

## Chapter 3. Drivers of trust in government in Korea: Competence

*Previous chapters presented the measurement and policy framework of this report and provided an overview of the levels of trust in government institutions and their evolution over time in Korea. This chapter deepens the discussion on a key dimension of the OECD Trust Framework: competence, or the ability of government to deliver to citizens the public services they need, at the quality level they expect. The chapter builds on the results of the OECD-KDI Trust Survey, complemented by a review of other relevant sources, it presents opportunities for policy action in Korea that could contribute to improve levels of institutional trust.*

Previous chapters presented the measurement and policy framework of this report and provided an overview of the levels of trust in government institutions and their evolution over time in Korea, as well as the drivers that are influencing different types of trust (i.e. institutional and political). This chapter deepens the discussion on a key dimension of the OECD Trust Framework: competence, or the ability of government to deliver to citizens the public services they need, at the quality level they expect. To do so, the chapter builds on the results of the OECD-KDI Trust Survey, complemented by a review of other relevant sources, including related OECD work and relevant country examples that could serve the Korean government as a reference for policy actions that could help increase trust in public institutions.

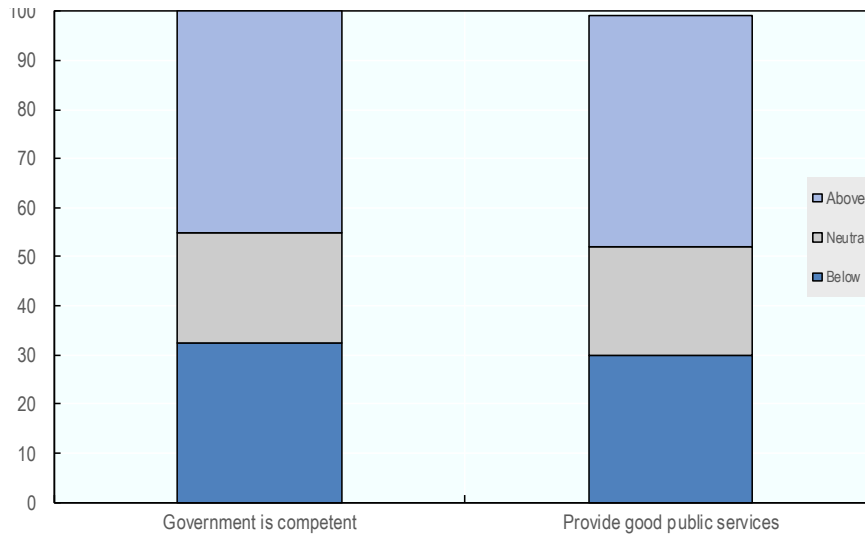
Competence is a necessary, albeit insufficient, condition for trust in public institutions. Competence encompasses two critical dimensions: 1) responsiveness, or the provision of accessible, efficient and citizen-oriented public services, which effectively address the needs and expectations of citizens and evolve over time along with those needs; and 2) reliability, or the ability of governments to minimise uncertainty in people’s economic, social and political environment, and to act in a consistent and predictable manner in responding to this uncertainty. This chapter is structured as follows. It has two broad sections on responsiveness and reliability; within each of the sections, the components of the drivers that were found to be statistically significant will be addressed, outlining the key challenges for Korea in each of them. The chapter will be concluded by putting forward some policy recommendations touching on key aspects of the drivers that are crucial for increasing trust in government institutions in Korea.

## Responsiveness

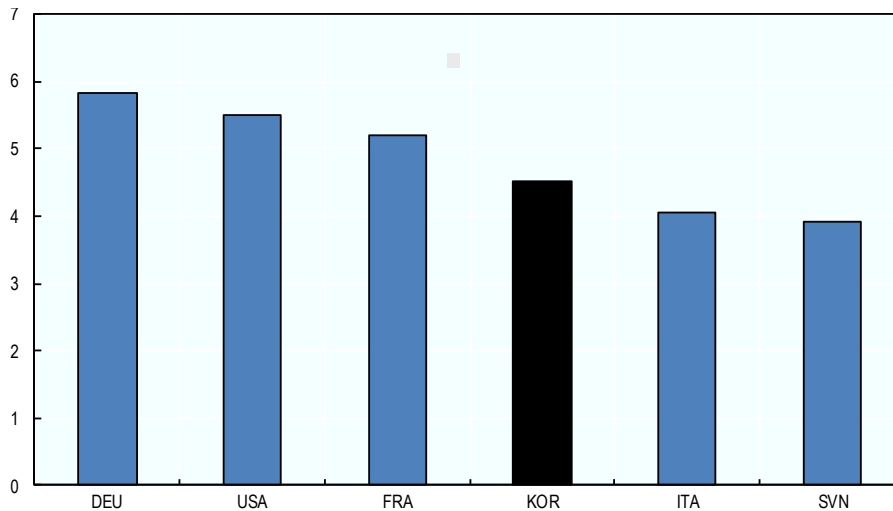
The provision of public goods and services is one of the principal activities of governments in OECD countries. Any service provider with good intentions but without the ability to deliver on expectations cannot be trusted, especially where people are dependent on a single provider (Forsyth, Adams and Hoy, 2011; Mishra, 1996). In turn, access to quality services, such as education, health care, transportation and justice, is essential to provide people and businesses with opportunities to achieve higher-paid jobs, better living standards and longer, more fulfilling lives (OECD, 2015a).

Recognising responsiveness as an explicit dimension of trust reflects the core objective of public administration: to serve citizens. Increasingly, responsiveness refers not only to how citizens receive public services but also to government’s capacity to adapt to, match people’s expectations and respond to their feedback. Responsiveness, then, is not only about access, timeliness and quality; but also about agility, engagement and response. According to the OECD-KDI survey, on a scale of 0 to 10, only 40% of the Korean population assign a score of 6 or more to whether or not the government is competent to do its job (see Figure 3.1). However, when it comes to confidence levels in the capacity of public institutions to provide good public services, the share of the population providing a score of 6 or more increases to 48% – evidencing a gap between an abstract assessment (“my government is competent”) and a more specific question on an institutional attribute (“public institutions provide good public services”). Still, when looking at comparative scores for the question on whether or not people trust public institutions to provide good public services, Korea (4.5) reports the third lowest score after Slovenia (3.91) and Italy (4.06) (Figure 3.2) in the six countries that participated in the Trustlab study. The average score in these countries is below the neutral score (5).

**Figure 3.1. Percentage of the population who consider the government to be competent and who trust public institutions to provide good public services**



**Figure 3.2. Average country score for people who trust public institutions to provide good public services**



*Note:* Data collection in Korea lasted from November 2016 to January 2017 and overlapped with large scale protests surrounding a high profile corruption scandal eventually leading to President Park Geun-Hye’s impeachment. The Korean report should therefore be interpreted with caution as trust in institutions might have been lower than usual during this particular turbulent time.

*Source:* Trustlab (France: 2016; other countries: 2017).

Public services are provided on a large scale and offered to citizens and businesses as a right, in return for their tax payments. It has been argued that improving the quality of public services can lead to more satisfied users, which, in turn, can increase trust in government; a transmission mechanism referred to in the literature as the micro-performance hypothesis (see Box 3.1).

### Box 3.1. Trust, public services and the micro-performance hypothesis

Restoring citizens' trust in government is at the core of public-sector reform, and one of the obvious ways appears to be the provision of better-functioning public services. Scholars (Bouckaert and Van de Walle, 2003; Yang and Holzer, 2006) define this as the micro-performance hypothesis: better public services will lead to increased satisfaction among their users, which, in turn, will lead to more trust in government. According to this hypothesis, trust in government is a consequence of ongoing citizen experience of public services. People do not trust their government in abstract but according to their aggregated interaction with government service providers. Improved services lead to more satisfied citizens, and citizen satisfaction in turn increases trust in the government.

Some recent literature supports this hypothesis. For instance, Kampen et al. (2003) focused on Flanders (Belgium) and found that the largest effect on trust in the government comes from satisfaction with public services. All the services that were included in their research (e.g. police, waste collection, education, transport) had an impact on public levels of satisfaction with the government. Christensen and Laegreid (2005) find that citizens who are more satisfied with specific public services generally have a higher level of trust in public institutions in a cross-sectional study. Badri et al. (2015) confirm this link, using structural equation modelling based on data from the Abu Dhabi Citizen Satisfaction Survey. They find that quality of services, demographics, and expectations have an impact on citizen satisfaction and ultimately, this satisfaction influences trust in the government.

In the health sector, Whetten et al. (2006) investigated trust in the government and health care providers, and its association with using health services among HIV-positive participants in the United States. They find that trust was associated with a higher use of services and better health outcomes. They conclude that distrust in the government may be a barrier to service use and therefore to optimal health. Finally, empirical results (e.g. Kampen et al., 2006) suggest that a negative experience of a public service has a much more pronounced effect on trust in government than a positive one.

