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Citizen Participation, Transparency, and Public Trust in Government: Participatory Budgeting in Local Governments of Korea

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Citizen Participation, Transparency, and Public Trust in Government:

Participatory Budgeting in Local Governments of Korea

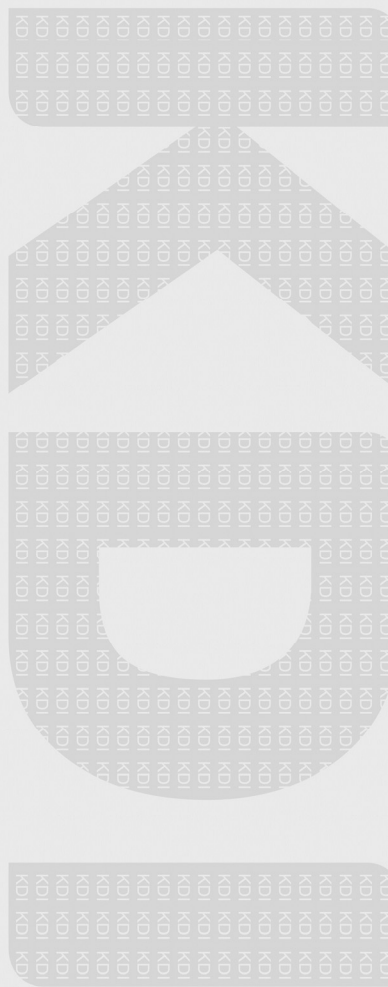
Edited by Soonhee Kim

KOREA DEVELOPMENT INSTITUTE



Citizen Participation, Transparency, and Public Trust in Government: Participatory Budgeting in Local Governments of Korea

Edited by
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▮ Preface ▮

With the growth and stability of Korea's economy facing new challenges, trust in public institutions has become all the more pertinent. Accordingly, concerns have been raised within civil society and by the government on how public trust should be enhanced in order to achieve sustainable development. Many countries have advocated deliberative democracy and participatory governance as the founding principles for governance reform. Likewise, the Korean government has also emphasized the importance of citizen participation during the process of policy agenda-setting, analysis, formulation, implementation, and evaluation under democratic decentralized governance regimes. However, there is a growing demand for evaluations of propositions that assert participatory programs increase the level of public trust in Korea.

Given the current landscape, "Citizen Participation, Transparency, and Public Trust in Government: Participatory Budgeting in Local Governments of Korea," is timely and contributes to the better understanding of the relationship between citizen participation and public trust in the government. The book provides an integrated evaluation model of the success factors of effective Participatory Budgeting (PB) and the impact of effective PB on governance values such as transparency and trust in public institutions in Korea. In order to develop the model, the authors conducted a comprehensive literature review on participatory governance, the dimensions of effective citizen participation, and the success factors of effective citizen participation programs in other countries. Additionally, an evaluation was conducted on the evolution of participatory governance in the context of Korea. Researchers constructed managerial, individual, institutional, political, and cultural dimensions for the designing of the assessment model and

developed research propositions for follow-up research projects to test and validate. As an empirical study to test propositions, this research will become the cornerstone for a nationwide PB assessment study to ultimately contribute to improving the effectiveness of citizen participation programs in Korea.

I would like to thank project manager Professor Soonhee Kim of the KDI School of Public Policy and Management along with co-authors Professor Dong-Young Kim of the KDI School of Public Policy and Management and Professor Jooho Lee of the University of Nebraska Omaha for their dedicated efforts. The authors also gratefully acknowledge Hui-young Hwang and Myeongshin Kwak of Korea University and Changsoo Song of the University of Nebraska Omaha for their hard work as research assistants for this study. A special thank you goes to our colleagues who helped by sharing their insights, among others, Professor Myoung-Ho Park of Hankuk University of Foreign Studies and Professor Woong-Ki Baek of Sangmyung University. Last but not least, I also would like to thank the KDI research staff, including Jeong-Ae Choi and Tae-Yang Kim, who worked tirelessly to pull the project through.

Joon-Kyung Kim
President of KDI

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Introduction

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Scholars and practitioners pay attention to the theory of participatory, deliberative, and collaborative governance that puts emphasis on democratic engagement, deliberative process of decision-making, and new ways of connecting state and society. Participatory Budgeting (PB), a leading citizen participation program under the participatory governance, has been introduced and utilized in Korea in the context of citizen-led democratization and NGOs' effort for tackling problems linked to the scarcity of resources and for enhancing accountability and responsiveness of local governments to the needs of their citizens. Since 2011, all local governments in Korea have been required to adopt and implement the PB system according to the Local Finance Act. The policy of PB in Korea could be an excellent case for studying the structure, process, and impacts of participatory governance in Korea.

However, there is limited research on the overall assessment model of PB in local governments and the impacts of PB on government performance and the governance values of transparency and trust in government. A challenging theoretical question is the legitimacy of the PB mandate decision when there is limited evidence on the positive or negative impacts of the PB on government performance and governance values. In addition, a challenging practical question for government and local community is how to build managerial capacity for enhancing the effectiveness of PB.

The purpose of this study is to develop an integrated evaluation model of effective PB and understand the impacts of effective PB on governance values in Korea. Firstly, this study reviews the governance

literature and identifies the instrumental benefits of the governance approach as enhanced legitimacy, increased level of social and political trust, and citizenship development. Chapter 1 addresses the antecedents and success dimensions of deliberative and collaborative governance, including the balance of power among the parties, leaderships who champion participatory governance, trust-building process, and civic virtue with deliberative capacity. In addition, this research critically assesses the experiences and practices of the participatory governance approach in Korea, which influences the institutionalization of citizen participation programs that allow for interests, demands, and needs to be publicly discussed, debated, and negotiated. Finally, the chapter suggests deliberative democracy and collaborative governance as potential mechanisms to restore and reinvigorate citizenship, build trust among the actors, and reconcile differences among them more effectively in Korea.

Secondly, focusing on citizen participation programs as the practices of the participatory governance approach, Chapter 2 contains a comprehensive literature review on the dimension of effective citizen participation programs (i.e., citizen's perspective and government's perspective) and the success factors of effective citizen participation programs at the global level. Chapter 2 also analyzes the context of CP programs in Korea and summarizes the types of CP programs at the national and local levels by a policy stage. Finally, Chapter 2 conducts an overall literature review of the CP programs for identifying success factors of effective CP programs in Korea. This chapter could provide a macro level understanding of CP programs in Korea with the participatory governance approach before developing an integrated evaluation model of PB and the impacts of effective PB on governance values in Korea.

Chapter 3 and Chapter 4 develop research models of the success factors of effective PB and the impacts of effective PB on the governance values of transparency and public trust in government in Korea. This study particularly emphasizes government management capacity for implementing participation programs (i.e., design, process, and evaluation), competency of authentic dialogue for enhancing quality discussion and decisions, and individual participant/citizen values and

behavior that are affected by a civil society culture. Chapter 3 develops a model of PB effectiveness and offers propositions that identify important managerial and individual capacity dimensions that facilitate the PB effectiveness. An exploratory model of the factors affecting effective PB in local governments of Korea proposed in Chapter 3 assists to measure the capacity assessment of PB through surveys on public managers and participants/citizens.

As PB has been diffused across many countries including Korea at local government level, scholars in public administration and practitioners in local governments have discussed the benefits and limitations of PB and offered anecdotal evidence on its effects or comprehensive literature review. However, it is still unclear how PB could lead to enhanced government transparency and citizen trust in government. Drawing on a comprehensive literature review on antecedents of transparency and trust in government, Chapter 4 offers a PB model of transparency and trust in government by emphasizing the roles of community values as mediator.

The literature review has implied that the relationship between PB and trust in government can be indirect, which means that effective PB can affect trust in government through its other outcomes. To explore the other outcomes, Chapter 4 focuses on community values and transparency as mediators linking effective PB and trust in government. Specifically, the study proposes that PB could create community values (e.g. commitment to community issues) on participatory governance, which is related to trust in government while PB is associated with transparency in government, which shapes trust in government. Also, the model explores that transparency in government is directly related to community values and trust in government. Applying citizen participation, social network, and social capital theories specific propositions are developed in this research. The future study of the propositions developed in Chapter 4 would enhance the theoretical and practical knowledge of how PB matters for enhancing transparency and public trust in government in Korea.

Figure 4-2 in Chapter 4 summarizes the evaluation model of PB in Korea, including the success factors of effective PB and the impacts of effective PB on transparency and trust in government developed in

Chapter 3 and Chapter 4. More details on the variables in each box in Figure 4-2 are discussed in Chapter 3 and Chapter 4.

Finally, the study acknowledges that, as the primary purpose of this research is to develop conceptual and theoretical models of PB research in Korea, a follow up research project is to test the research propositions and validate the models in various settings of local governments in Korea. To test the models and propositions developed in the study, a research design for future research is also discussed in Conclusion.

CHAPTER 1

Governance Reform in Korea: Reinventing a Participatory, Deliberative, and Collaborative Governance

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1. Introduction

The Republic of Korea (hereafter Korea), now as a member of the G-20 major economies, has been heralded internationally as a successful role model of democratic capitalism that has transformed itself from very poor aid-recipient country to a significant donor (Marx and Soares, 2013). Economically, South Korea became the seventh largest exporter as well as importer in the world in 2012. Politically, Korea's democratic consolidation was achieved since the late 1980s, ranking 21st in the world in 2013 (Economist Intelligence Unit, 2013).

However, all serious observers now worry that the Korean economy is slowing down with possibly chronic low growth of only 2~3% GDP growth. A host of culprits for current stagnation are identified as economic ones from challenging global economic environment, such as the global financial crisis in 2008 and European fiscal crisis in 2011 that have reduced the export potential of Korean industries, to domestic vicious cycle that include spiral downward interactions among several factors, such as reduced consumption due to increasing education and housing costs, reduced investments from industries, increasing unemployment, and reduced taxes.

Such economic challenges are now being compounded by more

structural and societal changes, such as low birth rate, aging population, low level of social cohesion, increasing income inequality, decreasing social mobility and alarmingly low level of trust in the government. Warning signals on Korea's performance have been manifested in international indicators on national competitiveness. Korea's ranking in the World Economic Forum (WEF)'s global competitiveness index has been sliding down to 26th in 2014 since 2007 when it ranked as 11th. In addition, IMD's national competitive ranking for Korea has not been improved but decreased since 2010.

Although Korea has successfully overcome many national challenges so far since the 1960s with strong government leadership, competent government officials, and well-designed government strategies, the Korean government now faces more serious challenges under different socio-political contexts from those in the past. Decentralization, institutional arrangements for strong democratic and transparent governance, and increasing number of non-governmental organizations challenge government leaders to recognize that they need to develop collaborative relationships between government institutions and citizens in order to formulate and implement policies (Cheung, 2005; P. S. Kim, 2008; S. H. Kim, 2009; Korea Development Institute, 2006). Large commercial corporations and industries exert their economic and even political power through the market. Institutional arrangements aimed at making the government more accountable and transparent allow citizens and civil society to legitimately check and slow down the operations of the government.

Given these new contexts, our reliance only on the role of the government in producing and implementing ambitious large-scale government programs and policy packages as solutions for such challenging problems may be wrongly placed. As Fukuyama (1995) observes, improvements on important but complex economic and social problems, such as unemployment and health care policies in European countries and the U.S., could not be achieved through ambitious large-scale government programs and management.

New contexts in public policy making in Korea as in other countries around the world require major economic and political actors including the government, non-state stakeholders like business, labor, civil society,

and ordinary citizens in Korea to collaborate and hammer out workable solutions to pressing and formidable national challenges and problems. For example, collaboration is pertinent for pension reform between the government and public workers, for labor market reform between management and labor unions, for consistent and visionary education between teachers and parents, and for fair competition in the market between large corporations and mid-size companies.

All serious observers understand that liberal political and economic institutions depend on a healthy and dynamic civil society for their vitality (Gellner, 1994). And trust between the government and the public and among citizens is the foundation for collaboration among actors (Fukuyama, 1995). Since democratization in 1987, however, the annual number of public disputes in Korea has been increasing, incurring huge amounts of social costs (J. H. Lee *et al.*, 2014; M. H. Park, 2010). According to one study on the social conflict index (Park, 2010), Korea was the fourth serious country in terms of social conflicts among OECD member countries in 2009.

Our political institutions have fostered polarization and rancor rather than bringing the public together and encouraging rational discourse. The representatives of political parties constantly went against each other. A constant clashing of interests without appropriate mechanisms to resolve conflicts has engendered a politics of distrust, animosity, as well as excessive, unnecessary conflicts and distracted attention from efforts to work together to solve shared problems. As a consequence, citizens who have been displeased by rancorous politics show disturbing levels of indifference on the significant public issues and apathy. Korea's score in terms of social cohesion is in the lowest groups among OECD countries (Park, 2010). While the level of social cohesion has been gradually improved globally since the early 2000s, social cohesion in Korea remains unimproved (Park, 2010).

Given such a weak societal framework in Korea, emphasis only on institutional reform and policy structures may fall short in the face of such tasks that call for greater civic virtue from civil society, that is, active, well-informed, and adequately concerned citizens. Much attention should be paid to the question of how institutional reforms and policy-making structures can shape civic life and virtue. In other words,

rather than accepting the current deficit of civic virtue as a given condition, we should focus on how to nurture the virtues of good citizenship through appropriate procedures, institutional and political reform.

Research Purpose

Currently, we see a variety of shortcomings in the qualitative dimensions of many existing procedures, institutional settings, and political system in promoting necessary civic virtue in Korea. Our politics and decision-making processes provide too few opportunities for citizens to participate meaningfully to articulate their own reasons and respect the reasonable arguments of others. In other words, our politics is not as deliberative as it can be. Thus, we need to pay attention to the questions of how to enhance the quality of engagement as well as increase the amount of citizen participation. We need to break the vicious cycle where low levels of trust cause more serious conflicts, which in turn lowers the level of trust among actors.

In this chapter, I suggest two procedures or ideas called deliberative democracy and collaborative governance, as potential mechanisms to restore and reinvigorate citizenship, build trust among the actors, and reconcile differences among them more effectively. First, I introduce those concepts and procedures through global literature review. Then, Korean situations will be analyzed comparatively in order to formulate a Korean governance reform model that will be tested empirically in future studies. Critics of deliberative democracy and collaborative governance argue that the claims of positive impacts of deliberative and collaborative participation are unsupported by hard data.

Thus, the relevant future research questions include: 1) What are the factors to degenerate or eclipse citizenships or civic virtue?; 2) What are the roles of the government and civil society in promoting such civic virtue?; 3) Are there empirical evidence between increased trust and successful implementation of collaborative governance and deliberative democracy?; 4) What are the institutional, managerial, individual, and cultural factors that lead to genuine success of collaborative governance and deliberative democracy?; 5) What are political barriers that lie in the

path of conducting experiments with such procedures?; 6) Are there empirical evidence between increased trust and tangible problem-solving by collaboration?; and 7) How to transform a few successful experiments into habitual routines to build social capital?

2. Deliberative Democracy for Reviving Citizenship and Building Trust

A. Concept of Deliberative Democracy

Deliberative democracy is a new conception of democracy that secures a central place for moral discussion to cope with conflicts on fundamental values in political life, such as going to a war, welfare policy, education policy, and nuclear energy that no theory or practice of conventional democratic politics has so far found an adequate way to address (Gutman and Thompson, 2004). Before the theory of democracy took a deliberative turn around in 1990, the democratic ideal was framed mainly in terms of aggregation of existing different value preferences or interests into collective decision through mechanisms, such as voting and representation (Dryzek, 2000). The key assumption of deliberative democracy is that preferences can be transformed in the process of deliberation.

The necessity of deliberative democracy is driven by the perception that current democracy is at risk. As John Dewey (1927) lamented long time ago, self-governing citizenships in many countries have been eclipsed due to many factors, such as technology, culture and politics. Consequently, there are disturbing levels of ignorance and apathy among ordinary citizens about important decisions on the public good on one hand. On the other hand, they are only aroused to secure their self-interests without considering the consequences of their choice on the public good.

The fundamental premise of deliberative democracy is that, when citizens or their representatives disagree morally, they should continue to reason together but more consistently and comprehensively than usual to reach mutually acceptable decisions (Gutman and Thompson,

2004). Also, deliberative democracy assumes that, in many of the controversies, the likelihood to produce morally acceptable resolution depends on citizen's impartial moral reasoning beyond their narrow self-interest and consideration of what can be justified to other citizens who reasonably disagree with them (Gutmann and Thompson, 2004).

In order to realize the ideal of deliberative democracy, citizens should comply with the principle of reciprocity on which citizens should recognize that positions of others are worthy of moral respect even when they think them morally wrong. Also, reciprocity asks citizens to show mutual commitment to reach deliberative agreement on the most reliable methods of inquiry to find empirical claims that are relevant to moral argument.

Discourse theorists, such as Jürgen Habermas (1984), argue that a provisionally justifiable resolution of moral conflicts in politics depends only on satisfying the ideal conditions of authentic deliberation. Joshua Cohen (1989) elaborates such conditions as ideal deliberative principles. Ideal deliberation should be free in that the participants are bound only by the results of their deliberation and by the preconditions for that deliberation. Also, the parties are both formally and substantively equal. Formally, they have equal opportunity to participate in deliberation, equal standing at each stage of the deliberative process, and equal voice in the decision. Substantively, the existing distribution of power and resources does not affect their chances to contribute to deliberation.

Deliberative democracy is better than aggregative democracy that uses majority rule and cost-benefit analysis? If so, why is that? Deliberative democracy focuses on the reasons that citizens and representatives present for their values and preferences while aggregative democracy takes the preferences as given and requires no justification for the preferences. Aggregative democracy needs no further justification beyond the rationale for the method itself, such as utilitarian assumptions. Reasons are not to be found in the preferences but given for the outcomes.

While the result of an election or the outcome from a cost-benefit analysis as relatively uncontroversial procedures produce deals with disagreement efficiently, the aggregative conception is seriously flawed. By assuming existing but raw preferences as given, aggregative

democracy acknowledges and even reinforce existing power imbalances in society. However, deliberative democracy can accept different kinds of decision-making procedures to arrive at final decisions, including voting as long as they are justified in a deliberation.

B. Practices to Realize the Ideals of Deliberative Democracy

Many theorists and practitioners committed to promoting deliberative democracy in the U.S. conducted serious social experiments to realize the ideal of deliberation and fulfill the principles of deliberative democracies. Those social experiments include Citizen Juries, Consensus Conferences, Deliberative polling, Study circles, and the Twenty-First century town meeting. This section introduces two representative cases of deliberative mechanisms in public decision-making that may be salient and relevant for Korean governance reform.

(1) Deliberative Polling

Deliberative polling is a deliberative form of public consultation, designed by James Fishkin (1995). He observes that conventional public opinion polls may not be actually representing the voice of the public and even giving wrong signals for decision-makers since uninformed individuals tend to show non-attitude or provide the top-of-the-head answers driven by rational ignorance. Thus, by giving the public the opportunity to deliberate on significant public issues with enough information, deliberative polling may reap one of the key deliberative benefits, that is, preference changes of the public.

There are several defining key elements of deliberative polling. First and foremost, participants in deliberative polling are selected through a scientific random sampling method aimed at creating a magic town, a statistical microcosm of the public. Participants are organized into a small group for deliberation with the help of moderator for two days and asked to fill out opinion surveys on specific topics before and after deliberation. During deliberation, participants have an opportunity to ask questions to panels of experts and public decision makers in plenary sessions. Deliberation often makes a difference. Participants' opinions

after deliberation are often substantially different from their opinions before deliberation. Often media covers all the sessions and helps to connect the deliberative outcome to local and national policymaking. The outcome has recommending power with the assumption that all the public would have reached at same conclusions (not consensus, though) with same degree of deliberation.

For genuine deliberative polling, balance is the hallmark. An advisory group that represents key relevant interests reviews briefing materials. The panels of experts are carefully recruited to strike the balance of the opinions. Moderators are trained to be impartial in their facilitation.

Empirical studies show that there are other deliberative benefits from deliberative polling (Ackerman and Fishkin, 2004). Engagement of ordinary citizens at the local level deliberative polling may create social capital since they may meet with other citizens and with policymakers and more opportunities to participate in deliberative polls and other forums may create a habit of informed deliberation with other ordinary citizens, hence trust-building. Also, learning during deliberation causes participants to change their opinions. Comparison of participants' responses to factual questions before and after deliberation manifests that participants usually come away better informed (Luskin *et al.*, 2002). They are likely to continue learning and participating afterwards. More than twenty deliberative polling have been conducted at various levels from national to local and for many different contexts around the world (for various case studies on deliberative polling around the world, refer to the webpage of the Center for Deliberative Democracy at Stanford University at <http://cdd.stanford.edu/>).

(2) The Twenty-First Century Town Meeting

Applying the traditional deliberative mechanism of the town meeting invented by early settlers in New England regions in the U.S., AmericaSpeaks, a non-profit organization, invented new town meeting with sophisticated information technology for more efficient deliberation with more people in the 21st century (Lukensmeyer *et al.*, 2005).

Defining characteristics of the 21st century town meeting include the existence of sponsoring organization(s) or a public official or institution that has decision-making authority on a critical topic, such as development of city's budget, strategic plan for five years, comprehensive land-use plans, and redevelopment of the World Trade Center site after the September 11 attacks in New York (Fung and Rosegrant, 2006). Also, organizers ensure that 21st Century Town Meetings are demographically representative of the community by actively recruiting participants to meet demographic targets. There should be facilitated deliberation among participants with the help of a trained facilitator.

The most distinctive feature of the practice is the technologies used to link between intimate small-group deliberation and large-scale collective work of thousands of participants. When participants in a small-group generate ideas, facilitators at the table create an instant record of the ideas and ensure that all voices are heard and no idea is lost by transmitting their ideas through wireless-networked computers to a theme team who can distill important themes from every table.

The themes are then presented back to the room in the form of questions so that every participant can answer the questions through individual polling keypads instantly. Such back-and-forth between the small-scale and large-scale deliberations can occur as many times as needed to develop recommendations on which decision makers can take action. When decision-makers participate in the event and express their commitment to act on the recommendations from the meeting, the voices may have a lasting impact.

This kind of deliberative practice may be possible in the U.S. where many public foundations, such as the Kettering Foundation and the Pew Charitable Trusts, are committed to promoting public deliberation and dialogue and large civic networks, such as the Deliberative Democracy Consortium and National Coalition for Dialogue and Deliberation, play active roles in organizing the meetings professionally.

3. Collaborative Governance as Consensus Building Tool

Korea has been a conflict-stricken society since its democratization process began in the late 1980s. While many important economic, social, and political problems Korea face now require collaborations among key stakeholders, major actors in Korean governance seem to lack capacity to resolve social conflicts (S. B. Kim, 2013). Thus, global literature review on collaborative governance in this article is driven by the need to draw policy implications for collaborative governance as a consensus building mechanism.

A. Concept of Collaborative Governance

A key component of the term “collaborative governance” is “governance.” The theoretical field of “governance” has been built for the past three decades, producing many workable definitions of governance. Combining the key components of those definitions, the general term of “governance” can be distilled from the key elements of those definitions as “*a mean or capacities to steer processes (O’Leary et al., 2006) where public and private actors (Stoker, 1998) jointly or collectively decide and implement (Ostrom, 1990; Stoker, 2004) norms, rules, and laws (Lynn et al., 2001) for the survival of the institution (Bryson et al., 2006).*”

By adding the term “collaborative” to “governance, Ansell and Gash (2008) defines “collaborative governance” as “*a governing arrangement where one or more public agencies directly engage non-state stakeholders in a collective decision-making process that is formal, consensus oriented, and deliberative and that aims to make or implement public policy or manage public programs or assets.*” This definition includes several important conditions for a process to be called “collaborative governance” and helps to develop research questions for governance in Korea.

First, any process in collaborative governance should be initiated by public agencies. Under which conditions public agencies initiate collaborative governance is an important theoretical and practical

question. Second, non-governmental stakeholders including individuals and organizations should be engaged in the process. Also, the question of how to initiate collaborative governance matters for the engagement of non-governmental stakeholders. If the process is voluntary rather than mandatory, non-state stakeholders should be motivated to participate. Interagency coordination that does not involve non-state stakeholders is not collaborative governance by this definition.

