

02 December, 2019

Public Management

#10 Administrative evaluation and governance
(modelling and practicing)

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Today's goal

- Understand typical modelling of evaluation for public management activities
- Exercising evaluation through using case data

Basic idea of cost-effectiveness

Two ways of CEA(Cost Effectiveness Analysis)

Alternatives plan A(existing procedure) and B(new procedure)

① Cost Effectiveness Ratio (CER):

$$= \frac{\text{Cost (B)}}{\text{Outcome (B)}} \quad \frac{\text{Cost (A)}}{\text{Outcome (A)}}$$

② Incremental Cost Effectiveness Ratio (ICER):

$$= \frac{\text{Cost (B)} - \text{Cost (A)}}{\text{Outcome (B)} - \text{Outcome (A)}}$$

Other type of modeling public performance evaluation

Execution management

Typical situation : decision whether A public services should be continued or quit

Ex) Should local government keep owing dormitory of public college?

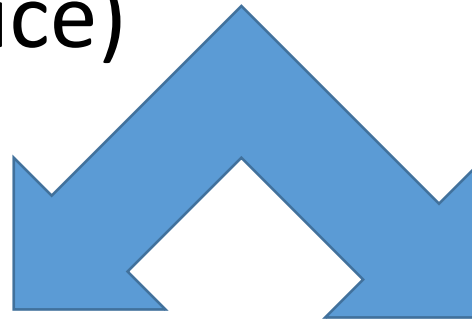
tariff		breakfast	lunch	dinner	sheets	total
	¥	500	600	1,200	300	2,600

Number of user and cost		2010	2012	2014	2016	2018
	No.of user	3,866	3,840	3,624	3,410	3,261
	cost per se(¥)	9,179	9,320	10,435	10,930	10,298

This dormitory provide nearly ¥10000 hotel services by only ¥2600 charge.



Cost of ¥10000 by tax could be compared to other private service (e.g. hotel service)



If it could be substituted by other hotel service around or under ¥10000, this dormitory service may not be sufficient.

If it could not be substituted other hotel service, or price of hotel may tremendously be high, this dormitory service should keep going.

Benchmarking

Assessing appropriateness of public services provision

Ex) Is provision of Nursery service sufficient ?

Cities	Number of nursery service	number of children per N.S
Senboku	197	94.1
Hakusan	183	117,6
Hida	259.1	82.1
max.	282.2	118.2
	Kochi	Aichi
min.	69.6	71
	Kanagawa	Miyazaki

If you want to identify the optimality of nursery service provision, you may compare to the most appropriate case or, if it is not available, average number as “benchmark”

Disadvantageous feature of benchmarking

The benchmarking is applicable when objected issues are “controllable” by public authority. If not, benchmarking is not applicable as evaluation method

<Example>

Safer community establishment

Candidates of benchmarking	Controllability
Penetration of LED light in alleys ("gasse")	
Ratio of using stimulant drug	
Ratio of child abuse and DV in family	

Strategic planning

Extracting “problem” in public services and anticipating duration and costs for making-up such problems

Ex) Recruiting and fostering human resources with high IT capability in public hospitals

Policy objective	Present situation	Outcome	Expected duration for getting outcome	Expected budget
Over 10 administration staff with high IT capability are working in public hospital	Only two administration officers are working as IT section	Recruit at least 6 to 8 officers who have higher IT knowledge and skill	1 year	¥50~ 80 million per year

KPI= Key Performance Index

Measurable value that demonstrates how efficiency a organization is achieving key business objectives.



In order to extract best practice in public hospitals, how many number of IT capable officers are needed should be assessed.

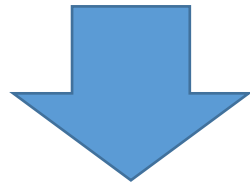
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If you settle the expected duration and costs, evidence whether these settled terms and costs might be reasonable and effective are required.



Benchmarking would be employed in order for determining whether the target goal of duration and costs might be reasonable.