At the same time, Bouckaert and Van de Walle (2003) warn that while public administration performance has a certain impact on trust in government, existing levels of trust may also have an impact on perceptions of government performance. This means that improving public services can be an important but only partial solution to increasing trust in government, and that trust-building efforts should seek to reinforce synergies across each of these different spheres.

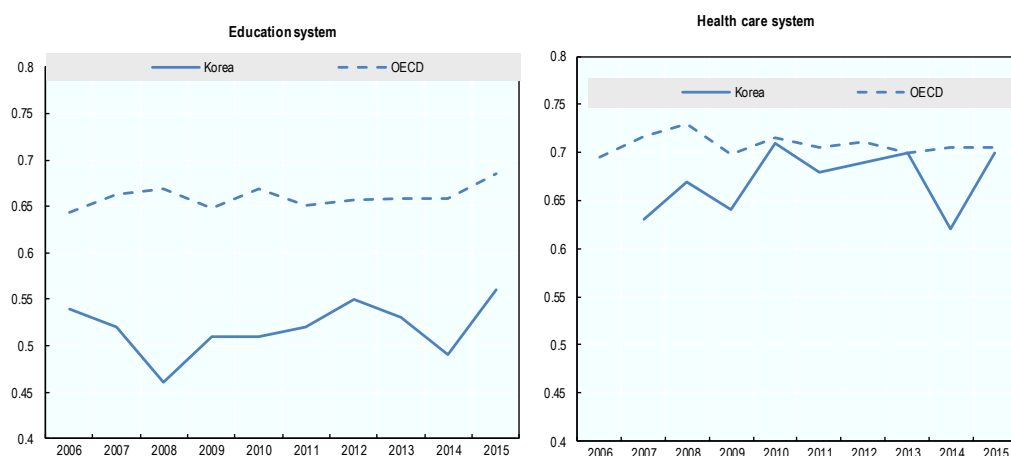
Indicators of people's reported satisfaction with public services provide an overall assessment of those services rather than of their specific features. Still, analysis of those indicators demonstrates that compared to OECD countries, Korea has a satisfaction gap in service provision (see Figure 3.1). For health, the satisfaction gap has narrowed and reached the OECD average regularly since 2010. This could be associated to a government focus on improving public health and access to health services since the 1970s. Indeed, since the 1970s, public spending on health has increased substantially in Korea, although it remains well below the OECD average on a per capita basis and as a share of GDP. Conversely, private spending (out of pocket) on health care is comparatively high (OECD, 2016).

The government in Korea has provided greater access to health services over the past few decades. National health insurance in 1977, mainly covered employees of large corporations at first, but which was extended progressively to other groups of workers in the following decade – with universal health coverage achieved by 1989. Since 2008, the Korean government also introduced long-term care insurance to respond to the growing needs of the increasing number of elderly people who require some long-term care (OECD, 2016).

Coupled with rising standards of living, improved health services lead to a substantial increase in life expectancy that exceed many OECD countries by a wide margin. In 2014, the life expectancy at birth for the Korean population (men and women combined) surpassed 82 years, a gain of more than 20 years since 1970, and is now 1.6 years higher than the OECD average (and also above the G7 average). Similarly, life expectancy for people at age 65 has sharply increased in Korea since 1970 and is now more than one full year above the OECD average. Despite the substantive progress achieved by the Korean government in crucial health indicators over the past years, some challenges still lie ahead, such as reducing persistent barriers to accessing health care (e.g. a high level of private out-of-pocket expenditure) or strengthening the capacity to provide long-term care outside hospitals (OECD, 2016).

The education sector is a different story, with reported levels of satisfaction scoring well below the OECD average (see Figure 3.3). This is particularly relevant in the case of Korea, a country consistently ranked as a top performer in educational attainment, including in the OECD's Programme for International Student Assessment survey, and among those with the highest proportion of young people who have completed upper secondary and tertiary education.

**Figure 3.3. Satisfaction with health care and education systems in Korea, 2006-2015**



*Source:* OECD calculations based on the Gallup World Poll, percentage of the population who answered yes to the following questions: in the city or area where you live are you satisfied or dissatisfied with the educational systems or schools? In the city or area where you live are you satisfied or dissatisfied with the availability of quality health care [www.gallup.com/services/170945/world-poll.aspx](http://www.gallup.com/services/170945/world-poll.aspx)

The Korean education system has increasingly focused on university education, creating a surplus of university-educated youth that has resulted in labour shortages for small and medium-sized enterprises (SMEs) and mismatches in the labour market.<sup>1</sup> Although the share of high-school graduates advancing to higher education fell from 83% in 2008 to

71% in 2014, 37% of workers in the 15-29 age group were mismatched for their jobs in terms of field of study and literacy skills, higher than the OECD average of 25% (OECD, 2016). Jung and Sung (2012) find that perceived inequality in job opportunities further erodes citizens' trust in government institutions in Korea. To try and solve this problem, the Korean government recently implemented reforms to better integrate youth into the employment system (Box 3.2).

### **Box 3.2. Reforms to the Korean education system**

International organisations agree that the Korean education system needs to reform. Top reform priorities include: reducing the over-emphasis on university education, which leads to a labour mismatch and labour shortages in SMEs; improving the innovation framework by expanding the role of universities; upgrading government research institutes; and strengthening international linkages.

To address these issues, Korea has launched two important initiatives to reduce labour market mismatches by combining school and work experience at the secondary level. First, by the end of 2015, Korea had completed 847 out of 887 National Competency Standards (NCS), which identify the knowledge, skills and attitudes necessary to perform tasks by sector and level of industry. The NCS are playing a key role in revising training standards and setting the curriculum for vocational education.

Second, the Vocational High-School Advancement Plan (2010-15) aimed to build vocational schools based on industrial needs and sector-specific skills, favouring employment over college admission after high-school graduation. Improving the quality and relevance of vocational education is a priority: the average employment rate of junior college graduates was 61%, and that of specialised vocational high-school graduates was only 41% in 2013.

A key part of the Plan was the creation of Meister schools (i.e. schools designed to prepare students for working in high-skill manufacturing jobs). There are now 41 Meister schools nationwide, with more than 16 000 students, and six more are planned for 2016/17. The job placement rate for Meister school graduates is more than 90%, compared to only 44% for traditional vocational high schools.

A second initiative is the Work-Study Dual System, which aims to involve 70 000 students/workers and 10 000 companies in a Korean-style apprenticeship system:

- At the high school level, a pilot programme has been launched in nine schools since March 2015. By end-2017, the system is to be available in all 203 specialised vocational high schools.
- At the junior college stage, Uni-Tech will promote integrated high school-junior college education based on the NCS for students alternating between school-based education and in-company training.
- At the university level, Industry Professional Practice, a system of work-study, will be introduced.

At present, 2 322 firms and nearly 13 000 students are participating in the Work-Study Dual System, focused on machinery (45%), telecommunications (21%), and electric machinery (13%). However, the system faces financial challenges as most of the participating companies are SMEs, with limited financial resources to provide training. Government subsidies are thus necessary to induce the participation of both companies and students. Without government subsidies, the cost to firms and students is estimated to exceed the benefits: the net costs were KRW 5.7 million (Korean won; USD 5 300) to firms and KRW 1.5 million to students (Jun and Lee, 2015; Kang et al., 2014). To limit the fiscal cost as the programme expands, it should be reformed to make it more profitable to firms and students. For example, SMEs could establish joint training centres, which could be located on the local campuses of the Korea Polytechnic University. In addition, improving training quality would boost the returns to both firms and students.

