THE CAUSES AND STATUS OF CIVIL SERVICE
REFORMS IN KOREA

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Abstract: This paper seeks to evaluate the status of civil service reform, which followed the prescription of the so-called neo-liberalism and new public management. The first part of the paper explores the environmental causes that brought about the recent civil service system reform in Korea. Major factors that shape the details of civil service reform are examined. The second part of the paper reviews the reform effort and assesses the outcomes of the reform programs. The tentative evaluation shows that some civil service reform programs produced noticeable achievement while others are in need of continuous attention.

CHANGES IN ADMINISTRATIVE ENVIRONMENT

Since the middle of the 1990s, many environmental factors have changed drastically and some of them played active roles in reshaping Korean society. These environmental factors worked as guidelines for the reform movement as well as major challenges. Enhanced level of international competition and lowered government forced the private firms to go through the painful processes of restructuring and re-engineering. These environmental factors also called for reform on the part of government.

Globalization

As Giddens (1999) puts it, globalization "has come from nowhere to be almost everywhere." Though the term is still hard to define, globalization can be roughly characterized as "increase in interdependence among nations" and "diffusion of global standards" (Kim & Lee, 1999). As the interaction among nations increases, national or local standards are replaced by global standards which used to be confined to international transactions. Globalization implies disappearance of geographical, political, economical and cultural boundaries among different nations.

Globalization expands the scope of the environment a nation faces in terms of depth and width. Modern governments face a more turbulent environment than ever before. Since the integration of societies, an emerging system of governance without government, management, or control has been sparked (Kettl, 2000). Shared values, which guided the policy decision, have yet to emerge. National sovereignty and government capacity have shrunk to understand and cope with not necessary new issues and conflicts that underlie them. With extreme uncertainty and complexity, it is virtually impossible for governments to manage and control the society as before. And often times, the government itself lacked people skilled in dealing with these new issues. Instead, government should encourage the creativity, autonomy and flexibility on the part of the private sector. Government is no longer the leader in a nation but a facilitator of individual initiatives. Government needs to loosen the levers of societal control to harness the potential in this new economy. As the private sector plays a critical role in maintenance

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and growth of the society, government is asked to decrease its role and become more efficient while performing minimal functions.

The Korean government adopted such global standards as neo-liberalism and NPM. The Government initiated many reform programs which reflects international expectation and prescriptions. Such concepts of reform as decreasing the role of the government, market orientation and intensive use of information technology are core ideas of reform programs implemented during the last few years. Concrete policy designs such as outsourcing are widely applied.

**Market Oriented Approach**

The public sector's inefficiency in allocating resources and reducing costs stems from the lack of a proper level of competition. Competition provides an incentive structure to reduce cost and improve quality of output. The current reform movement in major countries is to make public administration as market oriented as possible. It is not an option but a political and administrative imperative. For example, governments can reduce the cost of producing public service in two ways. First by outsourcing or contracting-out of non-essential functions government performs. Competition among private vendors increases the efficiency of the operation and production. This will create incentives to save and to produce higher quality services.

Government intervention has been a norm in Korea. Especially, in regards to regulations that have been a major tool for the Korean government during the economic development era. Market principles were set aside for being inefficient. Government controls almost every aspect of economic activities. Governments leading role during the developmental era, however, left a considerable amount of regulation.

To make government more efficient and restore market mechanism, the Korean government made a lot of changes to loosen regulations and even eliminated some beginning in the early 1990s. Several administrative reform committees were established to abolish unnecessary government intervention. As a result, many economic regulations were removed or were relaxed while some social regulations related to environment and welfare were reinforced. In addition, many public operations were privatized or contracted out during the last few years. The government designated over 200 services for contracting out since 1997 (Kim et al. 1999)

**Information Technology**

Information technology not only automates human labor but also "informates" by collecting, processing and presenting information in ways that were not possible without information technology (Zuboff, 1998). This "informating" capacity provides us with tremendous new opportunities. Communication and information technologies change the way people conduct business. Electronic commerce drastically reduces search cost involved in economic transaction and replaces the traditional mode of transaction. The distinction between international and domestic market no longer exists. In fact, information and communication technologies lie at the core of the globalization movement.

Increased 'informating' capacity has direct management implications for an organization. According to traditional bureaucracy, the benefit of hierarchical structure comes from the fact that it minimizes the environmental uncertainty and complexity. This is mainly because that the information processing capacity is limited. However, as the information processing capacity increases, new types of organizations are suggested, all of which are designed to maximize the use of information. Process oriented organization (Ostroff & Smith, 1992), network organization (Reich, 1991) and learning organization (Drucker, 1988) are examples...
of this phenomena.

