Assignment 4, Module 8

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#Question 1: Formulate and perform DEA analysis under all DEA assumptions of FDH, CRS, VRS, IRS, DRS, and FRH Create Table

```
x <- matrix(c(150,400,320,520,350,320,0.2,0.7,1.2,2.0,1.2,0.7), ncol = 2)
y <- matrix(c(14000,14000,42000,28000,19000,14000, 3500,21000,10500,42000,25000,15000),ncol = 2)
colnames(x) <- c("Staff Hours per Day", "Supplies per Day")
colnames(y) <- c("Reimbursed Patient Days", "Privately Paid Patient Days")

x
```

```
##      Staff Hours per Day Supplies per Day
## [1,]                 150              0.2
## [2,]                 400              0.7
## [3,]                 320              1.2
## [4,]                 520              2.0
## [5,]                 350              1.2
## [6,]                 320              0.7
```

```
y
```

```
##      Reimbursed Patient Days Privately Paid Patient Days
## [1,]                   14000                        3500
## [2,]                   14000                       21000
## [3,]                   42000                       10500
## [4,]                   28000                       42000
## [5,]                   19000                       25000
## [6,]                   14000                       15000
```

Perform DEA analysis under the assumptions

```
FDH <- dea(x, y, RTS = "fdh")
CRS <- dea(x, y, RTS = "crs")
VRS <- dea(x, y, RTS = "vrs")
IRS <- dea(x, y, RTS = "irs")
DRS <- dea(x, y, RTS = "drs")
FRH <- dea(x, y, RTS = "add")
```

#Question 2: Determine the Peers and Lambdas under each of the above assumptions

```
FDH
```

```
## [1] 1 1 1 1 1 1
```

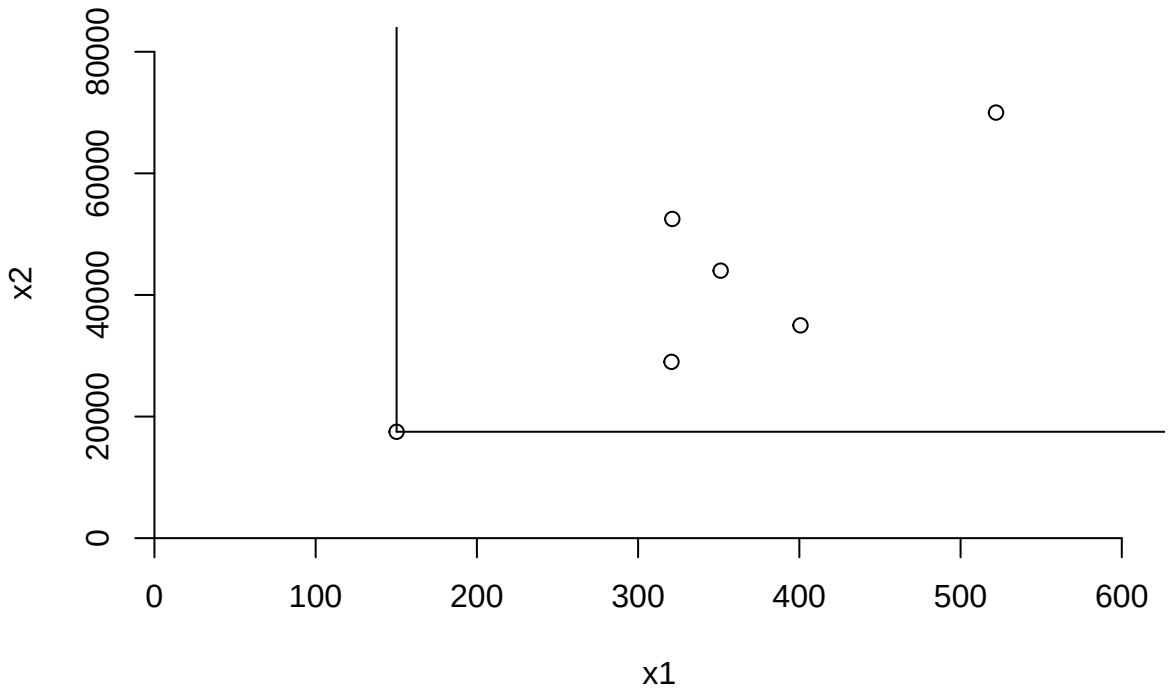
```
peers(FDH)
```

```
##      peer1
## [1,]     1
## [2,]     2
## [3,]     3
## [4,]     4
## [5,]     5
## [6,]     6
```

```
lambda(FDH)
```

```
##      L1 L2 L3 L4 L5 L6
## [1,]  1  0  0  0  0  0
## [2,]  0  1  0  0  0  0
## [3,]  0  0  1  0  0  0
## [4,]  0  0  0  1  0  0
## [5,]  0  0  0  0  1  0
## [6,]  0  0  0  0  0  1
```

```
dea.plot.isoquant(x, y, RTS = "fdh")
```



```
CRS
```

```
## [1] 1.0000 1.0000 1.0000 1.0000 0.9775 0.8675
```

