

A Study on the Evolution of Social Service Policy : By the Path Dependence and Path Evolution

Sae Hee, Chung^{1*}, Ahn Na, Lim^{2*}

¹Adjunct professor, Department of social welfare, Kwangwoon Academy of Advanced Studies,
Kwangwoon University, Seoul, Korea

²Glocal Education Center, KwangWoon University, Seoul, Korea
e-mail: *sehisehi33@kw.ac.kr, e-mail: *lan22@kw.ac.kr

Abstract

This study intended to analyze whether the system of voucher system, which was introduced as a policy tool to expand social services, was dependent or evolving through the research methodology of historical institutionalism. The voucher system is being introduced to emphasize the user's focus in the existing supplier-centered service provision system, but problems with the existing system have been found so far. We found that despite the shift in welfare paradigm from the remaining welfare supply to universal welfare in the past, the company was partially following the existing supplier-centered social service system. However, We found that new instruments for establishing legal systems and the path evolution factors are now being developed and matured within the voucher system. In other words, it was possible to predict that the voucher system would become more positive and mature in the future through logical changes in the system. Based on the results of the analysis of the voucher system, policy suggestions for policy values and objectives that were initially oriented toward the system were presented.

Keywords: Social Service, Voucher, Path Dependence, Path Evolution

1. Introduction

Recently, various discussions have been held on the institutionalization and expansion of social services in Korea. The current paradigms of social services are changing to make new relationships among stakeholders and change the existing supplier support methods which include its nature, content, object, and delivery style.

To change this paradigm of social service policy, the government intends to provide user-centered services that enable the implementation of user rights and options through a new policy tool called voucher, and is shifting to bilateral or cooperative relationships, not one-sided or dependent dependencies among service-related players. The user-centered way of providing social services is to increase the user's satisfaction by giving the service user the power of choice of services to the service provider, beyond the fact that a change

in the delivery system has been made to the users.

In this trend of social service policy change, which emphasizes the importance of user-centeredness, the system was expanded and operated by introducing electronic vouchers in 2007 as a new policy tool. The voucher system allows the government to select and purchase services by providing subsidies to users out of limited goods and services.

A number of prior studies on the voucher system raise questions about the effectiveness of the ongoing changes in Korea's voucher system. The policy mechanism of the voucher system of "choice and competition" guaranteeing efficiency is hardly to be seen as working as the main driver of the service supply.

This research focuses on the fact that the traditional supplier-oriented social service institutional context in Korea is likely to constrain social service changes in large part through marketization. Rather than completely replacing the paradigm of the previous social service system, the voucher, which is currently being implemented within the social service system, seems to be a continuation of the existing method or path to being stuck. The concept of path dependence is that substantial institutional resistance occurs when the established system is changed from a point after the historical time has elapsed.

Path dependence is the original description of the nature of the technology change process itself as self-reinforcement mechanism, a concept that indicates that the choice of new technology often takes on the characteristics of the harvest system. This concept is applied extensively in policy analysis or institutional context to explain why certain institutions or policies persist. Thus, the path-dependent approach can be a useful analytical tool that can simultaneously explain the break-even balance of the introduction of voucher systems and the sustainability of existing systems in terms of plan operation.

The purpose of this study is to analyze the voucher system by combining the view of path dependence for micro-institutional access and, further, path evolution, not the work of tracing historical development paths. Through this, we want to present a useful perspective on not only the sustainability of the system but also the changes in the system.

To this end, this study aims to analyze the social service voucher system using the analysis frame shown in Figure 1.

