



E7: Policy Analysis and Implementation

Module 2 - Policy Formulation Process: The Process, Structure and Context of Policy-making

Copyright

© Commonwealth of Learning 2012

All rights reserved. No part of this course may be reproduced in any form by any means without prior permission in writing from:

Commonwealth of Learning

1055 West Hastings Street

Suite 1200

Vancouver, BC V6E 2E9

CANADA

Email: info@col.org

[Add institute name here]

[Add School/Department name here]

[Add address line 1]

[Add address line 2]

[Add address line 3]

[Add country]

Fax: +[Add country code] [Add area code] [Add telephone #]

E-mail: [Add e-mail address]

Website: [www.\[Add website address\]](http://www.[Add website address])

Acknowledgements

The Commonwealth of Learning (COL) wishes to thank those below for their contribution to the development of this course:

Course author	Dave Barrows Associate Director, MPA Program Schulich School of Business York University Toronto, Canada
Assisted by	Quarrat-ul-ann S. Siddiqi, MPA Toronto, Canada
Course designer	Dave Smulders, MA Vancouver, Canada
Course reviewer and revision author	Robert Dibie, PhD Dean and Professor of Public Affairs Editor, Journal of International Politics and Development School of Public and Environmental Affairs (SPEA) Indiana University Kokomo, USA
Educational designer	Symbiont Ltd. Otaki, New Zealand

COL would also like to thank the many other people who have contributed to the writing of this course.

Contents

Module 2	1
Introduction	1
The nature of policy formulation	1
Other Crosscutting Methods of Issue Definition	7
Eightfold path to policy-making	11
Module summary	25
Self-study questions.....	26
References and further reading.....	27

Module 2

Introduction

The purpose of Module Two is to introduce the reader to the policy formulation process including the process, structure and context of policy-making. The following topics will be discussed:

- The nature of policy formulation
- Eightfold path to policy-making

By the end of this module you should be able to:



Outcomes

- *explain* how issues are defined.
- *identify* the four main types of issues and describe their impact on the policy development process.
- *analyse* authentic case studies in light of the information presented in this module.

The nature of policy formulation

Before a government entertains a public policy issue, a demand for action must be called for, whether from an interest group, a private individual, an elected or appointed representative, or the public service. Increasingly, however, opinion polls and the media also influence the issue search and goal-setting process.

As the dynamics of government and the economy change, increasing the complexity in society, the role of government in public policy development is also changing. Individual ministers or political representatives can no longer be expected to be knowledgeable in all matters under their responsibility and are very likely to depend on various sources for input. In this section, you will examine various approaches to issue definition as well as different types of issues.

Approaches to issue definition

Who says there is a problem?

Whether a problem is recognised as such depends on who has identified the problem (from what level and within which capacity and with what motives or interests) and placed it on the government policy agenda. In the past, ministers themselves were expected to identify policy issues that required government attention. However, this is no longer always practical or possible and so other sources play an important role in issue identification and policy development.



According to Taylor et al. (1999), there are five main drivers for government to enact legislation:

1. the public.
2. the public service.
3. the government.
4. the parliament or legislative system.
5. the judiciary.

Two other drivers can now be added to this list because of their increased role in shaping issue-generation and identification:

1. public opinion polls.
2. the media.

The public

The public serves as a driver of policy by way of a request from the public at large, which often occurs through organised interest groups (a term often used interchangeably with pressure groups). Interest groups are “organisations composed of persons who have joined together to further their mutual interest by influencing the public” (Kernaghan & Siegel, 1999, p. 484). While these groups do not have any legal authority over government officials or processes, they do have the ability to influence the policy development process. These groups bring various issues to the attention of their representatives and the government. The primary functions of interest groups are:

1. to facilitate communication between their members and public officials;
2. to add legitimacy to government actions or inactions by their inclusion in consultations regarding proposed policies affecting them; and
3. to regulate and administer their membership (for example, professional associations, such as those for medical doctors or lawyers, regulate their membership including the enforcement of penalties).

The public service

The public service, or government bureaucracy, also yields enormous influence on policy formulation. In particular, senior public servants are expected to make discretionary decisions as to policy options presented to their political leaders. As such, public servants are often expected to be aware of the political, technical, administrative and financial impacts of their recommendations to their political masters. Despite the availability of resources outside government on policy issues, the technical and complex nature of issues as well as time constraints mean that ministers rely heavily on the advice of their public servants.

Public servants also play a central role in the policy implementation phase, shaping how programmes are implemented and services delivered,

often consulting extensively with experts and groups affected by the policy. The extent of power held by public servants depends on the legislation enacted and the administrative discretion provided within it for public servants to carry out the policy.

The government

The government itself, by way of the political process, also serves as a source for policy proposals and legislation. Policy proposals emerge from political party policy conferences and party meetings, portions of which are presented to the public in platforms put forward by the political parties during election time. Government-commissioned reports and policy reviews seek to include non-governmental sources of opinion and advice. They are also a useful way to identify issues and evaluate and recommend government action in specified public areas.

The parliament and legislative system

The members of parliament and the legislative system influence the policy development process through debates and votes in the legislature. Mandated special or standing committees within the legislative process are charged with the responsibility of legislative reviews, hearings and consultation. The results of the reviews are recommendations and/or amendments to proposed legislation. In addition, private members (elected representatives) and/or independent government organisations, such as the ombudsman's or auditor-general's office, may also propose changes to legislation and hence impact policy development.

The judiciary

The judicial system is also an important player in policy development since court decisions – as are often called upon by the public – determine whether policy implementation recommendations differ from policy intent and require remedial action to align policy and the law. However, in the British parliamentary system, which also serves as the basic system of government in Bangladesh, India, Pakistan and Sri Lanka, parliament is supreme and, as such, may choose within its legal powers to override judicial decisions regarding policy. A further examination of the government administrative system will occur in Module Six – Instruments of Government Policy.

Public opinion polls

Data from social surveys can also be a useful input in the government's assessment of public opinion and can often affect the policy development process (Kernaghan & Siegel, 1999, p. 507). Increasingly governments use public opinion polls to help identify policy issues and gauge support for policy options, such as action or inaction regarding various policies and government activities.

