

Interorganizational Competition and Government Competitiveness: The Case of the Korean Central Government*

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Abstract: This study introduces the concept of government competitiveness to the public management literature. Government competitiveness involves an effective, value-oriented utilization of resources in order to provide services that can lead to economic and social development. It is argued that, overall, government competitiveness is the outcome of both coordination and cooperation among key industries and competition between them, as each strives to secure for itself a greater share of resources and legitimacy. This hypothesis is tested using a novel measurement method of government competitiveness that incorporates both a subjective and objective dimension of competitiveness obtained from a national survey of civil servants as well as performance rankings from the Korean prime minister's office. In addition to finding that interorganizational competition enhances overall competitiveness, this study also finds that performance management, goal clarity, and innovative climate all influence government competitiveness. The theoretical and practical implications of this study are discussed in detail.

Keywords: government competitiveness, performance evaluation, competition between government organizations

INTRODUCTION

The concept of competitiveness has attracted global attention from everyone from the general public to international investors due the popularity of annual publications

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on national competitiveness, such as those produced by the IMD and WEF. Both politicians and government officials have become more concerned with the rise and fall of their countries' competitiveness both in absolute and relative terms.

Although Paul Krugman (1994) has argued that competitiveness at the national level is dangerous, realistically, every government in the world competes with others in order to provide its people with better living conditions. Intergovernmental benchmarking is not at all neutral in purpose and effect but rather intends to unite countries through competition (Bruno, 2009). Comparing government productivity mostly with that of Western countries has become common sense for developing countries, which strive to grow their economies and to improve the performance of their governments. Moreover, the new public management agenda has enhancing competitiveness at its heart, with the performance of government organizations linked to how efficiently they can deliver their services relative to the private sector. More generally, both globalization and benchmarking the best practices from other countries have put pressure on governments to become more competitive.

The fundamental questions of this article are centered on how to increase a government's competitiveness at the organizational level. In other words, what factors are in a country's politicians and administrators control that would enable them to improve the performance of the executive branch? Although geographical and natural resources are given and fixed conditions, how resources are allocated and how much equipment and manpower are organized and used can be controlled. This paper focuses especially on the government's performance in this regard by considering how the government at the organizational level mobilizes the resources available to it in a productive way.

It is necessary to clarify that this study views the government, particularly the executive branch, as a key tool for managing a country. While political and judicial institutions also have fundamental functions as a part of government, how well or poorly the executive branch or the bureaucracy function is claimed to more directly bear on the overall conditions of a state or country (Fukuyama, 2013). Some, especially liberal economists, may take the opposite view, namely, that the role of government should be limited to intervening only when the market fails. However, the government's steering or rowing functions cannot be neglected, especially in countries where the market system lacks the fundamentally necessary conditions described by Dani Rodrik (2000), the number of which is not trivial. Additionally, even in developed countries where markets do have effective institutions for distributing resources to the most productive sectors without government help, the government still plays a vital role ensuring that society operates according to the principles of social justice, and it also represents a universalistic viewpoint in contrast to the individualistic perspective of

business.

We consider the Korean government an important example of a government that has focused on competitiveness to its great advantage. Korea's rapid economic and social development enabled one of the poorest countries in the world to become a member state of the OECD. This success has been attributed to many factors, but strong state-driven policies in various domains—primarily by the executive branch—have been recognized as a catalyst for rapid development (Chibber, 2002; Im, 2013). The Korean government's bureaucracy has been mostly staffed by highly motivated elites who set goals and implement developmental policies in an efficient way (Haque, 2001). This study aims to examine the competitiveness of the Korean central government through the lens of performance in the setting of competing relations.

THEORETICAL BACKGROUND

The Performance of Government and Its Competitiveness

The renowned diamond model by Michael Porter (1998) sheds clearer light on the conditions under which a country can use comparative advantages in order to outperform its neighbors' production and support a successful industry. However, while it is important to note that Porter's model provides a systematic way of explaining a certain country's strengths and weaknesses, it does not offer concrete remedies for fixing problems that cannot be addressed by the capacity of the industry to innovate and upgrade services, products, and technical infrastructure. Even though we do not disregard the importance of competitiveness in such sense, as we contemplate the role of state and its competitiveness, we find that Porter's arguments do not address the broader functions of state and government.

As noted extensively in the literature, an appropriate role for the state (i.e., executive branch) is resolving urgent social problems, advancing diverse social and political values along with promoting change in social conditions, and effectively delivering public services that are adjusted to the ever-changing demands of society and citizens (Linblom, 1990; Frederickson, 1980, 1996; Fukuyama, 2013). This line of thought implies that government cannot be a "bystander"; instead, government is frequently expected to stimulate social actors and institutions to promote the social and environmental conditions that support economic development.

