

Research Project (Draft Proposal)

“Quantitative model building and comparative research to evaluate the impact of different business and governance schemes on value creation by municipality enterprises in Japan and Germany”

2018~2020

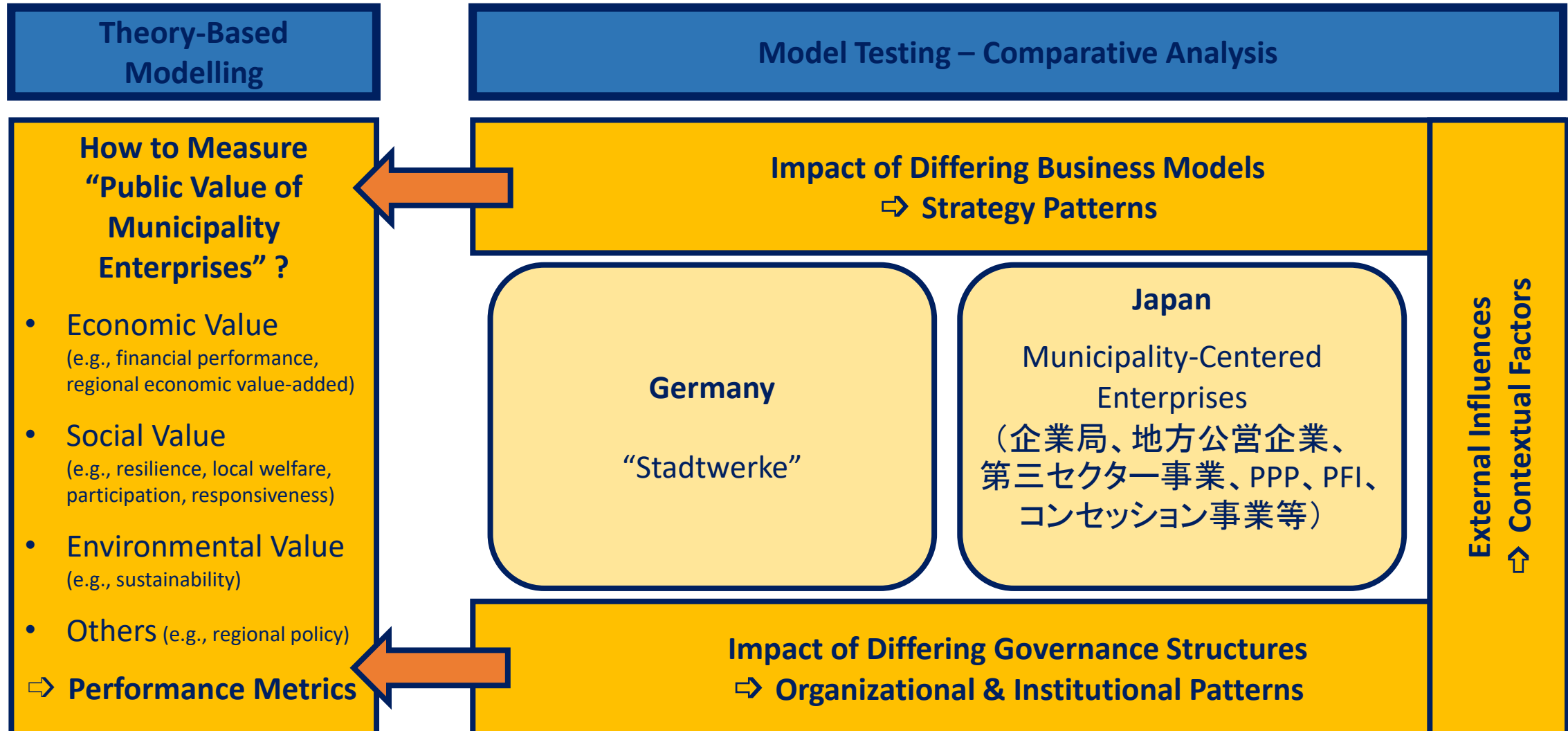
Prof. Dr. Jörg Raupach-Sumiya

Key Research Question: *“How to evaluate and compare in a quantifiable and integrated manner the impact of differing business and governance schemes for municipality-centered enterprises in respect to the generation of comprehensive value for citizens and communities?”* → **Basic Notion**

- Mandate of public enterprise differs from private enterprise
 - aiming for **citizen satisfaction** and desired **social outcomes**
- Customers of public enterprises differ from private enterprises
 - **individual citizen** and **collective society**
- Nature of performance by public enterprise differs from private enterprise
 - contribution to **individual citizen** and **collective society**

 **Public Value: Theoretical Foundations & Practical Application ?**

Key Research Question: *“How to evaluate and compare in a quantifiable and integrated manner the impact of differing business and governance schemes for municipality-centered enterprises in respect to the generation of comprehensive value for citizens and communities?”*



Theoretical Foundations for Modelling “Public Value”

Economics

- “Public Good”
- “Common Social Capital”
(社会的共通資本) (宇沢弘文)
- “Theory of the Commons” / (E. Ostrom, D. Bollier, C. Felber, S. Helfrich, 細野助博)

Political Science

- “The Common Good” (A. Etzioni)
- „Daseinsfürsorge“ (生活権)
- “Public Space” (公共圏・公共空間)
(船橋晴夫)
- “Sustainable Development Goals”
(SDG’s)

