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International Conference on Public Organization

CHALLENGE TO DEVELOP A NEW PUBLIC
ORGANIZATION MANAGEMENT
IN THE ERA OF DEMOCRATIZATION
Comparing models in various countries

Yogyakarta Indonesia, January 21-22, 2011

ICONPO 2011 is Organized By

Department of Goverment Affairs and Administration
Faculty of Social and Political Science
Universitas Muhammadiyah Yogyakarta
In Collaboration with Korea University, Thammasat University
and Universitas Ngurah Rai Denpasar

PROCCEDING : INTERNATIONAL CONFERENCE ON PUBLIC
ORGANIZATION (ICONPO)
Challenge to Develop a New Public Organization Management in
Era of Democratization

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This proceeding is divided into 10 themes, those are:
1. Environmental changes and collaboration in public organization.
2. Need assessment of public issuess in public organization.
3. Design of structure organization in democratic era
4. Planning and Decision making .
5. Human resources management.
6. Culture and ethics of public organization in democratic era;

7. Communication practices in public organization
8. Transformative Leadership.
9. Current Management Information system in electronic era.
10. Performance measurement

Reason for selecting these themes is because the wave of democracy has influence the dynamics of public organization, a well known institution model related to governmental, non-profit, and non-governmental organizations. The dynamic of public organization management in response to democratic era, now encompasses more challenging issues. The issues such the shifting paradigm from government to governance could be seen as the trend drives to the reform of government. The concept of governance means that the government must improves the functions of public organization management process. The process must be efficiently, effectiveness, responsiveness, transparently, participative, and accountable. Other important issues are the growing of gender mainstreaming, public policy processes and the dynamic of civil society which have demanded a changing management of public organization. The most important thing so that public organization could challenge in the democratic era is to improve and develop a new public organization management. Therefore, public organization needs to respond, explore and develop innovative management. It challenges the scholars and practitioners to explore and develop new models of public organization management by drawing the experience and lessons learned of their countries

Thus, the proceeding explores the issues and challenges to develop a new public organization management in the era of democratization. We hope this proceeding will benefit the readers, academicians, politicians and scholars on more about a new way to develop public organization in this democratization era.

Yogyakarta January 21st 2011

Head of Government Science
Dr. Suranto

Dean of Faculty of Social and Political Science
Dr. Nurmandi

PREFACE

The fisrt paper as Keynote Speech written by Sunhyuk Kim (Professor, Department of Public Administration, Korea University) entitled Globalization and Policy Change: The Case of Korea.This paper emphasises on "neoliberal" globalization. The writer argue that neoliberal globalization is just one type of globalization, and it is likely that in the future another type of globalization may emerge. "Varieties" of economic, political, and public administration systems in the world will respond differently to the new wave of globalization. It is essential, therefore, to craft a more prudent national strategy to flexibly and comprehensively deal with different kinds of globalization. The writer examines how Korea has coped with the challenge of globalization, by analyzing how the latest neoliberal globalization has affected governmental restructuring and policy transformation in Korea since its democratization in 1987. It is underscored that Korea needs a better national strategy to handle future waves of globalization—potentially of the non-neoliberal nature. I sketch out the main contents of such a new national strategy, primarily focused on the need to build and nurture more effective multi-sector governance system, increasing communicative and collaborative capacity of all the sectors involved.

The second paper was written by Su-jin, Yu, 3rd semester of master's course Korea University entitled Conflicts in Environmental Policy-making in Korea: The case of Gyeyang Mountain Golf course. In this researchh studies about the Gyeyang Mt. golf course development plan (GGDP) which has shown sharp conflict aspect. Commonly, environmental conflicts in the policy-making have two different belief systems such as environmental conservation and environmental development. Base on this two different belief system, various stakeholders united as a policy actor. Coalition actors from two different values enforce a different strategy to policy-making.

The third paper written by Laila Kholid Alfirdaus of Government Department Faculty of Social and Political Science Diponegoro University Semarang Central Java Indonesia titled Governing the Disaster-Prone

Community. Public organisation does not only deal with problems which is regular in its nature, periodical, and in orderly situation. More often, public organization faces uncertain circumstances that the way of governing as usual cannot be applied. One of the notable constraints in governing community for public organization to manage is disaster. Firstly, disaster often comes at an unpredictable time. Secondly, disaster often bears considerable risks even beyond a public organisation's capacity to deal with. Its quick attack often results in much longer impacts. Thirdly, any single thing, such as food supply, sanitation, water supply, shelter, and so forth, suddenly turns into emergency, meanwhile the public organization has usually shortcomings in resources. Forthly, any demand for the public organization quickly moves into a big pressure, therefore public organization easily becomes the subject of failure once they are unable to tackle the complex situation. Considering such the specific nature of disaster, there is a clear need for public organization to apply specific governing strategies. This paper tries to elaborate some thinking on governing the disaster-prone community, especially for developing nations, using experiences in various countries. Such a thinking becomes important since it is the developing nations that use to have problems in their bureaucratic structure. A change of mindset in public organization in which disaster should not be treated as business as usual rather as in a crisis is one of the keys. A deep thinking on how to manage the interrelation with some non-government organizations, economic society, academic society, and the media in emergency and recovery based on context and culture, is also worthwhile.

The fourth paper entitled The **Sustainability of Jakarta as the capital city.** It is written by Hartuti Purnaweni Public Administration Program, Environmental Study, Post Graduate Program, Diponegoro University. This paper aims to find out efforts to be done to Jakarta as the Capital City of the Republic of Indonesia. Jakarta has turned from merely old day traditional port to the present day of a megapolitant figure, where skycrappers mount in many places. Jakarta is an area with low topographic feature as it is situated at the coastline, in particular North Jakarta. As time goes by, the city becomes less convenient as settlements due to traffic jam, flood, land subsidence, land water deficit, inadequate green space, severe air pollution, etc. Jakarta's carrying capacity has been passed over. New public management system is needed. Therefore, a new paradigm has emerged concerning its status replacement as the Indonesian capital city, and to make it a more livable city. Three alternatives are proposed for the solution.

The fifth paper entitled **Democratization and Environmental Politics of Natural Resources Management** at Local level written by Edi Santosa, Governmental Program, Social and Political Faculty, Public Administration, Post Graduate Program, Diponegoro University. The paper aims to deliver the idea that Environmental democracy is not new in Indonesia since it stated its commitments in Rio Declaration in 1992 and World Summit on Sustainable

Development in 2002. However, empirical evidence shows that the commitment to implement the ideal is still far behind. In theoretical, policy and empirical area, discussing environmental sociopolitical aspects should include all stakeholders in it. In managing environment and natural resources, both politicians and government officials have the political power as representatives of the state. Their political actions should cover activities of development policies which are oriented towards sustainable development, whether at local, national, regional and global. Rondinelli and Chemaa (1993) stated that the state states should committed to pursuing sustainable development across the region –it calls for a clean and green environment– with fully established mechanisms for sustainable development to ensure the protection of the environment, the sustainability of its natural resources and the high quality of life of its people and naigbours in one earth.

