An Assessment of Korea’s Post-Crisis Public Sector Reforms

O. Yul Kwon

This paper examines Korea’s public sector reforms undertaken by the Kim Dae-jung and Roh Moo-hyun government and assesses them based on the criteria of effectiveness, efficiency, predictability, transparency and public participation in public governance. Then, as a way of augmenting an assessment of the public sector reforms against these criteria, Korea’s public sector governance is compared with those of advanced countries. Korea’s public sector governance has improved particularly in terms of some of the five criteria, and yet it remains far below the OECD average. A few important success factors for public sector reforms emerge from this study. They include a strong and consistent commitment of the President, participation of citizens and key stakeholders — not rent-seekers, and public support for government reform measures.

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Keywords: Korea’s public sector reforms, public governance, evaluation criteria, worldwide governance index, success factors

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1. INTRODUCTION

Excessive government intervention was one of the principal causes of the 1997 financial crisis of South Korea (Korea hereafter). Therefore, drastic reforms were undertaken in response to the crisis not only in the private sector (finance, business and labour) but also in the public sector. In 1998, President Kim Dae-jung initiated a variety of public sector reforms with the objective of “a small and efficient but better serving government” (P. S. Kim, 2000). This aimed at creating a competitive, efficient and highly productive government based on market-, performance-, and customer-oriented principles. Nonetheless, the Korean public sector is still regarded as bloated, concentrated, inflexible and inefficient. A number of attempts have been made to examine and evaluate public sector reforms (P. S. Kim, 2000; Yang, 2004; Jeong et al., 2005). Yet, the criteria for evaluating these reforms are not appropriately established, and the mechanism and processes through which public sector reforms affect the economy in particular are not adequately articulated. After all, the fundamental objective underlying the entire reforms post-1997 crisis, including the public sector reforms, was to streamline the operation of the economy to avoid future economic crises.

This paper examines and evaluates public sector reforms undertaken in Korea since the 1997 financial crisis with a focus on the Kim Dae-jung and Roh Moo-hyun governments. Two overarching issues of the public sector are whether public policies are consistent with citizen preferences, and whether public services are provided efficiently. The first question is concerned, in essence, with the political process of policy-making which is beyond of the scope of this paper. The latter concerns the management of public administration for the efficient and effective performance of public functions. The scope of management of public administration involves the organisational structure and the operational process. The organisational structure includes organisational goals and strategy, formal government structure, and assignments of actions with administrative tools. The operational process includes interaction among stakeholders, problem solving.
resolutions, and enforcement of the resolutions.

In analysing and assessing the management system of public administration in Korea, this paper focuses on public governance, which refers to the formal and informal arrangements that determine relationships among stakeholders and how public decisions are made and implemented (Mimicopoulos, 2007; Kaufmann et al., 2012). Based on the concept of public governance, Korea’s public management reforms are assessed. This is then augmented by a comparative evaluation of Korea’s public sector management by comparing it with the counterparts of advanced countries.

2. EVALUATION CRITERIA FOR PUBLIC SECTOR MANAGEMENT REFORMS

The criterion chosen to assess the Korean public sector management reforms is the concept of “good public governance” which means the needs of the public being served effectively, efficiently and fairly. Good public governance is achieved via appropriate public decisions and actions implemented through suitable structures and processes for all aspects of executive management. As pointed out by a number of empirical studies (Mimicopoulos, 2007), good public governance helps strengthen democracy, and promotes economic prosperity and social cohesion. The framework for good public governance for this study is focused on economic perspectives.

Consistent with Korea’s strategic economic goal of achieving the status of an advanced market-oriented, knowledge-based economy, the following inter-related dimensions of good public governance are selected as evaluation criteria: (a) effectiveness, (b) efficiency, (c) predictability, (d) transparency, and (e) participation.\(^1\) Effectiveness refers to the extent of the achievement

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\(^1\) Various organisations have come up with different sets of dimensions for good public governance which comprise basic principles of human rights protection, democracy, transparency, participation, decentralised power sharing, sound public administration, accountability, rule of law, effectiveness, equity, strategic vision and so on. For the basic characteristics of these measurements, see Mimicopoulos (2007) who proposes three
of the overall strategic economic goals. Effectiveness implies consistency, which in turn requires public management in line with the overall strategic economic goals and their consistent pursuit over time or over political regimes. Without effectiveness and consistency in public management, it is difficult for the private sector to make its economic and business decisions. Effectiveness also implies appropriate coordination of reforms undertaken by a variety of government ministries and agencies. Effectiveness of public governance in Korea may be measured by the quality of public services, competence of civil servants, and independence of civil servants from politicians. Quality of regulations would also be a measuring rod for public sector effectiveness, as they directly affect economic activities of the private sector.

Efficiency in the implementation of public administration should be one of the requisites in that the same output should be obtained with a reduction of inputs. Otherwise, nation’s resource allocation is regarded as inefficient. Efficiency is a relative term, the ratio of output to input. Given the difficulty in measuring the output of the public sector, the ratio of the productivity index of the public sector to the input index would measure the efficiency with which public management operates. In Korea, however, public sector productivity is not readily available. Efficiency may thus be measured by input of the public sector, which is in turn measured by the extent of public expenditure relative to GDP, the number of civil servants compared to overall employment, and wages rates for civil servants compared to employees in the private sector.