Modelling & Measuring “Public Value”

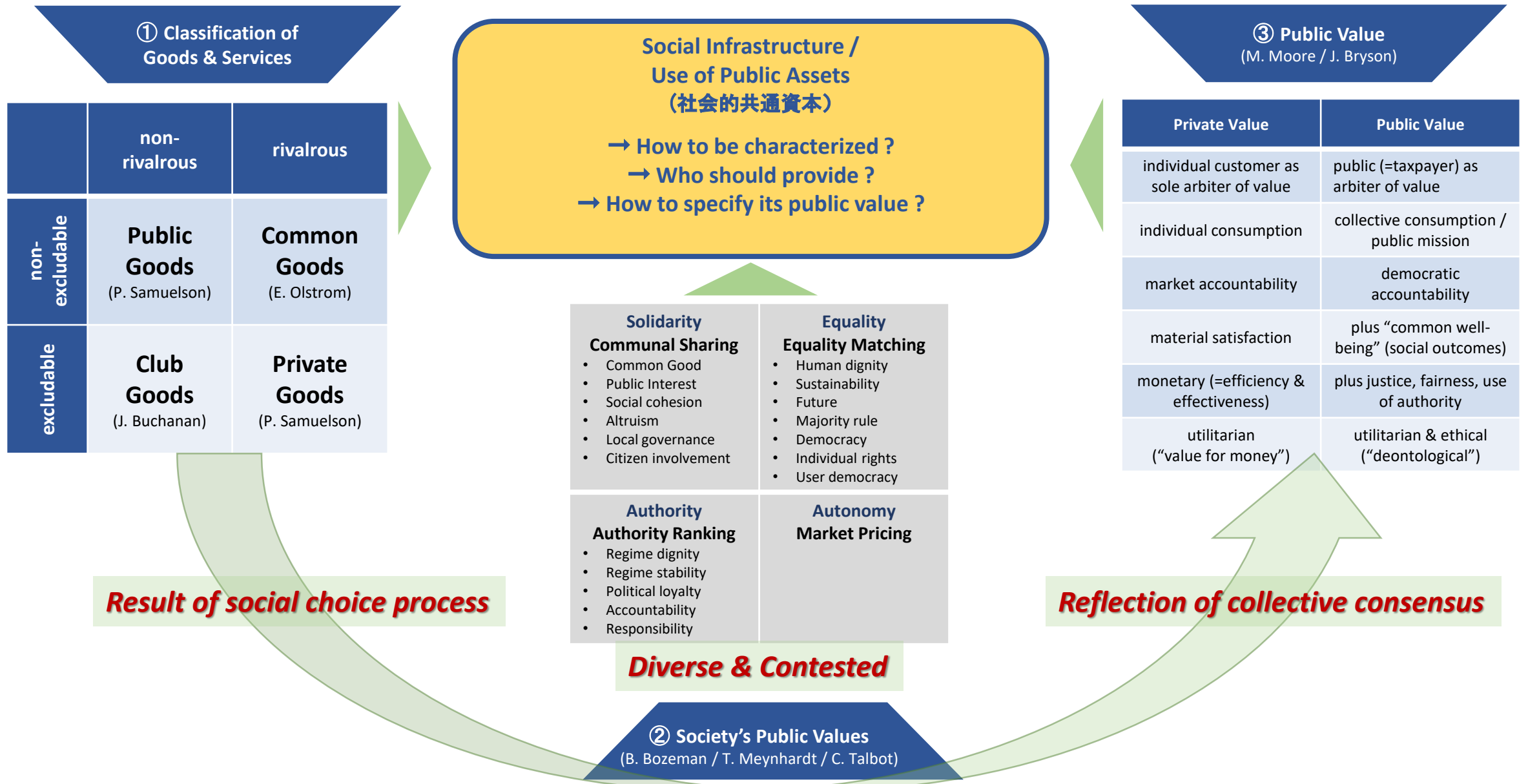
Public Management Theory

- “Performance Management”
(C. Talbot)
- “New Public Management”
- “Public Value”
(M. Moore, B. Bozeman, M. Cole, J. Bryson)
- “Citizen Value” (Wuppertal Institut)
- “Public Private Partnership
公民連携論 (東洋大学、龍谷大学)

Strategic Management

- “Creating Shared Value”
(M. Porter, M-K. Ahrend)
- “Collaborative Value-Added”
(T. Redlich)

Theoretical Foundations: “Defining Public Value of Social Infrastructure?”



Theoretical Foundations: “Typology of Goods & Services ?”

① Classification of Goods & Services

	non-rivalrous	rivalrous
non-excludable	Public Goods (P. Samuelson)	Common Goods (E. Ostrom)
excludable	Club Goods (J. Buchanan)	Private Goods (P. Samuelson)

D. Bollier/S. Helfrich, *The Wealth of the Commons*”

- “Common goods are elementary to our life and meet basic necessities of life.” → “*Theory of Basic Needs*”
 - Excludability of a good is determined by social process: “A common good is not non-excludable *per se*, but *given* this characteristic; common goods are *created* through choice of society.”
 - “Common goods exist only if we produce them – and will remain only if we take care of them.”
 - Degree of rivalry determines usage rules:
 - ① non-rival goods → open access
 - ② rival goods → restrictions to access
- problem of efficiency
- problem of market failure (e.g., externalities, natural monopolies, imperfect information)
- problem of overuse (“tragic of the commons”)
- problem of underuse (“tragic of the anti-commons”)

Theoretical Foundations: “Typology & Inventory of Public Values ?”