The sixth paper entitled **The Implementation of Social and Environmental Responsibilities's Regulation by PT Karya Tangan Indah Bali** written by Ni Putu Tirka Widanti,Universitas Ngurah Rai, Denpasar, Bali, Indonesia. The paper aims to analyze The most prominent CSR activities of PT Karya Tangan Indah,those are the environmental re-cycling and social religious supports to the traditional village where the company is situated. PT. Karya Tangan Indah's CSR programs are affected by the party receiving supports and the internal organization. From the analysis, it has been found that PT. Karya Tangan Indah's CSR programs on recycling and social religious supports have managed to attract the community's enthusiasm. It is because the ritual ceremonies in the traditional village where PT. Karya Tangan Indah operates are held regularly and involve the entire community members.Based on the analysis findings, it is recommended that the future PT. Karya Tangan Indah's CSR programs should involve the community members commencing from the planning up to the evaluation processes. It is necessary to involve them for sustainable programs and for addressing their needs and priorities. In addition, their involvements are hoped to be able to duly plan and organize the allocated budgets.

The seventh paper is **Impacts Of Decentralization On Environmental Management In Thailand ,written by Soparatana Jarusombat, Ph.D** offaculty of Political Science, Thammasat University, Bangkok, Thailand. This paper describes the process, institutional and legal framework within which the environmental management operates in Thailand. It specifically focuses on the decentralization within central and local government's role in environmental management. The aim of the paper is to examine how interface between the central and local loci of power have affected pieces of legislation relating to management of the environment by central and local government in Thailand.

The eighth paper is titled **An Empirical Study of the Autonomy of Thai (Autonomous) Public Organizations** written by **Associate Professor Amporn Tamronglak,** Head of Public Administration Department and Director of Executive Public Administration (EPA) Program, Faculty of

Political Science, Thammasat University, Bangkok, Thailand. The latest Administrative Reform in Thailand in 1999reflected the influence of New Public Management (NPM) perspectives, leading to a drastic restructuring of age old bureaucracy. "Agencification" or creating new single purpose agencies was one of various approaches to face lift bureaucracy in the name of "Public Organizations or Autonomous Public Organizations (APOs)" to be free from tedious regulations and hierarchical commands of politicians. Since (Autonomous or Quasi-autonomous) Public Organizations Act has been issued in 1999, there are approximately 29 agencies created. This paper aims at attacking and analyzing the issue of autonomy of Public Organizations in Thailand, which is the main reason in hiving off from their original organizations. The theoretical basis of autonomy employed in the study is drawn from Peters Verhoest and others, particularly in the areas of personnel and financial management. Constructive questionnaires were employed and collected between June and August 2010 from all 29 Public Organizations. In-depth interviews with the agency's executives were conducted to gain insight knowledge of the concept in practice. The statistical analysis shows that Thai APos are more or less independent from the politicians. Though the legal and administrative structure of their establishment, they somewhat recognize and are responsive to the demands of the relevant Ministries. On the contrary, they are able to maintain the balance and handle the pressure in such a way that the agencies can carry out and accomplish the government policies professionally and cost-effectively.

The ninth paper written titled **Government Antismoking Campaign: Quixotic Dream Or Confident Expectation?** By Subiyanto of Wijaya Putra University. Smoking habit was one of global problems, but the effects of it are very dangerous on smoking related diseases, so Indonesian Government had to take the genius actions. This study investigated the effects of Government Antismoking Campaign on Behavior of Smoking in East Java. Research model was adopted from the Theory of Reasoned Action dan the Theory of Planned Behaviour introduced by Ajzen and Fishbein modified by DeVries et al. The population were smokers or someone who have experience with cigarette smoking in East Java, sampling method by Multistage Cluster Random Sampling in three stages. Data analysis utilized Structural Equation Modelling (SEM) used AMOS 4,01. Hypothesis analysis used regression Weight standardized estimates, compare p value in 5percent significancy, if p value < 5percent is mean significant. This study found four negative significant hypothesis and two not significant hypothesis. The effect of Government antismoking campaign on Attitude toward smoking behaviour and on Subjective norm of smoking are not significant, while effect of Attitude toward smoking behaviour on Refusal skill, the effect of Subjective norm of smoking on Refusal skill, are negative significant. The effect of Refusal skill on Behavioural intention to smoke, and the effect of Behavioural intention to smoke on Behaviour of smoking are also negative significant.There were

recommendations for Indonesian Government, cigarettes industries and collaboration among government and cigarettes industries.

The tenth paper entitled **Leading to Improvement? The Politics of ISO 9001:2000 Transfer to Local Service Delivery**and written by Wawan Sobari, Lecturer and Convenor of the Department of Political Science, Faculty of Social and Political Science, University of Brawijaya Malang. This paper addresses three main questions concerning the process, impacts and external evaluation of the transfer of ISO 9001:2000 to service delivery at the local secretariat office in the Regency of Malang Indonesia. Its methodology applies qualitative approach to build understanding by intensifying the research process aimed to obtain the full picture of the transfer. This paper shows some important findings around this transfer; first, the decision to transfer is a result of social process aimed to build better image of the office. As well, a policy network, ranges from local to international actors, has constructed the ISO 9001:2000 implementation as the best practice in service delivery. Finally, the certificate attributed to the implementation of ISO 9001:2000 cannot adequately assures the improvement of technical capacity of the office. Rather, it has created dependency on assurance server to sustain the performance improvement. Thus, this transfer has created a qualified office, not an educated office that is self-achieved fulfilment in delivering better service.

The eleventh paper **Democracy and Growth Revisited : An empirical study using fsQCA** written by Dong-Hyun Choi,Graduate Student, Department of Public Administration, Korea University. This paper will analyze The relationship between political freedom and economic growth has been a much scrutinized topic over the past few decades. According to Barro once the impact of other exogenous factors are controlled for, the effect of democracy on growth is weakly negative. He further raised the possibility of a nonlinear relationship between democracy and growth. Barro's work, while convincing in terms of methodological rigor and interesting in terms of the observations made, nonetheless is hardly free from the flaws that may potentially undermine the credibility of his arguments. This is the point of departure for this article. The first section of the article discusses the potential flaws evident in Barro (1996), and suggests ways to improve upon his work. The second section introduces fuzzy set qualitative comparative analysis (fsQCA) as an alternative methodological approach, and analyzes the relationship between democracy and economic growth using fsQCA. The analysis generally concurs with the nonlinearity hypothesis suggested by Barro (1996): democracy does in fact disparately impact economic growth at different levels of democracy. For full democracies and authoritarian regimes, causal combinations indicate that democracy has a positive impact on economic growth. For flawed democracies and hybrid regimes with intermediate levels of democracy, the dynamic between democracy and economic growth is revealed to be negative.

The twelveth paper entitled **Competition for jurisdiction over food industry in Korea** was written by Sung Eun Park, Korea University. This paper points out the matter of food safety management system with a view of competition for jurisdiction over food industry among the Ministry of Health and Welfare and the Ministry for Food, Agriculture, Forestry and Fisheries and affiliated organizations. Each ministry has separate basic positions and approaches to food industry policy: regulation and promotion. The policy image has been changed into "regulation" as public anxiety and concern for hazardous foods has grown since the end of 1990. They complete take charge of promoting or regulating the food industry by establishing or amending laws, expanding organizations and mobilizing a coalition. Coordination by policy committee, cooperation between agencies, and integration of agencies were introduced as measures to eliminate unnecessary competition for jurisdiction.

