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Interdisciplinary Information Sciences

Volume 15

Number 2

Page range 243-250

Year 2009-09-04

URL http://hdl.handle.net/10097/45584

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Received June 2, 2009; final version accepted June 24, 2009

Nearly 15 years have passed since the evaluation system in Japanese local government was introduced as a tool of administrative reform. However, there is still little empirical research on the effectiveness of evaluation systems. Our purpose in this paper is to verify quantitatively the effects that evaluation systems have on the quality of administrative services. We compare the size of this impact with that of other systems. Based on a discussion of recent governance, we analyze these effects in terms of efficiency and transparency in local governments. The dependent variable is the "Administrative service degree" taken from data at the city and special ward levels for fiscal year 2006. Using an ordinary least squares regression analysis, the predictor variables include the introduction of evaluation systems and making the balance sheet, evaluation results, and committee meeting minutes publicly available. We found that the introduction of evaluation systems and the appointed provider systems, and making the results of evaluations and all committee meeting minutes public, contributed to the improvement of administrative services. Moreover, the effect of the appointed provider systems was larger than that of introducing evaluation systems.

KEYWORDS: Introducing Evaluations, Making Evaluation Results Available to the Public, Administrative Reform, Governance

1. Evaluation Systems as Tools of Administrative Reform

Nearly 15 years have passed since the Mie Prefecture introduced a project performance evaluation system in 1995. The number of local government areas in Japan that have introduced similar evaluation methods has increased substantially. According to an investigation undertaken by the Ministry of Internal Affairs and Communications in October 2008 (released March 2009), evaluation systems have been introduced in all prefectures and ordinance-designated cities. Evaluation systems were introduced in 95% of heartland cities, 91% of specially designated cities, 65% of other cities and special wards, and 25% of towns and villages. Overall, 846 local governments (45.6%) introduced systems to evaluate administrative activities. Evaluation systems are expected to be introduced in those areas not currently using them.

What was the purpose of the evaluation system when it was introduced? Its purpose was to aid administrative reform. Specifically, it highlighted the responsibility of local governmental administrations to examine the effectiveness of their policies (Furukawa and Kitaogi 2004). Because of the combined effects of decentralization and deteriorating fiscal conditions, more-efficient government and privatization of the public sector have been advanced. In the past, the government in Japan overemphasized budgets and plans and neglected reviews of their effectiveness. Those who proposed changes were not responsible for planning or implementation. Changing the consciousness of administrative personnel to have the same sense of responsibility as those they served was indispensable in making local governments more open. Thus, the purposes of evaluation systems were to change the consciousness of government personnel, increase the accountability of local governments, and improve administrative efficiency. Evaluation systems became an important tool for the reform of government administration.

Much research on the evaluation of local governments has been done in parallel with the evaluations. Researchers used theoretical approaches (for instance, Yamaya 1997) drawn from both scientific theory and business theory (Furukawa and Kitaogi 2004) and intended to advance government (Takayose 1999; Umeda 2000). Much literature exists on the problems of government, and solutions are presented based on the current state of the local government as seen in these evaluations (Furukawa 2001; Ono 2002; Ueyama 2002). A guide produced for the introduction of government evaluations assumed municipal personnel as its audience (Shinseiki Jichi Kenkyukai 2000; Ono and Tabuchi 2001), and a research study even exists on evaluations that address this focus on local government personnel (Furukawa 2003; Yokoyama 2003; Yokoyama 2008). Recently, selected research examined the utility of government evaluations. This work was used to verify the effectiveness of clerical work project evaluations from the viewpoint of cost efficiency improvements (Miyazaki 2004). Yokoyama (2006) established that evaluation systems had a quantitative effect, improving administrative service during the years when they were introduced. Tanaka
(2008) investigated the effects of evaluations in 2006 and, as a result, is pressing for the checking of municipal systems and operations.

However, relatively little research addressed concerns about whether evaluations are really useful for local governments. What has been the influence of introducing evaluation systems?