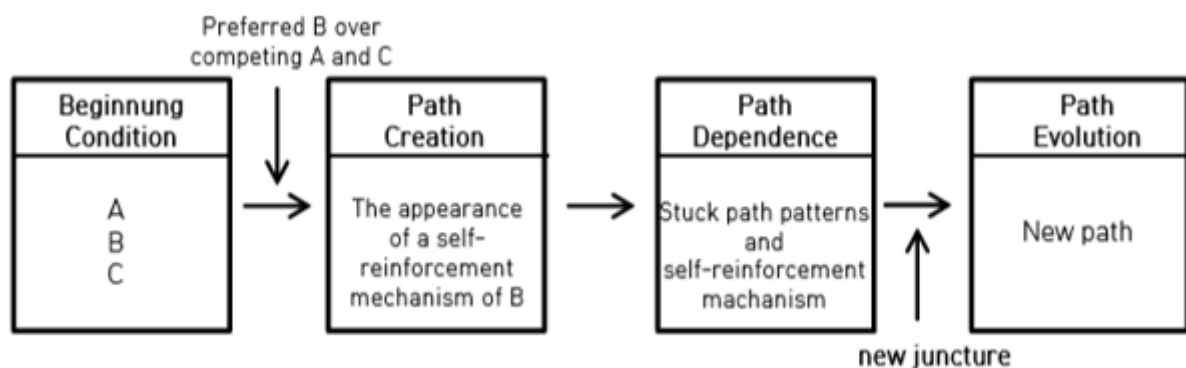


Figure 1. Research analysis Frame

2. Theoretical Discussions for Analysis

2.1. Concepts and logic of path dependence

2.1.1 Concept of path dependence

The concept of the system's path dependence is a central concept emphasized in historical institutionalism, which means that early historical events have a causal effect on subsequent event developments. The gradual change in technology, once initiated at a particular trajectory, results in the technical consequences of

overrunning others, even when this technological path is ultimately less efficient than the alternative path unadopted. In other words, the pathological process has a relatively deterministic pattern or inertia once an accident occurs that explains whether the system is persistent and rigid.

Once the development path of the system is set to a specific course, the course is strengthened by network effects and learning effects, and through this process, the system continues to form a long-term path.

If a particular path is adopted, the system becomes more efficient over time, and although the path that was not adopted was not chosen earlier, the learning opportunities are constrained, and the differences increase over time, and the competitive position is further weakened as an alternative.

2.1.2 Mechanism of path dependence

The reason why path dependence occurs is because of the self-reinforcement mechanism of the system. self-strengthening mechanism are described by the inertia and sunk costs of the system, learning effects, coordination effects, adaptive mechanisms, lock-in, etc.

On the other hand, historical institutionalists who emphasize the continuity of the system do not deny the possibility of a change in the system. In history, policy institutions tend to show gradual and frequent changes rather than radical ones, whereas traditional institutionalism had theoretical limitations by explaining policy changes through a path-dependent model, historical institutionalism used a path-evolving model to strengthen the logical theoretical structure.

This research seeks to collect the evolutionary approach of the theory of institutional change in analyzing the voucher system, which was introduced as a policy direction of change of supply method within the social service system. Through this, the government aims to enhance its explanatory power by identifying the institutional path of changes in the voucher system and analyzing the continuing and strengthening aspects of the existing system and institutional changes.

Users of the voucher system find the existence of pathways by institutional inertia in that the reason that rational choice is constrained by the existing supplier-centered remnants means constraints under the existing system. The ability of these users to choose a service provider is provided by the service provider or the government to analyze the information about the type and content of the service.

This is the fixed form of the existing system, which limits service use targets according to the respective screening criteria, and the user selection and reverse selection are taking place. After all, the voucher system, which seeks universality through the expansion of the supply of social services, appears to exist without abolishing the selective and residual standards of the existing system.

3. Social services and voucher system current situation

The following table shows the current status of voucher systems implemented under a large framework of user-centered service delivery.

The table below shows the current status of the voucher system implemented in the framework of change to user-centered service provision.

First of all, the business budget has increased to 951% from 177.4 billion won in 2007 to 17.832 billion won in 2017. Looking at the status of the voucher system users in 2007 it increased by 451% from 357 thousand to 1,610 thousand in 2017 shown in Figure 2.