The thirteenth paper written titled **Making Strategic Plan Works In Local Government: Challenge And Problems, A Case Study of Strategic Plan Implementation in Yogyakarta Special Province** by Achmad Nurmandi and Eko Priyo Purnomo of Universitas Muhammadiyah Yogyakarta. The term of strategic plan is a new type of plan in Indonesian government that introduced since 1999 based on Law No. 22/1999. As a new approach, government organization has tried to set priorities and allocated scarce resources according to the formulated vision and mission. Meanwhile, these strategic efforts have not been successful achieved yet, including in Yogyakarta Province. This essay examines the implementation of strategic plan in Yogyakarta Special Province. The Yogyakarta has vision and missions that are looked at this paper as basis of analysis. Measuring on how they can reach their goals and missions is an appropriate way to analyze the how the strategic plan works. Using qualitative data and choosing a case study method, this research also have conduced in-depth interviews with bureaucrats in Yogyakarta. First of all, the Yogyakarta province tried to providing the strategic plan to be followed by government officer in their activities according to strategic design and planning school approaches. Secondly, most of local government's agencies are less understand on their vision and missions. Thirdly, Zero-sum game effect, reaching the goals and mission are difficult because most of their budget is spending their salary. Fourthly, The strategic plan has been implemented but it has not executed the strategic zone whose it support for dealing with mission from number two to six .

The fourteenth paper written titled **Improving Indonesia Civil Servants REVITALISASI PELAYANAN PUBLIK MELALUI ANALISIS JABATAN 'Performance Through Job Analysis** by Dyah Mutiarin "Dr. Dyah Mutiarin- Department of Government Affairs and Administration Universitas Muhammadiyah Yogyakarta. The red tape phenomenon in Indonesia civil servants performance Khusus berkaitan dengan birokrat pemerintah, banyaknya persoalan yang timbul dalam pemerintahan selama ini pada

dasarnya menunjukkan rendahnya kemampuan dan kurangnya sikap dari aparatur untuk mencoba peduli dan membantu masyarakat serta pengguna jasa pemerintahan lainnya dalam memenuhi kebutuhannyashows the lack of ability and lack of capacity to carry government tasks. This phenomenon needs improvement. Improving the quality of the state apparatus resources is directed to realize the professional human resources, neutral, and prosperous for civil servants as well as citizen at large. Hal itu merupakan faktor penting dalam menunjang peningkatan kapasitas dan akuntabilitas kinerja instansi pemerintah. This is an important factor in supporting capacity and accountability of civil servants as well as state apparatus. Analisis jabatan diperlukan dalam pengembangan pegawai yang pada hakekatnya adalah suatu upaya pemenuhan kebutuhan tenaga kerja secara kualitatif sesuai dengan persyaratan pekerjaan yang ditentukan dengan mempertimbangkan kepentingan-kepentingan individu pegawai untuk dapat mengembangkan potensinya seoptimal mungkin mencapai karier setinggi-tingginya di dalam organisasi.Therefore, in order to achieve the quality of human resource in civil servants, the government need to continue to improve the application of merit system in the administration of personnel management by implementing job analysis. The future of structure bureaucratic organizations as public organization tend to be slender but rich in function. The concept of 'the right man in the right place in the right time' needs to be applied correctly in order in filling the vacancy actually forward the principle of professionalism through the process of job analysis.

The fifteenth paper titled **Career Path Development for Indonesian Public Servant** by **Utami Dewi, S.IP, MPP** and **Dra. Atik Septi Winarsih, M.Si** of Government Affairs and Administration Department, Universitas Muhammadiyah Yogyakarta. Decentralization demands more competent and professional public servants, so that they can perform jobs well particularly in delivering services to society and in maximizing local resources. However, several problems surrounding civil service management have hampered this decentralization goal. These obstacles come from government regulations, institutional relationship and human resources. There are some regulations on civil service affairs but many of them are incompatible. Ironically, moreover, the important regulation on public servant management-career path development- has not been formulated yet. This career path development is crucial since it guides the staff to plan their job position in the future. Moreover, it is beneficial for manager in the public sector to conduct staff placement and promotion. Therefore, the formulation and implementation of career path development is a must to find the best staff in the right job. In doing so, performance measurement that consists of performance appraisal, competency test and fit and proper test may be chosen as a model. This paper will reveal this career path development by firstly evaluating the practice of recruitment; promotion and mutation; salary; and performance appraisal system in recent Indonesian studies.

The sixteenth paper was written by Jin-Wook Choi, Associate Professor, Department of Public Administration, Korea University entitled **Anticorruption Agencies and Reform: The Case of the KPK in Indonesia.** This paper analyze the establishment of an anticorruption agency (ACA) due to reduce coruption in a county in this case is Indonesia. This paper examines the effectiveness of anticorruption law enforcement functions of the KPK, the Indonesia's ACA that was created in 2003 and identifies key challenges that lie ahead of the KPK. By adopting key performance indicators, this paper finds that the KPK has been successful in carrying out three-pronged anticorruption strategies—repression, prevention and public relations, which is congruent with strong public support to and trust in the KPK. However, the KPK faces several challenges posed by inherent structural limitations and external political forces that may threaten the efficacy of the Commission's anticorruption functions. While the public has to show continuous strong support to the KPK, the Commission must effectively perform legally mandated and socially expected anticorruption functions with high integrity and discipline in order to become a de facto ACA.

The seventeenth paper written by Bonefacius Bao entitled **Robust Ondoafi Powers in Central Urban Communities (Studies Authority Ondoafi in Jayapura Papua)** .This paper aims to find out Ondoafi in the capital to actualize its power, and care for it so the power of capital in the middle of an urban community. There are three power capital Ondoafi namely social capitals, symbolic and material. Assuming the persistence of capital even living in urban areas had to survive because they have the ability to manage symbols, manage social relationships and manage the economy. Allegations were proven because of the discussion about the workings of the three capital Ondoafi power, can be in the know that Ondoafi respond to change with the actualization of such capital through a revitalization strategy, adaptation and repositioning. Those capitals are not working alone but comes along. Ondoafi convert into equity capital one another so that there is a logical relationship with his rule. Capital-capital is reproduced and exchanged with each other. In practice the power to show how the three capital Ondoafi able to manage its power to make strategic changes. Ondoafi thus becomes very important and strategic for anyone who needs it.

The eighteenth paper was written by Arundina Pratiwi, entitled **Transformation of public organization Culture in Indonesian Democratic Era.** The main problem discussed on the paper provide an understanding about the transformation of public organization culture in Indonesian democratic era. Literatures research, both from books and media publications, on current development of transformative public services performed by several regional governments provides the primary conceptual foundation for investigating the effect of democratization process on the transformation of public organization culture in Indonesia. Additionally, this paper reveals the specific example on transformation of

organizational culture in the regional government of Jembrana in Bali which is currently often used as the best example for other regional governments across Indonesian archipelago. Jembrana case can be classified as a success of public organization culture transformation, with its main goal to overcome the bad image of Indonesian public institutions in serving public needs. The achievement of Jembrana can be used as an important example to motivate other regional governments to improve their commitment on providing good public services.

The nineteenth paper is **An Analysis of the Effect of Press Freedom on Corruption: Evidence through a Cross-Sectional Data Analysis** written by Songhee Yoo, mastercourse student , Korea university. This study attempts to find the relationship between the government corruption and the media based on Latham's democratic theory. First of all, the empirical results of this study show that the autonomy of the media reduces corruption. It can be seen as an element of direct democracy that makes up for the constraints of indirect democracy. In addition, the writer further investigated the impact of the economic level and social globalization on corruption through the empirical research. Therefore, when the anti-corruption policy is established, the administrator should carefully consider whether the policy runs the risk of suppressing the economic growth of a country. And globalization is an opportunity to establish anti-corruption agencies and institutions. Because increasing the level of trust with other countries brings down corruption in the field of related work. Finally, determinant element of reduced corruption is identified as femininity. However, the simple increase in the employment of women may not be the solution. If the organization wants to reduce corruption, they must increase the culture of femininity. Efforts should not stop at recruiting more female workers, but rather focus on the improvement of organizational culture.

