

Risk Management as Governmentality in Organization

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Abstract

Risk management becomes an essential technology for every organization, especially those grouped in medium and big size enterprise as it provides additional layer of protection to the organization against risks from the business environment. Acting as the organization's defense system, the organizational actors fail to see the capabilities of risk management system beyond its conventional purpose. With this narrow expectation on the contribution and function of risk management practice to the organization, the organizational actors were only focus on the compliance of risk management practice instead of using it strategically. The technology now emerged inside the organization and embodied the organizational actors, process and structure of the organization without being aware by the organizational actors. This could lead to the underperformance of risk management capabilities to improve organization performance and continues to make the organizational actors in a state of ignorance on what is actually happening inside the organization. Hence, by conducting an extended single case study method, the study aims to explore the other capabilities and purpose of risk management practice in the organization, particularly to addresses one big question of how risk management practice embodied the people, process and structure of organization and act as governmentality. By conducting a series of interviews with risk management officers, line management managers, technical staffs in risk management department of an organization, as well as three months' observation on the organization's risk management practice, from that the study found several interesting findings. Firstly, risk management practice in the organization has transform from a knowledge about protecting the organization from the side effect of risk into a type of discipline that is used by the authorities such as the government, the top management and the risk champion to control and discipline people, task, process, and system inside the organization. Secondly, by implementing risk management system in the organization, the authority is extended to the group of people or institution from outside of the organization which has been given power as according to the risk management framework to involve in the

organization's decision-making process such as in doing investment activities. The study suggests the organizational actors, particularly risk management officers to be equip with wider understanding on the risk management practice in the organization which allow them to use risk management strategically and to enhance their knowledge on how risk management practice influence themselves and the organization.

Keywords: Risk Management, Practice Organization, Technology, Governmentality

I. INTRODUCTION

"When life itself becomes an object of politics, this has consequences for the foundations, tools, and goals of political action. No one saw more clearly this shift in the nature of politics than Michel Foucault." [24]

The term governmentality was coined in Foucault's works in 1979. It is used in his works in showing his interest in government [18]. Michel Foucault is not the first and the only scholar to use the term governmentality. The term was started to be used since 1950s and again increase in popularity from the work of Foucault and become a content of his lecture in 1970s. Receiving many positive and negative feedbacks from Foucauldian and non-Foucauldian thinkers, in 1990s the term was widely used in many academic fields such as political economic, sociology, criminology and accounting (see [4; 31; 6; 10]). According to Foucault, governmentality describes the general mechanisms of society's governance and does not refer specifically to the term 'government', as it is commonly used today [20]. As Gordon (1991) explained:

"Government as an activity could concern the relation between self and self, private interpersonal relations involving some form of control or guidance, relations within social institutions and communities and, finally, relations concerned with the exercise of political sovereignty." (pp. 2-3)

Another Foucauldian assert, Foucault considered governmentality as a complex system of power relations that binds sovereignty-discipline-government in a tripartite manner

[27]. It proposed, governing needs the integration of these three forms of power: the state of domination (sovereignty), disciplinary power (discipline) and the government of others and self (government) [20]. Foucault also mentioned the term governmentality referred to the art of government. Other study also say, governmentality informs on how power is exercised and to govern [28]. In addition, Deflem (1998) [9] argues, governmentality involves domination and disciplinary techniques. Moreover, in his own terms, Foucault defined governmentality as:

“The ensemble formed by the institutions, procedures, analyses and reflections, the calculations and tactics that allow the exercise of this very specific albeit complex form of power, which has as its target population, as its principal form of knowledge political economy, and as its essential technical means apparatuses of security” [12]

Some advance Foucauldian studies take governmentality according to a semantic meaning, which a linking of governing (gouverner) and modes of thought (mentalite), that intends to refer, it is not possible to study the technologies of power without an analysis of the political rationality underpinning them [24]. Before going further with the discussion on governmentality, it would be more systematic to bring further distinction between the term governmentality and government in order to make the two concepts can be differentiated clearly. It also important to differentiate between the original meaning of government and what it is referred today. The concept of governmentality demonstrates the hypothesis on Foucault’s work on the reciprocal constitutions of power techniques and forms of knowledge. While the concept of government is taken by Foucault from its old broader meaning, which intends to mean, 'relation between self and self which involves some form of guidance and power to accommodate the self to follow the guidance'. Clearly, the term government is wide and not referring to a narrow definition as it is today, which always referring to an entity with executive power in dealing with political affairs of a state. However, the studies on government always involve the said modern definition of it, because the government is a problematic political phenomenon which need to be study in searching for improvements. It is important to appreciate the conception of the term as suggested by Foucault to make us understand how the government is functioning in governing the society and at the organizational context, how the authorities such as the external party, top management and board of directors functioning in governing the organisational actors, process and structure.