The management of an organization must be modified as information technology advances. Information technology drastically reduces the cost of monitoring and coordinating members' activities. Online systems and networked computers allow supervisors to monitor their subordinates with only a few clicks. It is necessary to decentralize the locus of decision making because the cost of information processing and sharing is cheaper at the level where information is generated.

To maximize the benefits of information technology, the Korean governments at various levels initiated new programs. Several public D/Bs have been developed to collect and process critical policy information. New civil application procedures have also been developed to process civil applications efficiently and secure transparency at the same time. The OPEN system developed by the Seoul Metropolitan City Government is a good example of these new programs. The Electronic procurement system was introduced, to control corruption and reduce the budget.

Growth of NGOs

Internationally, NGOs have been grown drastically during the last two decades. NGOs became major policy participants and their influence has been impressive. For example, environmental and consumer rights activists changed the outcomes of major international conferences and meetings in major countries. This is not a country- The OECD being one of the major upsets. NGOs are not only influential in an advocacy role but also play a substantial role in delivering public services. For example, welfare related NGOs actively participate in taking care of the needy which used to be the role of government in the traditional sense.

These same trends and influences can be found in the Korean context, as well. Since the democratization of Korean society, NGOs have exploded in terms of quantity and quality. Their scope of activities covers virtually every aspect of the society including human rights, environmental issues, consumer protection and welfare.

NGOs became institutionalized participants in the policy-making process. Since 1999, NGOs are legitimate members of government committees in both the central government as well as the local governments. Many NGOs working together with the government provide necessary public services. The Korean government institutionalized the subsidy program through which NGOs can gain financial benefit for their operations. In 1999, MOGAHA alone supported 140 programs run by NGOs by providing 7.5 billion won.

Extensive participation of NGOs in the policy process may have some negative effects, especially on the efficiency of decision making due to the enhanced level of participation. However, this criticism usually comes from state bureaucrats who have monopolized the policy process for a long time. The governments role is changing in the 21st century to be partnered with NGOs in the delivery of many public services and solving social problems rather than either the sole decision maker or a bystander (Cope, 2001). Public servants need to learn how to collaborate with new policy participants.

Development of information technology and the growth of NGOs made the policy environment more dynamic and complex. Participation is no more a nominal catch phrase. Substantial stakeholders are actively involved in the policy process. Government officials who are accustomed to command and control, need to adjust to the multiple constituency policy dynamics.

IMPLICATION FOR MANAGEMENT

Implication for Personnel Management

The expanded and turbulent environment these
factors create requires new roles and responsibilities on the part of government. The Korean
government initiated administrative reform to meet these environmental challenges. Success of admin-
istrative reform critically depends on the quality and attitudes of civil servants who can adjust to
new roles and attitudes as well as carefully designed reform programs and institutional setting
(Kim, 1998).

First, pluralization will make it necessary for civil servants to coordinate conflicts and disputes among
numerous and diverse special interest groups. Rapid development of communication and information
technology enables the public to access public information and to be involved in the policy
process directly. This will leave the public servants dealing with multiple constituencies with diverse
demands.

Second, consistent with their expanded roles in developing national policies, civil servants must be
willing to accommodate views of all relevant groups and individuals. Such an objective approach
will improve the effectiveness of national policy goals and foster the highest possible level of public
acceptance. As NGOs grow, diverse social demands play an important and direct role in policy process.
It is the public servants who should harmonize and coordinate conflicting demands through a well-
coordinated consensus building process.

Third, the variety of public administrative demands, the complexity and specialized nature of
public administration make it imperative that civil servants acquire and use special techniques and
state-of-the-art technology in performing their roles. At the same time, they must be willing to
shoulder the responsibility of preparation to deal with the ever-changing environment in public
administration. New technology not only provides new tools for curing old problems but also creates
new problems with few solutions. It is up to the policy makers who understand the technically
complex situations to devise new ways of solving

new problems.

Fourth, civil servants must develop the ability to anticipate potential problems and deal with them
before they become reality. To do so, civil servants at all levels must foster a positive, creative
atmosphere for solving problems and carrying out effective public administration. It may not be
possible to perfectly predict the future, however, it is possible to prepare oneself to cope with a wide
range of changes.