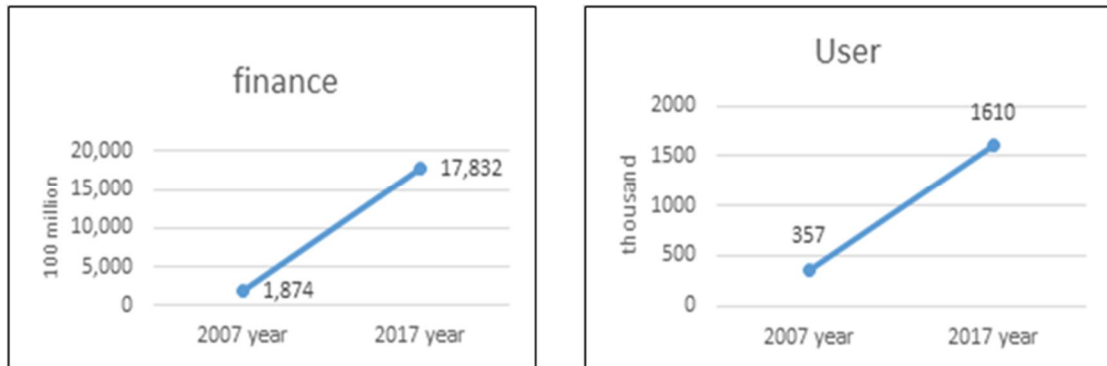


Figure 2. Social service voucher finance and service user growth trend

Service providers increased 976% from 1,274 in 2007 to 12,437 in 2017. The number of service providers increased by 538% from 36 thousand in 2007 to 194 thousand in 2017 shown in Figure 3.

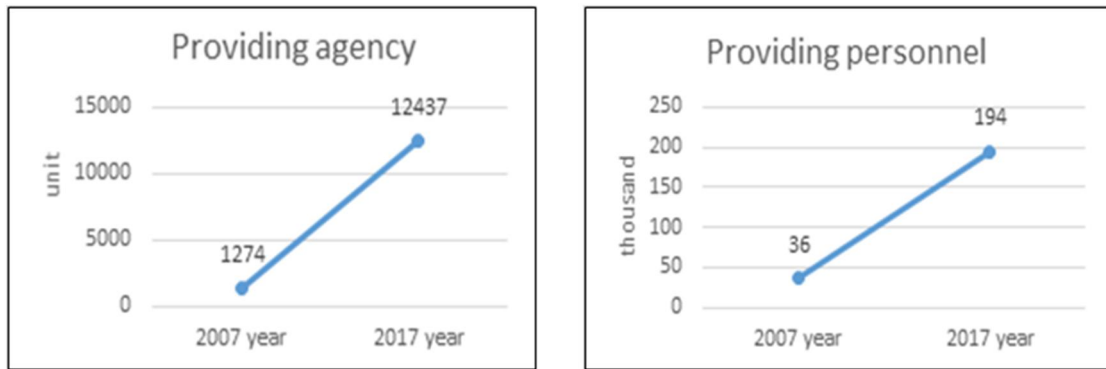


Figure 3. Social service voucher providers and staffing growth trend

Social expenditure in OECD countries from 1960-1990-2018. Korea's social welfare expenditure is the third lowest among OECD countries after Chile (10.9%, as of 2016) and Mexico (7.5%, as of 2017). shown in Figure 4.

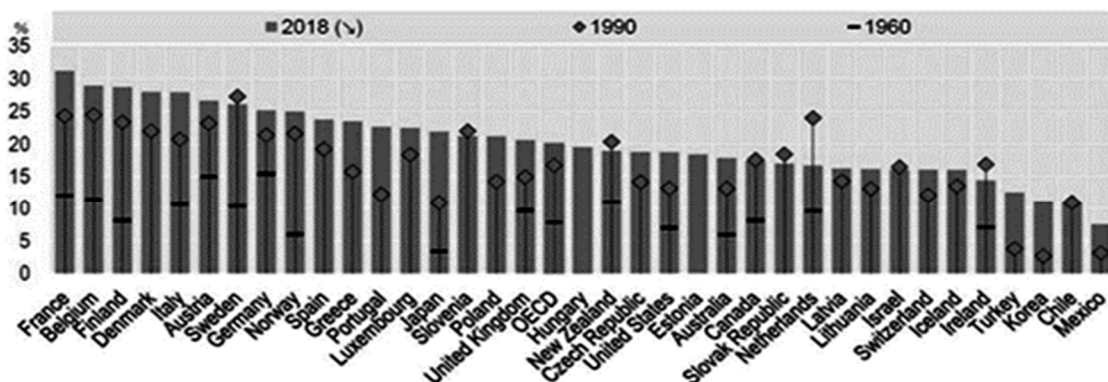


Figure 4. Public social expenditure as a percent of GDP, 1960, 1990 and 2018

In 2018, Korea's social welfare expenditure as a share of GDP was 11.1%, which is relatively higher than 10.8% in 2017, but it is still the lowest level in the OECD shown in Figure 5.

