Another dimension of welfare reform: the implementation of the Employment Insurance Programme in Korea


A shift in policy goals at the central decision-making level does not always produce the expected degree of change in policy implementation. This article investigates what actually happens at the local level in respect of the implementation of the reformed Employment Insurance Programme of Korea through case studies covering three district governments. Given the sources of difficulty in implementation, local case studies show that the change that welfare reform sought has not fully materialised in reform implementation. Therefore, successfully pursuing welfare reform must involve the necessary change in the implementation process that follows reform decision-making.

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Key words: welfare reform, policy implementation, employment insurance, Korea

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Accepted for publication August 12, 2008

Introduction
Surprisingly little attention has been devoted to policy implementation in the existing literature on welfare reform. This is partly because implementation studies were at their most unfashionable in the 1990s, when one contributory factor was the heyday of the New Public Management (NPM), on the one hand, and neo-institutionalism, on the other (see Barrett, 2004). Both the NPM and neo-institutionalism tend to pay less heed to how policy is put into effect. In addition, policy scholars ‘increasingly started to substitute the terms government and implementation with those of governance and policy networks’ (Saetren, 2005: 572). However, under the paradigm of governance, ‘implementation is still there, but as under the NPM paradigm, in a hidden form’ (Hill & Hupe, 2002: 111).

In social policy, typically decision-making is central but implementation local. To get into the anatomy of policy change, it is not sufficient to analyse what drives central decision-making; it is also necessary to follow through and observe how central decisions are implemented on the local level. Nonetheless, contemporary welfare-reform studies, which have focused on the pattern of reform policy and its decision-making arena, give less weight to implementation – although some American scholars have recently undertaken implementation research on the landmark welfare reforms of 1996 (e.g. Ewalt & Jennings, 2004; Jewell & Glaser, 2006; Lennon & Corbett, 2003).

The passage of a law or the official adoption of a policy is not the end of welfare reform. The content of policy and its impact on those affected ‘may be substantially modified, elaborated or even negated during the implementation process’ (Hill & Hupe, 2002: 7). Therefore, a key preoccupation of all those concerned about the need for change in social policy must be with the extent to which it is possible to make things happen at street level (Ham & Hill, 1984).

It is widely accepted that welfare reform in the Republic of Korea (hereafter Korea) after the Asian economic crisis of 1997 was epoch-making. Social policy in Korea prior to the 1997 crisis was designed mainly to embody the overwhelming priority of economic growth over social welfare. The state in Korea, as a low social spender, was less involved in providing social provision than its Western counterparts, but it did play a significant welfare role as a regulator (e.g. Chung, 2001; Kwon, 1999; Shin, 2000). At the same time, the Korean state shifted welfare responsibility onto companies and families, which engendered a prominent welfare role for the private sector. On the basis of the minimum welfare role of the state as a provider, major social provision was ‘privately-financed’ social insurance
programmes which were financed from contributions paid by the insured and their employers, with no financial contribution by the state except the administration cost. The Employment Insurance Programme (EIP), implemented in 1995, is a privately financed and work-related contributory insurance programme. From the beginning, the EIP was designed to strengthen workers’ skills and hence to create a flexible labour force, rather than to provide income support to the unemployed (Chung, 2001).

The economic crisis had devastating economic and social repercussions in Korea. Above all, the unemployment rate sharply increased from 2.6 per cent in 1997 to 8.4 per cent in 1999. Compared with the period of near full employment prior to the crisis (e.g. below 3 per cent between 1988 and 1997), unemployment became a major source of economic hardship. Given that there had been insufficient public provisions for the unemployed in Korea before the 1997 crisis, it was necessary to enhance comprehensive measures against unemployment. The Korean government thus tried to guarantee income maintenance in terms of enhancing unemployment benefits. The post-crisis welfare reform also emphasised the strengthening of clients’ employability through effective active labour market policy.

