

# Searching for an Alternative Paradigm for Korean Public Administration after the NPM Movement

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**Abstract :** NPM (New Public Management) has been a fashion in many countries since the 1980s. Korea was not an exception. Two previous governments attempted to introduce many prescriptions of NPM in government reform process. However, the performance has been limited. Some measures faced internal resistance and some were reported as not progressing because there was no foundation laid for the changes. By the way, the new government adopted quite different doctrine of government innovation and political terrain was changed, raising conflict among social groups and government. Trust in government from the market as well as the civil society has been reduced. Therefore, the author proposes an alternative paradigm of PA which may complement NPM. Credible government is the alternative: enhancing credibility of government in three dimensions of competence, relations and ethics. Also measures that may help improve trust level between the market and civil society have been suggested with detailed ideas of confidence building measures.

## INTRODUCTION

NPM (New Public Management) has been an approach to management in many countries since the 1980s. It is obvious that the moment attempted to set up an imperishable value of public administration and made an achievement that cannot be easily erased in the near future. Public management reform has helped regain the focus on the economy and efficiency of public administration. The reformers are reviewing the roles of civil services, government structures, public enterprises, intergovernmental relationship and ways of public service delivery. Many functions previously performed by public sector agencies are being privatized, some ministries are being collapsed into a bigger ministry and local authorities are being forced to tender for work in competition with private suppliers (Minogue, Polidano and Hulme, 1999: 3).

There are leaders as well as followers. When something becomes popular, it attracts many followers who do not realize the true value of what they are following. This "bandwagon effect" is well tested in the field of consumer economics. The NPM revolution has sparked unprecedented interest in attempts to reshape and improve government apparatuses in the UK, the USA, Australia, and New Zealand. These reforms originated in developed economies and have been extended to both transitional and developing economies. Even in Asia, where culture and role of governments are different from the UK or the USA, a number of countries have adopted similar approaches to reform and arrived at the next question.

NPM reforms draw upon Anglo-American corporate governance models that stress the "agency problem" and need to provide managers with incentives to deliver services

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effectively, rather than models that traditionally place a higher trust in managers such as the German and Japanese models (James, 2001). In NPM, the professionalism of the manager and the competency of the personnel are not highly regarded because NPM is based on a strict internal evaluation and is, in a sense, another version of scientific management measured by performance. NPM has increased its focus on accountability in line with an emphasis on business values such as innovation and service and stresses the authority of the individual over collective preference.

However, the government reform in several Asian countries, including Japan, Korea, Taiwan, Thailand, Malaysia, Singapore, and India, has not been as successful as expected from the theory and experiences in the Westminster countries. This paper starts with why it was not and pursues an alternative to help the NPM measures lead to a better result. The author believes that NPM has merits and should be practically institutionalized. Therefore, the paradigm sought in this paper is to complement rather than replace. In addition, alternative Public Administration paradigms are considered as the initial enthusiasm for NPM fades.

## **THE KOREAN NPM: ACHIEVEMENTS AND LIMITATIONS**

### **Achievements**

#### **NPM Doctrine**

It is difficult to completely describe NPM. The emphasis and application varies among specific governments. However, there are commonalities. NPM is based on new managerialism in the UK and entrepreneurial government model of the USA (Self, 1993: 3-17) and closely related to business administration.

Hood (1991) noted seven doctrines of NPM:

- hands-on professional management in the public sector;
- explicit standards and measures of performance;
- greater emphasis on output rather than input controls;
- shift to disaggregation of units in the public sector;
- shift to greater competition in the public sector;
- emphasis on private sector style of management practice; and
- emphasis on greater discipline and parsimony in resource use.

Those are quite different from classical Weberian Public Administration (PA). The commonality, however, is the issue of efficiency, which is a goal of PA that has been noted, raised by public management scholars for a long time, and it is evident that the foundation of bureaucracy is efficient handling of public matters. Nevertheless, the recent public management perspective, shaped by neo-classical economic principles has been subjected to criticism concerning the size, roles and structures of public sectors (Minogue, Polidano and Hulme, 1999: 3). Despite the numerous criticisms (Hood, 1991), NPM will become another legacy of government reform (Lynn, 1998).

NPM prescription is very comprehensive. Koenig (1997; 266-7) and Hong (1999), classified the strategies into three groups:

- (1) transfer of the functions, including privatization, contracting out, deregulation, reduction of subsidy,
- (2) internal rationalization, including a performance-oriented system for high ranking officials, systemic costing and accounting system upgrade, performance control, budget link to performance (incentive system), and
- (3) reduction to small government in terms of size, including reduction of organization through restructuring, contract system, downsizing, budget constraints, reduction of tasks. Koenig

Although the concept of small government used in PA is diverse, here it refers to a physical reduction in search of efficiency, yet without providing convincing evidence.

A slight different classification is also feasible; the items can be classified in accordance with the major aspects of government management: (1) organization, (2) workforce and (3) budgetary. Using well-known terminology can provide another grouping: restructuring, reengineering, and customer orientation (rebuilding) (Bahk, 2001).

## **NPM in Korea**

### **NPM and Two Administrations**

Korean public administration first became aware of NPM in the early 1990s with the introduction of Thatcherism and the subsequent circulation of Osborne and Gaebler's book, *Reinventing Government*. In the following years, many Korean public administration scholars went to US and UK seminars to discuss NPM issues and brought home numerous NPM related ideas. Because efficiency was the primary objective of the government in the stages of economic development, the NPM ideas spread rapidly, and the government took the initiative of adopting the measures for government reform.

In 1993, new civilian government, headed by Kim Young Sam in an atmosphere that was hostile to bureaucracy, began administrative reforms with the first slogan of "democratization and efficient government", and later "international competitiveness". At the time, NPM was not widespread even in academic circles. The presidential commission on administrative innovation, however, emphasized the transition from the authoritative institutions and practice towards a citizen-oriented administration (White Paper, 1997).