II. CONCEPTUAL FRAMEWORK

The study adopts Maran et al. (2016) [26] governmentality framework as shown in Figure 1 to frame the analysis of the study. According to the framework, governmentality is characterised by systematic ties between political discourses, forms of rationality and technologies of government in the process of governing the individuals and populations. The governmentality is divided into two dimensions: the discursive dimension is the first dimension of governmentality; and the technology of government is the

second dimension of governmentality. The reason for the separation of governmentality into two parts is to show there is two distinct tactics (discursive and operational or technical) used in governmentality which both is exercised in two different levels (political and organisational level). In the first dimension, the political discourse is further split into two categories of discourse: high political discourse (then, political rationalities); and operational political discourse (then, programmes of government). As explained in Maran et al. (2016) [26]:

“Political rationalities refer to general representations of the world and are accepted as widely held norms (Radcliffe, 1998, 380). Programmes of government “are concerned with the detail of how political rationalities might be accomplished” [32] and provide the intellectual machinery for the implementation of the political rationalities [29].”

The political rationalities are aspirations, dreams, hopes and desires that are established for satisfying one-self and others. It parallel to the concept of pastoral power as suggested in Dean (1999) [8], in the governmentality of a state. In addition, programmes are frameworks for action, plans, proposals, schemes that address more specific problem. At discursive dimension, language is used in explaining and conceptualising the political rationalities and programmes of government [29]. As explained in Maran et al. (2016) [26]:

“In a later work, Rose and Miller (1992)[29] included in the discursive dimension of analysis not only language but also discourses and rhetoric, which represented modes through which the State defined and communicated its goals and principles, making them amenable to political deliberation and approval. The State needs to reinforce, consolidate and implement relations of power using the “production, accumulation, circulation and functioning of a discourse” [13]. Accordingly, the State might attempt to introduce innovations through the problematisation of some conducts [8; 29]. Thus, discourses, rhetoric and language are the means through which ideology, or political rationalities, is communicated and diffused by the State through programmes, giving a moral authority and power to the State [22; 25], and to a revolutionary State in particular [19].”

For the purpose of this study, the application of this terms and concepts in the case study shows how Malaysia governing employees and retirees by launching its social security programmes which is a multi-pillars retirement scheme as proposed by World Bank. The government programmes are introduced in line with the political rationalities aiming in improving social service for the nation since pre-independence era of the country. The aspiration was made official by stating it as the national agenda in the first national planning document, the First Draft Development Plan 1950-1955 aiming for developing social services, infrastructure, trade and development for the nation (please refer chapter six). According to the framework, it is assumed there is linearity between political rationalities and programmes of government unless it is approved otherwise through research.

The second dimension which is technologies of government is no less important in the process of governmentality. Technology of government can be the actual mechanisms at

the operational and technical level such as identifying, collecting, recording, analysing, evaluating, measuring, monitoring, summarising and reporting the activities of self and others in a structured administrative apparatus through specific form of activities such as ‘distribution of tasks and power’ and the use of ‘accounting system’ in government activities. As suggested by Miller and Rose (1990, 8) [29]:

Technology of government can be understood as a particular approach to the analysis of the activity of ruling, one which pays great attention to the actual mechanism through which authorities of various sorts have sought to shape, normalize and instrumentalize the conduct, thought, decisions and aspirations of others in order to achieve the objectives they consider desirable.

Dean (1999) [8] asserts technologies of government canvassed development of the bureaucratic and the administrative apparatus of the state in the implementation of political discourses. Hence, this study articulates the interdependencies of the two dimensions (political discourse and technology of government) through the analysis of the distribution of tasks and power among subject of authority in government activities. It also articulates the use of accounting system as one of the government technologies and as a means of intervention in social life [20; 17], “with aspirations for the shaping of conduct in the hope of producing certain desired effects” [34].

rather it can be understood those methods are from the same root of post-positivism paradigm which based on the principle of reflexive science. The extended case method also can be said as situated in the middle of case study and ethnography which only can be distinctly ascribe to the researcher who use it based on his philosophical view and situation he is engaging. For this study, it can be understood that the extended case method is the extension of the case study method by adding in macro-micro analyses about the particular issue. It is also slightly different from ethnographic because the analysis is not only including researcher experience in the participant’s locality, but also deploy participant’s observations to locate everyday life in its extra local and historical context [2]. Velsen (1979) [36] among the earliest researcher who use and explain the extended case method in academic research. He argues about the usage of the method as an anthropologist as similar to some researchers from Manchester school. While in the organisational study, the method can be well seen in the major work of Burawoy (1998, 2009). Using his many years of working experiences as a manual labour in four countries (i.e. Zambia, USA, Hungary and Russia), Burawoy [3] deploy his research participants’ observations to produce academic outcome witnessing four great transformations of the twentieth century (decolonisation, capitalism, socialism and retransition of socialism into capitalism in Russia) using the extended case method as he proposed. Here, he successfully connects both macro and micro aspects to the phenomena under his observations.