This article offers a detailed investigation of the implementation process of the post-crisis reform, which has been overlooked in the study of the Korean welfare reform. It uses the EIP as its empirical case, not only because the reformed EIP is one of the flagship initiatives of the reform, but also because the EIP follows the general pattern in social policy of decision-making centrally and implementation locally. The article begins with providing an analytical tool for investigating reform implementation. It then deals with the two main objectives of the EIP. The last section investigates the sources of difficulty in the implementation stage of the EIP, which help us explain the possible differences between policy as stated and policy as implemented.

**Analytical framework for reform implementation**

**Top-down versus bottom-up models**

The discovery of the significance of implementation was initiated by the so-called top-down model (e.g. Hogwood & Gunn, 1984; Pressman & Wildavsky, 1973). Top-downers highlight the conditions that undermine successful implementation and offer prescriptive recommendations for central policy-makers to achieve their goals. For instance, Hogwood and Gunn (1984) set out ten preconditions for ‘perfect implementation’, which are, however, unlikely to be achieved in practice (e.g. adequate time and sufficient resources are made available to the programme, and those in authority can demand and obtain perfect compliance).

In contrast, the bottom-up approach (e.g. Barrett & Fudge, 1981; Lipsky, 1980) argues that implementation is not a matter of perfect (top-down) control, but one that involves ‘street-level bureaucrats’ who carry out public decisions and have discretion in how they apply policy. Any ideals people bring to public service work are, however, beleaguered by the great pressures faced by street-level bureaucrats; ‘huge caseloads and inadequate resources combine with the uncertainties of method and the unpredictability of clients to defeat their aspirations as public service workers’ (Lipsky, 1980: xii).

But both top-down and bottom-up approaches have met several criticisms. As bottom-uppers point out, top-downers have been criticised for their exclusive emphasis on the centre while neglecting the significance of local implementers and their discretion. Closely related to this issue is the criticism of ‘the normative view, embedded in the top-down approach, that goal setting inputs should come from the top’ (Hill, 1997: 214). Top-downers also fail to deal with the messiness of policy-making and to address actions taken earlier in the policy-making process (Matland, 1995; Schofield, 2001). The main criticism that can be levelled at the bottom-up approach is that the ‘focus on actors’ goals and strategies – the vast majority of whom are at the periphery – may underestimate the Centre’s indirect influence over those goals and strategies through its ability to affect the institutional structure in which individuals operate’ (Sabatier, 1986: 34).

On the other hand, considerable efforts (e.g. Matland, 1995; O’Toole, 1993; Ryan, 1995; Sabatier, 1986) have been made to synthesise the top-down and bottom-up approaches. However, as Pülzl and Treib (2006) point out, advocates of such a synthesis have overlooked fundamentally different views of both sides on the proper conceptualisation of the policy process and the legitimate allocation of power over the determination of policy outcomes. By the same token, Parsons (1995: 487) argues that the synthesising attempts to construct a comprehensive model ‘ignore the possibility that what they are trying to combine are, in a Kuhnian sense, incommensurate paradigms’. According to O’Toole (2000: 268), sufficient evidence ‘has accumulated to validate partially both top-down and bottom-up arguments’. Implementation research should thus be careful to bash different models together to create a synthesis. To this end, I do not attempt a theoretical synthesis but, instead, endeavour to systematically use the key (and partially valid) points of the various implementation studies, including both top-down and bottom-up perspectives.

1 Hill and Hupe (2002) offer comprehensive reviews with a list of the key texts on these approaches. On the other hand, there is another category of implementation studies, called the first-, second- and third-generation models (see Goggin et al., 1990; Schofield, 2001).
Implementation deficits and possible sources of difficulty in implementation

To a great extent, implementation research is ‘a pathology of the social sciences’ that has yielded ‘a never-ceasing stream of studies of wasted resources, unforeseen side-effects, unclear political objectives, inappropriate organisational forms, and uncomprehending or generally malevolent bureaucrats’ (Rothstein, 1998: 62). Policy implementation leads to what the top-down model calls the implementation deficit if sufficient resources are not made available to the policy or the chain of command is incapable of controlling resources and implementers. In Korea, local-level implementing agencies depend largely on central resources because the central government maintains a tight grip on the finances and administration of local governments and agencies.

