

Administrative Reform in the Korean Central Government: A Case Study of the Dae Jung Kim's Administration

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Introduction

ADMINISTRATIVE PRESSURE and reform has become an issue for government around the world. Citizens demand smarter and more knowledge-based governments with services that are efficient and effective. While the chords of administrative reform may vary, the underlying theme is quite similar. The need for significant change arises in government because citizens increasingly insist upon similar performance standards in both government and business. The driving force for change arose from globalization, fiscal stress, and citizen's growing expectations. Faced with huge challenges, governments everywhere have launched major innovations (Kin and Wolff, 1994; Kettl, 1998). Some countries have chosen fundamental changes in structure. Other countries have reacted with profound changes in service delivery and the administrative process. South Korea is not an exception in the new movement for change in the administration of public affairs (Kim, 1996, 1997, 1998, 1999). In order to meet the challenges of globalization and the current economic crises, administrative reform in Korea was driven by the need to create good governance by providing a strong foundation for economic recovery and sustainable growth. As such, current reforms entail the review of the role of almost all government agencies. At the same time, a change in work cultures consistent with the promotion of efficiency, transparency, and accountability was also an integral part of the reform package.

This paper is intended to shape both practical and theoretical discussions on Korean government reform enacted after the 1997 economic crisis through specific examples and is not intended to be a comprehensive examination. A fall in foreign currency reserves forced South Korea to seek a rescue loan from the International Monetary Fund (IMF) in November 1997. The IMF's first step was to drastically reshape Korean economic policies. With these new tasks, Korea has had little choice but to reform its institutions and systems. Korea has undergone many economic and administrative changes, ever since. After years of "Asian miracles," the Asian crisis brought serious challenges to the Korean government and necessitates the urgency for reform.

Economic Crisis and Government's Reform Initiatives

The economic crisis that began with the financial turmoil in late 1997 pushed Korea to the verge of requesting an all-out moratorium on debts. Korea has experienced significant economic and social changes after the International Monetary Fund loan due to the lack of foreign currency liquidity. The result left the Korean public and government with severe financial burdens. In the midst of the so-called "Asian Crisis," President Dae Jung Kim was inaugurated in February 1998. The new government declared that it would launch reform based on a mid-

to long-term plan that aimed at remodeling the government's role and improving the efficiency of public affairs. The new administration came in with a philosophy of "Parallel Development of Democracy and the Market Economy" (KDI, 1999; Lee, 1998, 1999). As part of initiatives taken by the new Administration to overcome the economic crisis, which served as a "unique opportunity" or "psychologically susceptible motive" for ambitious reforms, the new government planned to reform virtually every facet of society by focusing on four major sectors: finance, business, labor, and the public sector. Such initiatives were results of a realization that no solution can be found to deal with the economic crisis without fundamental reforms in the four major areas mentioned above.

President Dae Jung Kim defined the economic situation as, "the greatest national crisis since the Korean War." The root of this unforeseen crisis was the inability of the Korean government, business, and financial sectors to adapt flexibly and in a timely manner to rapid changes in an increasingly competitive international economic environment. According to the *World Competitiveness Yearbook* (1998), the South Korean government's competitiveness was ranked 34th in 1998, which is still far behind Singapore and other leading nations (See <http://www.imd.ch/wcy>). In response to the crisis, the government called for an urgent reform in four major sectors (business, finance, labor relations, and government administration) as mentioned earlier. This paper focuses mainly on current public sector reform in Korea. For cases of previous administrations on administrative reforms, there are numerous references such as Kim (1996, 1997, 1998), and Kin and Kim (1997). In the next section, the direction and scope of administrative reforms are presented, followed by discussions of major reform measures, reform strategies and constraints, global implications for public sector reform, and conclusions.