② Public Values (B. Bozeman)

B. Bozeman: “Public Failure Theory”

- “Public values constitute the normative consensus about the rights, benefits and prerogatives to which citizens should (or should not) be entitled, about obligations of citizens to society, the state, and to one another and about the principles on which government and policies should be based.”
- “If society expresses consensus on a certain value and this value is not achieved, then a public failure has occurred.”
- Public Value Mapping
 - set of 10 public values criteria
 - 7 categories for inventory of public values
 - Public Value Mapping

② Public Values (T. Meynhardt)

T. Meynhardt, “Psychological Roots of Public Value Creation”

- “Public value creation is situated in relationships between the individual and ‘society’, founded in individuals, constituted by subjective evaluations against basic needs, activated by and realized in emotional-motivational states, and produced and reproduced in experience-intense practices.”
- Value exists in relationships: *“Value is a result of a relationship between a subject that is valuing an object and the valued object...A value can become objective if different subjects share a valuation...Public value can be seen as a shared or collectively held value about the quality of a relationship involving the public.”*
- The public is inside: *“There is no objective public dimension, independent of subjective meaning...‘The public’ takes on different shapes...There can be different ‘publics’.”*
- Public Value is grounded in basic needs: *“Public value is bound to subjects’ needs (individuals, groups)...Needs concern deficits between an actual and desired psychological state that results in a motivation to act.”*
 - moral-ethical: need for positive self-evaluation (e.g. functioning of community, human dignity)
 - hedonistic-aesthetic: need to maximize pleasure and avoid pain (e.g. sports or cultural events)
 - utilitarian-instrumental: need to pertain control and coherence in means-to-end relationships (e.g. ‘value-for-money of public service)
 - political-social: need for positive relationships (e.g., solidarity, cooperation, inclusion)
- Public Value Creation: Perceived – not delivered- and relative / dynamically produced and reproduced: *“There is no public value without human appraisal...Public value is the combined view of the public about what they regard a valuable...Public value is a linkage mechanism that helps people relate to their wider community and society, and helps organizations identify the potential for gaining and sustaining legitimate action...A value (e.g., sustainability) is only enacted when people integrated associated attitudes in their mindsets and behavior.”*

Theoretical Foundations: “Typology & Inventory of Public Values ?”

B. Bozeman / T. Jørgensen

Table 1.2. Elicited public values, by category

Value Category	Value Set	Closely Related Values	Value Category	Value Set	Closely Related Values
Public sector's contribution to society	Common Good	Public interest Social cohesion	Intraorganizational aspects of public administration	Robustness	Adaptability Stability Reliability Timeliness
	Altruism	Human dignity		Innovation	Enthusiasm Risk readiness
	Sustainability	Voice of the future		Productivity	Effectiveness Parsimony Businesslike approach
	Regime dignity	Regime stability		Self-development of employees	Good working environment
Transformation of interests to decision	Majority rule	Democracy Will of the people Collective choice	Accountability		Professionalism Honesty Moral standards Ethical consciousness Integrity
	User democracy	Local governance Citizen involvement			
	Protection of minorities	Protection of individual rights			
Relationship between public administrators and politicians	Political loyalty	Accountability Responsiveness	Relationship between public administration and the citizens	Legality	Protection of rights of the individual Equal treatment Rule of law Justice
Relationship between public administrators and their environments	Openness/secretcy	Responsiveness Listening to public opinion			
	Advocacy/ neutrality	Compromise Balance of interests		Equity	Reasonableness Fairness Professionalism
	Competitiveness/ cooperativeness	Stakeholder or shareholder value		Dialogue	Responsiveness User democracy Citizen involvement Citizen self-development
				User orientation	Timeliness Friendliness

Source: Torben Beck Jørgensen and Barry Bozeman (2007), “Public Values: An Inventory,” *Administration and Society* 39 (3): 360–61. Copyright Sage Publications. Reprinted with permission of the authors.

Theoretical Foundations: “Typology & Inventory of Public Values ?”

