Innovations in Performance Management
From Government Performance to Governance Performance
In the Context of the Republic of Korea

Dongsung Kong
Graduate School of Governance
Sungkyunkwan University
Republic of Korea

This presentation analyzes the latest innovations in relation to performance management in Korea, and incorporates the comparative insights drawn from two preparatory meetings: the “2006 Regional Form on Reinventing Government in Asia” (held in Seoul on September 6-8, 2006), and the “UN Governance Centre’s 1st Symposium on Governance Performance and Trust in Government” (held in Seoul on May 7, 2007).

The Context of the Republic of Korea

South Korea’s economic growth during the second half of the 20th century is often cited 'a miracle' at least in quantities. Many academics share that this success could have been impossible without the country's speedy and strong authoritarian bureaucracy. Now the authoritarian bureaucracy as a means of sustaining the country’s economic growth appears inadequate. The country’s economy has slowed down dramatically since 1997 when a financial crisis hit many Asian countries including South Korea. South Korea’s average annual GDP growth rate dropped to 4.3% since 1997 from an average rate of 8.4% between 1987-1996 (Korea National Statistical Office, 2006). It should be hardly surprising that many Koreans have evinced a mood of pessimism about the country’s
outlook. The task of rejuvenating the country’s economy has become more complicated and worrisome. What worked best in the past is insufficient and will be more so in the future.

The country needs a new paradigm to regain its pride in a rapidly changing and more competitive era. Not surprisingly, the entrepreneurial spirit of government innovation has intrigued and enlightened many reform seekers in Korea. This efficacy of entrepreneurial approaches however appears limited in Korea. “It has been increasingly recognized in Asia that the government is incapable of shouldering the burden of improving performance without support from both civil society and the private sector, which must act as full governance partners” (2006 Regional Forum on Reinventing Government in Asia). This collaborative governance approach would improve transparency, enhance productive citizen participation in policy making process, and foster concerted efforts to explore governing strategies toward better governance and performance.

This presentation will discuss three performance management initiatives which represent the spirit of collaborative governance in Korea --- the Accountable Government Initiative, the Open Government Initiative, and the Senior Civil Service Initiative. These three strategies had been discussed sporadically in the past, but had faded away without concrete outcomes. It is the Roh Moo-hyun administration (2003-2008) that rekindled these reform ideas and enabled them to be institutionalized through a series of legislations.

The ‘Accountable Government’ Initiative

It is not long ago that the Korean government subscribed to the principles of new public administration (NPM) by institutionalizing performance management across the government. “Yet, skeptics sound[ed] more credible and experienced while proponents sound[ed] naïve and often face[d] many unexpected questions” (Kong, 2005: 91). To many experienced practitioners this new institution was not a new one, but a renamed or recycled one and another passing fad as was often the case in the past. However, during the Roh Moo-hyun administration (2003-2008), performance management was revitalized with more benchmarks, experience and support from practitioners, and
became the key government innovation vehicle. Even with more experience and lessons from advanced countries, the effort of instituting a performance management system was a challenge because the formal processes often failed to mandate real changes and “the old ways continued in practice” (Caiden, 1981: 485). Needed was constant monitoring of what is really happening with the new system to ensure that it is working toward reaching desired ends.

1. Reorientation in Perspectives and Expectations

In an early effort, performance management was conceived as the rationalization of government performance through the restructuring of management processes and performance measures. The procedural rationality regained its crown often subordinating the substance in policy making and governing. A thoughtful reevaluation of misconceptions and failures has led the Roh Administration to reorient its perspectives and expectations so that the new system could better achieve what it intends to achieve and enhance receptivity among practitioners.

1) Not only managerial performance but also democratic processes

Performance management may not result in better performance in a short time period, but still can be an appropriate device for enhancing transparency and facilitating effective communications in policy making. In the long run, better communication and transparency would help mandate real changes in decision making behavior, and result in better performance and trust in government.

CASE: The On-nara Business Processing System for all levels of government

2) From evaluation (an incentive mechanism) to management (capacity building)

Performance management was often perceived by most practitioners as a performance evaluation device because what matters to them is individual performance scores rather than organization’s performance. This often promoted destructive competition among individuals, departments and agencies discouraging collaboration and coordination that are more crucial in public service. The utilization of performance evaluation needed to be shifted from an incentive/scorekeeping to a capacity building mechanism.
3) From more quantitative to more qualitative

Most performance management techniques mandate quantification of performance in one way or another. This approach has often resulted in excluding hardly-quantifiable qualitative services and democratic-constitutional values. Performance management as part of governance architecture should give more emphasis on ‘doing the right things’ than ‘doing the things right.’

