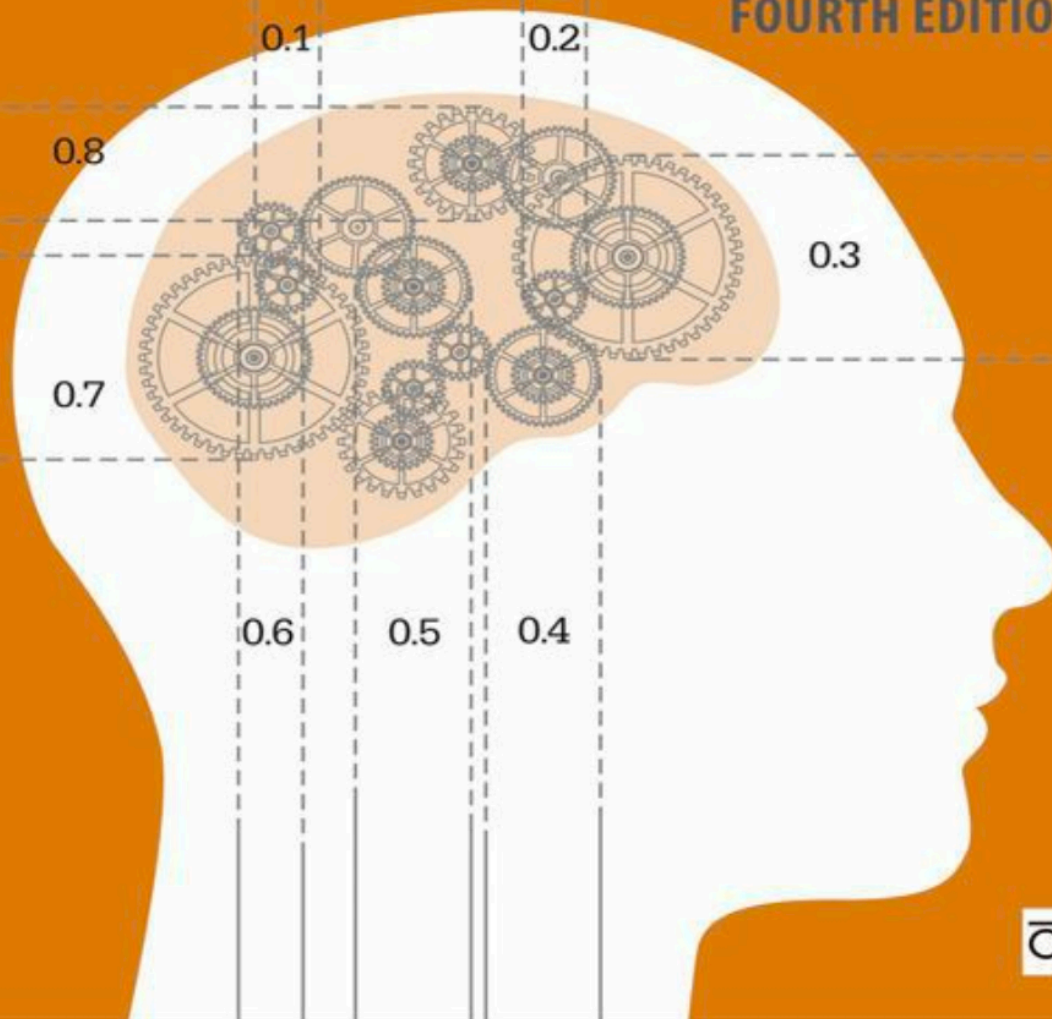


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A Practical Guide for Policy Analysis

**THE EIGHTFOLD PATH TO
MORE EFFECTIVE PROBLEM SOLVING**

FOURTH EDITION





APPENDIX

C

UNDERSTANDING PUBLIC AND NONPROFIT INSTITUTIONS: ASKING THE RIGHT QUESTIONS

Policy analysis, properly done, requires you to think not only about the technical aspects of governmental action but also about its institutional aspects—that is, the institutions that implement policy. Whether implementation goes well or poorly depends in part on whether the relevant institutions want to facilitate or impede the policy at hand. But motivation is not the whole story; capacity is at least as important. Here I want to draw attention primarily to the aspects of organizational structure and process that bear on capacity, and I do so not by offering a detailed exposition but by posing some (41) questions that the analyst ought to be asking.

MISSION

- 1: What is the mission of the agency?
 - As expressed in authoritative sources?
 - As understood and enacted by agency managers and employees?