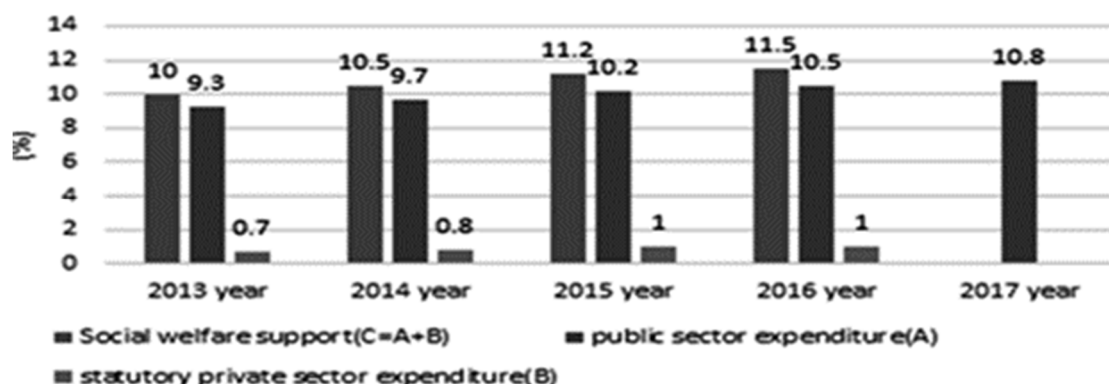


Figure 5. Korea's social welfare support ratio to GDP

4. Analysis

4.1. Service Provider: Organizational Learning Effect

In Korea, the voucher system was part of expanding the supply of social welfare services rather than privatizing or marketing, while at the same time creating competition among suppliers in a stronger environment as a social job creation approach.

Providers who supply voucher systems are limited in markets where the role of the government is by no means small and are limited in large part by the budget for state subsidy projects set aside annually for each voucher system. Therefore, there is a limit to the operation of competitive projects aimed at the potential purchasing power of users as users are generated only within the size of the government's annual budget for voucher systems.

Excessive administrative and document intervention resulting from such government control and the designation system applied in the early days of the scheme operate as factors that differentiate providers from one another unable to get competition into full swing. Stressing the user's choice and emphasizing regulations on the entry of providers will result in institutional Isomorphism in which suppliers' services are similar. In other words, adopting the same path is a learning effect that adapts to the process and learns to pursue the continuity of the system.

4.2. New instruments and path evolution: change and maturity of voucher system

New instruments for route evolution can first be found on a legal basis. 2011 ACT on The Use Of Social Services And The Management Of Voucher.

The enactment and enforcement of the system in February 2012 led to the stabilization of the system. The background of the introduction of the social service voucher system is the product of a complex review that takes into account social and economic factors.

In addition, with the revision of the Framework Act on Social Security, which included strengthening the national responsibility for providing social services, expanding the scope of social security, establishing a lifelong social safety net and establishing a system for social security services in 2012, the establishment of a legal system for social services became an opportunity to develop into a new path for the system.

These new legal-based instruments will lead to the evolution of the system, first of all, to improve the quality through the guarantee of users' options and competition from various providers. In the early days of

the implementation of the system, from 2007 to August 2012, the providers that intend to provide social services through vouchers had shown a path-dependent attitude that was no different from the existing provision of limited services by restricting entry of new institutions as they were made only by designated agencies by the heads of local governments.

However, as the registration system was changed from September 2012 to the registration system, which allowed entry of many new institutions and the resulting competition system could emphasize the importance of diffusion and quality.