Application of the extended case method in studying the participants’ observations is not only being done by Buroway, it is also utilised by the Manchester school researchers. They are among known researchers who extending out from the ethnography study. The ethnography method is known as a conventional method in reflexive science that study about what natives were actually doing, contra of those methods from positive science that study what natives ought to do based on certain factors and conditions. For Buroway himself, ethnography means writing about the world from the standpoint of participant observation (Buroway, 1998, 2009). By extending the ethnography method, Buroway and researchers from Manchester school incorporate political, historical and cultural aspects in explaining the participant’s practice and thinking. In doing so, researcher who use extended case method started to fill his note book with issues, events, dramas and struggle that took place over space and time. Buroway illustrate the application of extended case method using one of his study conducted between 1968 and 1972 in the then newly independent African country of Zambia. From the study, he managed to dig beneath the political binaries of colonizer and colonized, white and black, metropolis and periphery, capital and labour to discover multiple process, interest and identities. He also managed to find and explain connection between macro and micro by looking at the postcolonial context which provides fertile ground for recondensing these proliferating differences around local, national, and global links (Buroway, 1998). Not just in Africa, there are communities’ ethnographies in US who have not always stopped at the tracks but incorporated the wider contexts of racism and labour markets as well as urban political regimes in their studies. In different area,

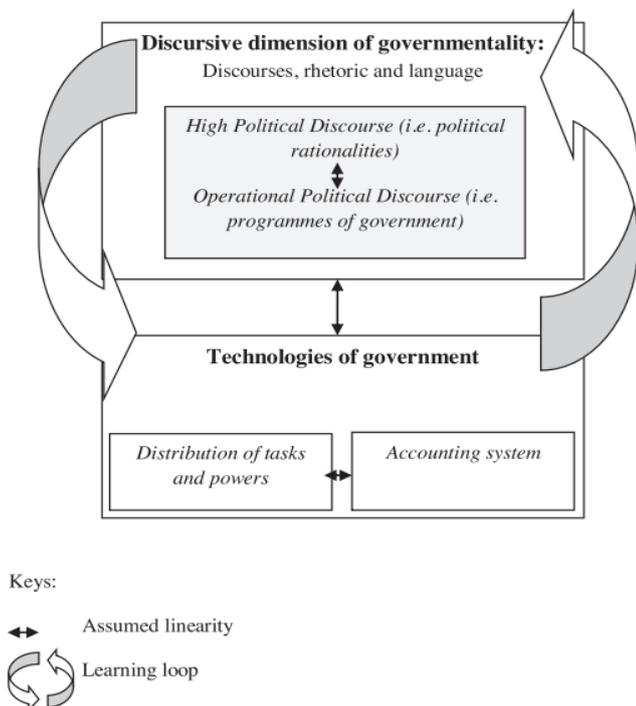


Figure 1. Governmentality framework adapted from Maran et al. (2016)

Source: Maran et al. (2016) [26]

III. METHODOLOGY

In general, the extended case method is not much different with the existing case study method or ethnography method,

Buroway (1998) asserts:

“Workplace ethnographies, traditionally confined to “plant sociology,” have also taken external factors into account, such as race and ethnicity, citizenship, markets and local politics in explaining what the natives were actually doing. School ethnographies have always sought to explain how education is shaped by and then become an influence on the social inequality. Family ethnographies cannot deny the influence of external elements outside household such as national economy, local culture and local political issues.”

As cited in Buroway (1998) [2], Fantasia (1988) [11], Johnston (1994) [21] and Ray (1998) [33] argue participant observation studies of social movements locate them in their political and economic context. All these are examples of the existence on second or alternative science which refers to reflexive science, instead of the one that only become main and universal in many research (i.e. positive science) that offers wider view in research and connecting macro and micro aspects to make sense the actual practice of society and social construct (i.e. organisation).

In my own use of the extended case method I have investigated the connection between macro environmental changes (entails political and cultural aspects) and micro organisational changes (entails organisation structure, process and practice). In achieving my research objectives, it is an appropriate methodological approach to understanding both the emergence of risk management discipline vis-à-vis the historical changes occurring in wider politico-economic and public administration contexts, and how the case company absorbs this emerging discipline into the organisation for managing its corporate risk which then causes changes to the micro organisation environment such as shaping the organisation structure, processes and practices to align with macro changes. It addresses different research aspects of risk management phenomenon in its natural setting. My view of the data collected comes from two perspectives. The first perspective relates not only to market and industry conditions (i.e., the investment strategy and diversification of retirement saving schemes), which makes ‘risk management’ one of the strategic aspects, but also to changes in the wider political ideologies that drive such structural changes in the innovative context. The second perspective relates to the internal reconfiguration of organisational structures, processes and practices through which such exogenous demands are internalised into a durable set of strategic risk management practices.