Table 1.1. Public values criteria

Criterion	Definition	Illustration of Public Value Failure and Success	Criterion	Definition	Illustration of Public Value Failure and Success	Criterion	Definition	Illustration of Public Value Failure and Success
<i>Creation, maintenance, and enhancement of the public sphere</i>	<p>As a <i>public value</i>: open public communication and deliberation about public values and about collective action pertaining to public values.</p> <p>As a <i>public value enabling institution</i>: the space, physical or virtual, in which the realization of the public sphere value occurs.</p>	<p>Failure: An authoritarian regime seizes control of the Internet or other social media in an effort to exert control of protestors and thereby thwarts open public communication.</p> <p>Success: A deliberative democracy group is established to bring together diverse stakeholders in a local environmental dispute and these stakeholders engage in free and open public values-related communication.</p>	<i>Imperfect public information</i>	Similar to the market failure criteria, public values may be thwarted when transparency is insufficient to permit citizens to make informed judgments.	<p>Failure: Public officials developing national energy policies in secret with corporate leaders of energy companies.</p> <p>Success: City councils' widely advertised and open hearings about proposed changes in zoning.</p>	<i>Time horizon</i>	Public values are long-term values and require an appropriate time horizon. When actions are calculated on the basis of an inappropriate short-term time horizon there may be a failure of public values.	<p>Failure: Policy for waterways that consider important issues related to recreation and economic development but fail to consider long-term implications for changing habitat for wildlife.</p> <p>Success: Measures taken to ensure long-term viability of pensions.</p>
<i>Progressive opportunity</i>	An “equal playing field” is less desirable than collective actions and public policies addressing structural inequalities and historical differences in opportunity structures.	<p>Failure: “Merit-based” policies that fail to distinguish the effects of opportunity structures on achievement.</p> <p>Success: Compensatory education programs.</p>	<i>Distribution of benefits</i>	Public commodities and services should, <i>ceteris paribus</i> , be freely and equitably distributed. When “equity goods” have been captured by individuals or groups, “benefit hoarding” occurs in violation of public value.	<p>Failure: Restricting public access to designated public use land.</p> <p>Success: Historical policies for the governance of national parks.</p>	<i>Substitutability vs. conservation of resources</i>	Actions pertaining to a distinctive, highly valued common resource should recognize the distinctive nature of the resource rather than treat the resource as substitutable or submit it to risk based on unsuitable indemnification.	<p>Failure: In privatization of public services, contractors have to post bond-ensuring indemnification but provide inadequate warrants for public safety.</p> <p>Success: Fishing quotas or temporary bans allowing long-term sustainable populations of food fish.</p>
<i>Mechanisms for values articulation and aggregation</i>	Political processes and social cohesion should be sufficient to ensure effective communication and processing of public values.	<p>Failure: Combination of US Congress' seniority system and noncompetitive districts leading, in the 1950s, to legislative bottlenecks imposed by just a few committee chairs who held extreme values on civil rights, national security, and other issues.</p> <p>Success: The US Congress seniority system reforms taking into account such factors related to relevant subject matter experience and expertise.</p>	<i>Provider availability</i>	When there is a legitimated recognition about the necessity of providing scarce goods and services, providers need to be available. When a vital good or service is not provided because of the unavailability of providers or because providers prefer to ignore public value goods, there is a public values failure due to unavailable providers.	<p>Failure: Welfare checks are not provided due to a lack of public personnel or failures of technology for electronic checking transactions.</p> <p>Success: Multiple avenues for rapid and secure delivery of income tax refunds.</p>	<i>Ensure subsistence and human dignity</i>	In accord with the widely legitimated Belmont Code, human beings, especially the vulnerable, should be treated with dignity and, in particular, their subsistence should not be threatened.	<p>Failure: Manmade famine, slave labor, and political imprisonment.</p> <p>Success: Institutional review boards' protections of “vulnerable populations,” including children, prisoners, and the mentally ill.</p>
<i>Legitimate monopolies</i>	When goods and services are deemed suitable for government monopoly, private provision of goods and service is a violation of legitimate monopoly.	<p>Failure: Private corporations negotiating under-the-table agreements with foreign sovereigns.</p> <p>Success: Uses of patent policy in allocating intellectual property rights.</p>						

Source: Barry Bozeman and Japera Johnson (2014), “The Political Economy of Public Values: A Case for the Public Sphere and Progressive Opportunity,” *American Review of Public Administration* 45 (1): 7–8. Copyright 2014 by the authors. Reprinted with permission of the authors.

B. Bozeman, “Public Failure”

Theoretical Foundations: “Typology & Inventory of Public Values ?”

② Public Values

(C. Talbot)

C. Talbot, “Theories of Performance”

- Diverse, contested nature of public values (5 Value-based Theories)
 - “Performance measurement in the public sector raises questions about value and political choice.”
 - “Public values are not uniform, but contested and conflicting”
 - “How we assess the value of an activity depends crucially on how we hold and apply our values”
 - ① Four Culture Theory (Harrison/Handy)
 - ② Cultural Theory (Thompson)
 - ③ Competing Value Framework (Quinn/Cameron)
 - ④ Relational Model (Fiske)
 - ⑤ Reversal Theory (Apter)
- Integrating Framework (based on 5 Value Theories)
 - ① Communal Sharing
 - ② Authority Ranking
 - ③ Equality Matching
 - ④ Market Pricing

Solidarity

Communal Sharing

- Common Good
- Public Interest
- Social cohesion
- Altruism
- Local governance
- Citizen involvement

Equality

Equality Matching

- Human dignity
- Sustainability
- Future
- Majority rule
- Democracy
- Individual rights
- User democracy

Authority

Authority Ranking

- Regime dignity
- Regime stability
- Political loyalty
- Accountability
- Responsibility

Autonomy

Market Pricing

- Communal sharing (CS) – inclination to participate in an organization, community, or other social unit and contribute fully without expectation of equal reciprocal return.
- Authority ranking (AR) – the inclination to assign asymmetrical, linearly ordered authority or status to other individuals based on some criteria such as formal authority, charisma, election, appointment, etc.
- Equality matching (EM) – the inclination to match exchanges with others in an equal manner – hence coin-toss, voting, eye-for-an-eye, rotating credit, baby-sitting coops, etc.
- Market pricing (MP) – the inclination to trade or exchange on the basis of ratios, profits, rents, and prices that benefit the individual.