Predictability in the management of the public sector is the most important criterion for private businesses (Mimicopoulos, 2007). Unpredictability increases risk in the business environment and produces disincentives for investment. Predictability and consistency reinforce each other. Without an adequate level of consistency in public management, it is difficulty to maintain predictability. Predictability may be measured in part by political criteria: efficiency, transparency and participation. Kaufmann et al. (2008) proposes six dimensions as shown in table 3. For Korea’s strategic economic goal, see Kwon (2010).
stability and the volatility of budgetary expenditures.

Transparency is increasingly considered as one of the basic operating requirements for any government. Transparency requires unobstructed flows of information between the government and the public. The public should also be informed of assumptions and estimates of benefits and costs of public programs when the government introduces them. Government should also be accountable for its actions and procedures. Accountability goes hand in hand with transparency. Transparency and accountability improve the credibility of government actions, enhance the rule of law, and minimise corruption. Transparency may thus be measured by the extent of the public’s compliance with rules and laws and by the level of corruption.

Success of public management depends on how comprehensively the government incorporates the aggregate social interest or the “encompassing interest” (McGuire and Olson, 1996). Government stakeholders are a diverse mix of citizens, businesses and special interest groups, often with widely divergent values and objectives. It is up to the government to drive these conflicting viewpoints down to a single set of strategic administrative procedures that best serve the public interest and achieve the strategic goals. This involves participation of stakeholders in decision-making and implementation of public administrative measures. Increased participation can be achieved by strengthening the freedom and pluralism of the media, and establishing consultative councils to facilitate the transmission of information between the public and private sectors. Participation may be measured by the extent of involvement of consultative councils in public management, the extent of the use of e-government, or the number of NGOs. E-government is an important tool with which to improve not only administrative effectiveness and efficiency but also citizens’ participation in governance. Against these five criteria, Korea’s public sector reforms since 1997 are examined and assessed with a focus on the Kim and Roh governments over the period from 1998 to 2007.

Kaufmann et al. (2008) produce the Worldwide Governance Indicators (WGI) that measure perceptions of the quality of cross-country governance,
synthesizing the views and reports on the quality of governance from a large number of enterprises, citizens and experts as well as well-known worldwide survey organizations such as the World Economic Forum (WEF), the International Institute for Management Development (IMD), the World Bank Business Environment Surveys, and the Gallop World Poll. To mitigate the challenges of aggregating numerous cross-country indicators, Kaufmann et al. (2008) identify six inter-related fundamental dimensions of public governance:

1. **voice and accountability**: the quality of citizens’ participation in politics and freedom of expression, association and media;
2. **political stability and absence of violence**: the likelihood that the government will be destabilized by unconstitutional or violent means, including terrorism;
3. **government effectiveness**: the quality of public services and bureaucracy, competence of civil servants, independence of civil service from politicians;
4. **regulatory quality**: the quality of policy and regulations to permit and promote private sector development;
5. **rule of law**: perception of the likelihood of crime and violence, society’s compliance with rules, the enforcement quality of laws and contracts by the judiciary; and
6. **control of corruption**: the level of corruption by exercises of public power for private gain.

The measured score of each indicator ranges between –2.5 to 2.5 with a mean of zero, with higher scores corresponding to better governance. The percentile rank ranges from zero to 100, with higher ones corresponding to better rankings, out of 212 countries and territories surveyed.

The above six dimensions by Kaufmann et al. (2008) are quite consistent with the five evaluation criteria of this paper. **Voice and accountability** reflects participation of the stakeholders in decision makings and
implementation of public administration. Political stability and absence of violence imply consistency and predictability in public governance. Government effectiveness seems equivalent to governance effectiveness, although their measurement methods may be different. High regulatory quality improves effectiveness of public governance particularly in terms of state-business relationship and private sector development. Rule of law and control of corruption reflect transparency. Also control of corruption improves business environment, enhancing both effectiveness and efficiency of public governance. Hence, the scores of individual WGIs for Korea will be employed in assessing Korea’s public governance in terms of the five criteria. Since the WGIs provide the scores and percentile rankings of individual conditions for good public governance across countries, they will be used in assessing Korea’s public sector management reforms in a global comparative context. The following section provides a brief descriptive overview of the major reforms undertaken in the area of public management since 1997.

3. ADMINISTRATIVE REFORMS

3.1. Government Structural Reforms

Korea was engulfed by a financial crisis just weeks before the presidential election in December 1997. The cumbersome size of government ministries and their inefficient organisations were held to be part of the major reasons why the government did not foresee and deflect the crisis (Yang, 2004). It quickly became obvious to the new President that widespread government restructuring should take place beyond what would normally occur under a new political administration. In addition, the IMF rescue conditions required drastic fiscal austerity measures, implying the reduction of some ministries and agencies. The election of Kim Dae-jung marked a watershed as the first peaceful transfer of power in Korean politics from the ruling conservative
government to a liberal-democratic opposition party. It was thus expected that the new government would undertake drastic reforms of the public sector not only to meet the IMF rescue conditions but also to change the bureaucratic culture. Shortly prior to the inauguration of the Kim Administration in February 1998, the National Assembly passed the Administrative Procedure Act that provided the legal foundation for public sector reforms (APEC, 2007).