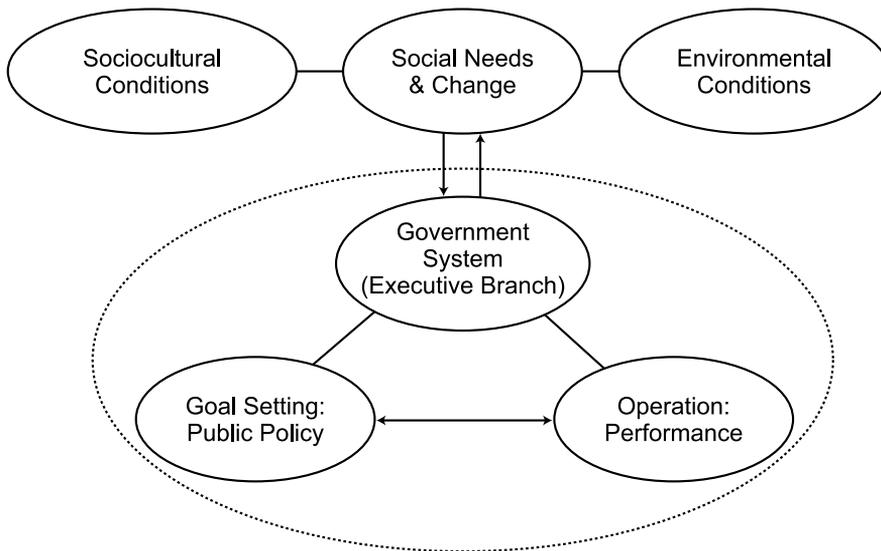
However, when we question the goals of better performance and managerial improvement, it is also important not to lose sight of other important normative perspectives on the public values pursued by government such as those of the new

public administration school (Frederickson, 1980; Denhardt & Denhardt, 2003). The goals, albeit abstract, can be manifested in a sense of social good that can be related to economic growth, environmental conditions, educational achievement, citizens' quality of life, and various democratic values. Given various goals and values, the success of industry can be considered one of many aspects of government performance; therefore, a government's performance and competitiveness should not be judged solely in terms of its role in economic and industrial success.

The dynamic process of rapid development observed in South Korea, in this sense, presents a good example. While the South Korean government has been depicted as an "authoritarian" or a "heavy-handed" government (Ahn, 2003, 2008), it has accepted a broad social responsibility for achieving both rapid economic and rapid social development (Im & Park, 2010). In particular, the great success of the Korean economy in a matter of decades was driven by the elite bureaucrats of the Economic Planning Board, who based their policy making on five-year economic development plans, the first of which was implemented in 1961. Although this governmental effort was not the only factor in Korea's success, it is at least obvious that the government's intervention was greater than what liberal economists argue for.

As economic conditions in Korea began to improve rapidly in the 1970s and 1980s, citizens began making political and social demands (e.g., labor rights, political decentralization, sophisticated social regulations). This development required the government to redefine the meanings of good government and performance and to adjust

Figure 1. Government Performance and Competitiveness



its behavior accordingly (Im & Park, 2010), which suggests that government competitiveness is not irrelevant in the social and political realms. Figure 1 shows the dynamic of government performance and competitiveness as we postulate it.

The competitiveness of a government system consists of two interdependent spheres: policy science (i.e., agenda setting, decision making and goal setting, policy implementation, and policy evaluation) and managerial effectiveness (managerial practices for achieving the missions of the agency or system). These two pillars serve as major instruments for realizing the goals of government in a way that meets social needs and adjusts to change.

Performance Evaluation, Competition in the Bureaucracy, and Government Competitiveness

Shifting our focus from the overall government system to the agency or organization raises the question of whether performance at the level of the agency can be linked to the overall competitiveness of government. Previous literature implicitly assumes that competitiveness emerges from the considerable interactions and comparisons among social entities (individuals, organizations, groups, nations) in the given settings of a social system (i.e., domestic or global market).

Extending such thought, this study views competition among agencies within the settings of a government system as a mechanism that can increase the overall performance and competitiveness of government organizations. Such competition is also reflected in agencies' managing their systems so as to obtain limited resources by working to achieve specially assigned goals and missions within the government system. At the agency level, these limited resources can be political attention, enhanced budgets, or greater legitimacy of organizations and their policies.

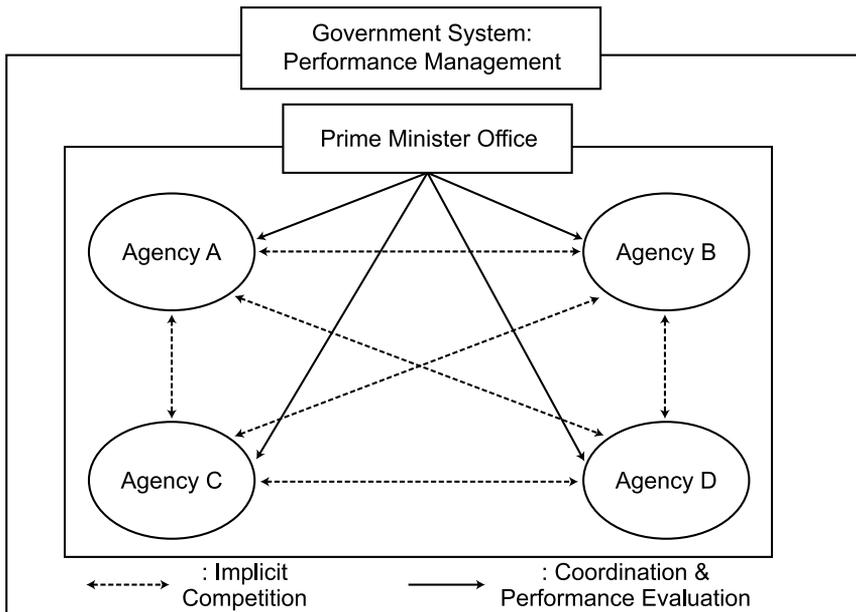
William Niskanen's (1994) theory of bureaucratic behavior provides an answer to the question of how competition within bureaucracy reduces the problems of bureaucratic inertia. As widely discussed, ministries and the like have a tendency to seek more political and financial power so as to increase their overall influence and become more dominant in their relationship with other agencies. To attain such ends, public agencies or ministries tend to take active roles by way of proposing additional policy initiatives and making greater efforts to achieve promised policy outcomes. This phenomenon has been depicted as a dysfunctional aspect of bureaucracy because it can lead to the overproduction of public services, which can result in the social benefit costing too much. In addition, as Francis Fukuyama notes, "bureaucracies can be excessively slow moving and indecisive because they are excessively rule bound" (2012, p. 12). The dysfunctionality of bureaucracy according to much scholarship is a