Theoretical Foundations: “Typology & Inventory of Public Values ?”

Competing Value Framework (Quinn/Cameron)

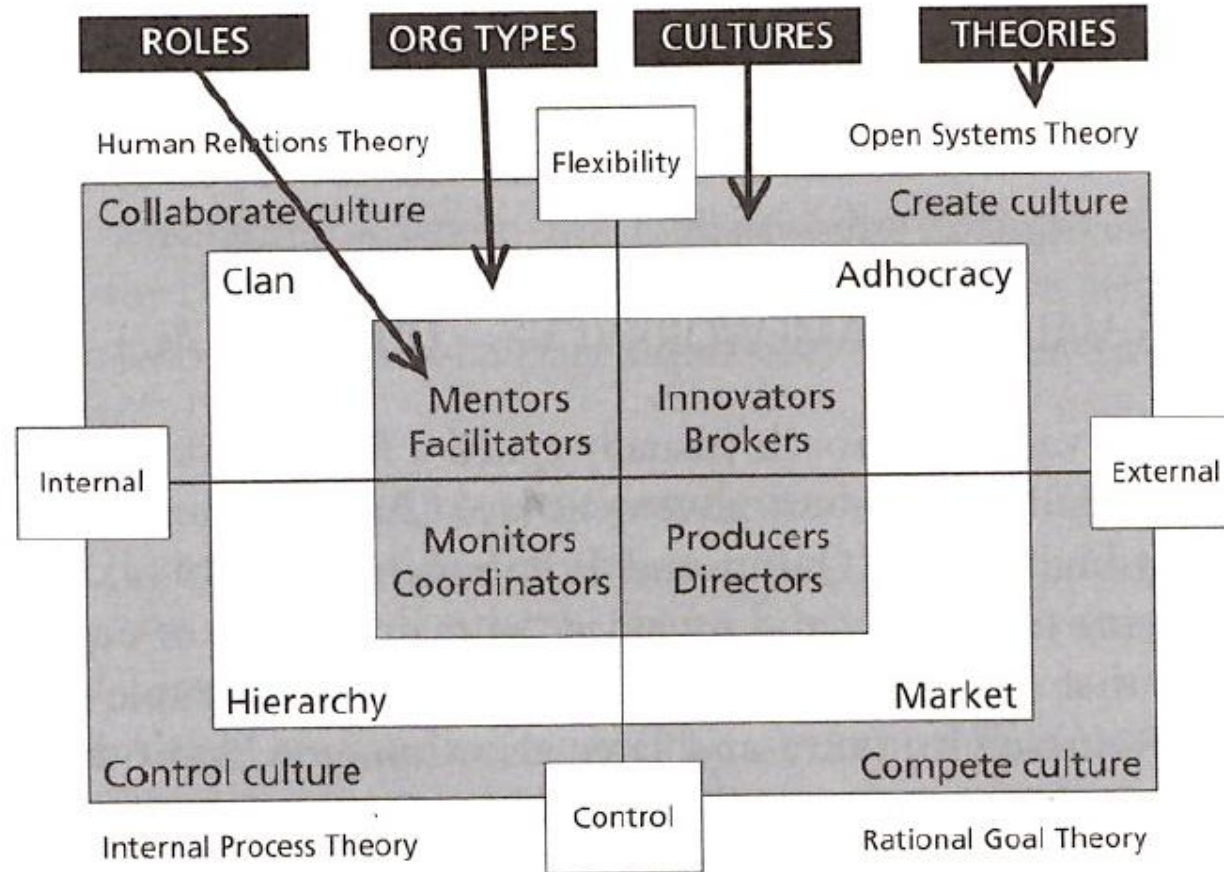


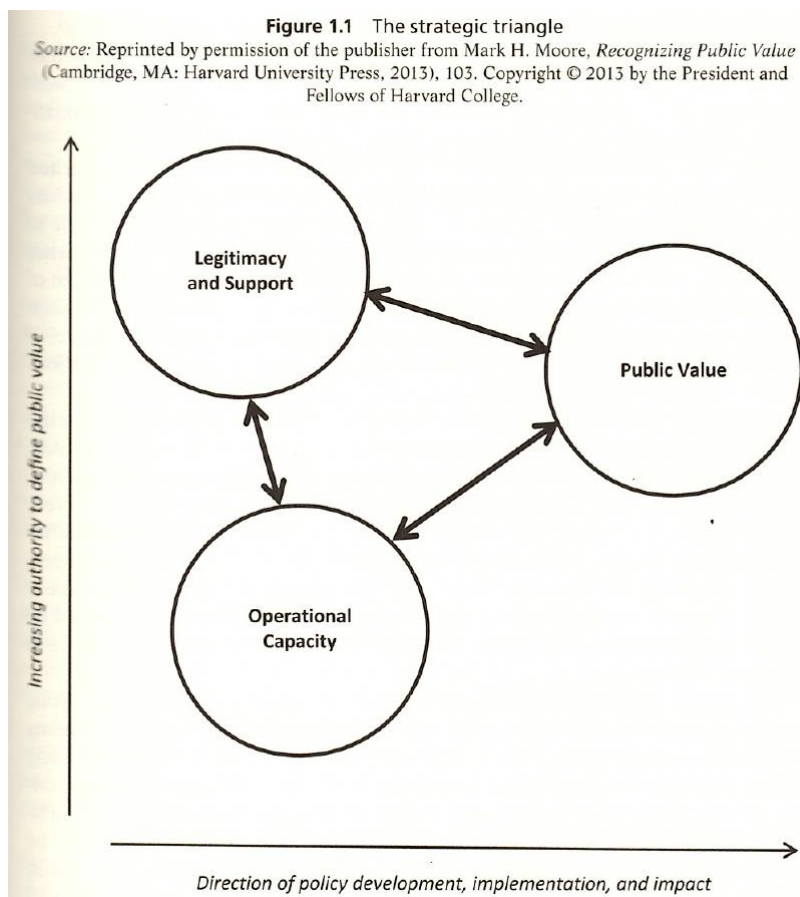
Figure 6.2 Complete CVF Model

Sources: Quinn (1988), Quinn and Cameron (1988), Cameron and Quinn (2006), Cameron et al. (2006), and Quinn et al. (2007).

Theoretical Foundations: “Dimensions of Public Values ?”

③ Dimensions of Public Value (M. Moore)

M. Moore, “Strategic Triangle”



Private Value	Public Value
individual customer as sole arbiter of value	public (=taxpayer) as arbiter of value
individual consumption	collective consumption / public mission
market accountability	democratic accountability
material satisfaction	plus “common well-being” (social outcomes)
monetary (=efficiency & effectiveness)	plus justice, fairness, use of authority
utilitarian (“value for money”)	utilitarian & ethical (“deontological”)

J. Alford

Benefits & costs in respect to

1. “service performance”
(cost, quality, effectiveness, responsiveness)
2. “relationship”
3. “institutional or strategic relevance”

Theoretical Foundations: “Dimensions of Public Values ?”

③ Dimensions of Public Value

(A. Cresswell et. Al))

A. Cresswell et. Al, “Public Value Framework”

1. **Financial:** impacts on current or anticipated income; asset values; liabilities; entitlements; other aspects of wealth; or risks to any of the above.
2. **Political:** impacts on personal or corporate influence on government actions or policy; the stakeholder’s role in political affairs; or influence in political parties or prospects for current or future public office.
3. **Social:** impacts on family or community relationships; social mobility; status; and identity.
4. **Strategic:** impacts on economic or political advantage or opportunities; goals; and resources for innovation or planning.
5. **Ideological:** impacts on beliefs; moral or ethical commitments; alignment of government actions, policies, or social outcomes with beliefs; or moral or ethical positions.
6. **Stewardship:** impacts on the public’s view of government officials as faithful stewards or guardians of the value of the government itself in terms of public trust, integrity, and legitimacy.
