

Was the Seoul OPEN System Really Effective in Preventing Administrative Corruption?

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Abstract: This paper explores the effectiveness of the OPEN system, a leading digital government application, in preventing administrative corruption in the Seoul Metropolitan Government. The System allows citizens and civil servants to monitor application handling processes through the internet in real-time mode. Thus, monitoring costs and private information have been reduced, while administrative transparency has been improved. The GOLM reveals civil servants' incentive structures shaped by the System, which reflect reduced information asymmetry and an increased risk of attempting corruption.

Introduction

The Seoul OPEN System, launched in April 1999, is considered a leading information and communication technology (ICT) application in the world. The System was recognized as a good practice at the ninth International Anti-Corruption Conference in 2001 and considered an exemplary model of digital government. According to the Seoul Metropolitan Government, administrative corruption has decreased since implementation of the OPEN System. Many scholars argue that ICT plays a crucial role in reforming governments, while others doubt its effectiveness. Was the OPEN System really effective in preventing administrative corruption? How could the System enhance transparency and discourage civil servants from attempting corruption? What implications can we draw from this case for digital government (or electronic government) and the New Public Management movement?

From the bottom-up implementation approach and the information economics perspective, this paper explains how the OPEN System affected civil servants' incentive structures and how the System resolved the problem of information asymmetry. Since corruption can be observed only when discovered, hard data may be misleading even when they are available. Most research therefore depends on users' perceptions. The generalized ordered logit model (GOLM) was applied to survey data collected in 2001.

Background of the Seoul OPEN System

The Seoul Metropolitan Government, Seoul, Korea, developed and implemented the OPEN (On-line Procedures Enhancement for Civil Applications) System, a web-based ICT application, in order to improve administrative transparency and thus prevent corruption by allowing citizens to track their applications for permits, approvals, and information on the world wide web. The System was initiated by

the former Mayor, Goh Kun, in January 1999, and opened to the public in April of that year. Without making phone calls or face-to-face visits, citizens and businessmen are able to monitor in a real-time manner who is handling their applications, whether there are any problems, and when the applications are expected to be done. They are also able to know the reason their applications are rejected, if any, and raise questions about or even objections to administrative decisions. In short, any stakeholders can check the entire applications handling processes through the internet whenever they want and wherever they are.

The Audit and Inspection Bureau was the main office that took initiatives in development and implementation stages of the System. The Bureau selected target civil applications and specific items to be publicized. It is not division or bureau chiefs, but the Bureau who monitors delays in application handling and mistakes in data entry. The Bureau directly urges the department (or civil officials) in charge to explain the reason for delinquency and correct the problems immediately. This unique implementation strategy made it possible to get through officials' unwillingness to cooperate and boosted the impact of the System on the incentive structures that civil servants face.

Administrative Transparency, Extended Social Trust, and Information Asymmetry

According to the survey data, civil servants tend to perceive extended social trust more than corruption reduction as the most valuable benefit of the OPEN System. The GOLS shows that extended social trust had a significant positive effect on the response that corruption has decreased since introduction of the System. The result implies that corruption is less likely under a high degree of social trust. Civil servants, who have experienced understanding colleagues' jobs and stresses through the OPEN System, are more likely to have a positive attitude toward the effectiveness of the System. Heavy System users tend to evaluate more favorably the effectiveness than light users. Old officials who have experienced relatively serious corruption under the past military regimes are more likely to be positive.

These officials might be able to understand better how the System can facilitate information exchange between stakeholders and improve administrative transparency. Those with vivid experiences might take more seriously the fact that their jobs are monitored by many stakeholders, including citizens and monitoring staff, and the possibility that any mistake or delinquency is easily detected and directly

punished by the Audit and Inspection Bureau. Attempting corruption becomes more unlikely than before since officials perceive the higher likelihood of being caught and punished. More importantly, civil servants know that any trivial warning or punishment from the Bureau will be detrimental or even fatal to their careers in the Korean culture. Officials, who consider extended social trust a more important benefit than others, might believe that social trust works to prevent corruption under the changed job environment.

The OPEN System reduced monitoring costs by its universal accessibility and an automatic reporting feature. Any delay or mistake automatically detected triggers an immediate report to the monitoring staff, who makes the civil servants in charge accountable for their delinquency or unreasonable decisions. This forms a three level principal-supervisor-agent relationship of mayor (citizens), monitoring staff, and front desk officials. Thus, the System could minimize officials' private information and improve monitoring capacity of the Audit and Inspection Bureau. Officials must know that their information superiority, the essential source of administrative corruption, is no longer enjoyed.

Inefficiency, ICT Experiences, and Training/Education

The OPEN System requires civil servants entering the data in a proper manner within ten working hours after finishing off-line paperwork. From the officials' standpoint, the System might be perceived as a new sophisticated device for monitoring and controlling themselves, rather than providing efficient and convenient public services. As a result, most civil servants think that increased fatigue is the most serious damage of the System. The majority believes that they are currently taking excessive responsibilities of operating the System than they ought to be. Civil servants must be under the strong pressures of the additional workload and the threats of burdensome penalties. Thus, it is not surprising that inefficiency has a significant negative impact on the effectiveness of the System.

The frequency of contacting citizens is positively associated with the likelihood of corruption, since it enforces officials' and citizens' commitment to illegal transactions. Thus, blocking suspicious contacts has been considered a way of preventing corruption. The OPEN System eliminates the necessity of direct contacts by allowing citizens to trace the handling processes and to get information through the internet. Survey data show that about 30 percent of officials thought that phone calls and face-to-face

visits have decreased, while five percent said that the frequency has increased. The GOLM indicates that civil officials who perceived reduced direct contacts are more likely to be positive than others.

However, it is odd that ICT experiences and training/education turn out to be statistically insignificant in the GOLM. Interestingly, they negatively affect the effectiveness of the System. In fact, the OPEN System is an automation ICT application that conducts routinized and structured work. It is user-friendly and simple enough to use without technical difficulty, resulting in high acceptability. However, officials with many ICT experiences might realize that the System is less sophisticated than expected, thus they might cut its effect on preventing corruption. The impact of training/education is ambiguous. Training and education programs help civil servants learn how to use the System and understand colleagues' jobs and stresses by allowing them to exchanging technical information and tips.

Conclusion

The GOLM provides evidence that the Seoul OPEN System was an effective ICT application in preventing administrative corruption. By allowing citizens to monitor application handling processes in real-time mode, the System has remarkably improved information openness and administrative transparency. The System has reduced information asymmetry and monitoring costs. Civil servants tend to interpret the changed job environment in terms of extended social trust, under which corruption is less likely. Despite increased fatigue, civil servants might seriously consider the fact that delinquency is monitored and punished in a more efficient manner than before. Consequently, they are less likely to attempt corruption under the System unless there is rent large enough to take an augmented risk.

As civil servants become familiar with ICT applications, they will be able to know the accurate likelihood of being detected and find ways of taking advantages of the applications. Therefore, it is important to consider how officials' behavior changes under different institutional settings and how ICT applications ought to appropriately react against their behavior. The ICT applications need to properly evolve over time. Although succeeding in preventing external corruption by supporting principals and supervisors, the System has to figure out another agency problem, an internal corruption, that supervisors have incentives to shirk or collude with officials and not to document detected corruption.