The introduction of evaluation systems was not the only component of administrative reform. The disclosure of administrative information was encouraged for the sake of government transparency. Many municipalities opened the activity of affiliated associations and the minutes of the assembly to the public. Moreover, because the efficiency of administrative service has improved, there has been a movement to consign work traditionally done by the administration to outside providers. Appointed provider systems and GOCO (Government Owned Contractor Operated) systems are examples of this movement. How does the influence of evaluation compare with the influence of these other systems?

Therefore, it is appropriate to focus on the influence of evaluation systems (which is measured quantitatively in this paper) relative to the influence of other systems of administrative reform. In this article, impacts on administrative service are verified. Concretely, the dependent variable is assumed to be “Administrative service degree,” using data at the city and special ward levels from fiscal year 2006. Dummy variables for the introduction of the evaluation system, etc., were used as independent variables, and an ordinary least squares regression analysis was done. “Administrative service degree,” other variables, and the data are described in the next section.

The structure of this paper is as follows. The analytical framework is presented in the next section, and the purpose of the analysis is reiterated. Next, we explain the municipal data, and the variables used. The estimation method and results are described in Section 3. The conclusion and problems for future research are described at the end of Section 4.

2. Analytical Framework and Data

2.1 Analytical Framework

The purpose of this paper is to analyze empirically the influence of evaluation systems and other systems on the administration of public service. Here, we want to add a brief examination of the administrative service that will be used as a dependent variable.

For the sake of clarity, Osborne and Gaebler divide the provision of public services into two categories, “steering” and “rowing” (Osborne and Gaebler 1992). They negatively catch the role of the nation and the government. They suggest that the public sector steers; that is, the public sector is the catalyst. They further suggest that the public’s opinion should be valued and that the administration of services should be decentralized to allow the greater involvement of regional society. Such a “reinventing government” is the ideal way of “governance.”

Recently, governance has been actively discussed in the social sciences. The interaction of public and private matters in the public sector, enterprises, civic groups, and the networks has all been discussed. In addition to the distinction between steering and rowing, researchers are also suggesting new forms of governance that differ from the typical hierarchical order of civil society (for instance: Rhodes 1997; Kooiman 2000). As for the definition and purpose of governance, the participation of various actors in the decision process and in the implementation of policy is discussed with respect to the provision of public services. Yamamoto (2004) considers governance by the local government, the private sector, the citizens, and the communities to be “local governance.” Moreover, according to Yamamoto (2004), these three actors and the state cooperate in a form of “co-governance.”

To understand the influence that evaluation systems have had in reforming the administration of public services, two concepts are important. The first is efficiency, which has been central to the reform of administrative organization and management in Japan (Masujima 1996). One measure of efficiency is cost. As we saw in Section 1, one of the purposes of evaluation systems was to improve efficiency. The result of an evaluation might be to identify the cost effectiveness of the administration of services to help settle on a budget. One way to understand the entire financial picture is to examine the balance sheet from an evaluation at the macro level. However, the balance sheet shows assets, debts, and net assets at the time of constant, and stays in showing the fiscal structure. The administrative cost statement clarifies costs and the income required to supply services in the fiscal year concerned. The balance sheet and the administrative cost statement show the efficiency of an administrative activity and are important pieces of information in assessing “good” service supply.

Moreover, to improve efficiency, the management of services and public facilities includes appointed provider systems, for instance. This system was installed by the partial revision of the Local Autonomy Act in 2003, opening the way for the private sector, NPOs, and citizen groups to participate in the management of “public facilities,” which was previously limited to local governments and affiliated associations. Efficiency improvement is also necessary in administrative organization. A good example is the staff proposal system. This system solicits opinions and ideas from the staff. The main purpose is to use staff knowledge and to motivate them to improve efficiency.

