
UNIT 19 POLICY ANALYSIS

Structure

- 19.0 Learning Outcome
- 19.1 Introduction
- 19.2 Policy Analysis
- 19.3 Types of Policy Analysis
 - 19.3.1 Empirical, Evaluative or Normative Policy Analysis
 - 19.3.2 Retrospective/Prospective Policy Analysis
 - 19.3.3 Predictive/Prescriptive/Descriptive Policy Analysis
- 19.4 Methods and Techniques in Policy Analysis
- 19.5 Ethics in Policy Analysis
- 19.6 Process of Policy Analysis
- 19.7 Conclusion
- 19.8 Key Concepts
- 19.9 References and Further Reading
- 19.10 Activities

19.0 LEARNING OUTCOME

After studying this Unit, you should be able to:

- Explain the meaning and use of policy analysis in decision-making;
- Describe different types of policy analysis;
- Understand the process of policy analysis; and
- Highlight the different methods and techniques used in policy analysis.

19.1 INTRODUCTION

For making any policy-decision, one needs information on the specific problem under study. Information is processed to analyse data that has been put into a meaningful form and is useful in the user's context for decision-making.

An important goal of public policy analysis is to help policy-makers to arrive at viable informed policy choices with a credible expectation of what will be the expected outcome(s) of those policy choices. In the world of complex political and socio-economic processes, predicting the effectiveness of a particular policy relating to the intended goals while identifying potential **unintended** consequences is a difficult task. If policy-making is an art, policy analysis aims to add a bit of science to the art.

This Unit, and Units from 20 to 22 of this course will help to develop skills that are required to define and critically analyse the policy issues and problems, articulate relevant decision-making criteria for policy analysis, evaluate alternative policy options, and assess the means and costs of implementation. These skills and techniques can be applied to a wide range of substantive public policy issues, with the idea that a good policy analyst can approach problems as a **generalist** and bring more specific information from a given policy area to bear on the analysis. In this Unit, you

will learn various types and the processes involved in policy analysis. You will also go through an overview of the methods and techniques used in policy analysis.

19.2 POLICY ANALYSIS

According to Patton and Sawicki, the term policy analysis was probably first used in 1958 by Lindblorn. Since then a number of experts on the subject have given definitions. The salient aspects of policy analysis defined by some of the experts are noted below.

- i) Dunn stresses that the policy analysis is an applied discipline. In his words, policy analysis is "... an applied discipline which uses multiple methods of inquiry and argument to produce and transform policy-relevant information that may be utilized in political settings to resolve public problems."
- ii) Jacob B. Ukeles observes that policy analysis as the systematic investigation of alternative policy options. He opines that policy analysis is "the systematic investigation of alternative policy options and the assembly and integration of the evidence for and against each option. It involves a problem-solving approach, the collection and interpretation of information, and some attempt to predict the consequences of alternative courses of action."
- iii) Patton and Sawicki believe that policy analysis is "... a systematic evaluation of the technical and economic feasibility and political viability of alternative policies, strategies for implementation, and the consequences of policy adoption."

Putting together all the above definitions would enable you to understand what is policy analysis?, and the process of how it is carried out.

19.3 TYPES OF POLICY ANALYSIS

Policy analysis can be classified as:

19.3.1 Empirical, Evaluative or Normative Policy Analysis

While processing the information for policy analysis, three types of questions are deduced for argument. These are:

- i) What happened to the problem earlier?
- ii) Were the objectives of the policy met?
- iii) What should be done for the future courses of action?

The empirical approach is based on an interpretation of the past policies. This approach is concerned with analysing the causes and effects of given public policies and attempts to answer primarily the first question. For example, we may analyse and predict the government expenditure on education over a period of time.

The evaluative approach to policy analysis focuses on programme evaluation. It determines the worth or value of a policy option. For example, a study of government expenditure on primary education may focus on a particular objective, such as, whether a given target was met or not? The nonnative policy analysis primarily concerns with recommending future courses of action for a given problem. In this case, the type of information is advocative. For example, a government may have a policy of preventing pollutants from discharging waste of nearby habitations in the river. As part of this policy the government may recommend to the local authorities concerned to take necessary steps to prevent the pollutants reaching the river.

19.3.2 Retrospective/Prospective Policy Analysis

- Retrospective policy analysis refers to the historical analysis and interpretation of past policies.
- This type of policy analysis is done to confirm the major aspects of historical policy research available on the problem under consideration. For example, a study on labour unrest in an industrial company that has implemented automation earlier would be a retrospective study. The retrospective policy analysis is also sometimes termed as ex-post or post-hoc policy analysis.

Prospective policy analysis focuses on the future outcomes of a proposed policy. For example, the decision maker may have four policy options of establishing a fire station in east, west, south or central parts of a city. In this case, the policy analysts attempt to predict the future status of results from alternative policy options available to them. The prospective policy analysis is also sometimes termed as ex ante, pre hoc, or anticipatory policy analysis.

