Transforming Public Sector Productivity: Korean Experience

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Table of Contents

I. Productivity Trends in Korea

II. Transformations in Korea

III. Implications for Future
I. Productivity Trends in Korea
1. Economic Growth in Korea: 1960-2010

GDP Per Capita (current $US)

- 1960: $155
- 1980: $222
- 2000: $11,347
- 2010: $37,029

1960 - 2010

South Korea  APO members  OECD members
2. Productivity Growth in Korea: 1960-2010

Source: World Bank database
3. Labor Productivity Trends of Japan over Century and Levels of Asian Countries in 2010

Time Durations Taken to Improve Labor Productivity by Japan and the Asian Tigers

- Japan (21)
- Singapore (23)
- Hong Kong (17)
- ROC (18)
- Korea (19)
4. Labor Productivity Trends of Japan over Century and Levels of Asian Countries in 2013

Time Durations Taken to Improve Labor Productivity by Japan and the Asian Tigers
II. Transformations in Korea

<table>
<thead>
<tr>
<th>Republic</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st-2nd Republic</td>
<td>The nation’s priorities were to reconstruct the nation and restore order.</td>
</tr>
</tbody>
</table>
<pre><code>                                | The Administrative Reform Research Committee was established under the jurisdiction of the prime minister’s office. |
</code></pre>
<p>| 5th Republic (1979.11-1988.2) | The previous committee was dismissed and only a small research lab was operated for political and sporadic reform measures. |</p>
| 6th Republic (1988.3-1993.2) | The Administrative Reform Committee was established and operated for 14 months.  
                                    | Reform proposals were made through the participation of civilians, but few were actually put into practice. |
### Civilian Government (1993.3-1998.2)
- The Administrative Innovation Committee was established, and it persisted throughout the regime.
- During the five years of its activity, it annually published white papers on reform.
- Pursued small government and democratization.

### People’s Government (1998.3-2003.2)
- Reform agencies became a formal organization of the government; Planning and Budget Committee, Ministry of Planning and Budget, Government Innovation Committee etc.
- Simultaneously promoted democratization and market economy.
- Performed various NPM reform measures due to the Asian economic crisis.
- Aspired to become a small government and an entrepreneurial government.

2.1 Vision, Goals, and Backgrounds

“Without change, even government can not survive.” (Rho)

Building a leading innovative country

- Efficient Government
- Participatory Government
- Transparent Government
- Decentralized Government
- Serving Government

● Backgrounds

- Self-reflection on the former reform efforts: hardware-focused, strong resistance, yo-yo effects
- A more fundamental, sustainable innovation needed

2.2 Strategies for Administrative Innovation

- Employees & Culture First!!
  - Changes of work processes for performance
  - Systematization or Institutionalization

**Sustainable Government Innovation**

**Innovation through Employees & Culture**
- Strategic Leadership
- Various Participatory Programs
- Accelerating Learning Culture

**Performance Oriented Changes**
- Roadmap-Based Planning
- Improvement through Measurement
- Systematic Performance Management & Incentive Program

**Integrated Innovation System**
- Benchmarking Innovation Methods from the Private Sector
- Problem-Solving & Best Practice Diffusion
- IT-Based Innovation Systems

2.3 Expansion and Evolution of GII

<table>
<thead>
<tr>
<th>GII (Government Innovation Index) Model</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Innovation Diagnostic Tool, Standard Form of GII</td>
</tr>
<tr>
<td>- 2005. 7. Development &amp; Application + 2006. 7 2nd</td>
</tr>
</tbody>
</table>

- Expansion of GII: Central gov’t → Local, educational gov’t
  Government Offices → Agencies, universities, National → International

- Evolution of GII: Online diagnostic tool in the public sector → Comprehensive online consulting tool