Source: OECD (2016)

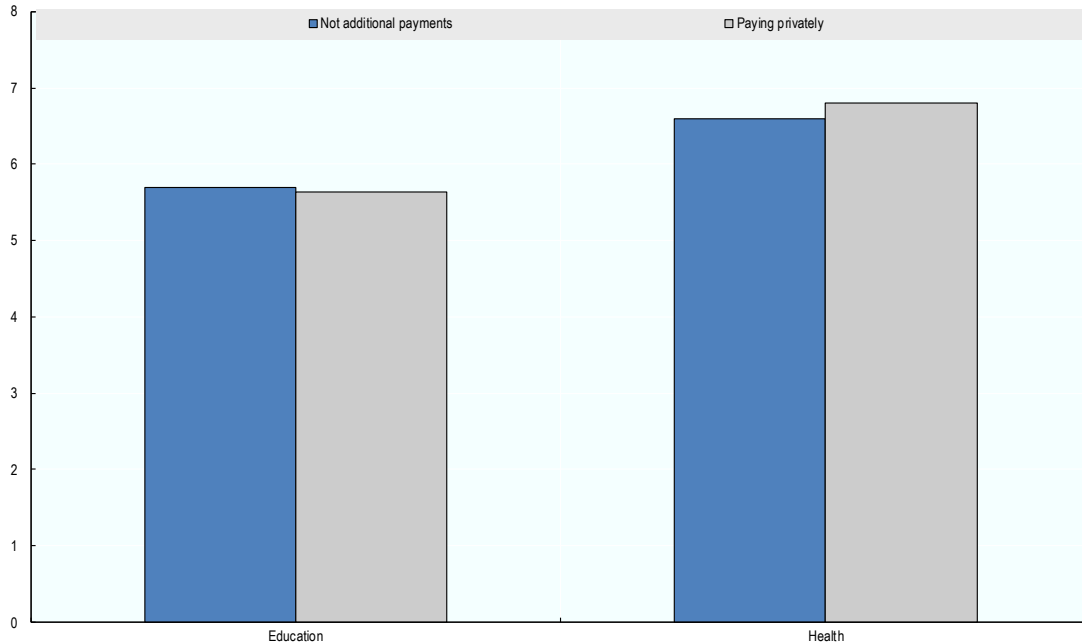
Although generally provided through a mix of public and private funds, the direct experience of citizens and businesses with these services matters in shaping their attitudes towards government institutions. Evidence from 19 European Union (EU) countries shows that, compared to users without a recent experience, those that have had recent interaction with the education and health sectors report higher satisfaction (OECD, 2017a). This result is consistent with the findings for Korea from the OECD-KDI survey showing that having a recent experience with the health care or education systems plays an important role (i.e. the highest positive coefficient) in explaining trust in government institutions (see Figure 3.4.).

It could be reasonably argued that having a recent experience with public services would lead people to having a better-informed judgment about their satisfaction with public services. According to the OECD-KDI survey, measured on a scale from 0 to 10 and consistently with cross-country comparative surveys the average satisfaction score for health services (6.8) is higher than for education services (5.6). In turn, 82%<sup>2</sup> of the Korean population reported an experience with the health system and 49%<sup>3</sup> with the education system. Of these shares, 81% reported paying privately for health and 68% for education services.

As previously mentioned, in the case of the health sector this could be explained by the comparatively low share of health funding by the public sector in Korea – 12.5% of total government spending compared to an average of 18.7% in OECD countries (OECD, 2017b). Similarly, enrolment in private non-tertiary and tertiary educational institutions and private spending for classes outside school are comparatively high in Korea (OECD, 2016). Still, when comparing average satisfaction with health and education services by payment patterns, no statistically significant difference is found across both groups (see Figure 3.4).

**Figure 3.4. Paying privately does not affect satisfaction with education and health services**

Average satisfaction according to paying patterns, where “0” is not at all satisfied and “10” is completely satisfied



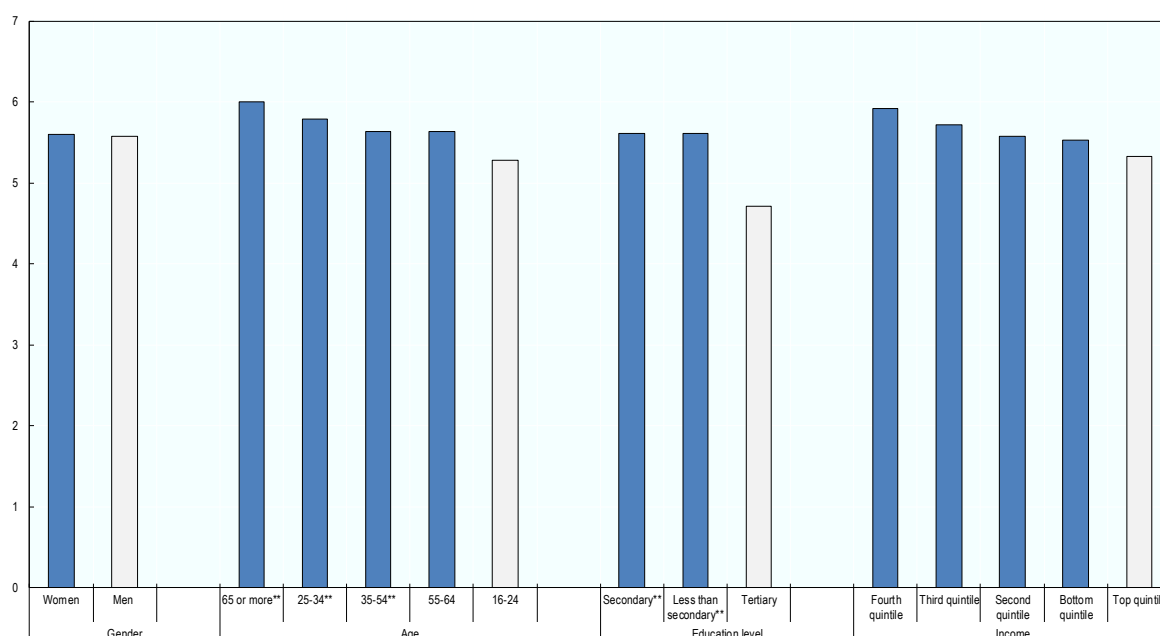
*Note:* Statistical significance is evaluated on the basis of a T test (a test comparing two statistical means and showing if they are different). No statistically significant differences at the 95% level were found.

In any case, satisfaction with public services varies by socio-economic characteristics. Figure 3.5 displays average satisfaction levels with the education system, including the reference group for comparison. Compared to people in the 16-24 age range, older cohorts (aged 25-34, 35-54 and 65 or more) are more satisfied with the education system, indicating that parents and grandparents are more satisfied with education services than high school or university students. In turn, according to the OECD-KDI survey, differences in satisfaction with the education system by income level are not statistically significant.



**Figure 3.5. Satisfaction with the education services by socio-economic characteristics**

Average mean score on a 0-10 scale, where “0” is not at all satisfied and “10” is completely satisfied

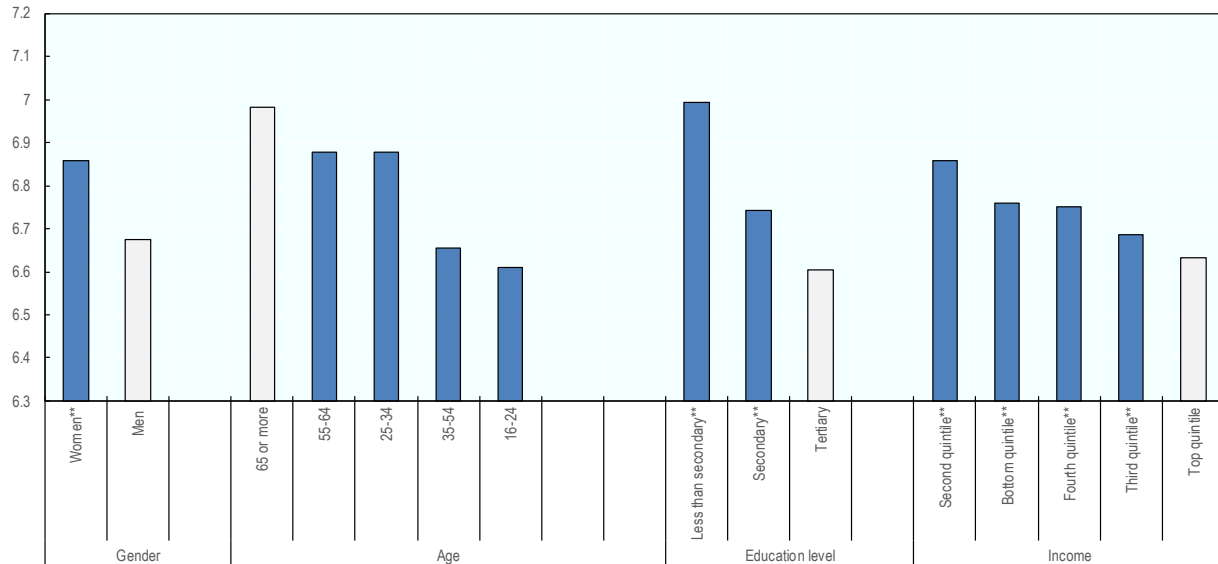


*Note:* Differences across groups are measured with respect to the following reference groups (shown by the light blue bars): men, people aged 16-24, people with tertiary education, and people in the top income quintile. Differences are assessed on the basis of a T test (a test comparing two statistical means and showing if they are different). When the label includes \*\*, the difference between that category and the reference group is statistically significant at the 95% confidence level.

When it comes to satisfaction with health services, the opposite trend is observed: the oldest cohort (aged 65 or more) – presumably more frequent users of the health system and beneficiaries of the flat rate policy – is on average more satisfied than the younger ones (16-24 and 35-54) with health services (see Figure 3.6.) In turn, the high satisfaction levels of less educated people could be explained by the fact that older cohorts tend to be less educated. Women tend to be slightly more satisfied than men with health services, with the difference being statistically significant.