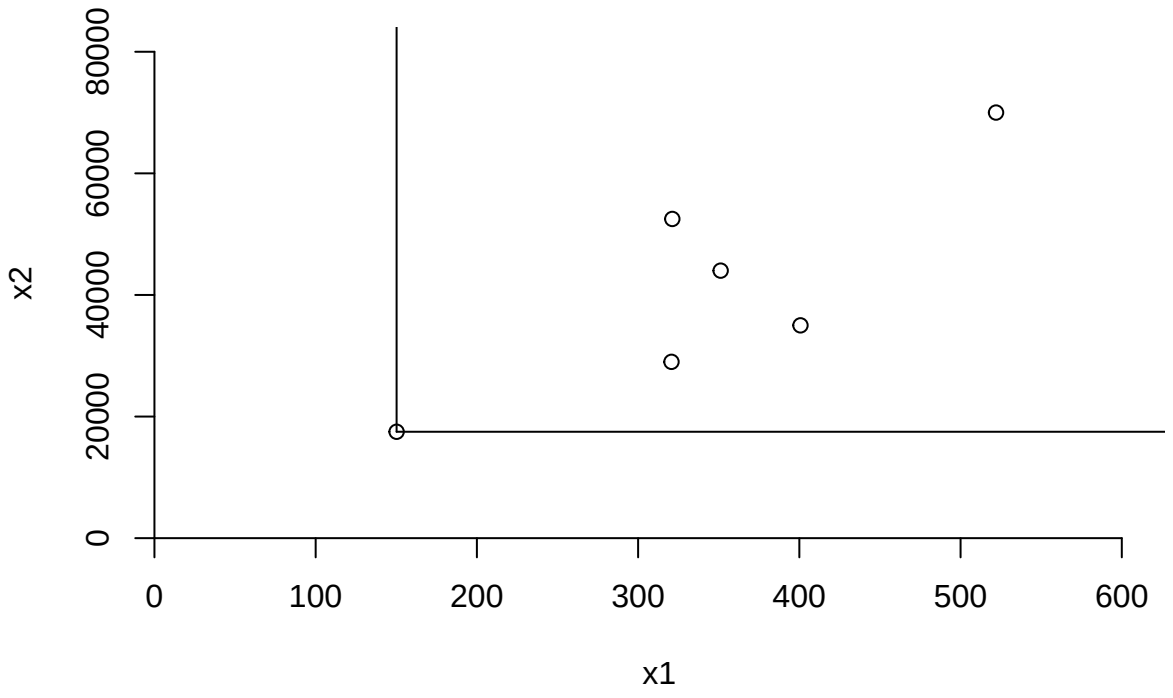
```
peers(CRS)
```

```
##      peer1 peer2 peer3
## [1,]     1    NA    NA
## [2,]     2    NA    NA
## [3,]     3    NA    NA
## [4,]     4    NA    NA
## [5,]     1     2     4
## [6,]     1     2     4
```

```
lambda(CRS)
```

```
##             L1         L2 L3        L4
## [1,] 1.0000000 0.00000000  0 0.0000000
## [2,] 0.0000000 1.00000000  0 0.0000000
## [3,] 0.0000000 0.00000000  1 0.0000000
## [4,] 0.0000000 0.00000000  0 1.0000000
## [5,] 0.2000000 0.08048142  0 0.5383307
## [6,] 0.3428571 0.39499264  0 0.1310751
```

```
dea.plot.isoquant(x,y,RTS="crs")
```



```
VRS
```

```
## [1] 1.0000 1.0000 1.0000 1.0000 1.0000 0.8963
```