Third, stakeholders representing all relevant interests (Connick and Innes, 2003) including public agencies should meet face-to-face and participate directly in a deliberative and formal process to make decisions. If they are merely consulted by public agencies or removed from the actual decision-making process, then even advisory committees are not regarded as collaborative governance. Also, although casual and informal interactions between public agencies and interest groups are utilized for decision making or networking, only formal and official processes are regarded as collaborative governance.

Fourth, decisions in collaborative governance are consensus-oriented (Ansell and Gash, 2008; Connick and Innes, 2003; Seidenfeld, 2000) although public agencies usually have the ultimate authority to finalize a decision. The consensus agreement signed by participants in a collaborative governance procedures can be regarded as consensus proposal to the government. One of the goals of collaborative governance is to transform adversarial relationships among stakeholders into more cooperative ones by building trust. Thus, consensus-oriented decision-making in collaborative governance is very important for Korea's governance since public agencies may use collaborative governance procedures as public dispute resolution mechanisms to reduce social or political conflict.

Thus, although collaborative governance procedures utilize deliberation through reasoning to reconcile major differences among participants, those procedures, by definitions above, can be differentiated from representative procedures, such as deliberative polling and twenty-first century town meeting, based on deliberative democracy in terms of two aspects. First, while deliberative procedures usually include large size of ordinary citizens in deliberations, collaborative governance procedures involve appropriate number of

stakeholding representatives. Second, collaborative governance procedures mainly pursue consensus agreement toward public decision-making, but deliberative procedures, such as deliberative polling, do not necessarily intend to hammer out consensus but try to capture genuine public opinions by showing how preferences can be changed through reasoned deliberation.

Deliberative democracy literature tends to take the idea of consensus as its logical foundation (Habermas, 1984; Rawls, 1971). The idea of unforced consensus in an ideal or hypothetical deliberative situation is unfortunately and logically impossible in a real political context (Rae, 1975). However, even when consensus is not reached, it is possible to build a theory of deliberative democracy on a majority rule in representatives bodies (Barry, 1995; Dewey, 1927; Nino, 1996; Knight and Johnson, 1999). Deliberative politics almost always needs to be supplemented by decision procedures such as a vote by the legislature.

B. Conditions for Successful Collaborative Governance

Most literature on collaborative governance addresses the question of under which conditions stakeholders initiate collaborative process, act collaboratively to produce instrumental benefits of collaboration such as building consensus and trust (Ansell and Gush, 2008; Emerson *et al.*, 2012). Various models of collaborative governance try to identify starting conditions, enabling factors, institutional design, and collaborative process, especially trust building process.

As a starting condition, policy failures or impasse often play important roles to motivate the parties to come to the table. In reality, experiments with collaborative governance were typically driven by such failures with adversarial approaches (Ansell and Gush, 2008). Adversarial countervailing power (Fung and Wright, 2003a), built up by the weak parties, often creates a mutually hurting stalemate that makes the parties perceive they are interdependent and provide the ultimate impetus for them to talk (Bryson *et al.*, 2008; Futrell, 2003; Weber, 2003; Zartman, 1989).

However, seeking “way out” of a policy deadlock is not always likely to be adopted and turned into successful collaboration. The parties

should seize the ripe moment. Even if they sit together, they may not still trust each other (Weech-Maldonado and Merrill, 2000). They cannot be sure whether the other parties have a good will to collaborate, want to delay the process, or use collaboration as window dressing (Futrell, 2003). Although a policy deadlock may be a necessary context to initiate trust building cycle, this policy deadlock hypothesis is not enough to explain what happens inside the process to build trust.

Also, a prolonged conflict is likely to create a vicious cycle of suspicion, distrust, and stereotyping (Ansell and Gash, 2008). Thus, the lack of trust or distrust among the parties is a common starting point for a collaborative process (Vangen and Huxham, 2003; Weech-Maldonado and Merrill, 2000). Thus, trust building is considered as the most difficult component in collaborative process among historically antagonistic and distrusted organizations (Murdock *et al.*, 2005). The issues of how to build trust in such conditions and how to sustain it during the collaborative process are very important in practice.

Other enabling factors to initiate collaborative governance process include the existence of locally organized entities with deep local knowledge (Fung and Wright, 2003a) and political leaders who are willing to venture into taking a risk in collaborative governance (Imperial, 2005). Also, the existence of the third party neutrals as human resources is so important for bringing stakeholders together and getting them to engage each other in a collaborative spirit (Ozawa, 1993; Susskind and Cruikshank, 1987).

The basic protocols and ground rules for collaborative process as institutional design are critical for the procedural legitimacy of the collaborative process. Open and inclusive participation is the key component of collaborative governance (Gray, 1989; Gunton and Day, 2003; Lasker and Weiss, 2003; Murdock *et al.*, 2005). Also, clear ground rules and transparency are important design components (Glasbergen and Driessen, 2005; Gunton and Day, 2003; Imperial, 2005; Murdock *et al.*, 2005). Clear and consistently applied ground rules reassure stakeholders that the process is fair, equitable, and open (Murdock *et al.*, 2005). Thus, negotiation and dispute resolution literature emphasizes the influence of pre-negotiation to design the process on the motivation to participate (Cormick, 1989; Saunders,

1991). Unless participants can decide that it is possible to reconcile their differences fairly given the balance of power among the parties that is manifested in the structure of collaborative process, they may not be interested in participating in collaboration or negotiation.

Collaborative process is a cyclical rather than linear, which is important across all the stages of collaboration (Ansell and Gush, 2008). Also, collaborative process is not merely about negotiation but also about building trust among stakeholders (Beierle and Konisky, 2001; Glasbergen and Driessen, 2005; Imperial, 2005; Murdock *et al.*, 2005; Vangen and Huxham, 2003). Much literature suggests that trust building is also a cyclical process where trust builds on itself incrementally in a virtuous circle with each positive outcome (Huxham, 2003; Imperial, 2005) and that a “small wins” approach (Bryson, 1988) is a pragmatic way forward to initiate trust building loop via successful implementation of low-risk initiatives first (Das and Teng, 1998; Vangen and Huxham, 2003). However, Vangen and Huxham (2003) suggest that the small-wins approach may not be feasible or appropriate for initiating a trust-building loop when the parties with a history of distrust need to address issues rapidly by coping with lack of trust. Such a situation often requires an upfront negotiation to design the structure of collaboration as a more rapid and comprehensive approach to initiating trust building by managing the associated risk as integral part of trust building. Managing power imbalances in the effort to design the structure of collaboration is very important for initiating trust-building loop when there is lack of trust or distrust among the parties from the beginning. Agreeing upon the structure of collaboration in advance helps the parties to form necessary expectations and reduce risk inherent in collaboration (Gulati, 1995). In doing so, the parties may create necessary amount of trust enough to initiate trust-building loop with a small-wins approach thereafter.

4. Diagnosis of Participatory, Deliberative, and Collaborative Governance in Korea

This section intends to diagnose the current status of participatory, deliberative and collaborative governance in Korea by reviewing many efforts to incorporate new forms of governance in public decision-making since the early 2000s.

A. Institutional Dimension

First, this paper reviews the efforts of the Korean government to incorporate public participation, deliberation, and collaboration into a regulatory regime. In a nutshell, such institutionalization efforts have an unimpressive track record.

Due to an increasing number of serious, prolonged public disputes, the demand for better conflict management system the public sector had grown since the early 2000s, particularly during the President Noh, Moo-Hyun Administration, the so-called “Participatory Government” (2003-2007), and culminated in the 2007 enactment of an Executive Order 19886 (hereafter, EO 19886) on Public Dispute Prevention and Resolution that endorses new approaches to the way central government agencies prevent and resolve conflicts by involving stakeholders in decision-making process. The recent broad and general evaluation suggests that government officials have not been enthusiastic in complying with this regulation and hence unclear and meager contribution to improving conflict management system in Korea (Han, 2014). Although there tend to be inherent internal resistance and hesitation in any organization against new ideas and routines from any external source, institutional designs of the new routines in the form of regulation may be due to lack of compliance (D. Y. Kim, 2012).

D. Y. Kim (Forthcoming in 2015) suggests that the institutional designs of the three main pillars of the Executive Order 19886 that include conflict impact assessment, conflict management advisory council and ad-hoc conflict resolution committee may be flawed and may not contribute to improving the governance system. For example, originally, conflict assessment can be closely linked to the conflict

resolution process since its primary purposes are to identify stakeholders, explore their interests by outside professional neutrals, assess the possibility of proceeding to any consensus building procedures, suggest appropriate dispute resolution procedures, and induce stakeholders to come to a negotiating table. However, conflict impact assessment under the current structure of the EO 19886 is supposed to be applied only for conflict prevention when there is no apparent conflict yet and is separated from ad-hoc conflict resolution procedure. Also, although conflict assessment can be conducted most appropriately by the third party, current conflict impact assessment reports are often being written by government officials themselves.

Another example of institutionalization of public participation in Korea is a siting law for municipal waste facilities called, “The Act for Promotion of Installation of Waste Disposal Facilities and Assistance to Adjacent Areas.” The siting law was enacted in 1995 aimed at facilitating siting procedures that had been delayed in almost every local jurisdiction due to local oppositions against proposed waste facilities. D. Y. Kim (2012) argues, however, that certain regulatory recipes with flawed institutional designs might not be a solution to public conflicts, but be part of the problem, and even exacerbate the problem. If this is the case, then it might be because wrongly-designed institutions induce sub-optimal strategies of actors in conflicts. For example, unnecessary stiffness and conformity of regulations, in terms of who should participate, how they participate, and negotiate for which issue, might negatively affect flexible and creative problem-solving by limiting representatives of broad interests and scopes of issues to be traded-off through negotiations, and reducing creativity to generate potential solutions.

The core framework of the Korean siting regulation is that, only after the site is officially determined by the government, a host community can engage in consultation with the local government for compensation. The basic premise of this scheme is that site selection should not be negotiated with a compensation package. Hosting communities often regarded this structured decision-making process as unfair, because they could not change the site selection decision although they were not satisfied with the compensation package that the

regulation specified (D. Y. Kim, 2012).

According to the regulation, site selection and compensation decision should be made by a simple majority in each respective Committee. No consensus is required. This problem is closely related to the representation issue. When the host communities distrust the representativeness in each Committee, simple majority-rule decision-making process may give impression that the final decision could be manipulated with politically selected members in the Committee.

Despite the appropriate design of institutionalized public participation, certain background institutional arrangements surrounding participatory, deliberative, and collaborative governance often impair perceived fairness and trust among actors so that they cannot but rely upon adversarial strategies rather than collaboration (D. Y. Kim, 2014). Certain legal provisions, regulations, and administrative procedures allocate asymmetric power to the parties by affecting outside alternative courses of action to address the issues. Those influential sources of power are usually beyond the control of the participants and non-deliberative inside the process (Holzinger, 2001; Lax and Sebenius, 1985).

In Korea, much institutional arrangements had been established in order to achieve rapid economic development with a paradigm of “grow first, clean up later,” propagandized by authoritarian military regimes since the mid-1960s (Moon and Lim, 2003). For example, “The Act for Facilitating the Development of Sources of Electricity,” was enacted in 1978 in the authoritarian regime. In order to provide consistent electricity to industrial complexes and urban areas rapidly, this law has allocated substantial powers to developers in building power plants and sending electricity through many high voltage transmission towers. Systematically, this law expedites the decision-making process by limiting information for public participation and consultation, providing lots of exemptions in acquiring approvals from local governments, and allowing developers to expropriate necessary lands with low levels of compensation. This unbalanced structure of the law well manifest itself as the culprit to the increasing number of violent conflicts between developers and residents who are supposed to host the facilities. In reality, among 277 cases of conflicts related to high-voltage

transmission towers in Korea between 2006 and 2009, 57% of them happened when the residents realized that the developers already started construction with approval from the government, which implies that the residents have not been consulted by the developers before they acquired the approval from the government. Under such a context, collaborative governance procedures aimed at resolving such conflicts have been full of criminalizing and adversarial discourses.

As a conclusion, from the perspective of institutional dimension, there is much to be desired in order to realize the ideal of genuine model of participatory, deliberative, and collaborative governance in Korea. First, despite much effort to incorporate public participation, deliberation, and collaboration into regulatory regimes, rigorous analysis on current institutional designs of such regulations should be conducted in order to make such institutions work properly. Second, it is necessary to identify institutional arrangements that allocate powers to the parties unfairly and revise them in a way to level the playing field for the parties who may rely upon participatory, deliberative, and collaborative governance.

B. Managerial Dimension

Since the early 2000s, there have been many social experiments using participation, deliberation, and collaboration components in public decision-making in Korea. Those experiments were mostly ad-hoc processes to resolve conflicts and consult public opinions on controversial policy issues. Although there have been a few cases of successful collaboration that have been documented or analyzed academically, most collaborative efforts were driven by policy failures and impasse that incurred enormous social, economic, and political costs in Korean society. Moreover, lots of the collaborative experiments failed to produce tangible and instrumental benefits of participation and deliberation.

Inappropriate institutional design or structure for collaborative governance is the main culprit for failure. The sources for flawed design are three-folds. First, given power imbalances among the parties in many cases and resulting distrust, strategic moves of the parties in

power games to control the structure of the collaborative process often cause more serious conflict. For example, in the first environmental regulatory negotiation on diesel car emission standards and urban air pollution policy in Korea in the early 2000s, consensus-building procedures were strategically used by initiators to advance their interests by limiting or recruiting specific participants, which caused more unnecessary conflicts later (D. Y. Kim, 2007).

Another source for inappropriate institutional design for collaborative governance process is lack of knowledge on the process itself compounded by wrong definition of efficiency. For example, a few experiments of deliberative polling in Korea were conducted. However, key factors to make deliberative polling valuable were missing in those cases. In a genuine deliberative polling, participants should be selected through a scientific random sampling method and participate in deliberation in a small group setting. However, in the cases of deliberative polling conducted by the government and a broadcasting company for real estate policy and free trade agreement in 2005 and 2006, respectively, the scope of the participants were limited within the Seoul Metropolitan area only. Also, the sample participants did not represent typical characteristics of the citizens in terms of income level. Thus, any outcome from such a deliberative polling may lose its legitimacy. What is worse, participants did not engage in small group deliberations either but watched only the debate between experts. (Oh, 2007).

Another problematic features in collaborative governance in Korea are related to difficulty in transforming adversarial countervailing power embedded in civil society. Without facilitative leadership and regulatory framework to support collaboration, conventional power balancing processes have been excessively adversarial in Korea due to the confrontation between dominant paradigm of economic development and rising countervailing power through interest group politics, litigations, or social mobilizations. The problem is that the forms and cognitive frames of adversarial countervailing power are not effective in delivering successful collaboration. The different forms and cognitive frames of countervailing power, the so-called “collaborative countervailing power,” are necessary for successful collaboration (Fung

and Wright, 2003a).

Adversarial countervailing power, however, cannot easily be converted for collaborative purposes due to several inherent barriers (Fung and Wright, 2003a). Large organizations with adversarial countervailing power tend to engage at national or high-level policy rather than in local, practical problem-solving efforts. Also, their cognitive frames often involve narratives of inequity and disrespect, in other words, “injustice frames.” These frames unambiguously assign culpability and prescribe fixed solutions with rigid diagnoses on the problem that in turn inhibit joint, flexible problem-solving collaboration. Such a political scale and cognitive frames determine their competencies in the strategies of mobilization, persuasion and threats. Also, psychological sources of solidarity and motivation often prevent them from transforming their cognitive frames and strategies into collaborative forms of governance. Thus, how might adversarial countervailing power be redeployed for collaborative contexts despite such inherent obstacles or how might the actors who are accustomed to adversarial conflicts dramatically transform their cognitive frames and collaborate to formulate creative solutions is a very important practical issue in Korea.

Interestingly, the case of “the Shi-Hwa Sustainable Development Committee” as a local experiment of collaborative governance on a land-use planning and environmental management in South Korea gives us an important implication by showing that the parties in the process were successful in transforming almost ten-year adversarial conflict into a collaborating process despite distrust among actors.

One of the major transformations of adversarial civil coalitions was their decision to focus on local problem solving rather than coalition building with other major environmental organizations whose headquarters were located in the capital. Although there was the opportunity to make a coalition with those major organizations, local people decided to work with their local memberships only and focus on their own local problems.

The leader of the Coalition revealed that he was concerned about the potential risk of involving large, major environmental groups from Seoul that they might lead the process into deep-value rooted conflict

rather than problem-solving deliberation. One thing to note was that their decision was also driven by their perception that they could trust the government participants to the extent that they perceived that they were not vulnerable. Also, they believed that the members of the Shi-Hwa Coalition were better positioned to discuss their own local issues with more grounded information (D. Y. Kim, 2014).

The key factor that led to successful transformation of adversarial power was power-balancing negotiation on the design of the process. The civil coalition proposed a few terms as conditions to begin any dialogue with the government. The first term was that a new committee as a collaborative process should not limit participants and be open to anyone who wanted to participate. The second term was that any decision should be made by consensus rather than a majority rule. The third term was that the dialogue should be transparent and open to the public through a webpage that could update all relevant information on meeting, relevant data, and even recorded transcripts from the meetings. Fourth, the Shi-Hwa Coalition should be allowed to recommend any experts to the Committee. Fifth, any talk should start from scratch. Sixth, all the information about the government project should be shared with participants of the committee in a timely manner (Hong and Lee, 2008). Agreeing upon fairer and inclusive rule of the game through comprehensive, upfront pre-negotiation on the structure of collaboration among the parties set the stage for small-wins approach to trust-building by managing power imbalance. And, the transformation of adversarial countervailing power into collaborative one may follow trust-building cycle, accordingly.

5. Toward Participatory, Deliberative, and Collaborative Governance in Korea

This section suggests hard-nosed proposals for pragmatically improving the governance system in Korea with a good quality of participatory, deliberative, and collaborative processes. Fulfilling such a loft vision requires major actors in our society to change their cognitive frames on the world from a rigid and adversarial one to a flexible and

collaborative one, and follow new ideas of democratic deliberation that are appropriate for participation, deliberation, and collaboration.

Although organizational changes are often more likely to be driven by crisis and its costs (Hannan and Freeman, 1984), such transformation is rarely easy and inherently difficult. If certain ethical and civic virtues, such as mutual trust and reciprocity, are the *sine qua non* of successful deliberation and collaboration (Gutmann and Thompson, 2004; Glasbergen and Driessen, 2005) as well as critical of the health of our economy, civil societies with such virtues cannot be legislated the way a government can establish a formal organization but should be nurtured with inherited habit for a long time (Fukuyama, 1995). Even well-designed collaborative procedures, rules, regulations, and supportive public policies will not in and of themselves yield necessary collaborative virtues (Fung and Wright, 2003b).

Introducing a new behaviour or new routines for participation and deliberation from any external source into any organization is also challenging when entrenched methods or ways of doing are deeply rooted in a society's culture. Common reactions are often skepticism and resistance underlying with doubts and fears about unfamiliar and risky procedures. Successful examples of participatory, deliberative, or collaborative governance in other countries are often belittled with negative sentiment, "their success doesn't prove anything about what will work here, because our circumstances are different" (Susskind *et al.*, 1993).

Thus, generating and spreading successful cases of participatory, deliberative, and collaborative governance in Korea are the best way to persuade major but, skeptical, doubtful, or hesitant actors into buying new ideas and routines. It might be more of a miracle in certain contexts, however, than something we take for granted, that experiments of participatory, deliberative, and collaborative governance arise voluntarily, overcome distrust, and transform adversarial relationships into collaborative ones.

Creating a successful model of participatory, deliberative, and collaborative governance requires four conditions: political will, experimental spirit, and expertise for sophisticated institutional design and empirical studies. First, political leaders in the government and the

parliament should have, at least, will to endorse and support a social experiment that incorporate participatory, deliberative, and collaborative procedures aimed at enhancing the legitimacy of the political decisions, rebuilding the level of social and political trust, and resolving conflict among stakeholders. Many of the successful model cases of participatory, deliberative, and collaborative governance in the world could not exist without political leaderships and their pledges to support a social experiment (Isaac and Heller, 2003; Santos, 1998; Warren and Pearse, 2008).

Second, one way to overcome fear, doubt, and uncertainty of a new participatory, deliberative, and collaborative governance mechanism is to construct a pilot experiment, probably in a small and manageable scale at first in order to check whether it really brings the instrumental benefits as expected. Institutionalization of participatory, deliberative, and collaborative governance mechanisms in the forms of regulation and laws without the evidence of benefits may produce negative consequences, such as loss of interests in and support for participatory, deliberative, and collaborative mechanisms. Through deliberative methods, a few politically controversial agendas can be selected for pilot experiment for deliberative and collaborative governance._

Third, any social experiment of participatory, deliberative, and collaborative governance should be carefully designed and implemented in a way to maximize its potential benefits. Institutional designs of the process should be considered as a potential explanatory factor for success or failure of governance institutions (D. Y. Kim, 2012). Unless the ways participants are selected, deliberate, and communicate are carefully designed and managed for the social experiment, it may be politically utilized and hence the loss of neutrality and trust.

Fourth, any new social experiment should be monitored from the beginning in order to accumulate data for empirical evaluation. Rigorous empirical studies on the efficacy are more likely to persuade skeptics on participatory, deliberative, and collaborative governance into buying the new ideas.

If rigorous empirical evidence manifests that the social experiment with participatory, deliberative, and collaborative governance generated expected instrumental benefits, the model case can be disseminated in

Korean society so that more and more actors can emulate such a practice for themselves.

Thus, the issue is who raise voices and initiate such a social experiment with careful institutional and research design. This paper finally suggests that any policy entrepreneurs (Kingdon, 1984) who have “the claim to be heard by virtue of expertise, and ability to speak for others or the occupation of an authoritative decision-making position, a competency in negotiating skills and well-developed political connections” can couple a political window of opportunity with new ideas of participatory, deliberative, and collaborative governance. However, considering the ideological and political division in Korean society, it is imperative that there should be a consortium where the administrative leadership, bi-partisan politicians, think tank, such as the Korea Development Institute (KDI), academics, and civil societies participate and deliberate on the potential public issues for a social experiment and the specific mechanism, such as deliberative polling, deliberative roundtable, citizen assembly, or ad-hoc collaborative consensus-building process. Such a consortium may contribute a lot to establishing the neutrality of the experiment and earn trust from the public.

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CHAPTER 2

Citizen Participation and Success Factors for Effective Citizen Participation Programs

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1. Introduction

There has been increased attention to citizen participation research over the last two decades by scholars and practitioners in the field of public administration and political science (Thomas, 1993; Cooper, Thomas, and Meek, 2006; Fung, 2006; Reddick, 2011; Royo, Yetano, and Acerete, 2011; Scott, 2006; Yang and Callahan, 2005; Organization for Economic Co-operation and Development (OECD, 2003; 2005; 2009)). Special attention has also been paid to how government efforts to provide more opportunities for citizen participation and input in the government performance evaluation and policy decision-making affects public trust in government (Citrin and Muste, 1999; S. H. Kim, 2010; Kim and Lee, 2012; Kweit and Kweit, 2007).

Simonsen and Robbins (2000) further argue that citizen apathy and distrust of government called thin democracy have led local governments and concerned groups around the world to develop innovative ways to engage the public in resource allocation in the public sector even under a representative democratic system. Meanwhile, scholars and practitioners emphasize increased expectations and anticipation of citizens for government to utilize new information

technologies to enable greater citizen participation in policy formation and evaluation, and to create greater information exchange between citizens and government (Macintosh and Whyte, 2008; Norris, 1999; OECD, 2003; Komito, 2005). These literatures implies that political leaders and bureaucrats are adopting CP programs as a way of making reforms to reduce the gaps between citizen expectations and the quality of government service and policy performance.

Though scholars acknowledge the potential role of citizen participation in public administration decision-making, both academics and practitioners admit the complexity of designing and evaluating the performance of various citizen participation programs in different political systems (Khagram Fung, and De Renzio, 2013; Simonsen and Robbins, 2000; Sintomer, Traub-Merz, Zhang, and Herzberg, 2013). In participatory governance, government officials may face challenges for designing customized performance evaluation programs by various types, formats, and purposes of a specific participation program within the tensions of resource constraints and the complexity of engaging in diverse policy issues and stakeholders.

