



A Participatory System in the Department of Public Procurement Service (PPS)

- Getting close to a customer and being in a customer's shoes -

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Case Overview

This is the innovation case where Public Procurement Service (PPS) innovated its operational processes in 2005 in order to foster customer satisfaction. The participatory public service systems, newly established through the innovation, are designed to actively monitor any possible inconvenience of the customers and address them on each step on the basis of causes of the inconveniences. This is one of the most successful innovation cases in promoting customer satisfaction. Other governmental organizations have been trying to apply the systems to their organizations.

I. Why does the Public Procurement Service (PPS) need innovation?

The Public Procurement Service is a central government procurement agency which purchases and provides goods and services needed for the operation of various government organizations. Based on the procurement of 2004, it was in the center of an enormous market of 8.1 billion dollars, which is the same amount as 10% of the Gross Domestic Product (GDP). Suppliers continuously contact and negotiate with officials in the PPS in order to have the opportunity to participate in this gigantic market. Meanwhile, citizens, who finance the organization with their taxes, requested the government provide higher-quality public services

The PPS, which is the closest government department to the people, is under relatively high pressure to provide better quality service. Along with the demand from outside of the department, internal demand in the PPS has also been raised. These recent demands have led the department to restructure and innovate its system. It is true, however, there has been a lack of understanding of the improvements needed in the organization. The PPS cannot always provide customer-oriented services because its main position is to procure contracts.

This case study examines what factors will lead the PPS to make a change towards customer-oriented public service. You will also see whether the trials have accomplished the original goals and removed bottlenecks while the PPS has restructured and established new policies. Before we get into the details, the study will introduce the background of this innovation and the system of participating in public affairs in the PPS through illustrating the cause-effect aspects of the case.

II. The background of innovation in the PPS

1. The time of reform: swimming with the current of the times

(1) Government to Market? Market to Government?

The extension of the role of government started in the 1930s, and this could be understood as a lesson in 'market failure'. The belief that a market automatically solves any possible problems had been broken, and abroad it was thought until the end of World War II, that the government's visible hand



should solve these problems. From the 1980s to today, there has been a movement to go back to a market system, which came from the recognition of “an untrustworthy government” caused by government failure.

Although government is a necessity as long as human society lasts, it is the time to make an internal effort to recognize and solve the problems of government rather than going back to the old market system. As we have improved the market in the last 50 years, this is the time to make a change for a better government. The innovations of government may be seen as an effort to seek its rightful role under the assumption of previous governmental failures. Many scholars agree that innovation is a mobilization process of doers’ abilities to solve problems, caused by external pressures. Along with this argument, OECD countries have tried hard for modern governments based on New Public Management for the last 20 years. At the beginning, due to financial problems and an economic deadlock, the UK, the US, and the Scandinavian countries were in the center of this movement to increase efficiency in public affairs by downsizing their governments, improve management, and the separation of commercial businesses. Nowadays, each country in the world pursues fundamental innovation including governance, strategies, risk-management, and adaptation to changes as well as efficiency for “better government” in rapid environmental changes.

The background, being an issue for governmental innovation, is listed below.

First, it became generally acknowledged that government expenditure needed to be redistributed in the range of an existing source of revenue (‘new spending needs old money’) because governmental growth had been maxed out by high public expenditure and the accumulation of financial losses.

Second, the complication of the market and variable and unpredictable administration needs require the continuous development of new public services and a reexamination of the role and functions of government.

Third, the need and usability of various ways for public administration services have increased through the partnership between the people and government.

Fourth, the expectations of the people, who now have better wealth and welfare levels, have increased in their openness to change, ability to cope with the difficulties, and responsibility as well as quality and choice of public services.

Fifth, it is increasingly challenging to enlarge government responsibility without enough revenue and resizing.

The main point of these is that we should keep away from Neo-liberalism, which insists on going back to the market system on reasons solely based on faith in the market. The new public management ought to be ideologically based on the notion of improving the government. Innovation will be its survival strategy, especially for continual development of the community.

The situation in Korea is the same as discussed above, and the movement to reform the public service area has started due to a change in people’s awareness while the society has gone through a rapid transition of time and environment. Finally, public service has turned from ‘official-centered to people-centered’ as a way of adapting to competitive environments. We are now understood to be at a movement of innovation where the people and public officials are well aware that this is a beginning era of government innovation, moving towards a completely new goal.

(2) E-government, pressure apparatus for innovation? Means of reform?

Various social changes are following on the heels of the development of new Information Technology. The Introduction and development of e-government



can also be understood in this vein. There are two important aspects. First, it is possible that the citizen's participation can be extended. This can put pressure on the government by increasing public awareness. Through the development of e-government, the opinion of citizens is examined and reflected in government policy as well as in simple public affairs and the restoration of public democracy. Second, e-government's development has the possibility to act as an extra government official and can provide administrative service more conveniently and quickly. It can be an important aspect that fertilizes an internal environment propelling government reform.

