

**PLS 505 – Policy Analysis**  
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**Topic: What is Policy Analysis?**

- **What is Policy Analysis?**
  - *Policy analysis* can be defined simply as the provision of policy-relevant information to decisionmakers
    - Typically this involves the systematic investigation of alternative policy options and the gathering and display of evidence for and against each option
    - It also involves the focused, systematic analysis of the outputs of governments and their effects on society
    - It looks at the connection between goals and the extent to which a given policy achieves those goals
    - This means it is a problem-solving approach, the collection and interpretation of information, and some attempt to predict the consequences of alternative courses of action
  - This definition has 4 key elements
    - Goals, including normative constraints and relative weights for the goals
    - Policies, programs, projects, decisions, options, means, or other alternatives that are available for achieving the goals
    - Relations between the policies and goals, including relations that are established in intuition, authority, statistics, observation, deduction, guesses or other means
    - Drawing a conclusion as to which policy or combination of policies is best to adopt in light of the goals, policies, and relations
  - Basic steps of policy analysis process
    - Verifying, defining, and detailing the problem
    - Establishing goals, objectives or other evaluative criteria
    - Searching for alternatives
    - Evaluating the impacts of alternative policies
    - Evaluating, comparing, and ranking the alternatives
    - Monitoring the implemented policy
    - Note the commonalities of the rational decision model
  
- **Wide Range of Approaches to Policy Analysis – Most of Which Rely on the Rational/Bounded Rational Decision Making Model**
  - Ration decisionmakers are value maximizers that try to reach an optimum decision given a set of constraints
    - Model of decision making is commonly attributed to economists who have a clear and consistent system of preferences, knowledge choices, and computation tools that permit the selection of the optimum choice
  - Six steps in the rational model
    - Define the problem
    - Identify decision criteria
    - Weight the criteria

- Generate alternatives
- Rate each alternative on each criterion
- Compute the optimal decision
- Assumptions
  - *Problem Clarity*: problem is clear and unambiguous
  - *Known options*: decisionmakers can identify all of the alternatives and relevant decision criteria. Decisionmakers must also be aware of all of the possible consequences associated with each alternatives
  - *Clear preferences*: criteria and alternatives can be ranked and weighted to reflect and analyze their importance
  - *Constant preferences*: specific decision criteria and the weights remain stable over time
  - *No time or cost constraints*: rational decisionmakers can obtain full information about the criteria and alternatives because there are no time or cost constraints
  - *Maximum payoff*: the rational decisionmaker will choose the alternative producing the highest payoff
- Limits to strict rationality
  - Typically there is uncertainty about both means and ends
  - Can almost never clearly determine the risks and payoffs associated with each alternative
  - Rarely are all alternatives and their consequences known
  - Preferences are often unformed and changing
  - Rarely have the time, resources, energy, or mental capacity to evaluate all alternatives and their consequences
  - Too mechanical an approach to what is a much more complex process
- Bounded rationality
  - When most people are faced with complex problems, people often respond by reducing the problem to a level that is readily understood
    - When faced with a choice, most decisionmakers do not struggle to find the best, or optimal, solution, most stop when they find the first acceptable solution – a concept Simon (1947) calls *satisficing*
  - Model recognizes the inherent limitations of the rational model
    - Problem is often not clearly defined
    - Values and goals are not always clearly defined
    - Knowledge of consequences is always fragmented, incomplete, or totally unavailable
    - Lack of information on the problem, the alternatives, the criteria, and the impact of choosing certain alternative seriously limit the judgments of decisionmakers
    - Time and cost constraints seriously limit the search for full information
    - Imperfections in humans also limit the acquisition and analysis of information
  - Concept of *satisficing* or *bounded rationality* was developed by Simon (1947)
    - For large-scale decisions there is too much information and uncertainty which overloads the cognitive capacities of managers
    - Managers are assumed to be rational in that they try to optimize their decisions

- They do not optimize, they *satisfice*: they search for solutions that are both satisfactory and sufficient
  - list of criteria is far from exhaustive and are looking for a solution that is good enough or will achieve an acceptable level of performance
  - A satisficing choice is the first acceptable one a decisionmaker encounters
  - Advantages of Bounded Rationality
    - Theories of decision making should be based on human capacities
    - Even if the thorough search and deliberate choice associated with strict rational choice were possible, the effort might not be worth the reward due to the high decision costs it would impose
    - If the information is not immediately or readily available, adhering to the canons of strict rationality will only encourage delay
  - Steps are the same as the rational model, but there is only a limited search and evaluation of alternatives and decisionmakers “satisfice” instead of optimize
- **Limits to “Rational” Approaches to Policy Analysis**
- Common complaint is that decisionmakers ignore the results of various types of policy analysis. Why is that?
    - Decisions are often made in a group setting rather than by individuals
    - A policy analysis report is one source of information that decisionmakers rely upon.
    - Many competing values influence decisionmakers
    - Open decision process means lots of people/organizations do policy analysis so decisionmakers are confronted with competing analyses based on similar or different data and presenting them with contrasting assumptions, alternatives, criteria, and conclusions
    - Other decision-making models help explain how decisions are made in political settings and why policy analysis sometimes has limited influence on decision making
  - Incrementalism
    - *Incremental model* is generally associated with politics and the political approach to public administration. Dual argument for its use:
      - It is the approach most characteristic of American public administration
      - It is the model that *should* be used
    - Lindbloom (1959, 1980) and others view the policy-making process as a response to short-term political conditions, by small increments, according to events and developments, and not according to rational, information-based analysis
      - Agrees with the notion of bounded rationality
      - Incremental decisionmaker is more concerned with reaching an agreement on a final outcome than making an “optimal” decision
    - Assumptions
      - Model does not assume a clear definition of goals (objectives) of decisions
    - Steps
      - Approach begins with an existing situation where means and ends are often intermixed
      - Analysis is limited and focused on alternatives that can be agreed upon or accepted

- Decision-making process is pragmatic and concerned with reaching agreement among the parties involved
- The decisional tools and calculations are less objective and less systematic than the rational model
  - Tends to use bargaining and compromising techniques that provide for the proportional representation of interests, minimize conflict, and lead to agreement
  - Administrators strive for satisfactory decisions after examining a rather limited set of alternatives
- Limitations of the rational model are not strengths of the incremental model.
  - It undermines many of the traditional values of public administration such as economy, efficiency, and effectiveness
  - Often results in political alliances and power centers that dominate decision processes in organizations.
  - Often criticized for its inherent conservative outlook that seeks adjustments to the status quo and avoids radical departures
  - It is based on a bargaining concept, which often doesn't work well when resources are limited. Bargaining also obscures the real desires of participants in the decision making process. Accordingly, it can get too wrapped up in political gamesmanship
  - Incrementalists often downplay the use of models which provide clear information and delineate alternatives
  - There is a lack of imagination in that there is no way to do something “new”. Only a little more or less of the same. It is inherently conservative