**Figure 3.6. Satisfaction with health services by socio-economic characteristics**

Average mean score on a 0-10 scale, where “0” is not at all satisfied and “10” is completely satisfied



*Note:* Differences across groups are measured with respect to the following reference groups (shown by the light blue bars): men, people aged 65 or more, people with tertiary education, employed people, and people in the top income quintile. Differences are assessed on the basis of a T test. When the label includes \*\*, the difference between that category and the reference group is statistically significant at the 95% confidence level.

Evidence from the literature and work carried out by the OECD suggests that improving service delivery can improve not only satisfaction with public sector organisations, but also confidence in local and national governments. At the same time, trust in services and in service providers plays an important role in achieving key policy objectives. Distrust of government services, for instance in the health sector, can steer citizens to ignore or resist health information and services, negatively affecting their health outcomes (Whetten 2006). Distrust can thus lead to sub-optimal outcomes from public policies, involving wasted resources.

In addition to the continuous reform initiatives undertaken by the Korean government (see Box 3.3), further efforts to better align services with the needs and expectations of citizens and to improve their timeliness can help improve levels of satisfaction, and ultimately trust in government institutions. Additionally, properly capturing user feedback and actual experience is essential for improving responsiveness. But responsiveness goes beyond a unilateral relationship of government with citizens and business. Increasingly, the provider-beneficiary relationship between government and citizens is evolving to one based on partnership and joint value creation (OECD, 2017). Recognising that service users and communities have information and insight that are not readily available to the staff commissioning and delivering public services, and using that information, can help enormously to improve outcomes. Responsiveness in service delivery can thus also take the form of a new relationship between citizens and governments.

**Box 3.3. Constant efforts to improve the health system in Korea**

The Korean government has maintained efforts to reform the health sector through several policy actions, including the reinforcement of patient-oriented medical services, strengthening essential public health care services and preventative health care, and systematic response to infectious diseases. Some key initiatives are mentioned below.

- The use of remote medical treatment (e.g. a form of telemedicine, which allows constant monitoring of a patient's condition and the performance of preventive and control check-up outside hospital environment) has been extended and institutionalised, with a special focus on vulnerable areas and groups. Among others remote medical treatment include elderly care facilities, visiting nursing care facilities and facilities for people with disabilities, as well as the promotion of early discharge programmes.
- The Korean government has also established a model for exchanging medical treatment information between medical institutions, and is promoting its use via various incentives.
- In response to the threat of infectious disease, the Korean government has established central and regional hospitals that specialise in treating infectious diseases, increasing the number of negative pressure (e.g. an insolation technique used to prevent room to room cross contamination) rooms (from 118 units in 2016 to 194 units in 2017) – which are essential for halting outbreaks.
- In terms of preventative health, the Korean government has established diverse programmes to reduce the smoking rate, the suicide rate, and to prevent chronic diseases by regularly monitoring the conditions and lifestyle habits of people with high blood pressure or diabetes at local clinics and through mobile applications.

*Source:* Korean Ministry of Health and Welfare (2017), Ministry website (accessed December 1<sup>st</sup> 2017)

### Perceived ability of public sector employees to innovate

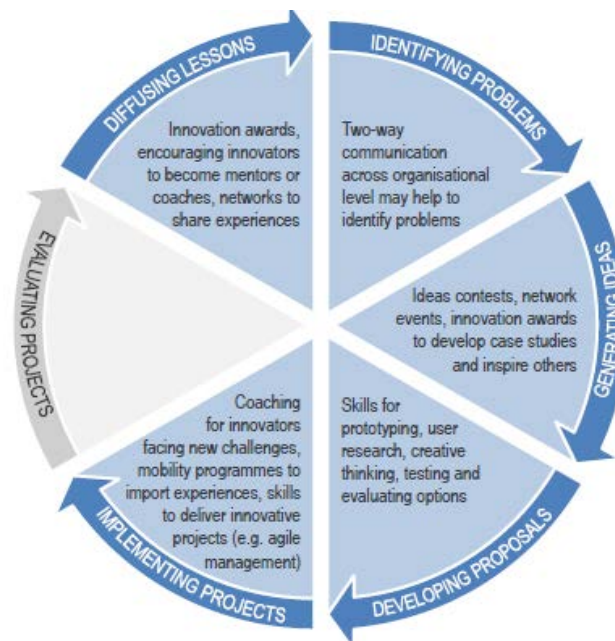
As shown in the econometric analysis presented in Chapter 2, the perceived ability of public servants to innovate is one of the most influential determinants of trust in public institutions in Korea (see Figure 2.9). Increasing that capacity should therefore lead to higher levels of trust in government institutions. Novelty is relative<sup>4</sup>; that is, an innovation must be new for the organisation where it is implemented, but may already be in use elsewhere (OECD, 2015b). Furthermore, public sector innovation should not simply be about implementing something new, but also about achieving better results for society. Each public innovation addresses a public policy or delivery challenge, and a successful public innovation is one that achieves the desired public outcome. In recent years the Korean government has promoted various reforms and initiatives to build a customer-oriented, flexible and transparent administration. Still, further action can be taken to develop and implement

innovations in Korea by helping to create an environment (i.e. an “innovation ecosystem”) that is supportive of innovation in the public sector.

Public employees are central to all stages of public sector innovation, and how they are managed can be fundamental for enabling organisations to innovate. The most notable human resources management (HRM) factors proven to have an effect in specific settings for promoting innovation include: communication networks; rewards and incentive structures; managerial and leadership styles; organisational practices for attracting, selecting, training and compensating employees; and job design factors, such as using teams and delegating decision rights (Laursen and Foss, 2013).

For example, good two-way communication across organisational levels may help to identify problems which are apparent on the front line but may not be clearly visible to those at the top. Ideas contests and other engagement forums can be used to source ideas for improvement from employees. Staff skills needed for research and prototyping can be strengthened and deployed to develop proposals. Successful implementation then requires careful change management, making use of networks and mobility programmes, while innovation awards can help to disseminate experience and share lessons learned to inspire others. Furthermore, HRM tools are essential to create the conditions needed for any innovation to begin at all – by building a capable workforce and establishing an organisational culture that supports innovators at all levels of an organisation. Figure 3.7 maps examples collected from OECD countries of ways HRM can support public sector innovation onto the innovation lifecycle

**Figure 3.7. How human resources management can support the innovation cycle**



Source: OECD (2017c) *Fostering Innovation in the Public Sector*, <http://dx.doi.org/10.1787/9789264270879-en>.

In order to enable the appointment of qualified and innovative staff, selected through open recruitment to the senior civil service and director positions across organisations, Korea has established the Open Position System and the Job Posting System. The Open Position System recruits both inside and outside the public sector for positions that require specific

expertise, while the Job Posting System recruits staff from within the public sector. Korea also maintains a Personnel Exchange System, which is a one-to-one exchange programme moving public servants between administrative agencies and other public organisations for a limited period (see Box 3.4).

**Box 3.4. Korean initiatives to foster public sector innovation through HRM practices**

**Korea's Open Position System and Job Posting System**

Korea's Open Position System and Job Posting System are two ways of appointing qualified people to the senior civil service and director positions, which play a crucial role in key government policy decisions. The Open Position System recruits from both inside and outside the public sector for positions that require special expertise which is not readily available in the public sector, and the Job Posting System recruits from within the public sector. There is a significant correlation between both systems and the ability, motivation and opportunity (AMO) of employees, conditions that are required to perform. According to surveys conducted in 2009 and 2011, personnel who took positions through these two systems reported an increase in their abilities and achievements.

**Korea's Personnel Exchange System**

Korea's Personnel Exchange System is a one-to-one exchange programme, moving public servants between administrative agencies and other public organisations for a limited period. Its goals are to improve professional understanding across different agencies through personnel exchanges; to remove departmental partitions by building a mutual co-operation system; to actively respond to changes in the administrative environment and demands for convergent administration; and to enhance the capabilities of the government's human resources by providing extensive experience and generally developing the abilities of individual public servants. The personnel exchange improved participants' ability to perform their jobs by allowing them to break out of the narrow perspective of their existing work, and directly experience the details, working methods and cultures of different organisations, which improved their understanding of other organisations.

Some staff were reluctant to participate in personnel exchanges due to concerns about job assignment and performance assessment, adapting to new organisations, and the economic or lifestyle changes of moving to a different city. To address these issues, Korea has improved the system to give staff a one-step higher grade in their performance assessment compared to the grade before the exchange; assign them a desired position when returning after the exchange; support consultation with a mentor; and provide incentives for moving to a different city, such as housing subsidies and housing support allowances. Furthermore, Korea has made every effort to encourage interest in exchanges in the civil service community by holding workshops to share information and experiences among existing participants. To further develop the practice, the Korean government has plans to systematise personnel exchange around collaboration, mutual use of expertise, policy-field link areas, and to diversify the exchange methods by including unilateral exchanges as well as one-to-one mutual exchanges. The typical exchange period is two years and can be extended up to five years.