The twentieth paper entitled **Organizational Communication licensing Office of Yogyakarta City to Achieve Service Performance**and written by Yeni Rosilawati lecturer of UMY, Communication Department majoring in Public Relations subjects, Krisna Mulawarman, lecturer of UMY, Communication Department, majoring in a broadcasting subjects, and Dian Kusumadewi alumni of Communication Department UMY, graduated in 2009. The paper focus on Licensing Agencyit is an organization in the field of services still relatively new, however Licensing Office of Yogyakarta city has a strong commitment in carrying out its functions. Awards obtained Jogjakarta City Government Licensing Service Award include Investment Award from BKPM as City Best One Stop Service Providers in 2007 later in the year 2008 Licensing Office Title again awarded the Excellent Service Award 2008 as the image of one government agency that has the quality of public services best. This study sought to describe the steps the Licensing Office of organizational communication Jogjakarta City Government to improve service performance.

The twenty first paper entitled **Potential Users and Critical Success Factors of e-Government Services: the Case of Indonesia**written by Ali Rokhman, Post Graduate Program in Administration Science, Jenderal Soedirman University. This paper elaborated more on Implementation of e-government in Indonesia began in 2003. However, until then the public services that provided through e-government are still very limited in quantity as well as quality. Based on the research the internet users are they who have the characteristics in majority consist of: female, have age in twenty one to thirty years old, have bachelor education degree, and they have been using the Internet for a period of seven to nine years. Considering this phenomenon therefore from to the government's perspective, the most critical factors for successful implementation of e-government are the e-leadership and the opportunity to develop employees' capacity in the technical training on e-government.

The twenty second paper entitled **Bureaucracy Culture and Leadership in Indonesian E-Administration Implementation: Based on Perspective of Knowing and Learning Organization** written by Ayuning Budiati and Rudiat Komara the paper focus on Indonesian E-administration implementation involves bureaucratic culture and leadership issues. Those issues appear due to the change that occurs if e-administration is implemented nationally. Implementing e-administration can be risky, expensive and difficult because public employees are not being motivated to improve and provide policy about ICT. This situation causes a lack of policy including operational guides at every level of government to improve ICT. Improvement of ICT literacy and skill is needed in Indonesia's e-administration implementation. The paper will analyze those factors regarding the organization's paradigms: organization as learning and knowing organization.

The twenty third first paper written by Gyuseong Park, Korea University entitled**Internet Regulatory Policy in Korea: Its Origins, Impact, and Changes.** The paper aims to show the reason why the Korean Internet regulatory policy to ensure safety has its own uniqueness which cannot be observed in other countries; using external plug-in program instead of built-in and highly dependent upon specific platform. According to the study following the institutional approach of regulatory policies, these "Korean-style" regulations were created to solve technological constraints in the early beginning stage of development of Internet transactions, but these regulatory policies results in many "unexpected outcomes," such as strengthening monopoly in Operating system and Web browser market, customers' inconvenience, and paradoxical outcome which regulations intended to enhance security eventually weaken the safety. These regulations have been challenged, and recently announced its abolishment by Korean government due to its negative consequences. Based upon this case, the paper argues that the technological factor, inertia of institution, and various actors and their interests around regulatory policies are important to understand these

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regulatory policies, and it contends that IT regulatory policies should technologically neutral because these policies cannot catch up the rap evolution of these industries.

The twenty fourth paper entitled **Decentralization, accountabili and local government performance in Indonesia**written by Sujarwoto, Ph Student at Institute for Social Change University of Manchester UK and'I Yumarni, Lecturer on the Department of Public Administration, Jender Soedirman University Purwokerto Central Java Indonesia. This artic contributes to an understanding the linkage between local governmer accountability, corruption, and citizens' participation. Departing fror critiques on fiscal federalism theory, we propose hypothesized pathwa} through which decentralization can lead better local public servic performance. The basic hypotheses underlying this research is tha decentralization will result in better local public service performance onl if mechanisms for strengthen political accountability are established withii local governments. Without strong political accountability, decentralizatior only creates powerful incentives for political and bureaucrat agent to capture local political process and misallocate public resources. The writer testec these hypotheses against evidence from 155 newly empowered local governments in Indonesia. Governance Decentralization Survey Data (GDS) is used to examine the linkage between decentralization, accountability and local government performance in the country. The results of simple and multilevel regression model broadly support the hypotheses. Less corruption, higher local government accountability and citizen's political participation are all associated with better local government performance. In contrast, poorly performing local public services are often deeply rooted in their political and social contexts. Local governments often fail to provide better public service when political accountability is absent due to weak checks and balances, lack of transparency, and weak electoral incentives. These effects remain statistically robust across all regression specifications

The twenty fifth paper written by Septiana Dwiputrianti, Senior Lecturer and Head ofPostgraduateProgramSchool of Public Administration, the National Agency for State Administration (STIA LABandung, West Java, Indonesia entitled **How Effective is the Indonesian External Public Sector Auditing Reports Before and After the Audit Reform for Enhancing the Performance of Public Administration?**. The research aims to enrich the existing administration, accountability, and auditing of public sector literature. Two main research questions; firstly, how is the quality of information in the audit reports of the BPK; secondly, what are the key factors influencing the effectiveness and ineffectiveness of information in the audit reports.

The study revealed that the executive's history had historically neglected the roles and functions of BPK. Auditors lacked independence as the executive influenced the administration and finances of BPK. Auditors also had lack of opportunity to increase their professionalism. Since there was little incentive

for auditors not to accept audit fees from auditees, the objectivity and integrity of auditors was reduced significantly. Since the third amendment of 1945 Constitution in 2001, the Indonesian government had reformed laws and regulations related to public sector auditing for strengthening BPK. In situation where the Indonesian public administration needs immediate reform, BPK keeps trying to improve its professionalism and independence to provide qualified audit reports. BPK has been given much attention to education, training, and the development of other skills and knowledge; implemented remuneration; applied a rewards and sanctions. This study revealed a significant improvement in the amount and quality of in audit resources, including numbers of qualified auditors, representative offices, information and technology, and modern equipment. However, many new auditors lack of experience and lack of diverse educational backgrounds in addition to accounting and finance for conducting performance auditing. To enhance the quality of public administration and accountability, this study gives recommendations for BPK in (1) strengthening its independence, (2) expanding auditor's professionalism and competency in risk management (3) improving the facilities of the training centers, (4) increasing follow up of audit reports, (5) evaluating laws and regulations, (6) enforcing the implementation of performance auditing.

The twenty sixth paper Titled **The Strategy For Improving Public Services Delivery In Indonesia by Dr. Suranto,** Department of Government Science, Muhammadiyah University of Yogyakarta and **Awang Anwaruddin of** Center of Research and Development for Information System and Administration Automation, National Institute of Public Administration of the Republic of Indonesia. The crisis of public services in Indonesia has spread out to almost all sectors for decades. The poor level of public services performance suffered by customers is mainly indicated by sluggish service processes and excessive service cost. Various public policies have been undertaken to improve public services performance; however, no significant improvement is perceptible.