Finally, the appearance of the e-government acts as an external factor that makes citizens demand government reform. However, it is understood as a very important event that leads the government reform age, because it is an important means that can propel government reform more effectively. Participatory government is trying to embody the reform drive according to these discussions, and this effort is exerting a lot of influence on each government agency. This is the Participatory government's reform motto - improvement of the people's satisfaction and quality of life, strengthening of country's competitive power, and pursuit of continuous and active reform. Reform begets more reform. The PPS indicated that it would reform public affairs and systems as well as internal government business. This is very timely.

2. Discussion about system improvement as a part of government innovation

(1) Where is a departure in the discussion about public affairs system improvement?

The first innovation in the public affairs service system was accomplished by

the President's instruction that the Ministry of Government Administration and Home Affairs should construct a bottom-up solution system and report on it in their annual report session in 2003. As previously stated, desire for the betterment of public affairs arose with the change of the social environment and consciousness as well as the change of administration. The government started improving public affairs services to correspond rationally and efficiently to these desires. However, the improvement of the public affairs service system was not achieved consistently, so these problems began to be discussed in light of the President's emphasis on innovation through system reorganization.

After that, the Ministry of Government Administration and Home Affairs operated a participatory problem solving system, which was designed to improve the quality of life through restructuring the public affairs system. They collected public input. They were able to enhance the participatory government's reform by improving public convenience as they access government services..

After these improvements, each ministry and office held public forums and conferences related to the public affairs system and began to discover and revise the problems they found. These enforcement regulations were disseminated to each ministry, and almost all began to execute these improvements. The PPS played a leading role and achieved good results.

(2) PPS's understanding of the new and improved public affairs system

The PPS began to plan a change in organization to cope with the rapidly changing procurement environment. By moving from a supplier-focused procurement system to a consumer focused one, we found that we had to unify our supply systems and provide quicker service. Also, the internal and



external environments were changing accidentally as a result of increasing diversification of customer requests and demands for to place more emphasis on design and quality, diversification of supply method, planning and consultation of construction, and consulting compared to previous low-cost bulk purchase requests. The traditional bureaucracy could not cope with the rapid change of environment and was limited by its own organization.

On the basis of this change, the PPS promoted an electronic procurement procedure in 1977 in order to improve public service and to accomplish supply service effectively. In 2003, it developed a Government e-Procurement System (G2B), which made on-line trade possible without visiting government agencies and public offices. Through the G2B, supply companies and public officials could handle all supply processes such as bidding, contracts, payments, and the inspection of tenders.

The PPS established an Internet civil affairs call center, and judicial affairs backup center so that they could immediately solve any problems that the enterprises were encountering. Instead of the PPS, they provided various procurement services which each public institution executed, such as bidding registration, consultation, authoritative interpretation of contract and so on. As a result, the public's degree of satisfaction in government service became higher, which can be found from evaluation of the state affair-conducting agency; it went up to the second place in 2004 from the third place in 2003 among 49 central administration agencies. Also, the PPS was selected as one of the best organizations in the government's comprehensive evaluation of all government organizations.

The E-procurement system of the G2B was awarded the United Nations Public Service Award (UNPSA) and was introduced as the most successful case of government innovation in the global seminars held by the OECD,

World Bank, and Transparency International. However, the problem was that the degree of citizen's satisfaction for procurement administration was dropping continuously. (From: 79.2 point in 2003 to 77.8 point in 2004) The PPS, which aimed to be a world-class supply organization, was shocked at this result. The PPS then tried to recover the decreasing satisfaction levels.

The PPS pointed out that customer's expectations were rising at a high speed and that the PPS was too self-satisfied. The PPS started to get a thorough grasp of the problem through a customer opinion survey of public opinion and business briefing session, and expert interviews.

Although 500,000 consultation and grievances regarding public affairs are accepted each year, organizational improvement was not achieved to solve the people's discomfort or handle their requests. Public officials worried about conflicts of interest during contract negotiation and execution and worried about the public's percept of that. Because of these reasons, they could not handle public affairs actively. Traditional practices were increasing, especially in the matter of the municipal government's self-supply.

The bottom-up public affairs management system was proposed to renovate the administration system, procedure, and quality in addition to changing the digital method of the e-procurement system.

In August 2004, 220 people were selected as monitoring members and two councils were established to find a solution: the Council of Public Affairs Improvement and the Conference of Public Affairs Resolution. This conference was held by the people, with government cooperation. But the bottom-up public affairs management system was not firmly established. Among 72 cases of system improvement, only 6 cases (8.3%) were sought by the external monitoring members. Besides, the conference, held under the



supervision of the government, was held only 4 times. According to an outside professional institution, citizens' satisfaction of the first quarter in 2005 was low, dropping 1.3 points compared to 2004.

Furthermore, various problems were continuously being brought up. Requests for supply through the PPS are mandatory by related laws. For example, the following orders should be done through the PPS: purchase of goods of more than 70 million won, construction of government organization of more than 3 billion won, and PQ, turnkey, and alternative tender of municipal government, so the concept of service or customer was insufficient. The problem was a lack of prompt, high quality services to meet these diverse needs.