2.4 Innovation Modules

[Module 1] Foundation Management

I. Situation Awareness and Shared Sense of Crisis

II. Innovative Leadership

III. Strong Innovative Organization

IV. Induce Member Participation

[Module 2] Value Management

I. Establish Mission

II. Establish Vision

III. Establish Core Values

[Module 3] Strategy Management

I. Balanced Strategic Management

II. Core Strategy and Strategic System

III. Derive and Implement Major Policy Tasks

IV. Government Innovation Policy Tasks

[Module 4] Cultural Management

I. Develop Innovation Culture

II. Develop Innovative Organization

III. Innovative Learning Activities

IV. Core Capacity Development System

[Module 5] Establishment Management

I. Build Performance Evaluation System

II. Build Capacity Evaluation System

III. Operation of Strategic Performance Management System

IV. Internalization of Innovation

3.1 Targeting Advanced Countries

- Per capita income ($30,000 above)
- OECD Country
- Economy Size (Top 50 Countries)

- G7 Country

- Top 10 Competitiveness

- USA
- UK
- Japan
- France
- Germany
- Canada
- Denmark
- Sweden
- Switzerland
- Netherlands

16 Country

10 Country

3.2 Gap Analysis

- Comparison Between Korea and Top 10

![Graph showing comparisons between Korea and Top 5 in various areas.](image-url)
3.3 Public Opinion Survey

Many Koreans think we are below middle level countries.

Areas Needs for Policy Efforts (Multiple Response)

- Global Competition: 45%
- Education: 41%
- Welfare: 41%
- Quality of Life: 25%
- Politics: 22%
- Security: 10%
- Public Service: 9%
- Judiciary: 6%

3.4 Policy Strategies & Objectives

<table>
<thead>
<tr>
<th>For a Government Serving the People</th>
<th>For a Lively Market Economy</th>
<th>For Active Welfare</th>
<th>For a Country Rich in Talent</th>
<th>For a Global Korea</th>
</tr>
</thead>
<tbody>
<tr>
<td>To make the Government Efficient and competent</td>
<td>To drastically improve the investment environment</td>
<td>To lay a foundation for the lifetime welfare of all the people</td>
<td>To strengthen educational autonomy and expand educational diversity</td>
<td>To establish a new peace structure on the Korean Peninsula</td>
</tr>
<tr>
<td>To expand decentralization and revive local economies</td>
<td>To sharply streamline regulations</td>
<td>To customize welfare benefits</td>
<td>To expand educational benefits</td>
<td>To place priority on the national interest while pushing pragmatic diplomacy balanced conducive to the good of all peoples</td>
</tr>
<tr>
<td>To establish a trust-based society governed by the rule of law</td>
<td>To create new jobs through green growth</td>
<td>To stabilize the lives of ordinary citizens and guarantee stable housing</td>
<td>To nurture a world-class talent pool</td>
<td>To construct a solid, advanced national security system</td>
</tr>
<tr>
<td>To make the country safe and to ensure the people can live without anxiety</td>
<td>To promote new growth engines and the service industry</td>
<td>To make all people feel rewarded for their work</td>
<td>To develop science and technology that will lead the country into a better future</td>
<td>To evolve Korea into a country with good character that is respected widely</td>
</tr>
</tbody>
</table>

3.5 Overall Structure

- 5 Goals
- 20 Policy Strategies
- 100 Policy Tasks
- 949 Action Plans

The **100 policy tasks** come **under 20 policy strategies** aimed at achieving the government's vision.

To implement the 100 policy tasks, the government also set forth about **949 detailed action plans**.