The literature, however, has left significant gaps in our understanding of how to measure the output and outcomes of various offline and online citizen participation programs provided by national and local governments. Furthermore, there is limited empirical research on how to design a CP program in what specific policy or political context in local government, especially in a political system of representative democracy. Under tensions of politics versus administration and representation versus participation, creating CP programs may face challenging power dynamics between executive agencies and local council officers (Simonsen and Robbins, 2000). Meanwhile, the case of participatory budgeting in Brazil and Korea shows a stronger influence of the decentralization and democratization demand by local communities affected a speedy evolution of participatory budgeting system in both countries even under a representative democracy system (Khagram, Fung, and De Renzio, 2013; Sintomer, Traub-Merz, Zhang, and Herzberg, 2013).

Accordingly, scholars of citizen participation research need to reframe the tension of representation versus participation in a specific

historical and political context and analyse how the tension influences an specific development of citizen participation programs. For instance, concerning participatory budgeting in Korea, budget appropriation entirely belongs to the discretion of the local government head and local council and thus, citizen's participation in budgeting comes to mean the devolution of monopolistic power of the leaders (Seo, 2014).

Furthermore, it is important to acknowledge the tension of bureaucratic expertise and citizen judgement in CP programs. Without in-depth research on various CP programs, we cannot generalize all the positive impacts of CP programs on enhancing communities' interests and good governance. The specific form of the relationship between the process of citizen participation and its impacts on the output and effectiveness of the participation programs and on governance values are still to be tested in the context of specific citizen participation programs, participatory governance values, and political cultures in different countries. These accumulated knowledge based on in-depth research on various CP programs could help government officers and citizens understand the strengths and weaknesses of a specific CP program in a specific policy and context.

Research Purpose

Public participation is broadly defined as “the processes by which individuals, organizations and informal groups, who are not formally associated with the government, are directly engaged in democratic governance and decision making related to public policies or programs” (Amirkhanyan, Kim, and Lambright, 2013, pp.3-4). We adopt this definition as CP in this research. However, we propose a minor revision of the definition by focusing on the government initiated CP programs. Accordingly, Amirkhanyan *et al's* definition of public participation (2013) is modified for this research as “the government initiated participation processes by which individuals, organizations and informal groups, who are not formally associated with the government, are directly engaged in democratic governance and decision making related to public policies or programs.

The study proposes that citizen participation programs organized by

governments provide opportunities for citizens to observe the processes, express their voices, and take responsibility as active participants in their community and government by engaging in policy decision-making, resource allocation, and monitoring processes (e.g., planning, budgeting, and auditing). For public managers, citizen participation programs provide opportunities to listen, gather input data for informed decision-making, better resource allocation, and effectively respond to feedback (Simonsen and Robbins, 2000; Sintomer, Traub-Merz, Zhang, and Herzberg, 2013; Wampler and McNulty, 2011). While the research is focused on the benefits of CP programs found in the literature, we acknowledge that poorly designed CP programs without assessing the context of specific policy issues and core stakeholders could negatively affect government performance and policy effectiveness (Thomas, 1995).

The purposes of this chapter are threefold. Focusing on the participatory governance approach, Chapter 2 conducts a comprehensive literature review of the dimension of effective citizen participation (i.e., citizen's perspective and government's perspective) and the success factors of effective citizen participation programs at the global level. Chapter 2 also analyzes participatory governance context in Korea, and, finally, analyzes an overall literature review of the success factors of effective citizen participation programs in Korea. As the chapter is focused on the common success factors that are applicable for overall CP programs, there is limited attention to a specific CP program in a specific context. The case of participatory budgeting discussed in Chapter 3 and Chapter 4 could offer an example of the success factors for the specific CP program.

2. Success Factors for Effective Citizen Participation Programs

A. Citizen Participation Effectiveness for Citizens and Government

How do scholars and practitioners define the effectiveness of CP programs? Since there are many online and offline CP programs, scholars in public administration first have tried to classify citizen participation in order to systematically understand its characteristics and benefits (Arnstein, 1969; King, Feltey, and Susel, 1998; Roberts, 2004; Rowe and Frewer, 2005). The public participation can be also classified in different ways. First, the nature of public participation varies depending on who takes the initiative of selecting and suggesting a policy agenda discussed during public participation processes. In this regard, public participation can be broadly classified as either government-initiated or citizen-initiated participation (Zuckerman and West, 1985; Thomas and Streib, 2003). Second, public policy and administration literature has characterized citizen participation as a part of policy decision-making processes, which includes policy agenda setting, policy formation, policy implementation, and policy evaluation phases (Arnstein, 1969; King, Feltey, and Susel, 1998).

Scholars have also categorized several types of citizen participation programs. For instance, Arnstein (1969) introduces a ladder of participation that describes levels of interaction and influence in the decision-making process from elemental to more in-depth participation (e.g., information, communication, consultation, deliberation and decision-making). Concerning online citizen participation, Macintosh and Whyte (2008) have applied a similar approach to classifying top-down and ground-up designs of online participation. The “ground-up” design of online public participation emphasizes participation initiated by the public while the top-down approach highlights participation design initiated by the government. Government initiated e-participation includes, but is not limited to, online polls, online surveys, and predetermined agenda-specific online discussion boards (e.g. regulation.gov). Meanwhile, citizen-initiated e-participation services range from email contact to online open policy forums (Thomas and

Streib, 2003).

By drawing on organizational effectiveness literature (Rainey, 2014), this research broadly defines effective public participation as the extent to which citizen participation (hereafter CP) programs achieve their goals. As citizen participation programs are designed to pursue multidimensional goals, the goals of citizen participation can be understood depending on specific CP programs and their stakeholders. The goals of citizen participation has long been discussed among scholars in public administration (Kweit and Kweit, 2004; Roberts, 2004). Chapter 2 draws on conventional citizen participation literature to identify multifaceted citizen participation goals by focusing on two key stakeholders: citizen participants and government (Irvin and Stansbury, 2004). It is believed that our efforts to identify and develop overall multidimensional goals of citizen participation in Chapter 2 help public managers and leaders determine desirable criteria for a systematic evaluation of its effectiveness.

B. Citizens' Perspective

From citizens' perspective, the goals of citizen participation can be divided into several dimensions, including information, empowerment, education, development, discussion, decision (Roberts, 2004; Webler and Tuler, 2000; Irvin and Stansbury, 2004). Since ordinary citizens have limited information about government, from the citizens' standpoint, the primary reason for citizen participation is to gain balanced information on public policy issues, changes, and related resources (Nabatchi, 2012). Another objective of citizen participation is education in that it provides citizens with an opportunity to learn about current and potential government activities related to their communities (Pateman, 1970; Sabatier, 1988; Blackburn and Bruce, 1995). Another merit of citizen participation is development. Citizen participation literature emphasizes that participation will provide citizens with an opportunity to promote self-esteem and self-fulfillment (King and Stivers, 1998; Pateman, 1970). Also, as citizen participants often deal with others with different perspectives, citizen participation helps them to foster the attitudes and skills of citizenship (Yankelovich, 1991) and

shape group identity and loyalty to the group/organization (Lincoln and Kalleberg, 1990; Rose, 1999).

Scholars and practitioners in public administration has long discussed about the extent to which citizen participation enables citizen participants to engage in informed discussion and decision about the issues of interest (Thomas, 1995; Simonsen and Robbins, 2000; OECD, 2009). The discussion component may not be necessary for some participation mechanisms (e.g. citizen survey). But, the informed discussion is especially important when we consider citizen participation programs such as participatory budgeting processes. As discussed earlier, it is important for citizen participants to gain balanced information as a measure of effective citizen participation. But, citizen participants often gain information through one-way communication between government and citizen participants. This one-way approach may not be enough to stimulate informed discussion among participants when they need a two-way communication in that they may seek additional information, further clarification, and elaboration. Also, citizen participants engaged in informed discussion through two-way communication can provide quality input to government.

Depending on the citizen participation programs (e.g. participatory budgeting), informed decision is often essential for citizen participants because their decisions directly and indirectly affect them and their community. In this regard, citizen participation literature has emphasize that citizen participation should facilitate citizen participants' sense of influence on government decisions in order to make informed decision (Roberts, 2004; Box, 2007). It is likely that citizen participants engaged in informed discussion and decisions during the process of citizen participation accept and support government decisions.

C. Government's Perspective

From the government's perspective, the goals of citizen participation programs also involve multiple dimensions such as participants, information provision and collection, education, development, informed discussion and decision, and political support from citizen participants (Nabatchi, 2012). One of the primary goals of citizen participation

programs is to engage appropriate number of citizen participants (OECD, 2009). Citizen participation literature has long emphasized citizen participation as a channel for exchanging information between government and its citizens. Through citizen participation programs, governments provide information on their activities ranging from new public policy to a budget proposal and public service changes. Government provision of relevant information helps citizens better understand the issue of interests (e.g. budget priorities, changes) Also, citizen participation is an opportunity for governments to collect information on the public's perceptions, concerns and interests of those government activities, which enables government to educate itself in that government officials are better able to understand citizens views, obtain their feedback, suggestions, and alternative ideas (Nabatchi, 2012).

In addition to these goals, citizen participation offers government to carry out informed discussions in that policymakers and public managers have an opportunity to interact with citizen participants and better understand their concerns and preferences. The notion of "listening bureaucrats" (King and Stivers, 1998) in citizen participation literature implicitly and explicitly highlights the two-way communication as a goal of citizen participation. Especially, Kim and Lee (2012) find that it is crucial that government provides quality feedback in response to citizens' input in order to make them committed to participation processes and promote citizen development. Also, these studies imply that the informed discussion helps policymakers and public managers' competency development of communication, facilitation, and collaboration.

When government decisions are made based on citizen participants' quality input and interaction with them, policymakers and public managers are likely to gain legitimacy in their decisions (Irvin and Stansbury, 2004). Citizen participation is a crucial means of obtaining legitimacy in their decisions especially when it is legally mandated (e.g. participatory budgeting, environmental decision making) (Bingham, Nabatchi, and O'Leary, 2005). Lastly, effective citizen participation helps government to gain political support from participants and resolve issues of a particular citizen participation program such as budget

priorities. The summary of the CP effectiveness dimensions from both citizen and government's perspective is provided in Table 2-1.

D. Global Context: Success Factors for Effective Citizen Participation Programs

In order to understand the process, dynamics, and results of citizen participation programs, scholars pay attention to the theory of participatory governance that puts emphasis on democratic engagement, deliberative process, and new ways of connecting state and society (Khagram, Fung, and De Renzio, 2013; Wampler and McNulty, 2011). Wampler and McNulty (2011) further elaborate the incremental government reforms by adopting participatory governance, in which “citizens and government officials are each allocated responsibilities and authority within the state-sanctioned institution” (p.19). The participatory governance approach influences the institutionalization of CP programs that allow for interests, demands, and needs to be publicly discussed, debated, and negotiated (Wampler and McNulty, 2011).

Considering participatory governance as a new way of connecting state and society, we argue that analysing these comprehensive dimensions of citizen participation programs in different political systems and cultures is necessary for implementing effective participatory governance. Based on a comprehensive literature review of participatory governance and citizen participation programs, this study has identified the micro and macro success factors of effective CP under five categories of managerial, individual, institutional, political, and cultural dimensions. Under the managerial dimension, the study focuses on the stages of CP design, process, and evaluation. It further assesses leadership with authority of CP policy (resources and policy-making) or team leadership of public officials and citizen leaders, structure of coordination and communication, application of conflict resolution and deliberation, good-faith negotiation, shared ownership of process, time investment for deliberation and exploring mutual gains, prehistory /experiences of successful participation program implementation, responsiveness, and evidence-based objective data oriented for the evaluation of CP programs.

Table 2-1 | Dimensions of Citizen Participation Effectiveness

Dimension	Citizens' perspective	Government's perspective
Participation and Satisfaction	<ul style="list-style-type: none"> • Participation • Satisfaction with the diversity of participants in the process • Satisfaction with the diversity of views and opinions in the process • Satisfaction with the fairness of the participatory process • Satisfaction with opportunity to participate in the process to address issues 	<ul style="list-style-type: none"> • Satisfaction with participant representativeness • Satisfaction with participant expertise • Perceived diversity of participants in the process • Perceived representativeness of participants' interests • Perceived fair treatment of participant
Education and Information	<ul style="list-style-type: none"> • Learn from government information about current and potential issues • Gain (balanced) information about issues, changes, resources, and policies 	<ul style="list-style-type: none"> • Provide information on the issues of interests (e.g. budget proposal) • Gather information on the public's perceptions, concerns, needs, values, and interests; • Help citizens better understand the issue of interests (e.g. budget priorities, changes) • Understand the public views of an issue, problem, or policy (obtain feedback and suggestions or alternative ideas; enlightened by the public)
Development	<ul style="list-style-type: none"> • Gain skills for civic virtue and active citizenship through participation 	<ul style="list-style-type: none"> • Gain competency of communication, facilitation, and collaboration
Discussion	<ul style="list-style-type: none"> • Interaction with government and participants • Informed discussion • Quality feedback 	<ul style="list-style-type: none"> • Interaction with citizen participants • Informed discussion • Quality input
Decision	<ul style="list-style-type: none"> • Informed decision; timely decision; influence on decision-making 	<ul style="list-style-type: none"> • Informed decision • Legitimacy of decision
Support	<ul style="list-style-type: none"> • Acceptance of decision • Active and sustainable participation in follow-ups 	<ul style="list-style-type: none"> • Gain political support • Institutionalization of CP programs

The individual dimension has been focused on the competency of public managers and citizens who are engaged in the CP program. It emphasizes that a commitment to CP process could be affected by the mutual recognition of interdependence, motivation for problem solving, and incentives (intrinsic and extrinsic). The individual dimension also pays attention to the role of competency (i.e., skill, ability, knowledge) of the public managers and citizens, who engage in the CP and their willingness and readiness to enhance shared understanding, training and education, in affecting the output of CP programs. Both established mutual trust between public managers and citizens based on competency of both sides for listening, conflict resolution and negotiation skills could also affect effective CP programs. It further assess the role of civic values on the role of citizenship influenced by the cultural dimension of post-modernist values or critical citizenship in the effective CP programs.

The political dimension is focused on political systems and environment, including governance regime and values, executive leaders' commitment to participatory governance, decentralization, and the relation and dynamics between government and non-governmental organizations (hereafter NGOs) in communities. The institutional dimension assesses laws and rules related to design and implementation of CP programs, focused on the right program that facilitates participatory inclusiveness, clear ground rules, resources-capacity, and principles on transparency and openness (power-resource-knowledge asymmetries), and utilization and adoption of decisions that come out from the participation programs.

The cultural dimension focuses on state and citizen/civil society relation, Confucian culture, post-modernist values (Norris, 1999) and civic values. With an emphasis of collaborative governance culture, scholars address that the relationship between states and citizens should be in the form of a partnership, rather than in the form of a vertical relationship (Bingham, Nabatchi, and O'Leary, 2005; de Leon, 2005; O'Leary and Bingham, 2008). However, a country like Korea, which has a long history of Confucian culture, may find it particularly challenging to establish a partnership relationship between the state and its citizens. Scholars pay attention to the post-modernist values of

individual freedom and self-expression that may raise citizens' expectations of democratic political processes, but being critical about the role of government (Andrain and Smith, 2006; Hegtvedt, Clay-Warner, and Johnson, 2003).

(1) Managerial and Individual Dimensions

In the managerial dimension, the factors affecting successful CP programs could be divided into design, process, and evaluation according to implementation phases (King, Feltey, and Susel, 1998; Martin, 2011; Nabatchi, 2012). On the design phase, it is important to design the process of CP to secure the representativeness of participants through careful selection and to provide an educational opportunity for public awareness. For example, local governments could establish a public-private partnership committee on Participatory Budgeting, and the committee members can make the scope of PB concerning the selection criteria and the scale of the PB participants pending on the context of local communities (Kwack, 2005). The selection process of the PB committee in local government could be various by local government. Some local government gets nominations of the committee members by citizens through online (e.g., local government web portal) and offline access (e.g., at a community facility at the local unit of local government). Empowering, the level of shared decision authority, and the user-involvement should also be considered in the design process (King, Feltey, and Susel, 1998; Martin, 2011; Nabatchi, 2012). On the process phase, it is necessary to provide a variety of mechanisms to ensure effective participation of citizens. Strong central leadership, financial support, accessibility, and fair procedures are also important in the implementation process of CP as well as fair provision of and easy access to information (Wollenberg *et al.*, 2007; Bryson *et al.*, 2013; Innes and Booher, 2004; King *et al.*, 1998; Crosby and Schaefer, 1986; Hadden, 1981; Nabatchi, 2012; Bryan, Jones, and Lawson, 2010; Jones, Litzelfelner, and Ford, 2003). On the evaluation phase, participation evaluation measures ought to be developed and an evaluation process needs to be design to support producing the desired outcomes (Bryson *et al.*, 2013).

The individual dimension is related to the perception and experience of individual participant in a CP program. It could be divided into the two perspectives of public managers and citizens, each of which consists of cognitive character and personal character. The literature on cognitive character of public manager's perspective points out factors for successful CP as follows: perception of their own and the other party's role; perception of importance of citizen participation to the organization; and perception of benefits and disadvantages of participation. (Ebdon, 2000; Moynihan, 2003; Bryer, 2009; Course, Pandey, and Kaifeng, 2012). In addition, the more clear and positive the level and direction of their perception is, the more positive influence they have on responsiveness, legitimacy, and utilization of CP as a result (Ebdon, 2000; Moynihan, 2003; Bryer, 2009; Course, Pandey, and Kaifeng, 2012). The literature on personal character regards "PSM (Public Service Motivation)" and "communication competency" as key concepts, and shows that people with strong PSM and high communication competency are more likely to have a positive impact on the evaluation of CP's importance and effective engagement in their organization (Course, Pandey, and Kaifeng, 2012; Thomas, 2013). With regard to the cognitive character of citizen's perspective, the level of "perception of their own and the other party's role" affects the quality of responsiveness on collaborative activity (Bryer, 2009). Citizens with high levels of PAS (Public Administration Satisfaction) and motivation, both of which are a personal character, have more positive impact on political efficacy and active citizen involvement (Wong, Liu, and Cheng, 2011; Van Eijk and Steen, 2014).

(2) Institutional, Political, and Cultural Dimensions

The institutional dimension refers to what legislation stipulates on the CP, and its core concepts are openness, autonomy, and rights. Openness means the degree of participation that is legally guaranteed, on which there have been discussions about when to participate (Ebdon and Franklin, 2006; Guo and Neshkova, 2013; Fung, 2006). Guo and Neshkova (2013) analyze the effect of the CP on each stage of the budgeting process through an empirical test and found that it is more

effective on the initial stage of information sharing and on the last part in the program assessment. Ebdon and Franklin (2006) point out that while citizens in most cases engage in the budget-adoption phase of the budgeting process, it would be more effective if they participate in the initial stage of preparation (Ebdon and Franklin, 2006). For instance, the state government of Kansas in the US newly placed a legal requirement that public hearing be held after submitting maximum amount of the budget and tax levy, which in turn, limited the citizen's participation (Ebdon and Franklin, 2004). The discussions above are on CP's timing and indicate that the influence and effectiveness of CP could vary depending on the timing of participation. Therefore, specifying the participation timing by law is closely related to promoting citizens' participation and enhancing its effectiveness in terms of expanding institutional openness.

On the autonomy issue, Houghton (1988) elucidates that though a citizen advisory board has insignificant influence since it holds no formal power, its impact on policies could be substantially increased when autonomy is secured from administrators and further expanded. This also applies to public managers. An agency with more autonomy from the state executive is observed to be more open to public comments (Neshkova, 2014). Neshkova (2014) examines agency independence in terms of budgetary autonomy. The institutional dimension also emphasizes that citizen's right to information, consultation and public participation in policy making and service delivery must be firmly grounded in law or policy (OECD, 2009). Government's obligations to respond to citizens must be clearly stated. Independent oversight arrangement are essential to enforcing these rights (OECD, 2009).

The political dimension mainly deals with the structure and form of government, leader's attention and commitment, and state-civil society relation. For example, different structures and forms of the subnational governments are identified to lead to different CP in budgeting process in the US. In particular, citizens with expertise tend to engage more in participatory budgeting in the subnational governments in a form of council/manager rather than of commission or mayor/council (Ebdon and Frnaklin, 2006). Leadership and strong commitment to open,

transparent, and inclusive policy making is needed in all levels of politicians, senior managers and public officials for effective CP (OECD, 2009; Simonsen and Robbins, 2000). Concerning the state-civil society relation, Stillman (1990) notes that the founders of the United States attempted to build a country in which no power could dominate; the founder's concern was not with the efficiency of power or state administration but with distributing power among different groups so that no one group emerged as dominant forever. Simonsen and Robbins (2000) further address that the development of citizen participation programs in the states has been played out in the context of certain recurring tensions inherent in the US democratic system, including the following three sets of tensions: representation vs. participation, politics vs. administration, and bureaucratic expertise vs. citizen access.

Scholars also address the roles of civil society organizations and their capacity, and the level of partnership between the state and civil society in influencing effective CP. For example, concerning effective PB implementation, scholars find that the important role of NGOs and their expertise, secured resources, and cooperative and collaborative network among core stakeholders and participants in vitalizing the PB system (Khagram, Fung, and De Renzio, 2013; Simonsen and Robbins, 2000; Sintomer, Traub-Merz, Zhang, and Herzberg, 2013).

The cultural dimension is a factor that affects the formation of the state-citizen relation, and as for the national level in the states, T. H. Choi (2014) suggests that Judeo-Christian has affected the formation of distrust in a strong central government and enhanced civil society's capacity to properly function as a check on the work of the government, avoiding the formation of strong government-weak citizen relation. Turning to discussion on the local level, Ebdon and Franklin (2006) consider political culture as an environmental factor, which affects budget participation. Ebdon (2002) reveals that the degree of participation had variations among moralistic, traditional, and individualistic cities by using Elazar's political culture typology. Given the fact that the current and future CP could be estimated from the past history of participation, political culture, which was formed over a long period of time, is an important factor that explains different participation levels between locals. Together with this, a heterogeneous culture in

regions is regarded as a factor that affects the participation environment (Ebdon and Franklin, 2006). A city with large population is heterogeneous in its population composition which in turn leads to diversified demands from various groups and has a high potential of political conflicts. Therefore, citizens want to have more access to policymakers (Nalbandian, 1991). This tells us that growing political conflicts and high public participation in large cities could be attributed to the diverse groups with heterogeneous culture (Ebdon and Franklin, 2006; Nalbandian, 1991). Considering the fact that the degree of participation is embedded in cultural heterogeneity and has been embodied in more varied way, population size could be an indirect indicator to measure the extent of heterogeneous culture (Ebdon and Franklin, 2006; Nalbandian, 1991).

3. The Evolution of Participatory Governance in Korea

The Republic of Korea has had a successful and diverse experience in achieving economic and social development and citizen-led democratization in less than 60 years. The development of a democratic political system in Korea since 1987 has brought many benefits, such as the reinstitution of local governments that have expanded local autonomy and democratic structures (Kong, Kim, and Yang, 2013). In 1988, the central government broke with the political tradition of centralized authority by passing the South Korean Self-Governance Act, which encouraged local governance and decentralization. Following the Self-Governance statute, elections for local legislative council seats began in 1991; elections for city mayors and provincial governors began in 1995 (Kong, Kim, and Yang, 2013). This statute has provided a challenging opportunity to build local governance that promotes responsiveness, transparency, and accountability to local residents. However, Sintomer, Traub-Merz, Zhang, and Herzberg (2013) note that decentralization in Korea has been a combination of decentralization and devolution and addresses less autonomy under tight control by the central government.

The Korean government also enacted the Disclosure of Information

by Public Agencies Act in 1995 to guarantee citizens' right to be informed of government activities. Moreover, since the Asian Financial Crisis in 1997, the Korean government has implemented market-oriented reforms such as deregulation and privatization. Under the Kim Dae-jung Administration, additional reforms have focused on the institutionalization of transparent governance and electronic-government development in order to promote openness, participation and integrity (Kong, Kim, and Yang, 2013).

The Korean government's commitment to prevent corruption and ensure transparency is demonstrated by the establishment of the Korea Independent Commission Against Corruption (KICAC) in 2002, a central-level anti-corruption agency based on the Anti-Corruption Act of 2002 (Transparency International, 2006), and the 2006 Act on the Local Ombudsman Regime and local petitions against the abuse of local finance (Kong, Kim, and Yang, 2013).