People also complained about the diversity of goods and services. The people said that there was nothing good to use. Although administration office supplies and public facility materials were provided through an Internet shopping mall, the items were not diverse enough to satisfy the various demands. If each organization purchased goods individually, the costs for information searching would increase and would not have price reductions from bulk purchase, so they had no choice except the PPS. But clearly they were not happy with it.

The construction order consisted of complex processes such as planning, design, contract, supervision work, and A/S. But the PPS's service was limited only to the contract phase and lacked in professional areas like planning and designing.

One of the most serious mistakes in Korea is to ignore the customer's demands. The PPS also tried to avoid difficult matters when related regulations were ambiguous or there were no similar instances. It did not try to deal with each organization's request with a customized approach, instead

choosing a one-size-fits-all method that was much simpler for the agency. This led to a breakdown in public confidence in the services provided by the PPS and made it difficult to reform the public affairs system.

III. PPS's effort for reform

1. Switching to an innovative system

To reframe the public affairs system, the Participatory government integrated and expanded its functions, organizations, and manpower in each organization. By raising each head's degree of interest, each organization reformed a process of restructuring the public affairs system, 'find-improve-supervise after the improvement', and revved up the negotiation between the public affairs and the public officials who were in charge of restructuring the system.

Through a participatory solution of the public affairs system and pushing the restructuring of the system forward, it activated the people's participation online and offline for this restructuring work. The government also emphasized interactive communications with the public and continuously maintained related systems and customs to encourage citizens' groups and experts to participate actively in the restructuring tasks. The government also propelled the restructuring job for the public affairs system more actively and fundamentally to solve deep-seated repetitive problems in the current system and listen more carefully to excluded members of society, like the poor.

The government activated the partnership among its organizations, established a special training course, and had various seminars and report



sessions. The government also improved the quality of the public officials who were actually in the public affairs spot by drawing up a plan to raise their morale.

There was still a long way to go, and tension was building within the PPS. But there was also clearly a desire within the organization to make a change. In January of 2004, all public officials in PPS who were in charge of the public affairs began to debate amongst themselves about what needed to be done. They concluded “The situation is now worse than the early stages when we established G2B. At that time, we had passion and we were full of confidence for its success. Now, we are not able to look the realities in the face because we have flattered ourselves from the small success we had. From now on, we should find a new way to grow and be on our own for the future.”

Although this sentiment spread through the department, their plans were still vague. To have detailed studies, they made a practical research group with eight members; four internal members who were third grade-I officials and clerical officials and four experts from outside of PPS who had expertise. The first thing the group did was a SWOT analysis - Strength-Weakness-Opportunity -Threat. It was necessary to map out a strategy that worked for different situations based on an accurate examination of internal and external environments.

To overcome the critical moment by renovating the electronic supply service and to find new ways to spring toward growth, the group chose two core strategies based on the analysis of SWOT; offering customer-designed service by bringing in the Customer Relationship Management (CRM) which helped the people to take care of their businesses without visiting the PPS office.

To optimize public service, they established a strategy for to create an advanced electronic supply service using CRM. The goal was targeted to offer

a differentiated service for each customer by CRM and to make this service more approachable.

The majority of PPS officials, especially in the departments where they had made an effort to build and maintain the old system, did not welcome the introduction of this strategy. They said, “Now it is not our job but the public affairs department’s” and “We made the current system stabilized so far. Why do you change things again?” They ignored and objected to the new strategy. The head of PPS and the public affairs officials rejected those complaints and took the lead in bringing in the strategy.

There had been no precedent for introducing the public affairs system in the public divisions in Korea. They had to benchmark the process that the Ministry of Government Administration and Home Affairs had made in the past. After they started trying out the new strategy, they organized and managed an operations team who actually carried out the tasks, a supporting team with some officials from each department and local government, and a users’ council with the public organizations and the suppliers.

Successful innovation in an organization cannot be guaranteed without the voluntary participation of its members. Especially in the case of the public affairs service, it is the keystone to their success that the need of users is reflected in the construction of a system by public organizations that listens systematically and effectively to users’ various voices. The PPS held weekly sessions for three months in each division to collect users’ opinions.

It seemed that there were no more objections to the innovation with these series of efforts. While the process of restructuring the system was progressing, however, internal resistance floated to the surface. “We were annoyed with the whole idea of innovation, now the government is making it



even more difficult and we don't really understand why."

To overcome this resistance, the CEO of PPS became change agent. The reforming Council of Leading Members vowed to have service quality judged only by customers. Whenever objections were raised, they shouted them down and called on everyone to focus on the customers, to find their unknown needs and offer new services.

Through this process, the PPS set its goal to become 'a public supply organization that is a hardworking, trustful, and advances enterprise' and took the first place of 'This Year of Organization' among the central administration organizations in February 21, 2005. They established a plan for the improvement of the quality of service, monitored customers' complain at all times, and set a regular meeting for the public affair service under the supervision of executives.