But, as the bottom-up approach argues, it is significant to focus on the day-to-day operations of front-line staff in policy delivery agencies. While high-level administrators and policy-makers are preoccupied with the way policy is expressed in legislation, regulations and guidelines, the major concern for local-level implementers is how to control the stress and complexity of day-to-day work (Elmore, 1978). Likewise, local officials do not always share the goals, interests and job priorities of their superiors (Lipsky, 1980). Given the conflict of goals and/or the difference of interests between street-level bureaucrats and high-level administrators, implementing agencies may thwart central objectives and guidelines. These would also bring about the implementation deficit, interpreted in bottom-up terms.

But the bottom-up model overemphasises the capacity of implementing agents to exercise discretion (Rhodes & Marsh, 1992) – especially considering the fact that local delivery agencies in Korea do not enjoy autonomy as much as they do in Western countries. Moreover, scholars of street-level bureaucracy fail to give due attention to organisational settings that mediate between policy goals and frontline behaviour (Jewell & Glaser, 2006).

Local-level officials are located in implementation structures as a matrix of organisational pools (Hjern & Porter, 1981). The notion of implementation structures ‘places the strategic interactions of participants into their larger institutional contexts’ (Cline, 2000: 569). For a national programme, there is a collection of localised implementation structures, each comprised of a distinctive array of public and private actors (Hjern & Porter, 1981). In this situation, the implementation of many government decisions necessitates the coordination of those actors.

Regardless of whether we study implementation in a top-down or a bottom-up fashion, coordination is the significant issue of implementation. O’Toole (1993) also draws our attention to inter-organisational relationships, namely collaboration and control between and within organisations in the implementation process. More specifically, Exworthy and Powell (2004) suggest that coordination needs to be conceptualised along three dimensions: the vertical (central–local) dimension, and the horizontal dimensions of both central–central (joined-up government at the centre) and local–local (joined-up governance at the periphery).

However, coordination is ‘always difficult to achieve, not so much because agencies directly refuse to co-operate (although that too), but because administrative structures, command lines, responsibilities, traditions, habits and culture just stand in the way of co-ordinated action’ (Ringen, 2005: 16). The issue of coordination is especially crucial in Korea. This is because the welfare delivery system of Korea is highly complicated with lack of a control tower at the central level, as social programmes were neither introduced nor developed in accordance with a comprehensive master plan (see, for example, in 2001).

In sum, as Figure 1 shows, possible sources of difficulty in implementation include: (i) financial and administrative resources issues; (ii) different goals and interests at the local level from the central decision-making level; and (iii) coordination in implementation structures. According to Ryan (1995), if top-down literature can be considered to represent a macro-approach to implementation and bottom-up a micro-approach, then there is a meso-implementation perspective – what he calls institutional approaches to implementation – which focuses on the role of institutions, inter-organisational relationships and coordination.

In a sense, this research adopts multiple frameworks, each of which provides some insight into a particular dimension of intricate realities of implementation. This is partly because the top-down versus bottom-up debates are superseded by general recognition of the strengths of each (O’Toole, 2000), and partly due to what Hill and Hupe (2002: 83) argue, after a comprehensive review of the tradition of implementation research and its theoretical underpinnings: ‘we see no case for a “general theory of implementation”’. The purpose of the analytical framework is to elucidate a key issue of a possible gap between policy as stated and policy as implemented.

Implementation of the EIP and local case-study sites

The Ministry of Labour and its regional administrative offices are responsible for carrying out the EIP and other active labour market measures. With the expansion of the EIP coverage after the 1997 crisis, the government set up the Employment Security Centre as the core Public Employment Service (PES) agency in Korea.
The Employment Security Centre aims to provide an integrated ‘one-stop service’ for employment insurance, job placement and referral to vocational training (Ministry of Labour, 2003, 2005; OECD, 2000). The centres have two main activities: (i) employment assistance activities including job placement, counselling and training referrals; and (ii) employment insurance activities encompassing the approval of eligibility and the payment of unemployment benefits (Labour–Management–Government Commission, 2004). Accordingly, the two key divisions in the centres are the employment assistance team and the employment insurance (or unemployment benefit) team. The government established 99 centres in 1998, and steadily added more until 2001 (see Table 1). But since 2002 the reorganisation has led to a decline in the number of the centres.