The first restructuring of the public sector commenced immediately after the new government took office in February 1998 with the stated objectives of the rationalisation of state functions by creating a smaller, more efficient government; the enhancement of efficiency by incorporating competition into public sector functions and among civil service personnel; and cultural change toward a more customer-oriented public service (Choi, 1999; Jeong et al., 2005; Yong and Tan, 2005).

A variety of structural reorganisations were undertaken under the Kim Dae-jung government. Noticeable among them were the establishment of the Office of Budget and the Planning and Budget Committee under direct presidential authority, with a commensurate reduction of functions of the Ministry of Finance and Economy (MOFE). Primary responsibility for international trade negotiations was transferred from the Ministry of Trade and Industry to the Ministry of Foreign Affairs, which became the Ministry of Foreign Affairs and Trade (MOFAT). To remedy the lack of prudential supervision of the financial sector, supervisory roles were withdrawn from the Bank of Korea and MOFE and transferred to a new Financial Supervisory Commission (FSC) under prime ministerial authority. The Financial Supervisory Service (FSS) was established under the FSC as the operational organisation to implement financial monitoring. In 2006, it employed 1686 officials (Lee and Park, 2009). To enhance policy coordination and evaluation, and to eliminate redundant functions, the former Administrative Coordination Office was upgraded to the Office of the Prime Minister (Jeong et al., 2005).

The second restructuring of May 1999 was on operational systems, while
the first restructuring of 1998 had focused more on structural change. Despite the relatively large changes in the 1998 reforms, public opinion held that the government had protected itself from the dramatic restructuring in the private sector, and that the pain was not being shared equally across society. Hence, the second restructuring sought to directly address public concerns and adopted a more robust approach to rationalisation of the public sector by pressing for reductions in the workforce and transferring some service delivery responsibility to the private sector and local government (Yang, 2004; Jeong et al., 2005).

A third restructuring, which took place in January 2001, was intended to reinforce certain social and economic policies for policy coordination and in response to emerging new public demands. The position of Minister for Economic Affairs was upgraded to Deputy Prime Minister in response to criticisms that the lack of a central figure coordinating economic policy was making reform more difficult. The Minister of Education and Human Resources was upgraded to Deputy Prime Minister in charge of human resource management, due to the emergence of sensitive post-crisis issues such as re-education of displaced workers and development of human capital. The establishment of the Ministry of Gender Affairs was the final major development in the third government restructuring (Yang, 2004; Jeong et al., 2005).

### 3.2. Government Managerial Reforms

Government managerial reforms were undertaken alongside structural reforms to enhance public sector effectiveness and efficiency (Lim and Hwang, 2002; Jeong et al., 2005). The newly established Office of Budget introduced the “total operational expense system,” whereby the Office set a budgetary ceiling, under which each ministry and agency would determine the priority and amount of specific expenditures (Choi, 1999). This provided

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2) For other structural reorganisations undertaken by the Kim Dae-jung government, see Yang (2004) and Jeong et al. (2005).
ministries and government agencies with greater flexibility and discretion in expenditure decisions. It was also intended to promote efficiency in the budget process by conditionally offering public servants a portion of any savings that they helped to create. Budget funds were also allocated to ministries and agencies in accordance with their achievements in implementing managerial reforms (Chang and Chae, 2004). Another important reform to the budgetary process was the establishment of a budget advisory board to solicit expert advice from a wide spectrum of public and business specialists (Choi, 1999).

As mentioned above, the government sought to reduce the workforce as part of its second reform. Each ministry was given one year to lay off a certain number of employees, and was prohibited from all recruitment and promotion during that time. Subsequently, the government capped its workforce numbers permanently, although some priority occupations such as teachers were excluded (Jeong et al., 2005). The number of government employees was reduced significantly during the post-crisis era. As shown in table 1, the total number of civil servants at the end of 1997 was estimated to be 934,000 (including central, provincial and local governments). This had been reduced to 868,000 by the end of 2001.

To further improve efficiency in government service delivery, codes of conduct, performance guidelines, incentive schemes, and merit-based personnel management were introduced. A new Civil Service Commission (CSC) was established in 1999 to promote transparency, merit and neutrality in civil service personnel appointments (P. S. Kim, 2000; Yang, 2004; Jeong et al., 2005). After 1997, the government allowed the hiring of civilians for the top three civil service grades, thereby bypassing the high civil service examinations. Government pay scales were adjusted more in line with the private sector, and various pay incentives were introduced. The civil service has moved away from seniority-based salaries, toward a system where remuneration was differentiated within each pay grade relative to performance.

To improve the accountability and performance of civil servants, nearly 600
Public Service Charters were published by nearly 300 agencies from central and local governments, presenting performance targets and standards (Jeong et al., 2005). To prevent corruption, the Presidential Advisory Council for Anti-Corruption was established in 1999, and the Anti-Corruption Act was enacted in 2001. Under this Act, the Korean Independent Commission against Corruption (KICAC) was established in 2002 (Kwon, 2008). The
Commission has set the direction for anti-corruption policy, establishing the Public Service Ethics Act and the Code of Conduct for Public Officials, and providing protection for whistle-blowers. The KICAC was the first official body in Korean history solely dedicated to anticorruption activities. In 2008, it was integrated into the new Anti-Corruption and Civil Rights Commission (ACRC) along with the Office of Ombudsman and Administrative Appeals Commission (Choi, 2009).