The Kim Dae Jung Government, which had took power in 1998 during the economic crisis, strengthened government reform efforts in line with financial, labor-management, large conglomerate reforms. During the economic crisis, diverse attempts based on NPM prescriptions were tried to make the public sector more efficient and transparent (White Paper, 2000). NPM reform measures introduced by the Korean government between 1992-2002 in line with Koenig's classification are (1) the transfer of government functions and tasks, (2) internal rationalization, and (3) making government smaller.

### Transfer of Government Functions

Various methods have been explored to transfer of government functions and tasks to other sectors. "Small government" in Korea has connotations of less authoritative, less intervening, more service-oriented, and more innovative bureaucracy. Government restructuring or reorganization was achieved in four stages with the objective of a "small but strong government." Two ministries (Sports and Energy) were abolished and the Economic Planning Board (EPB) was merged with the Ministry of Finance into the Ministry of Finance and Economy. This structural change was designed to promote private sector initiative economy. The Ministry of Construction and the Ministry of Transportation were similarly merged. Globalization became a national prerogative, and government functions and organizations were altered to respond better to the internationalization challenges. The restructuring was not achieved by NPM prescription, but with broader perspective of adjusting government functions and adapting to a changed environment.

Revamping regulations and practices that put undue burden on the daily life of the ordinary citizen was the top priority for the Kim Dae Jung Government. In order to expedite the process, organizations and personnel that were believed to be involved in regulations were eliminated or had their responsibilities significantly reduced. Multiple deregulation apparatuses were involved. In line with the concern for convenience, a performance-oriented approach was also of vital concern. Various administrative procedures and preconditions that made citizen contact with the government difficult were reformed. The reforms in this sense were called bottom-up (daily life administration) reform (White Paper, 1997).

Privatization of state-owned enterprises (SOE) was accentuated: 58 SOEs were on the target for privatization, and 10 were slated for merger. However, the result was short of expectations because of resistance from the employees, fear of the concentration of economic power and a fragile stock market.

A number of local governments began to introduce parts of NPM measures to upgrade their internal management. At the time, a local autonomy system was introduced, and residents elected mayors and governors. The consolidation of local governments occurred in three stages (1995, 1996, 1998) and involved more than 40 municipalities. The local governments became much bigger, ostensibly to allegedly realize economies of scale. In addition to the local democratic consolidation, many local governments have attempted diverse NPM measures in order to alter the bureaucratic culture to a more business friendly atmosphere.

In the later Kim Administration, which introduced full-scale NPM measures, carried out the most popular items of governmental reorganization in several stages. The direction of the restructuring was also Korean style small government. The government adjusted its function to the changing environment: some of the functions were terminated through the reorganization process as well as through deregulation. In addition, many tasks were transferred to Quasi Non Government Organizations (QUANGOs), Non Government Organizations (NGOs) and private entities, and the devolution of central government tasks to local governments was carried out with an emphasis on decentralization.

During the unprecedented economic crisis, deregulation of economic activities was one

of the major pillars of the reform. The president himself declared deregulation targets in numerical terms. Economic deregulation to invite foreign direct investment was especially emphasized. So called accountably-operated agencies was made arm's length agencies, following the agency model in UK and the Independent Administration Institute (IAI) in Japan.

Privatization of SOEs was carried out more carefully and systemically. Several major SOEs, including Korean Telecom, Korean Tobacco and Ginseng, and Korean Textbook were privatized and their subsidiary companies were merged. Contracting out was also extensively utilized and involved diverse central as well as local government services.

One of the important changes was the involvement of NGOs in the process of important decision-making as well as service delivery. Often NGOs participated in evaluating government reform. So-called swiftness from government to governance seemed to be realized. In addition, it should be noted that private consulting firms and related professional groups have comprehensively diagnosed overall governmental functions and organizations; however, the results of the diagnosis were not fully utilized in the process of reform.

#### Internal Rationalization

Internal management of the bureaucracy was one of the target reforms. Various review processes and rationalizations of institutions occurred during the Kim Young Sam administration. Informatization and e-government was a priority of the Kim Dae Jung government.

The later Kim Dae Jung administration undertook numerous NPM-related policies were in the areas of human resource management. The Central Civil Service Commission was established, retirement age was adjusted, voucher system for training was introduced, and about 137 "open positions" were introduced in 2002. Performance based personnel management was adopted, albeit with some resistance of the bureaucrats. In 1999, the government introduced an annual salary system under which level of compensation that differentiated within each pay grade depending on the performance of each employee. There was serious consideration of a double entry, accrual accounting system.

In the areas of budget, the flexibility of budgetary process was increased and the discretionary budget increased to allow for annual carry-overs. Budgetary management was closely monitored, and attempts at a performance based budgetary system have been going on since 1999.

In consumer-oriented reform, as the slogan of the government, "the people's government", implies high-ranking reformers and the president spoke of "service" for the people. A Citizen's charter and a customer satisfaction survey became an integral part of agency evaluation. The term, governance, became prevalent among the practitioners and many NGOs became involved in the process of policymaking and service delivery. Transparency in policy making and handling civil petitions was emphasized, and diverse Internet apparatuses were utilized to maintain close communicative relationship with the consumers. Partnerships and policy network were a beautiful window dressing for the government.

Policy evaluation, performed since early 1960s, was strengthened in 1980s and been further reinforced. The focus of the evaluation shifted from program or policy to the institutional as a whole and progressed to the monitoring of major policies for outcome evaluation (Kim, 2001). Third parties evaluated local governments and their major programs and their performance was rewarded according to ranking. Many experts from NGOs, consulting firms and universities participated in the evaluation process.

Management-by-Objective (MBO), although not strictly an NPM measure, was introduced to evaluate managers' of the fourth grade and higher in connection with promotion and performance-based pay. Managers were asked to state their work objectives.

### Reduction to Smaller Size

In Korea, the connotation of small government differs from western welfare states because the size of government in terms of workforce and budget is not as big. Therefore, the meaning of small government in the Korean context refers to fewer employees, less intervention, user friendlier and a more service oriented bureaucracy. Ordinary citizens welcomed the plan that some employees regarded as bureaucrat bashing, a reduction of the workforce and internal organizations under the guise of restructuring has been widely exploited in every administration. It is politically popular and appears efficient, but there is no evidence to support such surgical measures.