For the empirical research on the local-level implementation of the EIP, an in-depth analysis through local case studies was undertaken. A case study based on interpretative and qualitative research tools is an appropriate way of illuminating the complex characteristics of the implementation process, something which cannot be simply captured by quantitative data including statistics. Moreover, case studies have been crucial for the development of implementation theory (Peters, 1998).

Given that relatively little statistical data at the local level are available (Lee, 2004), three case-study sites were chosen (i.e. Seoul, Daegu and Jeonnam) at the provincial level, while taking into account: (i) the provincial unemployment rate during the last three months (from February to April 2005) before the case study was conducted; and (ii) disparities between Seoul and other areas, on the one hand, and the western and eastern regions, on the other. Seoul was selected partly

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Table 1. Number of Employment Security Centres (ESC) and their staff.

<table>
<thead>
<tr>
<th>Year</th>
<th>1998</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of ESCs</td>
<td>99</td>
<td>122</td>
<td>126</td>
<td>168</td>
<td>166</td>
<td>155</td>
<td>130</td>
</tr>
<tr>
<td>No. of ESC staff</td>
<td>Total 2,050</td>
<td>2,661</td>
<td>2,436</td>
<td>2,497</td>
<td>2,364</td>
<td>2,367</td>
<td>2,383</td>
</tr>
<tr>
<td></td>
<td>Public servant 754</td>
<td>786</td>
<td>517</td>
<td>548</td>
<td>543</td>
<td>603</td>
<td>642</td>
</tr>
<tr>
<td></td>
<td>Civilian job counselore 1,296</td>
<td>1,875</td>
<td>1,919</td>
<td>1,949</td>
<td>1,821</td>
<td>1,764</td>
<td>1,741</td>
</tr>
</tbody>
</table>

because of its unique status in Korean society and partly because it had the highest average unemployment rate during the three months. Considering an uneven regional development in favour of the former authoritarian leaders’ home regions, i.e. the eastern regions, our second choice of the case-study sites was Daegu, with the second-highest average unemployment rate. In contrast, the average unemployment rate was very low in Jeonnam, which was also representative of the western region.

Next, interviews were conducted with 32 PES employees at three local case-study sites using semi-structured, intensive interviewing. This interviewing technique is particularly effective for understanding local officials’ motives, experiences and subjective interpretations, which are a crucial component of the implementation process. In designing questions, account was taken of what central government documents said, including the policy objective of the EIP. But this is not to say implementation can be viewed as only the realisation or non-realisation of centrally and hierarchically determined goals. Keeping in mind the significant role of street-level bureaucrats in implementation, the questions were also set out to examine the experience and perspective of those at the bottom who make sense of new inputs from the top.

In order to gain access to interviewees, a list of local officials and their contact details was obtained from the websites of the Ministry of Labour. A random sample of local officials in the case-study sites were contacted by email, with requests for interviews. The number of interviewees partly depended on whether investigation had reached a point of saturation, i.e. recently collected evidence appeared to duplicate previously collected evidence.

In analysing interview data, care was taken to ensure that the opinions or complaints of the local officials were not simply accepted at face value, while also using the different kinds of documentary sources to throw light on the outputs and outcomes of the EIP. In other words, the strategy used in deciphering the interview data was to interpret the data not simply as a report of facts on the ground, but as evidence of how local actors see the facts on the ground and respond to them.

Before turning to the analysis of three case studies, it should be noted that local case studies paid more attention to commonalities among the three case-study sites, partly because there was little difference among the sites, and partly because PES employees at the different sites had similar views on many important issues.