**New Public Management**

Reforms have been undertaken to combat the main weaknesses of the Korean government: centralization, lack of transparency, rigidity and low competitiveness. To solve these problems, the Korean government initiated public sector reform programs. The scope of the reform encompasses all public sector entities, including central and local governments, state-owned enterprises and other government-affiliated organizations such as state-owned or funded research organizations, public corporations and hospitals. The ultimate objective of the reform is to build a government system run by market principles and democratic values (Lee, 1999; KDI, 1999). Economic crisis, telecommunication revolution, as well as globalization seem to have steered the government towards an NPM style of reform. Like many Western governments, the Korean government has relied heavily on reform measures such as reorganization and downsizing, deregulation and more discretion, and performance management and customer satisfaction administration, etc (Kim 1999).

Concerning the institutional development of the Korean state apparatus, the NPM has positive policy implications for administrative reform in Korea (Jung 1999). One important positive implication comes from the idea of the so-called "small government" of the NPM. This is relevant for administrative reform in Korea, where transition to and consolidation of political democracy and a
free market economy should continuously be pursued while also curbing excessive state intervention in the civil society.

Another positive implication is the idea of employing 'corporate governance' models into public administration is also appropriate to the Korean situation. It is likely that excessive bureaucratic mode of governance will be shelved by emphasizing the notions of client orientation or competition.

Also, the idea of providing front-line workers with more discretion in return for increased accountability is expected to be useful in remedying the problems associated with Korea's top-down approach to policy-making and implementation. Such reform measures like downsizing, decentralization and the contract-based recruitment will contribute to the pluralizing of state apparatus and decision-making processes in Korea.

Though the recent reform in Korea followed the NPM prescription, there are several counter-arguments against the pertinence of NPM. First, there is a fundamental difference between the public and the private sector (Allison, 1980; Park, 1998). Especially, the mode of social control and ownership are two distinctive features in which the two sectors differ drastically (Perry & Rainy, 1988). Second caution comes from the possible lack of transferability due to the cultural and historical difference between Korea and western societies. Park (1998) points out that Korean scholars and practitioners should diagnosis our current status and problem from our own point of view, not by simply adopting foreign-born ideas.

CIVIL SERVICE REFORM

Small Government with Better Service

The ultimate goal of reform in Korea was to decrease the role of government but nevertheless provide better services to the public. To reduce government, the number of civil servants was drastically reduced within a short period of time. About 16% of the total central government workforce was reduced and about 20% of local government employees were laid off with in a 2 year period.

While downsizing can be a straightforward method, it requires various ideas and strategies to force the government to perform better with a smaller workforce. It is the public servants who design, implement and deliver the services that the public needs. Without capable and dedicated public servants, most of the reform package would not materialize. Thus, civil service reform became the core of public service reform. Civil service reform in Korea dealt with almost every aspect of personnel management including the establishment of a new commission for personnel management, an open employment system, performance based personnel management, and welfare improvement. This paper will review a few of these new reform programs.

Strategic Tool: Civil Service Commission

The CSC was created to provide new tools and strategies to meet the challenges of governmental reform. The Civil Service Commission (CSC) was established on May 24, 1999. Currently, the CSC has a secretariat with 83 employees and the commission is composed of 5 members; the CSC president, two professors and two civil servants. Five members of all are appointed by the President. The scope of the Commission's responsibilities includes formulating general policies for personnel management, reviewing the promotion of the senior civil servants and developing new personnel policies.

Before the establishment of the CSC, personnel management was performed the Ministry of Government Administration and Home Affairs (MOGAHA). It was responsible for the govern-
ment wide personnel management. However, human resource management was one of the many functions MOGAHA performs. As the complexity of issues related to personnel management increases and as the new skills and methods of managing government personnel develop, personnel management became a strategic tool for managing public organizations for performance (Pfeffer, 1998). The fiscal crisis, which hit the nation in 1998, reinforced the importance of the competence of government personnel which eventually determined the level of government performance. As a result, a separate agency was suggested and established to acknowledge the importance of personnel management. CSC was designed as a vehicle for human resource management reform.

Although the CSC is small in size, it has initiated major reform programs creating openness and flexibility within the Korean government. The ultimate goals of the programs are to staff the government with qualified personnel so that the government can provide better and cheaper services to the public. Some programs have already been put into action while others are still undergoing developmental stages. We will deal with individual programs from now on.

**Searching for New Qualities:**

**Civil Service Examination Reform**

It is critical for the government to recruit people who have competence and specialties if it wants to provide quality public service under a constantly changing administrative environment. Especially, as information technology and the emergence of NGOs drastically alter the amount and quality of participation in the process of policy making and implementation, the roles of government officials have changed from commanders to facilitators of diverse interests of multiple stakeholders. In addition, the expanded scope of the environment due to globalization enhances the level of uncertainty. As a result, coordination, adaptation and learning become important qualities that government officials should display. The new civil service exam should be able to select personnel who manifest such qualities.