While the Korean government has made a great deal of progress in government efficiency and effectiveness through reforms and innovations in the last decades, it faces on going challenges related to complex governance issues in the 21st century. Data from several international and national surveys between 1981 and 2010 also demonstrate a decrease in the level of trust in government in South Korea (Korea Development Institute (KDI), 2006; Jung and Sung, 2012). Furthermore, there are increased social concerns regarding a high suicide rate, non-regular workers, youth unemployment, the political culture of antagonism, and limited competency of authentic dialogue in civil society.

In this challenging governance context, the Korean government has also put more emphasis on the CP in the process of policy agenda-setting, analysis, formulation, implementation, and evaluation at the national and local levels (see Table 2-2 and Table 2-3). For instance, the Korean government has implemented PB in local governments and expanded the utilization of advanced electronic participation (e-participation) systems to promote citizen participation in decision-making. Also, innovative evaluation systems such as the so-called "360-degree Policy Evaluations" and "Citizen Evaluation Corps" have been adopted to facilitate citizen participation in policy evaluation processes.

Furthermore, regarding anti-corruption activities, NGOs have engaged in monitoring administrative affairs, such as the budget, political processes including the National Assembly, and even election processes by announcing candidates who are on the blacklist for corruption (You and Lee, 2013). For example, the Citizen Action Network has committed to monitoring the public sector budget processes and has emphasized public rights to access decision-making systems (Sintomer, Traub-Merz, and Zhang, 2013).

To facilitate the engagement of NGOs in government activities, the Korean government enacted the NGO Support Act in 2000. This Act allows NGOs to participate in government-initiated projects through open-bid contract outsourcing. Recently, the Korean government operates evaluation systems for government-funded projects to enhance the transparency of NGOs. Finally, the Korea Pact on Anti-Corruption and Transparency, a collaboration initiative by the government, private corporations, and public-private partnership, was formed in 2005 to enhance ethics and integrity in civil society.

Since 2005, under the Roh Moo-hyun Administration diverse channels of interaction and citizen engagement programs in local communities to increase effective communication with citizens were created. The Roh Administration was called the “Participatory Governance” due to his commitment to enhancing public trust in political institutions through promoting the value of citizen participation in public affairs. For example, scholars address that his administration influenced the expansion of the participatory budgeting in Korea (Sintomer, Traub-Merz, Zhang, and Herzberg 2013; Yoon, Seong, and Lim, 2014).

Table 2-2 Citizen Participation Programs in Korea: National Government

Participation Type	Information Provision		Consultation	Active Participation
	Government → Citizen	Citizen → Government		
Policy Stage				
Agenda Setting	<ul style="list-style-type: none"> • Internet homepage* / • Search bar* / • QandA* • Public hearing** / • KOREASPEAKS** • Promotion of Installation of Waste Disposal Facilities and Assistance to Adjacent Areas Act+ 	<ul style="list-style-type: none"> • Bulletin board system (BBS)* • Chatting room* • Opinion poll* • E-people* 	<ul style="list-style-type: none"> • Cyber forum* • Opinion poll** 	<ul style="list-style-type: none"> • Policy-suggestion**
Analysis	<ul style="list-style-type: none"> • Commission system** • Pre-announcement of legislation ** 	<ul style="list-style-type: none"> • E-people* • Newsgroup* 	<ul style="list-style-type: none"> • Commission system** • Seminar/meeting** 	<ul style="list-style-type: none"> • Jury trial system** • Deliberative committee** • Public hearing***
Formulation	<ul style="list-style-type: none"> • Mailing service*** 	<ul style="list-style-type: none"> • Newsgroup* 	<ul style="list-style-type: none"> • Commission system** • Seminar/meeting** 	<ul style="list-style-type: none"> • Joint TFT ** • Referendum**
Implementation	<ul style="list-style-type: none"> • Information provision*** / • Mailing service*** • Brochure*** / • Call center*** 	<ul style="list-style-type: none"> • Opinion poll*** • Citizen audit system*** • Civil complaint*** 	<ul style="list-style-type: none"> • Institutional improvement committee** • Policy advisory committee** 	<ul style="list-style-type: none"> • Volunteer** • Joint policy implementation**
Evaluation	<ul style="list-style-type: none"> • (a) White (Year) book*** • Evaluation provision*** • Information provision*** • Release of information portal*** 	<ul style="list-style-type: none"> • Satisfaction survey*** 	<ul style="list-style-type: none"> • Policy monitoring system*** 	<ul style="list-style-type: none"> • Self-evaluation committee** • Opinion poll*** • Satisfaction survey*** • Ombudsman*** / • Manifesto***

Note: * Online program; ** Offline program; *** Online and Offline programs; + Specific law based.

Source: Adapted from Kim, Lee, and Han (2004), p.872.

Table 2-3 Citizen Participation Programs in Korea: Local Government

Participation Type Policy Stage	Information Provision	Consultation	Active Participation
Agenda Setting	<ul style="list-style-type: none"> Public hearing*** 	<ul style="list-style-type: none"> Eungdapso */ • Seoul oasis* Policy advisory meeting** Village community** / • Opinion poll*** Discussion room*** / • Participatory budgeting***, + 	<ul style="list-style-type: none"> Deliberative committee** Request for enactment, revision or abolition of municipal ordinance+
Analysis	<ul style="list-style-type: none"> Public hearing*** 	<ul style="list-style-type: none"> Policy advisory meeting** / • Discussion room** Roundtable conference** / • Village community** 	<ul style="list-style-type: none"> Citizen jury+ / • Residents' voting+ Participatory budgeting+, ***
Implementation	<ul style="list-style-type: none"> Bulletin Board System (BBS) * Chatting room* / • e-people* Information provision*** Opinion poll*** / • Brochure*** 	<ul style="list-style-type: none"> Committee** Citizen-executive staff meeting** Participatory budget***, + 	<ul style="list-style-type: none"> Village community** / • Citizen inspector/reporter*** Civil complaint processing system*** Reward system of irregularities*** / • Manifesto***
Evaluation	<ul style="list-style-type: none"> Release of information*** Evaluation report provision*** Satisfaction survey*** Release of administration information system*** 	<ul style="list-style-type: none"> Village community** Policy monitoring system*** Ombudsman*** Citizen audit system*** 	<ul style="list-style-type: none"> Ombudsman*** / • Manifesto*** / • Citizen audit system+ Residents' request for inspection+ / • Residents' lawsuit+ Summons by residents+ / • Civil audit ombudsman system+ Budget waste declaration+

Note: *Online program; ** Offline program; *** Online and Offline programs; + Specific law based.

Source: Adapted from Jung (2012), p.99.

4. The Context of Korea: Success Factors for Effective Citizen Participation Programs

Based on a comprehensive literature review of participatory governance and citizen participation programs in the Republic of Korea, this study has identified the overall micro and macro success factors of effective CP programs. The analysis has been discussed under the five categories of managerial, individual, institutional, political, and cultural dimensions addressed in the section of global CP programs above. The analysis may provide a map of CP capacity building strategy through the lens of institutional, managerial, and individual dimensions, which can be utilized by government officials and citizens in local communities.

A. Managerial and Individual Dimensions

The Managerial dimension concerns the factors that would influence citizen participation in a series of policy process. It typically includes such variables as leadership, administrative/financial support, incentives, information sharing, and education, of which levels are posed to be positively associated with active citizen participation. The significance or intensity of the associations of the factors affecting effective CP programs may vary depending on which stage of the policy process (e.g., agenda setting, formation/design, implementation and evaluation) is involved. For example, many scholars find that different variables such as executive leadership (Hwang, 2011), information sharing (Kang, 2008; Kim, Lee, and Han, 2004), and institutionalization capacity of citizen participation programs (Hwang, 2011; Kang, 2008; Kim, Lee, and Han, 2004) have been considered to be more salient factors for effective CP programs than others in the stage of policy formation/design. Meanwhile information sharing, incentive system, and feedback system have been regarded to be more significant factors for effective CP programs than others in the stage of policy evaluation (Kim, Lee, and Han, 2004).

The individual dimension deals with such factors as perceptions, values, and experience that would motivate individuals toward citizen participation. In general, such variables have been identified as success

factors of effective CP programs: understanding of the policy issue, knowledge, education (Choi, 2014; Ha and Kil, 2013; Im, 2006), political efficacy (Choi, 2014; H. J. Kim, 2012; 2009), leadership (Ryoo, 2013; Kim and Lee, 2011), citizens' intrinsic and extrinsic motivation (Ryoo, 2013; Ha and Kil, 2013), and incentives (Hwang, 2011). Personal ideologies or tendencies (Lee and Hong, 2013; Kim, 2012) have also been cited as factors on citizen participation depending on policy or business types. Those who identify themselves as being progressive tend to participate in the budgetary program more enthusiastically. This means that the more progressive an individual is, the higher receptive he or she is to new environments or the more sensitive he or she is to changing speeds (Kim, 2012). Interestingly, such trends were found not only in the Roh Moo-hyun Administration, but also in the Lee Myung-bak Administration. Hence, this is interpreted as the way that the participatory budgeting is more influenced by an individual's ideology rather than political environments like changes in leadership and administration. (Kim, 2012).

Meanwhile, public managers' perceptions on and experience with the CP has also been considered as influencing factors of effective CP programs (Jung, Kim, and Kim, 2014; Ryoo, 2013; Kim, 2012; Park, 2002). For instance, public managers' acceptance of the role of CP programs in government decision making and their positive experience of CP programs may bring positive impacts on the effectiveness of the CP programs.

In addition, socio-economic status (e.g., education, income) and other demographic (e.g., gender, age) variables have been considered, mainly in order to control the effects of other major variables (Lee and Hong, 2013; Ha and Kil, 2013; Kim, 2012; 2009).

B. Institutional, Political, and Cultural Dimensions

The institutional dimension concerns the laws and rules (e.g., institutional design) that are supposed to make citizen participation effective and substantial. Overall, scholars find that institutional mechanisms (e.g., public hearing, committee, and opinion poll) and the existence of participation channels are important basis for effective CP

programs (Jung and Jang, 2013; Ryoo, 2013; Hwang, 2011; Kim and Lee, 2011; Moon and Yoon, 2007; Im 2006; Yun, 2006). Providing various online channels for participation has also been mentioned as an important factor of effective CP programs (Hwang, 2011; Moon and Yoon, 2007; Im, 2006; Yun, 2006).

The political dimension involves such factors as governance regime values and change (e.g., presidential emphasis) and the characteristics of individual local government (e.g., mayor's preference). In the case of regime change, for example, scholars find that executive agencies' attention to citizen participation (e.g., participatory budgeting) is known to be more or less weakened in Myung-bak Lee's Administration as compared to that in Moo-hyun Roh's Administration (Lee and Hong, 2013; C. H. Choi, 2010). The characteristics of mayors such as term duration, work experience in governments, and education are known to significantly influence citizen participation (Jung, 2012). For instance, according to research results, the participatory budgeting has been implemented more vigorously in the term duration of a mayor rather than in the former period. This is interpreted as that a mayor tends to be open and encourages citizens to participate in the budgetary system as a preparation for the coming election.

In addition, mayor's experience in governments is also mentioned as a positive factor revitalizing the participatory system. This indicates that a mayor better understands democracy. The higher education level of a mayor tends to induce increases in the participatory budgeting, and this implies that a leader's professionalism based on advanced knowledge and capabilities in response to the changes are critical factors for the success of participatory budgeting (Jung, 2012). In addition, a high level of support for mayors (Jung, 2012; S. H. Choi, 2010) and the progressive nature of mayors (S. H. Choi, 2010) have turned out to be important success factors for effective CP programs.

Finally, the cultural dimension relates to values, perceptions, or common interests of people within the same jurisdiction (e.g., country, region, community) that could affect the effectiveness of CP programs through their influences on citizens' values and behavior. Korean scholars find that social capital (e.g., network, trust) at the individual level is positively associated with citizen participation (K. J. Song,

2013; Yoo, Moon, and Lee, 2012; Song, 2009). Citizen trust in government is also found to be a stimulating factor that leads to more active citizenship engaging in CP programs (Lee and Hong, 2013; Song, 2013; Kim, 2012; G. S. Song, 2009). The maturity of political culture has also been considered as a facilitator for more effective citizen participation (Kim and Lee, 2011). According to the study on the participatory budgeting in Suwon Metro City, not only open minds and proactive attitudes of civil servants, but also citizens' willingness to voluntarily participate and their interests in budgeting are all needed to implement the system successfully (Kim and Lee, 2011). This implies that both legal systems and the shared norms of civic virtue of voluntary participation of citizens and civil servants in the budgetary system are necessary for the system's success.

5. Conclusion

Scholars and practitioners pay attention to the theory of participatory governance that puts emphasis on democratic engagement, deliberative process, and new ways of connecting state and society. The participatory governance approach influences the institutionalization of citizen participation programs that allow for interests, demands, and needs to be publicly discussed, debated, and negotiated. Focusing on the participatory governance approach, Chapter 2 conducts a comprehensive literature review of the dimension of effective citizen participation (i.e., citizen's perspective and government's perspective) and the success factors of effective citizen participation programs at the global level. In addition, Chapter 2 also analyzes the context of participatory governance in Korea and conducts an overall literature review of the success factors of effective citizen participation programs in Korea.

Overall, the emerging literature on the CP in public administration has suggested that citizens should be considered as collaborative partners in a governance era for building effective, transparent, and accountable governance (O'Leary and Bingham, 2008; O'Leary, Van Slyke, and Kim, 2010). From the perspective of the public as a partner,

citizen participation can be understood as the mechanism in which government and the public collaborate to achieve the goals that government cannot achieve without the public's cooperation or can achieve more effectively with the public's cooperation (Nambisan and Nambisan, 2013). Yet some scholars address that the widespread and inclusive citizen participation in public policymaking may actually weaken representative government and its ability to effectively implement public policies due to the challenges of achieving consensus, time requirements, and complexity of issues (Hibbing and Theiss-Morse, 2002; Irvin and Stansbury, 2004).

Based on a literature review, Chapter 2 first identified multifaceted citizen participation goals by focusing on two key stakeholders: citizen participants and government. Several dimensions of the goals of the CP from citizens' perspective have been addressed in the chapter, including empowerment, education and information, development, quality discussion, and quality decision. Considering the government's perspective, the study has also elaborated multiple dimensions of CP goals such as selecting participants, information provision and collection, education, development, informed discussion and decision, and gaining political support from citizen participants. Chapter 2 also analyses the context of participatory governance in Korea, including the political and social dimensions of democratization and decentralization, and explores the increased CP programs (offline and online) by the process of policy agenda-setting, analysis, formulation, implementation, and evaluation.

Overall, the current literature on the CP research in Korea can be categorized under three broad topics, including democracy, performance management of CP programs, and electronic government (e-government). Regarding democracy, scholars and practitioners have paid attention on how to guarantee citizens participation in the policy process through designing the right CP programs that ensure substantial participation of citizens at the local government level. In relation to performance management, the research focuses on how to make policy implementations more effective through citizen participation. Finally, there has been increased research on how e-government innovations deal with ways to enable and facilitate citizen participation through e-

government in order to improve government performance.

What are the contribution of this chapter to the field of CP in Korea and what are the potential policy implications drawn from this Chapter 2? While there are increased case studies on the success factors of effective CP in Korea, the study finds that there is limited attention for developing a theory of effective CP in the context of overall local government setting in Korea. As discussed earlier, the Korean government has developed and implemented many CP programs at the national and local levels (Table 2-2 and Table 2-3). If these programs were expected to contribute to enhancing citizen satisfaction, transparency, and public trust in government, do the programs bring the results after the CP program implementation? Without empirical evaluation research on the effectiveness of the CP programs, we can't elaborate the positive and negative impacts of the CP programs. Without the assessment and evaluation of CP programs, government officials can't figure it out the right tools and process of a CP for specific policy issues and local context.

The summary of the success factors of effective CP under the five categories of managerial, individual, institutional, political, and cultural dimensions would be useful for designing an assessment or an evaluation study of a specific CP program design, process, and evaluation. Specially, the individual dimension that emphasizes the role of competency (i.e., skill, ability, knowledge) of public managers and citizens in effective CP, demands for more empirical study not only in Korea but also abroad as it could be associated with the cultural dimensions of local and national communities. However, the overall success factors explored in the study may not explain possible variations in the factors by different policy issues in various political and social context. More specific in-depth analysis of various CP programs is necessary to enhance the knowledge of the CP program design with the right structure, process, and evaluations.

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CHAPTER 3

Participatory Budgeting in Local Governments of Korea: Critical Success Factors

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1. Introduction

One of the areas where Citizen Participation (henceforth CP) has been notably increasing on a global level is budgeting for local governments. The Republic of Korea has been a leading country in Asia implementing participatory budgeting (hereafter PB) at the local government level (Sintomer, Traub-Merz, and Zhang, 2013). In a report of a global study on PB, Sintomer *et al.* (2013) analyze that PB has been introduced and utilized in South Korea in the context of citizen-led democratization and NGOs' effort for tackling problems linked to the scarcity of resources, incomplete decentralization, and the lack of accountability and responsiveness of elected institutions to the needs of their citizens.

Sintomer, Traub-Merz, Zhang, and Herzberg (2013) broadly define PB as “the participation of non-elected citizens in the conception and/or allocation of public finances” (p.3). They also provide five criteria that can be used to categorize the PB programs: Discussions on financial and/or budgetary dimension that deals with scarce resources, the municipal level involved or a district with an elected body, a repeated process, public deliberation within the framework of meetings/forums, and accountability with regard to output (Sintomer, Traub-Merz, Zhang, and Herzberg, 2013). Scholars find that various citizen input strategies have been utilized in local governments at the global level, including

citizen surveys, budget simulations, focus groups, open forum, public hearing, and citizen advisory boards (Sintomer, Traub-Merz, Zhang, and Herzberg, 2013; Guo and Neshkova, 2013; Ebdon and Franklin, 2004).

Citizen surveys based on the use of random sampling and stratified sampling and/or forums have been practiced in many different places for making resource allocation decisions for local governments such as Direction 88 project by the city of Springfield, Oregon and Vision 2000 project by the city of Chattanooga, Tennessee, Fort Collins, Colorado (Simonsen and Robbins, 2000). Small group discussion at the forums, citizen juries, and panels are often used for list-making, prioritizing, or budget-balancing techniques (Simonsen and Robbins, 2000).

Various PB programs have been utilized at different stages of the budget process such as information sharing, budget deliberations and discussions, budget decisions, and program assessment (Ebdon, 2000; Sintomer, Traub-Merz, and Zhang, 2013; Guo and Neshkova, 2013). Based on an International City/County Management Association survey, Ebdon (2000) finds that the most often used CP in the budget process is for information sharing on the budget rather than citizen input in the budget decision-making. Another study finds that the CP in the local government budget process has increased the utilization of technology for the budget information sharing (Ebdon, 2002). The same study also finds that the public hearing has been the leading opportunity in getting citizen input in the budgeting process and budget complexity, and citizen disinterest are identified as the major barriers to participation (Ebdon, 2002).

Under the Local Finance Act 2011, all local governments have been forced to adopt and implement the PB system in Korea (Yoon, Seong, and Lim, 2014). A challenging theoretical question is the legitimacy of the PB mandate decision when there is limited evidence on the positive and negative impacts of the PB on government performance and governance values. Another challenging practical question is how to build managerial capacity for enhancing the effectiveness of PB, which has been placed as a nation-wide CP program.

Research Purpose

Although scholars in the Korean public administration community analyze the factors affecting the effective PB in several local governments, there is limited research on the nation-wide assessment of the PB programs in local governments and a very few empirical research on the impacts of effective PB on democratic governance values. Since the PB has been a mandated program for local governments in Korea, the evaluation of the PG is getting more important for policy makers and citizens. The purpose of Chapter 3 is to develop a model of the success factors of effective PB. It also offers propositions that identify important managerial and individual capacity dimensions for enhancing the PB effectiveness (see Table 3-1). The research propositions developed in Chapter 3 can be also used for a nation-wide assessment study of PB that could offer some insights for capacity building strategies in the context of the local governments in Korea (see Table 3-1).

While there are many research agendas related to the success factors of effective PB, this study particularly emphasizes government management capacity for the participation program design, process, and evaluation. Furthermore, the study accents the public managers and citizens' competency of authentic dialogue for enhancing quality discussion and decisions, and individual participant/citizen values and behavior that are affected by a civil society culture. Accordingly, the study focuses on the managerial and individual dimensions as key capacity building components for developing propositions that could be used for a nation-wide assessment study on PB (Table 3-1).

Table 3-1 Participatory Budgeting in Korea: Key Characteristics of Buk-gu

Costs	The project cost is estimated to be approximately EUR 17,700 (as of 2007) annually. This includes the fees paid to consultants and participants as well as the costs of organizing meetings, travel costs, etc. Usually, there is one full-time staff member, and he/she works with other colleagues during the peak season.
Risks	<p>A number of risks were anticipated and encountered in the implementation stage of Participatory Budgeting:</p> <ul style="list-style-type: none"> • A number of civil servants argued that it would result in poor budget formation because of the participants' insufficient experience and skills. • Some citizens argued that it would provoke increased conflicts among citizens in the process of allocating limited resources and would be used as a means of justifying the mayor's decision making without producing substantial outcomes. • The members of District Council (DC) argued that it would make the budget process time consuming and inefficient as well as go beyond the authority of the DC. • Finally, the project did increase the administrative burden on Northern District – requiring one full-time staff and fragmenting the budget stages from 5 to 14.
Benefits	<p>Participatory Budgeting benefited the District in several ways:</p> <ul style="list-style-type: none"> • The quality as well as the quantity of budget information to citizens have been improved in more accessible and user-friendly way. • The number of preliminary or/and regular consultations between the District and the DC has been increased to reconcile the conflicts and narrow the differences before the District proposes the budget to the DC. • Citizens felt that government works better for them, as a result, place greater trust in government and public officials.
Inclusion	The project engaged over 1000 stakeholders in interviews, workshops, and presentations regarding the issues impacting the region and its economic development. It engaged or reached the private, public, and CSOs as well as academics, students, and others. However, the Participatory Budgeting Council (PBC), which consists of no more than 100 citizens based on invitations and recommendations, plays the central role in the decision-making process. In addition, there is a project website, which contains all the necessary information and functions as a two-way communications channel.
Evaluation	The project was evaluated by the District through a survey conduct on the participants and civil servants three years after the initial implementation in 2003. The results of the evaluation turned out to be positive in all areas and are open to the public through its website and booklets.

Sources: H. D. Choi (2009)

2. The Evolution of Participatory Budgeting in Korea

The evolution of Participatory Budgeting (hereafter PB) in local governments in South Korea (hereafter Korea) has been analyzed in the context of devolution, decentralization, and budget reforms toward enhancing transparency and participation launched under the Kim Dae-jung Administration (1998-2002) in order to overcome the financial crisis of 1998 (Sintomer, Traub-Merz, Zhang, and Herzberg, 2013; You and Lee, 2013). To increase openness and competition in the Korean economy, President Kim Dae-jung launched not only IMF-plus reforms, a comprehensive reform program, but also structural reforms in the financial, corporate, labor, and public sectors. As management systems for improving budget transparency, the administration introduced the preliminary feasibility studies (1999), a performance-based budget system (1999), a resident audit request system (2000), and the Basic Law for Management of Special Funds 2001 (You and Lee, 2013).

Following the reform direction of the Kim Dae-jung Administration, the Roh Moo-hyun Administration (2003-2008) further took government reforms toward budget transparency, including the National Fiscal Management Plan and the enactment of the National Fiscal Act that require each ministry to develop its own decision making logic with the self-evaluation committee composed of government officers and outside experts including NGO staff members (You and Lee, 2013). The Roh Administration identified its governance regime as participatory governance by naming the administration, “Participatory Government” and by expanding the PB program at the local government level (Sintomer, Traub-Merz, Zhang, and Herzberg, 2013; You and Lee, 2013).

In responding to the weakness of the closed budget decision-making controlled by the executive branch, PB was introduced to local governments as a way of responding to the democratic governance values of citizen’s right to know, transparency, and accountability (Kwack, 2005; Lim, 2011; W. Y. Jung, 2014; Yoon, Seong, and Lim., 2014). The PB is also useful in making a practical budget plan and efficiency in a budgeting process through citizens’ proactive participation and communication between citizens and public managers (Kwack, 2005).

