



Policy capacity: A conceptual framework for understanding policy competences and capabilities

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Abstract

Although policy capacity is among the most fundamental concepts in public policy, there is considerable disagreement over its definition and very few systematic efforts try to operationalize and measure it. This article presents a conceptual framework for analysing and measuring policy capacity under which policy capacity refers to the competencies and capabilities important to policy-making. Competences are categorized into three general types of skills essential for policy success—analytical, operational and political—while policy capabilities are assessed at the individual, organizational and system resource levels. Policy failures often result from imbalanced attention to these nine different components of policy capacity and the conceptual framework presented in the paper provides a diagnostic tool to identify such capacity gaps. It offers critical insights into strategies able to overcome such gaps in professional behaviour, organizational and managerial activities, and the policy systems involved in policy-making.

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1. Introduction: Policy capacity in theory and practice

Policy capacity has emerged as a major concern as governments are called upon to address increasingly complex problems. The increasing complexity of many contemporary policy problems coupled with rising expectations of the public present unprecedented challenges to the capacity of governments to make and implement effective policies. The global financial crisis of 2008, for example, starkly underscored the inability of industrialized countries to govern the global financial sector, not to mention developing countries where this and other capacity deficits are understandably pronounced and persistent.

Such concerns have sparked a renewed interest both among practitioners and scholars about the nature of policy capacity, its definition and composition in the contemporary era (Fukuyama, 2013; OECD, 2006).

Most scholars define policy capacity from the perspective of the government as affecting “the ability of governments to make intelligent choices” (Painter & Pierre, 2005), to scan the environment and set strategic directions (Howlett & Lindquist, 2004), to weigh and assess the implications of policy alternatives (Bakvis, 2000), and to make appropriate use of knowledge in policy-making (Parsons, 2004). While it is a cliché to argue

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having adequate policy capacity is a necessary pre-condition for policy success, there are many disagreements about the detailed conceptual and definitional aspects of the subject which have hindered efforts at better understanding and diagnosis, and improved practice.

Some scholars, for example, have opted for limited or restricted definitions of capacity, concentrating only on the availability or quality of specific and particular skills such as policy advising to support decision-making. [Painter and Pierre \(2005\)](#), for example, define policy capacity as: “. . . the ability to marshal the necessary resources to make intelligent collective choices, in particular to set strategic directions, for the allocation of scarce resources to public ends.” Others have similarly retained this relatively narrow focus but included additional skills and resources such as those involved in the acquisition and utilization of policy relevant knowledge, the ability to frame options, the application of both qualitative and quantitative research methods to policy problems, the effective use of communications, and stakeholder management strategies ([Howlett, 2009](#)).

On the other hand, others such as [Davis \(2000\)](#), have called for a more expansive definition, arguing policy capacity should include the ability of governments to efficiently implement preferred choices of action as well as decide upon them. Still others have focussed their attention on the meta-level of governance. [Parsons \(2004\)](#), for example, defined policy capacity as the ‘weaving’ function of modern governments—the ability to join together the multiplicity of organizations and interests to form a coherent policy fabric. [Holmberg and Rothstein \(2012\)](#) and [Rotberg \(2014\)](#) similarly go well beyond policy formulation in emphasizing the systemic and structural preconditions of good governance, such as honesty, rule-of-law, merit appointments, social trust and legitimacy, as key components of policy capacity.

Coming from a Public Management perspective, [Moore \(1995\)](#) has proposed a “strategic triangle” comprising public value, legitimacy and support, and organizational capacity as crucial for the effective functioning of public sector agencies. But there is also little agreement on whether concepts of policy capacity should be restricted to the capacity of only government or public service, or be expanded to include the non-governmental and private sectors. [Fellegi \(1996\)](#), for example argues that the concept of policy capacity should include the nature and quality of the resources available to review, formulate and implement policies, and the practices and procedures by which these resources are mobilized and used, both within the public service and beyond it to the non-governmental sector and to society as a whole. Whether and to what extent such ‘governance capacity’ differs from ‘policy capacity’ ([Howlett & Ramesh, 2015](#)) remains a key question in this area.

Thus while the scholarly literature offers a large number of different definitions of policy capacity that highlight different dimensions of the subject, there has been to date no systematic attempt to develop a working definition of policy capacity that encompasses all of these elements and their interrelationships. Most of the existing definitions of policy capacity focus on what can be done with it, such as “to make intelligent collective decisions” and “to weigh and assess different alternatives”, but fall short of specifying not only what constitutes policy capacity but how existing and potential resources and skills can be combined to augment and deploy it. This lack of a practical operational definition has resulted in limited use of the concept in practice despite the attention paid to it in the scholarly community ([Brown, Bezo, & Nanivska, 2013](#); [Hallsworth & Rutter, 2011](#); [Wang, 2013](#)).

This article serves to fill this gap and introduces a framework for analysing policy capacity which each of the articles in this special issue subsequently develops and expands upon.

2. Defining policy capacity: An conceptual framework

Policy capacity is defined here, similar to [Gleeson, Legge, and O’Neill \(2009\)](#) and [Gleeson, Legge, O’Neill, and Pfeffer \(2011\)](#), as the set of skills and resources—or competences and capabilities—necessary to perform policy functions. Following on [Moore’s \(1995\)](#) analysis, key skills or competences which comprise policy capacity can be categorized into three types: analytical, operational and political. Each of these three competences involves resources or capabilities at three different levels—individual, organizational, and systemic—generating nine basic types of policy-relevant capacity. This is the basic model or framework employed in this special issue.

This definition, comprising three sets of skills and competences and three levels of resources and capabilities, is sufficiently broad to encompass all the aspects of policy capacity cited by the authors mentioned above, and allows their similarities and differences to be demonstrated in a clear and straightforward fashion. This, in turn, allows for a superior operationalization of the concept and its translation into practice than has heretofore been possible.

Our overall framework of policy capacity is shown in [Table 1](#).

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