The restructuring was extensive and included streamlining organizations and paying lip service to frugality in addition to downsizing the workforce and constraining the budget. Most ministries faced restructuring with an emphasis on a reduction of the number of bureaus and departments. The government reduced the central government workforce by about 16% of and local government workforce by about 20%. The following table shows the change of public officials in number terms.

**Table 1.** Change of Public Official Number

	(unit: 1,000)				
Year	1982	1987	1992	1997	2002
Number*	648	705	886	936	888
Change (%)	8.8	25.7	5.6	-5.1	

(Source: Public Reform White Paper, 2002.12)

\* The number includes all local government officials, and teachers, police and public safety personnel.

The number of public employee in Korea is comparatively small. The ratio of public employees to the total population in Korea is 1.8%, whereas in Japan is it is 3.5%, the USA. 7.5%, the UK 6.5%, Germany 5.3%, France 8.2% and New Zealand 5.3% (OECD, 2001).

### Limitations

Although the reforms mentioned above combine NPM with traditional management cutback tools, the basic motivation for the reform measures was to increase the

efficiency and productivity in the government. Some of the measures further developed after their initial introduction. The series of administrative reforms changed the features as well as functions of the government in accordance with the changed environment.

The reforms made during the Kim Dae Jung Administration helped transform the authoritative administration into a more democratic one. Some of the reform measures are in line with NPM prescription, but the reformers were not told the reform was based on NPM theory. At the time, benchmarking in the UK, New Zealand and the USA was not an issue, because in Korea efficiency and democratization of PA were the pillars of reform.

Later in the Kim Administration, it became common knowledge that the reforms were based on NPM prescription theory with other related additional measures. There was a considerable amount of publicity attached to the reforms, and as the reforms have continued, a number of the measures were viewed deep seated. However, some of the measures faced ingenious resistance from the bureaucrats and took time to take hold. It is true that the Kim Administration's NPM measures taken by the Kim Administration laid a carpet of reforms set a unique foundation for PA reform.

Most bureaucrats understood the importance of output, performance, the role of competition and incentive, and the usefulness of other private management practices. However, many reform measures were not consistent enough to result in the desired outcome. Some measures were not firmly established because of the resistance from the bureaucrats. Some reforms were concerned with special interests; some were poorly designed for easy implementation; some needed a considerable period of time to show their effectiveness. In sum, the actual results, though it seems still early to comprehend all of them, are mixed. After transferring some functions to the other sectors in a snail's pace, new functions were introduced with considerable rapidity. Restructuring, went hand in glove with a surgical operation, then sometimes reverted to the original. Some internal measures to improve efficiency did not receive sufficient attention from those in authority.

Some measures faced internal resistance and some were reported as not progressing because there was no foundation laid for the changes. Performance had not been previously measured and individual based performance evaluation was resisted because the bureaucratic personnel system was built on a class system, not job classification system. Bureaucrats tend to believe that in many instances performance is only feasible when calibrated by the group, not by the individual. In addition, monetary rewards are not the most attractive work incentive. Employees also complain the evaluation criteria and the process (including the appeal process) are not satisfactorily designed. Individual performance evaluation in many areas was not conducted objectively and recorded complaints about their evaluation and compensation. Evaluations of program and services were very popular enterprises in Korea, but many individuals involved in the process doubted the objectivity of the evaluation.

While Korean attempts at imposing NPM stressed efficiency and aimed at creating a market based public administration, the authoritative and paternalistic bureaucratic culture (something many Asian countries have in common) tried to impede the intrusion of new ideas into government. Further more the bureaucratic infrastructure such as personnel management including job classification, contact system, costing and

accounting system, scientific evaluation and incentive mechanism was not well disposed to NPM measures. The accounting system was not developed and many programs still operate on a single entry bookkeeping system. Programs were also not systematically managed in accordance with organizational units. More broadly speaking, numerous scholars note that cultural collectivism and paternalism generally hinder progress.

The NPM reforms seemed not to be concerned about a sound relationship between the government. The emphasis was on structural and procedural changes within the government itself. NPM's perspective is within the government, not the relationship among the government, the civil society and market. According to NPM theory, the citizen is a consumer. Korean society, however, wants ownership in its relations with the government and wants to participate in the decision-making process. Governance and policy networks are their concern. While the NPM reforms emphasized market principles and practices, they ignored the needs of businesspeople and few members of the private sector opted to join the government to assist the government in shifting toward a more private corporation model.

It is fair to say that the reform efforts were not pursued to the extent they were pursued in the UK, New Zealand or Australia because of an unclear vision and lack of decisiveness at the top. The government set a 5-year limit for the implementation of NPM reforms, so the reforms were rushed through and tended to impose themselves on all the aspects of government structure and operation. It should also be mentioned that there was a strong and ingenious resistance from the target groups. In short, the effects of the reforms are indefinite and some measures were only half successes.

Some received too little attention from the top level decision makers and the reform of the former administration got backlash against reform. As the government changed in 2002, the process of the government's operations has become the target of public reform. Participation, governance, and decentralization are in the forefront. The Roh Moo Hyun government adopted the slogan Participatory Government, which refers to the government's attempts to eradicate authoritative governmental practices, citizens to participate in the decision-making process and to decentralize the concentration of power in the central government to local governments.

### **New Government's Reform Plan**

The new Roh government and its progressive agenda emphasized innovation, participation and decentralization as the guiding values of government reform. Although some NPM reform measures continue to exist, leaders have shifted the emphasis, and the climate has suddenly changed. The government established numerous committees and commissions to keep activists on the boundary of government formal structure. In addition, because of severe unemployment and economic stagnation, the government must increase the size of the public sector employment.

Government policy focuses on decentralization and balanced regional development, but many of the traditional problems of the bureaucracy such as corruption, low transparency and authoritative attitudes have yet to be addressed. As with other Asian countries, many ordinary citizens believe that basic bureaucratic attitudes have not altered. The public is more openly critical of the civilservice than ever before, which is



indicative of their mistrust of bureaucrats.