product of the lack of incentives for high level civil servants, which also further undermines the state as well as compromises the overall performance of government system. On the other hand, though, attempts to provide more services and to develop new policies inspired by the competition within bureaucracy for limited resources can have positive effects on citizens' lives in countries where a lack of public services has been problematic. Niskanen's theory casts a light on why government agencies are so strongly motivated to compete with each other, enhancing thereby the overall performance and competitiveness of government systems.

From a general systems perspective, we can conceive of the executive branch as an administrative system that consists of distinct entities (i.e., government agencies and departments) that persistently interact and compete with each other. In the process, public organizations are required to justify their existence and strengthen their legitimacy through gaining various types of resources, which happens in the process of evaluation.

In previous literature, the locus of performance evaluation has been atomized agencies' policies or acts, an approach that emphasizes the independence of organizational performance (Heckman, 2012; Forbes & Lynn, 2005). This study, however, begins from the observation that performance evaluations of Korean agencies implicitly recognize competition among agencies. Many types of performance evaluation at the central

Figure 2. Performance Evaluations and Government Competitiveness



government level have encouraged competition because the results of evaluation are used to rank government organizations, and they are publicly released. When the head of a department or agency takes into account the results of performance evaluation he or she in turn becomes a catalyst for better performance.

In this study we argue that such competition among agencies and ministries can play a critical role in improving the overall performance of a government system as well as in increasing its competitiveness in the long term. It is hard to assess performance solely by way of evaluations: since each agency is responsible for a specific field (e.g., the environment, education), it is difficult to assess how well each agency and ministry is doing in addressing social needs, reestablishing the goals and missions of their organization, streamlining the managerial practices, and so forth.

The Role of Individual Motivation, Attitudes, and Behavior in Organizational Performance

Turning our attention to the aspects of individual performance that figure in organizational performance, we review the existing literature on public service motivation (PSM) as a type of work motivation, organizational trust, and innovative behaviors.¹ First, the importance of motivating employees cannot be overstated. In this connection, PSM has drawn increasing attention in the field of public management as an idiosyncratic form of work motivation that is more frequently observed in the public sector. PSM is defined as “the motivational force that induces individuals to perform public service” (Brewer & Selden, 1998, p.), which was also found to be one of the factors that influences organizational performance in several pieces of research. Gene Brewer and his colleagues (2000) examined how various organizational and individual factors such as organizational culture, leadership, red tape, individual performance and public service motivation affects organizational performance particularly in U.S. federal agencies. In this study, organizational performance was mostly measured based on how organizations make use of the workforce, whether the workforce ends up being worth the taxes organization pay, and whether organizations treat employees with respect and in a fair manner. PSM turned out to have a positive effect on organizational performance (Kim, 2004; Ritz, 2009). And overall, agencies whose employees were more empowered performed better, while employees at agencies with top-down

1. We treat the term “performance” as interchangeable with “competitiveness” in this section of the literature review because the factors of individual performance that also inform organizational performance are important to improving overall competitiveness of public organizations.

management style performed less well. This implies that a high level of PSM combined with the granting of more discretion and power to individual employees can lead to better performance. In addition, it can be inferred that the better individual performance effected by PSM (Naff & Crum, 1999) has a positive effect on overall organizational performance. These results suggest the importance of individual motivation in overall organizational performance in the public sector and that a managerial style that supports PSM should be seriously contemplated.

Second, more and more attention is being paid to the positive role of trust in fostering employees' performance, as well as productive attitudes, leadership, organizational citizenship behavior, and so forth (Grant & Sumanth, 2009; Battaglio & Condrey, 2009; Chou, et al., 2008; Thau et al., 2007; Solomon & Flores, 2001). One of the most commonly used definitions of trust is provided by Denise Rousseau and colleagues, who define it as "a psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behavior of another" (1998, p. 395).

Previous literature has demonstrated the positive roles of trust in an organizational setting. In particular, it has been shown that a high level of organizational trust makes clients happier because when interactions with their supervisor and experiences with diverse managerial operations show employees that their organization is trusted, they are more likely to actively engage with tasks and organizational issues that support the goals and mission of the organization (Battaglio & Condrey, 2009; Solomon & Flores, 2001). When employees have a high level of trust in the organization they work for, they are more likely to stay on and that in turn is likely to result in a higher level of service.