The second concept that will help us understand the influence that evaluation systems have had in reforming the administration of public services is transparency. If actors such as private entities, citizens, and NPOs are involved in the provision of public services, then that information should be widely known and shared by all actors. Having that
knowledge allows actors to participate in the administration of services when new problems arise. The range and the content of information available to the public vary, although the freedom of information ordinance is now in effect in many local governments. The use of electronic information has facilitated public access. Moreover, opening to the public the minutes of the local councils where political decision making takes place is also an index of transparency.

In this paper, we analyze the influence that evaluation systems have in terms of the efficiency and transparency of the administration of public services.

2.2 Data and Analysis Objectives

In this paper, we use the “Administrative service degree” developed by Nihon Keizai Shimbun, Inc., and the Nikkei Research Institute of Industry and Markets (2006) as an index of the quality and level of administrative services provided by a local government. This value is based on the “Administrative comparison investigation of cities and special wards” for public utility charges, welfare for the aged, child-care environments, education, and infrastructure maintenance (five fields, 30 items). This index was considered a score. Naturally, public service is wide ranging, and this “Administrative service degree” is not comprehensive. However, public service is multilaterally examined here. This index provides a suitable proxy variable that captures many of the realities of the administration of public services. Moreover, the utility charge, one of the more valuable individual data points to be obtained in cities and special wards, is included in this index. We used data from 2006, the most recent available data at the time this paper was written. Many researchers have used the “Administrative service degree” as a measure of the administration of public services (Hayashi 2005; Akai 2006; Yokoyama 2006).

Independent variables for this research are drawn from assorted traits of the “Administrative reformation level” by “Administrative comparison investigation of cities and special wards,” which were previously enumerated. The “Administrative reformation level” is an index based on a 78-item survey of four reform elements: transparency, efficiency, citizen participation level, and convenience. The independent variables for the efficiency and transparency models were determined using items obtained from the data of this investigation.

Evaluation systems are assumed to contribute to increased efficiency. The introduction and trial phases of the evaluation systems are analyzed separately here, which differs somewhat from Yokoyama’s (2006) procedure. To understand how influential evaluation systems are, the balance sheet and administrative cost statements, appointed provider systems, and staff proposal systems are included as independent variables in the model. Concretely, the “Introduction dummy variable” was set to 1 for local governments that introduced evaluation systems, and to 0 for those that did not introduce evaluation systems. Similar dummy variables were constructed for other systems related to transparency, including the public availability of the electromagnetic record, the activity of affiliated associations, overall minutes, and minutes of only the council. These dummy variables were scored as 1 or 0 for local governments that did or did not make these pieces of information publicly available, respectively.

In addition, there was a set of population-related independent variables, including the relative sizes of the younger population, elder population, secondary industry population, and tertiary industry population, which indicated the scale and character of the local government relative to the broader region. The total annual expenditure per resident was added as a finance variable, and the number of administrative staff per resident was included as a variable to indicate the size of the local government. These were the control variables used in both models. The data used for the analysis are summarized in Table 1.

Only governments that answered the “Administrative comparison investigation of cities and special wards” survey for fiscal year 2006 were used in this analysis. The district is different the missing value is different in this text a lot of numbers of samples from 764 cities though the district answers “administrative reformation level” as 763 cities according to the variable according to the analysis. The number of samples used for each analysis result is clearly indicated.

<table>
<thead>
<tr>
<th>Introducing Evaluation</th>
<th>46.9</th>
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<tbody>
<tr>
<td>Trying Evaluation</td>
<td>19.9</td>
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<tr>
<td>Making Balance Sheet</td>
<td>77.6</td>
</tr>
<tr>
<td>Making Administrative Cost Statements</td>
<td>50.5</td>
</tr>
<tr>
<td>Introducing Appointed Provider Systems</td>
<td>96.8</td>
</tr>
<tr>
<td>Introducing Staff Proposal Systems</td>
<td>73.1</td>
</tr>
<tr>
<td>Making Evaluation Results Available to the Public</td>
<td>58.1</td>
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<tr>
<td>Electronic Information Available to the Public</td>
<td>93.0</td>
</tr>
<tr>
<td>Activity of the Affiliated Association Available to the Public</td>
<td>61.5</td>
</tr>
<tr>
<td>Minutes of All Committee Meetings Available to the Public</td>
<td>36.9</td>
</tr>
<tr>
<td>Minutes of Only the Council the Public</td>
<td>53.5</td>
</tr>
</tbody>
</table>