The new government established the Presidential Commission on Government Innovation and Decentralization (PCGID) and sought to create an innovative government with accountable local autonomy by gradually improving the system (Kim, 2004). PCGID set four goals: (1) achieving efficient government through restructuring; (2) providing a high quality civil service by creating a new administrative system and reforming the culture; (3) extending decentralization through self-supporting localization; and (4) building an advanced level e-government.

To attain the stated goals, the government installed a "promotion corps" in reform management divisions and a "work innovation team" in every department. PCGID attempts to build a reform cooperation partnership where citizen, customer, government agency and functionally linked research institutes participate in and support the reform process. They put civil servants in the center of reform, not the target of reform. The priority has shifted from short-term restructuring to improving the organizational culture.

In addition, the Commission propagates a culture of "dialogue and discussion" based on principle and trust. The Commission understands that mutual understanding and dispute resolution is a prerequisite to reform; in order for the government to win trust, the people need to be informed. Through decentralization process, they try to narrow existing gap between the government and the civil society. They expect autonomy and self-support to pave the road for full realization of people's potential.

## **CHANGE OF ENVIRONMENT**

### **Structural Change and Citizens' Perspective on Government**

Since the mid 1980s, the Korean society has experienced a transition in social structure. The characteristics of state society relations in contemporary Korea is a kind of vortex. Despite state's unusual strength and pervasive presence, civil society in Korea has never been completely stifled but has always been subversive and even combative (Koo, 1993; 232). The process of dismantling the state-centered society has begun and is moving toward a tripartite society of civil society, market and government. It is unclear whether the movement will continue to progress toward a civilian centered society. Nevertheless, the balance of power between the state and society shifted irrevocably in favor of the later, although there is considerable confusion and conflict among social groups.

More concretely, it is evident that the government pays considerable attention to the voices of the civil society. Formerly arrogant bureaucrats can no longer defy the influence of NGOs. In addition, the mass media, including the well developed internet media, more frequently take to part of civilians and the market than the government. It is already the usual practice to invite NGO representatives to participate in government decision-making and implementation because government officials want to be seen as "open". Governance has become fashionable.

The NPM reforms carried out in this process of structural transition contribute to

creating an image of more efficient government. The real efficiency dividend, however, is less than the expectation because the structural and procedural changes were not as thoroughly implemented as previously. A number of scholars who observed the details of reform process and performance believe that a much broader perspective is needed. In the previously introduced NPM measures to bear fruit. Government reform directed toward inner structures and processes cannot be completely implemented by the government itself.

Government-centered public service is on the wane in Korea. The past twenty years have witnessed a dramatic reshaping of the administrative services in many advanced countries (Light, 1999). In Korea, the status and role of government has also changed as the respect for and credibility of government bureaucrats has significantly diminished. As civil society emerges from the process of democratic consolidation, the government that had been center of the society has become one of three pillars of society together with the market and citizenry. As the active role of government diminishes, the role of the private sector has increased. The citizenry now has the power to thwart government authoritarianism.

As enthusiasm for NPM passed, enthusiasm for governance increased. Governance received attention many years ago from scholars and this forced the government to pay attention to the issue. Moreover, the current participatory government did not emphasize the active involvement of ordinary citizens in the decision-making process and service delivery. Civil society has been vigorously activating for this, and new NGOs and NPOs have emerged to press the case. Some actively support the new government's progressive policies, and NGO leaders have seats on almost every government decision-making body.

In Korea, it is often impossible to separate administration from politics. Administration is not only about efficiency because it inherently involves policy choices under influenced by party politics. The Korean bureaucracy continues to be an integral part of the governing power structure under an authoritative president. Strong presidents have attempted to eliminate political parties in the policy making and implementation processes. The National Assembly, which is often embroiled in political strife, conspicuously lacks a historical record of power and the prestige of legislative bodies such as the US Congress, the British House of Commons or the Japanese Diet. Recently, however, the influence of the National Assembly has increased. During the periods of divided government, the executive has faced an especially hard time promoting its policy initiatives. The government claims to be an engine for development, but nowadays it is even criticized as the main barrier to development, and public bureaucracies are incapable of effectively managing policy problems and national issues. Citizens claim that the bureaucrats are too inflexible and ignore the changing environment. In summary, the role of government especially the executive is diminishing ordinary citizens still view the government as incapable of finding a way to reinvent itself.

### **Vicissitudes of the Political Terrain**

A second factor that needs broader and more fundamental guideline in order to create

better governance or reform the existing government structure and operation devolves from the recent political developments. As the confrontation between authoritative and democratic forces evolves, new ideological positions are taking shape. In the last general election, the most progressive party, the Democratic Labor Party gained 13 of 299 seats, and another progressive party, the Uri Party, formed a majority, meaning that the minority government that had continued for some time had ended. The political landscape has changed and its relationship with public administration is also rapidly changing.

The political mandate was supposed to arrive with public administrators in the form of coherent, well defined policies. The public administrators were then to turn their attention to finding the most efficient and effective way of implementing the mandate. However, this traditional methodology failed to consider what would happen if the political reality fell short of the ideal (Moore, 1995: 32). The Legislature was unable to perform complete policy-making functions because of the lack of professional knowledge and interest in policy formulation; they were bent on politicking and the struggle for supremacy. Therefore, the executive branch to a large extent handled policymaking with the backing of civilians and ex-military bureaucrats. The Presidents of the authoritative era (1960-1990) had a military background and preferred efficiency to democratic deliberation. They seemed to presume that politics was a necessary evil and that had the potential to derail national development plan, so they kept politicians at a distance from the policy-making process. Executive dominance in developmental state made public administrators independent from politics.

Recently, however, a series of reforms and pressure from the public forced the legislature to progress towards effective checks and balances of power, so the legislature became to control some functions that were previously in the domain of the executive. During the time of minority government, the executive experienced difficulty deciding on and formulating policies. Even after the minority government the opposition camp attempts to block executive policy initiatives.

In addition to the regional fragmentation and rivalry, there is ideological polarization and confrontation at both the national and regional levels. The old front between the military authority and democratic movement is changing as democratic consolidation proceeds with the former being defined as conservative or new right and the latter as progressive or new left. These two political groups are at loggerheads politically as they attempt to influence policy direction and content.