Direction and Scope of Administrative Reform

According to government documents (MPB, 1999; KDI, 1999), the ultimate objective of the current reform drive is to build a system governed by market principles and democratic values. According to the head of the Government Reform in the Ministry of Planning and Budget (MPB), the overall aim of public sector reform is:

To attain a government capable of delivering quality services using the least amount of taxpayer's money. Specifically, a key objective of public sector reform in Korea is to boost public sector efficiency by introducing three types of principles: market-oriented, performance-oriented, and customer-oriented principles. The public sector reform program encompasses all public sector entities, including the central government, local government, state owned enterprises, government-funded research institutes, and other government-affiliated organizations. Organizational and personnel restructuring, innovations in the operating system, and changes in the culture and mindset of those public sector entities are necessary for complete public sector reform. Primary emphasis has been given to qualitative or physical methods of rationalization such as organizational restructuring and work force reduction with organization-specific mandates streamlined. Another important feature is the privatization and restructuring of government-funded research institutes, state-owned enterprises, and other government affiliated organizations, with special focus on budget and personnel adjustments (Lee, 1999:346-347).

Reforms have been undertaken in order to combat the main weakness of the Korean government: centralization, lack of transparency, rigidity and low competitiveness. President Kim's Administration set three objectives for carrying out Korea's Public Sector Restructuring Program. First, to realize 'a small but efficient government' by streamlining government functions and reducing its size; second, to achieve 'a highly competitive government' by incorporating the principle of competition among civil service organizations and personnel; and third, to pursue 'a customer-oriented government' by fostering desirable actions and attitudes of government employees. Such objectives are similar with the new public management (NPM) trend. According to previous studies (Hood, 1991; OECD, 1995; Kickert, 1997), a new public management paradigm is characterized as follows: devolving authority, providing flexibility; ensuring performance; developing competition and choice; providing responsive service; optimizing information technology; improving the quality of regulation; and strengthening steering functions at the center. At present, business management techniques, customer orientation, and market-type mechanisms such as competition are heavily emphasized in the Korean public sector.

Major Reform Measures

Many countries have engaged in a massive reform of the state. The fundamental element in this massive reform has been the reduction of the state influence through reorganization, a cutback in the number of employees, and a substantial reform of public enterprises. The Korean central government is also moving in a similar direction. The unique characteristics of current major reform measures are more "economically motivated" in the form of the market-oriented model than those of the past. This is particularly true under the current financial crisis in Korea. The most obvious reason for such reforms is the financial-economic need to reform and the need to cut back in the public sector. These form the major explanations for the necessity of drastic reform in the structure and functioning of government agencies. President Kim charted an aggressive program of management reform, privatization, and downsizing to transform government policy that made "DJnomics (KDI, 1999) in Korea as familiar as "Reaganomics" was in the United States and "Rogernomics" in New Zealand. However, social critics have attacked the infusion of corporate characteristics into the practice of government. Such ideas mirrored a broader international debate over administrative reform.

Reorganization

To streamline the structure and functions of government organizations, wide-ranging restructuring programs were implemented. The first reshuffling of the central government structure was carried out in February 1998. Under this program, the new administration reduced the number of cabinet members from 21 to 17. Part of the restructuring saw the Ministry of Government Administration and the Ministry of Home Affairs merge to form the Ministry of Government Administration and Home Affairs. To monitor the reform programs, the government established the Planning & Budget Commission, which later became the Ministry of Planning and Budget, the Financial Supervisory Commission, and the Regulatory Reform Committee. Since early 1998, government and other public sector organizations have been looking for areas to be trimmed down by systematically examining redundancy and

inefficiencies. These include all 57 of the government-funded research institutions, several hundred quasi-governmental organizations, about 300 government committees, and all state-owned enterprises not slated for privatization. There has also been headway in contracting out more government work to private operators.

In mid 1998, the introduction of management consulting in all central government departments was a bold new development. Eight firms or consortia (including foreign consulting firms such as AT Kearney and Anderson Consulting) among 19 organizations were selected via open bids to carry out this task in November 1998; this covered all 17 ministries and agencies in the central government and the voluntary participation of six local governments. The management review was conducted from October 1998 to February 1999, and the final reports were submitted at the end of February 1999 along with a series of recommendations. Based on the final report of this assessment, President Kim's second reshuffling plan was submitted to the National Assembly for legislation change and the second reorganization materialized in May 1999. However, this time there was an expansion of governmental bodies: the Ministry of Planning and Budget (MPB), the Korean Information Service (KIS), and the Civil Service Commission (CSC) were newly founded.