### 3.6 Action Plans

<table>
<thead>
<tr>
<th>No</th>
<th>Title</th>
<th>Due Date</th>
<th>Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goal 1</td>
<td>Government Serving the People</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Policy 1</td>
<td>Efficient and Competent Government</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Task 1</td>
<td>Capable Government</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>&lt;1&gt; Government Reengineering</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>○ Revising Government Laws on Organization</td>
<td>2008. 6</td>
<td>MOPAS</td>
</tr>
<tr>
<td></td>
<td>○ Follow-up of Reorganization</td>
<td>2008. 6</td>
<td>MOPAS</td>
</tr>
<tr>
<td></td>
<td>○ Improving Government Efficiency</td>
<td>2012. 12</td>
<td>MOPAS</td>
</tr>
<tr>
<td></td>
<td>&lt;2&gt; Innovation of Public Enterprises and Agencies</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>○ Basic Plan for Modernization</td>
<td>2008. 12</td>
<td>MOSF</td>
</tr>
<tr>
<td></td>
<td>- Detailed Plan by Areas</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Revising Related Laws and Rules</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>○ Follow-up of Innovation</td>
<td>2012. 12</td>
<td>MOST</td>
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<td></td>
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</tbody>
</table>

### 3.7 Classification of Action Plans

#### By Goals

<table>
<thead>
<tr>
<th>Government</th>
<th>Economy</th>
<th>Welfare</th>
<th>Talent</th>
<th>Global</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>232</td>
<td>316</td>
<td>155</td>
<td>74</td>
<td>172</td>
</tr>
</tbody>
</table>

#### By Year and Ministries

<table>
<thead>
<tr>
<th></th>
<th>‘08</th>
<th>‘09</th>
<th>‘10</th>
<th>‘11</th>
<th>‘12</th>
<th>합계</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>MOST</td>
<td>16</td>
<td>1</td>
<td>2</td>
<td>0</td>
<td>10</td>
</tr>
<tr>
<td>2</td>
<td>MOEST</td>
<td>12</td>
<td>31</td>
<td>10</td>
<td>3</td>
<td>26</td>
</tr>
<tr>
<td>3</td>
<td>MOFAT</td>
<td>13</td>
<td>6</td>
<td>1</td>
<td>1</td>
<td>44</td>
</tr>
<tr>
<td>4</td>
<td>MOU</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>7</td>
</tr>
<tr>
<td>5</td>
<td>MOJ</td>
<td>12</td>
<td>3</td>
<td>1</td>
<td>0</td>
<td>12</td>
</tr>
<tr>
<td></td>
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</table>
Government agencies will implement policy tasks assigned to them, while checking their progress in real time via the government's online "policy task management system."

The Office of the **Prime Minister** will prepare implementation updates to present to a "national policy task review council" each quarter.

The government will **revise the list** of policy tasks every year according to **changing environments** at home and abroad, making new additions and checking if the completed tasks have **achieved desired goals**.

### 3.8 Monitoring & Evaluation

<table>
<thead>
<tr>
<th>Ministries</th>
</tr>
</thead>
<tbody>
<tr>
<td>○ Action Plan</td>
</tr>
<tr>
<td>○ Monthly Check of Progress</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Prime Minister’s Office</th>
</tr>
</thead>
<tbody>
<tr>
<td>○ Quarterly Verification of Progress</td>
</tr>
<tr>
<td>○ Evaluation of Tasks</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NPTRC</th>
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<tbody>
<tr>
<td>○ Progress Check-up</td>
</tr>
<tr>
<td>○ Revising Plan</td>
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<tr>
<td>○ Problem Solving</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>President’s Office</th>
</tr>
</thead>
<tbody>
<tr>
<td>○ Comprehensive Management</td>
</tr>
<tr>
<td>○ Adjusting Plans</td>
</tr>
</tbody>
</table>
III. Implications for Future
“Reform is a journey, rather than a destination.”
(OECD, 1995)

- The 21st century is imposing on us changes such as informatization, globalization, diversity and complexity.
- The Korean Government is undertaking reform measures to deal with this new ascending world.
  - The goals of the current innovations in Korea are advancement in the capability and communications of the government.
  - Korea is trying to internalize an automatic innovation system in the government to incessantly respond to this ever changing world.
- The changes in the new century are posing new challenges on us. It depends on the combined labors of the government and the people whether or not these challenges will be converted into chances for the future.
Thank you

For More Information

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