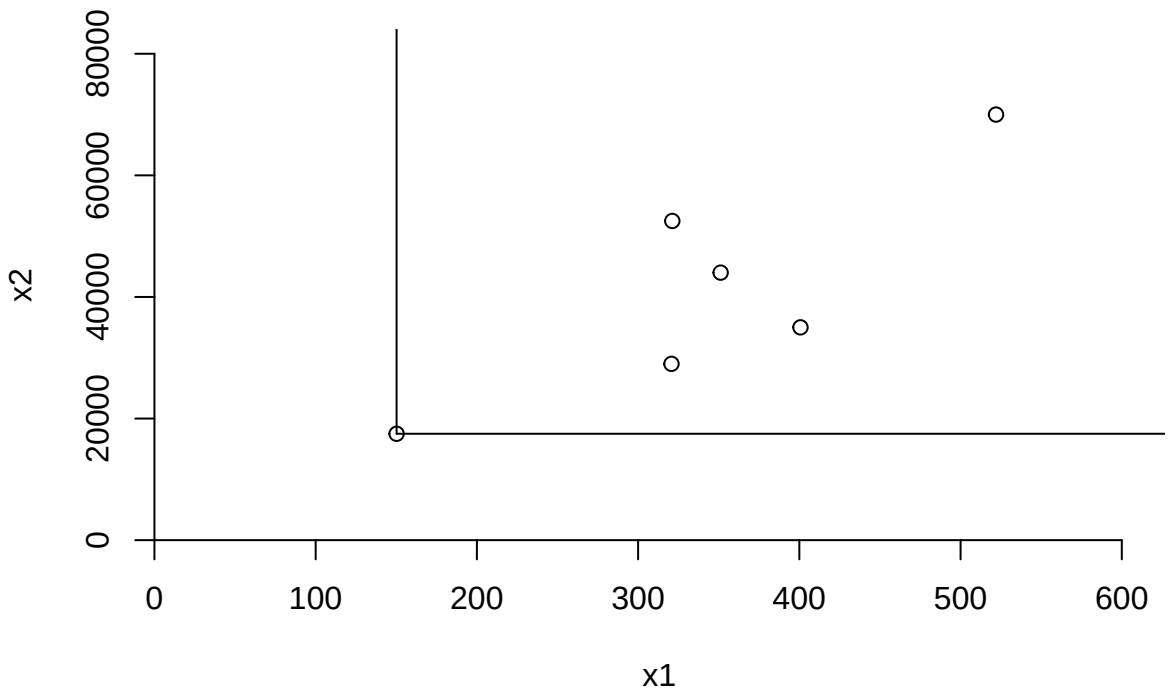
```
peers(VRS)
```

```
##      peer1 peer2 peer3
## [1,]     1    NA    NA
## [2,]     2    NA    NA
## [3,]     3    NA    NA
## [4,]     4    NA    NA
## [5,]     5    NA    NA
## [6,]     1     2     5
```

```
lambda(VRS)
```

```
##             L1        L2 L3 L4        L5
## [1,] 1.0000000 0.0000000  0  0 0.0000000
## [2,] 0.0000000 1.0000000  0  0 0.0000000
## [3,] 0.0000000 0.0000000  1  0 0.0000000
## [4,] 0.0000000 0.0000000  0  1 0.0000000
## [5,] 0.0000000 0.0000000  0  0 1.0000000
## [6,] 0.4014399 0.3422606  0  0 0.2562995
```

```
dea.plot.isoquant(x,y,RTS="vrs")
```



```
IRS
```

```
## [1] 1.0000 1.0000 1.0000 1.0000 1.0000 0.8963
```