This paper attempts to find a strategic solution to improve the public services in Indonesia. Through a depth analysis, a positive answer is recommended: The Indonesian Government should carry out a comprehensive approach of bureaucratic reform, including the bureaucratic institution, management, human resources, and service culture. Since the reform is complicated and massive, however, it should be carried out incrementally, through preliminary, implementation, and evaluation stages.

The twenty seventh paper titled Analysis Of Democratic Public Service Network Case Study in Urban Transportation Service in Makassar City, South Sulawesi Province, Indonesia by: Dr. Alwi, M.Si. In general, public services organized by government bureaucracy are still serious problem, including urban transportation services/public transportation in Makassar City. In this case, urban transportation services in Makassar City have not

been able to provide service as expected by citizen. As principle of democracy, citizens are "masters" who must be delivered service satisfactorily by state officials. Therefore, government bureaucracy, in fact, must understand the needs of citizens and this is what writers call democratic public service. Theoretically, to solve complex problems such as problems of urban transportation services necessary inter-organizational networks, because many institutions and associated with it. Merging the two concepts into the concept of democratic public service (urban transportation) network is a new concept in the science of public administration. Inter-organizational network aims to use resource efficiently and effectively, as well asa democratic public service aims at making citizens as the focus of public service through their involvement in the process of solving public problems. This study aims to describe the implementation of democratic public services (urban transportation) network in Makassar City. This study used qualitative methods and case study research strategy to uncover the deeply democratic public services network. Data collection techniques used was observation, in-depth interviews, and documents. Processing technique and data analysis is the analysis of qualitative descriptive case study. The result of research pointed out that the implementation of democratic public service (urban transportation) network in Makassar City has not been effective.

The twenty eighth paper titled **Balance Theory by Dr. Inu Kencana Syafiie**. When people ask why today Islam is blasphemed throughout the world — forbidden wearing headscarves in France, in the United States its presence is examined and in Australia its organizations were disbanded — with various accusations we did not expect, this was because Islam is one of the world paradigms worried shifting all previous paradigms. After weakened communism socialism and capitalistic liberalism is the only wide world paradigm, they concerned about the return of the — according to them — tyrant rule, then it is anticipated with slander and propaganda. However, inevitably, humankind will understand goodness, truth, and the beauty, also in ethics, logic and aesthetics. So where are the ideologies sitting in case Koran assembled all the disciplines of science, moral ethics, and nuances of art? How about Al Fatihah which became Prolegomena and *preambule*, in addition to reading of the prayer becoming the rhythm of worship? It should be impregnated that Al-Fatihah is the core essence of transcendental thinking in three world grand narrative

Yogyakarta, January 21th, 2011

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CONTENTS

Internet Regulatory Policy in Korea: Its Origins, Impact, and Changes

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ABSTRACT

This study aims to show the reason why the Korean Internet regulatory policy to ensure safety has its own uniqueness which cannot be observed in other countries; using external plug-in program instead of built-in and highly dependent upon specific platform. According to this study following the institutional approach of regulatory policies, these "Korean-style" regulations were created to solve technological constraints in the early beginning stage of development of Internet transactions, but these regulatory policies results in many "unexpected outcomes," such as strengthening monopoly in Operating system and Web browser market, customers' inconvenience, and paradoxical outcome which regulations intended to enhance security eventually weaken the safety. These regulations have been challenged, and recently announced its abolishment by Korean government due to its negative consequences. Based upon this case, this study argues that the technological factor, inertia of institution, and various actors and their interests around regulatory policies are important to understand these regulatory policies, and it contends that IT regulatory policies should be technologically neutral because these policies cannot catch up the rapid evolution of these industries.

Keywords: IT industry, Internet Safety, Regulatory policies, Environmental Changes, Technological Constraints

I. INTRODUCTION

What's wrong with the Korean Internet security regulation?

Recently, Korean government announced that the Internet regulation that imposed the service provider must use certain type of authorized certificate will be abolished.[1] This change will guarantee the service provider's autonomy to choose various methods to ensure safety during online transaction; and it will enhance the customer's convenience by reducing the unnecessary process. Moreover, this change will contribute to improve the security of Internet transaction ultimately. That seems to be very ironic, because eliminating the method to guarantee the security eventually results to secure the transaction. What was wrong with the unique "Korean-style" Internet security regulation? What have it created so far?

Indeed, Korean-style Internet safety regulation suddenly became controversial in the recent years. Korea, one of the countries where the Internet was flourished early in the world, has maintained its unique safety measures to secure the online transactions. Specifically, people who want to initiate financial transactions must have additional certificate file, and must install certain type of plug-in programs that only works under specific operating system and web browser program. Alternatives have not been allowed; so people do not meet the requirements cannot even access these websites. Furthermore, these unique regulations are also imposed when government agencies deliver public service via Internet, such as self-identification prior to access the online public services.[2]

Has this uniqueness of Internet security regulation actually made the Korean Internet environment much safer from the threats than other foreign countries? Regulatory agencies strongly contend that, but they do not provide relevant data to prove it.[3] But it is clear that this uniqueness created

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[1] Although this decision was made and announced, but most of websites still maintain the current system requires external certificate and plug-in programs. But the homepage of government agencies and financial institutes are gradually changing their system to follow the web-standard that enables for many people to access without troublesome processes.

[2] It is noteworthy that these regulations have been used to deliver public services; for example, at least three plug-in programs had to be installed when people just want to inquire their status of national health insurance.

[3] It is still controversial whether the Korean-style Internet security method is actually better than that of other countries. But most of information security experts do not consider that which style is better than the other, and the financial security agency's report (2010) also asserts that neither the method is significantly better way than the other.

not only inconveniences of customers, but also many side effects that were not expected. Furthermore, this uniqueness deteriorates the security of individual PCs, because the distribution and installation of plug-in programs required in this Korean-style are indeed seriously risky; it might be misused as a way to distribute malwares or viruses.[4]

The aims of this paper

This paper aims to analyze the reason why these unique regulatory policies were created in Korea, the impact which the regulations actually produced, and the reason of recent changes. Interestingly, Government has advocated this unique style, though fierce criticisms have been existed and even administrative litigation filed against those regulations. Based upon the institutional approach to regulatory policies, this analysis will contribute to understand this remarkable phenomenon observed in Korea, and help to enrich our understanding of regulatory policies dealing with the cutting-edge IT industry.

II.   THEORETICAL BASE: INSTITUTIONAL APPROACH TO REGULATION

Institutions

Compare to the 'old' institutionalism, 'new' institutionalism recognizes institution as macro and abstract entity, which affects the individual choices and selection, and it encompasses not only existing formal rules, but the informal rules and customs accepted by people consciously or unconsciously. According to the new institutionalism, institutions are shaped by related actors, and created institutions have influences on the decision-making of individuals. Hull (1986) defined institution, as an entity that encompasses the formal rule, compliance procedure, and standard operating procedure constitute relationships among individuals under various politico-economic situations. He also categorizes institution into three kinds: organizational structure in macro-level, narrower concept including formal rule, customs, ordinary procedures, and the middle-level which related the power relationship of social groups, the creation and implementation of public policies. Ikenberry (1988) distinguished institution into three kinds: legislative and administrative rules which related to conflict-resolution, distribution of power in the state, and normative social order that regulates state and whole human beings. North (1990) defined

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[4]   Indeed, the ActiveX technology which the Korean-style Internet security methods depend upon, widely misused as a way to distribute malwares, such as fake vaccines mislead people to pay (Chosun-ilbo, 09/06/27).

institution as a constraint intended to create the interactions among people, and this includes interaction between the organization and individual, visible or invisible rules, informal constraints required for people to behave naturally like culture and traditions.