To improve transparency, a new Government Information Disclosure Act was introduced which provided the public with the right to request any government documents, except those related to national security. In 2001, Korea passed the first comprehensive legislation on e-government, the “Promotion of Digitalisation of Administrative Work for E-Government Realisation Act”. Under the Act, public institutions had to create their own information management systems, through which information could be properly kept and speedily searched by making full use of information technologies (Jeong et al., 2005). The government also initiated e-government with the “Comprehensive Plan for e-Government” announced in 1999. E-government is expected to use the Internet as a “one-stop processing” point for routine administrative procedures and applications, public provision of information, public feedback, government procurement, and liaison between central, regional and local governments (Yang, 2004; Jeong et al., 2005; Yong and Tan, 2005). By 2002, the Korean government launched the government e-service website which offered access to almost 400 public services (Yong and Tan, 2005).

Serious efforts were made by the Kim government to enhance public participation in government affairs. The Administrative Procedure Act of 1998 was designed to ensure the participation of citizens and civic organisations in the policy-making process through preliminary announcements on legislation, government policies and public hearings (APEC, 2007). Citizens’ participation was also promoted with the introduction of the above-mentioned online system, through which citizens and the government could exchange information and ideas. Management
consulting was introduced in mid-1998 in all central government departments. Eight firms, including foreign companies, were selected through open tenders (P. S. Kim, 2000). Finally, as part of its managerial reforms, the government attempted to change the culture of bureaucracy toward more customer-oriented public services. This was an attempt to cultivate the idea that the government is a service provider that must serve the public, rather than the traditional idea of top-down government.

The Roh Moo-hyun government, inaugurated in February 2003, did not have the same mandate for public sector reforms as its predecessor. Thus, Roh did not undertake structural reforms beyond what would normally occur under a new political administration. Instead, the Roh government introduced continuous reforms in public administration and personnel management to foster effective government, though not necessarily smaller or more efficient. The Roh government identified five goals — efficiency, customer satisfaction, transparency, decentralisation and participation — as key elements of its administration (APEC, 2007). This was to fulfil Roh’s political pledges of an “effective and serving government,” “a participatory government,” and “regionally balanced development” (K. B. Kim, 2007). To this end, the Roh government pursued continuous reforms over its five year tenure and attempted to establish a “reform culture” by coordinating, consolidating and networking reform processes across individual ministries. It also introduced the concept of the team and the business management system into public sector management (S. B. Kim, 2007).

The Roh government certainly attempted to achieve administrative transparency, efficiency and participation in part by improving on the outstanding result of the e-government from the Kim government. In this regard, the Roh government announced the “Participatory Government’s Vision and Direction of E-Government” in 2003 with the aim of realising the “World Best Open E-Government,” and set up a set of specific objectives, strategies and action plans over his presidential tenure 2003-2008 (Obi, 2004). Some specific objectives include increasing online work processing from 15% in 2003 to 85% in 2008, reducing visits for civil service applicants
from 10 to 3 visits per year, and raising the utilisation rate of e-government from 23% to 60% over the same period. To realise the goals of the “Participatory e-Government” plans, a Presidential Committee on Government Innovation and Decentralisation was established as an advisory body to the office of the President. Also the Government Superhighway Network was established connecting all departments and government agencies (Yong and Tan, 2005).

“Participatory government” aimed at social cohesion and voluntary cooperation with the state by fostering civil society organisations and establishing a large number of commissions and committees under the president, ministers and agencies. In 2005, there were 381 committees with 3100 committee members under the central government, and 1391 committees with 3292 members under provincial governments (Hwang, 2007). The budget for these committees increased from 54 billion won in 2002 to 237 billion won in 2007 (Lee and Park, 2009). In undertaking incessant reforms, the number of civil servants increased from 890,000 in 2002 to 936,000 in 2004 and further to 975,000 in 2007. This number remained about the same in 2009 under the new Lee Myung-bak government (table 1). In addition, the Roh government initiated the dispersal of central government ministries to regions as part of its regionally balanced development plan.

4. EVALUATION OF GOVERNMENT STRUCTURAL AND MANAGERIAL REFORMS

Certainly a variety of public sector reforms were undertaken by the Kim and Roh governments, whereby new structural organisations and new rules and measures were introduced to improve public governance including effectiveness, efficiency, predictability, transparency and participation. A number of Korea observers have argued that reforms introduced by the Kim and Roh governments have contributed to the effectiveness of governance.
The Kim government attempted to improve governance effectiveness by enhanced policy coordination, and targeting budgetary allocations toward emerging new public needs. Moon and Ju (2007) find that expenditure areas of emerging social demands, such as education, infrastructure and income distribution, increased relatively faster than other areas. Because of the similarity in ideology under the Kim and Roh administrations, relative consistency was maintained by carrying out reforms in the same direction, contributing to overall governance effectiveness. S. B. Kim (2007) argues that the business management system and the team concept introduced by the Roh government helped improve governance effectiveness. It has been pointed out that the e-government development strategy by the Roh government has yielded significant fruits, as attested by the UN Global E-Government Survey in which Korea ranked first in both the e-government development index and e-participation index in 2010 (UN, 2010).