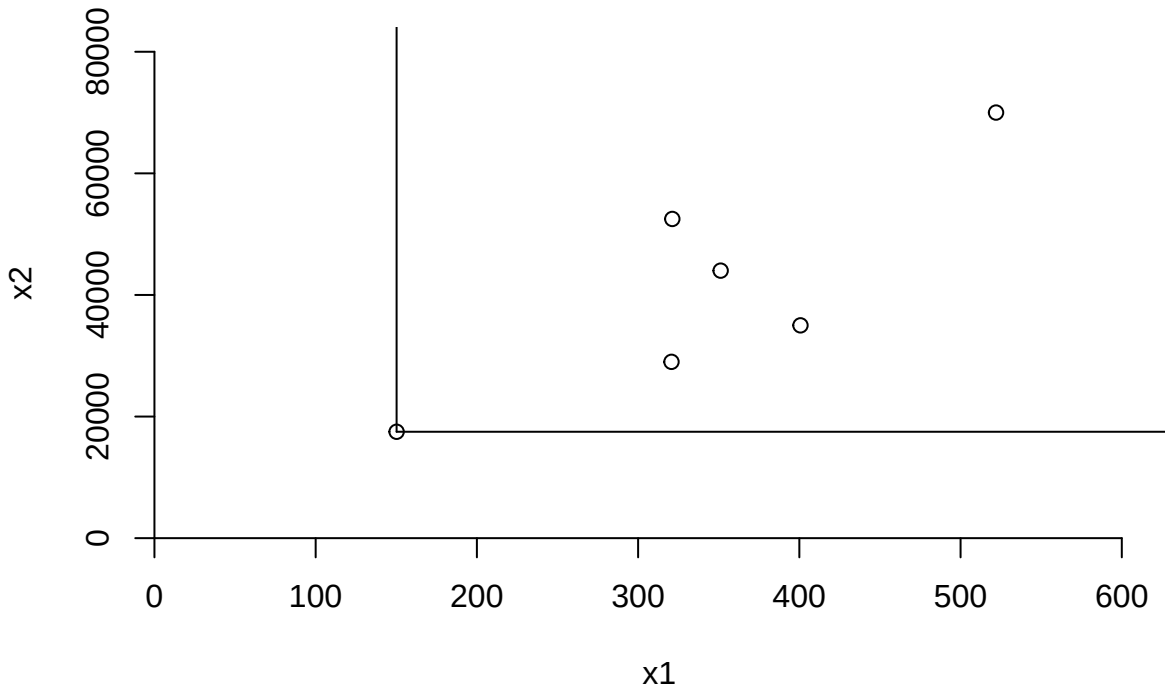
```
peers(IRS)
```

```
##      peer1 peer2 peer3
## [1,]     1    NA    NA
## [2,]     2    NA    NA
## [3,]     3    NA    NA
## [4,]     4    NA    NA
## [5,]     5    NA    NA
## [6,]     1     2     5
```

```
lambda(IRS)
```

```
##             L1        L2 L3 L4        L5
## [1,] 1.0000000 0.0000000  0  0 0.0000000
## [2,] 0.0000000 1.0000000  0  0 0.0000000
## [3,] 0.0000000 0.0000000  1  0 0.0000000
## [4,] 0.0000000 0.0000000  0  1 0.0000000
## [5,] 0.0000000 0.0000000  0  0 1.0000000
## [6,] 0.4014399 0.3422606  0  0 0.2562995
```

```
dea.plot.isoquant(x,y,RTS="irs")
```



```
DRS
```

```
## [1] 1.0000 1.0000 1.0000 1.0000 0.9775 0.8675
```