After their performance in the first quarter of 2005, it became apparent that the external monitoring team had not been that active and was working below expectations. In the beginning of 2005, the findings from the customer service call-center for improving its system were being very active, but the external monitoring team was not improved in giving suggestions. In the case of some organizations that have had direct relationships with the PPS, they were concerned about the chances of failure in their business because the PPS has been in the center of the conflicted relationship between the suppliers and the organizations. Therefore, those organizations didn't positively handle the public affairs and made an effort to solve those fundamental problems. The Committee of Inspection for Procurement Task recently has had a great amount of other inspection tasks, so they were not able to fully concentrate on an in-depth investigation.

Therefore, the PPS has improved the standards of system management and its process and added more plans to handle their tasks and public affairs at

the same time by arranging limits of some organizations' tasks that were in charge of the public affairs and deliberations related to making a contract. From passive handling of each public affair to the active finding and solving of the people's inconveniences, the PPS endeavored to imbue the system with true entrepreneurial spirit and create a bottom-up public affairs management system that checks customers' inquiries and complaints continuously and systematically.

2. Participatory civil affairs system of the PPS

The PPS organized the participatory public affairs system and categorized it according to three main parts. First, the PPS strengthened a monitoring function at all times, so they were able to find people's complaints and solve them actively. Second, the PPS promptly processed the task from the first part by four steps of the public affairs solution system, which was based on its causes. Third, the PPS brought in an evaluation system, which motivated PPS members to continue their voluntary efforts, so that reforming the system became the culture of the organization.

The PPS increased the monitoring staff from 220 in 2004 to 1,058 in 2005 and divided its operating area into five specialized areas; purchasing goods and services, making a contract for facility construction and its management, and an e-procurement system. Besides, they nominated 60 excellent employees as a monitoring team for finding a task to restructure the system and public affairs specialists for immediate task collection.

They also converted the government procurement call center, which had offered customer services such as online consulting, a call center, and FAQ service, to a submitting team that would pose a case for restructuring to



manage G2B more effectively. G2B had had 20 millions hits a year, so the PPS was directly responsible for the efficient running of G2B as well as public procurement.

As a result of analyzing the public affairs related to public procurement and the people's inquiry, the PPS found that people's complaints came from various backgrounds: the current system and the law, the process of affairs, employees' practice, and the electronic system. They supplemented the old system to create an advanced 4-step public affairs system that was differentiated by causes, so it would work more effectively.

As the first step, a Weekly Customer Satisfaction Meeting was formed among the customer support team, the information planning and management team, and the G2B maintenance team. The meeting was held every Friday and made immediate suggestions as to how to handle some matters that could be solved relatively quickly.

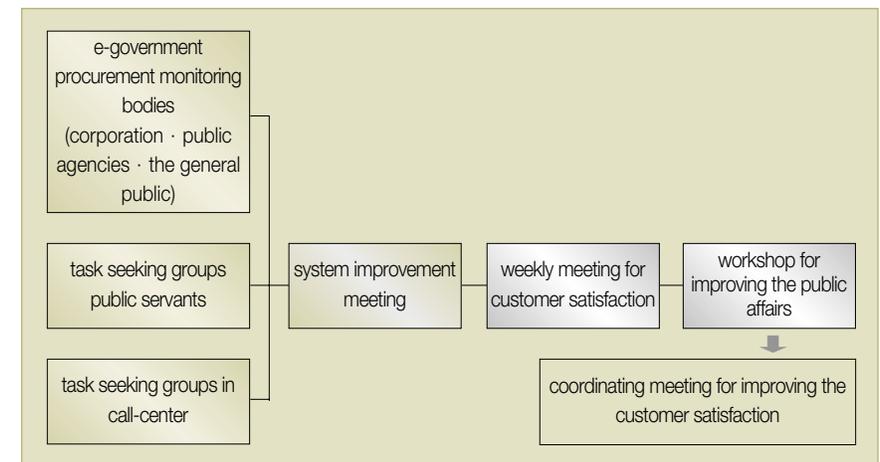
As the second step, the Practical Council of Restructuring Public Affairs and Systems made good progress toward better practices, which had required the involvement of all the responsible managers. The council presided over a discussion between the customer support team and the information management team, so they would be able to do a practical examination of the procurement system and related policy and take suggestions from both users and related personnel.

As the third step, the Consultation of Restructuring Public Affairs and Systems focused on improving irrational systems or laws and regulations. They placed themselves in the people's stead and suggested fundamental resolutions.

As the fourth step, the PPS formed a council under the supervision of the

Minister of the PPS that involved the public, outside specialists, and the public affairs officials. It tried to solve some other matters that couldn't be solved due to their characters; social issues, conflict of interests between different groups, and conflicting systems.