Institutional approach to Regulations

The principal-agent model from political theory and private interest theory from economics contributed to shape the traditional approach to regulatory policies. However, these two theories overly simplified the decision-making process, and cannot explain the changes of the environment around the regulatory policies. Conversely, the institutional approach provides more detailed and dynamic understanding of the process regulatory policies, especially focusing on the various actors and their preferences under the constraints created by visible and invisible institutions (Choi 2002).

Institutional approach to regulatory policy provides more dynamic and comprehensive understanding which involves various actors, their interests, internal and external constraints may affect the actor's decision-making, shared understanding. Specifically, the regulation, which this paper focuses on, cannot be not simply understood by traditional approach to regulatory policies. The preferences of actors are not stable and fixed, and relative power of each actor may differ from time to time. Furthermore, this institutional approach has an advantage that it can capture the external factors as constraints. For instance, the technological factor works as a constraint when policymakers make a decision. Simultaneously, the decisions once made are also sustain as internal constraints during the next decision-making process. In cases, technology plays a very important role to explain why the Korean Internet regulations created like, and the regulation once created have a strong influence in the next.
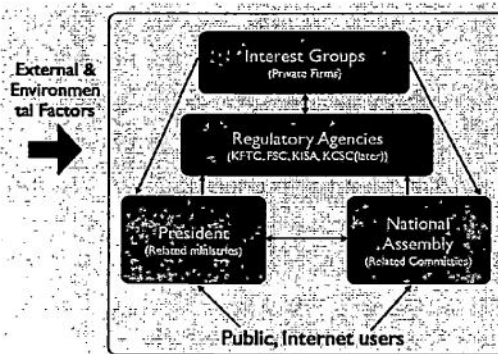

Figure 1 – Institutional arrangements around Internet Safety Regulations

Prior Studies

This problem has been widely studied in the field of information security technology and Internet transactions, but it does not seem to be studied as a matter of regulations. The most of papers studied in the outside of Public Administration, specifically in the information security technology field, are focusing on the specific technology, such as encryption and decryption. It may be considered that the reason is that this problem became controversial recently, enflamed by wide use of smartphones. Thus, only a few studies have conducted in Public Administration field.

Among very few studies, Jung (2007) and Lee (2008) highlights both the necessity and importance of institutional factor to cyber security, and its current defectiveness actually contributes to the internet insecurities. It is meaningful that these studies actually contributed to shed a light on this issue, but they are failed to distinguish between the contents-oriented internet regulations and safety-oriented internet regulations. Particularly, these papers are confusedly using the cyber safety problem created by hacking and cyber attacks with the problem of contents such as false rumors and abusive postings. By contrast, this study deals with this issue without considering contents of the Internet, such as abusive postings, but focuses only on the safety regulations such as certification methods.

III. "KOREAN-STYLE" INTERNET SECURITY REGULATION

"Korean-Style," The characteristics

Unlike other countries, Korean people should pass much more troublesome procedures to initiate a transaction, which includes verification process with external certificate and installing bunch of security plug-in programs, such as Keyboard security program, malware protection program, and programs from service providers. For example, if a person who wants to purchase a product from amazon.com or ebay.com, just log-in with validated identification and password, simply input the information about payment, and finally place an order. This process is not quite different from process using other ordinary web sites. They do not require any additional file for customer to prove him (her) self, and also they do not require any plug-in program. Everything is included in the customer's ID and password. Although risk exists if customer's ID and passwords are leaked to another people, but it is customer's fault, and all responsibility is up to him (or her). On the other hand, when a Korean customer wants to place an order by online, there are many troublesome procedures waiting him (or her); Customers first need to log-in with ID and password, and have to prepare own official certificate to prove him(or her)self, must install

'so-called' security plug-in programs. It takes much more time than previous one, and the components sometimes conflict one another, sometimes this contributes to the instability of web browser program and whole operating system.

The "Korean-style" internet security methods have two distinctive characteristics as follows; first, it uses additional certificate to verify the transactions are initiate genuinely by the customer. Nowadays most of browsers have built-in certificate, so additional certificate is not required.[5] However, "Korean-style" requires using additional certificate file which is usually stored in Hard disk or portable drive.[6] And these files are treated as same as ordinary file stored in computer system. Second, it is really heavily count on plug-in programs designed to work only in certain platform. Particularly, only one web browser program, Microsoft Internet Explorer, running on only one operating system, Microsoft Windows, currently supports this unique security method. Thus, people who want to take alternatives, such as Mozilla Firefox, Google Chrome, and Apple Safari web browser programs, and operating systems like Linux and Mac OS cannot even reach to the most of web transactions. Furthermore, this unique security measures are adopted widely in delivering public services, such as e-government, so people who want to access and receive public service online, should use the operating system and web browser of Microsoft. In other words, this uniqueness seems to ultimately contribute to reinforce Microsoft's dominance in web browser and operating system software market.[7]

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[5] The strength of protection correlates with the degree of encryption. For example, 256-bit encryption which are incorporated in the most of web browsers, stands that the cracker must calculate 2^{256} combinations to crack the password, that is much safer than 40-bit encryption which relatively easier to decipher.

[6] What the problematic is, this certificate file can be easily copied or moved from place to place, because it is considered as a normal file like a document, or picture. In contrast, the built-in certificate system also uses certificate file, but it is only used once, lose its validity after the transaction, and simply considered and deleted as temporary file. For more details, see the argument of OpenWeb(http://openweb.or.kr/?page_id=60).

[7] This can be supported the fact of market share of web browser market. Other countries except Korea, the market share of IE web browser dropped under 50% recently. But it still dominates Korean market share as 94.1%. Experts explains the main reason of this rapid declining resulted from the EU's mandate to Microsoft to ensure customer's right to choose web browsers (prohibition of bundling IE) (Hankyeoreh, 10/10/06).

Figure 2 – Plug-in program must be installed to access the e-government site

Creation: the reason of uniqueness

Why these "Korean-style" Internet safety regulations have distinctiveness that cannot be observed in any other countries? The most important factor shaped safety regulation in the dawn of Internet was technological constraints, especially encryption and decryption. The reason why Koreans need additional plug-in programs while bearing inconveniences, is the insufficient encryption technology to secure transactions. Specifically, when Internet shopping firstly emerged and flourished in Korea, 40-bit encryption was allowed to be equipped in the web browsers, while 128-bit encrypted browsers were allowed in the U. S territory. Encryption and decryption technology, nowadays very common in IT industry, was considered and protected as military secret by U. S. army. At that time, password encrypted in 40-bit degree was simply cracked within 3.5 hours, so it is almost impossible to protect online transactions with built-in encryption level. Consequently, private firms tried to avoid risks by developing security plug-in program which provides more advanced protection level. Regulatory agencies also endorsed these measures created by private firms, because they do not have any other options.

The uniqueness requires additional certificate can be explained same logic. Because the encryption technology used by web browsers are not sufficiently matured to protect individual information enough, regulatory agencies encouraged to use additional, authorized certificate system sufficiently protected by plug-ins. Later, the related laws (electric signature

law, electric financial transactions law) were passed in National Assembly to endorse this regulation which was nationally formed in private sector. Fundamentally, Internet safety regulations were created to support and give legitimacy to existing practices in the market which previously. Regulation created and expanded the market that produces security plug-in programs to private and public institutions, such as banks and government agencies. This uniqueness definitely contributed to development of the industry, not the participants' own interest.