Retrospective policy analysis produces information, which is directly useful for decision-making. This is because of the development of the scientific methods that may not allow manipulation of data by the policy makers. On the other hand, prospective policy analysis often creates a large gap between the preferred solutions to the problem on hand and the efforts made by the institutions concerned to resolve them.

19.3.3 Predictive/Prescriptive/Descriptive Policy Analysis

Predictive policy analysis refers to the forecasting of future states resulting from the implementation of particular policy alternatives. The prescriptive analysis recommends actions that result in a particular outcome. When the policy analysts are not sure about the nature of solution to a problem or there is no programmed way of selecting a particular solution among alternatives, then they may opt for prescriptive policy analysis. Here, the policy maker's attitudes, preferences, and beliefs may influence the selection of an option among alternatives. For example, one might conduct a study to see the impact of changing income-tax rates on the saving habits of people who are paying income tax. If the study recommends for lowering income tax rates that will result in higher savings, this is a prescriptive policy analysis since lowering tax rates may or may not improve the saving habits of people on the lines expected.

Descriptive policy analysis refers to historical or retrospective analysis of past policies. It also concerns with evaluation of a new policy as it is implemented. Here, policy analysis is conducted after policy implementation. The primary concern is to understand the problem rather than to solve it. However, descriptive analysis is often incorporated into prospective policy analysis. The implemented policies are monitored and evaluated to decide on whether to continue or modify the earlier policy. The information generated in this context will also help in solving future problems.

The recommendation based on the prediction or prescription comes into effect, before the recommendation has been adopted. The descriptive and evaluative policy analyses are applied after the recommendation has been adopted. Therefore, prescriptive or predictive analysis deals with future course of action, while descriptive and evaluative analysis are concerned with past actions.

19.4 METHODS AND TECHNIQUES IN POLICY ANALYSIS

The policy analysis team consists of those analysts who use different methods and techniques to put forward alternative policy options. These methods and techniques may be expressed as graphs, diagrams, tables, decision trees or mathematical equations. The methods and techniques, such as, cost-benefit analysis, input-output analysis, survey methods, computer simulation, and optimisation

techniques, such as, linear programming, marginal analysis, etc. play an important role in policy analysis. For example, the calculation of compound interest technique is used widely to find the values for different rates of interest on savings (or loans) for a given period of time.

Suppose you want to obtain a loan to buy a house. The first thing you may do is to approach different loan-giving institutions/banks and find out the rates of interest. Then you may be interested to find out the outstanding amount of your loan after a given period of time against the amount of loan you have taken. While calculating this you may also take into account any security deposit required. After obtaining outstanding amounts for different interest rates and security deposits for a given period of time, you may choose one of the best outcomes.

The methods and techniques are very useful for obtaining information for policy analysis. We will be discussing various methods and techniques which are widely used in policy analysis in Units 20 to 22 of this course. Remember that in policy analysis, most of these technical tools are used to help those involved in decision-making. It is widely believed that politics dominates in policy analysis. However, the application of quantitative analysis in policy analysis has brighter future. Since it involves a more scientific and transparent process, weightage is, therefore, given to economic, technical, and political criteria.

19.5 ETHICS IN POLICY ANALYSIS

Often the policy analysts deal with ethical issues. According to Martin Wachs, most of the ethical issues faced by policy analysts, planners, experts, and advisors on a daily basis are resolved without controversy. These are related to administrative decisions, bureaucratic procedures, and rules of behaviour regarding clients and supervisors.

The more complex issues are related to the moral implications of our methods, ethical content of the criteria built into decision models, and ethical issues inherent in the evaluation of major policy alternatives. For example, the Pareto rule states that an optimum distribution of income in society is one where some individuals are benefitted without loss to others. That means the Pareto optimality guarantees that all persons in the society will retain the income for which they are entitled by their ability and work. However, in practice this may not happen since the Pareto optimality does not reflect unjust entitlements to income based on illegality, fraud, racial and other forms of discrimination. On the other hand, even the proponents of the Pareto optimality rule say that its application violates their own moral convictions of entitlement on ability and work.

Many social scientists believe that values can be studied with methods of social science. For example, public opinion surveys can be used to reflect the views of different groups of people in the society. However, values, such as, equality, justice, etc. cannot be proved through empirical surveys.