<Figure 1> Process of task finding and examination for reforming civil affairs system



<Table 1> The standard for giving points to the e-procurement monitoring team

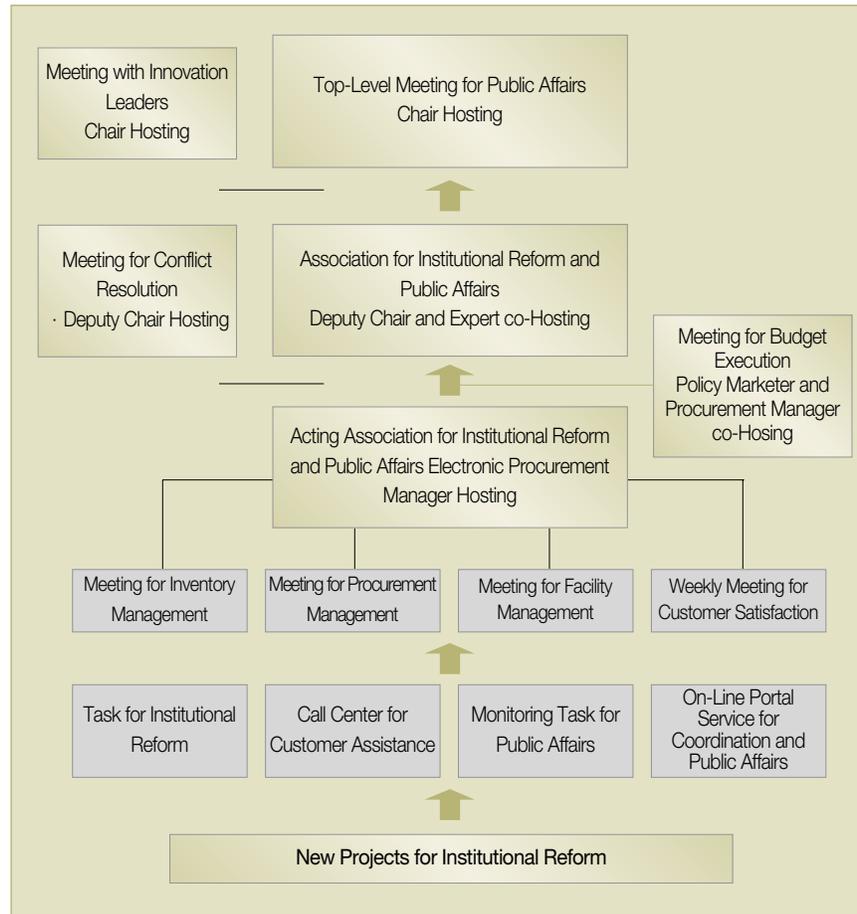
Criteria	Mileages	
Suggestions/proposals	PPS responsible (a matter)	1pts
	Practical examination	5pts
	Submitting to councils	10pts
	Acceptance of the proposal	20pts
Participation in debate	Raising a debate subject	10pts
	Participation in a meeting(a time)	3pts

Through the process shown above, the PPS created a scheme of participatory public affairs reform system, as seen in figure 2. In the scheme, it



has a very similar structure to the whole government public affairs reform system. The PPS has vowed to push forward with the reforms through continuous monitoring and through the creation of practical plans.

<Figure 2> A scheme of the participatory civil affairs reforming system



3. Efforts for improvements

The PPS proposed a plan including four ways to improve its system and active participation in reforming the public affairs system.

First, the PPS determined to choose a method of reform by operating the internal and external monitoring teams to obtain and understand the grievances of the people. In 2004, it was composed of 220 members who were deeply interested in procurement administration from various public organizations and suppliers, as well as ordinary citizens. However, debates were not active, and the result fell short of its original expectation. The PPS had newly invited more volunteers who had experience in procurement as ‘a citizen-centered e-government procurement monitoring team’ and enlarged the team to 600 members in 2005.

The PPS ran another internal team, the ‘Finding reform tasks monitoring team’, and established it in the organization. The PPS chose employees from the headquarters and each local branch who had had lots of practical experience and had a high desire for innovation, and nominated them to an exclusive monitoring team to receive customers’ suggestions. The PPS sent an appreciation letter to the outside monitoring team, posted reform details on the PPS web site, and invited them to various PPS workshops and exhibitions if their suggestion was selected as a reformation task. The PPS also provided a gift certificate of 50 dollars to the best members for their service. For the inside monitoring team, the PPS reflected their accomplishment in finding reforming tasks in the evaluation of each person and division, and so led them to voluntary efforts for better service.

Second, The PPS introduced the Practical Council of Restructuring Public Affairs and System and handled public affairs on the spot. The PPS uncovered



more demand for reform from the customer call center and through the process of conducting public affairs. For these reform tasks, the PPS gave incentives to each division that suggested effective and speedy resolutions. PPS officials found 161 cases of reforming tasks and, by July of 2005, had submitted proposals to the Weekly Customer Satisfaction Meeting and Council of Restructuring Public Affairs and System. .

The Consultation of Restructuring Public Affairs and System, under the supervision of the customer supporting team leader, CFT, ran an immediate resolution system. That was also utilized on the G2B and PPS websites. The Weekly Customer Satisfaction Meeting was made up of some specialists from the customer-support center, the information planning and management team, the G2B maintenance team, and the strategy marketing team. The meeting was held every Friday and suggested immediate solutions to handle some matters within the range of possibility to solve quickly.

The Budget Execution Committee held a monthly meeting, under the supervision of leaders in the public relations division and the e-procurement division, and determined the priority of investment for prompt actions on demands for reform that had been discovered. The Practical Council of Restructuring Public Affairs and System, under the supervision of the e-procurement division, sought solutions for tasks that could not be solved.