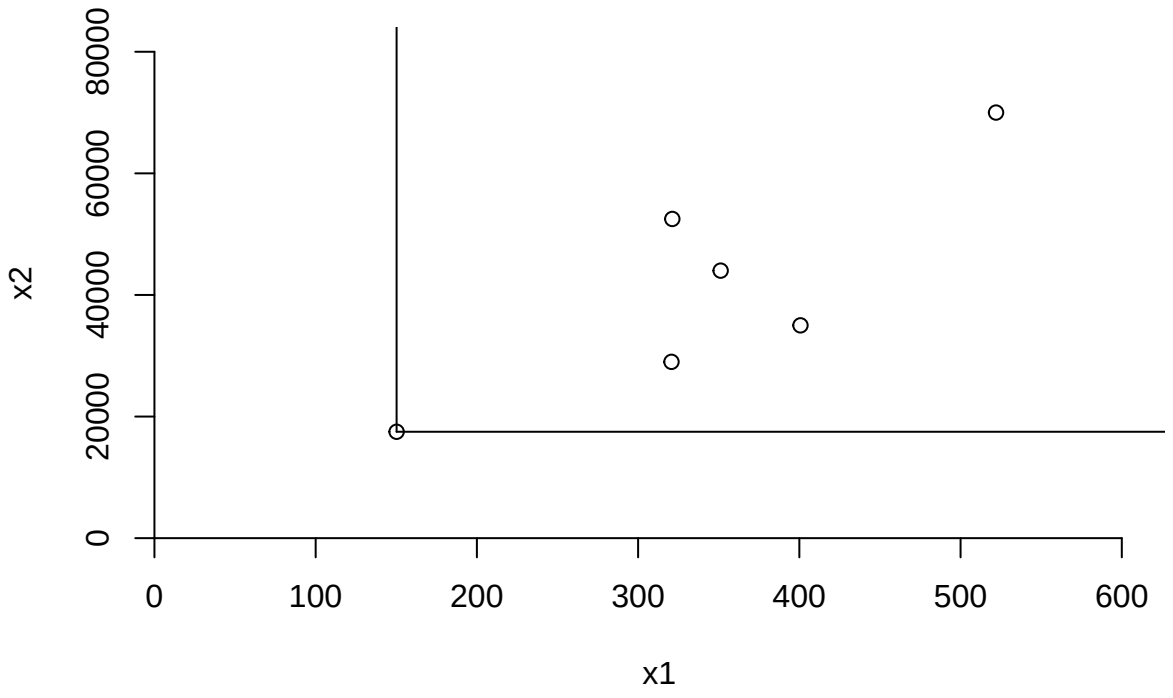
```
peers(DRS)
```

```
##      peer1 peer2 peer3
## [1,]     1    NA    NA
## [2,]     2    NA    NA
## [3,]     3    NA    NA
## [4,]     4    NA    NA
## [5,]     1     2     4
## [6,]     1     2     4
```

```
lambda(DRS)
```

```
##             L1         L2 L3        L4
## [1,] 1.0000000 0.00000000  0 0.0000000
## [2,] 0.0000000 1.00000000  0 0.0000000
## [3,] 0.0000000 0.00000000  1 0.0000000
## [4,] 0.0000000 0.00000000  0 1.0000000
## [5,] 0.2000000 0.08048142  0 0.5383307
## [6,] 0.3428571 0.39499264  0 0.1310751
```

```
dea.plot.isoquant(x,y,RTS="drs")
```



```
FRH
```

```
## [1] 1 1 1 1 1 1
```

```
peers(FRH)
```

```
##      peer1
## [1,]     1
## [2,]     2
## [3,]     3
## [4,]     4
## [5,]     5
## [6,]     6
```

```
lambda(FRH)
```

```
##      L1 L2 L3 L4 L5 L6
## [1,]  1  0  0  0  0  0
## [2,]  0  1  0  0  0  0
## [3,]  0  0  1  0  0  0
## [4,]  0  0  0  1  0  0
## [5,]  0  0  0  0  1  0
## [6,]  0  0  0  0  0  1
```

#Question 3: Summarize your results in a tabular format

```
Summary <- read.csv("~/Desktop/Summary.csv", header=FALSE)
Summary
```

```
##    V1     V2          V3          V4          V5          V6          V7          V8
## 1      Method Facility 1 Facility 2 Facility 3 Facility 4 Facility 5 Facility 6
## 2 Eff    FDH           1           1           1           1           1           1
## 3 Eff    CRS           1           1           1           1      0.9775      0.8675
## 4 Eff    VRS           1           1           1           1           1      0.8963
## 5 Eff    IRS           1           1           1           1           1      0.8963
## 6 Eff    DRS           1           1           1           1      0.9775      0.8675
## 7 Eff    FRH           1           1           1           1           1           1
```

#Question 4: Compare and contrast the above results After looking at the 6 DEA models, it can be determined that: -under FDH and FRH, all facilities are efficent -under CRS and DRS, facilities 1-4 are efficent but facility 5 runs ar 97.75% and facility 6 runs ar 86.75% - under VRS and IRS, facilites 1-5 are efficent but facility 6 runs at 89.63 percent.