7. **Quality of life:** impacts on individual and household health; security; satisfaction; and general well-being.

Theoretical Foundations: “Performance Management & Governance ?”

④ Performance Measurement

(M. Moore / J. Alford)

M. Moore

- Public Value Accounting: 3 features
 - ① assets of government to produce public value incl. authority and money
 - ② incorporating utilitarian standards(e.g., individual satisfaction, social outcomes) and ethical, deontological standards (e.g. justice, fairness)
 - ③ including achievements/ benefits as well as financial costs, unintended consequences and social costs of using state authority
 - delivery of actual public services
 - achievement of desired social outcomes
 - maintenance of trust and legitimacy of public agency
 - willingness of public to sacrifice something for public value
- Public Value Scorecard
 - adopted from Kaplan/Norton, Balanced Scorecard
 - 3 perspectives reflecting Moore’s Strategic Triangle: public value account, legitimacy & support, operational capacity

J. Alford

- Cost, service quality, effectiveness, responsiveness
- 3 dimensions for benefit & costs of Public Value
 - service benefits & costs
 - relationship benefits & costs
 - institutional (or strategic) benefits & costs
- Decision-Making / Option Evaluation: Notion of contingency

④ Performance Measurement

(T. Meynhart)

T. Meynhardt, “Public Vale Scorecard”

- 5 inquiry techniques for developing performance measures
 - ① Prioritizing (e.g. forced ranking)
 - ② Screening
 - ③ Surveying
 - ④ Exploring
 - ⑤ Sensing (e.g., applying linguistic analytics to big data from social media)
- Measuring Public Value along 5 categories (reflecting basic needs)
 - ① utilitarian-instrumental values (1): “Is it useful ?”
 - ② utilitarian-instrumental values (2): “Is it profitable ?”
 - ③ moral-ethical values: “Is it decent ?”
 - ④ political-social values: “Is it politically acceptable ?”
 - ⑤ hedonistic-aesthetic values: “Is it a positive experience ?”
- Assessing associated opportunities and risks

Theoretical Foundations: “Performance Management & Governance ?”

