

**PRIME MINISTER'S DEPARTMENT**

**PUBLIC SERVICE DEPARTMENT**

# Concept Note

# CAPACITY BUILDING IN UNDERSTANDING FLEXIBLE WORKING ARRANGEMENTS (FWA) AND RELEVANT AREAS

## BACKGROUND

Many governments have gradually adopted flexible working arrangements (FWA) due to evolving global work dynamics, driven by technological advancements, changing workforce expectations, and significant impact of the COVID-19 pandemic. Accordingly, Malaysia's public sector has also adapted to a different working arrangement during the pandemic, despite its traditional norm of prioritising in-office attendance and standardised working hours. In 2020, the Malaysian government introduced Work From Home (WFH) arrangement for civil servants to reduce the reliance on physical office presence.

Recent developments in managing, retaining and attraction talent underscore the needs for enhanced human resource management flexibility model to improve productivity, work-life balance, and job satisfaction. These models are aligned with the new public service ethos of promoting joy in work, as outlined in the Public Service Reform Agenda 2024-2030.

In line with the above, the Public Service Department of Malaysia (PSD) has initiated a feasibility study on flexible working arrangements (FWA) in Malaysia’s public sector. The primary purpose of this FWA is to improve productivity by offering employees more flexibility, promoting modernisation, and reforming human resource management practices to foster a more agile and responsive public sector. Specifically, the study is exploring other FWA methods such as hybrid working, work from anywhere, 4 working days per week and compressed work week. Thus, it is crucial for the PSD to understand the trends and practices of FWA within both local and global public sector environments.

The PSD **plans to organise** a capacity building and study visit programme to selected countries with successful track records of FWA practices in the public sector to gain relevant knowledge, valuable information and exchanges of experiences. According to the 2023 Government at a Glance report by OECD, the Nordic countries, particularly Finland and Sweden plus Estonia are leading nations in FWA implementation due to their strong emphasis on work-life balance, productivity improvement and employee well-being. Primarily, these countries provide supportive models through remote working opportunities, flexible hours to their public sector employees and strong digital infrastructure to enable the FWA implementation.

Aside from the FWA on-going progress and best practices, Finland, Sweden and Estonia have also showed successful track records and advancement in introducing innovative public sector reform such as alternative service delivery (privatisation, corporatisation and out-sourcing), managing an ageing workforce and public sector digital transformation to keep up with the changing dynamics of global megatrends. All these best practices are indirectly impacting how governments should work and adapt, which has motivated the PSD to explore, learn, and understand to improve Malaysia's public service delivery.

## OBJECTIVES

The objectives of the capacity building and study visit programme are as follows:

1. To gain insights into the current state of FWA, ASD, Ageing Workforce and Digital Transformation implementation in the selected countries (Finland, Sweden and Estonia).
2. To explore and understand the rationale, practical experiences, and successes and challenges associated with the selected subject areas.
3. To enhance participants' knowledge, equipping them with insights to address issues and overcome barriers in implementing new public sector working models.
4. To facilitate knowledge exchange, drawing from the planning and implementation experiences by relevant stakeholders.
5. To foster professional connections and networking opportunities with leading experts for future collaboration.
6. To develop actionable policies and strategic directions for ensuring the successful implementation of best public sector practices in the Malaysian public sector.

## OUTPUT

The expected long-term output of this program are as follows:

1. Improvising existing policy related to FWA.
2. Proposing a new guideline on the implementation of ASD in the public sector.
3. Providing input for public sector digitalisation strategic plan.
4. Improvising existing policy related to ageing workforce.

## EXPECTED OUTCOMES

The expected output of this program are as follows:

1. Comprehensive understanding of the current FWA, ASD, Ageing Workforce and Digital Transformation policies and practices in Sweden, Finland, and Estonia, providing valuable insights into their successful implementation.
2. Identification of best practices and public sector innovative approaches including on how these countries address various challenges in service delivery, which can be adapted to improve the existing framework in our own context.
3. Enhanced knowledge of the practical applications and operational models of FWA, ASD, Ageing Workforce and Digital Transformation, harnessing a deeper understanding of their impact in strengthening strategic human resource management models in our context.
4. Development of actionable recommendations for revising and improvising the existing framework, guidelines, and government directives based on international best practices.
5. Strengthened international collaboration through the establishment of professional networks with respective counterparts, fostering on-going knowledge exchange and future cooperation.
6. Increased public sector capacity to effectively implement innovative public sector models, informed by real-world case studies and the experiences of other countries.
7. Recommendations for policy alignment, ensuring that the potential revision of current public sector framework models aligns with contemporary work trends and global standards.
8. Improved stakeholder engagement strategies, based on lessons learned from these countries' mechanisms in involving various sectors in their planning and implementation processes.