The PB system has been diffused all over the world after it was introduced from Porto Alegre, Brazil in 1989 (Sintomer, Traub-Merz, Zhang, and Herzberg, 2013). The PB in Korea was initially introduced by some NGOs that paid attention to the Porto Alegre case in Brazil from the early 1990s and diffused through the local governments (Choi, 2009, OECD, 2009; Sintomer, Traub-Merz, Zhang, and Herzberg, 2013; You and Lee, 2013). However, it is worthwhile to note that there has been a national level network of 30 NGOs called “the Budget Watch Network,” which promoted the role of civil society for monitoring elected officials’ office and effective budget system through citizen participation (H. D. Choi, 2009). The Citizens’ Coalition for Economic Justice (CCEJ) has taken the most active role in promoting the values of budget transparency and accountability through an initiative of the PB under the Citizens’ Watchdog Committee on Government Budget Waste in the CCEJ (Sintomer, Traub-Merz, and Zhang, 2013; You and Lee, 2013).

Ultimately, the Ministry of Government and Home Affairs in the Korean government issued guidelines for the PB to all local governments in 2003 and the “Standards for Participatory Budgeting Ordinance” was established in 2006 (Sintomer, Traub-Merz, Zhang, and Herzberg, 2013). You and Lee (2013) analyze that the budget transparency and participation in Korea can be related to three political and economic factors, including the democratic transition in 1987, the reintroduction of full local government autonomy in 1995, and the financial crisis and change of government parties in 1997. They further argue that a combination of the leadership from NGOs, presidents, and members of the National Assembly, the Court, the media, and international organizations influenced the evolution of budget transparency and participation in Korea (You and Lee, 2013).

The first voluntary experiment of the PB started in 2004 by the Buk-gu (northern district) of Gwangju Metropolitan City, followed by Dong-gu district in Ulsan and Suncheon Municipality, the Daedeok-gu of Daejeon Metropolitan City and Ansan-si of Chungnam-Do in 2005 (Hwang, 2005; Kwack, 2005; Yoon, Seong, and Lim, 2014). The Buk-gu case of Gwangju city was initiated by establishing the Participatory Budgeting Council (PBC) and its subcommittees as key channels of

budget deliberations (H. D. Choi, 2009). The PBC members were composed by inviting stakeholders of NGOs, civil servants, members of District Council, and academia (H. D. Choi, 2009). Table 3-1 summarizes the PB implementation process of the Buk-gu case of Gwangju city in Korea.

The PB system received national attention and the Local Finance Act was revised in 2005 and enacted in 2006, in particular having basis on Article 39, which guarantees citizens' participation in the local government budgeting process (Kwack, 2007). However, the Local Finance Act, in this stage, advises city governments to encourage citizens to participate in the budgeting process, rather than having mandatory regulations. Later, the Ministry of Security and Public Administration of Korea made several efforts to diffuse this system throughout the country.

In details, the Ministry proposed a citizen's participation bill in August 2006, and it assisted local governments to develop their own framework for the participatory budgeting system (Yoon, Seong, and Lim, 2014). The PB program was implemented in 22 local governments in 2006 and expanded to 75 local governments among the 241 local authorities in 2008 (Sintomer, Traub-Merz, Zhang, and Herzberg, 2013). In 2010, it also developed the institutional base by designing the ordinance draft of the citizen's participation in budgeting (Yoon, Seong, and Lim, 2014).

Since 2011, all local governments were required to adopt and implement the PB system according to the Local Finance Act (Yoon, Seong, and Lim, 2014). Local governments adopting the PB system have specific guidelines for implementation, and the methods and levels of the implantation vary by each local government (Lim, 2011). A challenging theoretical and practical issue here is the legitimacy of the PB mandate to all the local governments when there is limited evidence on the positive and negative impacts of the PB on government performance and governance values.

According to Yoon, Seong and Lim (2014), the PB system is an institutional complex, which is composed of different stakeholders or operation systems including time for participation or amount of budgets, so it is natural for the system to have institutional differentiation.

Stakeholders (or participating institutions) include different types of local meetings, a citizen's participation committee for a local government budgeting, a public-private sector council, a youth participation meeting for budgeting, and so on (Yoon, Seong, and Lim, 2014).

While the quality of participatory budgeting is uneven depending on each local government, Sintomer, Traub-Merz, Zhang, and Herzberg (2013) acknowledge the Korean PB's contribution to the global debate on PB, including the adoption of various methods of fostering non-exclusive processes for all citizens (such as internet surveys, online bidding, cyber forum, online bulletin boards, public hearings, seminars, etc.) and the implementation of budget schools and budget policy seminars for citizens.

3. A Model of Success Factors for Effective Participatory Budgeting

The findings of a literature review on the Korean PB evolution above imply that the Korean government could be a leading place that experiments the PB with various online and offline participation methods and tools. The policy of PB in Korea could be an excellent case for studying the structure, process, and impacts of participatory governance in Korea. However, limited attention has been paid to a national assessment research that analyses the structure, scope of budget covered under the PB, participant NGOs, and impacts of the PB on transparency, corruption, citizen satisfaction, and effective fiscal management beyond a case study approach. Furthermore, there is rare research on how specific participation process and tools, decision-making methods, and participants' characters (e.g., demographics of the participants, local NGOs or national NGOs, and civil servants) affect the effectiveness of the PB program.

Table 3-2 | The Evolution of Laws for Participatory Budgeting in Korea

Year (Presidency)	Law/Executive Order	Significant Change	Impact
2003~2005 (President Roh, Moo Hyun)	-	-	• Voluntary adoption of participatory budgeting by five local governments (including Buk-gu, Gwangju), without a legal basis.
Jun. 2005 (President Roh, Moo Hyun)	• Local Finance Act (Amendment)	• Amended to provide a legal basis for citizens to participate in the budgeting process. (Article 39)	• Voluntary adoption and operation of participatory budgeting by individual local governments.
Aug. 2006 (President Roh, Moo Hyun)	• Standards for Participatory Budgeting Ordinance (MOPAS)	• Recommended the adoption of participatory budgeting in local governments. • Presented a minimum guideline for enacting a participatory budgeting ordinance.	• Voluntary establishment of ordinances that take local characteristics into account.
Oct. 2010 (President Lee, Myung Bak)	• Model Ordinance of Participatory Budgeting (MOPAS)	• Presented three different ways to enact a participatory budgeting ordinance in terms of format, contents, etc.	• Voluntary adoption of participatory budgeting by provincial or metropolitan governments. • Voluntary adoption of participatory budgeting by 42.2% of all local governments, as of the end of 2010*
Mar. 2011 (President Lee, Myung Bak)	• Local Finance Act (Amendment)	• Amended to make participatory budgeting mandatory. • Attachment of citizen opinions to the budget draft is voluntary	• Mandatory adoption and operation of participatory budgeting in local governments (details may differ from one local government to another since the law allows local governments to consider their own situational contexts).
May 2014 (President Park, Geun Hye)	• Local Finance Act (Amendment)	• Amended to make the attachment of citizen opinions to the budget draft mandatory.	

Note: MOPAS: Ministry of Public Affairs and Security.

Source: Adapted from Lee (2011); Yoon, Seong, and Lim (2014)

In order to conduct a comprehensive evaluation study on the PB, it is important to develop a theoretical model of the PB evaluation. Accordingly, this section focuses on the theoretical model development based a comprehensive literature review. Furthermore, it proposes propositions that could contribute to enhancing managerial and individual capacity of government officials and citizens for implementing the PB effectively. As mentioned in the Introduction of

this report, the study is focused on managerial and individual dimensions first for developing propositions for the future research. It also summarizes the other dimensions of institutional, political, and cultural dimensions that could affect the capacity of managerial and individual dimensions of the PB in local governments.

A. Effectiveness of Participatory Budgeting

As addressed in the literature review of overall citizen participation programs earlier in this chapter, the theory and practice show various impacts of citizen participation programs on participants, public managers, and government agencies. This chapter is focused on effective PB related to its outputs as proposed in Figure 3-1 below. Based on the comprehensive literature review of the output of PB and the dimensions of effective CP summarized earlier, the study identifies the following dimensions of the PB output as core variables in the study: participation and satisfaction, education and information, development, quality discussion, quality decision, and gain support.

Overall, PB in local governments sets its goal as enhancing citizen participation and participants' satisfaction through engaging in the PB (H. D. Choi, 2009; Lim, 2011; Lee, 2011; Fung, 2006; Ebdon and Franklin, 2004; Nabatchi, 2012). Accordingly, the study pays attention to the factors affecting citizens' active participation in the PB and their satisfaction. Scholars and practitioners also stress education as an important goal of PB (Ebdon and Franklin, 2006) (see Table 3-3). Since government budget *allocation* and its decision making process can be complex (Bland and Rubin, 1997; Kahn, 1997), PB has been beneficial to citizens for learning about the complexity of the budget decision with access to government information and documents (Ebdon, 2002; Ebdon and Franklin, 2004).

Box (1998) also emphasizes the role of citizen participation programs in developing participants' awareness on duties of citizens and the development of civic virtue and community ownership through the participation experience and quality discussion. In this perspective, citizens gain skills to practice active citizenship through participatory budgeting, deliberative discussion, and negotiation process (Lim and

Kim, 2010; Fung 2006; Ebdon and Franklin, 2006). Moreover, Fung (2006) points out that a distinctive feature of open structure of the PB may help marginalized people and other previously excluded groups to build their self-esteem and self-fulfillment through their participation in local budget decisions. In addition, citizen participation helps participants to foster the attitudes and skills of citizenship (Yankelovich, 1991) and shape group identity and loyalty to the group/organization (Lincoln and Kalleberg 1990; Rose, 1999).

Another important goal of participatory budgeting is making better decisions on resource allocation through the participants' inputs and quality discussion among all the participants and public managers (Santos, 1998; Roberts, 1997; Ebdon, 2002). A few scholars find that the PB participants' input was influential in the final resource allocation decisions in local governments (Roberts, 1997; Ebdon, 2002). Santos (1998) further emphasizes the important role of the PB in establishing a sustained mechanism of joint management of public resources through shared decisions on the allocation of budgetary funds.

As Table 3-3 shows, another important goal of the PB is gaining support for budget proposals (Ebdon, 2006). Citizen participants' quality input and participation in the *budget allocation* decision process are helpful in gaining legitimacy in final resource allocation decisions (Irvin and Stansbury, 2004).

Figure 3-1 | A Model of Success Factors for Effective Participatory Budgeting

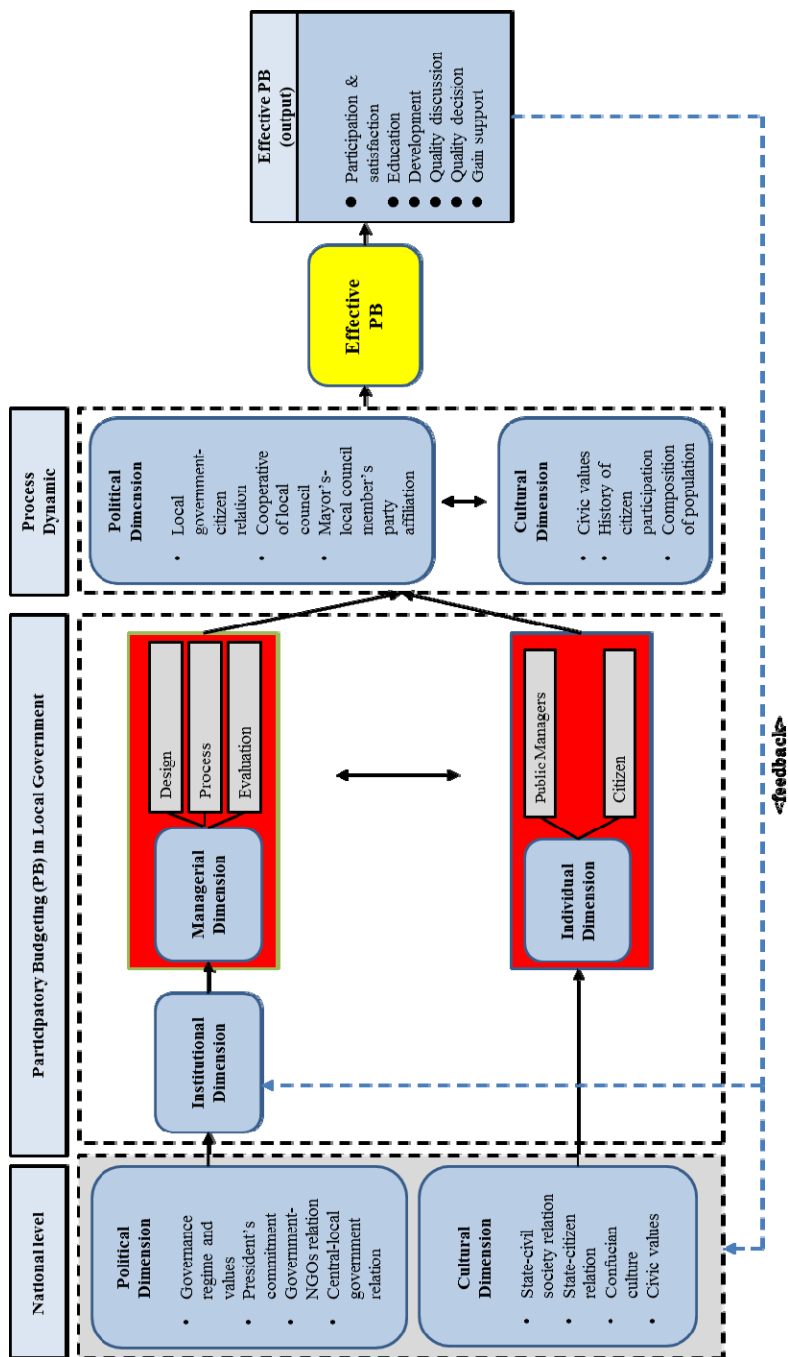


Table 3-3 | Key Elements of Participatory Budgeting

Elements	Variables
Environment	Structure and form of government
	Political culture
	Legal requirements
	Population size and diversity
Process Design	Timing
	Type of budget allocation (by program or earmarked funds, operation, capital)
	Participants (selection method, numbers, representativeness)
	Sincere preferences/Willingness to pay
Mechanisms	Public meetings
	Focus groups
	Simulations
	Advisory committees
	Surveys
Goals and Outcomes	Reduce cynicism
	Educate participants about the budget
	Gain support for budget proposals
	Gather input for decision making
	Change resource allocation
	Enhance trust
	Create a sense of community

Source: Ebdon Carol, and Aimee L. Franklin (2006).

B. Managerial Dimension and Propositions: Design, Process, and Evaluation

(1) Representativeness and Participatory Methods

To explore the factors affecting effective PB, the managerial dimension has been narrowed down to three different stages in the study, including design, process, and evaluation. Simonsen and Robbins (2000) further find that there are six managerial capacity factors for effective PB: 1) use a rigorous research design, 2) provide adequate resources, 3) be inclusive, 4) make the process iterative with active

learning, 5) open the process, and 6) cultivate the media. In the decision stage, strategies for the implementation of PB and practical plans are designed. One of the most critical things which should be done in this stage is to assess the participant's adaptability or conformity to the PB system (Lim, 2011; Lee, 2011). In order to institutionalize and implement the PB effectively, citizens' consistent participation must be premised, and an implementing agent of government agencies should design specific strategies for this (Simonsen and Robbins, 2000; Lee, 2011).

Issues raised in the selection process of PB participants include representativeness and professionalism. Scholars emphasize that it is important to enhance representativeness of participants from various stakeholders for effective PB (H. D. Choi, 2009; Lim, 2011; Lee, 2011; Fung, 2006; Ebdon and Franklin, 2004; Nabatchi, 2012). Lee (2011) further stresses the value of diversity of the PB participants by extending the participation scope of political parties, local community organizations, and/or labor unions. For example, based on a case study of the northern district of Gwangju Metropolitan City, Kwack (2007) and H. D. Choi (2009) point out that selection of participants with knowledge, expertise, and representation of valorous stakeholders is a key factor for successful implementation of the PB system in local governments.

Ebdon and Franklin (2004) also argue that "selection of participants" is a critical component in the design stage and participation should be open to the public. Concerning the PB participants, Fung (2006) finds no pattern of overrepresentation of wealthier and better educated citizens in the PB and Baiocchi (2003) further finds those who have lower incomes are more likely to participate in the PB. Fung (2006) explains that the situation is related to two reasons: 1) the agendas of the PB process reflect public problems that are more urgent for the poor than the wealthy, and 2) due to this PB agenda setting, the PB has been adopted an open structure of participation with targeted recruiting. Ultimately, the representativeness of the PB participants, transparency and fairness of recruiting and selecting the PB participants could be a core concern for getting legitimacy of budget decision-making through the PB. However, there is rare empirical study on the impacts of the

representativeness and professionalism of the PB participants at the local level on the PB effectiveness as well as resource management.

This study proposes the selection of participants with representation as one of the critical factor of the managerial dimension for effective PB.

Proposition 1: Selection of diverse participants representing community population is positively associated with effective PB (i.e., participation, satisfaction with participation, education, development, discussion, decision, and support).

PB is developed on the premise of the citizen's participation, and it is a core mechanism to hear from the public. In this sense, it is essential to secure diverse routes for the public opinion in the design stage. To invigorate the citizens' participation in the budgeting process certain strategies are implemented as follows: public meetings, citizen budget advisory committees, focus group meetings, and budget simulation (Ebdon, 2003). Researchers have concluded that participation is most beneficial when it occurs early in the process, and when it is two-way deliberative communication rather than simply one-way information sharing (Ebdon and Franklin, 2004). Public meetings have been used in a deliberative way to provide two-way communication on budget issues (Roberts, 1997) but attendance is often low and may not represent the community as a whole, and participants may have insufficient knowledge for effective input.

Nowadays, local governments that adopt the PB system in Korea have implemented local community meetings, public-private councils, and study programs for the PB and put strenuous efforts to find more diverse strategies for the citizen's participation (Yoon *et al.*, 2014). For example, some local governments have provided on-line services to those, such as the disabled, employees, and the youth, who have difficulties in participating in the budgeting process to maximize citizen's participation (H. D. Choi, 2009; Kwack, 2007).

Scholars have proposed several potential benefits of online participation: 1) cost-efficiency compared to offline participation programs (Lim and Kim, 2010); 2) enhancing policy performance through efficient information and knowledge sharing between local

governments and citizens (Fung, 2003); and, 3) improving communicative rationality by getting more experience of online deliberative communication process (Berman and Witzner, 1997; Lim and Kim, 2010). Establishment of these various online and offline mechanisms could bring out certain positive effects not only in the quantitative perspectives, but also in the qualitative perspectives. However, there is rare empirical studies on the positive or negative or unanticipated impacts of the online CP program or PB on an interaction between government and citizens, government effectiveness, and governance values. For example, scholars need to pay attention to how these specific online or offline participation methods affect variations in citizens' active participation by gender, age, income level, education, and social media experience. What are the most effective method or tool for getting younger generation's or seniors' or women's or people with disability's active participation in the PB? Without the analysis of the active participants in the PB, it is difficult to generalize the representativeness of the PB participants and fairness and transparency of the decision-making in the PB process. Accordingly, this study proposes various participation mechanisms and online participation tools as other factors to be considered for effective PB.

Proposition 2a-b: Various participatory methods and tools for providing fair opportunity and representation for all in PB are positively associated with (a) increased participants in the PB and (b) active discussion making among participants.

Proposition 3: The level of on-line service and tools of PB is positively associated with effective PB (i.e., participation, satisfaction with participation, education, development, discussion, decision, and support).

C. Education and Evaluation

For effective implementation of the PB system, the local community and governments should put forth efforts in building competency or professionalism of the PB participants for both public managers and

citizens (H. D. Choi, 2009; Ebdon, 2002). In practice, some of the city governments implementing the PB system have applied a human capital building approach through providing a school program to educate about the PB systems in order to enhance citizens' competency and professionalism on effective PB implementation (H. D. Choi, 2009; Kwack, 2007; Yoon, Seong, and Lim, 2014). H. D. Choi (2009) also notes that continuous training programs offered for public managers to enhance their competency to work effectively with citizens were one of the key success factors of the PB system in the Buk-gu district of Gwangju City. Citizen's budget schools and budget policy seminars are assessed as part of the best models, which have contributed to global debates (Sintomer, Traub-Merz, Zhang, and Herzberg 2013; H. D. Choi, 2009).

This study considers both education programs for citizens such as a budget school operation and the PB training programs for public managers, which train citizens and public managers' competency for the PB operation and effective discussion and communication, as a key factor for effective PB. However, there is limited attention to a nationwide assessment study on the PB education status for citizens and public managers and its impacts on the effectiveness of the PB and governance values. For the future PB assessment study, the following propositions can be considered.

Proposition 4: Education program for citizens such as a budget school operation is positively associated with effective PB (i.e., participation, satisfaction with participation, discussion, decision, development, education, and support).

Proposition 5: Commitment to training programs of the PB for public managers is positively associated with effective PB (i.e., satisfaction with participation, discussion, decision, development, education, and support).

The final factor to be considered as an important managerial dimension is the evaluation stage of the PB, which treats feedback as a key factor for enhancing the PB effectiveness. Budgeting in a local

government is implemented according to certain processes on a regular basis, such as the development of long-term financial plans, assessment for investment or loans, budgeting formation, budgeting implementation, balancing accounts, assessment of finances, and backflow. The participatory budgeting focuses on the budgeting formation (Lee, 2011). However, a local government should design many different policies, which encourage more citizens to participate in the PB, to organize a systematic and transparent budgeting system. In particular, it is necessary for the local government to establish a feedback system, which opens citizens' comments or opinions to the public. If citizens learn that their opinions or comments were reflected on policies, their satisfactory levels would increase. This would encourage citizens to be more motivated and in turn, induce consistent participation in the budgetary system (Lee, 2011).

According to Kwack (2007), the northern district of Gwangju Metropolitan City, which adopted the citizen's participatory budgeting system in 2003, held a public debate in 2005 to assess its operating outcomes. Through the debate it learned many problems existing in the system and made structural changes as a part of the feedback to expand the influence of participants on budget decision making process. Kwack (2007) finds that a public debate held in Gwangju Metropolitan City in 2005 to assess the process of the PB and its output and outcomes has been useful to evaluate the problems existing in the PB system and to make structural changes of the PB based on the feedback. The Dong-ku PB case of Ulsan Metropolitan City (Ahn and Lee, 2007) also shows a strong commitment to the evaluation of the PB by conducting feedback surveys of participants and public managers and evaluation meetings to collect further feedback and comments from both citizens and public managers.

The evaluation data and feedback information have been used for modifying and changing the PB system and process in order to enhance the effectiveness of PB and to get more participants for the PB (Ahn and Lee, 2007). The evaluation and feedback mechanisms are especially important for evaluating the impacts of the PB on final budget decision-making (Lee, 2011). Lee (2011) further addresses that sharing the evaluation information with citizens may positively affect citizens'

satisfaction with the local government policy and consistent interest of citizens' participation in the PB. The PB evaluation structure, process, and their impacts on the PB effectiveness among the local governments that have established the PB is yet to be tested. This study proposes evaluation and feedback of the program of budget decision-making as a significant factor for facilitating effective PB.

Proposition 6: Commitment to evaluation and feedback of the PB system and information sharing with participants and local communities positively associated with the effective PB (e.g., participation, satisfaction with participation, discussion, decision, development, education, and support).

D. Individual Dimension and Hypotheses

(1) Public Managers: Compliance and Information Sharing

The individual dimension could be examined under two perspectives such as public managers and citizen. In the aspect of public manager, critical concepts of success factors include policy compliance, communication, and motivation. Regarding compliance, to operate an effective PB, public managers who are in charge of budgeting at the front as well as citizens should be equipped with an understanding of and positive attitudes toward participatory budgeting, recognizing it as a necessary process in the public administration (Kwack, 2005; Yoon, Seong, and Lim, 2014).

However, it is still difficult to assess the level of public managers' commitment to the PB in local governments due to rare research on this concern. Therefore, the study views the compliance of public managers to the PB policy as a significant individual capacity concern that facilitates the PB effectiveness. Scholars could focus on the following variables to analyse public managers' compliance to the PB: the understanding and knowledge of civil participatory budget system, shared norms and commitment to citizen participation as essential administrative process (Kwack, 2005; Yoon, Seong, and Lim, 2014), responsiveness (Kim and Lee, 2012) and acceptance of participants as

collaborators (O’Leary, Van Slyke, and Kim, 2010).

