.

 +603 - 9174 6755
+6018 - 213 6755

 info@hba.com.my

 www.fb.com/HumanologySB/