

**THE IMPACT OF KOREAN PERFORMANCE
BUDGETING ON BUDGETARY
PROGRAMMES**

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ABSTRACT

This study examines the impact of the Korean system of performance budgeting on government spending programmes. It sets out to examine the associations between a programme's future budget and its past performance and also the impact of performance budgeting on managerial practices.

Much of the study uses quantitative techniques – particularly regression analysis and analysis of variance (ANOVA). Regression analysis is used to examine the links between budget decisions and performance, by analysing the impact on budget changes of SABP (Self-Assessment of Budgetary Programmes) scores (or grades) of programmes which the SABP assessed from 2005 to 2007. Secondly, ANOVA is used to examine changes in seven managerial practices: goal clarity, goal difficulty, budget adequacy, budget flexibility, budget participation, procedure formalization, and support from higher management, using perceptual data of 807 administrators in the Korean central government.

This thesis found evidence of two main effects of Korean performance budgeting on government operations. Firstly, budget decisions have a statistically significant correlation with the performance of programmes or SABP scores (or grades). Secondly, Korean performance budgeting tends to initiate changes in programme-managerial practices within spending organizations, and to improve programme performance.

DEDICATION

TO MY PARENTS

TO MY WIFE, HYANG SOON PARK

and MY TWO DAUGHTERS, HYO JIN and KOUNG ME

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