Proposition 7: The degree of public managers’ policy compliance through shared norms of PB as essential administrative process is positively associated with effective PB (i.e., participant’s satisfaction, quality discussion, and quality decision).

Proposition 8: PB Participants’ (citizens) satisfaction with the quality of public managers’ responsiveness is positively related with effective PB (i.e., participants’ satisfaction, education, development, discussion, decision and support).

Proposition 9: The degree of public managers’ acceptance of participants as collaborators for budget decisions is positively associated with effective PB (i.e., participant’s satisfaction, quality discussion, quality decision, education, and support).

Another important issue related to political efficacy and empowerment is the openness of government documents and information and citizen’s access to that information. Hadden (1981) argues that information is a critical component of citizen participation and emphasizes equal opportunities for all citizens and multiple channels to access information, be consulted and participate. Concerning citizen’s access to the data and information of government, many OECD countries now have legislation to ensure rights of access to information. Citizens’ access to government information and data could be especially important in the effective PB process (Seo, 2014) as it demands for communicative rationality based on available facts and data. Accordingly, citizens’ access to the budget information and other related information and data, and public managers’ willingness to share the information and data could be positively associate with the effective PB.

Proposition 10: The degree of government officials’ commitment to openness and sharing of budget information with participants is positively associated with effective PB (i.e., satisfaction with

participation, education, development, discussion, decision, and support).

(2) Participants/Citizens: Empowerment and Critical Citizenship

Scholars emphasize that citizen participation leads to increased legitimacy of the decision-making process and deliberative democracy (Andrain and Smith, 2006; Nelson and Wright, 1995). The assumption of the argument is that effective CP leads to enhanced compromise, coordination, and consideration of policy options through citizen empowerment (Andrain and Smith, 2006; Nelson and Wright, 1995). This research proposes that perceived sense of political efficacy through perceived empowerment may affect participants' attitudes toward compromise, coordination, and consideration of policy options during the PB process. Scholars address that citizens' sense of political efficacy may influence to more active citizen participation with a belief that he or she can make a difference in political and social changes through their participation in public affairs (Balch, 1974; Kim and Lee, 2012). Through the sense of political efficacy, citizens can get interested in public affairs and more actively get involved in political process (Wolfsfeld, 1985; Almond and Verba, 1963).

The sense of political efficacy through influencing budget decision-making is included as one of the significant factors affecting effective PB in this study. However, scholars and practitioners need to pay attention to the complexity of evaluating the political efficacy of the PB participants. Firstly, we need to carefully assess an equal opportunity of all the constituencies for participating in the PB. Secondly, more empirical research is necessary to explore how the PB process and its decision-making rules control specific participants' dominant influence on resource allocation decisions. With consideration of these issues, the impact of empowerment on the effectiveness of PB could be analysed.

Proposition 11: Participants' (citizens) perceived influence on budget decision making through PB is positively associated with effective PB (i.e., participation, satisfaction with participation, education, development, discussion, decision, and support).

Confucianism is a cultural characteristic that has influenced the Korean value systems and social structure; the elements of Confucianism are present in every aspect of Korean societies, from people's daily lives to the political system (T. H. Choi, 2014; Kee, 2008). Therefore, it is reasonable to believe that Confucianism would be influencing citizens' participation in and their acceptance of public decisions, although the level of influence would be different from one person to another depending on how citizens value citizen participation. Confucianism is an ethical system developed from the teachings of Confucius, a Chinese philosopher. It is composed of a series of values that emphasize respect for authority (e.g., parent, leader), moral order (e.g., humility, conformity to norms), family loyalty, and social harmony (e.g., emphasis on others) (Fetzer and Soper, 2007; Hahm, 2006; Huang and Charter, 1996; Kee, 2008; Kim, Yang, Atkinson, Wolfe, and Hong, 2001; Lin, 2010; Moody Jr., 1996; Park and Kim, 2008; Yan, 2009).

Kee (2008) measures Asian cultural values by six constructs and their respective value statements, which represent various elements of Confucianism: collectivism, emotional self-control, family recognition through achievements, filial piety, and humility. Fetzer and Soper (2007) employ family loyalty, social hierarchies, and social harmony to measure levels of support for Confucian values. Their measurement items originate from the 1995 Word Values Survey and the 2001 Asian Barometer.

The research of CP in the Asian region has been affected by the theory and practice of the Western democratic countries. The influence of a culture in Korea on the PB process or its effectiveness has not been tested yet. The research identifies participants' shared values of two Confucian values of social hierarchies and social harmony (Fetzer and Soper, 2007) and their relations to effective PB as an important cultural factor for the future study.

Proposition 12: PB Participants' (citizens) with a higher degree of respect of budget decisions by government officials with authority only are less motivated to engage in discussion during PB compared to the other participants with a lower degree of respect of budget decisions by government officials with authority.

Proposition 13: PB Participants' (citizens) with the attitude of giving in to avoid conflict are less motivated to engage in discussion during PB compared to the other citizens with the attitude of not giving in to avoid conflict.

While the Confucian culture may affect individual participant's values and behavior, scholars also find that the Confucian culture of Korea has been moving toward stronger self-expression values (S. H. Kim, 2010; Welzel and Inglehart, 2006). Yun (2006) analyzes that long years of citizen-led democratization through active involvement by NGOs and citizens in the political process and by interactions with their political environments in Korea affected having stronger self-expression values among Koreans. By proposing the emergence of critical citizenship, Norris (1999) argues that long-term economic development and affluence have given rise to a public that is less deferential to authority and increasingly ready to challenge government through various protest actions. It is worthwhile to note that the number of voters who participated in presidential, parliamentary, and local elections gradually decreased and public trust in government in Korea has been reduced gradually between 1981 and 2001.(Korea Development Institute, 2006).

In terms of citizens, the study adds critical citizenship, which demands for citizens' voice and input for local government affairs, to the list of success factors together with compliance and communication competency. Based on the study of PB in Porto Alegre, Brazil, Nah (2005) finds that there were voluntary and non-political neighborhood groups or local organizations actively mobilized and engaged in budgeting processes, which he concludes as critical in the success of PB.

The study proposes that individual attitudes and behaviors are shaped by structural conditions in a civil society (i.e., socio-political structures and institutionalized democratic governance values). As Andrain and Smith (2006) suggest, scholars need to pay attention to the interaction between personal attitudes and socio-political structures to fully understand civic virtues of citizens and their participation programs. This study proposes the relationship between participants' perceived importance of the role of citizenship in monitoring/auditing local

government budget and effective PB.

Proposition 14: The degree of a participant's (citizen) perception on the important role of citizenship in monitoring/auditing local government budget is positively associated with effective PB (i.e., participation, satisfaction with participation, education, development, discussion, decision, and support).

(3) Public Managers and Participants/Citizens: Communication Competency

The study of governance has pointed to complex negotiations between a variety of groups and actors and other important mechanisms of governance besides the state (Gottweis, 2003). Participation should be understood as “a multi-way set of interactions” between different actors, which produces outcomes together with citizens through effective communication. In this view, communication or face-to-face contact among various actors is very important. However, there is limited empirical analysis on the role of communication in participatory democracy (Bartels, 2014), especially focusing on the face-to-face contact between public managers and citizens in a setting of PB. Bartels (2014) notes that communicative capacity building for public professionals and participants is imperative for participatory democracy. He further argues that it is necessary to develop flexible communication patterns by constantly adapting the nature, tone, and conditions of conversations to the situation at hand by both public managers and citizens (Bartels, 2014).

Pestoff (2014) also points out promoting a dialogue between staff and clients as a success factor of multi-stakeholder governance and argues that it is necessary to exert efforts to overcome information and power asymmetry among participants for promoting communication. He reveals that the higher level of communication increases the possibility of mutual understanding on facing problems. Innes and Booher (2003) also address the important role of authentic dialogue to achieve collaboration among differing interests and a history of conflict, and propose that authentic dialogue could be applicable by challenging the

existing assumptions and question the status quo, which opens up a discussion and generate new insights. They suggest three competency issues for each speaker in a collaboration setting, which can contribute to enhancing “communicative rationality based on the authentic dialogue”: 1) legitimately represent the interests, 2) speak sincerely, and 3) make statements comprehensible and accurate to others (Innes and Booher, 2003). A collaborative and authentic dialogue could contribute to building reciprocal relationships, engaging in single-loop learning or in double-loop learning, and getting creativity (Innes and Booher, 2003). Therefore, we regard communication competency of authentic dialogue by both public managers and citizens as a success factor of effective PB.

Proposition 15: Public managers’ competency of authentic dialogue through accepting the reality of diverse interests among participants is positively associated with effective PB (i.e., participation, participants’ satisfaction, education, development, discussion, decision and support).

Proposition 16: Public managers’ competency of authentic dialogue through conflict resolution is positively associated with effective PB (i.e., participation, participants’ satisfaction, education, development, discussion, decision, and support).

Proposition 17: PB Participants’ (citizens) competency of authentic dialogue through accepting the reality of diverse interests among participants is positively associated with effective PB (i.e., participation, participants’ satisfaction, education, development, discussion, decision and support).

Proposition 18: PB Participants’ (citizens) competency of authentic dialogue through conflict resolution is positively associated with effective PB (i.e., participation, participants’ satisfaction, education, development, discussion, decision, and support).

E. Other Dimensions

Political Dimension: Political dimension is divided into national and local level. At the national level, the policy keynote of the central government is dealt with and at the local level, the commitment of government leader is examined together with intergovernmental relationship as a constraint. Looking into the national level first, the Participatory Government of President Rho Moo-hyun established the ideology of state affairs as “participation” and “decentralization,” and released the “Roadmap for Local Decentralization Drive” in July 2003. The roadmap contains the plan to introduce participatory budgeting as an institutional means to encourage civil participation and controls by the public. This was an attempt to instantiate the government’s ideologies and the national government, especially the Ministry of Government and Home Affairs, has exerted substantial efforts to settle down participatory budgeting (Seo, 2014). This implies that the keynote of policy of the national government has a positive influence on the introduction and dissemination of participatory budgeting. For this reason, the study takes governance regime values as a control factor of effective PB.

At the local level, executive leadership of a local government and its attention and commitment to PB matters. In Korea, budget appropriation entirely belongs to the discretion of the local government head and thus, citizen’s participation in budgeting comes to mean the devolution of monopolistic power of the leaders. Therefore, regardless of the institution’s appropriateness, it is difficult to introduce and implement PB without the commitment of the local government’s leaders (Seo, 2014). In fact, exploring the process of introducing PB in the phase of institution formation in Korea tells us that the will of the local government leaders has played a critical role in its successful settlement. Choi and Lee (2005) recognize the same point, showing that whether PB was adopted depended on the local government head’s commitment to reform.

Another consideration at the local level is the intergovernmental relations. The relations between the executive and the legislature draw the concept of “unified government” and “divided government.” Unified

government describes a situation in which the executive and the assembly are controlled by one political party. Unified government could in turn make a rapid decision and have clear responsibilities to policy outcomes, but at the same time it is more likely to govern state affairs unilaterally (Mayhew, 2005). Divided government, on the other hand, occurs when one party controls the executive and another party controls the assembly, thus leading to congressional gridlock and often extreme situations due to the confrontation between the president and the parliament (Oh, 2004). In this regards, the intergovernmental relations between the executive and the legislature might function as a structural constraint. Therefore, the mayor-local council relation in terms of party affiliation is considered as one of the control variables affecting effective PB in the study.

Institutional Dimension: Institutional dimension covers the legal and institutional contents such as bylaws, specifying the steps and process on the operation of PB. They have an immediate impact on the effectiveness and outcome of PB in the sense that they stipulate the scope and mechanisms of citizen participation. The core concepts in the institutional dimension include institution's openness, diversity of participatory mechanisms, and clear-cut boundary of authorities. First, the concept of clear rule of law or executive order and degree of budget openness indicates the institution's openness and encompasses ideas on when and to what extents the citizens should participate in budgeting (timing and range). Kim and Lee (2011) point out that timing is a very important factor since outcomes and the influence of PB varies depending on the timing of participation in the budgetary process. That is, whether the civil participation takes place in the initial phase or the final stage of budgeting process determines the effectiveness of the institution. The scope also has its own significance. Yoon *et al.* (2014) demonstrates that the scope of participatory budget continued to expand according to each step of the institutionalizing process suggested in his study. It is emphasized that the feasible approach to the scope issue is necessary to ensure the practical effectiveness of PB (Lim, 2011).

Since PB conceptually presupposes the citizen's participation, consultation with citizens through participation is a key mechanism in

operating the institution. In this context, it is obligatory to provide the public with a variety of channels for participation at an institutional level. The local governments are currently ensuring and diversifying channels of citizen participation by providing a number of instruments such as a locally-based meeting in which every resident in the area can participate, a citizens' committee on participatory budgeting, a public-private council, an association for research on budget, Youth Participatory Budgeting, and so on. Other tools such as online bulletin boards, cyber forum, and internet surveys are provided for the disabled, the youth, and workers who find it difficult to participate especially in off-line participation (Kwack, 2007). Such guaranteeing and diversifying mechanisms of participation expands the public participation and enables deliberation in policy processes. Thus, clear rule of law and executive order of various participation mechanisms are also picked up as a success factor of PB.

Lastly, PB has latent risks in creating tension between citizens and the local council, which has an official authority for deliberation and appropriation of budget. Such potentials lead to an issue of authority boundaries. In fact, there was a case where controversies and misunderstandings occurred in the process of introducing PB because it infringes on the local council's proper discretion to deliberate and decide on its budget (Kwack, 2007). Opposition and reluctance among many of the local officials and council members function as obstacles in introducing PB (Heimans, 2002), and has a negative impact on PB's diffusion in the end though it is introduced. Therefore, it is necessary to establish clear-set boundaries of authorities through laws and institutions such as the Ordinance of Infringement Prevention on Budget Deliberation as well as regular meetings with the local council and officials (W. Y. Jung, 2014). For the same reasoning, the study takes clear rule of law and executive order, distinction of authority, and the role of elected mayor and local council as a factor to settle down and operate PB successfully.

In order to institutionalize and implement the PB effectively, citizens' consistent participation must be premised, and an implementing agent of government agencies should design specific strategies for this (Simonsen and Robbins, 2000; Lee, 2011). In this

perspective, public relation is one of the recommended strategies. In details, Lee (2011) emphasizes public relations as a tool inducing citizen's consistent participation and proposes several methods, such as many different online programs, brochure distribution, news release, and social media. This research proposes government agencies' proactive public relation capacity as a key success factor for effective PB. The establishment of different public information strategy, which is a tool for communication between citizens and local governments, enhances citizen's awareness of the participatory budgeting system. Furthermore, such awareness assists citizens to vigorously participate in the system. Cooperative network can be explained as relations among core participants in the PB, and it includes relations among citizen-citizen, citizen-public managers, and local council-citizen (Kwack, 2007). This study also controls cooperative and collaborative networks among core stakeholders/participants as one of the significant success factors of the effective PB.

Cultural Dimension: Cultural dimension is an important factor, which has affected the formation of state-citizen relation and state-civil society relation (T. H. Choi, 2014). It has guided and shaped the characteristics and development of civil societies in Korea, along with Confucian culture. T. H. Choi (2014) argues that the institutionalizing process of public administration in Korea has substantially been affected by Confucian culture, so the democratic principle of check and balance has never worked properly in it. This resulted in a strong state tradition in the state-citizen relation, and the state has always been given superiority over the citizen in their relation. Y. D. Jung (2014) also addresses that the state enjoys the dominant position over the civil society, where quasi-autonomous NGOs have played a leading role in the development of civil society in Korea. In sum, the state's dominance over citizen or civil society has been intensified by the cultural factors that affected the institutionalizing process of Korea's public administration, which has constituted significant historical contexts that may prevent the citizens from active participation.

Demographic Factors: Scholars find that a citizen's active engagement and participation in local governance affairs through public hearing, discussion forum, surveys, committees, and activities in local communities pose positive influence not only on his or her better understanding and knowledge of public policy but also on his or her active participation in the CP programs with sophisticated knowledge on local governance affairs (H. J. Kim, 2009; Yoo and Lee, 2006; Ahn and Choi, 2009). Accordingly, the study includes the citizens' past experience of citizen participation programs and other local community affairs as control variables that affect effective PB. Education, income level, jobs, gender and age are also included as control variables.

4. Conclusion

This chapter proposes that citizen participation programs organized by governments provide opportunities for citizens to observe processes, express their voices, and take responsibility as active participants in their community and government by engaging in policy decision-making, resource allocation, and monitoring processes (e.g., planning, budgeting, and auditing). One of the CP programs, which gained wide attention, in Korea organized by local governments since 2004 is PB, and Korea has been a leading country in Asia implementing PB at the local government level (Sintomer, Traub-Merz, Zhang, and Herzberg 2013). However, there is limited research on the overall assessment of the PB programs of local governments and not enough empirical research on the impacts of the effective PB on transparency and public trust in government. The contribution of Chapter 3 to the field of PB research is the integrated analysis of the success factors of effective PB under several dimensions, including managerial, individual, political institutional and cultural dimensions based on a comprehensive review of the CP and PB research literature in Korea and the world.

While there are many research agendas related to participatory governance in Korea, this study particularly emphasizes more research in the following areas in Korean public administration: 1) government management capacity for implementing participation programs (i.e.,

design, process, and evaluation); 2) competency of authentic dialogue for enhancing public interest and fairness during the participation process; and 3) individual values and behavior that are affected by civil society culture. Accordingly, the chapter is focused on the managerial and individual dimensions as key capacity components for developing research propositions for the future data collection. Under the managerial dimension, the study pays attention to the design, process, and evaluation stages of the PB, and proposes the PB participant representativeness of local population, participatory methods, education for both citizens and public managers, and evaluation as success factors of the PB in Korea.

Related to the individual dimension, the chapter identifies the important role of public managers' compliance of the PB, information sharing, and the level of responsiveness to participants/citizens' needs in effective PB. The study emphasizes the sense of political efficacy through influencing budget decision-making as one of the significant factors affecting effective PB in this study. The research is also focused on the participants' shared values on two Confucian values such as social hierarchies and social harmony and their relations with effective PB.

Another individual dimension this study explored is the relationship between participants' perceived importance of the role of citizenship in monitoring/auditing local government budget and effective PB. Finally, the chapter addresses the role of communication competency of authentic dialogue by both public managers and citizens in effective PB. Two competency dimensions are addressed for analyzing the impacts of communication competency of authentic dialogue on effective PB: accepting the reality of diverse interests among participants and conflict resolution.

An exploratory model of the factors affecting effective PB in local governments of Korea proposed in this chapter assist to measure the capacity assessment of the PB through surveys on public managers and participants/citizens. The theoretical model developed in the chapter could guide a comprehensive evaluation study on the PB. The future study on testing specific hypotheses that could be developed from the propositions in the chapter would enhance the knowledge of what

specific factors are relatively more significant than the other factors for implementing effective PB in local governments of Korea. The positive and/or negative impacts of PB on government performance and governance values cannot be estimated without empirical research on the PB in different local settings. Furthermore, the benchmarking study of the best practice of PB could be very helpful for knowledge diffusion of effective PB implementation not only for the leaders of executive agencies but also for local council members. If government officials desire to figure out the right tools and process of an efficient and effective PB, it is inevitable to conduct the assessment and evaluation of PB.

The PB evaluation study could also provide the analysis of the unexpected or negative impacts of the PB on local community such as increased conflict among local constituencies due to the poorly designed PB that does not apply the values of representativeness and transparency in decision-making. The evaluation study of the PB can help out government officers and citizens make a legitimate decision regarding why and how to correct a possible vicious circle of the PB program. Concerning the evaluation study of the PB, a comprehensive research design for the future data collection is discussed at the end of this report.

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CHAPTER 4

Impacts of Participatory Budgeting on Transparency and Public Trust in Government in Korea

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1. Introduction

Over the past decades, we have witnessed the lack of transparency in government has been often recognized and lamented by mass media, citizens, and even the international community. Moreover, scholars and practitioners in public administration have long been concerned about the gradually declining citizens' trust in the Korean government (Kim, 2010). Scholars have investigated various factors influencing transparency and trust in government in an attempt to provide implications for improving them. The current literature discusses how political (or politico-cultural) (Frick, 2008; Welch and Wong, 2001), organizational (Grimmelikhuijsen and Welch, 2012; Meijer, 2013; Pasquier and Villeneuve, 2007), environmental (Armstrong, 2011; Meijer, 2013; Piotrowski and Ryzin, 2007), and technological factors (Tolbert and Mossberger, 2006; Welch, Hinnant, and Moon, 2005) are associated with the level of openness and transparency in government. Many factors have been suggested to explain the fluctuation of citizen trust in government, including political (e.g., Pettit 1998), socio-economic (e.g., Alesina and Wacziarg, 2000; Scholz, 1998), cultural (Mizrahi, Vigoda-Gadot, and Cohen, 2009), and administrative causes

(Moon, 2002). Newton and Norris (2000) denoted three different schools that explain trust and confidence: social-psychological explanations (e.g., Erikson, 1950), social and cultural models (e.g., Coleman, 1988), and institutional performance models (e.g., Kampen, De Walle, and Bouckaert, 2006; Kim, 2010; Mizrahi, Vigoda-Gadot, and Van Ryzin, 2010).

In spite of scholarly efforts to explain transparency and trust in government, however, little systematic research has been empirically conducted to examine the role of citizen participation programs such as the PB in shaping government transparency and citizen trust in government. Does citizen participation enhance transparency and improve citizen trust in government? The role of citizen participation in public administration has long been discussed. Traditional public administration literature has seen citizen participation as a means of ensuring democratic values such accountability, citizen education, and development (Roberts, 2004; Pateman, 1970). But, it has been argued that citizen participation often inhibits efficiency in public administration, which creates the tension or incompatibility between citizen participation and public administration (Dahl, 1989; Cleveland, 1975).

Recently, citizen participation has been considered as a mechanism for creating not only democratic values, but also instrument values such as performance (Moynihan, 2003; Nabatchi, 2012). Moreover, recent governance literature has emphasized citizen participation as a crucial means of achieving not only traditional values, but also governance values such as transparency and trust in government (Transparency International and United Nations Human Settlements Program, 2004; McLaverty, 2011). Studies have provided evidence of the compatibility between citizen participation and transparency and trust in government (Vigoda-Gadot, 2007; Wang and Wan Wart, 2007; Kim and Lee, 2012). For example, some scholars have reported the positive role of effective online citizen participation in enhancing transparency and trust in government (Kim and Lee, 2012). In a similar vein, we have witnessed that many countries have adopted participatory budgeting (PB), a particular type of citizen participation practices, in the context of local government's budget decisions.

Research Purpose

Scholars in public administration and practitioners in local governments have discussed the benefits and limitations of the PB and offered anecdotal evidence about its effects (Kim and Schachter, 2013) or comprehensive literature review (Ebdon and Franklin, 2006). However, it is still unclear how the PB could lead to enhanced government transparency and citizen trust in government. To fill this knowledge gap, we attempt to address the following research questions in this chapter:

- Do effective PB enhance citizen and government participants' perceptions of transparency and trust in government?
- Do effective PB create positive perception toward community values?
- Do community values created through effective PB promote citizen and government participants' perceptions of trust and transparency in government?
- Does perceived transparency shaped through effective PB lead to greater trust in government?

In order to answer those questions, this research conducted comprehensive and systematic literature review on trust and transparency in government research. Drawing on literature review on antecedents of transparency and trust in government in general, we identify the relationship between the PB and transparency and trust in government as research gaps and offer a PB model of transparency and trust in government by emphasizing the roles of community values as mediator. Based on the discussion about the values of citizen participation in general and the PB in particular, we develop study hypotheses in the context of PB in local governments of Korea.

2. Transparency in Government

A. Antecedents of Transparency in Government

The various definitions have been offered to uncover the concept of transparency. For example, political scientists generally refer to it as “the principle of enabling the public to gain information about the operations and structures of a given entity.” (Etzioni, 2014: p.1). In this research, transparency in government is broadly defined as the availability of information about an government organization that allows external actors (e.g., citizens) to monitor and assess the government’s internal workings and/or performance (Meijer, 2013; Grimmelikhuijsen and Welch, 2012). Grimmelikhuijsen and Welch (2012) view transparency as typically incorporating multiple elements such as “inward observability, active disclosure, and external assessability,” which are understood as “the ability of individuals and groups outside the organization to monitor activities and decisions undertaken within the organization,” “the extent to which an organization disseminates information about its activities and their outcomes,” and “the inclination of the organization toward evaluation and critique by external groups and individuals,” respectively (2012: p.563).