Third, the PPS created the Consultation of Restructuring Public Affairs and System, which sought a resolution to a customer's position. The Committee of Inspection for Procurement had previously undertaken this task. This committee recently had a great amount of other inspection tasks, so they were not able to fully concentrate on doing depth investigations. In 2005, the PPS initiated the Consultation of Restructuring Public Affairs and System with ten nongovernmental experts who had procurement-related expertise from

academia, NGOs and lawyers. Under the supervision of an assistant director and the president of nongovernmental delegates, this consultation group discussed the suggested reform tasks and laid out a fundamental scheme for the people's position.

To activate the Consultation of Restructuring Public Affairs and System, the PPS authorized it to be a subject of the reforming public affairs system and was placed to screen a contract related to public affairs under the control of the consultation. The PPS sent a case to the consultation in advance and activated its performance by providing a budget for its meetings and activities.

Fourth, the Minister of the PPS took over the lead of the Council of Countermeasure against Public Grievance. It used to be under the supervision of the CEO. However, its activity did not meet expectations because it could not arrange complicated interests objectively.

In 2005, the PPS reconsidered its capacity for objectivity and acceptance of all members of each committee in the PPS with a pool of 190 outside specialists. The PPS made an effort to seek a resolution plan for main public grievances and accepted it as something that needed to be reformed with the cooperation of the Minister of the PPS, the citizens, the outside specialists, and the heads of each local branch.

To achieve this, the leader of the customer supporting team had a weekly report session about main public grievances and resolution plans in the Reforming Council of Leading Members, which is under the supervision of the CEO. The Council of Countermeasure against Public Grievance, under the supervision of the Minister of the PPS, promptly tried to solve some other matters that couldn't be solved due to their characters, social issues, conflict of interests between different groups, and conflict of systems. For the matters



that required cooperation of other governmental departments, or were related to several other departments, the PPS requested a joint committee under the supervision of a reforming system secretary to the Cheong wa dae (the official residence of Korean President) or Meditation Council of Reforming Public Affairs System, which was under the auspices of the Prime Minister.

4. Results of innovation

As a result of all these efforts, the PPS found 227 reforming tasks by September, 2005 an increase of about 202.7% compared to 2004. This was made possible because the sentiment of all the participants had turned towards participatory public affairs and by reforming the system through internal and external monitoring. The impetus for identifying these areas that required reform came from the customer supporting center and the call center in the beginning but later reverted to the divisions that were closest to the customer after the PPS began its points system in July of 2005.

The PPS established a resolution system for public grievances and all kinds of irrational systems, processes, and practices that related to governmental contracts. The Weekly Customer Satisfaction Meeting handled the users' complaints related to G2B on the spot, so the G2B system could be operated without obstruction. The rate of replying to customers' calls was about 80% in the first quarter, however it went up to 98% in the second quarter. This made it possible to handle procurement-related public grievances and support the PPS perform without a setback in business for public procurement with 20-million participants yearly.

IV. Removing the Obstacles and Moving Forward to the Goals

1. Process of overcoming obstacles: What the PPS accomplished

At the early stage of introducing the participatory reform-based public affairs system, PPS officials complained that they were too busy already to undertake reform.

One suggestion was made to convert the call center, which had taken the most complaints regarding the irrational system, process, and practices related to procurement service, and give it the task of uncovering areas that required change. The employees of the center then complained that they had too much work. This seemed to be true based on the fact that they received 70 to 100 times the amount of online and offline consultations daily for G2B related information and overall procurement service as well as handling public affairs on the spot.

Finally, the PPS rewarded the outside part-time representatives and their team for their excellent positive achievements every month, and gave points to inside employees to reward excellence

A suggestion had been made to run the Consultation of Restructuring Public Affairs and System as an organization of conflict arbitration. Consultation of Contract Screening used to be composed of inside members, so issues were being raised because of its lack of acceptance capacity, and public affairs problems repeatedly occurred. Therefore, the PPS converted it to a Consultation of Restructuring Public Affairs and System comprised of outside



members and sought a resolution plan for a customer's position. For one particular case of reexamination that an unsatisfied customer made, the PPS newly organized the Consultation of Arbitrating Dispute and linked it to the Consultation of Restructuring Public Affairs and System for a satisfactory settlement. As a result, the PPS was able to quickly solve the main conflict of procurement service to the government, which was about allotting the quantity of resources between associations and Veterans Welfare Corp. This enhanced PPS's goods supply, and it contributed to restore the credibility of the PPS.

The Budget Execution Committee held a monthly meeting and determined the priority of investment for prompt actions on reforming tasks.

The PPS created an advanced 4-step public affairs system that was differentiated by causes to settle the people's grievances. The people had had the idea about that there wouldn't be a change, although they brought an action against its irrational system, causing deep distrust of the PPS.

Through this 4-step public affairs system, the PPS handled the people's grievances promptly and let them know the results, leading the public to make additional requests on more substantive matters.