CASE: Office of Government Policy Coordination(OPC)’s Governance System
Ministry of Planning and Budget’s tt-model (today & tomorrow, transparency & trust, etc.)

4) Not only outcomes but also inputs & outputs

It has been preached that performance should be measured using outcome-based indicators. This approach can be appropriate for the high-level indicators. But at the operational level, outcome-based indicators are often unavailable and sometimes irrelevant. Furthermore, outcome-based measures alone don’t provide managers with causal relationships that are essential for improving the performance.

CASE: Program Assessment Rating Tool-Korea

2. Improving the Business Process: The On-nara BPS

Designing a sustainable performance management system is an extremely complex process. The system calls for a creative approach that integrates various functions of government --- planning, budgeting, management and auditing; various levels of government --- central and local; and various units of evaluation --- individuals, programs, policies, etc. Without linking all the different parts to each other in a meaningful and useful way, its complexity will exhaust the people using the system. The On-nara BPS responds to this problem.

1) What is On-nara BPS(Business Processing System)?
The On-nara BPS is a government management system that accommodates document processing and program management online. It will evolve as a backbone system that links to other management systems, such as performance management, program evaluation, the president’s management agenda, etc.

The birth of the on-nara BPS (born in January 2007) owes a great deal to the so-called “EasyOne System (born in November 2004)” that was implemented in the President’s Office, and the HAMONI system (born in July 2005) that benchmarked the EasyOne system and applied it to the ministry level.

2) Designing Strategies

Many e-government tools driven by ICT solutions have led to a proliferation of websites, portals and e-management systems that are often overlapping, incompatible, confusing, expensive, and pressured to be replaced by a new solution. An ICT solution per se cannot improve management performance unless it is designed to be useful, meaningful and sustainable to the users. The On-nara BPS development team stressed the following strategies:

(1) User-friendly: it should be easy to use even for less-technical people.
(2) Useful information: it should be designed to provide useful information.
(3) Timely information: it should provide the information in a timely manner.
(4) Time-efficient: it should not over-burden the users.
(5) Effective communication: it should accommodate effective communications across the government.

3) What It Has Changed

(1) It has promoted more communication and better participation in decision making because executive and middle-level managers are primary users.

(2) It has strengthened personal responsibility and transparency by recording 'who did what' in the whole decision-making process.
(3) It has driven managers to do business with regard to long-term accountability by aligning business to performance.

(4) It has improved strategic and daily decision making by better articulating the linkage between government goals and daily operations.

(5) It has promoted collaboration within and across agencies by facilitating the sharing of information among the authorized personnel throughout the government.

3. Performance Management Systems

The structure and operation of performance management differ by its function, the unit of analysis, the level of government, etc. Accordingly, the central government has various types of performance management as follow:

1) Job Analysis and Performance Appraisal

The Job Analysis Project of the Civil Service Commission (CSC) is expected to provide a solid foundation for the subsequent civil service reforms toward performance-based management through redefining the roles and responsibilities of each position. The Job Analysis project consists of the following elements:

- Defining the 'accountability' of each position
- Assessing the value of each position (job value) that makes the basis for differential payment scheme for each position.
- Providing a fair and/or standardized 'Pay for Performance' scheme for various configurations of 'Performance Management System (PMS)' used at the ministry level that formulates differential bonuses based on individual performance.

Performance appraisal has been less successful and more controversial compared to other reform initiatives. The CSC realizes that score-keeping-before-learning could jeopardize the whole performance-based reform effort. Accordingly, the CSC takes a more cautious approach as summarized below:
- Concentrating on the 'measurable' activities along with qualitative and discretionary evaluations by appraisers and evaluators.
- Requiring that a personal performance contract should be a mutual agreement between evaluators and evaluatees.
- Continuously refining the system along with further research and studies.

2) ‘Personal’ Performance Contract

The CSC adopted a personal performance contract system in October 2004. The system requires that supervisors and subordinates should communicate as often as necessary and produce a performance contract that is agreeable by both parties. The CSC guidelines include:

- Providing the rationale why a personal performance contract is necessary
- Providing guidelines for developing a personal performance contract
- Identifying and analyzing measurement and evaluation issues
- Providing guidelines for handling various implementation problems

3) ‘Program’ Performance Self-Assessment

“The Ministry of Planning and Budget (MPB) is responsible for the development and implementation of national fiscal policies, including national budget compilation and fund management plans, and public sector reform” (MPB, 2006).