Government transparency has been seen by scholars and practitioners as a viable means to hold government officials accountable and reduce corruptions in government (Bertot, Jaeger, and Grimes, 2010). Pointing to the value of transparency in government, scholars have investigated government transparency from various viewpoints, including the construction of transparency in interactions between governments and stakeholders (Meijer, 2013), the roles of transparency in government legitimacy (Curtin and Meijer, 2006), perceived competency in government (Grimmelikhuijsen, 2010; 2012), and trust in government (Grimmelikhuijsen, 2009; Kim and Lee, 2012).

Despite the normative or instrumental values of transparency, government transparency varies across different government entities. Scholars have considered various factors in explaining the determinants of government transparency (Armstrong, 2011; Frick, 2008; Kim and Lee, 2012; Meijer, 2013). Meijer (2013) suggested considering push and

pull factors in explaining transparency. He argued that government may commit to transparency in response to the demand from citizens, stakeholders, and court (pull factors) and to the need to enhance government's image and legitimacy (push factors). Citizens who frequently contact government through mechanisms like citizen participation tend to demand more transparency (Piotrowski and Ryzin, 2007). Piotrowski and Ryzin (2007) listed various constructs that would be associated with citizens' demand for transparency, including citizens' demographic characteristics (e.g., gender, education, income), general political attitudes and orientations (e.g., political engagement, political ideology), and motivations (e.g., frequency of contacting government, concern about government secrecy), among others. They showed how these factors are associated with different dimensions of citizens' demand for transparency (e.g., fiscal, safety, government concerns). However, scholars in this body of research have suggested other factors beyond citizens' demand that may determine government transparency.

Armstrong (2011) investigated the role of public outreach and professionalism and demographics (website type, population, and proportion of Republicans) in shaping the availability of local public information. Frick (2008) emphasized the significant role of culture in shaping transparency in government, arguing that transparency limits are determined by values and symbolic representations already existent in political culture. Grimmelikhuijsen and Welch (2012) suggested a theoretical framework to explain the determinants of local government website transparency and examined how three institutional factors (i.e., organizational capacity, political influence, and stakeholder group influence) determine three distinguished dimensions of government transparency (i.e., decision making transparency, policy information transparency, and policy outcome transparency). Pasquier and Villeneuve (2007) highlighted organizational barriers (e.g., the desire to increase one's own resources or to protect oneself against certain responsibilities).

On a global level, Welch and Wong (2001) suggested political autonomy, structural complexity, sense of mission, sector (internally oriented/externally oriented), and openness of economy as potential determinants of change in transparency. Recently, Meijer (2013) argued

that strategic, cognitive, and institutional complexities (uncertainties) should be considered in explaining transparency. As such, the current literature in this body of research demonstrates how political (or politico-cultural), organizational, environmental, and technological factors are associated with the level of openness and transparency in government. In sum, Table 4-1 shows the key dimensions and variables of antecedents of transparency in government.

B. Participatory Budgeting and Transparency in Government

Reflecting the scholarly interest in this topic area, an increasing number of scholars have paid attention to the role of citizen participation in promoting government transparency. For example, Piotrowski and Borry (2010) suggested a framework to analyze the link between citizen participation and transparency; they noted that that citizen participation, by its mechanism, provides an opportunity for citizens to access information about what government does and to monitor its performance, which helps citizens make an informed evaluation of government performance. Kim and Lee (2012) empirically examined the association of citizens' satisfaction with electronic participation (e-participation) programs, development, and perceptions of influencing government decision-making with their assessment of government transparency, using data from the 2009 E-Participation Survey in Seoul Metropolitan Government. However, as suggested by prior research (Kim and Lee 2012), more research are needed to advance our knowledge by testing and confirming the findings in different contexts such as the nexus between PB and transparency in government. PB has been widely advocated by both theorists and practitioners of public administration (Guo and Neshkova, 2013) as its adoption has become a global phenomenon (Alves and Allegretti, 2012; Sintomer, Herzberg, and RöCke, 2008; Wampler and Hartz-karp, 2012). Literature reveals that transparency has been considered one of the core values expected to be achieved through PB (Rossmann and Shanahan, 2012; Wampler, 2012) because PB, by its nature, entails disclosing budgeting information to the public.

Table 4-1 | Antecedents of Transparency in Government

Antecedents (Dimensions)	Variables	Research
Organizational Factors	Budget size	Grimmelikhuijsen and Welch, 2012
	Strategic complexities	Meijer, 2013
	Cognitive complexities	Meijer, 2013
	Organizational barriers	Pasquier and Villeneuve, 2007
	Sense of mission	Welch and Wong, 2001
	Sector (internal/external)	Welch and Wong, 2001
	Site professionalism	Armstrong, 2011
	Assistance with public access	Armstrong, 2011
	Overall public accessibility	Armstrong, 2011
Institutional Factors	Citizen participation	Kim and Lee, 2012
	Institutional complexities	Meijer, 2013
	Structural complexities	Welch and Wong, 2001
	Website type	Armstrong, 2011
Political Factors	Left-wing representation	Grimmelikhuijsen and Welch, 2012
	Interparty competition	Grimmelikhuijsen and Welch, 2012
	Political autonomy	Welch and Wong, 2001
	Values and symbolic representations	Frick, 2011
Environmental Factors	Media attention	Grimmelikhuijsen and Welch, 2012
	Interest group	Grimmelikhuijsen and Welch, 2012
	Industry presence	Grimmelikhuijsen and Welch, 2012
	Open economy	Welch and Wong, 2001
	Citizen demand	Piotrowski and Ryzin, 2007; Meijer, 2013
	Population	Armstrong, 2011
	Proportion of republicans	Armstrong, 2011
Technological Factors	Use of e-government	Welch, Hinnant, and Moon, 2005; Tolbert and Mossberger, 2006
	Use of government social media	Song and Lee, 2013

Ebdon and Franklin (2006) proposed an analytic framework that shows how transparency can be promoted by allowing citizens to participate in the budget process. Their framework suggests that transparency can be enhanced even when citizen participation is least supportive through the participatory mechanisms such as opening government budget records and engaging citizens in public meetings, which inform citizens about the proposed budget and reduce citizens' cynicism through transparency.

However, despite this potential role of PB in nurturing government transparency (Ebdon and Franklin, 2006; Rossmann and Shanahan, 2012; Wampler, 2012), the current discussions on the link between PB and government transparency are mostly normative and anecdotal. Few empirical studies have been offered to understand how PB leads to transparency in government. Thus, it is compelling to systemically examine the role of PB in enhancing government transparency.

3. Public Trust in Government

A. Antecedents of Public Trust in Government

Many scholars in public administration view trust as the confidence and faith that government is performing in accordance with normative expectations held by the public (Vigoda-Gadot, 2007; Wang and Wan Wart, 2007), specifically that the intentions and actions of government are ethical, fair, and competent. These normative expectations are based on the belief and evaluation that government is “doing the right things” (Wang and Wan Wart, 2007) and “operates in the best interests of society and its constituents” (Kim, 2010; Kim and Lee, 2012). Yet another stream of trust research in government incorporates the notion of vulnerability by defining trust as a psychological state that “enables individuals to accept vulnerability and place their welfare in the hands of other parties, expecting positive intentions or behaviors from other parties” (Yang, 2005; Park and Blenkinsopp, 2011; Grimmelikhuijsen, Porumbescu, Hong, and Im, 2013), even in situations where the trustors (e.g. citizens) cannot recognize, monitor or control the target, and/or

thwart a potentially negative course of action by the target (La Porte and Metlay, 1996; Kim, 2005).

Other approaches to trust in government take an explicitly multidimensional approach. For example, Thomas (1998) reviewed various definitions of trust and conceptualized it into three distinctive dimensions: fiduciary, mutual, and social trust. Fiduciary trust emphasizes asymmetric relationships and attendant opportunities for malfeasance trust. Citizens' trust in government due to the asymmetric nature of citizen-government relationships (principal-agent relationship). The asymmetric nature of the relationships indicates that the citizen has limited knowledge about what government agencies are doing, and thus possess limited abilities to monitor or control the performance of government institutions. Citizens trust government agencies based on thoughts or feelings that the government institutions will professionally work in citizen' best interests. Government institutions could increase fiduciary trust by distributing such information as administrative processes, programs, plans, outputs, and outcomes to inform the citizen of how the government professionally operates in citizens' best interests.

Mutual trust develops between individuals who repeatedly interact with one another. Citizens' mutual trust in government officials is based on more symmetric and interpersonal relationships. It relies on repeated social interactions between citizens and government officials. Citizens' overall trust in government increases because of the mutual trust. Social trust is embedded within institutions. A form of social capital is a society gradually accumulated through the micro-level interactions of individuals and which then becomes a public good on which others draw. Social trust is interwoven with fiduciary and mutual trust in a way to be mutually supportive. These three aspects of trust have been used in later studies (Welch, Hinnant, and Moon, 2005) but there are also a number of other arguments regarding the dimensions of trust in this domain.

As shown in Table 4-2, scholars have documented diverse sources of trust in government, which can be classified into five broad categories—performance, institutional design, public officials, environmental factors, and individual factors (Hamm, Lee, Trinkner, Wingrove, Leben, and Breuer, forthcoming).

Probably the best studied of these categories is the linkage between

performance and trust. Performance is broadly considered government output as assessed by the citizens or government officials based on their expectation, belief, and faith. A brief review of recent scholarly articles identified organizational effectiveness (Mizrahi, Vigoda-Gadot, and Van Ryzin, 2010; Kim, 2010), satisfaction with public services/service quality (Christensen and Laegreid, 2005), policy consistency (Brewer and Hayllar, 2005), transparency/corruption (van der Meer, 2010; Gronlund and Setala, 2012), responsiveness (Tolbert and Mossberger, 2006), accessibility (Tolbert and Mossberger, 2006), and economic development/growth/stability (Bovens and Wille, 2008) as the constructs within this broader performance category.

In general, trust in government increases when government performs better, but some scholars report mixed findings. For example, Tolbert and Mossberger (2006) found that responsiveness positively affects citizen's trust in local government only, not state and federal government. Other scholars have attempted to investigate the mediators bridging those performance variables to trust in government. For example, Yang and Holzer (2006) pointed out that the mixed findings about the performance-trust linkage stem from the inappropriate measure of performance and offered performance measurement as a mediator linking the relationship between performance and trust. Morgeson, VanAmburg, and Mithas (2011) provide evidence that satisfaction with public services mediates the effects of performance on trust in federal agencies.

Although performance is certainly the primary antecedent in the public administration literature, the remaining factors have also been the subject of noteworthy research. As the political and cultural dimensions, studies have found that political stability, generalized social trust, and trust in government generally (Gronlund and Setala, 2012) play important roles in affecting trust in public administration. In terms of the role of individual dimensions, studies argued that public officials' competence (Kim, 2005), ethical behavior/integrity (Green, 2012; Downe, *et al*, 2013), and benevolence (Kim, 2005) positively shape the public's trust in government. In addition to demographics (e.g. age, education, occupation), a recent study (Robinson *et al*, 2013) found that citizens' religiosity, party affiliation, and political ideology shape their

Table 4-2 | Antecedents of Public Trust in Government

Antecedents	Variables	Research
Performance	Organizational effectiveness	Mizrahi, Vigoda-Gadot, and Cohen (2009); Mizrahi, Vigoda-Gadot, and Van Ryzin (2010); Kim (2010);
	Economic development and growth; Economic stability	Bovens and Wille (2008); Meer (2010);
	Satisfaction with public services; service quality	Kampen, Walle (2006)
		Christensen and Laegreid (2005); Mizrahi, Vigoda-Gadot, and Cohen (2009); Mizrahi, Vigoda-Gadot, and Van Ryzin (2010); Kim (2010)
	Policy consistence	Brian and Hayllar (2005)
	Transparency/Corruption	Tolbert and Mossberger (2006); Kim (2010); Meer (2010); Gronlund and Setala (2012); Grimmelikhuijsen and Porumbescu (2013)
	Responsiveness	Tolbert and Mossberger (2006); Mizrahi, Vigoda-Gadot, and Cohen (2009); Kim (2010)
Institutional Design	Accessibility	Tolbert and Mossberger (2006); Mizrahi, Vigoda-Gadot, and Cohen (2009)
	Citizen participation	Mizrahi, Vigoda-Gadot, and Cohen (2009, 2010); Mizrahi, Vigoda-Gadot, and Van Ryzin (2010)
	Parliament structure	Meer (2010)
Public Officials	Electoral systems	Meer (2010); Cho (2012)
	Competence	Kim (2005)
	Integrity/ethical behaviour	Kim (2005); Green (2012); Downe, Cowell, Chen, and Morgan (2013)
Environment factors	Benevolence	Kim (2005)
	Political stability	Gronlund and Setala (2012)
	Economic stability	Gronlund and Setala (2012)
	Generalized social trust	Gronlund and Setala (2012)
Citizen Factors	Generalized trust in government	Gronlund and Setala (2012)
	Religiosity	Robinson <i>et al.</i> (2013)
	Political ideology	Robinson <i>et al.</i> (2013)
	Party affiliation	Robinson <i>et al.</i> (2013)
	Perceived empowerment	Kim (2010);
	Demographics (e.g. age, education, occupation)	Christensen and Laegreid (2005)

confidence that the Department of Homeland Security effectively deals with national security problems. Regarding institutional design, some researchers have found that trust in government tends to be promoted under certain institutional designs such as parliamentary structure (van der Meer, 2010) and electoral systems (van der Meer, 2010; Cho, 2012).

Although citizen participation has been long discussed as an institutional mechanism for restoring trust in government (Box, 1998; Roberts, 2004), few empirical studies have been made until recent years. Recently, some scholars in public administration have conducted their empirical studies by focusing on examining the relationship between citizen participation and trust in government (Mizrahi, Vigoda-Gadot, and Cohen, 2010; Mizrahi, Vigoda-Gadot, and Van Ryzin, 2010; Kim and Lee, 2012). The results, however, are not consistent across the studies. For example, Kim and Lee (2012) found a strong positive relationship between citizens' online participation experience and their trust in the City of Seoul. Yet, Mizrahi and his colleagues showed that citizen and employee participation has a weak relationship with Israel central government agencies responsible for national insurance issues (Mizrahi, Vigoda-Gadot, and Cohen, 2010) and health policies (Mizrahi, Vigoda-Gadot, and Cohen, 2009).

B. Participatory Budgeting and Public Trust in Government

As discussed in the previous chapter, PB, as one form of citizen participation practices, has been rooted from a local government in Brazil and has been diffused across countries including South Korea. It has been widely and globally supported by scholars in public administration (Franklin and Ebdon, 2007) and practitioners in government and non-profit organizations (University of Nebraska Public Policy Center, 2011). Scholars in public administration have paid growing attention to PB in different context including Brazil (Wampler, 2007), South Korea (Kwack, 2005; Nah, 2005; Kim and Schachter, 2013), the United States (Ebdon and Franklin, 2006; Kim and Schachter, 2013), and recently, even some countries in Africa (Dias, 2014). Some scholars in the U.S have found the positive relationship between PB and organizational performance of government (Guo and Neshkova, 2013;

Neshkova and Guo, 2012). In a similar way, scholars and practitioners in both developed (Organization for Economic Co-Operation and Development, 2009; Wang and Wan Wart, 2007; Ystano, Royo, and Acertet, 2010) and developing countries (Moynihan, 2007) have believed the positive effects of PB on the enhancement of citizen trust in government. Those in Korea are not exception (e.g. Choi, 2009).

Only a few studies, however, have reported empirical evidence by testing the belief that PB impacts trust in government (PytlikZillig, Tomkins, Herian, Hamm, and Abdel-Monem, 2012). For example, a recent study (PytlikZillig, Tomkins, Herian, and Hoppe, 2012) has examined how local residents in the City of Lincoln, Nebraska have changed their perception of trust-related constructs (e.g. unspecified confidence in the City of Lincoln) before and after they participated in a “Community Conversation,” - one of the successful deliberative participation tools in the U.S. and other countries - on the city budget. The results of their quasi-experimental design approach to PB effects reveal that citizen participants’ engagement in the Community Conversation during PB processes is positively correlated with their unspecified confidence in the city, trustworthiness, benevolence, and competence, which are similar to Thomas’s fiduciary and social trust dimensions.

A comprehensive review of trust in government research reveals at least two areas of research gaps. First, the role of citizen participation in building trust in government has not been systematically examined in public administration literature. Especially, the review of PB literature shows that PB research has mainly focused on either its relationship with instrumental values such as performance (Guo and Neshkova, 2013; Neshkova and Guo, 2012) or the characteristics of PB design, processes, and participants such as participants’ level of knowledge and representativeness (Im and Kim, 2010). Although the relationship between PB and trust in government has received growing attention among public administration scholars and practitioners around the world, it has been mainly discussed in normative (Ebdon and Franklin, 2006), except for a few recent scholarly efforts (e.g. PytlikZillig, Tomkins, Herian, and Hoppe, 2012). For example, a growing number of local governments in Korea have adopted PB and explicitly highlighted that

they have adopted PB to improve citizen trust in government (e.g. Choi, 2009). The empirical results of the effect of PB on trust in these Korean local governments, however, are rare. Second, even if a few scholars have made efforts to examine the relationship between PB and trust in local government, their studies have mainly focused on the direct linkage between the two. The lack of comprehensiveness in their model limits to advancing our knowledge about the complicate nature of relationships between PB and trust in government. The prior empirical studies on trust in government (Yang and Holzer, 2006; Morgeson, VanAmburg, and Mithas, 2011; Kim and Lee, 2012) provide insight that the linkage between PB and trust in government can be indirect and thus, that linkage can be mediated by other critical factors identified in citizen participation literature (e.g. community values and transparency).

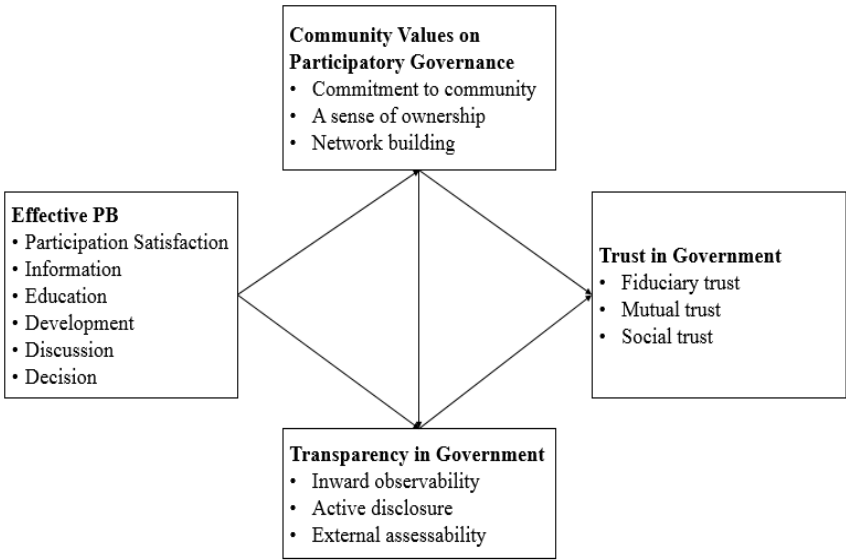
4. Research Models and Propositions

As the focus of this chapter lies on the effects of PB program, this chapter borrows a general model of program evaluation as a guiding framework (Nabatchi, 2012) to develop a PB model of transparency and trust in government in which effective PB as an output is theorized to shape its outcomes such as community values, transparency in government and citizen trust in government. More importantly and primarily, we develop the model based on the insight gained from recent studies on the indirect effects of citizen participation on trust in government (Wang and Wan Wart, 2007; Yang and Holzer, 2006; Kim and Lee, 2012). For example, the relationship between citizen participation and trust in government depends on administrative behaviors such as consensus building, ethical behaviors, accountability practices, service competency, and managerial competency (Wang and Wan Wart, 2007), perceived transparency in government (Kim and Lee, 2012), and performance measurement (Yang and Holzer, 2006).

As briefly discussed earlier, these empirical studies have implied that the relationship between PB and trust in government can be indirect, which means that effective PB can affect trust in government through its other outcomes. As other outcomes, we have identified community

values and transparency as mediators linking effective PB and trust in government. Specifically, as shown in Figure 4-1, we assert that PB creates community values on participatory governance, which is related to trust in government while PB is associated with transparency in government, which shapes trust in government. Also, the model argues that transparency in government is directly related to community values and trust in government. As will be discussed later, we apply citizen participation (e.g. Roberts, 2004; Pateman, 1970), social network (e.g. Granovetter, 1973), and social capital (e.g. Putnam, 1995; Widen-Wulff and Ginman, 2004) theories and models to develop specific hypotheses in this research.

Figure 4-1 A Participatory Budgeting Model of Transparency and Public Trust in Government



A. Effective Participatory Budgeting and Community Values

Conventional citizen participation literature (Roberts, 2004; Box, 1998; Thomas, 1995; Stivers, 1990) has highlighted various community values that citizen participation in government decision create. In this study, we focus on commitment to community, a sense of ownership, and network building as the community values created through effective PB.

When PB is effective, citizen participants are better informed, educated, developed, and engaged in informed discussion about a local government's budget issues. Then, effective PB is likely to stimulate their interest in and increase their knowledge about the community issues because most government budget decisions directly and indirectly affect the community. For example, early studies on citizen participation literature (Pateman, 1970; Tajfel and Turner, 1986) has implied that effective citizen participation facilitates participants' commitment to community issues because it reinforces their sense of being an important part of the community, which increases their identification with the community and creates a sense of civic duties by motivating the participants to be more interested in community issues.

Along this stream of citizen participation literature, we argue that effective PB is likely to promote the motivation of citizen and government participants to make stronger commitment to the community activities affected by the discussion and decision made through PB. In response to community issues, a local government plays as a crucial role in shaping community activities dealing with the issues in that it provides administrative supports and financial resources (Jimenez, 2014). The local government's administrative support and financial resources for community activities is affected by its budget decisions such as budget allocation and priorities. We argue that an effective PB enables citizen participants to engage in informed discussion, make informed decision about government's budget proposal and priorities, accept the budget decisions made through the PB, and thus, support the decisions. When the budget decisions are supported by citizen and government participants in PB, it is likely to increase their sense of ownership of community issues, which facilitates

their commitment to community activities (Ebdon and Franklin, 2006).

Moreover, we assert that effective PB helps citizen and government participants build networks with peer participants and with other community members who did not participate in PB. According to social network literature (McPherson, Smith-Lovin, and Cook, 2001; Granovetter, 1973), it is easier for participants to connect with each other when they have something in common (e.g. gender, socio-economic status, and views toward government policy). Prior to participation in PB, participants might or might not have similar views such as opinions and perceptions toward government's budget proposal and priorities. On the one hand, when the participants have already shared similar opinions and perceptions toward the same issue of interest, effective PB is likely to reinforce their similarities due to the fact that the participants are better informed, educated, developed, and engaged in informed discussion through effective PB. Amplified similarities make participants easier to build networks.

On the other hand, some participants might have different opinions and perceptions toward the agenda of interest in PB, which can play as the source of potential conflicts in the community. In that case, effective PB can serve as an opportunity for those participants to build shared understanding about the issue of interest in PB by developing the attitudes and skills of citizenship and the ability to compromise, accommodate, and negotiate with participants with different views and opinions (Yankelovich, 1991). Due to the development effects such as increased tolerance for differences of opinion (Halvorsen, 2003), effective PB helps to reduce potential conflicts among participants and narrow the gaps between participants with different opinions as well as between participants and government. Once the gap between participants' opinions becomes narrower, it increases the probability that they are similar at least in terms of their views toward the particular issue discussed in PB. Increased similarities are likely to enable participants to create a sense of psychological and social bonds and thus, easily build networks.

It is likely that the lack of opportunity to interact with non-participants is one of the barriers in building networks among participants in the community. As discussed earlier, effective PB

stimulates participants to become more interested and learn about community issues and engage in community activities. Greater commitment to community issues and outreach in community activities are likely to increase chances to meet non-participants face-to-face, share their views of broader community issues, and broaden participants' networks in the community.