Gap between policy as stated and policy as implemented

The twin goals of labour market programmes are: (i) ‘to provide income support in the face of rising unemployment’; and (ii) ‘to encourage the re-employment of unemployed workers’ (OECD, 2000: 118). These two goals are identical with the two objectives of the post-crisis welfare reform of Korea, i.e. the guarantee of a social minimum by the state and the increase of employability through an effective labour market (re)integration strategy.

The implementation of the EIP, to some extent, conformed to the first objective of guaranteeing a social minimum to all those in need. The post-crisis welfare reform extended the coverage of the EIP and relaxed eligibility criteria for unemployment benefits (see Yi & Lee, 2005). The unemployed do receive more generous unemployment benefits than before, although there was a difference of opinion among PES employees at three case-study sites about the sufficiency of unemployment benefits. But the beneficiaries of the EIP still represented too small a portion of the unemployed due to strict eligibility requirements. For instance, unemployment benefits are granted only to those who have left jobs involuntarily. This eligibility requirement is much stricter than most OECD countries except the USA, the Czech Republic and Spain (OECD, 2000). In other words, the contribution requirements, such as the base period and the insurance period, are similar to those of other countries, but the criterion for determining the validity of reasons for job separation is much tighter (Hwang, 2005). Many PES employees in the case-study sites also argued that the voluntarily unemployed should not be disqualified from receiving unemployment benefits for the entire period of their unemployment. Moreover, many daily workers, part-time workers and workers in small businesses who, in principle, should be covered by the EIP were not actually insured, mainly due to limited administrative capacities and the non-payment of contributions.

Local case studies found evidence that implementation deficits were more associated with the second objective. In order to match the EIP implementation to the policy design and to the aim of enhancing labour market (re)integration, the effective functioning of the PES is crucial. However, the chief PES agency, the Employment Security Centre, was limited in its ability to offer onestop services, customised employment assistance and locally specific employment services. As noted earlier, three sources of difficulty in reform implementation were taken into account when investigating the causes of the implementation deficits found through local case studies. But it would be erroneous to attribute any gap between policy as stated and policy as implemented solely to the sources of difficulty in the implementation arena.3

3 For instance, the establishment of a well-functioning active labour market policy might face difficulty because the EIP is grounded on the privately financed social insurance principle in which the state’s role as a provider is minimal.
Three sources of difficulty in reform implementation

Administrative and financial resources

Given the difficulty of increasing the number of public servants, the expansion of PES staff after the 1997 crisis relied mainly on the hiring of civilian job counsellors under time-limited contracts.

Accordingly, the total number of PES staff in the Employment Security Centres peaked at 2,661 in 1999 (see Table 1). But there was no recruitment of civilian job counsellors after 2001, even though the number of civilian job counsellors gradually decreased as a result of job insecurity and low wages.

In this context, all the PES workers interviewed complained about the manpower shortage and heavy workload – especially in the case of the unemployment benefit teams with high caseload-to-staff ratios. The officials of the unemployment benefit teams in the case-study sites dealt with approximately 50–80 recipients – in some cases, more than 90 recipients – every day. In this situation, their hands were full simply trying to provide unemployment benefits, not to mention the additional time required to offer intensive counselling.

For the PES workers of the employment assistance team in the case-study sites, caseload-to-staff ratios were roughly less than 25 to each worker. But this does not mean that their overall workload was small. First, they conducted not only face-to-face counselling, but also telephone and online counselling. Second, they performed many tasks aside from job counselling, given that there were 46 activities in the Employment Security Centre (Ministry of Labour, 2005). Third, they carried a heavy administrative workload:

There is a great deal of general administrative work, required by the central government, other than job broking. Interview with a PES employee from the Mokpo centre, 7 July 2005, Jeonnam.

As a result, most of the interviewed PES employees in the employment assistance teams believed that counselling was insufficient. In fact, local officers or implementing agencies always tended to mention the lack of staff and complain of heavy workload. However, in this case there is solid other evidence to support what the interviewees said.