The Program Performance Self-Assessment (PPSA), which benchmarked the United States’ PART (Program Assessment Rating Tool), is a systematic method of assessing the program performance across the central government. The PPSA helps link performance to budget decisions and provides a basis for making recommendations to improve results. The PPSA is composed of a series of questions designed to provide a consistent approach to rating programs across the central government, relying on objective data/evidence to assess programs across a range of issues related to performance.”

MPB intends to subject all national programs that receive above $1 million to PPSA evaluations. Its effort began with assessments and ratings of 555 programs, equivalent to about $35 billion, covering one-third in numbers in 2005. MPB is expanding PPSA evaluations to an additional one-third of national programs each year. MPB’s plan is to bring 100% coverage to national programs within 3 years.
4) ‘Policy’ Performance Evaluation

The Office for Government Policy Coordination (OPC) is “responsible for coordinating major government policies, evaluating the overall government performance, and orchestrating regulatory reforms while providing assistance to the Prime Minister in his conduct of state affairs (OPC, 2006). “Government Policy Evaluation Act,” passed in 2006, provides a legal foundation for evaluating government policies based on performance.

5) Each Ministry’s Performance Management System

Under the umbrella of various accountable government systems, as summarized above, each ministry is responsible for devising its own performance management system that best meets each ministry’s needs.

6) Performance-based ‘Auditing’

The Board of Audit and Inspection (BAI), a constitutional agency, is the Supreme Audit Institution of the Republic of Korea. BAI is established under the President of the Republic, but it retains independence in performing its duties (BAI, 2006). BAI is also in the process of shifting its focus to performance-based auditing from traditional accounting-based auditing.

The ‘Open Government’ Initiative

Many countries in Asia point out that the success of reforms depends more on the “government capacity to carry out the reforms in many cases,” rather than on the availability of ideas or best practices. This problem appears to be chronic because “qualified and high performing personnel still prefer the private to the public sector” (2006 Regional Form on Reinventing Government in Asia). The Civil Service Commission (CSC) in Korea has dedicated its effort to make the country’s government more competitive through open personnel management. The CSC stresses that competition should not be limited to within a single ministry. Open competition should expand its horizon to other ministries and even to the private sector. Such openness represents a new relationship between the public and private sectors through which both
can share information and utilize accumulated knowledge and skills. This can lead to a faster and more effective problem-solving process in the course of reinventing government.

The open government initiative refers to a series of personnel policies that promote open competition in every aspect of personnel management. Recently, the initiative has been strengthened by restructuring the related systems, such as introducing diverse recruitment examinations, increasing the number of open positions, promoting various personnel-exchange and job-posting programs, and operating the 'national human resource data-base system' (NHRDS).

1. Flexible and Diverse Recruitment

Since its inception in 1966, the Civil Service Entrance Examination has been playing a significant role in establishing the merit principle of the Korean government. As a matter of fact, the old examination system managed to recruit excellent talents throughout the country. No doubt, the top quality manpower in the bureaucracy has been the driving force for Korea's fast and stable economic development during the second half of the 20th century.

However, the old examination system does not fit well in the ever changing knowledge-based global era. Many have realized that administrative knowledge and skills become obsolete in a short-time period, and have to be updated regularly in an ever changing 21st century. The CSC realized that the Civil Service Entrance Examination should focus on the potential and capacity that would enable the public servants to learn quickly and adapt to the new environment. Accordingly, the CSC initiated a series of reform measures.

2. Expanding Open Position System

The open position system (OPS) has been institutionalized to attract competent and talented individuals of various backgrounds into the civil service, and therefore improve the competitiveness of civil servants and the quality of public service. Active recruiting plans across a wider range of positions have been introduced and expanded to attract core talents from the private sector.
Recently the International Institute for Management and Development (IMD-Switzerland) reported that Korean government’s competitiveness was relatively low. The CSC diagnosed that the low competitiveness in the government was mainly due to the life-long job tenure system for civil servants. The job-tenure system, despite its many advantages, has been pulling back the country’s innovation drive since tenured officials are not of urgency to motivate themselves to compete with the private sector counterparts. As a result, the Korean bureaucrats that once exported their management know-how’s to the private sector are now importers.

The CSC responded by introducing the so-called "Open Competitive Position System (OPS)” in 1999 with anticipation that open competition with the private sector could bring up efficiency and productivity of the country’s bureaucracy. As a result, the number of public officials recruited from the private sector and other agencies/ministries in the government has increased gradually, and will continue to rise. Under the OPS initiative, a ministry should designate 20% of its positions of the Senior Civil Service --- Grade 3 and higher --- as open competitive positions.