Increasing the innovative capacity of the workforce means addressing employees' ability and their motivation to innovate, and giving them the opportunity to put these abilities and motivation to work. As part of the required ability to innovate, the OECD has carried out work to identify the skills that support and enable public sector innovation. To increase innovation levels in the public sector, it is important for the government not just to hire

specialists with strong capability in these skills, but also to ensure that all officials have a basic awareness in each skill area. The following skill set is core for incentivising public sector innovation:

- iteration: incrementally and experimentally developing policies, products and services
- data literacy: ensuring decisions are data-driven and that data isn't an afterthought
- user focus: public services should be focused on solving and servicing user needs
- curiosity: seeking out and trying new ideas or ways of working
- storytelling: explaining change in a way that builds support
- insurgency: challenging the status quo and working with unusual partners.

While ability determines what the workforce is capable of doing, motivation determines what the workforce will try to do when given the chance. In some ways motivation can make up for a lack of skill, as highly motivated people will be more likely to transfer skills from other domains, or invest more effort in acquiring the necessary skills (Amabile, 1997). Work motivation can be influenced by the work environment, task design, organisational culture and management. While some individuals may arrive at a job with a higher degree of intrinsic motivation than others, this motivation can be nurtured or smothered by their organisational surroundings (for an overview see Mumford, 2000).

Furthermore, the motivation to innovate requires a level of trust in the organisation. If employees are afraid of losing their jobs, or of losing the quality of their workplace due to the outcome of their innovations, they will likely be less motivated to think creatively and honestly. Furthermore, if employees don't trust their organisation to deliver on their ideas, they will be less motivated to contribute. This places a great deal of responsibility on managers, not only to motivate creativity (transformative leadership); but also to balance this with transactional leadership (focus on outcomes and targets); healthy leadership (ensuring a healthy work environment with manageable stress levels, to ensure staff have the time and energy to contribute to innovation); and authentic leadership (trust in the individual leader to make commitments that she or he can and will follow through).

Even when a workforce is made up of highly capable and motivated individuals, they may not effectively and efficiently achieve their goals if they have no opportunity to do so. In this context shifting the focus away from the individual and towards the organisation of work and the structures that organisations use to align resources with objectives could be an important step for generating a context that is prone to experimentation. Resources are essential for innovation. Having enough time is critical, as experimentation and creative design generally take longer than using existing processes as they usually require thinking up alternatives, testing them, learning and course correction. However, managers have to strike a balance: too many resources can also lower creativity by making individuals too comfortable (Shalley and Gilson, 2004). People are essential to innovation, and the way people are organised into teams and connect through networks seems to be a significant factor in developing innovative capacity within the workforce.

While individual innovation can be spontaneous, the ability of institutions to foster, identify and capture this innovation may not come so naturally. Worse, traditional institutional structures tend to work against individuals collaborating across organisations to bring their knowledge and insights to bear on common problems. In response to this, in recent years there has been a significant growth in the number of public sector teams, units, labs and

institutions to support innovation in the public sector across OECD countries and beyond. These draw from the pioneering experiences of policy laboratories and delivery units in the early 1990s, while acknowledging that achieving innovation can be difficult and that it may require additional targeted support and resources.

Dedicated innovation units can help address some of the barriers to public sector innovation. They can compensate for the lack of innovative leaders and champions (Bason, 2010; European Commission, 2013) and help overcome rigidities in the reward and incentive systems which can often hinder innovative performance (Kohli and Mulgan, 2010). Innovation units can foster organisational knowledge about how to apply innovation processes and methods (European Commission, 2013), and support more collaborative and “joined up” approaches in problem solving to counter departmental silos (Carstensen and Bason, 2012; Queensland Public Service Commission, 2009). They can also provide safe environments for risk taking and experimentation (Hambleton and Howard, 2012; Townsend, 2013).

Innovation units and teams can also be seen as a structural response to the nature of innovation projects, which are often cross-cutting and interdisciplinary, and to the tensions involved in continuing business-as-usual work at the same time as experimenting and introducing new approaches. Innovation units can bring together different or new tools, methods and skills, as well as facilitating different conversations and different connections and thus introducing new insights.

Across OECD member countries, units supporting innovation could respond to different models. The OECD has established a typology of existing types of institutions supporting innovation (OECD, 2017c), which are found to play the following roles: 1) support and co-ordination for innovation solutions; 2) experimentation; 3) supporting service delivery; 4) investment and funding; and 5) networking support. For Korea, organisations that promote experimentation could be particularly relevant. This type of organisation is engaged in experimenting and testing different approaches for the design, development and delivery of public services. They tend to use current public sector innovation language, describing themselves as organisations that conduct prototyping, human-centred design and ethnography. Not only do organisations in this category conduct experiments to find the most effective solutions, they also experiment with different disciplines and methodologies to explore and address public policy issues. Many of the teams also draw heavily on data and the stories that data analysis can reveal. Innovation labs are one kind of organisation typically engaged in this type of activity, and although the term “innovation lab” is not always synonymous with experimentation, some relevant examples of innovation labs are presented in Box 3.5.

**Box 3.5. Innovation labs: Examples from Chile, Denmark and France**

**Denmark's MindLab**, based in central government, uses human-centred design as a way to identify problems and develop policy recommendations. Similarly, **Chile's Laboratorio de Gobierno** (Laboratory of Government, <https://lab.gob.cl/>) aims to develop, support and promote innovation processes to create better people-centred public services, with the aim of helping to create a new relationship between government and society. To support this mission, it has three streams of action: 1) innovation projects for public services in high demand; 2) improving innovation capabilities for civil servants and public institutions; and 3) opening public challenges to the private sector through challenge prizes and grants, to invest in solutions and prototypes that could meet the needs of public services.

Based within central government in the Office of the Prime Minister in **France**, **Futurs Public** ([www.modernisation.gouv.fr/mots-cle/futurs-publics](http://www.modernisation.gouv.fr/mots-cle/futurs-publics)) is testing new solutions for public sector challenges on a small scale to help create an “ecosystem” that supports innovation. This “lab” works with non-government organisations (NGOs) and social entrepreneurs to bring expertise into service design, such as agile software development. Futurs Public also works with external research labs to draw in specialist skills for digital technology or ethnography. It is also developing partnerships with universities and higher education establishments to help engage students in finding innovative solutions to address issues in government. Example projects include changing how people apply for social benefits, trialling more personalised approaches for disability benefits and reorganising public services in rural areas.

*Source:* OECD (2017c), *Fostering Innovation in the Public Sector*, <http://dx.doi.org/10.1787/9789264270879-en>.

Korea has room to develop a culture of innovation in the public sector by promoting the development of innovation organisations, units, teams, programmes and funds that will put experimentation at its heart. Part of this may involve “unfreezing” embedded practices in organisations, and operating them as neutral spaces dedicated to problem solving in a highly experimental environment (Box 3.5). To advance in this direction the government of the Republic of Korea has designed an organizational framework with multilateral organizations and units to sustain the government innovation strategy and implement government innovation projects.



The core components of the above mentioned framework are the establishment of a *government innovation committee* for designing collaborative initiatives involving national, local governments and citizens. A *government innovation citizen forum* helps citizens suggest policy ideas that governments will incorporate in policy making<sup>5</sup> and a *government innovation support unit* to ensure the implementation of government innovation projects and support government innovation bodies.

### Receiving satisfactory answers to complaints

A second factor under the responsiveness dimension that has a statistically significant effect on institutional trust is the expected government response to dissatisfaction with a service expressed by a group of citizens. As mentioned previously, the responsiveness of public institutions is shaped not only by aspects related to quality, timeliness or administrative efficiency, but also, and increasingly so, by attitudes leading to stronger levels of engagement and exchange between government and citizens in both service design and delivery.

A key challenge for the Korean government is how to raise the effectiveness of their consultation and participation initiatives. Part of the solution lies in understanding how to design public participation around people's expectations and their busy lives. Another piece of the puzzle lies in raising professional standards and the quality of participation processes. These questions go well beyond the technical issues of choosing appropriate content, formats or channels; they refer to earning and keeping people's confidence that the government will actually use their input. Government organisations need to design engagement so that everyone gets direct, tangible personal benefit in terms of building skills for life, knowledge or self-confidence; they also need to make public policy more interesting and relevant to more people, and designing cost-effective and useful public consultation and engagement initiatives.

While traditional channels for participation are still an important mechanism for civic engagement, increasingly digital technologies are recognised as a strategic driver to create participatory and trustworthy public sectors, to bring together government and non-government actors, and to develop innovative approaches to contribute to national development and long-term sustainable growth. Digital technologies enable wider participatory policy-making processes, since they make it easier (in terms of time, space, place, setting) for people to participate, thus widening the range of possibilities for participation (multi-channel interactions and platforms) and attracting new target populations (young people, for example).

