

# Policy Evaluation via Composite Indexes: Qualitative Lessons from International Transparency Policy Indexes

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**Summary.** — International transparency policy indexes (ITPIs) help determine billions in investment and aid, influence “authoritative” scholarship, and shape policy choices. Are ITPIs valid yardsticks of transparency, or do they encourage dissimulation? Most scholarship on index-based evaluations focuses on “concept indexes” (e.g., governance) from quantitative approaches. This paper presents qualitative insights about ITPIs in specific and “policy indexes” in general, analyzing three measurement-related pitfalls and proposing countermeasures. Most significantly, it shows how indexes presuppose substitutability while policies contain nonsubstitutable “necessary” policy provisions. This dilemma of “ontological compatibility” means that policies can rank favorably on indexes notwithstanding the absence of lynchpin policy provisions.

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## 1. INTRODUCTION

As a policy domain and crosscutting regulatory provision, transparency has become the *sine qua non* of good governance in virtually all public and private administrative arenas. But as laws and regulatory frameworks have proliferated – from freedom of information laws, to open data provisions, medical sunshine provisions, or conflict of interest disclosures – so too have questions about their legitimacy (Fox, 2007; Fung, Graham, & Weil, 2007; Michener, 2011; Roberts, 2006). Transparency is indisputably important, but it is also an ambiguous multidimensional concept and a politically burdensome policy, characteristics that render it susceptible to spurious interpretations, political and administrative dissimulation, and slipshod compliance (Fox, 2007; Hood & Heald, 2006; Michener, 2011). Promisingly, however, several international transparency policy evaluations have come to prominence over the last decade or so, most of which assume the composite index<sup>1</sup> format.

Whether it be corruption, human rights, or transparency, it is amply clear that composite indexes are valuable in motivating compliance (Kelley & Simmons, 2015). The driving question here is whether the design of policy evaluations, particularly those using index-based formats, is motivating “the right type of compliance”. Impressive scores across several international transparency policy indexes (ITPIs) by countries with uneven, if not questionable institutional track records understandably raise questions about how easily “gamed” these measures might be (Eisenkopf, 2009; Hood, 2012, pp. S86–S88). In other words, what (avoidable) “loop-holes” might indexes afford by reason of flawed evaluative strategies, designs, or challenges associated with the evaluation of policies via the composite index format?

This paper addresses this question, employing ITPIs as the illustrative policy domain. It draws qualitative insights about the pitfalls of policy indexes and ponders possible countermeasures. Three questions about ITPIs in particular and “policy indexes” in general are addressed by the paper’s principal sections: (a) whether policies are being measured appropriately as integrative wholes, (b) whether policy domains (e.g., budgets) and policy concepts (e.g., transparency) reflect relatively com-

plete measures, and, (c) whether the results of policy indexes are generating representative results.

“Policy indexes” – those indexes that measure policies or coherent policy frameworks – have received much less methodological scrutiny in the literature on development and governance than the more popularized “concept indexes”, which measure multidimensional meta-concepts such as “sustainability”, “governance”, “corruption”, or “development”, among others (see for example, Bersch & Botero, 2014; Gisselquist, 2014; Grimm, Harttgen, Klasen, & Misselhorn, 2008; Heywood & Rose, 2014; Knoll & Zloczynski, 2012; Kurtz & Schrank, 2007; McGillivray, 1991; Mitchell, 1996). Whereas concept indexes are subject to contention statistically and have received widespread attention from methodologists, policy indexes are constructed based primarily on the normative judgments (Decancq & Lugo, 2013) of policy experts or advocates. This difference may account for why scant attention has been paid to policy indexes and why indexes in general have received little *qualitative* scrutiny (Arndt, 2008; for an exception see, Grupp & Mogege, 2004; for discussion see, Grupp & Schubert, 2010, pp. 70–71). This paper delineates analytically important features of policy indexes, with implications for scholars, advocates, and policymakers.

Perhaps this paper’s most consequential and modestly original argument begins with the simple observation that policies are different than concepts in that they contain functionally interdependent provisions, some of which are indispensable to their operation. A public transparency policy that lacks a provision to make information open and accessible to the public, for example, can hardly hold together as a legitimate transparency policy. Yet as this paper will show, some countries score respectably on ITPIs even when information is not made public or other “necessary” provisions are absent or infringed.

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The source of the problem resides in the *ontological compatibility* of indexes, on the one hand, and the structure of policies, on the other. The composite index format inheres to the Aristotelian “OR” operator, which presupposes substitutability. Substitutability is well suited to financial securities or meta-concepts (e.g., governance, corruption), where one indicator can be substituted for another. Yet as interdependent bundles of provisions, most if not all policies presuppose the logical “AND” operator, which signifies “necessity”. When provisions that are necessary to the functioning of policies go missing, policy coherency begins to fall apart and the scoring strategies (weighting and scaling) of indexes are inadequate to the task of compensating for the functional importance of these provisions.

Yet far from being an intractable dilemma, straightforward solutions exist. One can create interdependence among indicators so that a failure to abide by “necessary policy provisions” will result in negative “domino scoring effects”. Alternatively, and perhaps optimally, one can use a different evaluative instrument to assess policies or mandate that key proscriptions are met before assessing policies with indexes. If policy compliance (*de jure* or *de facto*) is to be evaluated by instruments whose strength lies in *prescription* (composite indexes), evaluated subjects should first clear the hurdle of conforming to *proscriptions* (“thou shalt not”). Ideally, only when “necessary policy provisions” are not infringed or missing should countries be evaluated on indexes.