Table 2 clearly shows that the average workload per PES staff member was much heavier than that of their counterparts in other OECD countries (see also OECD, 2000: 109–110). As of March 2004, the economically active population per PES worker was 9,572, which was still significantly higher than in major advanced countries (Kim, 2005). According to a report of the Ministry of Labour, the average number of allocated job-seekers to each PES employee in Korea was 400, which is four times larger than the number of job-seekers per PES employee recommended by the International Labour Organisation and used as comparison standard by the OECD (Ministry of Labour, 2005). To this end, the lack of PES staff was the most noticeable obstacle to the implementation of the EIP and other active labour market programmes.

Nonetheless, there were no substantial additions to PES staff in the Centres. Both the Ministry of Planning and Budget (MOPB) and the Ministry of Government Administration and Home Affairs (MOGAHA) refused to authorise the hiring of new PES staff, and even the Ministry of Labour (MOL) was resistant to recruiting more civilian job counsellors (Labour–Management–Government Commission, 2004). Here, the MOPB and MOGAHA have been higher in the government structure than the MOL. In particular, the MOPB – since 2008 renamed the Ministry of Strategy and Finance – is a ‘veto player’ (Tsebelis, 2000) whose approval is required for the funding of additional PES staff.

Another formidable barrier to the effective implementation of the EIP is limited financial resources. As Figure 2 shows, the Korean government had the second-lowest level of PES expenditure in 2003 among OECD countries for whom the relevant data were available (see OECD, 2005: 262–275). In this context, many local workers in the case-study sites argued for more spending to recruit PES staff. For civilian job counsellors, there was also a strong demand to increase the budget in order to improve their job stability and wages.

In short, the different kinds of sources (e.g. interview data, OECD statistics and the Korean government documents) demonstrate that the Korean PES suffered from insufficient administrative and financial resources. Given these institutional barriers to the EIP implementation, central intentions might be thwarted by local scarcities.

Table 2. Number of Public Employment Service (PES) staff over the labour force and wage workers.

<table>
<thead>
<tr>
<th>Country</th>
<th>No. of PES staff</th>
<th>No. of the economically active population per PES staff</th>
<th>No. of wage workers per PES staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>87,570</td>
<td>450</td>
<td>364</td>
</tr>
<tr>
<td>Japan</td>
<td>15,290</td>
<td>4,388</td>
<td>3,445</td>
</tr>
<tr>
<td>Korea</td>
<td>2,436</td>
<td>9,011</td>
<td>5,395</td>
</tr>
<tr>
<td>Sweden</td>
<td>11,000</td>
<td>403</td>
<td>339</td>
</tr>
<tr>
<td>UK</td>
<td>33,000</td>
<td>882</td>
<td>711</td>
</tr>
<tr>
<td>USA</td>
<td>71,378</td>
<td>1,953</td>
<td>1,717</td>
</tr>
</tbody>
</table>

Different goals and interests at the local level

Centrally defined objectives do not always help field-level officials to clarify their goals or determine their own preferences. In the case-study sites, only a few PES employees described centrally defined objectives as useful or important to their work. Some officials agreed or sympathised with the overall policy goals of the central government, but many more saw a gulf between central goals and local realities.

Although many central government documents have emphasised one-stop services, all of the interviewed PES employees contended that the Employment Security Centres could not provide such services due to heavy workloads and inadequate resources. A frontline worker in Jeonnam explained why one-stop services were impractical:

In our centre, there are 70 recipients of unemployment benefits every day. One official [in charge of the payment of unemployment benefits] cannot counsel 70 beneficiaries for providing them with the one-stop service. And if each of the three people on our employment assistance team deal with one-third of 70 beneficiaries, we cannot help neglecting other tasks such as job referral to general job-seekers [other than beneficiaries]. Interview with a PES employee from the Sooncheon Centre, 6 July 2005, Jeonnam.

In this situation, local officials might accommodate policy and its spirit in the light of the tensions they faced. According to a PES official from the employment benefit team in Seoul:

As there is always a waiting queue of claimants, I am pressed for time. If the next claimant has waited more than 20 minutes, I feel uneasy. Reducing the waiting period is my primary concern. So I cannot counsel claimants properly. Interview with a PES employee from the Yeongdungpo Centre, 7 June 2005, Seoul.

