



Transforming Local Government through New Practices

Korea's Experiences and Challenges

Introduction

The global wave of government innovation is profoundly transforming the way government works. The central government of Korea has been exerting efforts to transform itself as well as the local governments by adopting numerous measures for innovations. While much attention has been given to the innovative projects of the central government, local government innovations tend to be given less priority and publicity. In some sense, the need to improve public sector performance is more urgent for local governments since they are in charge of public services that directly affect the daily lives of citizens. With the purpose of better understanding the experiences of local governments that succeeded in upgrading public services, this study examines major features of recent local government innovations in Korea. Cases that were recognized as best practices of local government in 2005 and 2006 are utilized. Based on the findings from the analysis some lessons and policy implications are drawn for local government innovation in Asian countries. ■

What Makes Local Government Innovative?

One of the early studies on local government innovation categorizes variables of innovativeness into three groups: they are those related to community environment, to organizational environment, and to organizational characteristics (Bingham, 1976). Factors in the first group are city size, socioeconomic factors, political values and such. Assistance from upper level government, close proximity to other cities that adopted innovations, degree of professionalism in local government, slack resources, vendor activity, and reformed structure are some of the factors related to the organizational environment of the local government. Organizational characteristics are variables such as degrees of formality and centralization of decision-making structure, employment and budget sizes, number of professionals, and

Whether decision makers are elected or appointed. Similarly, Rogers (1995) categorizes the innovative variables into individual characteristics, internal characteristics of an organization, and external characteristics of an organization. Theoretically, one may be able to hypothesize about whether these variables would have negative or positive relations to the innovativeness of organizations. However, in empirical studies, the estimated sizes and directions of their effects are rather inconsistent (Downs Jr. & Mohr, 1976). Therefore, interpretations from an analysis of innovative variables can have limits in generalization. Each set of samples must be considered in the particular contexts. ■

Local Administration Innovation Policy in Korea

The structure of local government in Korea is a two-tier system. The upper level or regional government is made up of seven metropolises with population of over one million, and nine provinces. Each metropolis is subdivided into districts and each province is composed of cities and counties. The lower level or municipal government refers to these cities, counties, and districts.

Korea has a relatively short experience in the System of Local Autonomy which was launched in 1991. Local council members and administrative heads such as mayors and governors are elected at large and sequences of legislations and other measures have been instituted to enhance decentralization. However, local governments still tend to lag behind the central government in reformative practices. ■

Figure 1
Scope of Local Administration Innovation Policy



Source: Translated from www.inno246.go.kr

Features of Local Administrative Innovation

▲ Local Size

This study examines a total of 42 best innovations identify some significant characteristics of local government initiatives.

► Local Size

One of the factors of innovativeness is city or organization size. It is usually expected that larger cities or organizations would be more innovative because they are more likely to have access to greater abundance of resources. The 42 best practices of Korean local government innovation have come from localities with a wide range of population sizes, averaging a little less than 1.2 million as shown in Table 1.

Table 1
Average Population Size by Local Government Type

| Local Government | Award Winning Cases | | National Profile (2006) | |
|------------------|---------------------|--------------------|-------------------------|--------------------|
| | Number (%) | Average Population | Number (%) | Average Population |
| Province | 6 (14.3) | 3,603,424 | 9 (3.7) | 2,901,296 |
| Metropolis | 9 (21.4) | 2,246,095 | 7 (2.8) | 3,268,588 |
| City | 10 (23.8) | 434,712 | 75 (30.5) | 283,711 |
| District | 7 (16.7) | 370,638 | 69 (28.0) | 324,397 |
| County | 10 (23.8) | 60,894 | 86 (35.0) | 55,380 |
| Total | 42 (100) | 1,175,855 | 246 (100) | 396,037 |

Compared to the national profile the upper level governments - provinces and metropolises - are more than proportionately represented in the award winners list. About 36% of the innovation cases are from provinces and metropolises. In contrast, the proportions of innovative lower level governments - cities, counties, and districts - make up much less than their national proportions. This suggests that upper level governments tend to be more successful in innovation than lower level governments.

► Information Technology

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Innovation in local government is achieved predominantly by utilizing information and communication technology (ICT). There are twice as many cases that had ICT as the major means of adopting and implementing innovative projects in local government. The heavy reliance on ICT is observed in central government innovations as well (Kim, 2007). An example is the case of Gumi City. In an effort to attract new

firms to the city and to prevent the existing small and medium businesses from moving out, the City created a geographic information system. The web based information system provided critical information to existing firms and to potential investors, and also functioned as a one-stop service center. Innovations utilizing ICT are more likely to face obstacles related to lack of expertise and technical knowledge as shown Table 2.