Third, innovation has been widely studied as one of the factors that affect organizational performance in both the public and private sectors. For example, Ashok Subramanian and Sreevatsalan Nilakanta's (1996) study explores the relationship between organizational innovativeness and organizational performance. In this study, the authors divide organizational innovativeness into two types, technical and administrative innovativeness, and they find that both types stand in a positive relationship with organizational performance. Daniel Borins (2001) has argued that although the public sector is relatively less hospitable toward innovation, some parts of the public sector are consistently more innovative, and in many cases, middle managers and front-line public employees are responsible for these innovations. A growing number of researchers are focusing on how to encourage innovation among employees and how to improve organizational performance. Sergio Fernandez and Timo Moldogaziev (2012) have pointed out in the context of an argument about the importance of empowering employees that individual innovative behaviors can influence performance in two ways: by helping an

organization quickly recovering from a failure to deliver good service by reactively adapting procedures to meet customers' needs and by proactively moving on from the mistake and redesigning procedures or initiating new services. Encouraging these behaviors, they argue, can lead to more successful innovations beneficial to organizations. This study questions whether there is a relationship between innovativeness and competitiveness.

The Role of Goal Clarity, Managerial Practice, and Innovation in Competitiveness at the Organizational Level

In addition to aspects of individual performance that are relevant to organizational performance, we review characteristics that contribute to organization competitiveness.

First, many researchers have argued that the goals of public organizations are often less well defined than those of the private sector. Chan Su Jung and Hal Rainey (2011) have explained that this is because ambiguity leaves more room for political compromises and makes it easier to gain political support from various interest groups. Rainey (2010)'s review of the literature suggests that access or lack thereof to natural resources, political intervention, and lack of profit indicators are reasons why the goals of public organizations are not typically clearly identified. Therefore, it is important to take account of the influence of goal ambiguity on overall organizational performance. In their 2005 study on goal ambiguity in U.S. federal agencies, Rainey and Young Han Chun describe four dimensions of goal ambiguity and analyze their effect on organizational performance. Their result shows that all four dimensions of goal ambiguity have a negative effect on performance measures. Jung and Rainey's 2011 study measures performance in terms of the attainment rates of goals, defining goal ambiguity as having both a target-specification and time-specification aspect. They likewise find a significant and negative relationship between these two types of goal ambiguity and organizational performance. Such results from previous studies are evidence that goal ambiguity detracts from the effectiveness of organizations. This shows how important it is that organizations have clear goals and objectives. There is likewise a need to develop measures and methods for clarifying goals and objectives.

Second, the importance of motivating employees to enhance organizational performance cannot be overstated. One way to do this is to offer employees performance-based rewards such as merit pay (an increase in base salary) and bonus pay (lump sum cash). Merit pay and bonus pay positively affect future performance, according to a 2013 study by Anthony Nyberg, Jenna Pieper, and Charlie Trevor. Their study indicates that bonus pay may work better than the merit pay system but that both yield better performance.

Sanghee Park and Michael Sturman (2012) have also found that various performance-based rewards or pay-for-performance plans positively affect employees' performance in the private sector. The research suggests that rewarding employees based on their performance leads to better performance. Their study, however, suggests that a merit pay system yields much better performance than other types of performance-based rewards. They hypothesize that this may be because employees are more motivated to perform better if their regular pay depends on it. However, it is also important to note that most of the previous studies on the positive relationship between the merit system and organizational performance analyze private sector companies and that the public and private contexts are distinct. There have been a number of studies that argue that the merit pay system does not work in the public sector (Perry et al., 1989; Kellough & Lu, 1993).

Third, an innovative atmosphere improves the performance of an organization. Innovation has long been recognized as a key source of an organization's survival in the market (Burns & Stalker, 1961; Porter, 1990; March and Simon 1993; Simon 1997). Such innovation can be manifested in technological advancement, managerial practices, and service qualities, for example (Christensen et. al, 1997; Fagerberg et. al., 2006).

Open communication processes, good conflict resolution procedures, stellar leadership (employees receive support from the organization and managerial cadre), and top-notch managerial practices (i.e., innovation, organizational justice, participatory management) have all been considered crucial aspects of a superior organizational climate in previous literature (Rousseau, 2011). Organizational climate is the overall atmosphere of the organization, which can be manifested through individuals' cognition of and shared perception of organizational policies, of managerial values and practices, and of work processes in which diverse types of dynamics are always at play (Rousseau 1988).

As with private organizations, innovation through government reforms has also been emphasized as a means of improving service and service delivery and thus the overall performance of public organizations (Wise, 1999; Damanpour & Schneider, 2009). To answer the question of how an innovative climate enhances performance, Susanne Scott and Reginald Bruce (1994) outline a multistage process in which "climate represents signals individuals receive concerning organizational expectations for behavior and potential outcomes of behavior. . . . People also respond to these expectations by regulating their own behavior in order to realize positive self-evaluative consequences, such as self-satisfaction and self-pride." (1994, p. 582) Through multiple paths and the many stages of social interaction, innovative behavior and climate brings new ideas, practices, patterns of interactions to organizational members,

as well as a culture of learning, which in turn enhances the overall competitiveness of organization. Many governmental reforms—elimination of rigid organizational structures, decentralization of decision making, streamlining of work processes, and the encouragement of trial-and-error learning processes—reflect this kind innovation in the public sector. We maintain that the overall performance of public organizations is improved by such an innovative climate.