The media

The term mass media includes television, radio, newspapers and magazines. Often, the media provides information for the sake of



providing information rather than in support of some specific public policy. The media not only reports on but also helps shape public opinion through the selection of certain issues for in-depth research and investigation. As such, the media acts as an intermediary between the government and the public. Through the selection of items reported, Taylor et al. (1999, p. 117) suggest that the media has the “potential to filter, shape and distort both public opinion and government policy.”

The media reports on an issue throughout its life cycle – from its beginnings hovering on the policy agenda to the options considered for policy implementation to the subsequent effects of long-established government programmes. The media may also urge or prompt government action by any one or more of a number of sources of policy development. Thus, the media has the potential to influence the policy-making process by disseminating information to the broader public regarding not only the identification of a policy issue but also its development, implementation and evaluation. Compared to pressure groups representing well-defined interests to power-holding officials, the media’s audience (the broader public and government) is not as concentrated around specifics of potential government policies.

In summary, key sources of policy or legislation include the public, the public service, the parliament or legislative system and the judiciary. Public opinion polls and the media also increasingly contribute to issue identification and policy development. However, public policy often reflects whatever interests win government attention and support. You will read about these themes further in Module Three – Gathering Data for Policy Analysis.

Is the problem treatable by government?

Another approach to defining issues for the consideration of government intervention is to examine whether problems are even treatable by government. Often, problems are identified as social issues based on the number of people affected or through the advocacy work of an influential interest group rather than on the belief that a problem truly needs government intervention in order to be improved or resolved. These types of issues usually revolve around morals and values, and government positions in these areas may be diverse and appear arbitrary if forced upon the public. In addition, it is difficult to take policy positions on such issues, as attitudes toward social problems change over time as more information emerges, values change and the distribution of power in society shifts among groups holding different perceptions about what constitutes a problem in society (Hogwood & Gunn, 1984, p. 117). Examples of such topics include the legalisation of “soft drugs,” such as marijuana use for medicinal purposes in Canada, and the decriminalisation of homosexuality.

Is there agreement on the problem?

When identifying policy issues, politicians and bureaucrats pay close attention to the level of consensus around an issue and its resolution. According to Hogwood and Gunn, some factors affecting the degree of agreement include:

1. the sheer number of organisations and interests involved in an issue;
2. accessibility and reliability of information;
3. the extent to which an issue is the subject of values and morals, and
4. the different perspectives or “frames” that bear upon an issue.

Policy frames

A useful approach to issue development is to consider the different perspectives or “frames” of an issue and policy options. Baker (1977) argues that in more complex issues the problem should be identified through as many frames as possible with empathy and then compared to others or one’s own agency or group.

The Kyoto Protocol provides a useful international example. The Kyoto Protocol attempts to reduce global pollution through market incentives. Under the protocol, industrial plants and power producers in developed countries are required to reduce emissions. However, they can postpone rebuilding facilities as required by purchasing pollution “credits” from developing nations, which can then use the money to rebuild their often older and more polluting plants to improved environmental standards. The World Bank negotiates to buy emission credits from Indonesia, China, Vietnam and the Philippines, which it can then sell off to polluters in developed countries. Under this scheme, both developed and underdeveloped countries share in the benefits. Indonesia, for example, is motivated to participate in such environmental schemes, as its industries are beginning to suffer. The country is facing a growing international boycott of Indonesian wood due to its clear-felling of forests. Thus, there are different benefits and issues associated with developing and developed countries with respect to the Kyoto Protocol (Cleaning Up, 2003).

Levels of aggregation

Finally, an analysis of the level of aggregation or disaggregation of an issue placed on the policy agenda may be useful in providing additional information about problems, opportunities and trends. For example, the issue of tougher gun control in Canada was re-ignited in 1989 after an anti-feminist man shot 24 women, killing 14, at an engineering faculty at a Montreal university. The general public responded to this tragedy by demanding increased gun control legislation, since it was determined that the shooter had previously exhibited psychological problems. A more in-depth analysis shows that there were sub-categories of more specialised interests also at play, such as groups that were concerned with violence against women, law enforcement and police associations, and health officials.

Disaggregation can also lead to new forms of reaggregation. Take the example of disabled people and the issue of isolation. Poverty may exacerbate the problem of isolation for the disabled. Therefore, disabled



people can re-aggregate with other groups in poverty – such as the homeless, unemployed, elderly, or immigrants – to affect changes in policies and programmes.

Different interests may also seize the opportunity to move up the ladder of aggregation and hence move up on the policy agenda. Symptoms of problems get identified as problems in themselves on the agenda. By looking at the level of aggregation in issue definition one can see the inter-connected nature of policy and the links between the different interests at sub-categories of aggregation.

Types of issues

Universal

Universal issues affect large numbers of people in all walks of life. The designation of an issue as universal is not permanent; that is, these issues change with social and economic conditions. People's exposure to the issue is direct or made so by media. Universal issues or problems are viewed as serious and imminent, and concern is such that people feel government must intervene. There is a public desire for simple government solutions to universal issues or problems.

Advocacy

Advocacy issues stand lower on the public's hierarchy of concerns than universal issues. For much of the population they are often potential rather than actual problems. Advocacy issues are usually introduced and promoted by interest groups claiming to represent broad public interests. Although these types of issues don't initially strike people as critically important and may or may not elicit government action, once a solution is identified large numbers of people may see government action as appropriate. There is usually no tendency to expect simple solutions.

Selective

Selective issues are those in which special interest groups promoting their own interests attempt to pose as promoting the public interest. These issues are usually matters affecting identifiable "special interest" groups or populations that may be identified by geographic, demographic, occupational, or other criteria. The costs of solving problems raised by interest groups for their specific causes are passed on to the public at large, since the solution to the problem in this manner is more or less "free" to the special interest group. Such issues also tend to generate intense commitment and activism for access to the policy agenda and government support. Relevant examples include the implementation of tariffs that result in higher prices for consumers, residents living near nuclear waste sites, or the use of hazardous materials that are within current acceptable government levels.

Technical

Usually the public has little or no interest in technical issues, due to their complex nature and the less-visible political attention they receive. Technical issues (unlike selective issues) have no public profile but

represent the vast majority of the government’s day-to-day regulatory activities. The public is very often content to leave these policy issues to the experts. However, when there is a major failure in managing technical issues, such as water contamination or the spread of a virus, technical issues can shift into universal issues with a public demand for government intervention.