Historically, the Korean government used structural reform to support management changes. However, the latest reorganization plan did not meet the public sector's expectations that require bold reorganization of inefficient agencies and ministries in order to shape a small government. The original proposal prepared by the Coordination Committee for Management Assessment and the Planning and Budget Commission included two major restructuring and merger plans. The Ministry of Information and Communication, the Ministry of Science and Technology, and the Ministry of Industry and Resources were to be combined and the same for the Ministry of Labor and the Ministry of Health and Welfare. The attempts were difficult and failed due to the lack of political will and consensus.

Agencification

Korea adopted the British type of executive agency to incorporate competition and the market principle into organizational management. This idea is 'agencification' or creating semi-autonomous agencies responsible for operational management. The key notion is distance from the central department, so there is freedom to manage. It is expected that 'agencification' will enhance customer-oriented service delivery, greatly foster a performance-oriented culture in the government with increased autonomy for agencies, provide flexibility in resource use and establish businesslike management. Having provided the legal underpinning, the executive agency management concept was applied to ten government agencies such as the National Medical Centers, Auto-License Testing Stations, and others. There is currently an evaluation process for setting up several other agencies in the near future. Agencies will remain part of the civil service, but will have greater autonomy in financial, organizational, and personnel matters.

The concept of an executive agency, which separates the executive functions of the government from the policy-making role, is not well understood in Korea. Currently, there is

a lot of confusion and anxiety among candidate agencies. According to the Korean government's plan, some of the executive functions will be organized into visible units, which will be given greater autonomy over their budget, personnel, and organizations. The units are to have clearly stated missions and standards of performance that will be the responsibility of the agency head. The agency's head will be selected through open recruitment and agency chief executives are required to renew contracts every three years. After the selection process they will sign a contract with the relevant minister that specifies in detail the performance standards and business plans that the agency will deliver during their tenure. Currently, 10 agencies have been designated including the Driving and Vehicle Agency, National Science Museum, National Central Theater and National Medical Hospital.

Deregulation

The government's leadership role in Korea's development of the country has left a high degree of regulation. Controls on entry and exit have been pervasive. While some regulations are based on law, many are enforced through internal rules and administrative guidance. In early 1998, the Regulatory Reform Committee (RRC) was set up under President Kim to make Korea more business friendly. The Committee is doing this by eliminating unnecessary or irrational economic and social regulations that interfere excessively in business activities or the lives of the people. Of course, regulations in some areas such as protecting environment, safety, and fair competition are imperative to maintain, but with increased quality.

In its first year of operation, the Committee scrapped about 5,326 of 11,125 administrative regulations, a reduction of 48 percent. As a result, foreigners can now purchase land under the same rules as Koreans. The Committee has also reduced the number of areas in which foreign investors were limited from 52 to 31. Moreover, mergers & acquisitions (M & As), foreign currency transactions, and capital investment are now open to foreigners. Remaining regulations are to be reviewed and revised when necessary (Kim, 2000).

Personnel Reform

The recent reform plan calls for the introduction of a private sector competition system into the operation of the administration. In the past, new entrants to the civil service were able to enter generally at grades 5, 7, or 9. Grade 9 is the lowest level and grade 1 is the highest in the Korean civil service. Promotions to positions at grades 1-3 were only available to current incumbent employees. Now, private sector applicants can be employed in grades 1-3. Recently, the Civil Service Commission employed the strategy of establishing an "Open Employment System;" the Civil Service Commission announced that 130 positions are designated for open employment to attract more talented persons from outside the government (Kim, 2000). The government also instituted mandatory advertising of such positions to ensure that all qualified individuals have an equal opportunity to apply. The Civil Service Commission selected senior positions on the outcome of job analysis for open competition. It is expected to open 20 percent of Grade 3 and above positions in central departments. The positions requiring special knowledge, skill, and policy planning capacity will be the target of this practice and filled with appropriate members from the public and the private sectors according to fair and open competition. The new OES policy will involve more rational pay setting and performance

evaluation, leading presumably to more effective human resource management. With an aim to foster human resources in general, as well as enhance the unity of administration, the Civil Service Commission is attempting to actively promote personnel exchange in several directions: exchange between ministries, between central and local governments, and between government and business.