METHOD AND ANALYSIS

Data and Method

To test the ideas proposed in the literature review, we collected both the results of annual performance evaluations of public agencies (objective data) and surveyed public official to get their perceptions (subjective data) of the degree of competitiveness of government organizations. First, we used the results of the 2012 government evaluation report, which was conducted by outside experts. Those results included the evaluation of agencies’ performance in seven categories of public policy: 1) mission, 2) job creation, 3) green growth, 4) policy management and implementation, 5) institutional reforms, 6) public relations, and 7) public satisfaction.²

For the subjective data, civil servants across central government ministries were surveyed using a survey instrument developed specifically for this study. Respondents from all of Korea’s 17 ministries, excluding the Ministry of Defense, participated. The survey was administered in June 2013. Surveys were administered through face-to-

Table 1. Characteristics of Respondents

	Obs.	Mean	Std. Dev.	Min	Max
gender	477	0.681	0.466	0	1
grade	480	5.677	1.150	2	9
length of service (months)	477	194.264	246.892	5	1287
education	474	3.167	0.540	1	4
age	462	39.147	7.209	23	59

2. All agencies’ and departments’ performance was evaluated in terms of these major policy goals of the Korean government. Each agency and ministry is required to work toward achieving these goals by adjusting their operational processes and management.

face interviews, and best practices, such as assuring participants of their anonymity and emphasizing that there were no right or wrong answers to the survey questions, were followed. A total of 30 public servants from each of the 16 ministries participated.

The perception of the degree of competitiveness of a ministry was measured by asking public officials how competitive they found their organizations to be in various aspects. First, we measured the operational dimensions: effective uses of human resources, information and communication technology, and financial resources. We also took into account whether these operations achieved the mission of the organization, provided a service that satisfied clients, and sought to improve the quality of people's lives. Finally, we included a measure that directly required respondents to evaluate the overall competitiveness of their organizations in these aforementioned aspects. Detailed contents of questionnaires, which used the 5-point Likert scale ranging from 1 ("not at all") to 5 ("very much"), are reported in Table 2.

As stated, the measures of competitiveness used in this study were based on individuals' perception. This type of perceptual measure is subject to various measurement errors (Meier, & O'Toole, 2013; Podsakoff, & Organ, 1986; Podsakoff, et. al., 2012). In particular, respondents might give what they see as a desirable answer and respond to the questions by overestimating the competitiveness of their own organizations (Podsakoff, et. al., 2003). This possibility is considered a major threat to the validity and reliability of the findings.

To compensate for bias of respondents' subjective responses as well as for mono-method bias, this study also used the result of performance evaluations reported by the Office of the Prime Minister Office. When we generated the competitiveness indicator as the dependent variable of the analysis, we aggregated both perceptual measures of competitiveness and the objective performance evaluations provided by external

Table 2. Subjective Measure of Organizational Competitiveness

Question: To what degree do you think your organization is competitive in the following aspects?	
Operational Aspect	The budget of my organization goes toward projects that need it most.
	My organization takes advantage of IT in performing tasks.
	My organization makes effective use of human resources.
Mission Achievement	Overall, the core tasks of my organization are effectively carried out.
	Client satisfaction with my organization is high.
	My organization's services improve the quality of citizens' lives.
	My organization performs tasks with an eye to the long term.
	Overall, our organization is competitive.

experts working for Office of the Prime Minister. Specifically, the competitiveness variable was generated by multiplying respondents' responses (see Table 2) by the actual results of performance evaluation. Even if a respondent overestimates the competitiveness of his or her organization, this overestimation can be corrected by multiplying the subjective response by the objective performance evaluation.³

For the measures of individuals' work motivation, we mainly focused on public service motivation. In Perry's work in 1996, he devised a survey questionnaire for measuring the PSM level of individuals. His survey is composed of six categories measuring attraction to policy making (five items), commitment to the public interest (seven items), social justice (five items), civic duty (seven items), compassion (eight items), and self-sacrifice (eight items). One question from each category of Perry's PSM measurement was used in order to measure the level of PSM in Korean public employees.

The measures of innovative climate are mostly based on the survey questionnaire developed by Scott and Bruce (1994), which speaks to several dimensions of innovative climate, including tolerance to difference, creativity, adequate resources for innovation, and reward-innovation dependency. Their questionnaire contained 22 questions; for our study, we choose four questions that ask whether an organization encourages creativity and is capable of innovation.

For the measures of goal clarity, Bradley Wright (2004) carried out a study to see if work context variables such as goal ambiguity or procedural constraint influence the level of work motivation of employees. For his study, Wright set up a questionnaire to measure various variables. This study took questions from his questionnaire related to goal specification as a way of measuring of goal clarity in public organizations. In addition to asking questions about the degree of ease with which employees understand the goals of their organization, this study also included two questions that asked to what degree these goals were being achieved.