Through fieldwork, I have been able to interview 39 EPF’s employees who hold various positions in the EPF, this includes almost all employees in the risk management department and some important people in other departments such as finance, human resource and IT. In addition to EPF, I have also interviewed 2 line managers at the Central Bank, as well as several Chief Risk Officers (CFOs) from other organizations to obtain information on the implementation of risk management practices in their organizations. However, the focus remains on the data obtained from the EPF as it is the selected case company for this study. Several meetings with 39 interviewees successfully produced 42 interview

sessions. Of these 42 interview sessions, five key themes were reviewed: structural elements, processual elements, relational elements, cultural elements and historical elements, that created the epistemic process of risk management discipline in EPF. These field interviews were conducted at diverse intra-organisational levels which involves both senior and junior employees. They ranged from forty-five minutes to two hours depending on work circumstances and the time available with each interviewee. The shortest interview was about forty-five minutes and the longest was about two hours. Most interviews, however, lasted for around one hour.

IV. FINDINGS AND DISCUSSION

IV.I. Discursive dimension of governmentality: Discourses, rhetoric and language

At the political and economic level, the retirement risk issue is mentioned and debated everywhere by ministers and politicians in parliament assemblies, television, radio, newspapers, research articles, conferences and conventions, which have made the retirement risk management issue as a political discourse. Politicians talk about retirement risk management in order to gain public concern, trust and confidence in government aspirations, decisions and actions; therefore, every political discourse contains issues that affect society. Before the general elections are held, society-related issues such as retirement risk management are often become the content that is highlighted in the speech of politicians. It is a strategy for them to win the election and then appointed as the people’s representative. Regarding what happened in Malaysia’s recent general election, a few politicians promised to create a new retirement scheme to help fulltime housewives in Malaysia. One of the politicians in the recent general election, who has win, has been appointed as the deputy prime minister and the minister at the Ministry of Women, Family and Community Development named Y.A.B. Datuk Seri Wan Azizah Wan Ismail, responsible to fulfil her promise to restructure the existing retirement scheme, and started working on creating a new retirement scheme for fulltime housewives. As she is very committed to fulfil her promise to the society, the first phase of the programme has commenced right after she sit in her current post. With RM 2 million budget from the federal government, she uses to start the social project and also encourage voluntary contributions from housewives to increase the amount of contribution. It is how risk management become a political discourse in Malaysia and from the discourse it is operationalise into political actions.

Looking broader into the perspectives and practices of other developing countries such as India, Zimbabwe, El Salvador, Bolivia, Zambia and Mali, these countries have concern more on challenges faced by woman in terms of necessity for them to have social protection scheme such as retirement scheme [5]. In these countries, woman mostly working in informal employment sector that restricted them from access to social protection. This includes woman who are working from home such as housewives. These countries view housewives as woman who are working at home and there are those who are working outside home which is the one working in the formal

employment sector. Most of them drop out of the labour force to take care of children and their family. In society income segmentation, mostly women who are working at home fall within poor category. Cameron (2014) [5] argues, aside of these countries, many developing countries have introduced and started to implement social protection programs to protect poor people especially woman in protecting them from social and economic risks. This includes Malaysia as an example of a developing country that started with the social protection program for housewives. In these countries, despite women's often greater need, the programs are generally less accessible to them than to men. This social issue is regarded as a good opportunity for politicians who want to win the hearts of the people if they fight for this issue consistently and execute it responsibly. It may become a political aspiration in their campaign.

This political aspiration comes with political rationalities and the programmes of the government. At the field level, the management of retirement benefits is the responsibility of the Ministry of Finance. Under this ministry, the management of retirement risk is divided into the private and public sector. For the public sector, the management of retirement risk and pensions is supervised under the state's agencies, such as the Pension Trust Fund Council (known as KWAP), Accountant General of Malaysia, and Ministry of Finance. However, management is divided into two to focus on two distinct social targets. One focuses on managing the pension benefits for pensionable government servants, and the other focuses on managing the retirement contributions from non-pensionable government servants and private employees. At the field level, retirement risk management (also called retirement management) is managed by both government and private organisations. The variety of options in retirement risk management offered by the government are presented by the adoption of a multipillar retirement system by the Malaysian government. At the organisational level, retirement risk management is based on the organisation's business nature. For instance, in EPF, retirement risk management is categorised into three main types of risks, namely investment risk, operational risk and strategic risk.

For a government, managing human life processes is its political duty, and maintaining its political power is another duty. The political power of government is less effective in the classical system, which used sovereign power to administer and discipline the processes of managing society; therefore, it needs to be disciplined and managed under another form of power, which is disciplinary power. In the neoliberal era, human life processes are more complex, and more difficulties are presented to government in managing these processes. The rise of disciplinary power is the way they are being managed. The way the government manages the population can be divided into two dimensions. The first dimension is the phase in which the government is obliged to provide political rationalities before taking any strategic actions; it is called the discursive dimension. The purpose of providing every strategic action with specific political rationalities is to make the imposed programme understandable and acceptable, and to implement it successfully to achieve its objective. In this chapter, the

discursive dimension of the governmentality framework is adopted to frame the analysis of high and operational political discourse of the government in public administration, particularly in managing the retirement risk of the nation. The management of the population in modern government must have underlying moral objectives of political rationalities and specific government programmes. To achieve this, the government Hansards, and official and unofficial documents are reviewed and analysed. This is because political discourse is not only in the form of speech, but includes every single form of communication, such as text, documents, audio, video, symbols and gestures, which are used in conveying the specific message of governmentality. The second dimension is the technology that the government uses to distribute tasks and powers among the enforcement team, and the use of accounting technology to assist with the tasks and power distribution. The former is not discussed here, but forms the core discussion in the next chapter.