Admittedly, variation in institutional cultures and problems of disambiguation frequently make identifying necessary policy provisions less than obvious. Yet this paper proposes simple counterfactual tests that offer a preliminary way forward.

Beyond the key concern of ontological compatibility, this work presents two other sets of arguments relating to content validity and external validity. Problems of content validity arise due to inattention to concept formation and policy theories. Drawing on Sartori’s famous framework (1970), the paper’s second section shows how policy indexes often under-specify the extension of the policy domain (e.g., budgets) and the intension of policy concepts (e.g., transparency). Aspects of these two critiques are germane to the literature on concept indexes (Grupp & Schubert, 2010; Knack, Rogers, & Eubank, 2011) but their specific relevance to policy indexes and transparency evaluations is wanting. Thus while the first section, on problems of ontological compatibility, is an original contribution to the literature, the second and third sections highlight and reframe pitfalls of indexes that are known but have received inadequate attention in the context of policy evaluation.

This paper is thus a collection of arguments that offer reasonably straightforward implications for policymakers, scholars, and evaluators – most of which are cautionary. Yet it is important to acknowledge that ITPs and, more generally, policy indexes, are foremost advocacy tools. In this sense it is the responsibility of *users* to leverage indexes (as dependent or independent variables) with due caution – *caveat emptor* (for a similar warning see, Knack *et al.*, 2011).

## 2. INTERNATIONAL TRANSPARENCY POLICY INDEXES: SPECIFYING THE DOMAIN OF ANALYSIS

Most scholarship on transparency examines “providence”: the concept’s semantic, epistemological, and philosophical roots, legal manifestations or causes of transparency (see for example, De Fine Licht, Naurin, Esaiasson, & Gilljam, 2013; Fox, 2007; Hollyer, Rosendorff, & Vreeland, 2014; Hood & Heald, 2006; Keane, 2010; Lathrop & Ruma, 2010; Meijer, 2013; Michener, 2015b). Another set of scholarship, grounded in the literature on

comparative politics and public policy, analyzes adoption processes, compliance with transparency norms, and transparency’s effects (see for example, Cuillier, 2010; Darch & Underwood, 2005; Khagram, Fung, & de Renzio, 2013; Kosack & Fung, 2014; Mitchell, 1998; Neuman & Calland, 2007; Open Society Justice Initiative, 2006; Roberts, 2006; Wehner & De Renzio, 2011). Within this last strand of the literature, a growing field of scholarship critically analyzes *how* transparency policies are operationalized or evaluated (see for example Bellver & Kaufmann, 2005; Darch, 2013a; Fung *et al.*, 2007; Ghosh & Kharas, 2011; Kosack & Fung, 2014; Michener & Bersch, 2013; Nelson, 2001; Veljkovic, Bogdanovic-Dinic, & Stoimenov, 2014). The current effort fits into this last set of works, but is unique in focusing on the use of a ubiquitous measurement instrument – the composite index – and a single unit of analysis – international transparency policy evaluations.

While transparency may theoretically have “multiple meanings” (Kosack & Fung, 2014, p. 67), the current analysis relies on a broad, determinate, and detailed conceptualization of the term (Michener & Bersch, 2013). For the purposes of this paper, transparency is defined as the *visibility* and *inferability* of information (Michener & Bersch, 2013). The essential idea is that “transparent” information should be *visible* in the sense of being complete and easily accessible and *inferable* in the sense of lending itself to accurate conclusions. This definition, to be fleshed-out in subsequent sections, approximates a similar one advanced by Nelson (2001) in this very journal; and it falls in line with the notion of informational “value and salience” advanced by Kosack and Fung in their recent review of transparency’s effects on governance (2014, p. 71).

Public transparency policies have two incarnations: policies that are centrally concerned with transparency (transparency as an *end*), which include freedom of information laws and open-data regulations; and transparency provisions that form part of broader legislation or administrative directives (transparency as a *means*), such as campaign finance disclosure or budgetary transparency. The current analysis includes exemplars from each type of public transparency policy.

### (a) Units of analysis

Table 1 lists salient international transparency policy indexes that are analyzed throughout this paper. It should be noted that the indexes analyzed correspond to the transparency of *policies* or *policy frameworks*, rather than being indexes that analyze governmental information production or flows in a general sense (for example, Hollyer *et al.*, 2014) or perceptions of governmental transparency or openness writ large (such as the World Justice Initiative’s Open Government Index). Such evaluations are more akin to “concept indexes” than “policy indexes” in that they analyze policy-unspecific concepts (“production and flows of information” and “perceptions of openness”). Here, policies and policy frameworks are defined as the *de jure* or *de facto* attributes of legal constructs. Policy indexes either measure provisions “on paper” (*de jure*) and/or aspects of *de facto* policy adoption, implementation, compliance, reform, oversight, enforcement, or evaluation, among other legal features.

Table 1 includes information on the index name, acronyms used throughout this paper, source organizations, what they measure, the age of indexes, most recent versions of indexes, and how many units and countries they evaluate. While many indexes include disparate measures related to transparency, these six indexes were selected because of their global scope and overwhelming focus on transparency. They either measure transparency as an *end* unto itself (open data, freedom of information), or they treat transparency as the most heavily

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