2. Satisfactory settlement of the system

Generally speaking, the most important successful element in the participatory reforming public affairs system is the PPS's effort for self-innovation. The detailed efforts are listed below.

First, the PPS set a goal of 2005 as a government service organization that is a hardworking, trustworthy, and advanced enterprise under the firm command of the Minister of the PPS. He announced several times in research

conferences and leading members' meetings that the PPS would propel the people's participatory innovation with practical use of its public affairs service function. The leader of the customer supporting team attended the Weekly Reforming Council of Leading Members, which is under the supervision of the CEO, and directly reported the customers' complaints, requests, and changes. It led the PPS to develop a customer-centered management system.

Second, the PPS has an open and productive culture among its inside members. All the members of PPS have a desire for innovation and that has made it possible for the PPS to be selected "an excellent organization of governmental innovation" for straight five years. A culture has matured where they are able to actively reframe the procurement system, its process, and practices from supplier-centered to customer-centered. In particular, the customer support team performed well in dealing with customers, so they were selected as the best division in the first quarter of 2005.

Third, the PPS was in a good position as the central procurement organization with G2B, so it was able to increase a tendency for relying on the PPS's call center and its public affairs service system to handle procurement-related inconveniences that public organizations and suppliers would use everyday. The governmental procurement call center supported the settlement of more than 0.5-million cases of procurement-related inconveniences a year. The PPS made a regular diagnosis and analysis of customers' grievances and continually reflected its results into the innovation of its procurement systems, regulations, and process. If the PPS hadn't actively participated in the innovation for restoring its credibility on efficiency and the degree of clearness in performing procurement tasks, the people would have set a low value on its role as the central procurement organization.

Fourth, the PPS built up a reform system for public affairs service and



related systems in 2004 with public affairs officials' efforts, so the PPS could settle it for the better by repeatedly analyzing its actual management. The customer supporting center led finding reforming tasks as 'a guardian of customers' benefit' and handled these tasks by laying them on the table of various customized public affairs meetings (more than six times a month); Weekly Customer Satisfaction Meeting, practical meetings, Consultation of Restructuring Public Affairs and System, and Council of Countermeasure against Public Grievance. This action has been a key factor in improving the image of the PPS as a trusted organization.

Fifth, the PPS call center discovered that minor enterprises had financial difficulties because of a system where the government paid for delivered goods after the collection of taxes in arrears. The PPS persuaded Cheong wa dae, the Ministry of Finance and Economy, the National Tax Service, and other related governmental organizations to change their policies. The PPS introduced a better system where the deduction of taxes in arrears and the government pays for delivered goods within 2 hours. This should be seen as a remarkable result of an administration that is orientated towards customers. This accomplishment was possible because the employees of the call center leaned heavily toward understanding customers' positions and solving their grievances. To them, this is the main roles of the PPS as a public organization.

Sixth, the report of reform tasks on public affairs service and systems is considered as the most effective factor for its success. PPS sought for new tasks related to public affairs service and systems, reviewed a room for its improvement along with remedies by reflecting details of tasks and customers' complaints, and supplemented the systems times without numbers. This process had been a burden on the public affairs officials; however, PPS was able to obtain positive results because PPS continually pushed ahead with its drive for innovation.

Finally, an alteration in PPS officials' perception was an important factor for success; a management paradigm of customer-centered-enterprise style is essential in handling public affairs. For example, PPS set a goal for 2005 as 'customer' and 'achievement'. PPS has changed its standpoint for handling public affairs towards a more customer oriented-approach that places the customer's satisfaction as tantamount to their own success as a public agency.

3. Further Tasks

'There is no sole service. Always connect with others although it is troublesome.' One of the core factors that could give the G2B system worldwide recognition is that it offers one-stop service by connecting to 56 outside organizations. In the reality of Korean society, linking with outside organizations is not an easy task for an agency-level organization like the PPS.

The PPS considered its business character, which is entirely governmental, and made efficient use of it. In a frame of the whole governmental promotion system, the PPS ran business and induced voluntary participation by stripping away many false perceptions that G2B is a central procurement or an extension of the PPS's function and organization. The PPS aligned with the Ministry of Planning and Budget and the Ministry of Information and Communication and organized a practical promotion team as well as supporting consultation with ten main organizations.

To embody the CRM and ubiquitous procurement administration, the PPS reformed the whole governmental promotion system with related organizations, like the Ministry of Information and Communication and National Computerization Agency, and maximized intimate collaboration between these



branches. Also, the PPS strived to carry out an efficient policy by forming the Users' Consultation of E-procurement Service for Organizations and Enterprises. The PPS continually checked and examined customers' reactions through interviews, surveys, workshops and debates.

Aside from the difficulties of coordination between government branches, the even more trying task in an innovation process is dealing with insider resistance. It must be difficult for many employees, who are used to traditional contract tasks, to sympathize with administrative reform using IT.

The PPS gave attention to the employees who might feel a sense of alienation and had communicated and debated in various official and unofficial meetings. The PPS initiated a two-way dialogue to let employees understand that they were not an object, but a subject of the innovation.