14.6 PROCESS OF POLICY ANALYSIS

On the basis of ideas and approach of Patton and Sawicki, a six-step process in doing an actual policy analysis is shown in figure 19.1

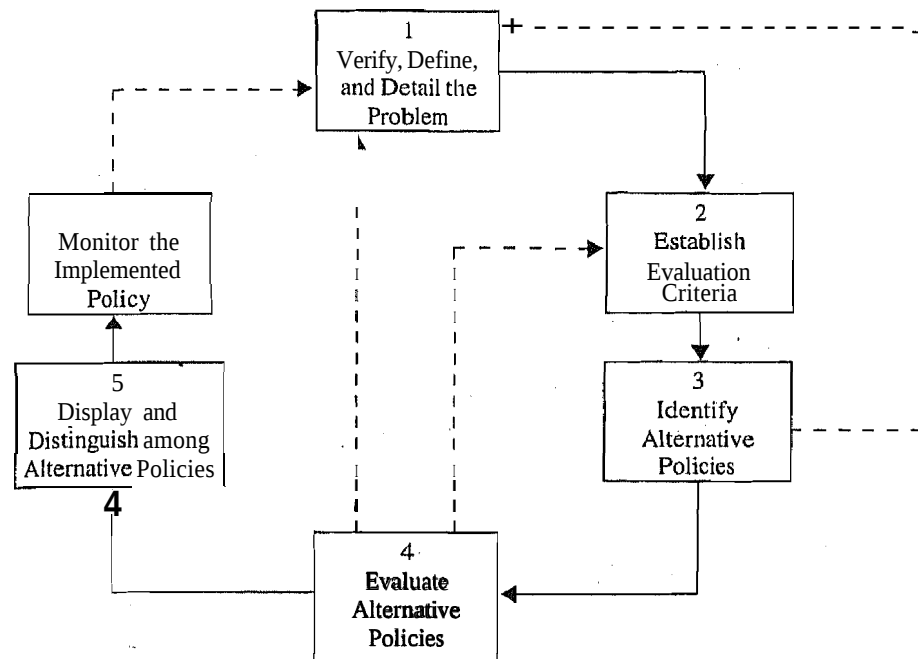


Fig. 19.1: A basic Policy Analysis Process

Source: Patton, C.V. and D.S. Sawicki (1993) *Basic Methods of Policy Analysis and Planning*, p.53.

The six-steps are:

i) **Verify, Define and Detail the Problem**

This is the most important and relevant of all the steps because many times the objectives of the problem analysis are not clear and in some cases the objectives are contradictory. Therefore, Patton and Sawicki suggest, "Don't accept the initial problem statement without question. It **may** be only the tip of the iceberg, a part of a larger problem, or one that cannot be influenced by the client or decision maker."

Policy analysis requires clarity in identifying the problems to be resolved. This will lay a solid foundation for an efficient and effective outcome of the whole process. The policy analyst must question, therefore, the interested parties involved or stake holders about their agendas of the outcome. Defining the problem in such a way eliminates any ambiguity for future references. Also, the policy analyst needs to know whether sufficient data is already available on the problem for analysis or more data is to be collected.

ii) **Establish Evaluation Criteria**

In order to measure, compare, and select among alternatives relevant evaluation criteria must be established. Here one must consider cost, net benefit, effectiveness, efficiency, equity, administrative ease, legality, and political acceptability. Economic benefits must be considered in evaluating the policy. For example, one way may be least expensive than others in achieving an objective. How the policy will harm or benefit a particular group or groups will depend on the number of options available. Options that are more difficult to implement than others must be considered but ultimately decided by getting a feel of the stakeholders of a policy. Political and other variables go hand in hand with evaluation criteria to be followed. Most of the time, the client or person, or group interested in the policy would try to influence the direction or evaluation criteria to be followed.

The policy analyst should, therefore, indicate the criteria, which are most relevant to the parties involved. Once the alternatives are evaluated, it will be easy for the policy analyst to indicate the

criteria most salient to the individual or group. Then, ranking of alternative policies according to their importance will follow.

iii) **Identify Alternative Policies**

Once a policy problem has been clearly stated and an evaluation criteria are established, the policy analyst is in a position to identify and generate alternative policies. In order to generate alternative policies, it becomes important to have a clear understanding of the problem and how to go about it. The possible alternatives include do nothing approach (status quo), and any other that can benefit the outcome.

Sometimes combining alternative policies may reveal new aspects of the problem, which were not thought earlier. Relying on the past experience of others in similar situations helps to create a more thorough analysis and understanding. It is important to avoid settling prematurely on a certain number of options at this step. All the options should be considered before settling on a reduced number of alternatives,

iv) **Evaluate Alternative Policies**

At this stage, an attempt is made to package all the alternative policies into strategies and programmes in accomplishing a thorough policy analysis. It becomes necessary to evaluate how each possible alternative benefits the criteria previously established.

If required, additional data may be collected for analysing the different levels of influence on the economic, political, and social dimensions of the problem. These dimensions are analysed through quantitative and qualitative analyses, that is, the benefit and cost per alternative. Political questions in attaining the goals are analysed to see as to whether they satisfy the parties interested in the policy.