Although these regulations are not intentionally designed to be protecting interests of regulatory agencies and interest groups, the regulation gets fixed and tends to be used as a way to protect the interested parties including regulatory agencies and firms which provides safety measures as time flows.[8] Regulatory agencies and the competent ministry (Ministry of Information and Telecommunication) have strongly advocated this uniqueness, because it has clearly helped them to hold the power to control the whole industry in their hands.[9] Furthermore, at that time, regulatory agencies have interests to make Korean technology to global standard. Like the WIPI case, regulatory agencies believed and justified themselves that advocating this Korean standard may contribute the national prosperity.[10] Based upon these economic and ideological justification, the regulatory agencies have continuously advocated though various critics toward them.

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[8]   It is noteworthy that later the Ministry of Information and Telecommunication invested and acquired some share of firms that provides security solutions. Critics assert that this is a sign for close relationships between interested firms and government, and a reason of compulsory requirements of regulations. For details, see OpenWeb homepage, "Inside of the compulsory rule for official certificate." (http://openweb.or.kr/?p=3061)

[9]   The way to control whole industry by these regulatory policy is came from the regulation that they have power to officially endorse and designate the agents able to issue the certificates. Also, they created the rules that impose the use of those certificates as compulsory in order to initiate online transactions. (The Electric Signature law, Financial Supervisory Service internal code of supervisory provision 7,8)

[10] WIPI was a unified middleware platform that links hardware and applications for mobile phones in Korea. It was intended to allow mobile phones can run applications regardless what the manufacturer or carrier is. However, it became famous because it was utilized as an excuse to delay the official release of iPhone in Korea. It was widely criticized, and officially withdrawn in April 2009.

Unexpected Outcome

It should be recognized that "Korean-style" Internet safety regulation contributed to relatively early development of Korean Internet industry compare to other countries. This regulation made the customers trouble because they have to make their additional certificate file safe from threats, and must install plug-in programs to initiate online transactions.[11] However, there are more serious, negative and unexpected outcomes.

First of all, as mentioned, it invigorated the dominance of Microsoft in operating system and web browser market. Recently Microsoft's share in web browser market significantly dropped in the world, but their domination is still strongly fortified in Korean market. This reality leads to three phenomena, the strikingly high price of product from its dominance and relatively high rate of software piracy in Korea.[12] Furthermore, this unique regulation have actually prohibited the possibility for users to choose alternative operating system and web browsers, and also made a negative influence to the government's policy to encourage Open Source software like Linux.

Second, the "Korean-style" safety regulation actually created inconveniences though it does not provide better protection. Why Korean customers have to face 'uncomfortable yellow bars' to just access certain web pages that does not deal with important individual information?[13] Installing plug-in programs, also an activity to take certain amount of time, and these programs consume the resources of the computer (CPU, memory, and disk drive).

Third, the most important thing is, this safety regulation has a possibility to make the customer's computer very weak to external threat. Most of plug-in program still depend upon ActiveX technology as a distribution mechanism, but the creator, Microsoft, considered this technology as obsolete, and serious risk to undermine the safety of whole

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[11] The problem gets more complex, because required plug-in programs varies from site to site, and there are many sites which actually require multiple plug-in programs. For example, there are six plug-in programs, required to access the social insurance site; plug-in for official certificate, keyboard security, and program for protect malwares. Among those, users must install at least four plug-in programs to access and query their status of social insurance.

[12] Recently, the Fair trade commission started to investigate that Microsoft set the price of their product extremely high in Korea, but their status and high prices were controversial in many foreign countries.

[13] Internet explorer web browser displays yellow bar when the sites require installing plug-in programs.

system.[14] However, proliferated use of plug-in programs made Korean Internet users to be insensitive about installing these programs, and they simply install them even if this is actually a serious risky decision. The reason why the damage of DDOS (Distributed Denial of Service) attack was extremely serious in Korea can be explained by this behavioral pattern, because Korean Internet users have a high possibility to install malware unconsciously.[15]

Additionally, this unique system itself does not provide better protection level than web browser built-in system. Currently most of web browser programs provide same or higher degree of encryption and decryption. Moreover, Additional authorized certificate file does not mean a safety from other threat. Unlike hardware token, basically it is treated as same as other ordinary file. Thus, this unique system might work efficiently when the web browser does not provide sufficient security measure, but it is almost outdated and needless.

Lastly, this uniqueness works as an obstacle to development of mobile Internet. In order to flourish Internet, it is needed to encourage the financial transactions and delivering government services. However, mobile devices including smartphones, cannot meet the requirements. Still, the interested groups which receive benefits from current regulatory policies try to develop an application to apply current systems to smartphones. However, this cannot be a desirable and plausible solution.

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[14] ActiveX technology was originally designed as an expansion of OLE (Object Linking and Embedding) to the Web. Compare to its competitor like Java, building an application in this platform is much easier and convenient because it is more familiar to experienced developers. Thus, ActiveX technology has been widely used from Internet Explorer version 3, but Microsoft recognized that this technology have a security risk, because this technology make it possible for programs to take the whole control of system very easily. Microsoft has recommended that users should verify the digital signature of plug-in program, and indeed they almost stop supporting this technology. For more details, see Microsoft Security homepage related this issue: http://www.microsoft.com/security/products/ActiveX.aspx

[15] Government Agencies shifted primary responsibilities of DDoS attack to North Korea at first. Then they tried to find the reason from the behaviors of individual internet users. Particularly, DDoS attack was possible because individual internet users who do not install and update malware protection programs. However, this account is not appropriate because (1) DDoS attack was significantly effective only in Korea; (2) mass distribution of malware was possible through ActiveX technology.

Challenge and Recent Change

Against these safety regulations, there are many people who criticize this negative side effect and want to abolish the regulatory policies. Among them, there is remarkable lawsuit against regulatory agencies raised by Open Web, a civil organization that promotes Web standard opened to every platform. Fundamentally, Open Web supports the movement against Microsoft monopolized Internet environment, and it has urged government and other nongovernment institutions to improve their homepage more suitable to web standard.[16]

Administrative litigation raised by Open Web was ended in October 2009, and the court dismissed their appeal.[17] However, this lawsuit revealed the advocates of "Korean-style," such as MIT, KISA (Korean Internet & Security Agency), KFTC (Korea Financial Telecommunications and Clearings Institute), and FSC (Financial Services Commission). After the abolishment of MIT, KCSC (Korea Communications Standard Commission) took MIT's position, but their interest is not on the maintaining of existing regulatory policies. Rather, KCSC wants to be neutral toward this issue, but KFTC and FSC showed more aggressive attitude to defend current regulatory policies.

But after the lost of lawsuit, government suddenly announced that they will abrogate the regulations with strict requirements before online transactions. This change mainly results from increasing significance of mobile Internet, which ignited from the release of iPhone, and its competitors. Also, the alteration of institutional arrangement contributed to this sudden change, because the abolishment of MIT was as same as the removal the one of the biggest obstacles. In sum, this rapid change is related with the principal actors and their interests, and institutional arrangements, and external impacts.

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[16] OpenWeb has continuously raised the issue of heavy dependency upon certain platform, and suggested the alternatives to ensure the openness. For instance, OpenWeb suggested the alternative certification method independent from ActiveX technology. For details, see the information page of OpenWeb (http://openweb.or.kr/?page_id=1167).