④ Performance Measurement (C. Talbot)

Performance Regimes (“Network Governance”)

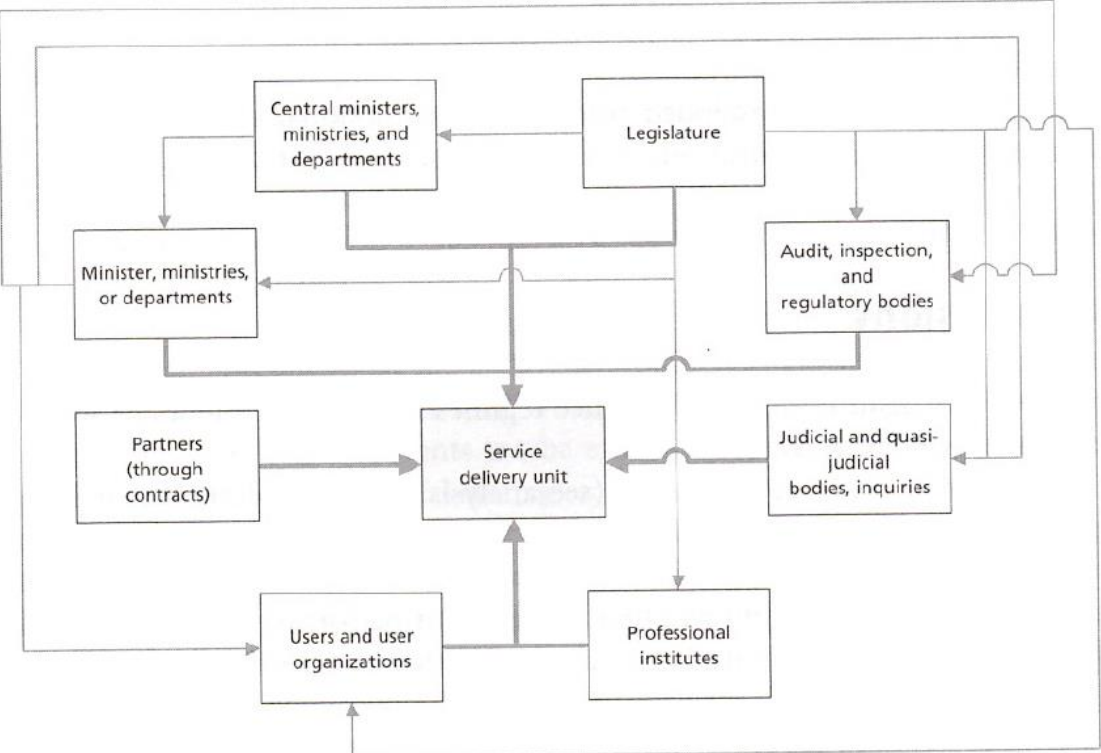


Figure 4.1 Performance Regimes Framework (Heavy lines indicate direct influence, and lighter lines indirect influence, on service delivery unit's performance)