The discursive dimension focuses on the discussion of political rationalities and programmes of government that the government has used not only for the management of retirement risks, but also as a politico economic approach to create more value and promote growth to the retirement sector, such as the retirement savings fund managers (i.e. EPF, KWAP, LTAT and PRS), and at the same time to promote growth in the national development agenda through investment logic. For instance, whenever the government proposes a new programme, there is an attachment of political agenda to it. Hence, this chapter will also focus on how one of the government programmes, the EPF, delivers its political function in managing the retirement risk of the nation.

Managing the population is one of the main political tasks of the government. In order to manage the population, the government must be in the appropriate shape to manage it, being mentally and physically prepared – similarly to how a human must be mentally and physically prepared for a task. Mental preparation includes having clear objectives and political rationalities, while physical preparation involves having a set strategy and sufficient resources. This preparation and strategy are theorised in the governmentality framework. The discursive dimension of governmentality is a major part of the whole governmentality concept. Discursive, here, can be referred to as communication about various subjects in a discussion based on reasoning, justification and facts, rather than intuition. In the discursive dimension of governmentality there are discourses, rhetoric and language, which are used to communicate about the subject of discussion. Discourse is a popular term used in a variety of ways [1]. However, here discourse refers to discussions about disciplining and controlling the human life process by the government via speech, text and all other types of communication. In the discursive dimension, political discourses are divided into two types, which are high political discourse and operational political discourse. High political discourse is also known as political rationalities, and operational political discourse is also known as the programmes of the government.

IV.II. High political discourse

High political discourse concerns the way government

expresses its thinking and ideology of governing the population through discourse, language and rhetoric, represented in its political rationalities for every action and decision made. Government usually explicitly highlights the political rationalities in a formal form, such as in official government documents. In Malaysia, the government

highlights its political rationalities and the specific details of its operational strategy in a periodical document, named ‘the Malaysia Plan’ (then, draft development plan). So far, the Malaysian government has already documented 14 official documents which contain political rationalities and programmes (please refer to Tenth Malaysia Plan 2011-2015, Eleventh Malaysia Plan 2016-2020. The First Draft Development Plan was officially published and used in development operations in 1949. The plan was to develop formal social services, infrastructure, trade and development. Back in 1951, the Employees Provident Fund was introduced by the government, which is a government programme to improve social services by providing a formal social security system in Malaysia.

Table): First Draft Development Plan 1950-1955, First Malaya Plan 1956-1960, Second Malaya Plan 1961-1965, First Malaysia Plan 1966-1970, Second Malaysia Plan 1971-1975, Third Malaysia Plan 1976-1980, Fourth Malaysia Plan 1981-1985, Fifth Malaysia Plan 1986-1990, Sixth Malaysia Plan 1991-1995, Seventh Malaysia Plan 1996-2000, Eighth Malaysia Plan 2001-2005, Ninth Malaysia Plan 2006-2010,

Table 1. Five-Year Development Plan in Malaysia

Plan	Period	Goals/Political Rationalities	Challenges
Draft Development Plan	1950-1955	Social services, infrastructure, trade and development	Emergency, 1948–60 First elections, 1955
First Malaya Plan	1956-1960	Rural development, rubber industry, emergency expenditure, defence, security	Independence, 1957 Global recession, 1957–58
Second Malaya Plan	1961-1965	Rural development, employment generation, economic growth, economic diversification, social services	Formation of Malaysia, 1963 Separation of Singapore from Malaysia, 1965
First Malaysia Plan	1966-1970	Racial harmony, economic growth, employment generation, economic diversification, population planning	May 13 Riots, 1969
Second Malaysia Plan	1971-1975	1st Phase of NEP — eradication of poverty, restructuring of society OPP1, 1971–90	New Economic Policy, 1971–90 Oil shock, 1973
Third Malaysia Plan	1976-1980	2nd Phase of NEP — eradication of poverty, restructuring of society Private sector-driven	Oil shock, 1979
Fourth Malaysia Plan	1981-1985	NEP	Fiscal constraints, 1980–81
Mid-Term Review Fourth Malaysia Plan		Revitalise agriculture sector Privatisation of heavy industry	
Fifth Malaysia Plan	1986-1990	-	Recession, 1985–86
Sixth Malaysia Plan	1991-1995	Sustain growth Balanced Development Vision 2020 (1991) OPP2, 1991–2000	National Development Policy, 1991–2000
Seventh Malaysia Plan	1996-2000	Balanced development Productivity-driven growth	Asian Financial Crisis, 1997–98
Eighth Malaysia Plan	2001-2005	OPP3, 2001–10 Knowledge-based economy	National Vision Policy, 2001–10
Ninth Malaysia Plan	2006-2010	Value chain, human capital, socio-economic inequities	Global Financial Crisis, 2008 12th General Election (2008) National Mission, 2006–20
Tenth Malaysia Plan	2011-2015	Government Transformation Programme New Economic Model Economic Transformation Programme	Global financial crisis Greater competition for FDI Weak private investment
Eleventh Malaysia Plan	2016-2020	Inclusiveness, well-being, infrastructure, green growth	13th General Elections (2013) Fiscal constraints Deindustrialisation Malaysian National Development Strategy