Source: Created by author based on “Administrative comparison investigation of cities and special wards.”
2.3 Execution Condition

Table 2 shows the number of local governments that introduced evaluation systems and the number that made information available to the public. Nearly 47% (46.9%) of local governments introduced evaluation systems. On the other hand, 19.9% of local governments were in the trial stage. In addition, 58.1% of local governments that implemented evaluation systems also opened the results of the evaluation to the public. It is execution ratio (93.0%) of disclosing execution ratio (96.8%) of the appointed provider systems and electronic information height that the feature. As for opening the minutes to the public, the percentage of local governments that opened their plenary session minutes and all committee meeting minutes to the public (36.9%) is a little low compared with the execution ratio and other system results.

3. Empirical Analysis

3.1 Estimation Method

In this paper, the influence of evaluation systems on administrative activity is measured by the dependent variable, “Administrative service degree,” as predicted by dummy variables for the implementation of the systems, the introduction of the evaluation system, and the availability of the evaluation results to the public. Concretely, when public service is measured as mentioned above, two models are used to predict the quality of public service: an efficiency model and a transparency model. All of the control variables mentioned previously are used in both models. OLS (ordinary least squares) is used as methods of analysis.

By increasing the number of explanatory variables included in the estimation case, we can check the robustness of estimation results. Therefore, we have estimated several cases, each with a different number of independent variables. Between independent variables, there is no multicollinearity problem.

3.2 Estimation Results

The estimation results are summarized in Tables 3 and 4. First, we examine the estimation results of the efficiency model. The question is whether introducing evaluation systems, making the administrative cost statement, and introducing appointed provider systems influences the degree of administrative service. Any variable that was statistically significant was included, and robust results were estimated. Coefficients were all positive, and these systems: to improving administrative service. Unlike the introduction phase of the evaluation systems, the trial phase variable was not significant. This result is similar to the literature (Yokoyama 2006), indicating that the introduction of evaluation systems contributes to the improvement of administrative services. The coefficients for the introduction of evaluation systems (3.476–4.748) were smaller than those for the introduction of appointed provider systems (case 4: 5.319, case 5: 5.318), but they were still relatively high. Thus, the effect of introducing appointed provider systems on the quality of administrative services is larger in this case than the introduction of evaluation systems.

Turning to the estimation results for the transparency model (Table 4), two variables were statistically significant: making evaluation results and the minutes of all committee meetings available to the public. The coefficients for both variables were positive, indicating improved administrative service with greater transparency. There were not large
differences between coefficients for the “increased availability of evaluation results” variable across cases (case 5: 3.437, case 2: 3.666). On the other hand, the coefficients of the “making all meeting minutes available” variable were very different across cases (case 4: 2.575, case 5: 6.398). Although the change in coefficients across cases suggests that the “making all meeting minutes available” variable was somewhat unstable, not all possible cases are shown in Table 4. Therefore, we were able to confirm that the increased availability of evaluation results had a positive effect on the quality of administrative services equal to the effect that the introduction of evaluation systems had in the efficiency model. However, we were unable to compare directly the effects of making evaluation results available versus making all committee meeting minutes available because of instability in the latter variable.

Among the control variables, only the population sizes of the younger and elder generations were significant for both models, whereas the total annual expenditure and the number of staff were each significant in one model. Except for the annual expenditure, the coefficients of these variables were negative, indicating that as they increase, the quality of administrative services declines. No clear effects of the scale of local government or regional character were seen. However, one interesting result was that as the number of a local government’s administrative staff per resident increased, the lower the quality of administrative services became.