The spread of mutual sympathies by exchanging personnel inter-departmentally contributed to successful results in the information-oriented business. To prevent some employees from forming dissident groups if they were not voluntary participants, it was essential to praise short-term successes and share the achievements of the innovation. The PPS has been selected as an organization of excellent innovation ten separate times. It is necessary to give the inside members confidence by sharing small successes.

The PPS should take what it has learned during this process and offer it to other public agencies who are interested in reform for use as benchmarking data. The agency should also strive to continue to involve the public in its affairs. Based on the customers' degree of satisfaction, the PPS needs to select the best and worst individuals and departments and reflect on it differentially in promotions, appointments, opportunities for training abroad, and rewards. The PPS also ought to make reforming public affairs and

systems paramount within its organization and establish this idea as part of its inner culture.

The PPS will need to strengthen educational training for the first-line officials to cultivate their attitudes, qualities, and passion. The PPS should have an educational plan regarding the needs of reforming the public affairs and systems based on the realization that all the systems exist for the customers' benefit, in addition to the understanding that the customer is the true owner. The PPS should engage in the centralized processing of public affairs under a unified organization. For repeated and deep-seated public affairs issues, the PPS must reconsider its consistency and the degree of customer satisfaction and try to build an integrated system for the unified management of important matters.

The fundamental tenets of the Participatory government are principles and trust, fairness and transparency, dialogue and compromise, decentralization of power, and autonomy. The government is now managing state affairs with a goal of democracy with the people, a society of balanced development, and an era of peace and prosperity.

The innovation of government is the most necessary job for a better government, and systematic and continuous innovation forms the foundation of a nation with strong competitive power. The participatory government has promoted systematic innovation with the vision of "transparent government with good service." In order to realize this vision, the government established the following 5 targets.

- ① Efficient government: government that achieves the best capacity by optimum allocation of resource,
- ② Serving government: government that provides the best service the people want,
- ③ Transparent government: government that offers accurate information to



citizens of all administrative affairs,

- ④ Power-decentralized government: government that decentralizes authority and shares responsibility at all sectors of society
- ⑤ Government with the people: government with the active participation of the people. When these visions of the participatory government are carried into action, the government will be born again as the government with the best competitive power in the world.

The current participatory government is making an effort to innovate that compares favorably with other governments. First, President Roh presents a new vision and strategy of government reform and promotes this state affairs project with his strong leadership. The government aimed at “better government”, not as a small government that emphasizes an input section and not as a big government that emphasizes an output section.

Second, the government puts more emphasis on practice than theory and is not bound by the existing ideology or model, and utilizes applicable and innovative theories and techniques.

Third, the government has an idea that the ways of thinking of a member who administrates a system, a pattern of behavior, and its culture should be changed. It is paying attention to innovations of custom and culture, not to the reduction of manpower and reformation of organizations.

Fourth, the government is giving more consideration to innovation of systems than the innovation of business units. The innovation is being operated by a coordinated system, such as a system of reform promotion and an outcome administration.

Fifth, A process and procedure should be seriously considered in a course of innovation. Although the results of innovation are important, it is also

essential to look into the procedures that overcome obstacles.

Sixth, according to the innovation of participation style, the government places public officials in the central force, leads voluntary participation, and supports them with the assistance of the Community of Practice (CoP). Also, the government is promoting innovation on the basis of governance. That is it is expediting the construction of a national network consisting of civil society members and experts to participate in innovation.

Seventh, an important method of the government’s innovation is using the e-government. The government can reform the system of administration service and raise the people’s participation and satisfaction through e-government. In addition, it tries to elevate the ability of policy decisions through a network that enables each department to exchange knowledge and information.

Ninth, the government is making an automatic innovating system with a manual that describes successful instances of innovation. Innovation should be systemized and institutionalized and it should be continuous to manage change and minimize resistance.

Finally, the government is developing an innovative program, which is suitable for our circumstance, with reference to the innovation cases of other countries. It is trying to share its experiences with international organizations such as UN, OECE, as well as with other Asian countries.

As previously stated, all government agencies, as well as the PPS, will actively accept innovation following the basic reform conditions of the Participatory government. Change and innovation are not finished with one occurrence, they are continuously moving like gears in a clock. The center of

the national administration has moved from a market to government during the last half a century, but it is time to depend on the market again. This does not imply that government is currently a worthless subject. It does mean that a new and constructive role model of government should be developed based on a serious reflection on the role of government. We will be able to find the true meaning of government innovation from customer-oriented governmental activities.

From this perspective, the PPS's effort in operating the public affairs improvement system should be benchmarked as an excellent example of government innovation. Also, the PPS will strive to manage continuous reform, create better results, and construct a more convenient and stable system. All the employees of the PPS have kept it in mind that the innovation of the public affairs service and system has just begun. They have rearranged all business processes to align with the customer's position and have provided new value that a customer could not previously imagine. With these ideas and the PPS's belief mandate for innovation, the PPS will keep making an effort to offer customers more convenient electronic supply services until the day when "G2B becomes a top of worldwide brand of e-government."

Dynamics of Government Innovation and Decentralization in Korea

SERVING GOVERNMENT

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