Source: Lee and Chew-Ging (2017) [23]

Taking the Eleventh Malaysia Plan as an example, the motto for this latest plan is to anchor growth on people. Growth on people can take many forms, such as increasing the value of human capital, increasing the quality of life after retirement, improving well-being, increasing the quality of public services, etc. In relation to this study, the plan explicitly mentions the intention to improve the wellbeing of the people, and the intention to transform public services in order to increase production. At the political and economic levels, the political rationalities are clear about transforming public services. This includes retirement risk management by the government to increase the quality of its service and productivity for the people's well-being.

The political rationalities for every government programme are not only seen in official documents such as the Malaysia Plan and draft above, but can also be found in official statements made by government leaders in parliamentary debates, which are recorded and published in the parliament Hansard. For example, after the new government was formed, one of the manifesto commitments that was immediately implemented was the provision of a retirement scheme for housewives. In the first meeting of the House of Representatives in the new term of parliament, which was on Wednesday 18 July 2018, the new government via its Deputy Prime Minister, who is also the Minister of Women, Family and Community Development, declared the EPF saving to be open for housewives. The government will make contributions (i.e. RM50 will be contributed by the government every month), along with the contributions of the husband (i.e. 2 percent of his monthly income). The Deputy Prime Minister said in her speech:

"Women are vulnerable and exposed to risk as only 45.4 percent of women are in the labour market. Housewife are the most vulnerable group that easily fall to adversity when there is a sudden change in household situations such as husband's death, disability of the husband, divorce or if there is an irresponsible family member that cause conflict. In order to ensure women's social security, The Pakatan Harapan Government is committed to providing several initiatives. Among them is the contribution scheme for housewives. A series of meetings and discussions have been held to examine the mechanism to implement this scheme. Among them I have chaired the meeting on the proposal extension of social protection to housewives along with the Ministry of Human Resources, Ministry of Finance, EPF and SOCSO on May 31."

From this speech, it can see how risk has become the core issue in many changes made at the political and economic level, and field and organisational level. The ministry level found that housewives were exposed to risk, which required changes at every level of government; here we can see risk management become the governmentality, for which the introduction of new schemes that must be organised by EPF, other ministries and other organisations is the key action or treatment for the identified risk. As a social security institution that belongs to the government, EPF must take responsibility in implementing the government agenda along with the ministries, structuring and developing mechanisms if there are none. The decision and action to accept and follow

this government initiative is based on acceptable political rationalities, such as the new scheme needing to be introduced in order to improve social security protection for women and housewives, who are the group most easily exposed to diverse risk.

IV.III. Operational political discourse: the programmes of the government

Operational political discourse is where government implements the programme proposed at the high political discourse stage. The objective is to provide a better welfare programme for society, including a better social security and protection service, which can be achieved by introducing and implementing new programmes for groups which have not yet received the government's attention. This is the means of operationalising the political rationalities that have been discussed in high political discourse. The establishment of federal and state welfare programmes, a civil service pension scheme, Retirement Fund Incorporated, Employees Provident Fund, SOCSO and private retirement schemes are examples of government programmes in line with its political rationalities of providing good social security and protection service to retirees. There are five categories of programmes which are being implemented and practised in Malaysia to manage retirement risk, namely (i) the federal and state welfare programme; (ii) civil service pension and retirement fund incorporated; (iii) EPF and SOCSO; (iv) bonds and other personal savings schemes, general and/or life insurance, and unit trust; (v) house ownership and personal savings (financial and non-financial assets). Financial assets, such as cash, are not the only means to cope with retirement risk, as there are other things that can be used to manage risk, such as government housing and shelter programmes for the elderly, education for the community on strategies regarding retirement, healthcare programmes, etc.