Patton and Sawicki, further suggest the avoidance of a tool box approach of using the same statistical/mathematical method for every evaluation. Be it linear programming, cost-benefit analysis, input-output analysis, or some other decision-making technique. Some problems may call for quantitative analysis, while others may require qualitative analysis or many of the problems require both quantitative and qualitative analysis. Given sufficient time, one may go for survey research to gauge the support for various options. When sufficient time is not available, one may go for forecasting techniques, simulations, etc.

At this stage, the analyst may feel that the originally stated problem needs to be revised. New aspects of the problem may be found to be transient and even different from that of the original problem statement. A fast track approach may be followed in revising the problem statement.

v) **Display and Distinguish among Alternative Policies**

The results of the evaluation of possible alternatives along with data on the extent to which the criteria are met by each alternative might be presented at this stage. However, the presentation format, showing the probabilities associated with the fulfilment of the criteria against each alternative and the weightage thus accrued to each option, tends to influence the final decisions.

When the criteria are expressed in quantitative terms, value comparison might be used to analyse the advantages and disadvantages of the alternative scenarios with quantitative methods and qualitative analysis; complex political considerations can also be melded with this. Where the decision maker has clearly stated the objectives, ranking and/or weighing of alternatives is very much easy. But the policy analyst should be aware that his/her personal biases might influence such ranking/weighting. Sometimes, stronger arguments can be advanced in favour of better options

to advise the decision makers. One should also be clear in mind about the difference between technically superior alternative and politically feasible alternative. If an alternative is technically superior, its political feasibility should also be considered by the decision maker.

Rarely, there will be convergence on one option. Various interested parties may prefer different options. Also, it is possible that two or more alternatives would provide similar results. Often, policy analysts' work is subject to time constraints. As a result, they may skip some alternatives and variables. Therefore, the policy analysis becomes incomplete. These should be reported, and possible side effects should also be identified.

vi) **Monitoring the Implemented Policy**

Normally, the policy analyst/planner is not involved in the implementation of a policy. However, the policy analyst should be involved in the maintenance, monitoring, and evaluation of the implemented policy. According to Patton and Sawicki, "Even after a policy has been implemented, there may be some doubt, whether the problem was resolved appropriately and even whether the selected policy is being implemented properly". These concerns require that policies and programmes be maintained and monitored during implementation to assure that they do not change form unintentionally; measure their impact; determine whether they have the intended impact; and decide whether they should be continued, modified, or terminated.

Programme evaluation is important to improve the quality of programme analysis. We should realise here that the policies could fail, because the programme was not implemented as it was designed or did not produce the desired results because the underlying assumptions were either incorrect or irrelevant.

19.7 CONCLUSION

This Unit has provided an overview of the policy analysis, its context, meaning, types, and the process. The different types of policy analysis like prospective and retrospective analysis provide forecasting of future, and an assessment of the past. The predictive, prescriptive, and descriptive analyses throw light on simple to complex nature of policy alternatives.

Practising ethics in policy analysis is very important. While most of the internal ethical elements can be controlled, coming to grips with more complex ethical issues is far more difficult.

The policy analysis process is explained in six steps, that is, i) defining the problem, ii) establishing evaluation criteria, iii) identifying alternative policies, iv) evaluating alternative policies, v) displaying and distinguishing among alternative policies, and vi) monitoring the implemented policy.

19.8 KEY CONCEPTS

Descriptive Policy Analysis	: Policy analysis based on the historical facts or policy decisions.
Ethics	: A branch of philosophy that deals with morality.
Evaluative Policy Analysis	: Policy analysis that deals with the extent to which the objectives of a policy are met.
Policy Alternative	: A potentially available course of action that is available to meet the objectives of a policy problem.

Policy Analysis	: A systematic evaluation of technical, economic, and political feasibility of alternative policies; strategies for implementation; and consequences of policy implementation.
Policy Problem	: An identified but unrealised need value or opportunity that can be attained through public action.
Predictive Policy Analysis	: Predicting future states of policies that result from adopting various policy alternatives.
Prescriptive Policy Analysis	: An advisory recommendation of actions made by policy analyst, that is, intended to bring about a particular result.
Prospective Policy Analysis	: Policy analysis before the policy is implemented.
Retrospective Policy Analysis	: Policy analysis based on historical facts or earlier policy decisions.

19.7 REFERENCES AND FURTHER READING

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19.10 ACTIVITIES

- 1) Explain how ethical issues are of importance in policy analysis. Can you completely remove ethical problems from policy analysis? Justify,
- 2) Describe briefly the various steps in the process of policy analysis.
- 3) Discuss the importance of quantitative and qualitative methods and techniques in policy analysis.
- 4) Evaluate the relative importance of technical superiority and political feasibility in policy analysis. Illustrate your answer with examples.