4. Conclusion and Future Research

Our purpose in this paper was to verify quantitatively the impact of evaluation systems on the administrative services of local governments in Japan. Separate models were assessed for systems that improved the efficiency of administrative services and systems that increased the transparency of local governance. We found that both introducing evaluation systems and making the results of evaluations public improved the quality of administrative
services. These results indicate that evaluation systems are useful tools for administrative reform. It can be said that it is limited, and this result offers a constant finding to the theory and the practice of the evaluation on the inside with the discussion of doubting the meaning of opening effectiveness and the evaluation result of the evaluation system to the public, too. We also found that the introduction of appointed provider systems had a greater impact on administrative services than did the introduction of evaluation systems. Appointed provider systems allow for efficient, immediate public management, as in the private sector.

Moreover, such systems can realistically hope for reductions in labor costs. Do these results mean that the effect of evaluation systems is indirect or remote relative to the effect of appointed provider systems? The present analysis does not answer that question; nor does it tell us why the public availability of evaluation results contributes to the improvement of administrative services. As for the appointed provider systems, finding the path of their impact is the next research question. Time series analyses might be needed to trace the path. Making the balance sheet and the administrative cost statements that is assumed the system that presses the improvement of the efficiency of the administrative service, considering the point of length of the time passage and the period and turned on also has the possibility that the result has not expressed it yet now.

There is still research to be done. First, we should do a more extensive analysis. We are almost abstracting contents of the system in the analysis in this paper. Moreover, the question of whether the system actually functions is not considered at all. For a transparency model, this might mean that although information is made available, people do not (or are not able to) use it. Second, in future research, the concept of government should be expanded. In this paper, the city and special ward levels were the object of analysis. However, towns and villages are naturally included in local governments. We might have found different results if we had used a broader scale of local government, even using the same analytical model. We want to include towns and villages in future research, although the data are limited.

<table>
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<th>Table 4. Estimation Results (Transparency Model).</th>
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<tr>
<td>Case 1</td>
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<tr>
<td>Making Evaluation Results Available to the Public</td>
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<tr>
<td>Electronic Information Available to the Public</td>
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<tr>
<td>Activity of the Affiliated Association Available to the Public</td>
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<td>Minutes of Only the Council the Public</td>
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<tr>
<td>Population</td>
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<tr>
<td>Size of Younger Generation</td>
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<tr>
<td>Size of Elder Generation</td>
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<tr>
<td>Per-capita Annual Expenditure</td>
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<tr>
<td>Rate of Tertiary Industry Population</td>
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<tr>
<td>Per-capita Administrative Official</td>
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<td>Rate of Tertiary Industry Population</td>
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<td>Per-capita Administrative Official</td>
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<tr>
<td>Constant</td>
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<tr>
<td>Adj. R-square</td>
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<tr>
<td>Number of Observations</td>
</tr>
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</table>

Note 1: The values in italic face are standard errors. *p < 0.05, **p < 0.01
Note 2: † is the value that multiplies 1000 coefficients.
Source: The author

Notes
1 “Investigation concerning approach situation of evaluation system in local government (Chihokokyodanntai ni okeru gyosei hyoka no torikumi jokyo shirabe).”
2 The ratio for the past fiscal year shows that 5.9% of cities and special wards and 4.2% of towns and villages introduced evaluation systems in municipal districts (Ministry of Internal Affairs and Communications 2009).
3 There are various purposes behind introducing evaluation systems, but these three are the most common (Yokoyama 2008).
4 These are put together on market testing, etc., and the system described by Yamamoto (2007) is assumed to be the one included in the PPP (Public Private Partnership) scheme.
5 “Governance” is a polysemous and extremely technical term. It is used here similarly to Rhodes (1997), Hirst (2000), and Peters and Pierre (2004).
6 In corporate balance sheets, it is common to use a concept such as “assets — debts = net assets.”

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