3. Promoting Personnel Exchange Programs

The CSC is working collaboratively with the ministries, local governments and the private sector counterparts toward promoting exchange programs. The exchange programs are designed to enhance participants’ coordination capacity toward more participatory governance by improving their understanding of various organizations, learning up-to-date skills on the job, etc.

4. Expanding Job Posting Program

Job Posting is a job advertising program that helps reach out the most qualified applicants in and outside the recruiting ministry.

5. Operating 'National Human Resource Data-base System' (NHRDS)

The Human Resource Database for Public Service (HRDBPS) was introduced to ensure fairness and objectiveness in the public human resource management. The HRDBPS contains individual's career history and background information relevant in evaluating
individual's expertise and qualification for government position. Senior civil servants of Korean government and experts in the private sector are covered in the database. It is carefully managed and constantly updated in order to support well-judged and accountable (therefore reasonable) appointments through providing the most up-to-date information to related agencies.

The HRDBPS seeks to eradicate all deep-rooted malicious personnel practices such as nepotism based on educational link, regional origin or gender etc. Also HRDBPS promotes active exchange of human resources between the public and the private sector, which ensures that the most suitable talent in a position be recruited. For security and privacy purposes, personal information is used only for the stated purpose. To update the information in a timely manner, applicants can access to the NHRDS as necessary to confirm, correct, and update information of their own.

The ‘Senior Civil Service’ Initiative

Many countries in Asia report that “civil service reform is insufficient since there is also the need for transformative, persuasive and collaborative leadership.” This calls for “better training programs for medium to high level officials” (2006 Regional Form on Reinventing Government in Asia). The Senior Civil Service Initiative of Korea responds to this. The introduction of a Senior Civil Service (SCS) System has been discussed since the Kim Young-sam administration (1993-1997), resurfaced during the Kim Dae-jung administration (1998-2002), and finally became a law in December 8, 2005. The Civil Service Commission expects that the overall government capacity and performance will be boosted by improving the quality of senior civil servants. The CSC placed the competent senior civil servants into the system for the first time in July 2006. Their ability to provide visions and strategies and to execute them in the most effective way will be the invaluable asset toward reinventing the country’s bureaucracy.

The CSC examines a candidate’s eligibility for appointment and promotion to a senior civil service position. General civil service Grade 3 and higher, Excepted service and Contracted service, which amounts to 1,359 positions in total, are subject to review. Their knowledge, skills, ability and capacity are thoroughly assessed by the CSC. Not only performance records but also other evidence of quality --- such as professional
certificates, experience in non-governmental organizations, etc. --- are important components in the review process.

Despite potential infringement of individual ministry’s authority in personnel management, the CSC's involvement in the review process is crucial toward reforming the chronic problems.

- First, it could minimize favoritism (such as 'regionalism', alumni relations or nepotism and so on) and thus ensures a fair and accountable practice within the ministry.
- Second, it could strengthen the merit principle of the Korean civil service system by linking performance to promotion and pay.
- Third, it could enhance administrative professionalism and leadership across the bureaucracy.
- Fourth, and foremost, it could prevent unlawful or unfair practices within the ministry.

**Governance Performance & Trust in Government**

The three initiatives --- accountable government initiative, open government initiative, and senior civil service initiative --- are critical milestones that would transform South Korea into an advanced democracy and governance in a sustainable way. Yet there are many obstacles ahead that could slow down or nullify the reform efforts. Reinventing government is a time-consuming task that requires re-designing a better system constantly and, more importantly, changing the organizational culture. As witnessed by many administrative reformers, it is the people in the system, rather than the system itself, that bring about success in the course of institutionalizing the reform and innovative ideas. I think it is a time for performance management proponents and skeptics to sit back and see what really changed and what we can really change next. This calls for a systematic assessment of the country’s governance so that the country can explore creative strategies to enhance performance and citizen trust in government as well.

In conclusion, I’d like to highlight the issue of “doing the right things” in designing a
performance management system. Productivity-oriented performance management advocates tend to pay more attention to doing the things right (=efficiently). Overwhelmed with its sophisticated managerial configurations, they have often neglected the issue of doing the right things. Doing the things right cannot be meaningful no matter how good we do unless we do the right things. Government performance is not simply a managerial issue but a governance issue because government performance depends on many governance factors that include government capacity, transparency, public-private partnerships, international collaborations, etc. Trust in government may be more correlated with doing the right things than doing the things right. Hence the term of governance performance instead of government performance.

Thank You.
References