Table 1 presents a summary of the different sources of policy issues and their activities with respect to the emergence of different issue types.

Table 1: The issue development process

ISSUES \ PUBLICS	General Public	Media	Interest Groups	Political Leadership	Public Service
Type 1 - Universal Issues Broadly felt Visible problem Direct impact Government solution	Identify issues. Demand solutions.	Reflect (enlarge) public mood.	Focus debate. Refine arguments.	Develop solutions.	Develop/implement solutions.
Type 2 - Advocacy Issues Potential concerns Indirect/future impact Complex solution	Express preferences.	Enhance public awareness. Support/oppose solutions.	Identify issues. Set agenda. Advocate solutions.	Identify solutions. Advocate/develop solutions.	Develop/implement solutions.
Type 3 - Selective Issues Effect on specific group Generalised implications	Indifferent unless mobilised.	Draw public attention. Cover media events.	Identify issues. Lobby.	Adjudicate. Develop solutions.	Negotiate/develop/implement solutions.
Type 4 - Technical Issues Abstract/remote No profile	Unaware of issues.	Specialised reporting.	Identify issues. Develop/negotiate solutions.	Adopt solutions.	Identify issues. Negotiate/develop/implement solutions.

Other Crosscutting Methods of Issue Definition

Two other sources of policy development are commissions and task forces and coloured papers.

Commissions and task forces

Purposes of commissions and task forces

When the government faces a severe and far-reaching problem, it must carefully study the situation, consult and seek advice widely before intervening. Commissions and task forces are methods by which in-depth studies can occur. Commissions and task forces are temporary organisations created by government agencies to investigate specific incidents or general policy concerns. The results of the investigations are reported to government. These organisations are usually dissolved once reports and recommendations are presented to government. As such, commissions or task forces are often not involved in the implementation of recommendations.

Critics and cynics argue that these long-term studies are effectively “non-responses” to issues, and distract people from the fact that the government wants to defer dealing with the issue until a later time, if at all. However, the institutionalised delay is also argued to be a good



strategy for the government to exercise when there is no consensus about a complex issue. The delay allows for dissemination of information to the broader public and an understanding of the subject studied for the purpose of an informed basis for policy development and decision-making (Ritchie, 1971, p. 8).

Commissions and task forces are very similar in nature and some suggest that a distinction between the two is unnecessary. Others though, contend that there are key differences. First, commissions tend to be more formal in their organisation as members of the commission are appointed and the mandate of the study is assigned by official government proclamation, whereas task forces may receive their mandates from the prime minister or other ministers in the form of memorandums or letters. Secondly, commissions have larger mandates over extended periods in order to allow for lengthy, in-depth analysis, whereas task forces focus on speedy responses. Thirdly, commissions tend to conduct most of their proceedings in public and issue public reports with recommendations. Task forces, on the other hand, can also report publicly but are more often asked to report privately. In any case, it is important to note that once reports are made public, it becomes harder for government to ignore what is in them. Consequently, the results of commissions generally have greater influence on policy.

Although commissions can be assigned to investigate any type of issue, in Canada, commissions have been used in four main types of circumstances:

1. catastrophic incidents, such as disasters.
2. social or cultural problems of national importance, such as the policy of multiculturalism.
3. economic matters, such as financial systems and markets, and
4. government organisations, such as public service management.

Reasons for using commissions and task forces

There are a number of reasons for the use of commissions or task forces for the study of issues rather than other types of government organisations. You will consider the following six:

1. objective policy analysis.
2. identification of innovative approaches and solutions to problems.
3. fact finding.
4. postponing the impact of mishandling of a problem.
5. stimulating public interaction on the subject.
6. a low-cost alternative for exhibiting concern.

Objective policy analysis

Peter Aucoin (1979) provides three main reasons why commissions and task forces are useful policy analysis instruments. First, they allow for the

delay or postponement of a problem while at least appearing to be doing something about it. Although some critics argue that this effectively results in a “non-decision”, the use of commissions and task forces enables the issue at hand to maintain a place on the policy agenda. Furthermore, a delay in the process allows for the greater dissemination of information and organisation of interests, which adds value to the associated policy analysis. Secondly, Aucoin notes that such organisations can provide a forum for special interests and the public to interact outside direct government control, with the assumption that the input from these groups is without fear of reproach and thus more authentic. As such, policy analysis may yield more meaningful results in assessing demands and support for policy options or alternatives. Finally, Aucoin believes that commissions and task forces are the most effective method for governments to ensure independent study of the subject while remaining formal and official. Such organisations, he argues, have a capacity to be more objective than other governmental methods of conducting public policy analysis. From a policy analysis perspective, this allows for broader thinking free from partisan politics and institutional limitations in issue definition and policy development.

Identifying innovative approaches

Individuals appointed to commissions or task forces usually form more diverse groups than those used for policy analysis in other government agencies, as they are selected from different capacities from both inside and outside the public service. Diversity may include different educational and work backgrounds and capacities, gender, ethnicity, or interests.

Through this diversity it is hoped that the commission or task force will take a fresh look at a problem and suggest innovative solutions.

Government or politicians may also hire an independent commission, external to the government, to conduct a study and seek out a different perspective on an issue. However, with independent commissions, politicians are more readily able to exercise their discretion on whether to accept or reject the findings due to the lack of direct accountability of the commission to the government (Trebilcock et al., 1982, p. 45).

Fact finding

Commissions and task forces are commonly created to investigate disasters, accidents, or questionable activities in order to find out facts of the situations and make recommendations to prevent such incidents in the future.

Postponing the impact of mishandling a problem

Critics of a government in power often suggest that commissions or task forces are used to simply postpone the negative consequences affecting a politician or political party for the mishandling of a problem. They suggest that, by creating such investigative organisations, the issue at hand gets placed on the back burner, hopefully long enough to be



essentially forgotten by the public, or at least until the impact or interest in the issue fades to a more manageable level.

Stimulating public interaction on the subject

Commissions can stimulate public interaction on an issue in two complementary ways: obtaining input from the community and public at large on the issue and communicating important information back to the public.

For example, Canadian Royal Commissions have been used to develop policies on Aboriginal people.

