

The Governance Effects of Korea's Leading E-Government Websites

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ABSTRACT

While abundant research has demonstrated that E-government reduces corruption and improves bureaucratic productivity, few studies have isolated the distinct effects of different types of E-government programs on rates of corruption and different measures of bureaucratic performance. This paper employs regression analysis to examine the governance effects of a wide range of innovative, Korean E-government websites, rated by the UN as the world's best from 2010 to 2014. Whereas business oriented E-government programs most greatly improved regulatory quality, citizen service oriented E-government most strongly affected government effectiveness. The Korean government E-tax program was most effective at combating the severe developmental obstacles of corruption and bribery. Nations pursuing development would best be served, therefore, by adopting the particular e-government program which best addresses their most pressing governance need.

KEYWORDS:

Corruption, Development, E-Government, E-Procurement, E-Tax, Governance, Government Effectiveness, Hometax, KONEPS, Korea, Regulatory Quality

INTRODUCTION

While several statistical studies have revealed E-government's ability to reduce corruption and improve bureaucratic productivity, and numerous case studies have examined the effects of E-government, particularly E-procurement, on transparency, accountability and productivity, no statistical studies have yet attempted to isolate and compare the effects of specific types of E-government programs on measures of corruption and bureaucratic performance. This research examines the effects on corruption and bureaucratic performance of Korea's E-government programs, which the U.N. ranked as the world's best in 2010, 2012 and 2014. Regression analysis reveals that E-government programs dealing with business had the strongest positive effect on regulatory quality, while citizen service-oriented E-government programs most strongly impacted government effectiveness. The results also show that the Korean E-tax program had, by far, the strongest effect on reducing bribery and corruption, which have been found to be particularly harmful to economic growth. Nations pursuing development would best be served, therefore, by adopting the particular E-government program which best addresses their most pressing governance need.

Andersen and Rand (2006) and Lim (2016) revealed a significant and positive relationship between measures of E-government and internet infrastructure, on the one hand, and improvement in measures of corruption control, regulatory quality and government effectiveness, on the other. E-government's effect on these good governance measures is strongest in economically developed, pluralistic democratic systems with strong rule of law.

E-government helps to improve governance by reducing informational asymmetry between officials and citizens (in which officials possess information unavailable to citizens), which lowers the costs for citizens and outside agencies to supervise officials and enables citizens to inexpensively report official misconduct to political leaders. While economic development empowers citizens to actively participate in E-government programs, democratic elections and the rule of law provide politicians with an incentive to provide collective goods through E-government. In rapidly industrializing Korea, democratic demands and participatory citizens facilitated E-government's improvement of bureaucratic performance.

Analysis of the governance effects of specific Korean E-government programs reveals interesting findings, including that regulatory quality was most positively affected by E-government programs which targeted business, particularly in the areas of procurement, customs, and patents. E-government programs which most strongly affected citizens, such as the Minwon24 site offering most government services, including licenses and registrations, made the strongest impact on measures of government effectiveness. The E-tax program, Hometax, had by far, exerted the greatest positive influence on reducing corruption and bribes, which is noteworthy, considering that E-procurement is the most commonly touted anti-corruption E-government tool (Neupane, Soar, Vaidya, & Yong, 2012). The positive correlation with corruption, on both the national and regional levels, recorded by E-People, a website directing citizen demands and comments to different government agencies, suggests that the site is providing a means for citizens to express corruption-related grievances.

The paper first examines the principal-agent explanation for E-government's effect on corruption and government performance, and the effects of economic development and democracy on that relationship. Next, the paper explores Korea's experience as an industrializing young democracy implementing a range of E-government programs to cut corruption and improve regulatory quality and government effectiveness. After reviewing the rise of Korea's first E-government website, 'OPEN,' the final section examines each of the major Korean E-government programs, applying regression analysis to determine the effects of each upon three main governance indices.

THE PRINCIPAL-AGENT EXPLANATION FOR E-GOVERNMENT'S EFFECTS

The principal-agent model explains E-government's ability to improve bureaucratic effectiveness and reduce corruption. According to the model, principals entrust authority to bureaucratic agents to carry out desired policies. Corruption and poor productivity result when public official agents betray their principal, the public, to serve their own interests (Klitgaard, 1988; Rose Ackerman, 1978). Agents derive power from informational asymmetry, since monitoring their behavior is costly for the principal. Pursuit of private gain diverts the agent from pursuing the tasks set out by the principal, resulting in lower productivity, corruption, and poorer performance.

By heightening transparency and increasing citizen participation, E-government and I.C.T.s (Information and Communication Technologies) minimize the structural causes of low productivity and corruption by mitigating the conditions which produce agency loss, which Klitgaard (1988) identified as bureaucratic monopoly, excessive discretion over decisions, and unaccountability to citizens. I.C.T.s reduce bureaucratic discretion by lowering the costs of what McCubbins and Schwartz (1984) term 'fire alarm' supervision of officials, in which citizens contact political leaders about unsatisfactory bureaucratic service, or the direct monitoring of officials by anti-corruption agencies, which they describe as 'police patrols.' By reducing informational asymmetry, E-government provides officials with incentives to minimize corruption and improve productivity by reducing administrative costs and increasing the speed of service provision.

While I.C.T.s and E-government enable citizens to inexpensively monitor and hold officials accountable by communicating with political leaders, their effectiveness as tools relies on the active participation of citizens and on politician's motivation to use the bureaucracy for collective policy goods rather than for illicit self-enrichment. In principal-agent terms, the citizens should be the ultimate

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