The kind of personnel reform is also related to the ideas of managerialism. One aspect of the creation of executive agencies in Britain and the general spread of managerialism through the public sector of Europe is that there are plans for an increased interchange between public and private sector managers. However, the efficacy has been questioned in a number of places (MacKenzie, 1987; Kim, 1993; Peters, 1996). Peters (1997) noted, based on the American experience, that the more open, competitive mechanism being utilized in recruitment appear preferable to the highly personalized, politicized, and largely non-competitive forms of appointment. Thus, the Civil Service Commission is expected to play an important role in reestablishing new recruitment standards and procedures to prevent a spoils system based employment.

Pay Reform

Korean citizens have often complained of government executives having power without being held accountable by their job performance. Bureaucrats argue that, in the absence of performance *incentives*, these individuals encounter a compelling reason to duck responsibility—namely avoiding public criticism. Generally, government has long been reluctant to reward bureaucrats financially for excelling in their jobs, while the political system, including the press and citizens, has increasingly been quick to criticize public managers who make mistakes. In such a balance of incentives and dis-incentives, or when bureaucrats calculate their own “results-risk equation,” most reasonable bureaucrats decide to “keep their heads down” (Kettl, 1994: 310). There is a common expression in Korea, “*bokji-boodong*” (bureaucrats lie on the ground and do not move).

In the late 1998, the Ministry of Government Administration and Home Affairs (MOGAHA) established a performance-related pay program for all government employees. In addition, starting 1999 the government has introduced ‘a yearly stipend system’ for grades 3 to 1 officials who are mostly assistant ministers and bureau director-generals in the central government. In the past, government officials were paid fixed salaries based mainly on seniority and rank. Under the new system, pay will be differentiated within each pay grade band depending on performance. Incentives for excellence are an important concern for the Civil Service Commission. Government should be a place where quality and effort can be appropriately rewarded (Kim, 1999, 2000). The major plan for this aim is the 5-year plan to balance the wage level of the civil service. The average pay level of Korean public servants amounts to 87 percent of that of the private sector as of 1998. By 2004, the Civil Service Commission will try to set the wage level of the civil service on par with the private sector (Related information available from <http://www.csc.go.kr>).

Downsizing

The D.J. Kim's Administration will let go of 25,955 employees that account for 16.0 percent of the total central government workforce (excluding public school teachers and police officers, and local government employees) by the year 2001. In addition, local government employees will be reduced by 56,649 persons (19.3 percent) by 2001, and workers in quasi-non-governmental organizations will be downsized by 60,234 persons (24.2 percent) by 2001 (MPB, 1999). Reform measures of this kind are the same as those seen in corporate restructuring and downsizing. This is where an improvement in performance has come directly from lowered costs.

Firstly, it involves identifying and removing redundancy in the organizational structure. Secondly, it entails reevaluating the justification for all operations from scratch, the 'zero-base' perspective. Thirdly, it means laying off workers who are deemed nonessential, often replacing them with people from outside the organization who are willing to do the same work under the contract but for lower salaries. This approach is the most direct and usually the most painful for everyone involved, but is still is an important part of the process of regaining competitiveness.

Cultural and Behavioral Change

The government is working to change the attitude and conduct of government officials to improve the quality of government services. Rising consumer expectation, continuing fiscal pressures and a growing conviction that public service should continually justify outputs in terms of price and quality, have proved to be of value in other settings (Kim, Pindur & Reynolds, 1995). Achieving a greater customer focus requires a significant change in the way public service organizations operate and the way government employees behave. Many government agencies (health services, police departments, passport offices, the railroad agency, and local authorities) and public enterprises are adopting the Citizen's Charter that has been utilized in Britain. In addition, it is expected that more extensive utilization of the public customer satisfaction index (PCSI) will be increased and its results will be applied to performance evaluation both for individual workers and individual agencies (Kim, 1996, 1998).

However, Confucian values that stress harmony for the sake of self-expression, such as never questioning superiors, the high degree of respect paid to those in higher positions and the pursuit of group harmony at the cost of individual happiness were factors that have influenced the Korean civil service corps' evolution into an authoritarian bureaucracy. Administrative culture must be converted from its traditional state to a transformed one as follows: a transition from punishing mistakes to discussing problems; and from following established policies to taking risks and being innovative. It was this realization that led to this campaign to foster change in the behaviors and attitudes of civil servants. The Korean government needs to focus more on quality and speed in the conduct of administration and reforms.