In sum, we argue that participants tend to have a strong sense of ownership of community issues, make commitment to community activities to address these issues, and build large networks with community members when PB enables participants to become more interested and knowledgeable about community issues, be motivated to engage in community activities, and be given opportunities to build networks with community members.

Proposition 1: Effective PB is positively related to community values.

Proposition 1a: Effective PB is positively related to commitment to community issues.

Proposition 1b: Effective PB is positively related to enhanced sense of community ownership.

Proposition 1c: Effective PB is positively related to increased networks with community members.

B. Participatory Budgeting and Transparency in Government

The relationship between citizen participation and transparency in government has been well documented in citizen participation literature (Thomas, 1995; Cooper, Thomas, and Meek, 2006; Fung, 2006). The essence of this stream of research is that citizen participation provides participants with an opportunity to be more knowledgeable by minimizing information asymmetry, which allows participants to reduce uncertainty and ambiguity about government policy and programs. The decreased information asymmetry between citizens and government can enhance citizens' ability to understand government agencies (Kweit and

Kweit, 2004; Roberts, 2004). Knowledgeable citizen participants are likely to play a greater monitoring role over government. As a response, it is likely that government makes more efforts to commit to openness and honesty to reduce potential corruption (Yang and Holzer, 2006).

Budgeting in a local government has been typically viewed as an internal, professional, and political decision making processes (Mikesell, 2007). Government budgeting literature has paid more attention to how budget decisions are made by complicated interactions among key internal players such as professional public servants, elected executives, external players, elected law makers, and interest groups (Mikesell, 2007). In this regard, conventional budgetary decision making processes in a local government has been less transparent (Khagram, Fung, and Renzio, 2013) in a sense that citizens as external players are limited to access internal budgetary decision making and thus, limited to evaluate the budget decisions while government are not actively opening information and processes related to budgetary decision to the public (Meijer, 2013). One of core ideas of PB is to enhance citizens' monitoring and controlling capabilities by minimizing information asymmetry between citizens and government (Kim and Schachter, 2013). More specifically, we argue that PB promotes transparency by engaging citizens as external actors who observe the budget decision-making process and assess budget decisions, while inviting them as external monitors to become a part of a mechanism in pressing the government to disclose more budget-related information and to meet their needs.

As discussed earlier, when citizen participants are more informed, educated, developed, and engaged in informed discussion about budgeting issues, they are likely to gain more knowledge about how a local government allocates budget and set up priorities, what challenges face local governments while making budgetary decisions. Although citizen participants in PB may not be able to change budget priorities (Ebdon and Franklin, 2006), knowledgeable participants are better able to serve as external observers and evaluators, and thus, likely to perceive greater transparency in government, especially greater budget transparency. It is also likely that while dealing with these knowledgeable and informed citizen participants in the PB process, government is forced to make greater efforts to enhance transparency in

government.

Proposition 2: Effective PB is likely to be positively related to transparency in government.

C. Community Values and Transparency in Government

Deliberative dialogues between governments and citizens and among citizens throughout the PB process would help create a shared sense of community or community values. Community values—commitment to community, sense of ownership, and network—strengthened by citizen participation comprise social capital in the community. Social capital can be understood as either an outcome or a process of interactions emerging from participating in networks (Coleman, 1988; Putnam, 1993). While a variety of definitions of social capital are identified in the literature (Robison, Schmid, and Siles, 2002), social capital has been defined in terms of social structures (e.g., Coleman, 1988), networks (Putnam, 1995), or relationships (e.g., Brehm and Rahn, 1997), to list a few.

Three dimensions of social capital—structure, content, and relationship—have been combined in an attempt to fully grasp the concept of social capital (Hazleton and Kennan, 2000; Widen-Wulff and Ginman, 2004). According to Widen-Wulff and Ginman (2004), the structure dimension involves access to other actors that provide availability and reference; the content dimension is considered a “visible” condition of social capital; and the relational dimension entails expectations and obligations as central features of social capital. PB provides channels for citizens to access government institutions and other citizens (structural dimension), enabling information exchange (content dimension) between citizens and governments and between citizens. Information exchange, along with problem identification, conflict management, and behavioral regulation, is one of the communication functions; it refers to the ability to gather, interpret, and disseminate information to relevant constituencies (Hazleton and Kennan, 2000).

Community values—commitment to community, sense of ownership,

and network—contribute to generating social, interactive communication environments, increasing social capacities in communities. The process of information exchange can be effective in a “sufficiently social environment”; without a “social capacity,” it lacks the flexibility or ability to adjust to change (Widen-Wulff and Ginman, 2004). In this sense of information exchange, community values enhanced through the effective PB process can contribute to building up transparency in government through citizen participation as discussed earlier. Enhanced information exchange among community members networked through PB programs and shared understanding about a local government’s budget issues should contribute to increasing the visibility of what government is doing, leading to increased citizen perception in transparency of government.

Citizen participation programs provide opportunities for citizens to build ties with government and fellow citizens since the nature of citizen participation allows citizens to interact with government and other citizens. Weak ties allow access to new knowledge that is not available within a certain group (Granovetter, 1973); knowledge can be diffused through the weak ties within communities. Hence, citizens, not only those who are directly engaged in participation programs but also those who are not, have greater opportunities to know what governments are doing and how they are acting in citizens’ best interests through the network ties. Therefore, we argue when citizens and government agencies are connected through network ties generated by PB that allows citizens to participate in and oversee budgetary decisions (Wampler, 2012), citizens are likely to perceive greater transparency in government. As such, community values—strong commitment to community, sense of ownership, and network—can contribute to generating or reinforcing communication opportunities through which information about governmental budgeting more easily diffused and shared among community members, enhancing perceptions of transparency in government. Therefore, the study suggests the following proposition:

Proposition 3: Community values enhanced by PB are positively associated with transparency in government.

D. Community Values and Trust in Government

A key relational feature of social capital is identification, which means the degree to which actors see themselves as connected to other actors (Hazleton and Kennan, 2000). Citizens can identify themselves by connecting to other citizens and their governments and exchanging information with them through citizen participation programs. Hence, networking and information sharing represent the bottom-line of social capital. Widen-Wulff and Ginman (2004) emphasize the relationship between information exchange and trust building.

The relationship between social capital and citizen trust in government has been empirically evidenced (e.g., Brehm and Rahn, 1997; Keele, 2007). According to Putnam (1995), Americans' direct engagement in government has been steadily and sharply declining over the last few decades, and they disengaged psychologically from government over the same period of time. Based on their analysis of the pooled General Social Surveys from 1972 to 1994 in a latent variables framework incorporating aggregate contextual data, Brehm and Rahn found that "civic engagement and interpersonal trust are in a tight reciprocal relationship, where the connection is stronger from participation to interpersonal trust, rather than the reverse" (1997, p. 999). Likewise, using macro-level data, Keele (2007) finds that social capital is associated with trust in government. Trust is one of the core aspects of the relational dimension of social capital (e.g., Putnam, 1995). Keele (2007) argues that "each dimension of social capital should contribute to levels of trust in government" (p.244).

By its relational definition, the generation of social capital in a community depends on a capacity to form new associations and networks. The mechanisms for PB can help build up this capacity. As individual citizens come together to work for their community throughout the PB process, "valuable relationships can be developed across the diverse interest lines that exist within communities" (Simpson, 2005, p. 110). These relationships may contribute to creating and/or reinforcing social capital since they generate new sources of information (information sharing) and increase social trust through interactions

within communities, which, in turn, help citizens (community members) develop network ties to each other, either strong or weak. While strong ties promote social trust and reciprocity between citizens who are intimate to each other, weak ties link citizens who do not know each other well, enabling or facilitating the diffusion of information (Granovetter, 1973). If the information delivers how governments are acting in citizens' best interests through PB, then it contributes to promoting fiduciary trust in government among citizens.

The social and cultural models of trust in government emphasize that individual life situations and experience such as participation in a community with a cooperative culture and involvement in voluntary activities generate social trust and cooperation, civic-mindedness, and reciprocity between individuals (Newton and Norris, 2000). Newton and Norris (2000) assert that if social trust helps build social capital, and social capital, in turn, helps strengthen political institutions, then government performance may improve, inspiring citizens' trust and confidence in government. In this sense, citizens' commitment to community, sense of ownership, and network building promoted through the PB process would contribute to increasing citizen trust in government. Citizens who are directly involved in PB programs may have greater chances to build fiduciary, mutual, and social trust in government; citizens who are not directly involved in the PB process may build up their fiduciary and social trust in government through weak ties that are enhanced by PB. Therefore, this study suggests the following proposition related to community values and citizen trust in government.

Proposition 4: Community values enhanced by PB are positively associated with trust in government.

E. Transparency in Government and Trust in Government

As discussed earlier, Thomas (1998) identifies three broad conceptual dimensions of trust in government: fiduciary trust, mutual trust, and social trust. Despite the conceptual differences among them, they all share the central role of information in explaining how citizens

build trust in government.

Coleman (1990) suggests a theoretical framework that articulates what is being evaluated and elaborates the role of information in trust-building. “Three essential elements” are used in explaining what leads a potential trustor (e.g., the citizen) to place trust on trustee (e.g., the government): p =chance of receiving gain (the probability that the trustee is trustworthy), L =potential loss (if trustee is untrustworthy), and G =potential gain (if trustee is trustworthy) (Coleman, 1990, 99). According to the framework, a rational actor will place trust if the ratio of the chance of gain to the chance of loss is greater than the ratio of the amount of the potential loss to the amount of the potential gain (i.e., $p/(1-p) > L/G$) or, stated otherwise, if the potential gain times the chance of gain is greater than the potential loss times the chance of loss [i.e., $G \times p > L \times (1-p)$]. It is clear from this formula that the higher either p or G or both are, it is more likely that a potential trustor places trust on trustee. This formula can be applied to the context of trust in government by defining gain (G) as achieving high performance or acting in citizens’ best interests and chance of receiving gain (p) as the probability that the government is trustworthy in this regard. This formula demonstrates the context in which the role of information comes into play in building trust in government.

Information is expected to influence the citizen’s estimate of the probability of government acting in the citizen’s best interests. This explains how Thomas’ different modes of trust are produced (Thomas 1998). For example, government institutions could increase fiduciary trust by distributing such information as administrative processes, programs, plans, outputs, and outcomes to inform the citizen of how the government professionally operates in their best interests (Welch, Hinnant, and Moon, 2005). PB programs play a role as an outlet to disseminate such information to the citizen.

Despite the unclear relationship between transparency and trust in government in the current literature, this study posits that if people do not know what the government does, then they will not trust it easily (Grimmelikhuijsen, 2009). Apparently, negative information (i.e., information about government going against the citizen’s best interests) may increase the potential loss (L) and/or the chance of receiving loss

(the probability that the government is untrustworthy: $1-p$), decreasing the level of citizen trust in government. The findings from Tolbert and Mossberger (2006) and Welch *et al.* (2005) imply a positive relationship between transparency and trust in government because respondents in their studies who use government websites that contain more information than ever before significantly show their trust in government. Effective PB, by its nature, should provide a variety of mechanisms through which citizens can perceive transparency in government. Transparency experienced throughout the PB process is expected to heighten citizens' estimate of the probability of gain (p) that is related to building up fiduciary trust by informing citizens of how government works for citizens. As such, inward observability, active disclosure, and external assessability enhanced by PB programs would intensify citizen trust in government. Therefore, this study proposes the following proposition:

Proposition 5: Government transparency enhanced by PB is positively associated with citizen trust in government.

5. Conclusion

This chapter attempts to answer a broad question of how PB can contribute to enhancing government transparency and building citizen trust in government. A comprehensive review of government transparency, trust in government, and PB research in the field of public administration has guided us to develop a PB model of transparency and trust in government in the context of local government. Specifically, we have gained insight from the findings of recent empirical studies that the relationship between citizen participation and trust can be indirect. Thus, we assert in the model that community values and transparency serve as mediators linking the relationship between PB and trust in government. Based on the conceptual model, we have elaborated each relationship by using citizen participation, social network, and social capital literature, and offered testable hypotheses.

As the primary purpose of this chapter is to focus on developing a

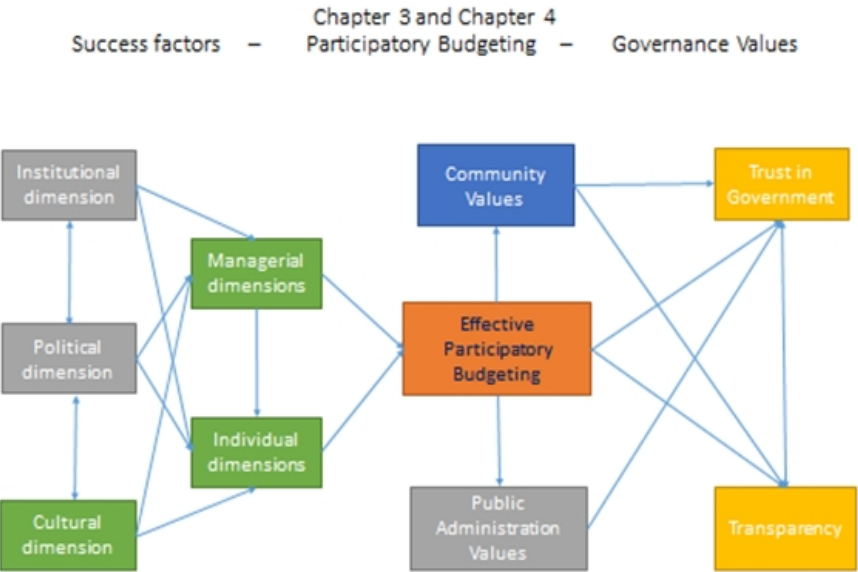
conceptual PB model of transparency and trust in government and specific hypotheses, one limitation, by nature, is the lack of empirical support of the model and hypotheses. Thus, we offer an empirical study as a future research project to test the study hypotheses and validate the model. We also suggest that the empirical research be conducted by identifying appropriate research design, research sites, data collection strategies including sample selection, and solid statistical techniques. Another limitation of this chapter would be the lack of specification of PB process and mechanisms. Although this chapter has limited its scope to PB as a citizen participation tool, as other citizen participation mechanisms, specific practices and procedures of PB can vary depending on local governments (Ebdon and Franklin, 2006). For example, some local governments may rely on one single mechanism such as the town-hall meeting-type of PB while others can utilize not only the town-hall approach, but also other mechanisms such as citizen advisory board. Moreover, different PB mechanisms can be applied to different phases of policy making decisions. For example, some PB mechanisms (e.g. citizen survey) can be used at a policy agenda setting stage by collecting citizen input prior to developing a budget proposal while other mechanisms (e.g. budget committee) can be utilized at a policy formation stage by designing it to prioritize budget items. Thus, we also suggest that future research consider how differing PB mechanisms affect the relationship between PB and government transparency and trust in government and more importantly, how they can be incorporated into an empirical research setting.

Lastly, this chapter has mainly discussed PB in an offline setting. But, as advanced technologies have been widely used to engage citizen in public administration decision making process (Kim and Lee, 2012; Lee and Kim, 2014), we offer a future research on online PB and its relationship with transparency and trust in government, which allows us to compare the roles of PB at conventional and online settings and advance our knowledge of their effects on government transparency and trust in government.

Combining the research purposes of Chapters 3 and 4, Figure 4-2 below shows the integrated evaluation model of PB in Korea, including the success factors of effective PB and the impacts of effective PB on

transparency and trust in government. Grey boxes would be included in the research design as control variables. In conclusion, to test the models and hypotheses proposed in the report, a research design and methodology are also developed in the Appendix. Results of the future empirical study would contribute to enhancing the practice of PB program in the Korean government by proposing relevant policy recommendations for developing participatory governance capacity in local government budgets and leadership competency at the managerial and individual levels directly related to managing and institutionalizing the PB in local government.

Figure 4-2 An Integrated Evaluation Model of Participatory Budgeting in Korea



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Conclusion and Future Research

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This research has developed an integrated evaluation model of the success factors of effective PB and the impacts of effective PB on governance values in the context of Korea. In order to develop the model, this study firstly reviews the governance literature and identifies the instrumental benefits of the governance approach as enhanced legitimacy, increased level of social and political trust, and citizenship development. Based on a critical governance literature review, the Chapter 1 has suggested deliberative democracy and collaborative governance as founding principles for the governance reform in Korea and proposes careful design and implementation of specific procedures, such as deliberative polling and multi-stakeholder processes. The chapter has proposed practical steps to prepare and implement a pilot experiment in a small and manageable scale but on salient public policy issues in Korea. However, it acknowledges that the diagnoses of the past experiments in deliberative democracy and collaborative governance in Korea are conducted case-by-case rather than in systematic and empirical ways.

Focusing on citizen participation programs, Chapter 2 has addressed a comprehensive literature review on the dimension of effective citizen participation (i.e., citizen's perspective and government's perspective) and the success factors of effective citizen participation programs at the global level as well as in the context of Korea. Based on an analysis of the evolution of the participatory governance context of Korea, it has addressed that the Korean government has put emphasis on the CP in the process of policy agenda-setting, analysis, formulation, implementation, and evaluation under governance regimes of

democratization and decentralization. Chapter 2 has also analyzed the success factors of effective citizen participation programs in Korea under several dimensions of the success factors. We hope that the success factors of effective CP analysed under the five categories of managerial, individual, institutional, political, and cultural dimensions could be used for designing an assessment or an evaluation study of a specific CP program design, process, and evaluation.

Chapter 3 and Chapter 4 have developed an integrated evaluation model of the success factors of effective PB and the impacts of effective PB on transparency and public trust in government in the context of Korea. The future study on testing the research propositions developed in Chapter 3 would enhance the knowledge of what specific factors are relatively more significant than the others for implementing effective PB in local governments of Korea. Furthermore, the model of the impact of effective PB on transparency and trust in government developed in Chapter 4 could contribute to enhancing our understanding of the mediator role of community values. Specifically, the study asserts that PB could affect the creation of community values (e.g. commitment to community issues) on participatory governance, which is related to trust in government while PB is associated with transparency in government, which shapes trust in government. Also, the model explores that transparency in government is directly related to community values and trust in government.

Finally, we acknowledge that a follow up research project is necessary to test the study propositions and validate the models developed. The future empirical research should be conducted by identifying appropriate research design, research sites, data collection strategies including sample selection, and solid statistical techniques.

In order to test the conceptual models and study propositions developed in Chapters 3 and 4, two research design strategies could be considered for data collection in the near future tentatively: a nationwide PB assessment study and PB case studies. As an exploratory study, we plan to conduct a nationwide assessment study on participatory budgeting (PB) practices in local governments. This will be the first research on a nationwide data collection on the PB. The assessment study will help us not only better understand the history and

current status of local PB practices, but also accurately identify research sites, develop relevant and valid interview protocols, and survey questionnaires for case studies as described below.

1. Nationwide Participatory Budgeting Assessment Study

The primary research design for the assessment study will be a survey method. A national survey will be designed and conducted to collect data for the assessment of current practices and participation status of participatory budgeting (PB) in all local governments in South Korea. For this, a survey instrument will be generated; question items in the instrument will be theoretically grounded and pilot-tested in order to secure the instrument reliability. Also, International City/County Management Association (ICMA) survey instruments will be used as reference for developing the structure of the assessment study survey. The ICMA is a professional association that conducts various assessment studies on management reforms, resource capacity, and innovations in local government in the states (the city and county level). A survey is a popular method across different research communities. According to Newsted *et al.* (1998), surveys provide responses that can be generalized to other members of the population and often to other similar populations, and they can provide a way of comparing responses over different groups, times, and places.

The target population of the survey is PB managers in local governments, and thus the survey instrument will be addressed to them accordingly. We assume that a list of PB managers is available from the Ministry of Public Administration and Security (MOPAS), which is in charge of local government affairs in South Korea. Sample questions include, but not limited to:

- When did your government adopt PB?
- What are the specific reasons that your government have

decided to adopt the PB system?

- What is the proportion of budget (or size of budget) that relies on PB?
- What are the size/scope of human resources that operate and manage the PB?
- How does the budget office work with the other agencies to effectively implement the PB?
- Relation between the local council and budget agency regarding the PB operation
- What type of participation mechanisms (e.g., survey, forum) or channels (e.g., online, offline) are currently in use for PB?
- Types of the PB structure and process by the budget decision making stage
- Level of representativeness of the participants
- Historical participants data to analyze the participation trends
- PB education status for public managers and citizens
- Output and outcomes of the PB
- Challenges of the PB implementation

2. Case Studies of Participatory Budgeting

A. Case Selection

The case study will be designed to collect both quantitative and qualitative data in order to test the models and hypotheses. The cases will be selected by using criteria such as (1) the time period of PB adoption; (2) region; (3) population size; and (4) government type (i.e., special city, province, city, gu, and gun). PB in local governments has been adopted incrementally over the last decade in South Korea, of which period can be divided into three different institutionalization phase: formation (2003-2005), diffusion (2006-2010), and stabilization (2011-Current) (Yoon, Seong, and Lim, 2014). The formation period is characterized by voluntary adoption by five local governments, including Buk-gu, Gwangju. The diffusion period is characterized by the

guidance from MOPAS as discussed in Chapter 3; 101 local governments adopted PB during this period. Finally, the stabilization period is characterized by the mandatory PB adoption for all local governments; all local governments have adopted PB since 2011. Considering the underlying assumption of the conceptual models, we will select 3 cases from each period. As a result, a total number of cases will be nine. In addition to the time period of PB adoption, different regions, different population sizes, and different government types might have provided different local contexts that might have influenced the PB adoption of individual local governments. For example, different regions have different, unique historical or cultural characteristics in South Korea, and these need to be controlled in order to isolate the effects of main independent variables in this research.

B. Data Collection

A mixed method will be used to collect both quantitative and qualitative data from public managers in charge of PB and citizen participants. The data will be collected from both public managers and citizen participants since the research hypothesizes that the level of competency of authentic dialogue in both public managers and citizen participants is positively associated with effective PB.

In terms of qualitative data collection, along with document review, we plan to perform in-depth interview, which is a widely-used tool to build a ground story that will help readers (or stakeholders) make better sense of the context of local PB programs in South Korea. Both document review and interview are useful in gathering information that will help identify critical issues (e.g., context-based control variables unknown from the current literature) that may need to be considered in designing the survey instrument (Posavac, 2011; Trochim, 2006). We also expect that document review and interview help us to fine-tune the survey instrument, increasing the internal validity of research findings. As to the interview approach, the interview protocols will be developed using the Patton's (2002) Interview Guide Approach that calls for the interviewer to have (to select) topics or issues from online to be covered

but is free to vary the wording and order of the questions to some extent. Although structured interviews are initially designed, interviews will be conversational in an attempt to get interviewees to further discuss something they have mentioned with regard to the research question (Kvale, 1996). Whenever possible, interviews will be audio taped and transcribed immediately after the interviews. Interview question items that would be included in the interview protocol are:

- What do you think is important to make PB effective? What are some challenges of PB?
- What participatory methods and tools are in use for PB?
- How participants in PB are diverse? Do they represent the entire local residents?
- Do you provide online service and tools of PB? If so, what are they and their roles in the entire PB process?
- Do you provide educational programs for PB? If so, what is the curriculum and who is participating in the educational programs?

A ground story generated by interviews, by its nature, would be limited in representing the entire PB program population; there would exist many different stories across different people, times, and places. To fill this limitation, surveys will be administered for the purpose of generating good inferences on the entire PB program participants, both public managers and citizen participants. Sample survey question items include, but not limited to:

- Measures of participation in different PB mechanisms (e.g., forum, committee).
- Measures of fairness in the PB process (e.g., effectively equal access to information).
- Measures of competency of the participants (e.g., the level of knowledge and skills on the budget process).
- Measures of imbedded Confucianism in participants (e.g., the

level of respect for authority, inclination to avoid conflicts).

- Measures of participants' values (e.g., the level of perceived importance of citizenship).
- Measures of effective PB as perceived by individual participants (e.g., satisfaction with participation, education, development, discussion, decision, and support).
- Measures of community values (e.g., the level of commitment to community, sense of ownership, network building).
- Measures of transparency in government (e.g., the level of inward observability, active disclosure, and external assessability of the budget process).
- Measures of trust in government (e.g., the level of fiduciary, mutual, and social trust in government).

Results of the future empirical study of PB could contribute to enhancing the practice of PB program in the Korean government by offering several recommendations for strengthening participatory governance capacity for effective PB and leadership competency for institutionalizing PB in local governments.

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