In her study of trust and breach of the psychological contract (1996), Sandra Robinson uses a set of questions for organizational trust developed by John Gabarro and Anthony Athos (1976). She used seven questions to examine the relationship between employees' trust toward their employers and their experience with psychological contract breach. For our study, we choose five out of seven items from this question set to measure to what extent they trust their organization and believe it is honest, treats employees fairly, and has integrity.

3. This approach aims to reduce common method bias, which is based on the single method (i.e., survey data only) of data collection. However, this article does not provide additional evidence as to how much measurement error was reduced.

In the public sector in Korea, the government has targeted performance improvement by linking rewards and promotion to individuals' performance. In addition, new institutional devices have been developed to improve public servants' performance. In order to take account of these recent attempts to improve performance, we asked respondents whether their salaries, promotions, and other rewards depended on their performance. We also asked respondents the extent to which individual performance was emphasized in their organization and whether their organizations used negative incentives for poor performers.

Finally, this study measures the level of competition in interorganizational relationships, which we refer to as perceived interorganizational competition. To measure the sense of competition, we used a single question: "Our organization is in competition with other organizations." We revised the measure of interorganizational competition suggested by Fred Mael and Blake Ashforth's (1992) study to fit the context of public organizations. This indicator reflects the extent of competition as a feeling, a feeling that emanates from the atmosphere of being in competition with other agencies.

Table 3 reports the results of the principal component factor analysis and reliability analysis. Cronbach's alpha ranges from 0.672 to 0.901 for conceptual constructs of interest to us. The results of factor analysis and reliability analysis indicate good levels of measurement reliability.

Table 3. Measurement Validity and Reliability Analysis

Concept (Number of Measurement Item)	Principal Component Factor Analysis		Reliability Analysis
	Eigen Value	Portion (%)	Cronbach's α
perceived organizational competitiveness (8 items)	4.577	57.22	0.890
PSM (5 items)	2.744	54.88	0.792
organizational trust (4 items)	2.088	52.20	0.672
innovative behavior (3 items)	1.873	62.43	0.684
goal clarity/ambiguity (5 items)	3.599	71.99	0.901
performance-oriented management (6 items)	3.318	55.31	0.835
innovative climate (4 items)	2.708	67.72	0.838

The complete questionnaires are included in the appendix.

Table 4. Descriptive Statistics

Variable	Observations	Mean	Standard Deviation	Minimum	Maximum
performance-competitiveness score	480	63.52	13.09	21.34	113.32
grade	480	5.68	1.15	2	9
age	462	39.15	7.21	23	59
length of service (months)	477	194.26	246.89	5	1287
education	474	3.17	0.54	1	4
gender	477	0.68	0.47	0	1
PSM	480	18.15	2.33	12	25
organizational trust	480	14.01	2.26	7	20
innovative behavior	480	10.51	1.72	6	15
goal clarity/ambiguity	480	17.76	3.43	5	45
performance-oriented management	480	19.21	3.36	9	30
innovative climate	480	13.73	2.65	5	20
perceived interorganizational competition	480	3.25	0.85	1	5

Before examining the result of the analysis, we checked for multicollinearity problems. The VIF and tolerance values indicated that there was no evidence of multicollinearity; the VIF values were less than 5 and tolerance values were higher than 0.2

FINDINGS

In the process of analysis, we used a hierarchical regression approach in which we first included control variables and then other variables sequentially, starting with variables at the individual level and following with climate variables. Finally, employees' perceptions of their organizations' competitiveness with other agencies were added to the model to see whether psychological perception affects the overall competitiveness

of organizations. The results of analysis are reported in Table 5.

First of all, this research examines the influences of individuals' motivation, attitudes, and behaviors (i.e., PSM, organizational trust, innovative behavior) on an organization's

Table 5. Results of Analysis

		Model 1: β (standard error)	Model 2: β (standard error)	Model 3: β (standard error)	Mode 4: β (standard error)
Control Variable	grade	-0.606 (0.614)	-0.409 (0.540)	-0.547 (0.496)	-0.487 (0.498)
	age	0.012 (0.109)	-0.033 (0.097)	-0.079 (0.089)	-0.084 (0.089)
	length of service (months)	0.003 (0.005)	0.001 (0.004)	-0.003 (0.004)	-0.002 (0.004)
	education	0.364 (1.204)	-0.887 (1.070)	-0.718 (0.976)	-0.877 (0.977)
	gender(male)	3.076** (1.413)	2.284* (1.246)	2.264** (1.147)	2.194* (1.145)
Individual	PSM		0.319 (0.248)	0.0989 (0.228)	0.202 (0.235)
	organizational trust		1.984*** (0.280)	0.520* (0.297)	0.453 (0.297)
	Innovative Behavior		1.449*** (0.381)	0.509 (0.389)	0.584 (0.391)
Organization	Goal Clarity			1.027*** (0.180)	1.018*** (0.180)
	Performance-oriented Management			0.962*** (0.190)	0.937*** (0.190)
	Innovative Climate			0.502* (0.268)	0.473* (0.268)
Perceived Interorganizational Competition					1.317* (0.674)
Constant		62.70*** (7.442)	19.45** (7.962)	12.77* (7.406)	13.74* (7.832)
Observations		456	456	456	456
R2		0.024	0.250	0.382	0.389
R2 change		–	0.226	0.133	0.007
F(df) change		–	44.846 (3,447)	31.815 (3,444)	2.409 (1,443)
P		–	0.000	0.000	0.088

competitiveness. In the hierarchical regression, individuals' organizational trust and innovative behavior were statistically significant when only individual-level variables were included in the model. In model 2 organizational trust ($\beta=1.984$, $p<0.01$) and innovative behavior ($\beta=1.449$, $p<0.01$) were significant. These findings seem to go along with the suggestion of the existing literature that individuals' trust and innovative behavior tend have a positive impact on the performance of organizations.

