

Performance-related Pay in Korea

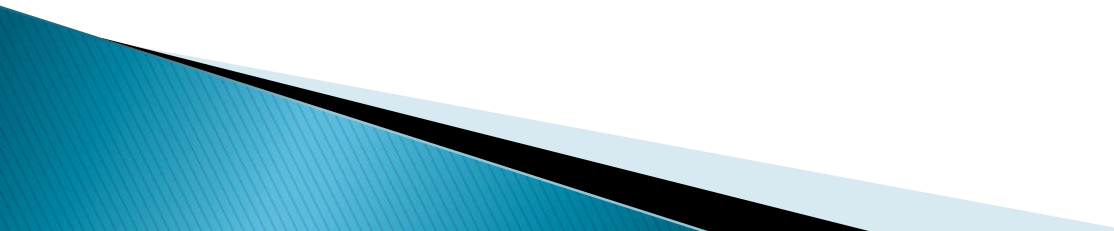
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Seong Ju KANG(sjkang@mofat.go.kr)

1. General

- Presidential, unitary national assembly
- Austere public finance (debt ratio 70%, lowest).
Budget is 24% of GDP
- Payment is 9.6% of total budget ('11: USD 24B among 245B)
- No. of employees: 1M (central 10%, local 20%, education 25%, police 10%, etc.)
- Rank system and SES

2. Types

- Type I: for SES, based on the previous year's performance and paid monthly
 - Type II: for others, based on performance and paid once a year
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3. Type I

- Introduced in 1999 for SES, expanded to directors in 2005
- Scope and amount

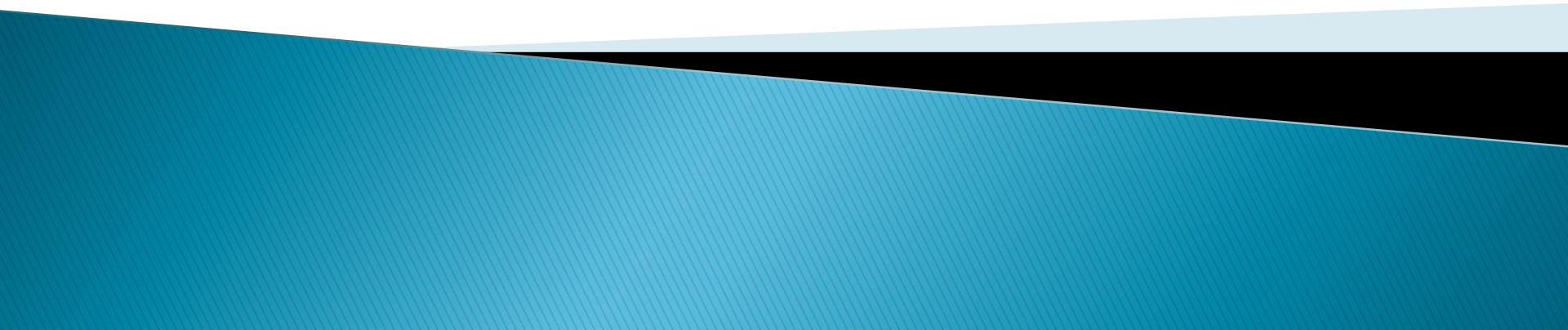
	S	A	B	C
Scope	Upper 20%	30%	40%	10%
Amount(SES)	15%	10%	6%	0%
Amount(Others)	7%	5%	3%	0%

*e.g. SES 2nd: S(USD 9,335/yr.), A(6,223/yr.), B(3,734/yr.)

- Maximum gap between 'S' and 'C': USD 27,014 (SES 2nd)
Portions

	Before '05	'06	'07	'08	'09	
Portion	1.3%	1.8%	5.0%	8.5%	8.5%	Portion

4. Type II

- For practitioners and below (below 4th ranked)
 - Paid once a year, but more than twice is recommended
 - Method of payment: by individual, by division, and mixed
 - Based on the result of performance evaluation
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– Scope and amount(Individual-based)

	S	A	B	C	
Scope	Upper 20%	30%	40%	10%	Scope
Amount	230%	160%	90%	0%	Amount

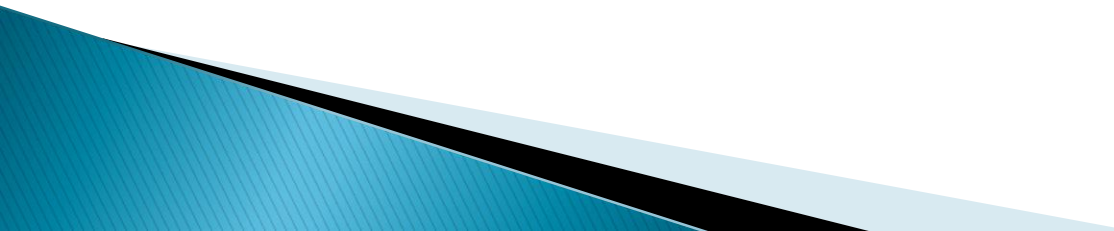
*e.g., 5th; S(USD 5,506/yr.), A(3,830/yr.), B(2,487/yr.)

– Maximum gap between ‘S’ and ‘C’ 5th: USD 6,353 (’11)

– Portions:

	Before ‘05	‘06	‘07	‘08	‘09
Portion	-	2.0%	3.0%	4.0%	4.0%

5. Performance Appraisal

- For Type I: Assessed by the performance contract made previously
Once a year, usually in January
Formulating goals – agreeing on indicators – monitoring – assessing
5 grades, the highest must be less than 20% and the lowest more than 10%
Linked to the annual salary and feasibility appraisal for 2 consecutive
lowestesters
 - For Type II: Assessed by performance and capability for the tasks
2 times a year, Jan. and Jul.
Agreeing on goals – monitoring – assessing – report – (grievance if any)
Linked to promotion and salary
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6. Future Directions

- More performance-based: widening the gap

Setting a goal to increase 12% for SES, 6.5% for others in total salary by '12

- Improvement of methodology

Reducing the tendency of leniency by introducing relative assessment

Developing the leniency index to monitor the feasibility

- Support for the system

Including this topic in training programs