Table 2
Use of ICT and Place
Marketing
(%)

| Purpose \ ICT | Non ICT | ICT | Total |
|---------------------|---------------|---------------|---------------|
| Place Marketing | 4 (28.6) | 4 (14.3) | 8 (19.0) |
| Service Improvement | 10 (71.4) | 24 (85.7) | 34 (81.0) |
| Total | 14 (100.0) | 28 (100.0) | 42 (100.0) |

► Place Marketing

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About a fifth of the cases are initiatives to boost the local economy. Programs to attract business, develop tourist attractions and promote local products are effective place marketing strategies. Many local government innovations in the earlier years also involved in promotions of local products, such as apples, ginseng, garlic and wild flowers, or fairs and festivals featuring traditional music, dance, drama, bull fights and other attractions (Kim, 2006a). In the more recent cases there are fewer numbers of one-time or annual events and more of services offered all year round for promoting the local economy.

The innovation of Seosan City utilized birds as a major cultural asset of the city, attracting tourists and creating opportunities for income generation. The City invited the residents and environmental groups to participate in creating a website of the birds in the Bay which is a major habitat for 318 different species of migratory birds. Sales of locally cultivated rice with a bird brand increased due to the image of high ecological condition of the area. ■

What Are Obstacles?

All of the 42 cases mentioned that serious obstacles were confronted in the process of adopting and implementing innovation. Allowing for multiple counts, 68 obstacles are identified as having impeded innovations as shown in Table 3. Conflict of interests among different groups is the most frequently experienced obstacle (54.8%), followed by lack of expertise and lack of cooperation

(33.3% each). Insufficient budget or other resource is the major block against innovation in 23.8% of the cases. Institutional or legal constraints also undermine innovativeness in 16.7% of the cases. Such observations indicate that the greatest impediment blocking innovation is people based difficulty rather than technical or financial difficulty.

As much as the obstacles are mostly people generated, it is expected that the most common means to tackle these obstacles are people oriented solutions. The obstacles to innovation are overcome most frequently by inducing cooperation through information and discussion sessions, active persuasion and engagement (See Table 4).■

Table 3
Types of Obstacles
(%)

| Obstacle ICT | Lack Resource | Lack Coopera- tion | Legal Const- raint | Conflict of Interest | Lack Expertise | Total |
|-----------------|------------------|--------------------------|--------------------------|----------------------------|-------------------|---------------|
| Non-ICT | 1 (2.4) | 5 (11.9) | 1 (2.4) | 10 (23.8) | 2 (4.8) | 19 (45.2) |
| ICT | 9 (21.4) | 9 (21.4) | 6 (14.3) | 13 (31.0) | 12 (28.6) | 49 (116.7) |
| Total | 10 (23.8) | 14 (33.3) | 7 (16.7) | 23 (54.8) | 14 (33.3) | 68 (161.9) |

Note: Total is greater than 100% due to multiple counts.

Table 4
Ways of Overcoming
Obstacles
(%)

| Ways Overcome ICT | Institutional/ Legal Provision | Revised Project | Induced Cooperation | Perseverance/ Commitment | Total |
|-------------------------|--------------------------------------|--------------------|------------------------|-----------------------------|---------------|
| Non-ICT | 3 (7.1) | 1 (2.4) | 14 (33.3) | 2 (4.8) | 20 (47.6) |
| ICT | 5 (11.9) | 4 (9.5) | 22 (52.4) | 12 (28.6) | 43 (102.4) |
| Total | 8 (19.0) | 5 (11.9) | 36 (85.7) | 14 (33.3) | 63 (150.0) |

Note: Total is greater than 100% due to multiple counts.

Critical Evaluation

The best practices in Korean local government exhibited a variety of novel ventures to improve public services and engineer local economic growth, bringing about concrete achievements in terms of heightened efficiency, effectiveness, proficiency and customer satisfaction. However, these innovative projects are not without some shortcomings.

▲ Heavy Dependence on ICT

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Korea's global competitiveness in ICT is reflected in its domestic government innovation programs. Two out of three initiatives that were recognized as best practices in local government involve the

use of ICT. The reliance on ICT is increasing over the years. About a fifth of the best local government innovations in 2000-2002 took advantage of ICT (Kim, 2006a). Award winning innovations in governments of other Asian countries such as Singapore and India also exhibited extensive application of ICT (Kim, 2007). The use of ICT is indeed a most effective way of transforming the way government works. It has visible and far reaching impacts in enhancing public performances. However, the heavy reliance on ICT implies that innovative efforts are unlikely to be generated in service areas where application of ICT is not suitable or feasible. Those are services requiring personally tailored services mostly found in welfare programs. Many of these services may not be suitable for standardized, uniform, or on-line provision and are likely to have customers who are unable to access or use ICT.