Contrary to those positive assessments as above, some scholars are quite critical of the public sector reforms undertaken by the Kim and Roh governments, probably because of different perspectives these commentators have focused. Yang (2004) argues that by the time of the third reform by the Kim government in 2001, political expediencies appeared to have won out over the initial goals of reform, as indicated by the de-emphasis on the downsizing of government and by a high emphasis on quality of service. Lim and Hwang (2002) argue that the public sector reforms undertaken by the Kim and Roh administrations lacked consistent coordination, evaluation, and monitoring of the reform process.

None of the above commentators has assessed Korea’s public sector reforms based on the principle of good public governance and in particular based on the five evaluation criteria chosen by this paper. In view of the effectiveness criterion, the weakest link in the public sector reforms undertaken by the Kim and Roh administrations was the lack of consistency and coordination over time. President Kim lost the capacity to pursue consistent reforms as he lost public support and credibility due to corruption cases involving his associates. A variety of drastic reforms introduced by the
Kim government lacked consistency over the first and third structural changes. The Office of Budget and the Planning and Budget Committee played a key role in the reforms and their coordination. However, they were weakened in their ability to push the reforms forward and to continue the policy coordination role when they were merged into the Ministry of Planning and Budget (MPB) in the second restructuring. The Kim government attempted to strengthen the responsibility for policy coordination by upgrading the role as part of the Prime Minister’s office. However, the Prime Minister is appointed by the President and carries out Presidential directives with no autonomous or real power.

The Roh government constantly introduced reforms based on a strong ideology. The aggressive pursuit of controversial multiple reforms undermined his government’s coherence and consistency in the process of reforms, thereby losing public support and credibility, as attested by the crushing defeat of the government party in the 2007 presidential election. Added to this were uncooperative rent-seeking interest groups, which President Roh had promoted and supported, employing non-democratic tactics for their claims (Lee, 2004). When public opinion on his reform agendas was polarised into conservative and progressive positions, and the conflicts between the two blocs escalated, President Roh revealed his lack of democratic leadership and inability to compromise (Yoon, 2004; Kang, 2007). All these developments together with the impeachment resolution against him exacerbated political instability, thereby hampering managerial improvement.

President Roh pledged to strengthen the role of the Prime Minister during

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3) The Hankyoreh (2004), a daily newspaper well-known for its inclination toward the progressive political doctrines, argued that instead of engaging in constructive discussion on problematic issues, President Roh served as a source of unnecessary controversy due to his series of missteps. When the National Election Commission found that his behavior was in violation of the law, President Roh made the matter worse by offering feeble excuses rather than offering an acceptable apology to the opposition parties and general public. This led to an impeachment resolution against his presidency by the National Assembly. It appears that his political leadership and compromising ability did not score a discernible improvement even after the 2004 Impeachment incidence, as evidenced by his party’s dissolution after its crushing defeat at the 2007 presidential election.
his election campaign, but did not delegate any real power to the Prime Minister. In practice, prime ministers changed a number of times during the two administrations, indicating the lack of a policy coordination and evaluation role in the position of Prime Minister. Given a single five-year term, the Presidential Office cannot perform the role of consistent coordination, evaluation and monitoring of reforms beyond a period of few years.

Attempts to change the culture of the bureaucracy toward a more customer-oriented public service are not highly regarded. P. S. Kim (2000) points out that those civil servants who had enjoyed privileges in the past were known to oppose the directions of the Civil Service Commission. Lee and Park (2009) argue that the central government bureaucracy was one of the most powerful allies of previous conservative and authoritarian governments, and bureaucrats were often resistant to changes made under the progressive governments of Presidents Kim and Roh. K. B. Kim (2007) argues that the two governments did not seriously pursue the new system of hiring talent and expertise from both the private and public sectors through competition. In addition, there appears no evidence that showed a discernable improvement in the independence of civil servants from politicians during the two governments. Civil servants also suffered from reform fatigue due to constant pressure to undertake changes by the Kim and Roh administrations. With strongly imbedded bureaucratic culture with no significant change in human resource management of the public sector as well as the lack of consistent pursuit of well-coordinated reforms over time, the effectiveness in public governance under the Kim and Roh governments would not be highly regarded, as a number of Korean scholars have pointed out as above.

Nonetheless, it is unlikely that all the reform efforts made by the Kim and Roh governments were in vain. In particular, for the first few years of the Kim government, requirements for consistent pursuit of public sector reforms were largely met when the nation was gripped by the shock of the 1997 financial crisis and the whole society was united under the banner of
recovery from the crisis. As mentioned above, effectiveness in public governance would have improved through the successful introduction of e-government during the Roh administration. Unfortunately, however, there is no clear quantitative evidence, one way or the other, on the effectiveness of governance under the two governments other than the Worldwide Governance Indicators (WGI)s estimated by Kaufman et al. (2012).\textsuperscript{4)\textsuperscript{5)} Table 3 shows Korea’s scores of the six dimensions of public governance measured by Kaufmann et al. (2012). The score of government effectiveness in Korea gradually increased from 0.63 in 1996, one year before the crisis, to 1.25 in 2007, the last year of the Roh government.\textsuperscript{5)} Insofar as consistency in governance is reflected in political stability, the lack of consistency and coordination in the public sector reforms, as pointed out above, is shown in the poor score of Korea’s political stability of the WGI, which declined below the 1996 level during the two administrations (table 3). The score for regulatory quality increased from 0.48 in 1996 to 0.91 in 2007, although fluctuated somewhat over time. Increases in Korea’s scores of government effectiveness and regulatory quality of the WGI show that reform efforts by the two governments have not all gone in vain.

