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PUBLIC ENTERPRISES' ORGANIZATIONAL EFFECTIVENESS

Abstract:

New Public Management from 1970s have impacted Korea to enhance the number of public institutions. Approximately, the government facilitates more than 300 public institutions and their budgets are 31% of GDP, which surpasses the government allocated budget (Government Innovation Decentralization Committee, 2007). According to Public Institution Management Information System (ALIO), the total number of employees of public enterprises, quasi-government institutions, and public institutions have exceeded 260,000 as of April of 2015, illustrating the continual growth. Therefore, general interest on public institutions climbed significantly while its achievement and management are critically profusely analyzed (DakungKim, 2014; DakungKim.TeahoEm, 2013; MineunYu, 2012; SunaePark.HeesunLee, 2013; DongsukOk, 2010).

Public institutions, i.e. public enterprises, existed in midriff of the government administration organization, including private enterprises. Due to its specific placement, public institutions operated to attain great profits in parallel with public goods (Dimock, 1961; Robson, 1960). Unlike state organizations and private enterprises, public enterprises are intertwined with various interest parties. Not only are they restricted from the central-local government's management, evaluation, and inspection but also have limited discretion in regards to registration and controlled budget while fulfilling the obligation to receive outstanding evaluations from the general public.

Due to the dynamic role of manufactures and conveyances, public enterprises need to maintain the inter-dependence relationship with the indispensable participants of the government such as the President, National Assembly, supervisors, inspectors and evaluating institutions, while putting into consideration its consequences on press and general public (DakungKim, 2014).

Inevitably issues appear as each interest party has contradictory preferences and expectations hence the organizations struggle to undertake conflicting demands (Pfeffer and Salancik, 1978; Freeman, 1984). If organizations fail to comprehend the complexity of the internal and external aspects of the interest parties, defilements might occur which will eventually blemish the organizations' success and effectiveness (Romzek and Dubnick, 1987). Therefore, impeccable comprehension of the overall dynamic structure of each interest party's expectations/demands and impact on the organization evaluation is essential to ensure favorable outcomes. Moreover, this analysis will advocate the systematic strategies to improve the effectiveness of the organizations. However, implications of discussion relevant to interest parties are often neglected to scrutinize the evaluation of public enterprises' accomplishment and its effectiveness.

This research will critically investigate the organizational effectiveness of public enterprises. Specifically, utilization of interest parties approach on a varying organizational effectiveness models, considering the groups' profits to suggest applicable policy implications.

Keywords:

Public enterprise, Organizational effectiveness, Stakeholder