A low-cost alternative for exhibiting concern

Governments can use commissions or task forces to show the public that they recognise a particular problem and its importance, and are actively involved in finding a solution. An all-out attempt to solve the problem immediately and directly may be very expensive, whereas the cost of organising a commission or task force to investigate the matter is much lower. The use of commissions for this purpose effectively defers spending.

Coloured papers

Most policies are initiated either by political parties or government departments. *Coloured papers* can also be instrumental in the policy-making process by providing all policy actors with useful information. Coloured papers are prepared by government departments to communicate the existing government perspective and thinking on a particular issue so as to stimulate public discourse on the issue. They are directed at both individuals and groups in society.

Doerr (1982, pp. 370-376) suggests three primary purposes of using coloured papers by governments:

1. to provide information to interested parties.
2. to involve the public and parliament in the policy decision-making process.
3. to stimulate consultation between various levels of government (federal, provincial or state).

While the actual colours of report covers for individual papers may vary, when referring to the policy-making process there are generally two main types: green papers and white papers.

Green papers

The term *green paper* is used generically to describe communications in the form of government papers that are prepared early in the policy-making process. The purposes of such papers are to stimulate discussion on an issue and examine the possibility of changing public policy. Green papers don't state government positions; rather they provide a list of options (as well as their advantages and disadvantages) that the

government is considering. Green papers act as a signal to interested groups to come forward and make their views known to the government.

White papers

White papers, on the other hand, are statements of government policy that it is attempting to legislate. Usually a white paper includes a policy statement in laymen's terms (non-legislative language) as well as an explanation and defence of the actions proposed with respect to the issue.

Since white papers are less-specific than draft legislation, groups still have an opportunity to influence changes to the government's plan to deal with the issue. However, the extent of change may be limited, since white papers are statements of policy after government review and consideration, and any major change could reflect negatively on the government's management of the policy-making process.

Benefits of coloured papers

The benefits of coloured papers include:

- a broader consultation in the policy development process by providing preliminary government considerations on policy issues to which groups react and provide input;
- a low-cost method to meet public demand for government intervention, since papers ensure a place for the issue on the policy agenda without specific commitments by government, and
- that white papers allow for the government to explain the reasons for a particular course of action. Essentially, coloured papers encourage increased public involvement in the policy-making process.

Eightfold path to policy-making

The standard policy process has a series of steps, which in practice may overlap with one another or occur in a different order than they are presented here. As such, it is not necessary that all issues be processed exactly as ordered or in the distinct steps listed. The policy process or cycle can be summarised into eight different steps (Hogwood & Gunn, 1984, p. 4):

1. issue search, agenda-setting and issue filtration.
2. issue definition.
3. forecasting and projecting outcomes.
4. setting objectives and priorities.
5. policy option analysis and selection.
6. policy implementation, monitoring and control.
7. policy evaluation and review.
8. policy maintenance and succession.



Each of these stages will now be briefly outlined.

Issue search, agenda-setting, and issue filtration

Issue search

Issues are those problems or situations that affect people and require or demand some form of government involvement. Issue search refers to the identification and anticipation of such problems or opportunities. Issues may be identified by a variety of different actors in the policy-making process. Major sources of policy proposals include organised interests (pressure groups or special interest groups), bureaucracy, political parties and politicians, command organisations and other jurisdictions (such as international agreements or pressure).

Relevant questions in identifying policy issues include the following.

- *Who is affected?*
 - *Is it a large or small number of people?*
 - *Is it a broad cross-section (or universal) group or a narrow (or selective) group?*
- *How are people affected?*
 - *Is it through personal exposure, or indirectly via the media?*
 - *Is the effect on people affected by the issue deemed to be serious?*
- *When will the effects be felt?*
 - *Immediately, in the short-term, or in the long-term?*
- *What can be done about the problem?*
 - *Should government be intervening?*
 - *What are the costs of a solution?*

Agenda setting

In order for the government to address an issue that has been identified, it must first get onto the government's policy agenda. According to Cobb and Elder (1972) there are different types and levels of policy agendas and agenda items themselves can be categorised in different groups based on extent and cycles of occurrence and whether it is a new item.

The key players in priority setting in a Westminster administrative system include the prime minister and cabinet, central agencies such as the treasury office and finance ministry, other line ministries and caucus of the political party in power. With respect to policy development, the activities of these groups include: ranking policy issues, selecting appropriate policy instruments and developing the fiscal framework for implementation.

Hogwood and Gunn (1984, p. 68) suggest that new issues are most likely to be placed on the agenda if one or more of the following circumstances apply:

- the issue can no longer be ignored or has reached crisis proportions (for example, a natural calamity);
- the issue has achieved particularity – that is, the issue serves to magnify and dramatise a larger issue (for example, acid rain as symptomatic of industrial pollution);
- the issue has an emotional or human interest aspect that attracts media attention (such as, exorbitant dowry demands);
- the issue has a large or wide impact (public health scares);
- the issue raises questions about power and legitimacy in society (for example, same-sex marriage or discriminatory employment practices);
- the issue is fashionable and easily recognised (such as, inner-city crime in the United States).

Such circumstances in themselves don't guarantee access to the policy agenda as various agenda-setters such as organised interests, protest groups, political leaders, "informed" opinion and senior officials and advisors also influence the selection of issues that make it on to the policy agenda.

Issue filtration

Once the government has identified an issue and decided that action is required, the question arises as to how the plan of action is to be determined. For example, should the issue be left to political mechanisms and normal administrative processes for resolution or is there a need for fundamental analysis to understand the issue?

In Module One – Foundation of Policy Analysis, we discussed different approaches to policy-making. These approaches range from attempts to develop ideal type rational or synoptic models – which emphasise the need for comprehensive analyses of values, objectives, options and consequences – to mixed-scanning models – which acknowledge constraints in resources and emphasise pluralism, mutual adjustment, consensus seeking, and an incrementalist approach to policy development (Hogwood & Gunn, 1984, p. 88).

In reality, no one model or "best way" applies to issue filtration and the policy decision-making processes. In various situations or issues, different models or methods of "how to decide" will be appropriate. In his analysis of the rational model, even Simon advocated dividing policy issues into those that are programmable and those that are non-programmable, and applying the appropriate decision-making model to each category.