However, financial assets remain the most crucial element in managing retirement risk. This makes EPF an important social security organisation that can safeguard the nation's retirement savings against many negative elements, such as inflation, economic recession, owner's personal use which is not for retirement purposes, theft, etc. The retirement fund is not only kept by EPF, but is invested in a diverse investment portfolio, including government securities, bonds and shares. The decisions regarding where, when and how much to invest are made by the EPF investment panel. The investment panel comprises seven members: (i) the chairman; (ii) one representative from the Ministry of Finance as Deputy Chairman; (iii) one representative from the Central Bank of Malaysia; (iv) three professional members; and (v) the CEO as an ex-officio member. The investment panel is assisted by an investment panel risk committee, a management investment committee and investment departments. In EPF, investment activity is not only made by one or two departments, as more than two departments make investments. However, all the investment decisions must go through the investment panel, investment panel risk committee and management investment committee before the final decision is taken by the respective investment departments. This detailed

decision-making process depicts the good standard operating procedure practised by EPF. The most important point is the involvement of representatives from the government in the investment panel, which shows the control of the government over EPF decision-making. This control strategy drives EPF to follow the mandate given by the government.

The government's mandate is officially for the EPF to provide a retirement risk management mechanism for the nation, and an unofficial mandate is shared by organisations in the private sector. The effectiveness of government programmes in meeting the needs of the community can be assessed through increased public demand in the various retirement schemes provided. Various parties from the private and public sectors are cooperating with the government to improve the retirement industry, as a proactive measure to control retirement risk in more manageable and effective ways. The cooperation between both sectors brings many benefits to many parties, including: (i) society, as people are presented with various choices in retirement saving schemes, which may

be more profitable for them; (ii) private finance companies, which are given the opportunity to manage retirement savings funds through their long-term investment programmes; (iii) public organisations, which can make private companies as a source of reference on fund management activities, either in terms of operations, investments or other support systems used to improve performance; and (iv) ultimately the benefits are also enjoyed by the government, as it can help to manage retirement risk among local communities, improve the welfare of people, and reduce the spending of government resources, such as finance, manpower and time. The government and private sector compete with each other to improve the quality of the services and products they offer to the community. Figure 2 depicts the cooperation between authorities, government and the private sector in promoting more choices of retirement saving management schemes, introducing private retirement schemes to the public as an additional option for them to increase the amount of retirement savings for use in the future.



Figure 2. The Chairman of the Malaysia Security Commission, Mr. Ranjit Ajit Singh, visited the private retirement industry expo in Malaysia.

Source: Connie (2013)

The report by Connie (2013) [7] showed drastic demand for the new government programme, with 30,500 individuals in Malaysia opening a Private Retirement Scheme (PRS) account, with a net asset value of RM100 million in 2013, since the scheme was launched at the end of 2012. Securities Commission Malaysia (SC) chairman Datuk Ranjit Ajit Singh said the amount recorded in just six months showed positive developments in the newly introduced industry in Malaysia. PRS is a voluntary long-term investment retirement scheme

created to help people to increase their retirement savings, and to facilitate employers to be part of a strategy to retain talent and labour. The scheme is an additional option to compulsory contributions to the Employees Provident Fund (EPF). The increase in the number of individual registrations to PRS does not indicate that other programmes, such as the compulsory retirement scheme managed by the EPF, are unpopular with the public. This increase is based on several factors, such as the scheme being open to individuals who are self-employed,

or housewives who are dependent on their husbands. This openness makes it a scheme that is very easy for people to accept. Furthermore, the returns are also competitive.

Figure 3 depicts the governmentality framework in Malaysian retirement management. It shows how retirement is managed at the political level by the Malaysian government. At the political level, the government creates a wide range of political rationalities that serve as the basis for every vision and mission it aspires to achieve. Based on the governmentality framework of Maran et al. (2016) [26] and inputs from the case study as documented in Malaysian Plan. Figure 3 shows how the government govern the society by developing its political rationalities and programs that is parallel to political rationalities. These political rationalities are focus on the society's interests and well-being. Example of the political rationalities developed by the government at the political level: democratic impetus (liberty and equality), interest in societal development, transparency in the use of public funds, control of citizens over public administration activity, and efficient public administration. After having

explicit political rationalities, the government programs are then developed.

In Malaysia, these programs are created depending on the level of government. At the federal government level, Figure 3 shows the federal or central government created several programs such as administrative organisations (i.e. ministries, prime minister cabinet and government agencies), taxation and other revenue system and structured budget based on the government's political rationalities. Both political rationalities and government's programs can only be achieved by learning from government's technologies such as the system that handles distribution of task and power and accounting technologies. Simultaneously, the government's technology is not a stand-alone system, it must learn from the political rationalities and government's program to make sure the government's goals are achieved. Any failure at one of the governmentality dimensions could trigger severe instability or collapse an economy or country. The government could become a source of systemic risk to the national economy (Lucas, 2014; 16).