The idea of a user-centred public administration is not a new concept. On the contrary, it is a goal and mind-set found in the digital strategies of a number of OECD member countries over the last two decades. However, bringing in users' perspective to public sector processes requires new ways of reaching out, engaging and involving them in services' design and decision making (engagement by design). For this reason, the Korean government has invested heavily in digital services. Korea has developed renowned e-government systems and infrastructure since the end of the 1990s, becoming a leader across the OECD.

Korean citizens use these digital platforms extensively to interact with public authorities and carry out procedures. In 2014, more than 70% of all Koreans reported having used the Internet at least once over the past 12 months to interact with the public authorities, compared to 55% on average across the OECD. This includes, for instance, obtaining

information from a government website, downloading a form or sending back a form electronically to public authorities (OECD, 2016). To a large extent, these positive outcomes are the result of continuous efforts by Korean institutions to communicate with people through online channels and by using information and communication technology platforms (see Box 3.6).

**Box 3.6. The E-people system and the Cheongwadae (Blue House) petition system**

The Korean government's **E-people system** is an online petition and discussion portal managed by the Korean Anti-Corruption and Civil Rights Commission. The portal on the E-people website ([www.epeople.go.kr](http://www.epeople.go.kr)) allows citizens to submit civil petitions or proposals to the government. These petitions or proposals are automatically re-directed to the corresponding government agencies, which have a limited time to respond, and are also required sharing their procedures for reaching a decision with citizens. The results are shared online. The Korean portal is recognised internationally, mentioned as one of the top ten online government portals at the 7th world e-government forum in France in 2006, and receiving the Excellence award in the Public Service Awards in 2011.

The Korean government established the **Cheongwage people's petition system** in August 2017. Through this portal people can freely propose ideas and suggestions on the 17 categories available, spanning from reform of the political system, international relations, defence and economics to societal issues such as the ageing population, climate change and the labour market. If more than 200 000 citizens agree to a petition within 30 days of being posted, high-level government officials (e.g. ministers or presidential secretaries) are required to provide an answer. During the first six months of service, more than 74 000 people were registered on the platform.

*Sources:* <https://www.epeople.go.kr/jsp/user/on/eng/intro01.jsp> (accessed in December 2017) and <http://english.president.go.kr/> (accessed in December 2017)

Despite these reforms and successes, with government digital services top in the world, the Korean people still expect more in terms of interaction and meaningful engagement with public institutions. The results of the OECD-KDI trust survey point to the issue of active listening by government, suggesting the need to build on the extraordinary digital capacities of the Korean government towards a culture of openness and engagement – beyond basic procedures for traditional information sharing and administrative exchange such as getting registration documents. For instance, while the government has provided general guidelines on the use of social networking services (SNS) for the Korean public sector, ultimately each government body and agency has developed its own culture and type of SNS usage, which varies in scope. Within government, efforts such as the “online spokesperson” system, where individual ministries and departments share their experiences in using social media and blogging platforms, are a step in the right direction (OECD, 2016). Box 3.7 presents the Danish strategy, comprising its most representative actions for achieving an integrated approach to digital welfare.

**Box 3.7. An integrated approach to digital welfare in Denmark**

The Common Public Strategy for Digital Welfare 2013-2020 is an important pillar in the Danish government's medium-term planning framework, Growth Plan Denmark. In this plan, modernisation of the public sector is expected to free up resources worth EUR 1 600 million by 2020. The Strategy is joined up across all levels of government, complementing the existing digital government strategy with a focus on digitalising public welfare services in seven focus areas:

- preconditions for digital welfare, including sufficient broadband coverage for people and businesses, establishment of a joint public solution for mobile security, joint security standards and digital competencies
- new digital methods in case handling, including freeing up resources through speech recognition, better evidence in social programmes, and increasing quality through better data sharing
- digital learning and education, including using digital teaching aids and educational materials in schools, digital exams, and digital tools for day care
- digital co-operation in the field of education, including a joint user portal for primary schools, a digital folder to store all educational certificates, and better sharing of digital learning tools
- national rollout of tele-medication, including identifying relevant areas, testing new patient groups and ensuring the necessary infrastructure
- effective collaboration in the health care area, including digital booking at hospitals, better use of patients' own information, implementation of a joint national medication card, fully digital communication in the health care sector, and increased use of video conferencing
- welfare technology and care, including the rollout of devices to help lift patients, use of robots in senior housing facilities, digitally supported recovery and testing of smart homes.

Source: DIGST, 2015 (<https://en.digst.dk/> accessed in December 217) and OECD, 2014a.

## Reliability

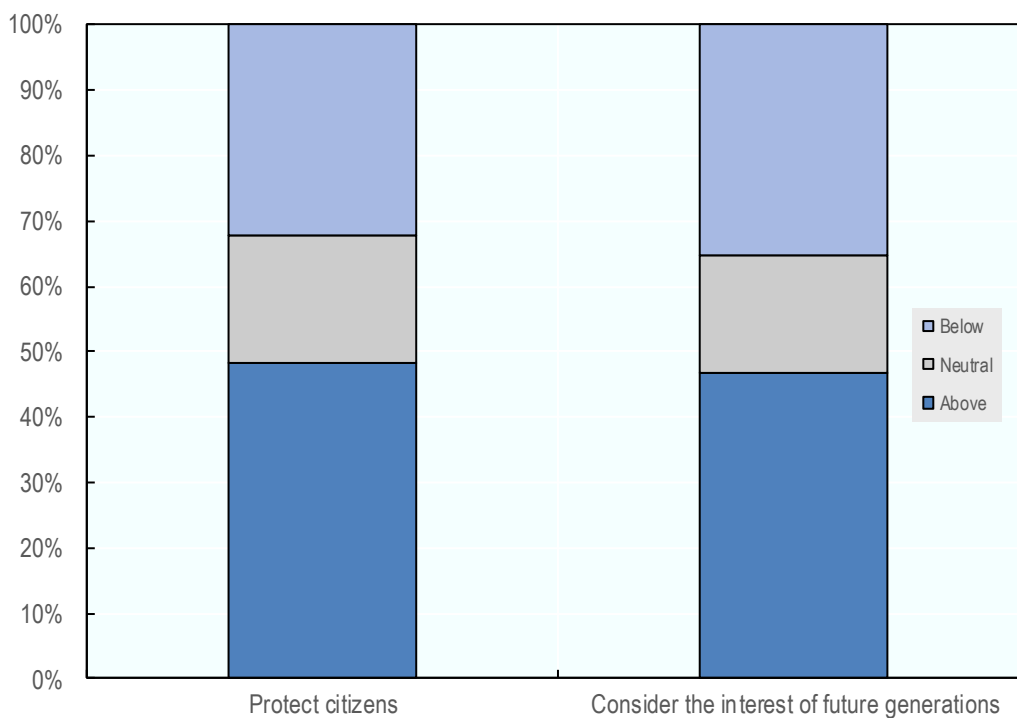
In addition to responsive service delivery, governments need to assess the economic, social and political environment facing their citizens, and act on them. This may mean adapting certain services (e.g. to climate change) or creating new ones, and also being able to deal with uncertainty in a consistent and predictable manner.

In the aftermath of a crisis, long term planning and risk management have proven to be essential functions of government, albeit not made institutional universally. Reliability as a dimension of trust responds to the delegated responsibility on government to anticipate needs, minimise uncertainty in people's economic, social and political environment, and act in a consistent and predictable manner. Reliability means anticipating and adequately

assessing citizens' evolving needs and challenges, and consistent and predictable behaviour, including of policies.

