

# Business Performance Evaluation System for Public Institutions

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**기획재정부**  
MINISTRY OF STRATEGY  
AND FINANCE

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※ B.P.E.S → Business Performance Evaluation System

# I The Definition of the B.P.E.S

1. One of ways to management the public corporation , quasi-governmental org.

“Strict interventions by government”



“Ex-post evaluating management performance”



“To ease the financial burden on nation by creativity and efficiency management”

# I The Definition of the B.P.E.S

## 2. Introduction of system

1

Prior to 1984, the government controlled public corporations' management strictly. (esp. Budget & Financial Decisions)

2

Voice has been raised that this system undermine creativity and efficiency of public institutions' management

3

Ex-post management performance evaluating was introduced.

## Target

- About a hundred public corporations and quasi-governmental institutions

## Legal Basis

- Government-contributed institutions : established by law and funded by Government
- Government-commissioned & supplementary institutions : through Government-commissioned or monopolistic works generate a half of the total revenue
- Government-invested institutions : Government and public institutions hold at least 50% of shares or hold at least 30% of shares and exercise de facto control

## Standard of classification

- Public corporation  
**Institutions with high marketability (Self-generating revenue reaches or exceeds a half of the total revenue)**
- Quasi-governmental institutions  
**Government affairs consigned institutions (Fund management based , commissioned-based institution )**
- Non-classified public institutions  
**Public institutions which are neither classified into public corporation nor quasi-governmental institutions**



## The Main agent of the B.P.E.S

### 1. Main agent : Ministry of Strategy and Finance

- Creates a evaluation team consisting of civilian experts for objectivity and specialty of evaluation

### 2. Member of evaluation group : Professor, Accountant, Consultant etc.

- Comprised of about 130 members
- Set up time : Every February

## 1. Evaluation cycle and time

- Evaluation process of 2009



- Evaluation Time : Every March ~ June

# IV

## The Schedule of the B.P.E.S

### 2. Schedule

Fe

b

Constitute the group and orientation

Mar

Submit a management result paper (institution)  
Gives a written form of assessment (team)

Ap

r

Visit institution to conduct a site assessment

May

Circulates for objections on the paper

Jun

Confirmed through review and resolution by the  
Public Institutions Management Committee



## <Reference>

# Public Institution management committee

### Formation

- 11 experts appointed by the president
  - Vice ministers of responsible ministries
- ※ Head of the committee : Minister of strategy and Finance

### Function

- Decisive organization which is an equivalent of a board of directors in the private sector
- Adjusting functions of institutions
- Appointing executives
- Evaluation

Basis of installation : “Act on the Management of Public Institutions” (2007)

## 1. Evaluation indicator : 20 indicators in 3 different parts

1

### Leadership and Strategy

- whether driving engines are properly set up?  
(such as vision, strategy, and leadership)

2

### Management System

- How effectively and systematically resources are used?

3

### Management Result

- How can make a result such as business achievement and customer satisfaction?

# <Reference>

# Weight values for indicators

Category		Evaluation indicator	Weighted Value
Leadership/ Strategy	Leadership	Executives leadership	3
		Ethical management & Governance	4
		CS Management	3
	Strategy	Development vision and strategy	3
		Plan for a business	5
Management System	Major business activities	Major business activities	15
	Management efficiency	Organization & Human resources	3
		Finance Budget management	3
		Reward management	3
		Rational labor-management relation	3
		Performance management system & etc.	5
Management Result	Major business result	Major business result	20
	Customer satisfaction improvement factor	Customer satisfaction improvement factor	5
	Management efficiency result	Labor productivity	5
		Capital productivity	5
		Measurable indicator cost of labor	11
		Result of financial budget	4
Total			100

## 2. How to use indicators in evaluation?

## Qualitative indicator

- Detailed factors are explained in the manual and then according to the manual

## Quantitative Indicator

- Difference between the lowest level of business objective and current year's performance, highest scores should

## Final evaluation result

Qualitative + Quantitative scores  
 "Grading" system (Not score)

growth can be used as a standard

## 1. Incentives are decided

- Incentives are decided differently based on the evaluation grade
  - ex) Incentives of public corporations will vary from 500% to 250% of the basic salary based on the grade of six that are given
- Each individual employee's incentive will be finally decided based on the institution's own assessment result