Many PES employees in the case-study sites argued that local realities were not appropriately reflected in the policy objectives set up by central officials who did not have work experience on the ground. There was likewise often a gap between the objectives of the central government and the interests of those implementing the policy. As of July 2004, PES staff in the Employment Security Centres comprised 27 per cent of public officials and 73 per cent of civilian job counsellors (see also Table 1). The main concerns of civilian job counsellors were their own job insecurity, low wages and low morale. The interviewed civilian counsellors strongly expressed their dissatisfaction with their job status. The following statement, made by a PES employee in Seoul, was typical:

Given that the employment status of job counsellors ourselves is unstable, how can we counsel other recipients about job security? Interview with a PES employee from the Daegu Centre, 27 June 2005, Daegu.

Another significant gap between central intentions and local concerns is related to the evaluation mechanism of the centres. Many workers remarked that the central government focused too much on quantitative evaluation while the frontline workers preferred a qualitative evaluation system. Furthermore:

Activities are centred around evaluation . . . The main focus is not customers but the evaluation of the centre . . . Although there are some activities we want to try, we are told not to do, if not part of evaluation. Interview with a PES employee from the Kwanak Centre, 8 June 2005, Seoul.
Finally, the PES personnel are officially accountable upward to their superiors in the MOL and in regional administrative offices. As several PES employees point out, local officials’ concerns were more directly influenced by the intentions of regional intermediaries, but these managers had relatively little expertise in the PES:

Those who have undertaken administrative work do not understand counselling services well . . . The heads of the centres are public officials who have mostly dealt with administrative work . . . They tend to lack welfare minds. Interview with a PES employee from the Kangnam Centre, 14 June 2005, Seoul.

In many cases, such intermediate managers tended to view the PES as just another administrative duty. In addition, there was a lack of accountability downwards to their clients, associated with the issue of user participation.

Coordination in implementation structures

The implementation of the EIP involves sets of organisations rather than single entities. The MOL delegated certain tasks to public corporations as its subsidiary organisations, such as the Labour Welfare Corporation and the Central Employment Information Office. But several of the interviewed PES workers noted that there were difficulties in building effective links between such subsidiary organisations and the Employment Security Centres. Given the fragmentation of the responsibility for the EIP implementation, a departmental headquarters within the MOL does not have a strong enough capacity to both oversee the nationwide PES agencies and labour market information systems and design and execute the central government’s employment service policies (Kim, 2005).

In contrast to its counterparts in most OECD countries, the Korean PES ‘operates under the direct authority of the Ministry of Labour and not as a separate and autonomous agency’ (OECD, 2000: 148). In other words, the Employment Security Centre does not have budgetary autonomy, its own source of financing, nor does it select its own officials, including its director. It is also subject to ministerial direction in policy matters.

The efficiency and effectiveness of the PES depend to a large extent on its capacity to interact with multiple actors at all levels of government, in addition to employers’ organisations, trade unions and other private sector actors (Mosley, Keller & Speckesser, 1998). In particular, participation by social partners (i.e. labour and management) in PES governing through either tripartite administrative or advisory bodies has been institutionalised in many OECD countries. By contrast, in Korea there are neither official tripartite administrative bodies in PES governance nor institutional channels through which the social partners can exercise substantial influence on the local-level implementation of the EIP.

However, many PES officials from the three sites agreed with the involvement of the social partners. But there were also disagreements about such involvement. Some worried that the representatives of employers and trade unions would put the interest of their own members first. These disagreements can be attributed partly to Korea’s lack of a tradition or culture of social partnership in industrial relations and labour market institutions.

On the other hand, an OECD report (2000) recommended that Korean authorities might use the extensive network of private employment service agencies to stimulate competition between public and private providers. However, despite their numerical predominance, private placement agencies are not effective in providing comprehensive employment services. Most private agencies specialise in simple placement services to unskilled workers such as housemaids and construction workers, and some agencies are even involved in illegal, unauthorised or deceitful job-broking activities (Labour–Management–Government Commission, 2004; Ministry of Labour, 2005). Furthermore, many of the interviewed PES employees were either hostile to or ambivalent about building a partnership with private employment services, especially fee-charging placement agencies. At the time of the interviews, among all case-study sites only two centres in Seoul partially collaborated with private agencies.