Areas for Further Changes and Development

In addition to the change mentioned above, the MPB in cooperation with the Civil Service Commission (CSC) and the Ministry of Government Administration and Home Affairs (MOGAHA) took significant steps in reforming public personnel management issues. However, the D.J. Kim's Administration did not fulfill the people's general expectations in government reform. A number of issues have not been addressed until now. They are: anti-corruption initiatives, local autonomy and decentralization, police autonomy, fiscal and budgetary reforms, and education autonomy. In addition, management reform in traditionally authoritarian organizations such as the Ministry of Justice (MOJ) and the Ministry of Defense (MOD) needs to be accelerated more rigorously. Dongsuh Park (1998) asserts that the democratization of politics and administration—of government's power and of the various positions having high potential—must be considered first before the micro-sale management issues, because the biggest problem lies in the abuse of power by those *in* power. He also insists that it is urgent to establish a control system over the powerful posts (Prime Minister, Director of the Board of Audit and Inspection, Director of the Agency for National Security Planning, Minister of Justice, Prosecutor General, Director of the National Police Agency, and Director of the National Tax Administration).

Reform Strategies

Reform strategies of the D.J. Kim's Administration are distinct from previous experiences in several ways. The new administration represents the first democratic transfer of power in Korea from one party to another. Reform in this sense has a political element with concern to patronage and the need to reflect a new mandate for administrative reform. Two major distinctions are reviewed, followed by the discussion of political constraints that exist.

*Reform Agendas and Priority Setting:
Government Reform as "One-of-Them" Business*

Korea's current government reform efforts would not get good grades. One reason, among others, is that government reform was "one of several reform agendas," as mentioned earlier. In other words, reform agendas were very inclusive and broad in various areas. Since the IMF bailout assisted the national economy, the most urgent issue was recovering from the financial crisis and related economic problems. Therefore, much attention was paid to reform in the financial sector, business sector and labor relations. However, public sector reform had a relatively lower priority than other sectors in a comparative sense. When government executives have a chance to discuss reform issues at the Blue House (Korea's official Presidential residence), public sector reform was just "one of them" with comparatively *lower priority or urgency* among several areas. The President spent more attention on restructuring financial institutions and business conglomerates, and smoothing labor relations than initiating administrative reform in the last two years. In other words, government reform effort barely registered on the political radar screen and frequently became buried under the avalanche of stories about political conflicts with the opposition party and several scandals.

In comparison, the Clinton government's "reform effort" received the highest grade (A+) among all categories and this result provides an interesting point from an international context. Kettl (1998:ix) said that "no administration in American history have invested such sustained, high-level attention to management reform efforts." Reform and the successes are due to Vice President Al Gore's direct supervision of the NPR and the full commitment of his office. The NPR is inescapably connected to the Vice President, who led management reform. Many political observers noted Gore's consistent and energetic pursuits of reinvention, despite its obvious lack of political appeal and the many other demands on his time as one of Clinton's administration's proven "go-to" officials. The NPR had become part of the political identity for his two terms along with environmental policy initiatives (Kettl, 1998:22).

In Korea, the current President has reasonably high popularity and is committed to reform in general. High-level executives, however, do not share his political vision or strong commitment to implementing the policies necessary for public sector reform. The record of the current administration is not consistent and is in need of further improvement. The effectiveness of reform measures is mixed, with some working (service delivery, deregulation, IT application and personnel reform) and some not (anti-corruption, local autonomy, and budgetary and fiscal reform). According to a preliminary evaluation done by the Citizen's Coalition for Better Government (CCBG) in 2000, a majority of survey respondents generally agreed with the direction of administrative reform, but they indicated that they are not satisfied with previous reform efforts. Moreover, a majority of respondents perceived that the performance of reform efforts was minimal (related information available from <http://netizen.att.co.kr/~ccar97>). Also, a majority of respondents indicated "lack of initiatives" in the following areas: coordination among relevant ministries and stakeholders, preparation of blueprints for reform, strategic approaches, citizen participation, utilization of bottom-up approaches, participation of government employees, and building a political consensus.