Second, when organizational variables were sequentially included in model 3, individual-level variables turned out to be insignificant (see the change of β and significance level in model 2 and model 3). For example, the impact of individuals' innovative behavior was lessened by organizational characteristics. In particular, when innovative climate was included in the model the effects of individuals' innovative behavior turned out to be insignificant. In model 3, goal clarity, performance-oriented management, and innovation climate were included. These three organizational characteristics significantly affect the level of organizational performance. In particular, it is noteworthy that goal clarity ($\beta=1.027$, $p<0.01$) and performance-oriented management ($\beta=0.962$, $p<0.01$) were statistically significant at 0.01 α level. Compared to the rest of the variables, these two aspects emerge as especially salient in enhancing the performance of organizations.

Finally, this research also reports the respondents' perception of the degree to which their organization competes with other agencies. As discussed, performance evaluations spur on members of an organization to improve its performance. Employees work harder, which increases competitiveness among agencies at the organizational level.

As reported in Table 5, the more respondents viewed their organizations as being in competition with other agencies, the higher the level of competitiveness their organizations revealed ($\beta=1.317$, $p<0.1$). This result indicates that competition among agencies, though measured by individual respondents' perceptions, plays an important role the level of a given agency's competitiveness.

DISCUSSION

In this study we provide a theoretical account of the link between organizational performance and competitiveness. We have proposed that the more competitive a public agency is, the more productive, responsive, and satisfactory its services are when such competition is also well attuned to the overall goals of the government system.

One major contribution of this study is the idea of organizational competitiveness, which helps overcome some weaknesses of the concept of performance. Performance

indices have been widely touted in previous literature (Balfour, 2004; citation), but they tend to focus on the performance of an atomized organization, paying insufficient attention to the synergic effects of interorganizational competition. In addition, such measures subject to various kinds of errors (Meier & O'Toole, 2013). To address these problems, we measured the perceived competitiveness of organization from different perspectives, incorporating objective data (i.e., performance evaluation results from the Office of the Prime Minister) into the measure. As stated, organizational competitiveness as the dependent variable was calculated by multiplying the objective results and subjective responses of the survey respondents. Through this approach, this study attempts to reduce measurement errors.

At first glance, organizational competitiveness may look as a novel concept that requires a different type of analysis from that used in performance management. However, we believe that organizational competitiveness can be understood as functioning according to a logic similar to that of performance management because becoming a competitive organization also requires better managerial skills, innovation, greater satisfaction of clients/citizens, and so forth. Yet one difference between organizational competitiveness and performance management relates to interorganizational competition, which encourages each agency to perform better and which reduces bureaucratic inertia. Therefore, the various aspects of organizational effectiveness that we have empirically examined here can also be considered as critical features of organizational competitiveness.

The concept of organizational competitiveness is useful in public management because it is a more manageable and comprehensive concept than a concept such as performance, partly because it is more difficult to measure a public organization's performance than it is to measure a private company's (Rainey, 1997; Chun & Rainey, 2005). This concept not only has theoretical value; it also offers practical advantages in that it provides evidence managers need to encourage their employees to foster a competitive spirit.

We have not touched much on the organizational culture of the South Korean government, but we observe that Korean public servants tend to have strong organizational identification due to the collective nature of Korean culture and a long administrative tradition (Hofstede, 2001; Painter & Peter, 2010). The more civil servants identify themselves with organizations they belong to, the greater the effects of interorganizational competition on civil servants' performance will be. This is because interorganizational competition is fostered by the members of the organizations. A high degree of psychological identification with their respective organizations among civil servants can play an important role in motivating them to actively respond to interorganizational competition. Specifically, in bureaucratic organizations, such competition tends to

reduce bureaucratic inertia. Therefore, the concept of organizational competitiveness provides a managerial method for enhancing competition and harnessing it to improve performance by minimizing bureaucratic inertia, which in turn positively contributes to overall government competitiveness.

At the international level, the spirit of competition can bolster national pride or the patriotism of bureaucrats, which can motivate them to improve the conditions of their society. It is important to note that this interorganizational feature of government effectiveness has been absent from virtually all discussions of government performance to date, and by elaborating this concept here, we can provide another piece of the puzzle of government performance.