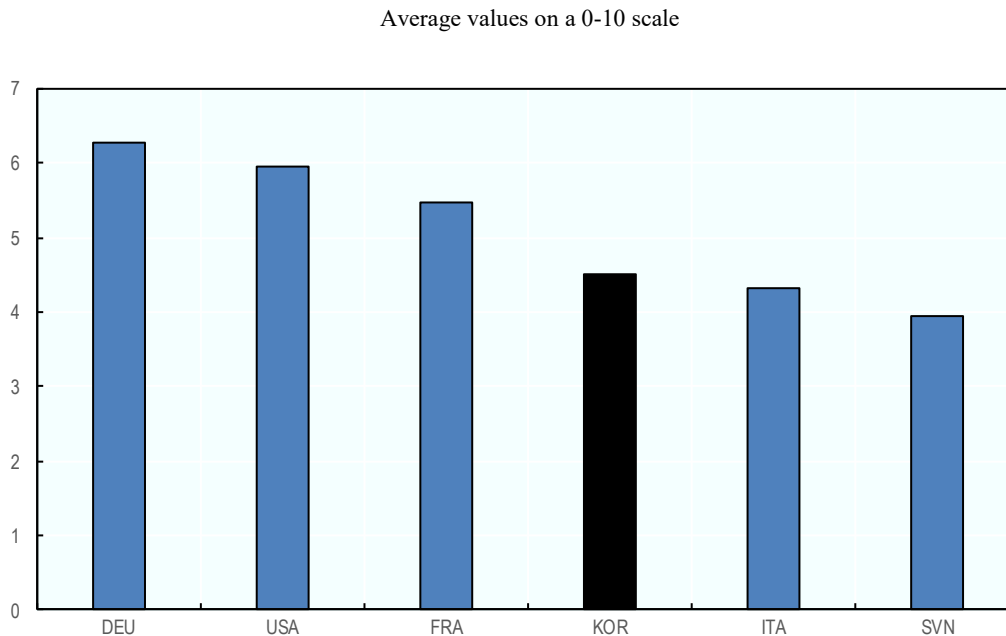
Improving government reliability is therefore essential to reducing uncertainty in society and generating trust. Figure 3.8 displays the percentage of the population who have confidence in public institutions to protect citizens and consider the interests of future generations. In both cases, slightly more than 50% of the population provided a score below 5 (0-4), showing substantial room for improvement in people's perception of government reliability.

**Figure 3.8. Percentage of the population with confidence in the government to...**



*Note:* Data corresponds to the percentage of the population who answered 0-4 (negatively) 5 (neutrally) or 6-10 (positively).

Using data from the Trustlab project, Figure 3.9 presents the average country score to the question: “Do you agree with the following statement: public institutions pursue long term interests?” On average, Korea (4.5) reports a lower score than Germany (6.27), the United States (5.9) and France (5.5); but is above Italy (4.3) and Slovenia (3.9). Notably, Korea's improvement of two aspects of reliability are shown to have a positive statistically significant effect on trust in public institutions: the perceived ability of public institutions to offer a stable policy environment for citizens and businesses to pursue their activity with an adequate degree of stability, and the ability of governments to protect citizens from risks, through adequate anticipation and planning.

**Figure 3.9. “Public institutions pursue long-term interests”: Average country scores**

*Note:* Average country scores to the question “Do you agree with the following statement: public institutions pursue long term interests?”

Data collection in Korea lasted from November 2016 to January 2017 and overlapped with large scale protests surrounding a high profile corruption scandal eventually leading to President Park Geun-Hye's impeachment.

### Stability of the policy environment

Reliability is affected by the quality of policies themselves, but more importantly, by the policy-making process. Policies that are put forward without adequate analysis, justification and consultation will likely fail at the implementation stage. Policies that are not based on consensus, or at least discussed among relevant representatives and affected institutions, will be at risk of failure from the onset. In turn, this will damage the public's perception of the government's capacity to consider the medium term, design the right policies and once designed, successfully implement them. Furthermore, an institutionalised process of policy making is self-reinforcing: when stakeholders “invest” in legitimate avenues for political participation (rather than circumventing the system), there is more accountability of political representatives and better public policies are achieved.

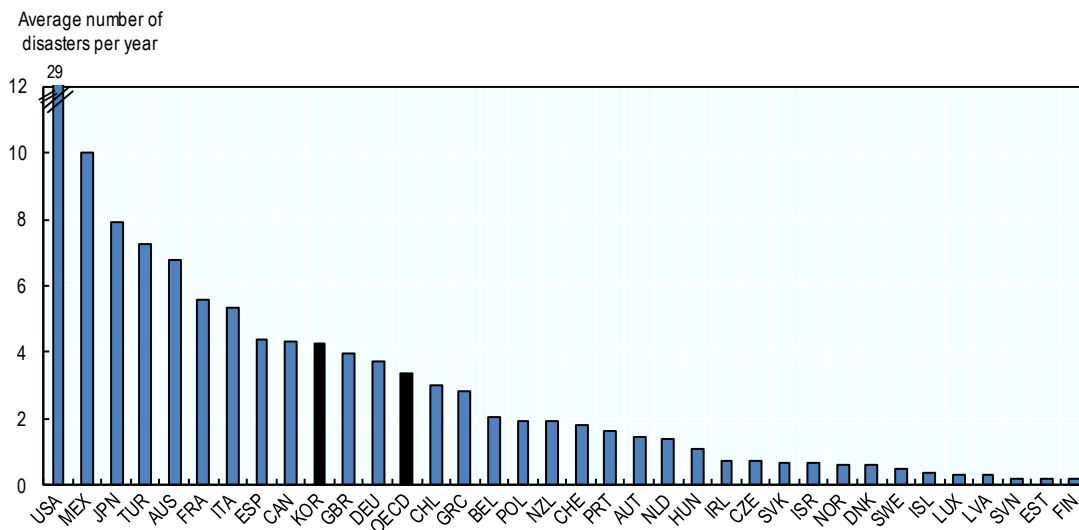
Feedback from OECD-KDI interviews point to several areas of concern in this regard. The first has to do with strong institutional competition among political parties and subsequent lack of collaboration on major policy reforms, which negatively affects the image of reliability (e.g. law propositions accumulate in parliament without being passed). The low level of trust that citizens express in the National Assembly is a reflection of this.<sup>6</sup> A single-term (five-year) presidency combined with frequent changes in the political parties and government ministers can also contribute to the perception of unstable governance. The second has to do with limited collaboration within the Korean public administration, which may undermine the co-ordination required for the successful implementation of whole-of-government policies.

In the World Economic Forum (WEF) Global Competitiveness Report 2016-2017, Korea ranks 26 of 138 economies (the same ranking as the 2015-2016 edition). While compared to the previous edition Korea's overall score improved, its relative position remained unchanged. According to the index assessment and based on the Forum's Executives Opinion Survey, the most problematic factor for doing business in Korea is policy instability. The main reason Korea continues to rank relatively poorly on the public institution pillar in the WEF methodology is the high level of administrative burden (ranking 85) and low level of transparency in government policy making (ranking 115) reported by business executives. In recent years, the number of regulations enacted by the Korean parliament has grown substantially; many of those regulations lack regulatory quality scrutiny or review (OECD, 2017d). Korea could benefit greatly from strengthening mechanisms to evaluate and measure the impact of regulations and ensure that parliament has sufficient evidence and capacity so that the legislature can know the expected impacts of regulations *ex ante*.

### *Effectiveness of disaster management plans*

OECD countries have been, and appear to be, increasingly exposed to disruptive shocks that have not only had significant adverse impacts on directly affected areas and people, but have also had substantial spill-over effects at national and international level. Korea faces foreseeable economic, social and political risks of slowing economic growth; an ageing population; increased concentration of people in large cities; economic assets in risk-prone areas; the threat from North Korea; and exposure to global shocks, among others. Unforeseen health-related emergencies, which Koreans have faced recently, also require adequate planning and risk management procedures. Figure 3.10 presents the average number of disasters<sup>7</sup> per year across OECD countries, between 1980 and 2006; at 4.2 Korea is above the average of OECD member countries. In turn, an increasing number of disasters is accompanied by high levels of human and economic losses.

**Figure 3.10. Average number of disasters per year across OECD countries, 1980-2016**



Source: CRED (n.d.), *The International Disaster Database*, [www.emdat.be](http://www.emdat.be).

Risk can be defined as the potential damage caused by a single event or a series of events. It is a combination of two factors. The first is the probability of occurrence of a hazard: a potentially harmful event which might itself be influenced by various factors. The second, vulnerability, reflects the potential damage inflicted by the occurrence of a hazard in terms of both direct and indirect consequences (OECD, 2014). In turn, a disruptive shock is a situation that causes serious damage<sup>8</sup> to human welfare, the economy, the natural environment or (inter)national security. Finally, resilience is understood as the capacity of a system to absorb disturbance and reorganise itself while undergoing change so as to still retain essentially the same function, structure, identity and feedbacks (OECD, 2014).

Disruptive shocks have occurred more frequently in recent decades but, perhaps more importantly, they are significantly increasing in their intensity and complexity. In this context, the Korean public institutions are called to take further action to increase their economic and social resilience. Such an endeavour requires generating the right incentives for risk management actors and the relevant stakeholders (see Box 3.8). It is crucial that the Korean government assesses its risk preparedness and co-ordinates risk management systems across all levels of government to ensure preparedness for all foreseeable and unforeseeable hazards.

### Box 3.8. Building effective risk governance

Ineffective institutions have undermined many of the valuable efforts to boost resilience. The OECD has identified a set of policy actions, specified below, aimed at increasing resilience levels:

**Promote forward-looking risk governance** that takes into account complex risks. In evaluating risk exposure, do not only rely on past disruptive shocks and linear risk modelling, but also consider evolving risk patterns, including demographic, economic, technological, and environmental drivers, as well as their inter-dependencies and potential cascading impacts.