Driving Body for Reform: Non-bureaucrat-centered vs. Bureaucrat-centered Organ

In the past, the type of driving body for reform was a special committee composed of several experts in the field, so the form was not a regular type of government agency. For example, the Administration Reform Committee in the T.W. Roh's Administration and the Administrative Innovation Committee in the Y.S. Kim's Administration played a major role in government reform affairs, but their organizations were essentially presidential advisory committees. Members of those committees were selected from various areas including business, mass media, and institutes of higher education. This committee-style reform organization has two major advantages: (1) it is possible to recruit well respected civilian experts who know the problems and solutions of governmental affairs; and (2) it is expected that chosen experts might not be in favor of the status quo and not be resistant against reform measures. However, a major weakness of this committee-type of reform organization is the lack of binding power and accountability. In addition, committee members have their own jobs, so they cannot fully concentrate on reform issue on a full-time basis. During the Roh administration, the Administrative Reform Committee collected and developed a number of reform issues, but failed to implement them.

D.J. Kim's Administration tried a different approach by creating a regular government agency that is responsible for administering reform. Therefore, the Planning and Budget Commission was born in 1998 (now the Ministry of Planning and Budget in 1999). Within this commission, function of government reform was installed in the name of the Office of Government Reform (OGR). During 1998, OGR played a key role in government reform. In this sense, the D.J. Kim's Administration reform body was based on the "bureaucrat-centered" reform organization. In some areas, such design has worked well. For example, the Ministry of Planning and Budget (formerly the Planning and Budget Commission) did a relatively good job in reforming many quasi-nongovernmental organizations (QUANGOS) including state-owned enterprises, state-invested enterprises, state-funded research institutions, and some other types of state-funded organizations. Such reform is important because the grand total of this type of QUANGOS in budget and personnel exceeds that of the central government, and such issues were never reviewed in a broad scale in the past. Fortunately, MPB reviewed many problems such as budget, personnel, management issues, although it did not thoroughly address them. As a result, the reform of QUANGOS is the most significant accomplishment among public sector reform measures handled by the Ministry of Planning and Budget. Because of the very nature of MPB (planning and budget, and government reform), budgeting authority has been used as an effective tool for pushing reforms in various agencies.

However, this type of reform strategy also revealed some problems. For example, the reform agenda has been monopolized by the OGR and implemented in a top-down manner. Particularly during the period from 1998 to 1999 that is the best time for reform, the OGR solely dominated the reform agenda setting. Administrative reform was carried out by the top-down approach during this period. Since 1999 when the OGR faced harsh obstacles, however, it began to change its tactics from top-down to bottom-up and invited NGOs and other experts for coalition building for further reforms. The OGR's new slogan "let's go together" came from the realization that reform is neither a technical nor administrative issue. In other words, public administration is only part of the picture. The success and failure of reform depends on how deeply its reforms become wired into a nation's governance systems — various institutions and civil society (Kettl, 2000). Thus, administrative reform should be built on the notion of good governance. Real reform needs an outside lead and new blood.

In early 1999, the reform efforts faced serious challenges after the Planning and Budget Commission (PBC) converted to the Ministry of Planning and Budget (MPB). PBC was formerly under direct supervision of the President and many central ministries have been cooperative with PBC government reform. When MPB became a typical ministry of the executive, however, MPB failed to initiate "government-wide" or "presidential" reform agenda. It failed to gain full cooperation with the Ministry of Government Administration and Home Affairs and other central ministries. Consequently, the agenda set by MPB has been perceived by other ministries as the "minister-level" agenda that resulted in more resistance and decreased cooperation from other central agencies.

Moreover, the Administrative Reform Committee (ARC) was organized as an advisory organ for MPB, but its status is different from those in the past. ARC's functions were much less influential than the one in Y.K. Kim's Administration. Currently, ARC is an advisory

organ for the minister of Planning and Budget, not for the President. Currently, ARC does not have any binding power or its own agenda setting power for government reform. Reform agendas have been set and prepared by OGR workers, not by the ARC members. The role of ARC members was limited in agenda setting and execution. In other words, ARC members are supposed to discuss broader range of reform measures and take initiatives for priority and decision-making for reform agendas; ARC members are entitled to review reform issues and to provide recommendations of actions to the minister. Unfortunately, ARC members' decisions are not mandatory for implementation. Also, government reorganization plans in 1999 and 2000 were handed to other ad hoc committees, not ARC. Consequently, it is fair to say that currently ARC has much less authority than those in the past. In order to solve the current problems of government reform, ARC should be restructured under the President or Prime Minister.