\textit{Efficiency:} the Kim government introduced a variety of measures to improve the efficiency in public governance. As shown in table 1, the number of civil servants gradually decreased from 934,000 in 1997 to 868,000 in 2001, although the number increased to 890,000 in 2002, the last year of the Kim government. In this regard, K. B. Kim (2007) argues that decreases in the civil servants during the Kim government were undertaken without accompanying streamlining of the administrative apparatus or increases in productivity, and has simply resulted in the hiring of part time workers. He further argues that measures to enhance the performance

\textsuperscript{4)} It should be noted that the Worldwide Governance Indicators as shown in table 3 measure the perceptions of the quality of overall governance, including not only public administration as examined above, but also other areas such as regulation, taxation, management of state-owned enterprises and politics.

\textsuperscript{5)} The scores of five dimensions, except for the score of control of corruption, dipped in 1998, the first difficult year after being afflicted by the crisis, reflecting the prevailing perceptions that the crisis occurred due to the dysfunctioning government.
efficiency of civil servants, such as the introduction of competition in the public sector by hiring outside talents and experts, fell short of achieving their intended targets because of the lack of a coordinated and determined push for them. Lim and Hwang (2002) point out those overlapping functions among government agencies were not coordinated, and that the government organisation was still full of redundancy, corruption, red tape and a peace-at-any-price principle. They also argue that the human resource management system in the public sector has remained unchanged without undertaking new initiatives that both of the governments envisioned.

Although these negative comments would be valid from certain perspectives, it appears that the efficiency in public governance improved significantly particularly under the Kim government, as it is measured in terms of the number of civil servants. As mentioned earlier, efficiency is a matter of output to input ratio. However, since output measurements of the public sector or its productivity are not readily available, efficiency is assessed by the number of civil servants, a main source of public input. The number of civil servant decreased substantially in terms of not only the absolute number but also the ratios to population and to total employed workers. As shown in table 1, the number of civil servants decreased by 5.0% in 1998 and further decreased annually, though slightly, until 2002, the last year of the Kim government. This is a remarkable contrast to the annual increment until the outbreak of the 1997 crisis. As a percentage of population, the number of civil servants decreased from 2.00% in 1997 to 1.85% in 2002. Soon after the crisis, there was criticism that the public sector did not take a fair share of pain from the crisis. In response to this, public sector employment gradually decreased as a percentage of overall employment from 4.46% in 1998 to 4.01% in 2002 (table 1).

It appears that the Roh government de-emphasised efficiency in implementing multiple reforms, thereby lowering the efficiency, measured by the number of civil servants and their salary. The number of civil servants increased substantially from 890,000 in 2002 to 975,000 in 2007, or a 1.84% annual growth (table 1). As a percentage of the total population, the number
of civil servants increased gradually during the Roh government, reaching the 1997 level of 2.01% in 2007, the last year of his government. Also, the ratio of civil servants to overall employment increased from 4.01% in 2002 to 4.14% in 2003 and remained at a more or less unchanged level over the Roh government. During the Roh administration, salary for civil servants also increased remarkably. Table 2 shows that the ratio of civil servants’ salary to GDP jumped from 1.6% in 2003 to 2.1% over the 2004-2007 period. As a proportion of total government expenditure, salary to civil servants increased from 9.8% in 2002 to an average of 12.3% over the five-year period of his government. Salary per civil servant increased at an annual rate of 10.6% over the 2002-2007 period, while the wage level of all non-agricultural industries increased by only 6.3% (KNSO, 2010a).

**Predictability:** It is doubtful that predictability in public governance has improved significantly, because of the lack of consistency and coordination in the series of reforms undertaken, as discussed above. Continuous introduction of controversial reforms based on strong ideology by the Roh government did not help improve predictability. This may be reflected in the

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**Table 2  Expenditure on Civil Service Salaries (Personnel Expenses), 2001-2009**

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<th>Total Salary (trill. won)</th>
<th>Salary Exp./GDP (%)</th>
<th>Salary Exp./Total Govt. Exp. (%)</th>
<th>Salary/Civil Servant/Year ('000won)*</th>
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<td>2001</td>
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<tr>
<td>2002</td>
<td>10.7</td>
<td>1.6</td>
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<td>12,022</td>
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<td>2003</td>
<td>11.4</td>
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<td>12,445</td>
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<td>2004</td>
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<td>2.1</td>
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<tr>
<td>2005</td>
<td>17.2</td>
<td>2.1</td>
<td>12.8</td>
<td>18,475</td>
</tr>
<tr>
<td>2006</td>
<td>18.2</td>
<td>2.1</td>
<td>12.6</td>
<td>19,018</td>
</tr>
<tr>
<td>2007</td>
<td>19.2</td>
<td>2.1</td>
<td>12.5</td>
<td>19,727</td>
</tr>
<tr>
<td>2008</td>
<td>20.4</td>
<td>2.0</td>
<td>11.6</td>
<td>20,902</td>
</tr>
<tr>
<td>2009</td>
<td>20.9</td>
<td>2.0</td>
<td>10.4</td>
<td>20,484</td>
</tr>
</tbody>
</table>