► **Top-down Directives**

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Ironically a significant part of the local government innovation system is driven by the central government. The central government extended its innovation agenda to local governments, directing every local government to set up an organizational unit in charge of planning and managing innovations. Many localities are pressured to subscribe to the central government's innovation movement and come up with innovations. Consequently they tend to exaggerate their performances and/or apply overly generous concept of innovation.

► **Improvements Not Felt by Citizens**

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Despite improvements in efficiency and effectiveness of government performance, the general citizens do not perceive the betterments as much as they are professed by the civil servants. The discrepancy between the improvements presented by public agencies and those actually felt by citizens is also a problem in central government innovations (Kim, 2007). Reports of inflated results and insufficiently verified outcomes may be one of the reasons for the discrepancy.

► **Lack of Participation**

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One of the limitations is a lack of public participation. The initiatives are conceived, planned and implemented predominantly by public sector staffs. Participation from the private sector is usually in the form of private funding by firms or consulting by specialists. Participation by the general public tends to be nominal and superficial.

▲ Proclivity for Western Private Sector Management Techniques

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One of the notable differences in 2005-2006 compared to 2000-2002 is the frequent use of management technique jargons such as business process restructuring, incentive-based performance management, top quality management, management by objectives, and others in their case descriptions of innovations. However, these terminologies are used profusely without substantiation.

The self descriptions of innovative projects by local government staffs tend to present overly optimistic assessments of their initiatives. At the same time, they reflect the subject matters of the contemporary government employees training curriculum. Management theories and techniques developed in business schools of western industrialized countries are very much in fashion these days. Most Korean civil servants have been exposed, however superficially, to these subjects. In fact the indiscriminate applications of private sector management techniques in Korea have been partly attributed to the western university trained academics in public administration who are eagerly promoting their know-how.■

What Are Policy Implications for Asian Countries?

Some policy implications relevant for other Asian countries can be drawn from the examination of best practices in Korean local government.

1. Localities should exert efforts to make use of ICT in upgrading public services. An effective strategy to innovate local governments is to step up investments to enhance their ICT capacities. However ICT based innovations should not be pursued at the cost of neglecting non-ICT means or service areas.
2. Local governments should seek creative ways to promote their localities' natural assets and products. A significant proportion of successful local government innovations are undertaken for the purpose of boosting local economic growth. Launching place marketing strategies, designing tourist attractions, and developing promotional activities for local goods have been recognized for making tangible impacts in upgrading the localities. This means that many Asian localities with rich endowments of natural assets have abundance of opportunities for innovation.
3. In local governments with hierarchical organizational culture such as Korea, the wills of mayors and governors are crucial in pursuing innovation. Mayors and governors

are frequently cited as champions of innovation regardless of the actual role they played. Their roles are important in overcoming interdepartmental conflicts and other obstacles and resistances to innovation.

4. Development of conflict management processes, which are still largely unfamiliar to Asian governments, would be helpful in accelerating local government innovation. The greatest obstacle confronting government innovation is conflict of interests among various stakeholders. Institutionalizing a process of conflict management, training civil servants in conflict resolution procedures, and other measures to better deal with public conflicts would enhance the innovative capacity of local governments.
5. Efforts should be made not only in adopting and implementing an innovation but also in actually attaining tangible and verifiable results. In particular, the outcomes from innovations need to be evaluated by citizens to ensure that benefits are actually perceived by the recipients of public services. Unless the fruits of innovation can be felt at large, government innovations will be unable to receive public support.
6. Citizen participation is a weak point in Korean local government innovation. In contrast local governments of Philippines and India seem to fare better in engaging citizens, NGOs, and grass roots organizations (Alberti & Bertucci, 2006). Korea should learn from its neighboring countries about meaningful collaboration with empowered citizens. In a related note, most of the achievements from Korean local government innovations have to do with cutting costs and time and simplifying service procedures. On the other hand, upgraded democratic practices, human rights, and minority services are rarely presented as outcomes of government innovation. This is another area Korea can learn from its neighbors.
7. Lastly, local governments in Asia should actively engage in exchanging information and critical assessments of their innovation experiences. These activities will plant the seed to develop an Asian model of government innovation so as to prevent faddish applications of western private sector practices. ■

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Further information regarding "Transforming Local Government through New Practices" can be obtained from the website of OECD/KOREA Policy Centre : www.oecd-korea.org (available from September 2008)