Political Constraints in Administrative Reform

Administrative reform is an ongoing process and it requires strong political and public leadership with a shared commitment to better government. Korea's new government presently lacks legislative sovereignty and the divided parties within the government make it difficult to achieve consensus on what government ought to do. Parliamentary sovereignty means that once the government decides on a change, it can use its parliamentary majority to pass reformative legislation. Korean central administrative reform requires a change in legal statutes for reorganization and refunctioning of government in various areas. Strong political will is required and the current government has political constraints on national leadership because of a lack of a majority in the National Assembly. From 1998 to 1999, a coalition between the Millennium Democratic Party (formerly the National Congress for New Politics) and the United Liberal Democrats existed despite ideological differences between them. Thus, political constraints are, and may continue to be, a major obstacle in Korean government reform.

For example, in the 13 April 1999 general election, the Millennium Democratic Party did not get a legislative majority. Final results of the 13 April polls reported that the main opposition Grand National Party (GNP) won 133 parliamentary seats, four seats shy of a simple majority, while the ruling Millennium Democratic Party (MDP) of President D.J. Kim secured only 115. Buoyed by the election victory, the main opposition GNP may attempt to slow the pace of President Kim's reform drives. The GNP has a strengthened position at the Assembly and is expected to see the ruling camp having to negotiate with opposition party members for any policy changes or reform measures. Consequently, the ruling MDP will once again promote an alliance with the splinter opposition United Liberal Democrats (ULD) which former Prime Minister Jong-Phil Kim belongs to and use independents to press ahead with policy initiatives. In many cases, amendment and the making of laws is required at the National Assembly, in which case the phenomenon of small ruling party and big opposition party and the nature of a coalition government between MDP and ULD will make it difficult to reach an agreement. The opposition parties are expected to give weak support to current government reforms that include the revision of old laws and establishing new government systems. In addition, Korea's one term presidency may create a 'lame-duck phenomenon,' which could later diminish reform efforts and bureaucrats' compliance.

Discussions: Global Implications for Administrative Reform

Substantial change is occurring in the central and local governments, quasi-governments, and the private sector around the world. The variety of change and activity can be grouped into several types: structural, cultural, process and mission changes. The current movement in popular reform efforts is to make public administration as market-based as possible and to set up a populist approach where public administration is driven more directly by citizens' demand for public services than by bureaucratic apparatus (Pollitt, 1990; Lan and Rosenbloom, 1992; Callahan and Holzer, 1994; Aucoin, 1995; Peters, 1996; Rosenbloom, 1998). The continued innovation in government is not an option; it is a political and administrative imperative. Governments almost everywhere have downsized, privatized, reengineered, and sought improved customer service. They work to improve the performance of government and reduce costs. The aim is to increase the skills, flexibility, and the accountability of government workers in governmental policy.

Recent administrative reform in Korea follows the well-known patterns of new public management (NPM), although reservations about NPM policy leave many basic issues unanswered. Bureaucrats are faced with demands from politicians and citizens that government should be operated like a business. However, many Korean academicians such as Park (1998) in the area of public affairs criticize the introduction of businesslike management into the Korean public sector for the following reasons. The first main counter-argument against imitating business management is the fundamental difference between the private and public sector, implying that private and public management can only be alike in unimportant aspects (Allison, 1980). The second counter-argument is to be cautious in the transposition of Western public management methods into other parts of the world. In addition, the arbitrary change of reform agendas and fads combined with political oversell may lead to a great degree of disappointment.