The current recruiting system is composed of written tests in major subject areas and a personal interview. The existing system heavily relies on standardized, written general examinations. Successful applicants must have general knowledge in many subject areas. This system has been criticized mainly because it cannot measure the competence of the applicants in terms of creativity and practical skills. Though subject areas cover the fields of legal studies and social sciences, the format of the exams is designed to measure textbook knowledge as opposed to practical skills and application ability. The Korean government is now considering drastic changes in the senior civil service examination to solve these problems.

The new exam package that is under development has three major ingredients. First, such standard English tests as the Test of English as a Foreign Language (TOEFL), the Test of English for International Communication (TOEIC), or the Test of English Proficiency-Seoul National University (TEPS) will replace the old style grammar oriented examination. These standardized tests are known to evaluate practical English proficiency.

The second part of the new package is an intensive and blind interview system. The interview is the last stage of the current recruiting system. It, however, does not play a critical role in determining the outcome. It is mainly because of the lack of anonymity as well as the large number of applicants. A new interview system is intended to improve the situation by incorporating blind interviews along with group discussion.

Last and the most important part of the reform package is the Public Service Aptitude Test (PSAT). PSAT is designed to replace the multiple-choice exam that is the first stage of written exam part. PSAT has two sections: intelligence and
knowledge. The intelligence section asks questions related to reading comprehension, logical reasoning, mathematical reasoning, data interpretation, history, humanities, and social science. It is similar to cognitive tests that assess verbal and non-verbal intellectual abilities. The knowledge section will include questions on law, public affairs, economics, and research methods. Real life situations that government officials face are presented to measure the application ability of the each applicant. The CSC is currently conducting a series of in-depth studies to develop PSAT.

It is not appropriate to assess new recruiting examinations in terms of its outcome or performance because it is still under development. However, it is possible to comment on possible drawbacks of the new exam package. Though PSAT type examinations are already used in some private firms and first pilot tests showed promising results, the CSC should pay full attention to guarantee validity and reliability of the test. Without them, no test can stand the criticism. The CSC should also acknowledge that the existing problems such as the uselessness of interviews are partly due to the excessive level of competition, which may not be rectified by new forms of interviewing.

**Competition and Performance**

The public sector has been criticized for its lack of competition not only at the level of organization but at the level of personnel management. Instead of merit or performance, seniority played a major role in performance evaluation and promotion. Though seniority may give each employee a sense of job security that, in turn, leads to long-term perspective and dedication to the organization, it is difficult to motivate public servants to work harder or perform better without providing relevant rewards on the basis of performance or merit. Thus, the CSC initiated a couple of new personnel policies to induce higher competition and performance oriented evaluation.

**Open Employment System**

Korean civil service is a semi-closed system. New entrants can only enter at grades 9,7 and 5 through general examination. Top management positions such as grades 1-3 were only available to incumbent employees through promotion or transfer. Competition for the senior positions is limited to those who are in the government. Often times the selection is made within the same agencies. With this policy-as information as it may be, it is virtually impossible to infuse the organization with new ideas and skills to cope with the future challenges.

To ease the problem, the CSC employed “an open employment policy” in 1999. The idea is to enlarge the pool from which the senior positions are recruited. Especially, the new policy aims to recruit competent personnel from the private sector. Hiring personnel from private enterprises is expected to revitalize public organizations through the introduction of new knowledge and experience. Under this open employment policy, 131 positions were designated for open employment. Most of them are senior positions (grade 5 and higher), which are known to require special knowledge, skill and planning capacity.

The selection is made through fair and open competition. The review of personal documentation such as school transcripts, employment history, and certificates of various special skills, an intensive interview and the statement of purpose are used to make a selection. Both career civil servants and civilians can apply for the open position. When a career civil servant is selected, he/she can be appointed to the position as a career civil servant. However when a civilian is selected, he/she is appointed to the position based on less than a 3-year contract.

The outcome of open employment policy so far is not very convincing partly because of the fact that
the new policy is in its early stage of implementation. As of November 2001, about 89% of the open employment positions are recruited. 117 positions of 131 designated positions are recruited, 3 are in process and 11 are not recruited yet. Among those recruited, only 19 (16%) were either from other public agencies or private sector. 98 positions are filled by the public officials who worked at the same agency through promotion or transfer.