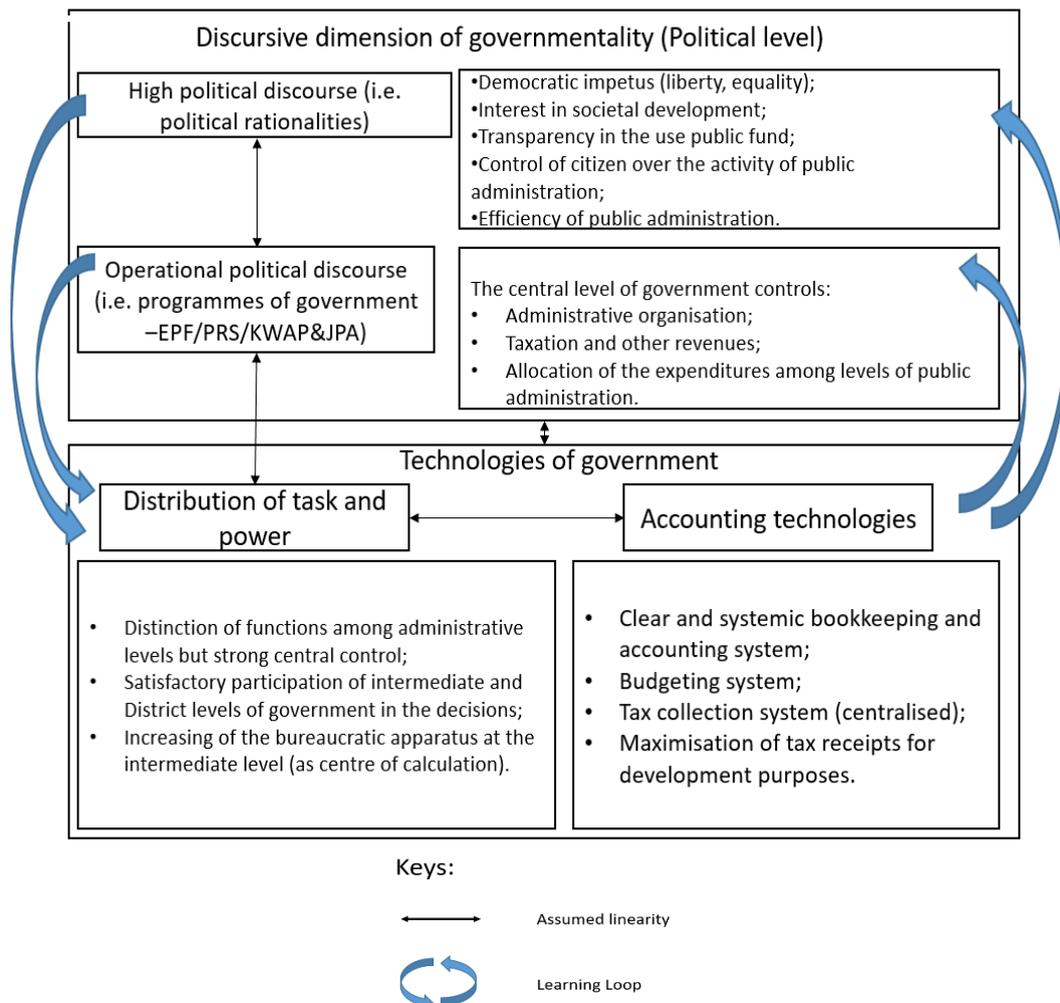


Figure 3. Governmentality framework in Malaysian retirement management.

Source: The framework is developed from the finding of this study.

In Malaysia, these political rationalities are manifested in the form of government programmes such as pension program for public servants and employees' providence fund for non-public servants, which are managed by the government machineries and agencies such as EPF, PRS, KWAP and JPA. Although the programmes are managed by several organisations, the government is still the highest institution that has control over the management of retirement risk affairs, including control in administrative organisation, taxation and other revenues, and allocation of budget among public administration. With such power, the government is not directly involved in the organisations' activities, as tasks and powers are distributed only among them, while the government monitors their activities. The distribution of power and tasks can be seen in the division of functions among administrative levels, participation by lower levels of government in the management of retirement risk, and establishment of organisations between the government and society, which function as the centre of calculation. The centre of calculation refers to the entities that are equipped with expertise and technology, which can be used to provide better management in certain matters, such as managing retirement risk, in particular. The entities which have powers and tasks to perform, such as EPF, obtain access to other technology, such as accounting systems, in following the mandate. Accounting technology used in EPF benefits the government in many ways, as it provides information from a clear and systematic bookkeeping and accounting system, and clear information from a budgeting system.

V. CONCLUSION

The study has discussed risk management discourses, rhetoric and language built at higher and operational political discourses in the first dimension of the governmentality framework of Maran et al. (2016) [26]. Based on that, Figure 3 is the framework developed from the case study that shows the strategy by the government of Malaysia to deal with society's issues and welfare such as the management of retirement risk. This study reveals the way Malaysian government built and organize its governmentality and at the same time trying to avoid failure in its administration that could lead to systemic risk. Figure 3 shows the first dimension of governmentality framework for the Malaysian federal in general, which is where the political rationalities and programmes of government are being developed and formulated, in order for it to be operationalised and implemented by the technology of government at the second dimension. Therefore, the study suggests, by looking on the wider view of risk management practice at both political and organisational level, the other capabilities, functions and purposes of risk management system can be discovered which in this case, it is used as a technology to control and discipline the population of the context.

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