Second, in terms of the operation of the system, we can also see the evolution of the route through improvement of the system and the establishment of a new system. The Ministry of Health and Welfare switched to the next-generation electronic voucher operating system in 2012 to reduce the cost of issuing cards and to reduce operating expenses for the service providers as a service benefit to users.

In addition, the government plans to expand the scope of social services that can be used to enhance the convenience of people using social services by introducing and operating the national voucher system in 2015 and to establish a base for big data use by integrating the distributed social security information system and facility system and social service voucher system by each ministry in 2019.

These policy efforts have resulted in reduced administrative costs and increased budget allocation and administrative efficiency as a stable infrastructure has been prepared in an effort to improve efficiency and user convenience in line with the policy logic of the voucher system.

These are understood to be pathological changes in the logic of the system through the introduction and implementation of the voucher system, which are problems at the institutional level of centralized control and lack of management operation in the execution of existing supplier-centered social service policies.

5. Conclusion

Policy suggestions for the future direction of voucher system are as follows. First, due to the institutional nature of social services, the provision of social services should be guaranteed at the national level. Indeed, from experience so far, central and local governments have shown a presence of pathways that constrain the maintenance of public character by neglecting the illegalities and expediency of private institutions that provide services by forcing them to provide a certain amount of service rather than providing sufficient budget to help the private sector maintain its public nature.

Second, the question of quality of social services to comply with the premise of quality improvement needs to be continuously discussed, not to emphasize only the policy of competition among suppliers. The contents and quality of the service should be standardized or standardized, making it easier for users to evaluate it.

Third, information provision must be made to ensure the users of the voucher system have the option. To choose a service based on one's own desire, an active and diverse channel of information provision will have to be provided to users vulnerable to information accessibility to the service.

Through the improvement of such a system, we expect that the system can be established as a system for policy values and purposes that the people's human-like living security and social service voucher system were initially oriented toward.

References

- [1] C.S. Nam, "The implications of voucher in the context of the Korean social welfare services," *Journal of Critical Social Welfare*, Vol.26, pp. 7-45, 2008.

- [2] Dabholkar, P. A., Thorpe, D. I. and Rentz, J. O., "A Measure of Service Quality for Retail Stores : Scale Development and Validation," *Journal of the Academy of Marketing Science*, Vol.24, No.1, pp. 3-16, 1996.
- [3] D.S. Hwang, "Labor and Development of Welfare State in Korea," *CNU Journal of Economics*, Vol. 50, No. 3, pp. 295~337, 2007.
DOI: <https://doi.org/10.1007/bf02893933>
- [4] J. Hacker, "Privatizing Risk Without Privatizing the Welfare State: The Hidden Politics of Social Policy Retrenchment in the United States," *The American Political Science Review*, Vol. 98, No. 2, pp. 243-260, 2004.
DOI: https://doi.org/10.1007/s00030554_04001121
- [5] J.S. Lee, "A Study on the Path of Child Care Policy from the Perspective of Historical Institutionalism," *21 Humanities Society*, Vol. 21, No. 10, pp. 1253-1264, 2008.
DOI: <https://doi.org/10.22143/hss21.10.1.87>
- [6] E.C. Steuerle, *Common Issues for Voucher Programs*. PP. 3-39. in *Vouchers and the Provision of Public Services*. edited by Steuerle, C. E., Van, D. O., George, E. P. and Robert, D. R. Washington. DC : Brookings Institution Press. Committee for Economic Development, Urban Institute Press. 2000.
- [7] J.W. Lee, "Development Process and Revitalization Agenda for Social Service Policy: Social Service e-Voucher Program," *The Korean Association for Local Government Studies*, Vol. 23, No. 4(2019 winter), pp. 465-483, 2019.
- [8] N.J. YANG, "An Evaluation of Social Service Voucher Program in Korea," in *Korea Social Policy Review*, Vol. 22, No. 4, pp. 189-223, 2015.
DOI: <https://doi.org/10.17000/kspr.22.4.201512.189>
- [9] Health and Welfare Department. <https://www.mohw.go.kr/>
- [10] National Statistical Office. <http://www.kostat.go>.