This is different from the traditional political patronage and favoritism. The 'code personnel policy' refers to the recruitment to influential positions from persons of progressive political persuasion and a similar background to the president. Some areas of personnel recruitment, such as government corporations, are still linked to political patronage although to a lesser extent. Therefore, chances for the politicization of public policy and administration increase. In particular, in some areas of foreign and unification policy, which are sensitive to political and ideological cleavage, the conflict between the right and left appears serious. In addition, the economic and social policy direction closely relates to party ideology and the platform of the new left. As the political field has been recently become direction that is more progressive and come into conflict with right wing conservatives, the public and the mass media are divided. It is

an astonishing change in Korean politics that the left wing has a majority in the National Assembly and, in addition, the Labor Party has more than 13% of popular support. Last year, continual confrontation among political parties and tension between the two wings were characterized the politics. Not surprisingly, many older, wealthier people support the opposition.

With this horizontal political space change, the traditionally conservative bureaucrats have faced difficulties in adjusting to the progressive ruling camps. They sometimes show an inconsistent response to issues they deem to be progressive. The president established 12 presidential commissions composed of professionals, businessmen, and cabinet members, that reports directly to the president at a "National Agenda Meeting" on every Thursday. They develop reform policies, formulate and refine policy proposals, and prepare an implementation road map. If these policies pass the state council (cabinet council), they will formally become government policy. Then the related ministries are supposed to implement all decisions.

In this process, a minister is merely a member of the commission. For example, in the case of moving the national capital to a rural southern area, the Ministry of Construction and Transportation follows the president's election pledge and the decision of the "The Commission for Building a New Administrative Capital," which deliberated and decided independently. The plan, however, faced serious objections from various segments of society. Local governments in metropolitan areas opposed the plan, and a civic group petitioned the Constitutional Court to stop the process. People are divided with over 50% opposing the plan.

The issue here is not the policy, but the structure and process. The Legislature and cabinet ministers appear to no longer be decision makers. The presidential commissions, which have a tenuous legal foundation, initiate important policies and decide long term policy directions and goals. The process of participation is not open and participation is extremely limited when it involves policy directions.

## **CREDIBLE GOVERNMENT**

### **Why Public Value?**

At this stage, we should consider appropriate values for guiding the Korean public administration through its various contortions. Different values such as efficiency, economy, effectiveness, democracy, accountability, fairness have been advocated by PA scholars over the long history of discipline's development. The emphasis and contents has shifted according to time and place. NPM emphasized in the importance of efficiency and accountability (Romzek, 2000) and attempted to change the culture of existing bureaucracies.

Then, the question arises as to what are the institutional values, beliefs, norms and individual attitudes and toward the relationship between the government the public and the market among Korean civil servants. We need to examine values are needed in an era of political polarization and the government cannot properly carry fulfill its normative functions. We are interested in the values or norms that will guide govern-

ment reform in the post NPM era. We need a broader perspective that embraces NPM's internal rationalization and a value that produces more than cost and customer consciousness. In an era of political turbulence and social transformation, Public Administration should be more than simple execution of government decisions in a business-like manner.

Public administration becomes stronger when values integrate into the structures, processes and organizations. Policy is more effective when people trust government. Government operations are upgraded when the government components trust each other. When ruling parties, the president's office and political advisory bodies trust the bureaucrats transaction costs among will be significantly minimized. In addition, if government builds political capital through neutrality, accountability, fairness and transparency, the opposition will give some credit to the policies the government is trying to carry out. When customer-oriented and performance-oriented values are the pervasive influence in public-service operations, barriers between the public agents and citizens will easily disappear. Citizens will influence the administrative process and overcome the problems that are raised because of confrontation in the political arena.

Although, there are many dimensions of values, a concise statement of core values will facilitate their integration into public services. The values associated with NPM are effectiveness, efficiency, economy, service, dynamism and flexibility (Dwivedi and Gow, 1999). Although it is evident that NPM put much more emphasis on a businesslike handling of public services, at the same time NPM is more than simply a set of administrative techniques. It implies values and an administrative culture; it intends an entrepreneurial government. For the government to be entrepreneurial, the politicians the public and the market have confidence in the government's attempt and be prepared to assume a high-risk level. Therefore, when values, cultures and foundations are compatible with NPM doctrines, the success of the reform is limited. When there is no foundation for trust among the politicians, bureaucrats, the media and the market, measures to ensure credibility among these entities should be built in advance. Therefore, a high level of credibility or social capital, especially involving the public sector, seems a precondition for successful NPM reform. The series of reforms carried out in each new government yielded results far below than expected. The author argues that the reason for this is that the foundation of specific reform measures was not built.

## **The Model**

### **Structure**

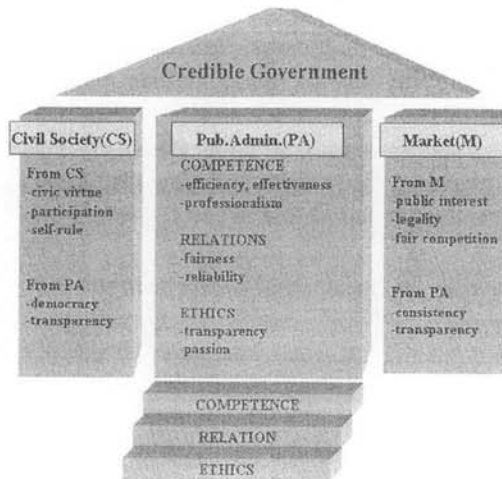
As we observed the changes of the environment in which the Korean public administration functions, we should find a higher value system to guide administrative reforms. In the following pages, the author suggests a model value system to guide Korean government reform. The model has a broader view that encompasses all reform measures. We first give an overview then move to specific issues.

Every expert on government reform argues the need for openness and transparency, and a closer relationship between the civil society and the market. The relationship should be managed to reduce conflicts and misunderstandings among the various actors,

and enhance substantive and equal participation. Credibility is the foundation. Even within the government in a broadest sense, mutual understanding and cooperative attitudes are preconditions for improving the productivity and effectiveness of the related bodies. The costs that result from poor coordination are reduced when the culture of cooperation is embedded. Open discussion and conciliation help smoothen work process even among the employees.