Hogwood and Gunn put forward a list of criteria for issue filtration to be taken into account when determining whether an issue is appropriate for conventional methods and systems or requires formal analysis. They suggest the following criteria:

The issue's context

This criterion addresses whether there is sufficient time available to carry out the analysis required; the extent to which an issue is political in nature (whether inter-governmental, inter-departmental, inter-regional or other); the extent to which key factors such as political figures have adopted positions on the issue; and how central to the concerns of government or organisation a particular issue is.

The issue's internal characteristics

What is the nature of the issue in question? Characteristics include the scope for policy options, the level of consensus about the issue and possible solutions, the complexity of the issue, the extent of uncertainty about the issue and possible outcomes, and the extent to which the issue is value-laden.

The issue's repercussions

Repercussions can include any of the following: the number of people affected; the significance and level of impact on the affected groups; the likelihood of the issue to impact or affect other issues; and whether actions taken to deal with the issue limit the organisation's flexibility to deal with other impending (foreseen or unforeseen) issues that will arise.

The costs of analysis and actions

This criterion addresses the costs and value, associated with the analysis of the issue and action on the issue; whether costs are incremental or occur in large jumps; and the length of time resources will be committed to the issue.

Besides the criteria discussed above, procedures for systematic issue filtration are also necessary. Two methods often used are priority matrices and decision trees. Priority matrices assist in ranking issues one against another by rating them along various pre-determined criteria (such as those mentioned above). Depending on the scores allocated to each issue, a decision can then be made on which issues should be pursued and in what order. However, it is important to note that all criteria are not of equal significance, and usually decision-makers will apply different weights to different criteria in the priority matrix. See Table 2 for a sample matrix.

Table 2: Priority matrix for issue filtration

Criteria	Issues		
	A	B	C

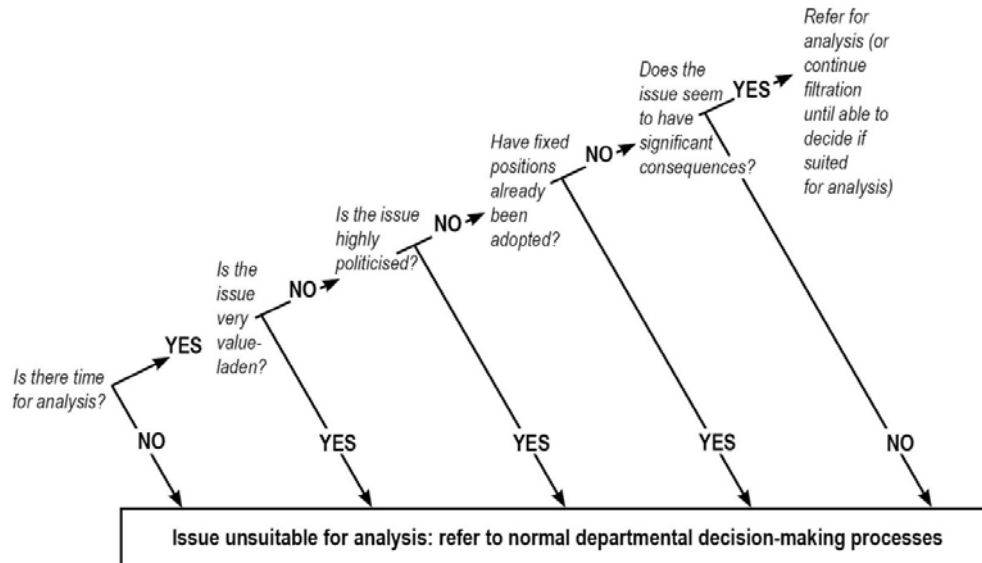
Criteria		Issues		
1	ISSUE'S CONTEXT			
1.1	Time for analysis?	7	3	6
1.2	Not too politicised?	6	8	4
1.3	Not fixed positions?	7	8	3
1.4	Centrality?	4	9	6
2	ISSUE'S CHARACTERISTICS			
2.1	Scope for choice?	8	2	7
2.2	Absence of consensus?	7	3	7
2.3	Complexity?	9	6	3
2.4	Uncertainty?	8	7	3
2.5	Not too value-laden?	6	6	2
3	ISSUE'S REPERCUSSIONS			
3.1	Significant consequences?	7	8	6
3.2	Many people affected?	5	6	4
3.3	Significant group?	7	4	6
3.4	Significantly affected?	8	7	3
3.5	Tendency to ramify?	6	6	4
3.6	Limiting future options?	3	2	6
4	COST OF ACTION AND ANALYSIS			
4.1	Costly to act?	6	9	4
4.2	Quantum jump in cost?	6	9	3
4.3	Ties up resources	7	8	6
4.4	Cheap analysis?	2	2	8
4.5	Pay-off from analysis?	8	7	4
TOTAL SCORE		127	120	94

Source: (Hogwood & Gunn, 1984, p. 100)

The use of *decision trees* as filters acknowledges that certain criteria differ in order of significance from others, and as such, time and resources can be more efficiently used if these criteria are evaluated first before moving on to further investigation. The main weakness of using this method is the oversimplification of decision options, usually limited to a yes/no result in order to proceed to the next level of filtration. In reality, the choices are usually not as stark, and there are a wider range of outcomes and destinations. However, the inclusion of too many outcomes at each decision point would quickly result in the decision matrix

becoming too complicated and unwieldy. Please refer to Figure 1 for an example.

Figure 1: Decision tree



Source: (Hogwood & Gunn, 1984, P. 104)

Issue definition

Once a policy issue has been identified, further definition is often required before a policy to deal with it is developed. Issue definition is the process by which an issue (which could be a problem, opportunity, or trend) on the public policy agenda is perceived, explored, articulated and defined in terms of causes, components and consequences by interested parties (Hogwood & Gunn, 1984, p. 108).

This stage is crucial in defining the remaining stages of the policy process. The stage often overlaps with the forecasting stage of the decision-making process. The issue-definition phase is critical since at this stage the issue achieves recognition by political processes, which is essential in order for it to move on to more explicit and deliberate processes for a systematic exploration and refined definition of the issue.