[17] The outcome of lawsuit was very disappointing, because not only did the court deny the importance of this issue, but the decision was based upon misunderstanding of fundamental facts.

IV. ANALYSIS

Principal actors and their interests

In the beginning stage, Internet safety regulation was formed mainly in the private sector to overcome technological constraints. Government regulation can be understood as an endorsement. Thus, unlike actors in private sectors, these regulatory agencies do not have certain specific interests toward regulatory policies. However, once regulatory policies settled, interest groups such as companies that make security solutions were created, and regulatory agencies recognized this regulation as a way to expand their power and influences. Specifically, MIT have continuously advocated this regulation, but the influence of KFTC and FSC to regulatory policies strengthened after regulatory policies settled, and the both agencies showed their intransigence toward the critics because they regarded maintaining "Korean-style" regulatory policy as a way to keeping their influences on the industry.[18]

Other political actors above the regulatory agencies, such as the President and National Assemblymen and their interest should be counted, especially to explain the recent change. Lee Myeong-Bak administration has been considered "Market-friendly," prefers to reduce government regulation, and tries to control the government agencies directly by appoint the chief as a figure close to the President. Also, MIT, which considered as one of the most important advocates of "Korean-style" safety regulations was abolished in this administration, and it eventually contributed to the policy change.[19] Moreover, Government begun to recognize the development of mobile Internet as the future of Internet, also helped to change the regulatory policy. In other words, to maintain the IT powers in the world, government should pay attention to policies regulating the Internet. National Assembly correspondingly considers the importance of this issue, the revised bill of electric financial transaction law was proposed by National Assemblyman, Jo seung-soo (New Progressive Party, Ulsan) to amend current regulatory policies. Furthermore, the National Assembly hosted

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[18] Fundamentally, "Korean-style" safety regulations delegate the power to KFTC and FSC in order to designate specific private firms to provide safety solutions.

[19] It was controversial that the abolishment of MIT was recognized as the retreat of IT industry policies in this administration, because MIT was the competent ministry, and it had been considered one of the most important ministries during previous administrations. Moreover, KCSC, took charge after the abolishment of MIT, showed more pro-business attitude and reducing unnecessary regulations.

the symposium named "Smartphone revolution and the second IT renaissance," and the Chairman of KCSC announced that Internet regulations would be revised to follow the "global standard." (Chosun-ilbo 2010/03/24)

Public opinion also shaped the regulatory policies. In the beginning, public did not pay attention to the uniqueness of Korean regulatory policies, and the undervalued risk of using ActiveX plug-in programs. However, smartphones becomes popular, and the perception of security has much more increased than before. This created pressures and more favorable atmosphere to change the regulatory policies.

Table 1. Principal Actors and their attitudes toward
Internet Safety Regulations

Principal Actors	Attitudes toward Internet Regulatory Policies
Regulatory Agencies	- MIT: consistently advocated and justified Korean-style Regulatory Policies. - KISA, KFTC and FTC: relatively neutral at the initial stage, but they became strong advocates, because they recognized these regulatory policies create their power to designate the service providers. - KCSC: compare to prior three regulatory agencies, KCSC showed relatively neutral attitude toward these regulations in response of current administrations' policy preferences.
Interest Groups	- Private firms: they knows well about maintaining current regulatory system guarantees their shares in the safety market
Other political actors	- Administration Change: Compare to prior administration, current administration have interests on reducing government regulations to create pro-business atmosphere - National Assembly and public: begin to recognize the importance of this issue

Technological Constraints

It is clear that technology is very important to understand the details of regulatory policies. As mentioned above, the encryption and decryption technology was the main reason that Korea has its own unique system. Specifically, the needs were existed to secure Internet transactions, but the technology was not available because it was totally controlled by United States. Similarly, technological advance made serious impact to the changes of regulatory policy. Emergence and rapid spread of mobile devices created necessity to change regulatory policies. Specifically, the most important driving force that government abolished the unique safety regulations was the concern that these unique regulations may weaken the competitiveness of Korean IT industry. It is obvious that Korea is still one of the most successful countries in the world in nurturing IT industry, and there is a general agreement inside the Korean government, to maintain the leading position of Korea in IT industry even though there is parochial interest of regulatory agencies.[20]

Inertia

Once created institutions cannot be easily changed. In this case, "Korean-style" regulatory policies created to endorse measure to secure online transactions under technological constraints, but it still remains even if the encryption technology has been much improved then it becomes obsolete. Interest groups created by regulatory policies make it much difficult to abrogate the policy. In this case, the regulatory agencies and private firms those provide security measures continuously resisted against the demands of public. In this case, the private firms and MIT has maintained strong relationships. MIT have certain portion of shares of these industries under the guise of protecting Korean standard, and regulatory agencies such as KISA, KFTC and FTC, recognized well that these regulations help them to strengthen their territories. Although these unique regulations have been criticized by public, but their strong alliance between regulatory agencies and interest groups has successfully defended their interest against the criticism. Furthermore, certain level of knowledge about IT technology is required to understand the nature of this problem, so it is difficult to create a consensus necessary to change the policies. For example, the court denied the claims of OpenWeb, exposed its incapacity to deal with this technological issue.

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[20] Even current administration, which has consistently been criticized because it does not have any specific strategies for IT industry, generally agrees that the importance of mobile web in the near future. (Jungang-ilbo, 2010/06/01)

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V. CONCLUSION

Limitations

This paper aims to analyze the whole picture of regulatory policy, which includes the life history, from the birth to the death. However, it is difficult to examine whole history in a single paper, thus this paper focuses on the peculiar event, such as creation, unexpected outcome that regulatory policy created, challenges, and the change of regulatory policies. Furthermore, it is still problematic that this paper only focuses on the superficial, observable aspect of regulatory policies, related actors, and their interactions. To find out the exact reason why the actors behave, this paper is insufficient. To encourage and validate the findings of this research requires for more data, not the second-hand data.

Implications

Although these limitations mentioned above, this paper is meaningful because the policy regulates IT industry, where the speedy technological advancement exists. Compare to other sectors, IT regulation must face the rapid environmental changes. For example, the unique regulatory policies in Korea indeed contributed to the early development of IT industry, but it becomes outdated soon because the technological advancement existed while interest groups are satisfied and enjoying the benefits.

Based upon the findings from this case, the paper carefully raises a suggestion that the regulatory policy dealing with IT industry should be neutral from a certain technology in some extent, because the institutions cannot follow the rapidity of technological advancement. For instance, if regulatory policy might give opportunities to choose security measure among multiple and authorized measure, the obsolete method should have replaced with the better alternatives.[21]

Concluding Remarks

This paper touches the Internet safety regulations that have the characteristics, social regulations and economic regulations by institutional approach. According to the history of regulatory policies, this regulation firstly created to endorse the measure originally emerged in private sector, but the characteristics of regulation became more fixed, and it created strong advocates including regulatory agencies and interest groups. Despite this

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[21] Indeed, the law regulates electric financial transactions prescribes the regulatory agencies just authorize the measures, not designate a specific method. (The fundamental electric financial transactions law, provision 21)

strong alliances resist to the criticism, growing importance of mobile Internet, political pressure from important political actor and the public, and external shock contributed to change this outdated regulatory policies.

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Web Sites

OpenWeb (www.openweb.or.kr)

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