To enable above mentioned transformation, the author proposes a Credible Government (CG) as an alternative paradigm of Korean Public Administration beyond NPM fashion.<sup>1)</sup> CG is a government worthy of trust by the public and the market, and trusted among its components. The policy and service made by CG is reliable and worthy of belief. It is well known that institutions and institutional norms are an important source of social development. Key examples are professionalization of the administration and reliable administrative state structure, credible state impartiality in the enforcement of laws, and strong and autonomous courts. Confidence that the administration of justice, enforcement of contracts, and legislation are impartial seems to be a *sine qua non* for the civic virtue (Putnam, 1993: 128).

In addition to the structural and procedural aspects of reforms that seek efficiency and economy, a more promising government can be built when the government accumulates trust from the citizens, businesspeople, politician, media and foreign observers and more importantly, the bureaucrats themselves. Trust means that the probability that one will perform an action that is beneficial to the public is high enough to consider engaging in some form of cooperation with others (Gambetta, 1988; 217). When the government is able to provide positive expectations for its constituents through its activity and performance, it deserves to be called a credible government. Figure 1 provides a model.



**Figure 1.** Credible Government Model.

1) Here, credible is an adjective of credibility and connotes a confident state of relationship. While trust has interpersonal characteristics, confidence or credibility has institutional and systemic characteristics; trust can be built with individuals and confidence with system as a whole. Therefore, credible government is possible even when a citizen loses trust in a particular public officer.

As can be seen, CG is positioned between the civil society and the market. Citizens are claim ownership of a government; they are more than just customers. A democratic governance can be built when the government is aware of social and market needs. The government is supposed to be especially responsive to the changes of the globalizing market economy. Therefore on the left, we positioned civil society and on the right we placed market as a ultimate target of government service. There may be two different kinds of values necessary to build CG: one expected from the civil society and the market in building CG (from CS and M), and the other the other expected from the PA for the sector (from PA). CG can be built with these mutual expectations and voluntary support. In addition, PA should do its utmost internally to foster the soil of desired value and culture.

### **Civil Society**

The author also wants to emphasize the role of civil society in the process of building CG. Civil society, composed of vivacious intermediary bodies, is assumed the guarantor of responsive government (Cohen, 1999). As governance fades in the Korean society, the linkage between the civil society and the government becomes stronger and more dynamic. The network of interaction, including sincere contacts between the government and civil society groups with shared norms and values that foster mutual trust will accumulate social capital (Putnam, 1993;66ff). Civic engagement and social connectedness will produce a better society and especially build an effective government (Zijderveld, 1998). True government reengineering should be based on a fundamental reinventing of the citizenry. This is why this model emphasized some CS requirements to reform the PA.

Those values expected from the PA include civic virtue, participation and self-generation. Citizen should be more than merely interest-seeking individuals. Concern for community affairs and volunteer activities, law-abiding, interpersonal trust and general cooperation are features of civic virtue. Participation in the PA process is also a key to balancing uneven distribution of public services and correcting bureaucratic tunnel vision. Without the vigorous involvement of civic groups in the government's decision-making and service delivery, effective governance cannot be built. Previously, the civic activities were dormant in the Korean society. Eventually, the era of civic organizations emerged in the later 1980s. With these movements, sound civic culture towards PA is essential in building up CG.

To take a step forward, a self-generating civic culture is expected when citizens begin to find the way to influence to the public sector. The public sphere can be divided into two portions: that which should be handled by the traditional PA, and that which should be handled by the private sector (Yorimoto, 2004). The latter portion of the public matters should be handled in the spirit of democratic citizenship. Partnership, co-production and role sharing are a few that are on the boundary of the PA and the civil society. Through these various citizens' involvement, the fundamental public domain learning process will accelerate and arrive at the harbor of self-government. Without increasing the self-governmental capacity, it is difficult to enhance the efficiency of the public service with only the tools of NPM. Governance cannot be imposed from the

outside; governance is about the autonomy and self-ruling capacity of society.

Civil society expects different values from the PA than does the market. The priority merits of the PA expected are democracy and transparency. Democracy has been a traditional guideline of PA for a long time. The value should be emphasized especially in transitional era from an authoritative and paternalistic government towards good governance. Transparency, here, refers to the openness of the government system and administrative process to outsiders as well as insiders and must be further enhanced. Through this opening process, PA can reduce bureaucratic discretion and corruption.

### **Business**

The market is on the right side of the government, because it is a crucial engine for economic advancement and important customer of public administration. With the tradition of government-centered society, business cannot have a relationship with the government on equal terms. Big business (especially the conglomerates) and major media were sometimes a target of reform. Bureaucrats blame business for indulging in self-interest and not paying due attention to social responsibility. They are alleged to have averted burden of regulation and shown a lack respect for the law. In addition, competition was unfair between small and big business. Fair competition and a positive attitude towards government policy are expected from the economic bureaucrats.

At the same time, many businessmen are unsure of the government, which is headed by a left leaning ruling party. They expect pro-business climate and a reduction of uncertainty in economic policy. Although many ministers and other top politicians aver the importance of business and market mechanisms, many businessmen expend energy trying to determine the government's true intentions. Bureaucratic dominance still persists, especially in the economic regulations area, and various support measures, including tax relief, subsidies and financial aid are in the hands of bureaucrats. Business is continually asking for market friendly policies and government commitments in reducing uncertainty in the market.

From the businessperson's perspective, government actions should inspire confidence in both investment and contracting. Credible commitment by the government is a very important element for the businessperson in order to invest. Economic policy is credible if it is consistent and the target group (i.e., businesspeople) have confidence in the continuity of the policy for the foreseeable future. Because economic policy takes time to realize its objectives, it is best to avoid policy changes.