How an issue is defined and recognised in the political sphere also influences the later policy stages, such as objective setting, identification of policy options, standards for success of the policy or programme, monitoring and evaluation.

Issue-definition might be highly subjective or have elements of objective analysis. Often the issue is a combination of other issues that overlap with one another. This stage explains how an issue has arisen and what causes and effects seem to be at work. An attempt is made to separate symptoms from causes. Approaches to issue definition have been discussed earlier in this module in *Approaches to Issue Definition*.

Forecasting and projecting outcomes

Forecasting is a useful and necessary exercise in the policy development process, since the decisions made today will affect the future and the outcomes themselves will be affected by other future events. Forecasting attempts to quantify some of the more important variables that will affect an issue and its suggested resolution by making implicit and explicit assumptions that will guide better decision-making. By changing assumptions about problems and policies, speculation about other possible alternate futures is possible. In this regard, both objective and subjective models of analysis should be considered.

Although the simplification of key factors and the use of assumptions for developing forecasting models can be efficient, a number of limitations associated with forecasting must also be noted by policy analysts. Information available to determine a starting point for the recent past and present situation relating to an issue, such as statistics and latest research, may be inaccurate or simply unavailable for years due to evaluation/review cycles, survey/census cycles, revisions to current and recent data, or because the data required has yet to be collected or investigated at all. Constraints to the forecasting stage of the policy process also include the costs associated with forecasting (namely due to the large amount of data collection and analysis) and time constraints, which result in the foreclosure of options as time progresses.

Forecasts can be developed as a one-off activity before a programme is designed or forecasts can be an ongoing continuous input to the policy-making process. One-off forecasts are more likely to be used for simple, well-understood issues, whereas newer, complex and more dynamic issues are more likely to be iterative.

Setting objectives and priorities

Objectives

The objectives and priorities flow from the forecasting stage, which is concerned with examining and anticipating the future or alternate futures given different assumptions about behaviour and key variables. Objective setting is concerned with desired futures.

In managerialist approaches to the policy decision-making process, objectives are central to the process. Under this approach, it is assumed that the policy-maker has a high level of control over his environment, and as such retains freedom of choice with respect to policy options. Individuals, groups, or organisations with differing interests should primarily focus on larger collective goals and objectives. Administrators should evaluate programs in terms of originally stated objectives, and they themselves should be judged according to their abilities to achieve stated objectives. Thus, objectives should be the primary factor guiding organisational activities. However, in reality administrators and politicians are more likely to use an incrementalist approach to policies,



usually without even a re-examination of the fundamental objectives upon which they were initially built.

Another role of objectives is administrative reform and planning. Activities and procedures developed around business thinking, such as “management by objectives,” “strategic objectives,” and “output budgeting” propagated through systems such as program reviews and planning systems, call for the identification, examination, and adherence to goals and objectives in major areas of government activities.

While objectives may be theoretically accepted as key to the process, on a practical level they may be obscured by organisational considerations. Some key problems include:

1. the actual behaviours and actions of individuals or the organisation may deviate from stated organisational goals and/or internal staff may perceive goals differently than officially stated;
2. there is often a distinction between official goals and operational goals at an organisation;
3. the notion that organisations themselves do not have goals, but rather the people, individuals or groups, advance their goals and interests through the organisation;
4. even those goals which are explicitly stated are multiple and often incompatible with one another;
5. even when there has been consensus on goals originally, consensus may be reduced over time due to changing internal and external environments; and
6. there are different types of goals (e.g., intermediary goals, which help fulfill a larger goal, and internally vs. externally oriented organizational goals).

Hogwood and Gunn (1984, pp. 159-64) suggest a checklist of questions that should be considered in the development of objectives. These include the following:

1. What is the current position on the issue?
2. Where do you want to be on the issue and how will you get there?
3. What do you need from your own and other organisations or agencies to achieve this?
4. How are multiple objectives, which may conflict with one another, to be handled?
5. What are the desired outcomes and methods to measure success?
6. What should be done if objectives are not achieved?

Prioritising objectives

Usually, a policy will have multiple objectives, at least some of which may conflict with others. Prioritisation of objectives is useful to ensure

the best use of resources. Three aspects against which objectives can be compared are:

1. the extent to which the issue is ripe for action;
2. the extent to which the public is willing to pay for a service; and
3. the extent to which there is a need, as indicated by prevalence of an issue, severity of impact, who is affected, political concern for the problem, and economic cost or benefits associated with action and inaction.

Policy option analysis and selection

Usually there are several possible routes in attempting to achieve any given policy objective (or set of objectives). Different methods of analytical approaches of assessing options exist, but in reality may not be applicable due to political and value-laden considerations of an issue. Typically, those options that have backers within an organisation will be considered first, while independent analysis helps to identify a wider range of options.

Where scope for developing options does exist, the steps involved include: identifying existing options, defining them in detail, comparing them against one another using pre-set criteria and presenting a limited number of the options considered to key decision-makers for review and final decision.

Various techniques can be used to assist a decision-maker in deciding which option to accept. These include linear programming, dynamic programming, pay-off matrices, decision trees, risk analysis, queuing theory and inventory models.

Table 3 presents a summary of some key similarities and differences among the models.

Table 3: Characteristics of decision-making techniques in policy analysis

TECHNIQUES	Context of decision	Ability to cope with risk or uncertainty	Allows for different risk preferences	Allows for multiple objectives	Commen-surability requirement	Potential policy relevance
Linear	Single strategic decision; Continuous.	No (but with computer capabilities, making changes to assumptions easy).	Not applicable.	Yes (product mix and constraints).	Partial.	Determination of optimum mix of policy outputs.
Dynamic	Decision-rule for series of linked decisions; discrete but quasi-continuous) options.	Yes (sensitivity analysis).	Potentially.	Yes (product mix and constraints).	Partial.	Policy problems that can be broken down into a chain of decisions with later decisions dependent on earlier ones.
Pay-off matrix	Decision at single point among discrete options.	Yes.	Yes, highly and explicitly.	Yes.	Trade-offs must be specified if no dominant strategy.	Any policy decision taken at a single point in time from among a set of discrete options.
Decision tree	Series of interrelated decisions over time among discrete options.	Yes.	Yes, highly and explicitly.	Yes.	Trade-offs must be specified if no dominant strategy.	Policy problems that can be broken down into a chain of decisions with later decisions dependent on earlier ones.
Risk analysis	Large, innovatory project.	Yes (central to process).	Yes.	Risk and cost objectives, implicit original policy objective.	Interactions have to be specified.	Example: Nuclear power stations.
Queuing theory	Single or varying allocation of service delivery patterns; continuous options.	Yes.	Yes.	Yes.	Partial.	Hospital waiting lists, queues for service in government offices, maintenance schedules, etc.
Inventory	Guidelines for stock levels and re-ordering decisions; continuous.	Yes.	Yes.	Yes.	Partial.	Example: Defence supplies.