**Establish a shared understanding of acceptable levels of risk** at all stakeholder levels. Identify methods that support governments, businesses, and individual stakeholders to determine their optimal or acceptable levels of risks, based on which risk resilience strategies can be adopted.

**Decide on an optimal and complementary mix of resilience measures.** Consider a mix of hard (e.g. infrastructure) and soft (e.g. planning) measures that take into account a multi-hazard perspective and hence complement each other, while fostering economic development through positive spill-over effects.

**Adopt a whole-of-society approach** to engage all actors in strengthening resilience. Such a strategy is essential to align responsible risk actors and their institutional frameworks.

**Acknowledge the important role of institutions** and institutional gridlock in making risk measures effective in increasing resilience. Identify previous shortcomings in the institutional set up that have caused government, market, and collective action failures in risk management and that have impeded the achievement of higher levels of resilience. Once such institutional bottlenecks are addressed, they present very cost-effective opportunities for boosting resilience.

**Employ diagnostic frameworks to identify institutional barriers** and realign incentives to boost resilience. Such frameworks can systematically detect what drives existing institutional shortcomings that impede increased resilience.

The framework suggested in this report offers a possible guide for policy makers.

Source: OECD (2014), *Boosting Resilience through Innovative Risk Governance*, <http://dx.doi.org/10.1787/9789264209114-en>.

## Opportunities for policy action

There is an opportunity in moving towards outcome-driven service planning and delivery. The traditional model of service delivery, based on individual administrative transactions, often following a silo approach to planning and evaluating, should be replaced with an outcome-based, whole-of-government approach. Understanding user needs and experiences allows governments to tailor service provision and improve access, including for disadvantaged groups.



Necessarily, this will entail the development of stronger mechanisms for citizen feedback and exchange with public institutions as suggested above. Introducing initiatives focused on better understanding user needs and experiences so as to then re-design and improve services could be a powerful tool on this direction. In turn, another example of mechanisms to promote a focus on outcome in service delivery that has been applied in a handful of OECD countries<sup>9</sup> are the Pay for Success Bond or Social Benefit Bond. This arrangement is a contract with the public sector in which a commitment is made to pay for improved social outcomes that result in public sector savings.

In addition enabling and encouraging innovation from within the public sector will be critical. The findings of the OECD-KDI survey suggest that citizens would welcome more initiative and flexibility for public servants to improve service delivery in particular, and government performance in general, by generating further opportunities and spaces for innovation. This is a shared challenge across OECD countries, where the benefits of hierarchy and orderly planning need to be aligned with those of innovation and challenging the “way we do things”. In turn, this will require upgrading the civil service in terms of diversity and skills, revising and updating processes that limit innovation potential, and encouraging cultural changes within the organisations.

The *Government Innovation Strategy* enacted by the Korean government provides a unique opportunity for considering for encouraging culture change within government organisations. The development of spaces for policy experimentation, such as regulatory sandboxes, for testing new solutions to public challenges could be a first step for creating an ecosystem that supports innovation.

In turn, as an anchor to these efforts, Korea should continue to invest in information technologies and innovation, which are already well established. Focus should be placed on promoting inclusive approaches to service delivery, encouraging stronger citizen engagement and fostering the whole-of-government co-ordination to enable joined-up service delivery. At the same time, attention will need to be paid to the significant gap in digital government service usage by age group, particularly considering the rapid growth rate of people aged 65 and over. In Korea, more than 90% of the younger generation have used the Internet to interact with public authorities, compared to 30% for the older generation.

Continuing to strengthen the reliability of government processes, risk-management procedures and emergency response plans to face unexpected risks have a high potential to influence trust in public institutions. Reviewing and adjusting the mechanisms for dealing with hazards will help manage unanticipated and novel types of crises. Among other elements the revision should seek to guarantee flexibility at the local level combined with the capacity to co-ordinate among different a sectors, and to integrate new stakeholders for coping with all foreseeable and unforeseeable hazards. Enhanced emergency planning, reviewing the functioning of the multi-hazard warning system and implementing modernised crisis communication tools are also potential areas of development.

In addition, attention should be paid to the institutional arrangements and capacities governing the process of policy making in Korea. A policy-making process conducive to trust builds on reliable, relevant information, provides a clear information exchange structure and effectively articulates behaviours and expectations of different actors, thus facilitating an engagement process that achieves credible compromises, aligned with the public interest and conducive to implementation (OECD, 2013). In turn, sufficient evidence and capacity should be available for assessing policies’ expected impact. Although beyond the scope of this report, these elements could serve as a starting point for identifying areas

of improving the process, the actors and their relationship for policy making in Korea. Defining a set of long term national priorities acceptable to all institutional actors and spanning beyond the five years political cycle could help overcome some of the boundaries of the policy making process.

Likewise, pursuing stronger stability of overall policy direction and specific policies, including by simplifying those that may be posing barriers to market entry, could help bridge existing perception gaps of public institutions' reliability. Promoting collaboration – between government agencies as well as between government and citizens – is key to demonstrating that the government can reliably anticipate and respond to citizens' needs, and thus design policies that will reflect a whole-of-government approach.

These efforts could be anchored on a stronger whole-of-government, long-term vision for Korea, supported by clear policy packages, which is inclusive of all (particularly youth, as discussed earlier), and takes into account the interests of future generations. Delivering outcomes (a good overall marker of government competence and reliability) starts with setting a vision that charts the way, and helps align the public sector – but also society at large around shared goals. This vision could serve as the basis for identifying key national indicators (as other OECD countries are in the process of doing) that in turn shape policy packages and individual policies around shared outcomes. An important first step is to align institutions using multi-dimensional objectives. The success of these objectives will depend on different institutions co-operating with each other, both horizontally across government and vertically between the national and local governments (OECD, 2017f).

## Notes

<sup>1</sup> An alternative or complementary way of looking at this “mismatch” problem is that SMEs that offer good jobs are insufficient in number and SMEs that are characterized by low productivity and little growth potential persist, due in part to government support. It is more a business ecosystem problem than an education problem.

<sup>2</sup> Percentage of the population who answered “yes” to the question: “In the last 12 months have you had a direct experience of the health care system?”

<sup>3</sup> Percentage of the population who answered “yes” to the question: “Are you currently enrolled in an educational institution?” or to the question: “Have you or your children been enrolled in an educational institution during the last two years?”

<sup>4</sup> The OECD has recognised that innovations should have two characteristics: first, an innovation must be implemented, meaning that it cannot just be a good idea, but must be operational. Second, an innovation must be either entirely new or a significant improvement of products, services or processes

<sup>5</sup> A government innovation platform has been developed for allowing citizens to participate in setting the innovation agenda, debate and vote over innovation initiatives. When over 1,000 citizens vote for an initiative and more than half of the participants support it, the initiative is transferred to the Government Innovation Committee for an official review. The results of this review are disclosed online. When an initiative is adopted, the ministry in charge of the agenda will integrate it as part of its official agenda. The government innovation platform is at [www.innogov.gov.kr](http://www.innogov.gov.kr)

<sup>6</sup> Further work, beyond the scope of this case study, would be required to better understand the broader political economy of institutions that may be negatively affecting the policy-making process in Korea.

<sup>7</sup> For a disaster to be entered into the database at least one of the following criteria must be fulfilled: ten or more people reported killed; 100 or more people reported affected; declaration of a state emergency; call for international assistance.

<sup>8</sup> Serious damage is defined as: loss of human life; human illness or injury; damage to property or infrastructure; homelessness; business interruption; service interruption (including health, transport, water, energy, communication); disruption in the supply of money, food or fuel; contamination or destruction of the natural environment.

<sup>9</sup> For example, the UK is testing a six-year Social Impact Bond at HMP Peterborough prison, to address a gap in current service effectiveness. The pilot is focused on working with adult male offenders sentenced to less than 12 months in custody and released from Peterborough prison. The pilot project focuses on the delivery of the rehabilitation service and support interventions to about 3.000 members of this group, so to achieve a reduction in re-offending. Only the reduction in re-offending rates will trigger payment to the implementation agency. There are a number of international examples of initiatives designed along similar lines including schemes working with juvenile offenders in the United States.

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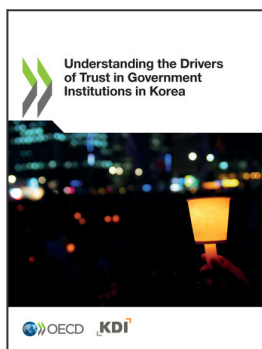
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**From:**

## **Understanding the Drivers of Trust in Government Institutions in Korea**

**Access the complete publication at:**

<https://doi.org/10.1787/9789264308992-en>

### **Please cite this chapter as:**

OECD/Korea Development Institute (2018), “Drivers of trust in government in Korea: Competence”, in *Understanding the Drivers of Trust in Government Institutions in Korea*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/9789264308992-6-en>

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