When politics excessively intrude, credible commitments fail to materialize because of ignorance, front-loading or looting. Businesspeople believe that government is insufficiently transparent. Although a series of measures to separate the economy from politics are put forward, there is little chance of their success. In addition, businesspeople complain about the formality and complexity in many areas of policy implementation including local governments' operations. Bureaucrats have a notoriously low level of transparency and integrity.



## **Government**

In addition to the external relations, the internal structure and operation of government should be integrated into strong and enduring culture of sustainable innovation and self-generational change. NPM measures should also be grafted into an innovative and trust-building culture to improve efficiency and problem-solving capabilities. Here, we divide the desired group of values into three groups: One related to capability or competence, one related to the relationship with other entities, and one purely ethical in nature.

The government should examine the way other countries have tackled the problems of efficiently and effectively. Countries and governments compete and within a country, government departments, agencies, and local governments compete. Each agency should have its own core competence. Although the government is small, it is still not efficient. The government should eliminate unnecessary tasks and put energy into the essential policy problems.

The government workforce should be armed with professional knowledge and experience. Citizens expect performance and a desirable policy outcome. To perform better, the internal mechanism and decision-making process should be upgraded. Knowledge should be better managed and personnel, information, and financial resources should be better utilized. With competence and leadership, the government can gain the respect of NGOs and businesspeople.

Government should also handle its external affairs democratically. Fairness is the basic requirement, and government should accumulate social capital. Trust is linked to an assessment by an actor that another actor will act in a certain way, reducing uncertainty and complexity (Lane and Bachmann, 1995). Trust reduces the transaction costs of an organization and improves the productive coordination of specialized tasks. It also increases organizational effectiveness through an enhanced affirmative attitude of reforms (McAllister, 1995).

Trust among the constituents helps destroy long lasting strategic behavior, such as corruption, irregularities, and in-fighting. Many of the complexities of intra-governmental interactions were resolved, not by trust, but by implicit or explicit power relations in the government. However, predictability and inter-organizational coordination based on power are unlikely to lead to the synergy and creativity (Hardy and Phillips, 1995). If bureaucrats voluntarily collaborate to increase the public good without depending on the power relations, the chances for innovation and productivity become higher. Trust within the government is essential to reduce uncertainty and delay, to acquire resources and solve problems that across organizational boundaries.

Finally yet importantly, ethical issues should be mentioned. Transparency is remains an unresolved problem. Without transparency, deep-seated disease of corruption will not be reduced; transparency will also be a seed of good governance and invite participation and empowerment.

The passion, which was widespread in the Korean bureaucracy during the economic development stage, seems to have faded. Bureaucrats are no longer the center of society and they are criticized for being inefficient and having a negative attitude. Whenever there is a new government, there is a tendency to dismiss the top bureaucrats who served

the previous regime and to claim that the dismissed bureaucrats were defensive, self-limiting, willfully disobedience and negligent. Taking these experiences into account clever bureaucrats learned to adapt and survive in the sea of reforms. However, an organization without passion or vision cannot contribute to the public interest, or serve the public democratically and efficiently. A dutiful and responsive public servant should embody passion.

## HOW TO BUILD UP CG.

### Distance from Politics

For politically neutral competence, Woodrow Wilson suggested separating politics from administration and perfecting each activity within its own sphere. The relationship between the politics and PA has been abnormal, or at least obscure. During the authoritarian periods, the political circle was kept away from policymaking and implementation. Politics was considered as distorting the rational policy process. Rationality in PA does not come easily to politicians who are more familiar and comfortable with power brokering. Front-loading and looting in politics occurs because political parties cannot increase their capacity to look ahead and factor future consequences into present policy choices. To them it seems better to have a certain piece of small pie than uncertain piece of bigger pie (Williamson, 1996: 335-336).

However, in Korean politics, the long periods of political dominance by conservative groups brought about a close identification between the higher level civil servants and the ruling parties. This tendency strengthened the ties between the ruling party and bureaucracy. Recently, the president makes it clear that he will adhere to the principle of separation of executive functions from the politics. In addition, if there are ideological cleavages and policy direction gaps between the two groups, which is the case with the present government, there will be a reorientation of political-bureaucratic relations.

In line with same logic, NGOs and NPOs should not be the target of political mobilization. Some of their members took seats in the government's advisory committees and higher special commissions. Some civic groups side with the progressive government and raise many issues such as media reform, conglomerate regulation, historical review, and the review of mysterious deaths. These issues are politically sensitive and opinions are divisive, and some groups allege maneuvering of the anti-American movement. Therefore, a neutral relationship should be built between these civic organizations and PA.

Many special or presidential commissions under the banner of reform should be properly established, and their task should be clearly defined so as not to violate separation of power principle and not to intervene the executive's rightful tasks. When the President relies upon those commissions for policy development and direction, the cabinet and the ministries become very passive, and the bureaucrats lose their passion for government achievement.

After every government change, the bureaucracy was the target of reform and dismissal. Politics dominates PA for a time as the new government finds its way, then

again politics retreats to arm's length. The principle of checks and balances through separation of the three powers of government, especially between the Legislature and the Executive, has wavered.

As the Legislature now enters its normalization phase, it will fulfill its duties as mandated by the Constitution. Political parties still engulfed in political strife openly promised to be policy-oriented. This is a good time to establish a proper relationship between politics and PA. PA should be a politically neutral and at the same time be implementing the principles of CG. Credible government is a competent entity for effectively solving public policy problems, has non-authoritarian management ability and has strong ethical standards. We accept the predominant conception of preeminence of political processes in determining what is valuable to the public.

Therefore, politics should determine what is worth producing with public resources, and PA should accumulate politically neutral competence. The many commissions that surround the president's office should be put in order and not attempt to intervene in the PA process. In addition, the PA process should focus on efficient and effective achievement of its mandated purpose. An appropriate division of labor should also be formed.

### **Stages of Building CG**

Then the next question is how to accelerate the process of building credible government. Because the concepts of credibility, reliability, trust and social capital are too elastic, there should be a specifically designed step of building credibility. Credibility is a relational asset without which the government cannot ask support from the public or enter into partnership with the business. If the government is incompetent in solving policy problems or insensitive to the wishes of politically weak groups, no one will trust the government. If corruption, irregularities and absurdity are not continuously reported in the mass media and subsequently eradicated, people will blame the bureaucrats and not comply with government policies.