(Hogwood & Gunn, 1984, pp. 178-179)

Using decision-making techniques, bureaucrats or senior officials reduce the number of options by using their experience and expertise to make judgements about which options should be presented to the decision-maker(s) or client(s) for final decision, and in what fashion they should be presented. Usually, decision-makers are in the political sphere and will use their judgement to make a decision.

Policy implementation, monitoring and control

When a preferred option emerges, it becomes necessary to formulate and communicate the resulting policy and engage in more detailed design of associated programmes. Inter-departmental co-ordination and consultation with stakeholders is required to achieve buy-in for the policy and the creation of draft legislation, regulation, or authorised programme development.

Government intervention through legislation acts to legitimise policy. Legitimation involves working through the legislative process (including parliamentary hearings), working with stakeholders, and developing a position and communications strategy for the policy. Implementation of the policy includes the drafting of regulations by legislatively empowered organisations, aligning the administrative apparatus and co-ordinating roles and responsibilities, and deploying a communications strategy for those individuals, groups and organisations involved or affected by the programme.

Implementation must be seen as a part of the policy process, since the interaction between policy-making and policy implementation is often very complex. For effective implementation, it is essential that potential problems are considered in advance of the implementation itself and appropriate procedures are built into the programme plan. At this stage, targets and measures should be identified for any government intervention in order to have the relevant data to effectively evaluate programme performance once it has been implemented.

Once a policy/programme is underway, there is usually some attempt to monitor progress and check whether performance is living up to expectations. In practice, monitoring may be very unstructured and unspecific or, at the other extreme, too rigorous and analytical. Usually analytical approaches involve comparing actual progress against the detailed schedule of plans. Sources of data for monitoring and control include existing management information systems, programme evaluation studies and reviews (internally or externally sponsored), benchmarking studies, and staff and client interviews. To ensure such sources provide meaningful, useful and relevant information to programme operators, it is critical to identify targets and measures for monitoring at the outset of programme implementation. Should a programme be found to not perform to plan, reallocation of resources or revision of the implementation strategy may be necessary.

Policy evaluation and review

Policy evaluation and review has become an important area of interest and study in governmental operations. Citizens and taxpayers demand increased transparency, accountability, efficiency and effectiveness, which governments are now seeking to address through the application of new public management (NPM) principles based on a managerial approach to government activities. Key trends following this approach include the view of the “citizen as a client” of government services,



legislated balanced budgets, mandated business plans and performance measurement reports.

At certain points (predetermined or not) more fundamental reviews may be made of the policy. These will involve asking whether the policy has been successful in achieving the outcomes desired (against the desired outputs which are the focus of implementation, monitoring and control). The programme should be designed in such a way that it makes evaluation possible. An evaluation should extend to consider whether there are now strong contenders for resources elsewhere in the organisation and whether present policy still merits priority or should be downgraded or even terminated.

Programme evaluation should involve:

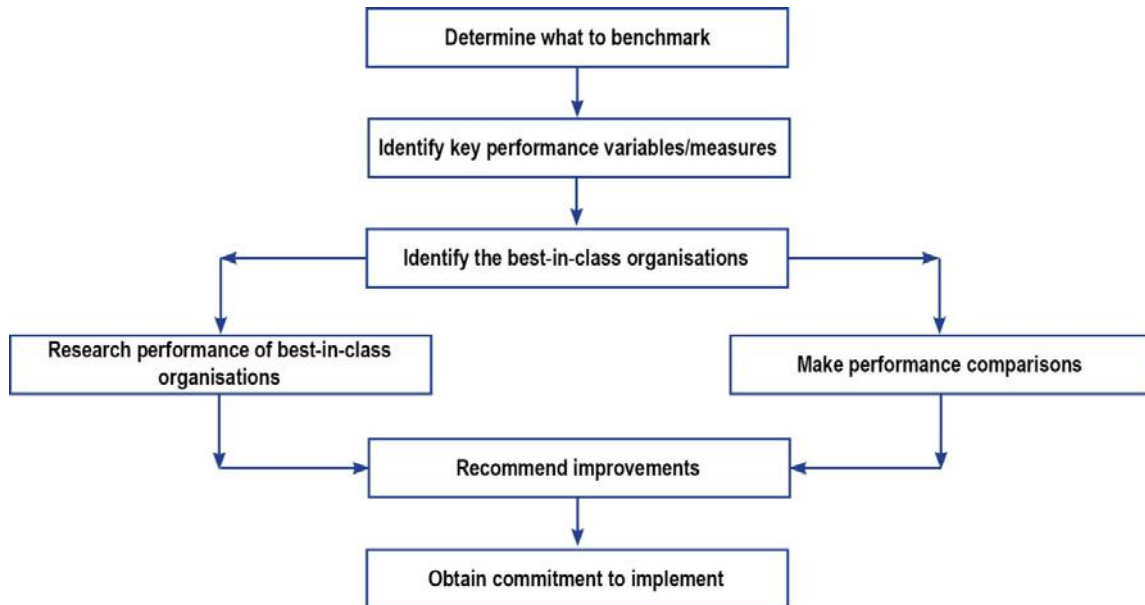
1. the application of performance measures and programme standards;
2. the application of customer/client/citizen indices of satisfaction; and
3. a translation of evaluation or reviews into opportunities for organisation learning and improvement.

Evaluations aim to confirm past decisions and provide knowledge for future decisions. Evaluations are multifaceted, examining factors such as:

- programme efficiency (ratio of inputs to outputs);
- goal evaluation (the extent to which goals are attained);
- process evaluation (the extent to which a process used is commensurate with values, norms and requirements of the organisation and the government); and
- benchmarking.