## 2. Action of recommending dismissal

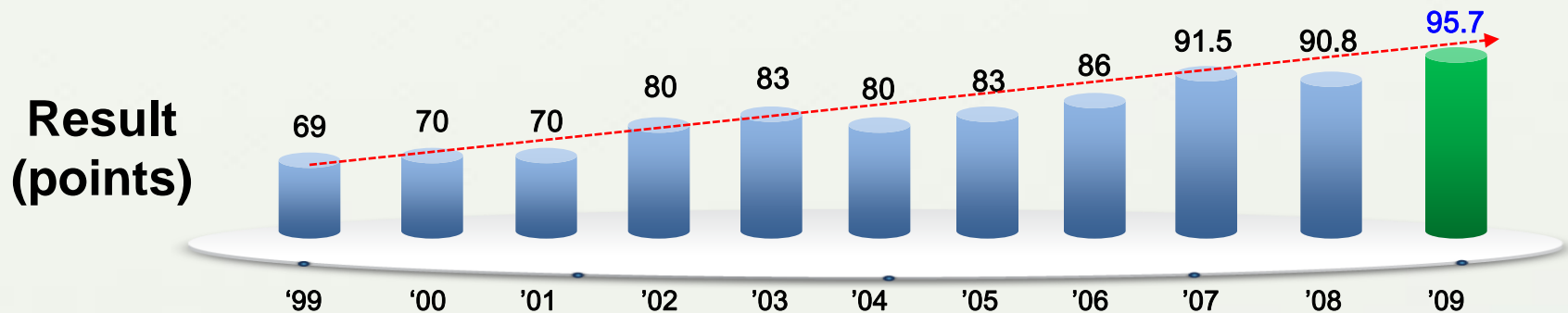
- For institutions showing poor results, the Minister of strategy and Finance may take as strong as an action of recommending dismissal of the head to the person who has right to do so, through with review of the Public Institutions Management Committee

VII

# Achievement of Managing the

## B.P.E.S 1. KEPCO

ITEM	1999	2009	Change
Average of public companies	59 points	92.0 points	33 .0points ↑
<b>KEPCO</b>	69 points	95.7 points	26.7 points ↑
Stage	Stable / Rise	Fierce competition	General improvement among public companies



# VII

## Achievement of Managing the

### B.P.E.S 1. KEPCO

#### Marketing

- Postpone the power supply suspension for households
  - Summer(July ~ Sep)
  - Winter(Dec ~ Feb)
- Tariff discount for the disabled and those who live on government support (20%)
- Convenience in electric charge payment
  - mobile payment, Internet, convenient stores etc.

#### Service / System

- Customer satisfaction service for 24/7
  - 13 customer centers
  - Repair and maintenance by nationwide branch offices
- Power Consumer Consulting Service (PCCS)
  - Real-time consumption and tariff information
- Consulting service for electricity use
  - When metering staff visit customers

#### Service Monitoring

- In-house consumer satisfaction survey
  - Twice a year, 27,000 households
  - DB established (03~09)
- Hot-line monitoring
  - 1,000 cases a month (including partners)
- Developed 12 service self-inspection index
  - Monthly report by mail (including heads of branch offices)