Note: ‘total salary in column 1 divided by the number of civil servants in table 1.
Sources: KNSO (2003-2010a).
volatility of budgetary expenditure and of the number of civil servants. As shown in table 1, the annual growth rates of public expenditure ranged from −0.5% to 20.8% over the Kim and Roh governments. As a percentage of GDP, public expenditure ranged 19.9% to 26.0% over the two governments. The lack of predictability is shown in the score of political stability and absence of violence of the WGI (table 3). The score was 0.52 in 1996, and remained below that level throughout the two governments.

Transparency: as examined above, both the Kim and Roh governments made significant efforts to enhance transparency in public administration. In spite of all these efforts, the level of transparency in Korea, as measured by corruption levels, remained remarkably low. According to KNSO (2010b, p. 520), the number of reported crimes per one million people remained at about 200 during the 1980s and increased to 300 in the 1990s. The number then increased to about 400 during the Kim and Roh governments. The annual number of government official crimes, which is related to corruption, fluctuates widely over time. It remained at around 500 during the 1980s and increased to 1800 in the 1990s before the Kim government. The number then increased to 2800 during the Kim and Roh governments. An empirical study by Choi (2009) shows that the abovementioned KICAC has not been effective in fighting corruption due to a lack of adequate institutionalisation. Its detection rate for corrupt practices is relatively high, but its prosecution rate is low. This is in part due to a lack of resources, particularly to the prosecutors’ offices. KICAC’s educational role in the society and business community is also regarded as weak and inadequate. The lack of transparency in Korea’s public governance is also shown by the score of control of corruption of the WGI. As shown in table 3, the score for corruption control fluctuated widely over the two governments, showing no

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6) Tsai (2009) argues that a high degree of political corruption remains as a characteristic feature of Korean governance even after its consolidated democratisation.

7) Choi (2009) argues that the recent merging of KICAC with other bodies under the Lee Myung-bak government will only exacerbate this problem because of weak functional relevancy and coherence among the three merged agencies, thereby diluting KICAC’s core function of combating corruption.
significant improvement. Although the score for the rule of law improved somewhat, transparency is obviously the weakest part of Korea’s public governance over the two governments.

**Participation:** Both the Kim and Roh governments attempted to promote public participation in policy-making as well as public administration by establishing special committees and commissions and advancing e-government. In particular, the Roh government, designated as a “Participatory Government,” attempted to foster civil society organisations and established numerous committees and commissions, although mainly for policy-making areas. However, many of these civil society organisations turned out to be uncooperative rent-seeking interest groups, thereby failing to facilitate public participation (C. H. Lee, 2004). This poor quality of citizens’ participation in politics is also reflected in a low score of voice and accountability of the WGs. As shown in table 3, the score of voice and accountability in Korea started with 0.62 in 1996 and remained more or less unchanged over the Kim and Roh governments. It looks quite likely though that public participation in government administrative procedures improved considerably through e-government. This is reflected in the improvements in Korea’s ranks in e-participation index of the UN Global E-Government Survey from 5th in 2005 to 2nd in 2008 and further to 1st in 2010 (UN, 2010).

5. COMPARATIVE EVALUATION OF GOVERNMENT MANAGERIAL REFORMS

So far the reforms in Korea’s public sector have been analysed and assessed in terms of their effects on the five dimensions of good public governance.

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It should be noted that the score of corruption in table 3 is a perception-based and subjective measure obtained from opinion survey results. Hence, the score cannot be related empirically to the causes of corruption. Lately, Kim and Lee (2011) have developed an alternative measure based on objective evidence which helps relate empirically corruption results to their causes.
This assessment is augmented by comparing the quality of various facets of public governance in Korea with those of OECD and other countries. This is done based on the WGI’s estimated by Kaufmann et al. (2012) and other global organisations. Table 3 also shows Korea’s percentile ranks of the six dimensions of public governance out of 212 countries and territories surveyed by Kaufmann et al.
Effectiveness: as shown in the trend of GE (government effectiveness) in table 3, effectiveness of Korea’s public governance is still far behind the OECD average. Korea’s government effectiveness score by the WGI has improved more or less steadily over the period 1998-2007 with an average score of 0.88. This is compared to an OECD average of 1.60 which is almost twice as large as the Korean average score. Korea’s percentile rank for the government effectiveness was 78th over the period 1998-2007, indicating that 78% of the countries surveyed were less effective than Korea or 22% of the countries (or about 46 countries) were better than Korea. This is compared to an OECD average of 90.0th.  

Another WGI that reflects effectiveness of public governance is regulatory quality. As pointed out earlier, the score of regulatory quality improved substantially over the two governments with an average score of 0.67, which is yet far below an OECD average of 1.43. Korea’s average percentile rank was 71.4th compared to an OECD average of 91.0th.