Benchmarking is a process for rigorously comparing organisational performance and processes to the *Best-in-Class* performance and using insights from the comparisons from which emerge *Best Practices* to improve organisational performance. See Figure 2 for a graphical representation of the process.

Figure 2: The seven-step benchmarking process



Policy maintenance, succession, or termination

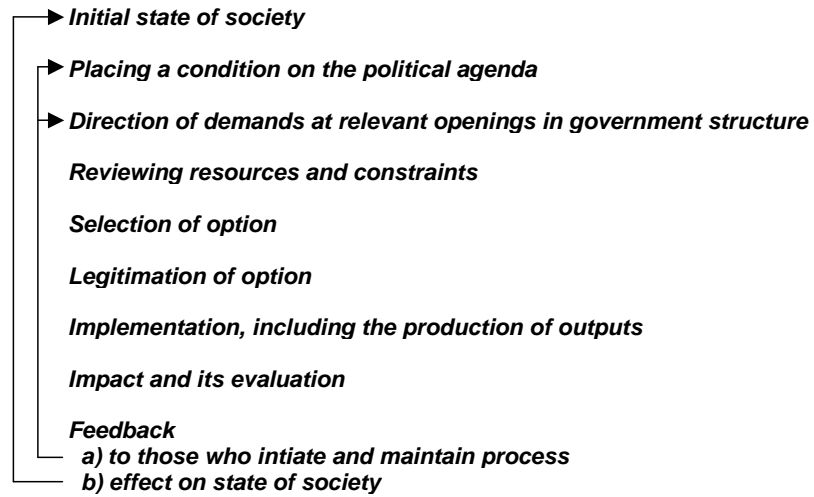
The results of evaluations and reviews in the policy process are not self-executing, rather results must be accepted and a decision made to implement corrective actions. It is also difficult to replace or terminate a programme even if an explicit decision has been made to do so since once a programme or organisation is created, the bureaucracy and service providers have a greater stake in the organisation, and usually its longevity.

According to Hogwood and Gunn, the chances for succession or termination are increased if the possibilities of replacing or terminating the programme are built into its design at its initial stages. These include the possibilities and limitations of sunset clauses (which would require that the policy or programme be terminated or reviewed for renewal after a predetermined period), organisational design mechanisms (for example, the use of a matrix structure which would allow for multiple reporting and accountability points), and the use of specialised government units or teams skilled in redeploying resources among changing policies or programmes as necessary.

The policy-making process can be alternatively summarised in Figure 3.



Figure 3: Phases in the policy process



Source: (Hogwood & Gunn, 1984, p. 25)

Module summary



Summary

The purpose of Module Two was to introduce you to the policy formulation process including the process, structure and context of policy-making. Have a look back at the objectives to see if you have benefited from your reading of this module.

The module began with a review of the nature of policy formulation. The first section outlined approaches to issue definition which included consideration of: who raised the issue as a problem; the extent to which the problem is treatable by government; the extent to which there is agreement on the problem (level of consensus); the policy frames through which the issue is identified; and the levels of aggregation of those affected by the issue.

Next, the module identified four main types of issues that lead to policy discussion. These are: universal issues, advocacy issues, selective issues and technical issues. Other crosscutting sources of policy issue identification include commissions, task forces and coloured papers.

In the last section of Module Two, the eightfold path to policy-making was outlined and discussed. This is a simple rendering of the process and so you need to remember that in actuality the process need not follow all the steps, nor is it necessary that the steps occur in the order presented here. Rather, it depends on the circumstances and possible resolutions surrounding an issue at any given time. The eight steps are:

1. issue search, agenda-setting and issue filtration;
2. issue definition;
3. forecasting and projecting outcomes;
4. setting objectives and priorities;
5. policy option analysis and selection;
6. policy implementation, monitoring and control;
7. policy evaluation and review; and
8. policy maintenance and succession.



Self-study questions



Study skills

1. Discuss the various institutions that are involved in policy-formulation processes in your country? To what extent are the powers of the executive branch of government checked in the formulation process?
2. Can the legislative branch of government in your country alone formulate a policy? Why or why not?

References and further reading



References

- Allison, G. (1971). *Essence of decision: Explaining the Cuban missile crisis*. Boston: Little, Brown.
- Aucoin, P. (1979). Public policy theory and analysis. In G. B. Doern and P. Aucoin (Eds.), *Public Policy in Canada*. Toronto: Macmillan.
- Baker, J. I. H. (1977). *CPRS, the car industry, and Chrysler: A case of 'misframing'?* Unpublished paper: London Business School.
- Breton, A. (1974). *The economic theory of representative government*. Chicago: Aldine.
- Cleaning up. (2003, October 27). *BusinessWeek Online*.
<http://www.businessweek.com>.
- Cobb, R. W. & Elder, C. D. (1972). *Participation in American politics: The dynamics of agenda building*. Boston: Allyn and Bacon.
- Doerr, A. D. (1982, Fall). The role of coloured papers. *Canadian Public Administration* 25: 370-376.
- Hartle, D. G. (1976). *A theory of the expenditure budgetary process*. Toronto: University of Toronto Press.
- Hogwood, B. W. & Gunn, L. A. (1984). *Policy analysis*. New York: Oxford University Press.
- Kernaghan, K. & Siegel, D. (1999). *Public administration in Canada*. (4th Ed.). Scarborough, Ontario: International Thomson Publishing.
- Lindblom, C.E. (1959, Spring). The science of "muddling through." *Public Administration Review* 19: 79-88.
- Meuller, D. C. (1979). *Public choice*. Cambridge: Cambridge University Press.
- Pal, L. A. (1997). *Beyond policy analysis: Public issue management in turbulent times*. Scarborough, Ontario: ITP Nelson.
- Ritchie, R. S. (1971). *An institute for research on public policy*. Ottawa: Information Canada.
- Taylor, D. W., Warrack, A. A., & Baetz, M. C. (1999). *Business and government in Canada: Partners for the future*. Toronto: Prentice-Hall Canada.
- Trebilcock, M. J, Hartle, D. G., Prichard, J. R. & Dewees, D. N. (1982). *The choice of governing instrument*. Ottawa: Minister of Supply and Services Canada.