The small number of recruits from the private sector is a problem because the major goal of the open employment policy is to attract more competent personnel from the private sector. It can be attributed to several reasons such as low job mobility, relatively low pay level to that of private counterpart, lack of job-security, and uncertainty of working in new environment. While some reasons are beyond the scope of the CSC's control, the SCS should pay more attention to develop new strategies to attract more personnel from the private sector through active recruitment policy and re-adjustment of pay schedule.

Performance-Based Pay

Though job security gives each employee a sense of stability necessary for long-term dedication, it minimizes the incentive to compete for better performance and, eventually, for better compensation. To strengthen the competitiveness among public servants, the Korean government introduced yearly salary system in 1999. Under this new salary system, the level of compensation will be differentiated within each pay grade band depending on the performance of each employee.

Most public agencies adopted the yearly salary system. But several issues have already been raised. First, objective performance evaluation is the key to the success of a performance based pay system. When the evaluation system fails to measure the performance of each employee objectively or to gain the confidence of public servants, it is hard to impose the variance in the pay. Evaluation criteria and process along with appeal process should be carefully designed. Second, the difference in pay should be substantial. If not, it does not work as an incentive but a source of dissatisfaction.

Management by Objectives (MBO)

MBO is introduced to assess the performance of managers in grade 4 and higher. The performance evaluation based on MBO is used for promotion and performance based pay. The introduction of MBO brought about some positive impacts to the government. First, it formed the new foundation of assessing managerial work in public service. Objective evaluation of managerial work has been a problem because there are few observable and measurable outputs. MBO helps visualize the managerial work by explicitly stating the objectives that should be accomplished within a given period of time. Second, list of objectives helps each public servant to remain focused on things that they have to perform.

Other Caveats: Personal Exchange

Other policy initiatives have also been suggested. One of them is a personal exchange program. Though it is still in its design stage, it is useful to review the status of the program development.

In addition to an open employment system, personnel exchange between the sectors is another tool to encourage learning and infusion of new ideas to public organizations. The Korean government is attempting to expand personnel exchanges in several directions: exchange among central agencies, between central and local governments, and between government and business. Personnel exchange between different agencies in different levels is expected to reduce sectionalism and encourage cooperation through mutual understanding. Personnel exchanges within central government and between central and local government are
managed by MOGAHA. It is, however, hard to say that the exchanges between different public agencies are active. In the early 1990s, the rate of personnel exchange between different ministries and agencies in central government were only around 20%. The case of personnel exchange between central and local government is even worse. More people want to transfer from local to central than vice versa.

Globalization and the growth of NGOs blurred the boundary between public and private sectors. Close cooperation between the sectors becomes a critical success factor of public management. The CSC is planning to focus on the personnel exchange between business and government that has received least attention so far. Middle managers are targeted for exchange. The expected terms of exchange are about 2 years. After 2 years of working in private business, the public servant can safely go back to public service.

It is difficult to evaluate the outcome of personnel exchange, especially between business and government, because it is not fully institutionalized yet. However, it is worthy to mention a few issues. First is the possibility of collusion. It is possible that personnel exchange can be a source of collusion or corruption. To prevent this problem, the eligibility of public servants that can be exchanged should be carefully designed. This, however, may have a negative impact on the institutionalization of the program. Too many restrictions on the eligibility may result in restricting the success of the exchange program. The second issue is that the exchanged public servant must perform a substantial role in the organization and their performance must be evaluated regularly. Exchange program should work as an OJT for it can be a period of learning.

CONCLUSION

The Korean government has faced many challenges including efforts to achieve democratization, local autonomy, scientific and information-orientation, and internationalization. Collectively, these challenges require new approaches to public administration. Realigning the administrative functions and the roles of civil servants became an urgent policy agenda. The Korean government initiated a series of civil service reforms for these purposes. After two years of policy designing and implementation, the preliminary evaluation of the civil service reform shows that it would take more time than expected until we see any concrete performance improvement owning to the civil service reform.

Some may argue that it is too early to evaluate any performance improvement from civil service reform. This may be true. The other possibility is that the government attempted to implement too many programs or improvements too quickly and failed to achieve any one of them. The government initiated several civil service reform programs in one package. It was difficult to manage so many and sometimes conflicting ideas at the same time. In addition, most of the programs involve multiple stakeholders who usually have diverse interests and perspectives. Long-term vision and deeper introspection are needed to complete the civil service reform that in essence involves changes in organizational culture.

It is difficult to make any conclusion at this time regarding the performance of recent civil service reform in Korea. Additional and future studies should pay full attention to evaluate such policy goals as higher competition, cost savings, performance improvement, and better quality service.

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