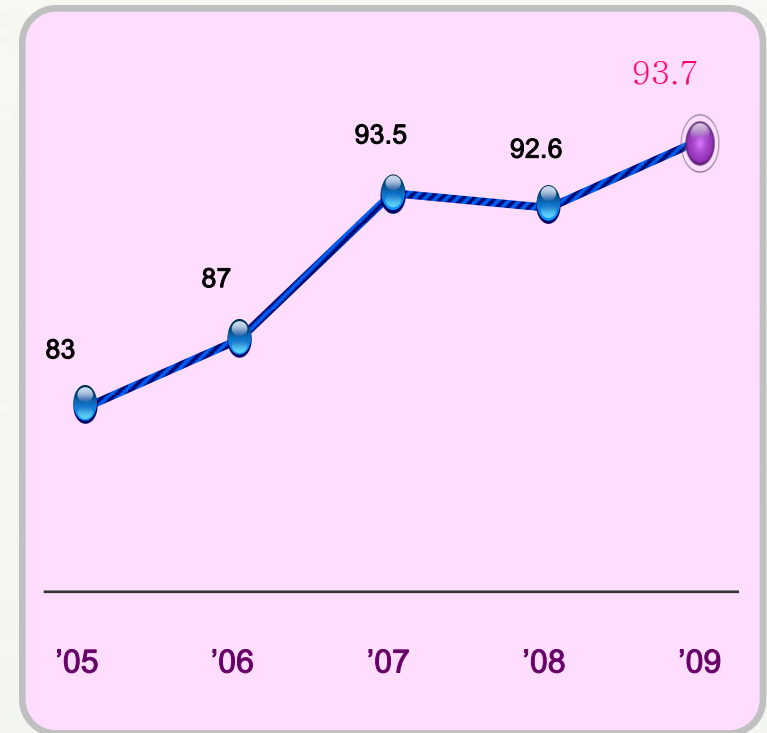
## VII

## Achievement of Managing the

B.P.E.S  
2. K-WATERK-water's Customer Relationship  
Management System

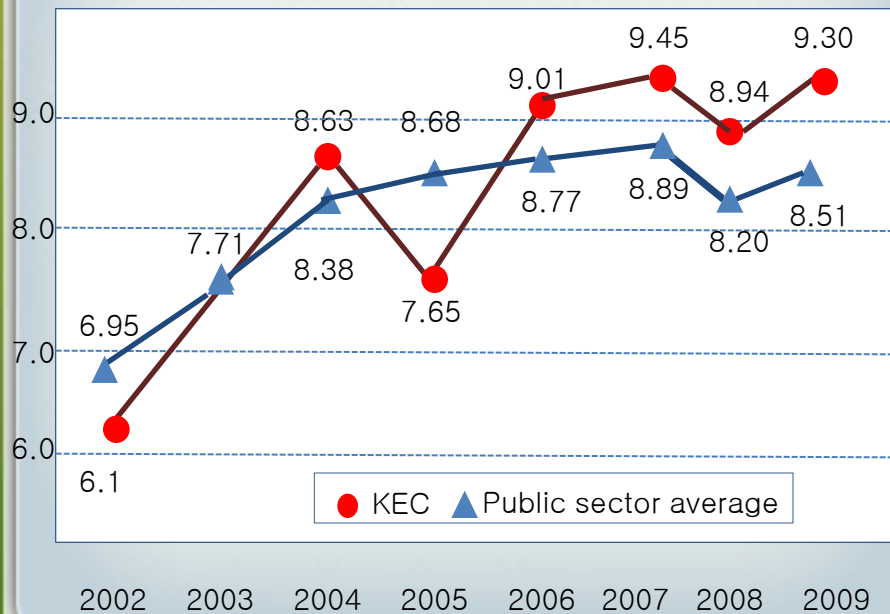
- ☑ Call Center (☎1577-0600)
- ☑ VOC (Voice of Customer)  
Management System
- ☑ Customer Information Card
- ☑ K-water Customer Center Open  
(Nov. 2008)

## PCSI (Public-service Customer Satisfaction Index)





## Change of ethics level



## System improvement

- Internal performance evaluation in ethics.
- e- monitoring system (on-line)
- IQ Measurement(Self-Test) :  
1/Week \* IQ(Integrity quotient)
- Anti-corruption Ombudsman  
(outside monitor)

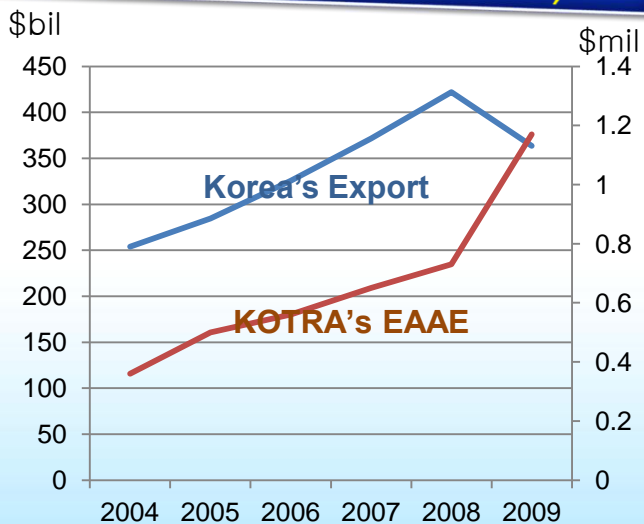
Significant improvement in ethics 6.95 Points → 8.51 Points

### Mission

- Promote trade between Korea and other countries
- Attract foreign direct investment (FDI)

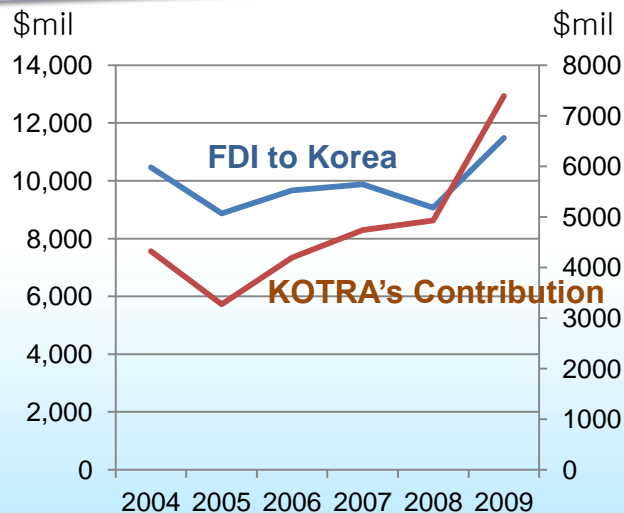
### Measure & Performance

#### Export Assistance Amount per Employee (EAAE)



Start to measure

#### FDI Contribution Rate



Start to measure

“Responsible  
Management”

“Internal  
Performance  
Management  
System”

## Business Performance Evaluation System

Management  
Evaluation Manual

Basic guideline

Management  
Performance report

- As a summary of business performance
- To review current year's business performance

Performance  
Evaluation Report

- As an evaluation
- What should be improved

Q & A