First, the attitude of the ordinary citizen is an important factor in building CG. We are witnessing a widespread loss of confidence in and dissatisfaction with government as it is currently functioning (Nye, Zelikow and King, 1997). Institutional confidence is found through many indicators: the willingness of the public to provide crucial resources such as taxes, the willingness of bright young people to enter government service, voluntary compliance with laws, positive support for government policy and an understanding of the difficulties government agencies faces and even though mistakes are made.

People's confidence in government institutions in Korea is mixed (Inglehart, 1997, 1999). Public distrust for government, in a broader sense, centers on politicians and politics, not bureaucrats and the bureaucracy. A trend of the past few years, however, is declining public trust in bureaucrats. Many NGOs criticize the bureaucracy, and the media gives excessive coverage to bureaucrats' misdeeds. In addition, the divided public sentiments regarding the reform policies of the new left government also contribute lowering trust. Citizens want the democratic operation of institutions, a transparent public sector and consistent policy management. Therefore, the government is expected

to make the first move in the process of accumulating social capital.

In order to raise the comprehension level of public issues, understanding the workings of government and increasing citizen involvement, information should be readily available. Government should provide numerous detailed reports on and off line to distribute to ordinary citizens. Truly open public hearings and forums that included potential opponents to the government action are essential for citizens' participation in the procedures to improve the government. Through information diffusion, suspicion will disappear and evasiveness will be corrected. By keeping to formal procedures with inclusive attitudes, government action can reduce citizen insecurity and change the zero sum view of the world held by certain segments of society. Other creative methods for the transmittal process should be developed to increase citizen involvement. Conciliation, compromise, coordination efforts to reach mutual gain is essential.

Democratic deliberation and due process should be improved in decision-making process. As the fragmentation of social groups increases, communication among political parties, the government and social groups, and the ruling party and the executive branch become very difficult. Without sufficient information exchange, each group blames the other. Therefore, the executive, as the center of the network, should find ways to promote the consultation and negotiation processes. Good governance in terms will be built by improving transparency, consistency, responsiveness, democracy, service orientation and fairness.

The next issue involves the general education for the groups who have interest in working for the public. It is well known that elite bureaucrats pass one of the world's toughest civil-service examinations and that they enjoyed high prestige and confidence. Nevertheless, after entering the government, they become routine and mandarin functionaries, devoid of passion and creativity. The level of professional education should also be upgraded and closely linked to real world issues. Characteristically, Asian schools teach abstract principles and norms that detached from the real world. During the process of economic development, some more relevant topics were added, but that characteristics of culture still persist. Knowledge that is more practical should be brought into classroom, and professional ethics and standards should be color the learning process. In particular, the professional schools for future bureaucrats and on-the-job training institutions should be established. Government on-the-job training is popular, but it is far from fostering problem solving capacity.

More specifically, the recruitment procedure should be changed. In many Asian countries, traditional theory based a written examination is a key selection method. The higher-civil-service examination is one of the most challenging tasks for younger generation. It is not strictly based on university education. In Korea, the government recently revised the examination process by introducing an aptitude test for public positions that assesses the disposition of potential public employees. The recruiting process views a government job is different from anyother job. Skill and knowledge is the only a necessary requirement. The quality of public employees should include public mindedness setting, awareness of public values, and sound judgment among other qualities. Some ethical and attitudinal problems are expected to improve through these changes.

Finally, upgrading the level of social capital will certainly help building CG. There are

diverse methods to accrue social capital at the various levels of society. As the number of participants and diversity in opinion increases, so will transaction costs, and in order to control of the increased transaction costs, trust or social capital becomes more important. Government, if it is well run and serves better, should be reliable for citizens, consumers, and bureaucrats. There are very different facets of credibility (Robinson, Rusk, and Head, 1969). Credibility can be viewed from outsiders as well as insiders. External credibility means confidence in the government by the public and the market. External credibility can be assessed in several ways: the past performance, government output, and reputation of effectiveness, economy and efficiency. In the long run, the government agencies should show their competence through these indicators. In addition, the CG cannot be built without internal trust among the bureaucrats and agencies. Individual respect and confidence should be the basic building block of CG. We often find bureaucratic in-fighting among focus groups and unnecessary conflict between agencies. With the high level of internal discord, it is difficult to build up a long lasting citizen trust in government agencies.

## CONCLUDING REMARKS

The NPM revolution is still valid, but it should be integrated with PA values and guided by those values. In order to sustain the objectives that NPM pursues and build good governance, we suggested several value structures to harmonize with NPM. This paper proposed an alternative aspect of good governance was by emphasizing the trustworthiness of governance. It relates to substantive competence, mutually respectful relationship and morality of the task and the institution. If individual officials and citizens are able to trust that the governance structure and process have a high level of performance, the NPM revolution will be more accentuated from inside and outside the governing system.

While the basis of the NPM approach is individualism, our discussion of the value framework is more oriented towards collectivism. The latter paradigm views government as a whole entity at a higher level of abstractness. Credible government can be materialized when the individual public employees are reliable, and public sector human resources are evaluated collectively as having high level of professionalism and service orientation. We emphasized professional ability and ethical standards rather than merely output or evaluation. We believe high-quality workforce can be fostered through education and training. Material incentives and threats of punishment are important, but passion and honor are the fundamental values, and their effects last longer and be more ingrained.

It will take a long time and a coordinated efforts from all related bodies to build up CG. Trust, the major asset of the social capital, can be built through mutual process; in this case the mutually interactive process of ordinary citizen, businesspeople and public officials. Some times their collective experience will be on a downward spiral of confidence and at other times it will contain certain expectations. Mass media usually delivers specific cases and a general assessment of the government's capacity and attitude toward the public, and the ordinary citizen's perception changes accordingly. Although

the level public trust can be different among different sectors of a society, it is also true that without general trust among individuals (i.e., civicism in Putnam's terminology), it is difficult to build CG. In Korea, a government that separates itself from the power politics is anticipated as the starting point for increasing social trust.

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