Currently, NPM related popular concepts include the language of the market, of competition, of performance and results, of customers, and entrepreneurial management symbolize the departures from the old administrative management. The typical topics of reform debate, from state reduction and decentralization, deregulation, privatization, managerialism to market orientation, are now more or less the same in Korea as in other countries. Korea's financial and economic crisis led to major reforms in both the private and public sectors. The calls for businesslike public management have become increasingly louder in these chaotic circumstances (Kettl, 1998). In response to various problems in government, reformers sought help wherever they could find it. Despite the criticisms, the administrative reform movement in Korea builds on some ideas that have come from the private sector. Others spilled in from abroad as part of a wide spread international management reform movement. Entrepreneurial ideas flowed in from abroad and provided the background philosophy of the reformers in the Office of Government Reform in MPB.

However, the small or businesslike government that is a western value can be said to be a reproduction of managerial approaches by the politics-administration dichotomy (Kickert, 1997; Park, 1998). The issue is whether Korea should accept foreign ideas without filtering

them. Park (1998) points out that Korean scholars and practitioners should view their current status and problems from their own point of view, not by simply borrowing ideas from foreign countries. In order to transplant a pine tree from the mountain to the garden, for example, it is necessary to bring not only the tree itself but also to take surrounding soil and tiny deep roots. In other words, reformers should not forget the lesson that the transplanted seedling has rarely grown well (Kettl, 1998). Accordingly, to grasp Korea's characteristics and problems, Korean reformers should not make continuous mistakes of accepting foreign experiences as their own, but adopt historical and comparative approaches. At the same time, to achieve administrative reform appropriately and rationally considering the current stage of development of Korea, as Park asserted (1998), it would be desirable to promote the democratization of administration and politics in advance, instead of concentrating on the sheer promotion of efficiency in the management technology and the miniaturization of the government.

Conclusions and Areas for Further Study

Since early 1999, a trend of economic recovery has become clear as the economic growth rate switched from negative to positive, ultimately recording double-digit growth. Financial market conditions have improved to levels similar with pre-crisis ones. Also, in the government sector, the world competitiveness ranking of the Korean government has significantly improved from 34th in 1998 to 26th in 2000 (IMD, 1998, 2000). This could be interpreted as a result of a broad range of reforms that have the potential to transform the government, although it is too early to evaluate the overall outcome of the administrative reform.

However, many critics still say that public sector reform in Korea has been 'high in epithet, low in action,' lagging behind the restructuring of the financial and corporate sectors (Kim, 2000). Despite the progress in reform, significant challenges are down the road. When citizens receive good service from the government and express faith in the government that is providing them; when the government meets public needs without maddening bureaucracy, then a large measure of political and economic stability will naturally follow. Korea still has a long way to go to reach that stage. Governments now need to think through the issue of capacity and how to engage citizens in the new systems they are creating.

Also, it is expected that the role of government is changing very rapidly from the initiator to the supporter of economic and national development. One of the most significant challenges Korea faces is how to "*sustain the momentum*" for further public sector reform as the economy recovers. Since the 1997 financial crisis, the market model was applied widely in Korea, but it becomes more difficult to maintain the same intensity and the government faces more increasing resistance as the economy recovers gradually. Other challenges include: coordinating reforms that have been undertaken by various agencies; building "capacity or core competency" for local governments and autonomous public organizations to handle their increased roles; focusing on outcomes and how to measure progress towards them; further developing e-government functions at the agencies; and overcoming resistance or "reform fatigue" to implementation in later stages. Particularly, reform fatigue and the power of vested interests will be formidable obstacles in the years ahead.

Despite the tangible progress achieved in attempts to resolve the crisis, citizens rarely get excited about management reform in general. Some scholars have criticized the government's pursuit of business-like practice in government. Despite the considerable success of market-like reforms in increasing efficiency of governmental bureaucracies, there remains a suspicion that something is not right. Market-based reforms have produced desired changes in the way government operates in Korea, but the questions remain of: how much, in what ways, and whether there are aspects of public service that should not be governed or managed from a market perspective (Box, 1999). Market-like techniques may become problematic when they overwhelm values traditionally associated with the public sector and the public service (Box, 1999). Operating with business-like techniques in the public sphere can violate values of openness, fairness, equity, democratic accountability, and publicness. Therefore, a number of adjustments should be made before private-sector managerial successes are transferred to the public sector. The high intellectual stakes of public sector reform campaign ensure controversial debates will continue in Korea and abroad for the foreseeable future.

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