This study examines the main factors affecting a ministry's competitiveness. The strength of this study is the operationalization of the dependent variable, which has been accomplished by combining objective and subjective measures. In examining numerous aspects of government competitiveness, we separate factors into different layers of variables: individual-level variables (work motivation, attitudes and behaviors) and organizational-level variables (goal clarity, performance-oriented management, and innovative climate). The main contribution to the literature that this study makes is to examine perceived lateral competition between ministries and analyze the contribution that such lateral competition makes to overall government competitiveness.

As revealed in Table 5, the characteristics of organizations play a more significant role in the competitiveness of organizations than those of individuals. While those individual-level variables were significant at the initial stage of analysis, their importance decreased as the organizational variables were sequentially included in the model. Let us turn our attention to the detailed results of analysis. First of all, the findings of this research present corroborating evidence for arguments that the ambiguity, multiplicity, and diversity of goals imposed on a public agency result in bureaucratic unresponsiveness. In many countries, government agencies are likely to strengthen their rule-bound behaviors to minimize or avoid accountability when conflicting goals provide inconsistent signals (Fukuyama, 2013). Such dysfunctional aspects of bureaucracy can be addressed once the goals and mission are better understood and the ability to achieve those goals becomes more feasible (Barzelay & Armajani, 1992). Likewise, the clarity of agencies' missions and civil servants' clearer understanding of how the daily operation of the agency is connected to the overall improvement in performance and competition, which leads to better performance evaluations.

Second, improvement in performance can affect the competitiveness and overall performance of organizations. Ever since the late 1990s, the Korean government has placed a great weight on the performance evaluation of organizations as well as individuals. This is part of a bureaucratic expansion in a positive sense, as Niskanen

describes it. By creating new policies and programs, the bureaucrats have been increasing the pie to be shared among them. In this study, managerial practices that contributed to this bigger pie were measured by looking at how the level of performance affected rewards, promotion, and penalties.

Third, the results of our analysis make clear that we should pay closer attention to the organizational climate that underlies organizational competitiveness. In this study, innovative climate refers to individuals' belief that new ideas and approaches are encouraged and that the organization is flexible enough to put creativity into action. This finding implicitly suggests that government organizations need to care as much about the overall climate as they do about visible or measurable outcomes of performance and managerial practices.

Fourth, this study attempts to cast a light on why and how competition inside the executive branch reduces bureaucratic inertia. When organizations are exposed to competition via performance evaluations, their concerns about performance and relative competitiveness may serve to stimulate proactive management.⁴ Indeed, the Korean government has made competition a part of the performance evaluation by reporting the results to the public and the president of Korea. Evidence from the empirical analysis presented in this study also provides support for the idea that civil servants tend to perform better and exhibit greater competitiveness when they view their organizations as being competition with other organizations.

Finally, this research should be considered an exploratory attempt to develop a concept of government competitiveness. The concept of national competitiveness may be ineffective in the context of developing and less developed countries due to its abstractness. This research shows how competition among government agencies and effective mobilization of resources contributes to better performance. However, future research that provides a clearer definition of government competitiveness and its subdimensions for is needed.

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4. We do not think that the performance evaluation is the only factor that enhances the performance of the executive branch. Nevertheless, numerous ministers and heads of agencies pay attention to the results of performance evaluations, which often serve as a motivator for making changes in their organizations.

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APPENDIX

Survey

Perceived Organizational Competitiveness

Q. To what extent do you think your organization is competitive in the following aspects?

1	The budget of my organization goes toward projects that need it most.
2	My organization takes advantage of IT in performing tasks.
3	My organization makes effective use of human resources.
4	Overall, the core tasks of our organization are carried out effectively.
5	Client satisfaction with my organization is high.
6	My organization's tasks improve the quality of citizens' lives.
7	My organization performs tasks with an eye to the long term.
8	Overall, our organization is competitive.

Perceived Interorganizational Competition

- Our organization is in competition with other organizations.

Public Service Motivation

- I feel great responsibility toward society.
- It is my duty to serve citizens.
- Public service is more meaningful than myself.
- Social contribution is more important than my personal achievements.
- I would gladly sacrifice my interests for others.

Innovative Behavior

- I try to adopt improved procedures for doing the job.
- I try to change how job is executed in order to be more effective.

- I try to make suggestions for improving how things operate within the organization.
- I try to correct faulty procedures or practices.
- I try to introduce new work approaches to improve efficiency.

Organizational Trust

- I believe my organization has high integrity.
- I can expect my organization to treat me in a consistent and predictable fashion.
- I don't think my organization treats me fairly.
- My organization is open and honest with me.
- I am not sure if I fully trust my organization.

Goal Clarity

- Our organizations often review working procedures to achieve organizational goals.
- All employees are well aware of the relationship between their tasks and organizational goals.
- Our organizational goals are easy to understand and explain.
- We can objectively measure the level of organizational goal achievement for the past one year.
- We have a clear order of priority among our organizational goals.

Performance-Oriented Management

- In our department, reward depends on my performance.
- In our department, promotion depends on my performance.
- In our department, pay depends on my performance.
- In our department, those with poor performance are disadvantaged.
- In our department, ability to perform well is important.
- In our department, employees are responsible for their own performance.

Innovative Climate

- Managers in our organization encourage employees to solve problems creatively.
- We are free to suggest new ideas for our organization's improvement.
- Our organization is open and reactive to changes.
- Our organization is capable of carrying out new plans.