Another comparative assessment of the effectiveness of public governance is made by means of the indicators measured by the International Institute for Management Development (IMD). One of the indicators is “government decisions” that indicate the extent of government decisions being effectively implemented. Table 4 shows Korea’s rank for “government decisions,” ranging from 30th to 42nd out of 47 to 55 countries over the period 2000-2007. Korea’s rank for “public service,” which indicates the extent of the independence of civil servants from political interference, ranged 20th to 42nd, with an average of 28th, over the 2000-2007 period. For “bureaucracy” which shows the extent of bureaucrats’ hindrance of business activity, Korea’s ranks ranged from 22nd to 35th over the period 2000-2007. These results appear to support the results of the comparative assessment of effectiveness of public governance by the WGI (table 3).

Predictability: “political stability and the absence of violence” would have

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9) Over the period 2008-2009, the earlier part of the Lee Myung-bak government, Korea’s government effectiveness did not improve significantly by the World Bank Governance Indicators.
helped to enhance the predictability and consistency of public management. As shown in table 3, the score of political stability and absence of violence of the WGI s deteriorated over the Kim and Roh governments with an average of 0.37. This is compared to an OECD average score of 1.04, three times as high as the Korean average. Over the same period, Korea’s percentile rank also declined with an average of 58.8th, compared to an OECD average rank of 83.7th. All this shows that Korea’s predictability of public governance lagged far behind an OECD average throughout the period 1998-2007.

**Transparency:** Insofar as maintenance of the rule of law reflects part of the transparency in public governance, Korea’s performance is quite poor relative to OECD countries. Table 3 shows that Korea’s score for the rule of law improved over the Kim and Roh governments with an average value of 0.87, while the OECD average was 1.52. Over the two governments, Korea’s percentile rank for the rule of law was on average 76.8th in comparison with an OECD average of 90.7th. As the transparency
dimension of public governance is measured by the control of corruption, Korea fares quite poorly as compared to OECD countries. Korea’s average score for the control of corruption over the 1998-2007 period was 0.39, and this was compared to an OECD average of 1.68. In terms of percentile ranks on the control of corruption, Korea also fell far behind OECD countries in that Korea’s rank was 67.8th in comparison with an OECD average of 90.9th.

The International Institute for Management Development (IMD) also develops international indexes of “transparency” and “bribing and corruption”. For both of these indexes, Korea ranked poorly, although improved somewhat over time. Korea’s rank for “transparency” was on average 37.1st over the period 2000-2007 and for “bribing and corruption” it was 31.1st (table 4). Korea also ranks quite poorly on the Corruption Perceptions Index by Transparency International, although slightly improved over time. As shown in table 4, Korea’s rank ranged from 40th to 48th on the Corruption Perception Index between 2000 and 2007, with an average of 43.1st. All this indicates that although both the Kim and Roh governments made significant efforts to enhance transparency in public administration, the level of transparency in Korean government management remained remarkably lower than those of OECD countries.\(^\text{10}\)

**Participation:** The Kim and Roh governments made serious efforts to enhance public participation in government affairs. Participation in public management as indicated by “voice and accountability” of the WGI shows that Korea remained more or less unchanged over the Kim and Roh governments and far below other OECD countries (table 3). Over the period 1998-2007, Korea’s average score was 61.0, far below the corresponding OECD average of 1.36. In terms of percentile ranks, Korea’s average rank of 67.4th was well below the OECD average of 91.4th.

\(^{10}\) It should be noted that the level of corruption and the rule of law are determined not only by public governance but also by poor corporate governance of private business, both of which need to improve to lower the corruption level.
6. CONCLUSION

This paper has examined reforms of public sector management in Korea since 1997 and assessed them on the basis of five criteria of public governance and in comparison to other countries over the Kim and Roh governments. Both governments undertook a variety of reforms in public management with the objective of rationalising state functions to create a smaller, more efficient government and to provide more customer-oriented public services. To this end, the Kim government downsized the public sector and introduced a new budgeting system. Both governments introduced structural reorganisations, merit-based human resource management, and a new information system. They both developed schemes for public participation and implemented anti-corruption policy.

The success of the reforms undertaken by the Kim and Roh administrations may be regarded as mixed. They have succeeded in improving certain aspects of public governance with some evidence, and yet there remains room for improvement in overall public governance. Effectiveness in public governance has improved, and yet Korea's value in this domain remains far below the corresponding OECD average. Public governance efficiency has also improved particularly during the Kim government, while no convincing evidence has been found in efficiency improvement under the Roh government. Predictability and consistency have been low, particularly compared to advanced countries, mainly because of the continuous introduction of multiple reform programs with poor coordination. Serious efforts have been made to improve citizens’ participation in public administration with some evidence of improvement particularly through implementation of e-government. Nonetheless Korea has fared poorly as compared to OECD countries with regard to public participation in government administration. It appears that transparency in public governance has performed most poorly over the two governments.

A few important success factors for public sector reforms emerge from this critical analysis and assessment of Korea’s reforms in public administration.
They include a strong and consistent commitment of the President, participation of citizens and key stakeholders, and public support for government reform measures. Given a single five-year term, the Presidential Office cannot perform the role of consistent coordination, evaluation and monitoring of reforms beyond a period of few years. Hence, an organisation under direct presidential authority, with a legal foundation of substantial independence and autonomy, will be needed to pursue public sector reforms in a consistent and coherent way.

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