## PROPOSED PROGRAMME AND ACTIVITIES

* + - 1. The Programme shall entail:
         1. Online webinars involving relevant government agencies in Finland and Estonia (1-2 hours knowledge sharing session).
         2. 10 days capacity building and study visit programme in Finland and Sweden. The programme can be tailored to include lectures, visits, presentations and discussions with the key stakeholders to gain deep insights and foster collaboration on the following topics:

1. **Flexible Working Arrangements (FWA)**

* Overview, key success factors and challenges of implementing FWA in the public sector.
* Relevant legal frameworks, scope of work and performance management in enabling FWA.
* The shift from traditional working models to a more flexible and agile public sector working environment.
* The impact of FWA on employee well-being, productivity and service delivery.
* Building trust between employer-employees and accountability in producing intended output and outcomes.

1. **Alternative Service Delivery (ASD)**

* Overview of public sector reform mechanisms in the selected countries.
* Opportunities and challenges in implementing non-traditional public sector operating models (e.g. privatisation, out-sourcing, decentralisation, collaborative arrangement).
* Relevant policy, guidelines and frameworks in rolling out alternative service delivery options.

1. **Ageing Workforce**

* Overview of the ageing workforce scenario in the selected countries.
* Issues, challenges and implications of an ageing workforce in the public sector.
* Best practices in managing ageing workforce and talent in the public sector.

1. **Digital Transformation in the Public Sector**

* Overview of the selected countries' public sector digital transformation landscape.
* Capacity building and enhancement in managing the public sector in the digital era.
* Digital policy coordination, implementation, monitoring and governance.
* The role of digital transformation in enabling FWA, ASD and the ageing workforce in the public sector.
  + - 1. Proposed webinars and capacity building with the following ministries/ agencies/ institutions:

1. **Finland**

**Ministry of Finance** – The Public Governance Department under this ministry oversees civil service policies, including recruitment, working conditions, and HR strategies. Additionally, they set the structured legal framework to enable decentralisation and autonomy for individual agencies to design and implement their HR policies.

1. **Sweden**

**The Swedish Agency for Government Employers (SAGE)** – The key institution responsible for HR policies in public service. It negotiates collective agreements and guides on strategic human resource management and workplace issues, reflecting Sweden's emphasis on employees' well-being and welfare in the public service​.

1. **Estonia**

**Ministry of Economic Affairs** – This ministry is responsible for leading relevant talent management policies and public sector digital transformation.

* + - 1. Tentative Capacity Building Programme (14 days, including travelling days)
* 2nd week in April 2025.
* 10 days programme.
* 5 days in Sweden and 5 Days in Finland.

| **Day** | **Program and Activities** |
| --- | --- |
| Day 1 - Day 5 | **Programme Kick-Off in Sweden**   * Meeting and On-boarding session with the Embassy of Malaysia in Sweden. * Lectures, visits, presentations and discussions with the relevant Swedish Government Agencies to understand FWA practices, ASD models, Ageing Workforce and digital transformation. |
| Day 6 – Day 10 | **Programme Kick-Off in Finland**   * Meeting and On-boarding session with the Embassy of Malaysia in Finland. * Lectures, visits, presentations and discussions with the relevant Finland Government Agencies to understand FWA practices, ASD models, Ageing Workforce and digital transformation. |

## TARGETED PARTICIPANTS

A diverse cohort of middle level officers from relevant ministries/ divisions/ agencies who are involved in the identified public sector topics.

| **No.** | **Public Service Department (PSD)** | **Number of Pax** |
| --- | --- | --- |
| 1 | Research, Planning and Policy Division | 5 |
| 2 | Remuneration and Allowance Division | 1 |
| 3 | Staffing and Organisation Division | 1 |
| 4 | Service Division | 1 |
| 5 | Digital and Information Technology Division | 1 |
| **Ministry / Agency / Division** | | |
| 6 | Ministry of Finance | 1 |
| 7 | Ministry of Economy (MTEN Secretariat/K-Economy Division/Social Services Division) | 3 |
| 8 | Ministry of Digital | 1 |
| 9 | Ministry of Communication | 1 |
| 10 | Public-Private Partnership Unit (UKAS) | 1 |
| 11 | Registry of Societies (ROS) | 1 |
| 12 | Public and Private Universities | 3 |
|  | **Total** | **20** |

## RETURN ON INVESTMENT FOR VISITED COUNTRIES

1. Sharing best practices on the respective countries' public sector and human resource policies.
2. Sharing sessions on government's strategic human resource policies.

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## CONCLUSION

The proposed programme represents a significant and invaluable opportunity for Malaysian government officials to gain vital insights into the best practices for public sector management, as well as new methods and applications related to FWA, ASD, Ageing Nation, and Digital Transformation. Through learning and understanding from Finland, Sweden and Estonia's experiences, Malaysia can adapt and design better human resources and working environment policies to nurture the work-life balance, indirectly improving productivity and public service delivery effectiveness and efficiency.

**Research, Planning and Policy Division**

**Public Service Department**

**MALAYSIA**

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