Performance Measurement of Public Agency

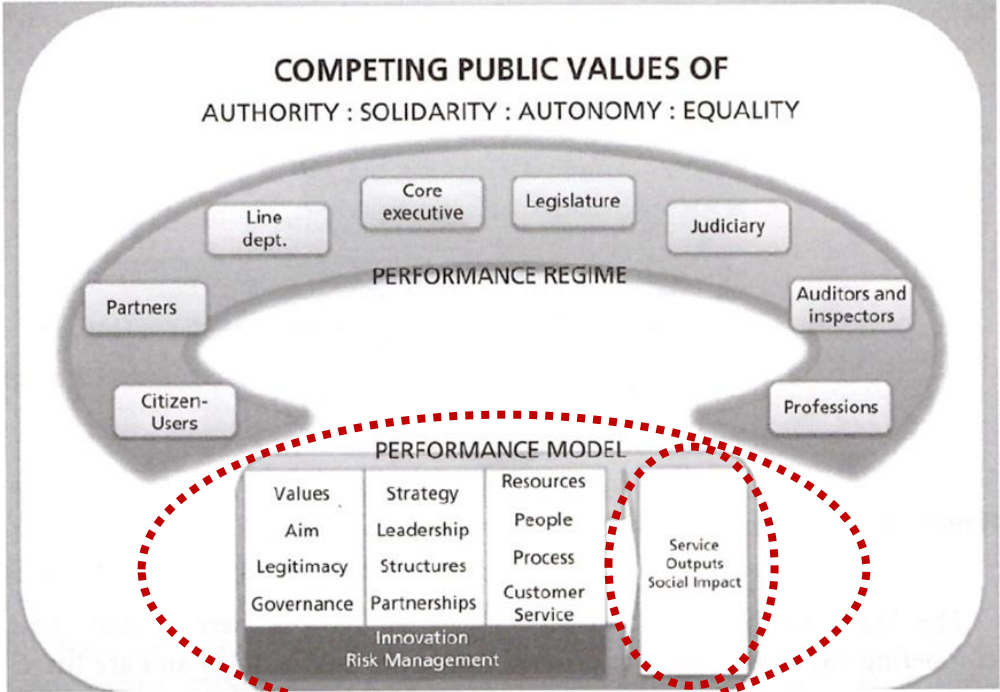
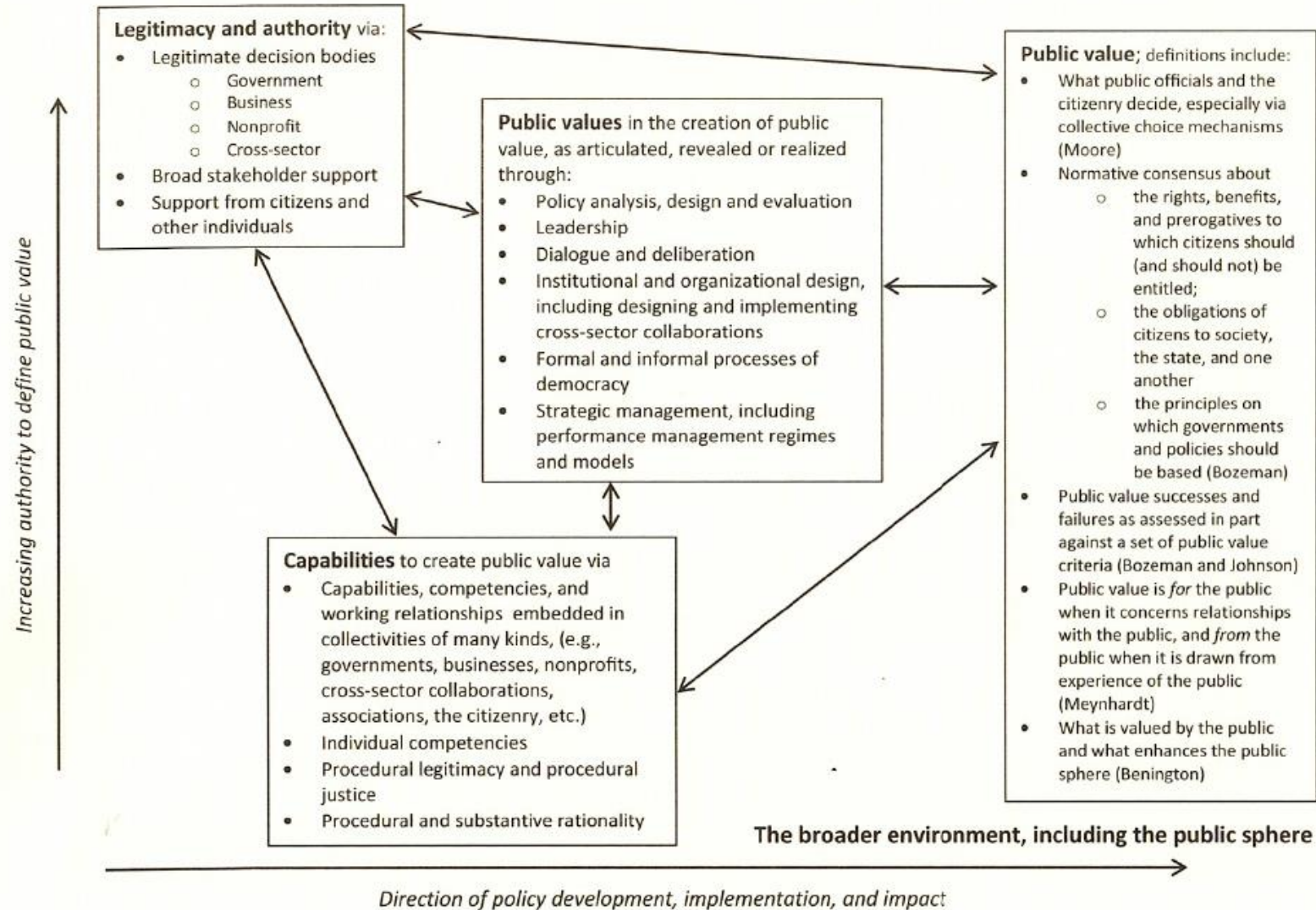


Figure 1.4 Shaping Public Performance – Bringing it All Together
Source: Talbot (2010).

Theoretical Foundations: “Integrated Frameworks of Public Value Analysis?”

Figure 1.2 The public value governance triangle



Research Design – Work Packages & Modules

Model Building & Preparation

(2018~2019/1H)

Model Testing

(2019/2H~2020)

0. Building Database on Financial Data (JP / GER)

- ⇒ List of Target Enterprises / Financial Data
- ⇒ Comparative Analysis of Accounting Standards and Practices

1. Development of a Set of Key Performance Metrics to Measure “Public Value”

- ⇒ Review of Theories / Literature Review
- ⇒ Identifying Set of Suitable Indicators

2. Identifying Differing Business Models of Municipality-Centered Enterprises (JP / GER)

- ⇒ Analysis of Corporate-Level Strategy
- ⇒ Business-Level Value Chain Analysis
- ⇒ Analysis of External & Regulatory Context

3. Identifying Differing Governance Patterns (JP / GER)

- ⇒ Review of Theories / Literature Review
- ⇒ Analysis of Regulatory & Policy Differences

5. Comparative Financial Analysis (JP/GER)

- ⇒ Statistical Analysis of Business Performance
- ⇒ Influence of Business Model / Governance
- ⇒ Assessment of Contextual Impact

6. Testing Concept of “Public Value” (JP/GER)

- ⇒ Citizen Surveys
- ⇒ Assessing Relevance & Feasibility of Indicators
- ⇒ Comparative Analysis of Citizens’ Attitudes

7. Comparative Case Studies (JP/GER)

- ⇒ Evaluation of Case-Specific “Public Value”
- ⇒ Comparative Analysis of Case Studies
- ⇒ Assessing Impact of Business Model, Governance Patterns & External Context

8. Deriving Hypothesis for Further Empirical Testing and Theory Building

- ⇒ Defining of Future Research Agenda
- ⇒ Dissemination Strategy (e.g., Publishing, Conferences)