In fact, the Korean government has emphasised a public–private partnership at the local level. Reinforcing cooperation between the public and private sectors has recently been espoused by the government under the slogan of a ‘Plan for Upgrading the Employment (Assistance) Service’ (Ministry of Labour, 2005). However, only a few centres among the case-study sites actually operated consultative bodies for a local partnership. This kind of operation relied on the personal ties and collaborative efforts by job counsellors:

The main reason why our centre can better run the consultative body is that the head of the employment assistance team has long worked at this centre and hence got a network (with private sectors). This is an exceptional case. Frankly speaking, most centres can hardly manage their consultative bodies. Interview with a PES employee from the Dongbu Centre, 8 June 2005, Seoul.

In short, the PES in Korea lacked coordination in implementation structures, and the Employment Security Centres did not yet fulfil their role as a pivotal organisation for a local partnership.
Conclusion

This article has examined what happens at the local level in respect of reform implementation in order to see whether there is indeed a gap between policy goals in central decision-making and the way in which they are implemented locally. Local case studies reveal that changes in policy goals at the central decision-making level do not always result in intended changes at the street level. Therefore, our attention should be paid not only to the aim and shape of policy, but also to the mechanism through which the policy is expected to work.

Given that local PES agencies depend largely on central resources, the central government did not offer sufficient administrative and financial support to enable the EIP to be implemented properly. Coping strategies employed by local officials were often what was feasible in such circumstances rather than the fulfilment of the original objectives. The difference in objectives and interests between central policy-makers and local PES workers also made it difficult to fully enforce policy change. Moreover, the EIP implementation suffered from the fragmented delivery system without a strong control tower at the central level and weak public–private partnership at the local level. Consequently, there was a discrepancy between the goals of the EIP – in particular, labour market integration – in central decision-making and the way in which the EIP was implemented locally.

This implies that welfare reform is completed not merely with the emergence of new policy goals or the adoption of new policies, but also with substantial changes in the implementation arrangement and process. A separate analysis of reform implementation is thus significant insofar as caution is taken not to ignore the complex, interdependent and recursive policy process.

In order to reduce the limitation of a one-off cross-sectional investigation, relevant data have been utilised to produce this report on the recent trend of the EIP implementation, which can show whether the ‘sources of difficulty’ have been eliminated or still exist unchanged. However, there is a lack of longitudinal data or analyses revealing notable changes over time, i.e. decreasing implementation deficits. For instance, despite the significantly higher caseload-to-staff ratio of Korean PES than that of other OECD counterparts, the total number of PES employees increased slightly from 2,383 in 2004 to 2,897 in 2006 (Ministry of Labour, 2007). Recently, the government has been trying to guarantee more autonomy to the Employment Security Centres, improve localised employment services and build a local partnership in accordance with the ‘Plan for Upgrading the Employment Service’. But, as a report of the Korea Labour Institute (Park et al., 2007) also points out, the centres still lack the resources and manpower to carry out integrated one-stop services, adequate autonomy necessary for localised employment services, and the inclusion of social partners, private agencies and local governments in PES governance.

In conclusion, as a disjunction exists between the goals and the capacity to implement them, the issue of implementation deficits needs to get on to the major political agenda at the central decision-making level. These findings also display a greater deficit of government capacity than should be expected in a strong state political system like the Korean one. The strong executive authority of Korea holds the effective power to make policy decisions at the central level, but this does not automatically enable the Korean government to secure the coordination of the private sectors or its street-level bureaucracies. Any path-shaping attempt of pro-reform groups should stress not only changes in the objectives and contents of reform policies, but also changes in the tools adopted to achieve them.

Acknowledgement

The author would like to thank Professor Stein Ringen for his very useful and perceptive comments on earlier versions of this article.

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