ENVIRONMENT

- 2: What support/opposition does the agency have for its mission, and for itself, in its “authorizing environment”—that is, the totality of actors whose legal and nonlegal attitudes and actions determine agency legitimacy in the polity?
 - Evidence from budgetary allocations?
 - Other evidence?

3: Is the task environment relatively placid, changing predictably, or changing unpredictably? Examples of what is meant by these terms:

- *Placid*: telephone company in 1975
- *Changing predictably*: hospitals in the 1970s, before managed care but in the era when changing technologies were introduced and when overcapacity was looming
- *Changing unpredictably*: telecommunications companies today; hospitals today, facing changes in the insurance marketplace, in technology, and in government policies

Note that the less predictability and the faster the pace of change, the greater the need for getting information from the organization's field people rapidly; allowing them to make at least some decisions on their own; and making grand strategic shifts from the center.

- 4: Who are the agency's main competitors for resources and/or domain of legitimate action?
- 5: Does the agency have a comparative advantage—or disadvantage—in meeting the competition?
- 6: Does the agency face rivals who don't merely compete but are downright hostile to aspects of the agency's mission or philosophy?

PERFORMANCE MEASUREMENT

7: What metrics are available to tell us how effectively and efficiently the agency is performing?

- Producing outputs and outcomes?

Outputs are what you can operationally count as a result of the agency's productive work, such as number of students graduated, number of acres of forest thinned, number of passengers carried per day. *Outcomes* are consequences of the outputs that we actually value per se, such as greater employability of those students, greater fire resistance of those forests, reduction in transportation time or in pollution levels or increases in transportation satisfaction.

It is usually (much) harder to measure outcomes than outputs.

Outcomes are the product of more than the agency's outputs. Hence crediting or blaming the agency for the quality of the outcomes is not straightforward.

8: Compared to what benchmarks or standards?

- Other similar organizations?
- The same agency in previous years?
- An absolute standard?

- 9: What additional metrics would you, ideally, like to see?
- 10: Who are the agency's "customers," if any? Are they being well served? What is their opinion?
- It is easy to see a park user as a "customer" of the parks department.
 - But is a taxpayer a customer of the IRS?
 - Is the student a customer of the school? Or is her family?

TECHNOLOGY

Technology is a slightly fuzzy word, more easily defined by example than by abstractions.

- 11: To what extent does the agency use a service-delivery technology? A regulatory technology? A people-changing technology? A project technology?
- *Service-delivery technology*: a transportation agency's provision of vehicles and other facilities for use by patrons; writing and mailing Social Security checks; issuance of annual auto registration plates or stickers
 - *Regulatory technology*: command-and-control activities, such as environmental inspection and enforcement; OSHA regulations; restaurant sanitation inspections
 - *People-changing technology*: education; probation; child protective services
 - *Project technology*: issuance of a land-use plan; construction of a convention center; immunization of all youngsters against this year's strain of flu
- 12: Is it a strong or a weak technology?
- A *strong technology*—such as writing Social Security checks—is replicable and works in all contexts.
 - A *weak technology*—such as counseling probationers—is not easily replicated and is sensitive to social context and individual-level competency.

The structure and process you use to run an agency will depend to some degree on the type of technology you are implementing, partly for technical reasons and partly for political reasons: you get into trouble if you adopt a regulatory attitude when you should be serving a "customer," and vice versa.

- 13: Is the agency's authority structure appropriate to the agency's mission, technology, and human resources?

- 14: Is the agency's internal division of labor appropriate to the agency's mission, technology, and human resources?
- 15: Does the agency have effective means—formal and/or informal—to create working relationships across unit boundaries?

PRODUCTION/DELIVERY PROCESSES

- 16: What is (are) the principal process(es) the organization uses to implement its production technology(ies)—that is, to produce its outputs?

This question is complicated because it focuses on processes that connect the organization's activities, the human and physical materials it works on, and the way in which it transforms materials.

- In environmental and other kinds of command-and-control regulation, we have processes of “standard setting, inspections for compliance with standards, and the threat and actuality of punishment for noncompliance,” a complicated form of deterrence.
- In a welfare program, the process involves determinations of eligibility and amount.

FRONT-LINE WORKERS AND CO-PRODUCERS

- 17: Are the front-line workers doing a good job? Are they competent? Motivated? Adequately supported by the organization?
- 18: What systems of incentives, supervision, and support are in place to motivate them, help them, and hold them accountable? Are the means of recruiting them suited to getting individuals with the right qualifications?
- 19: Does the organization make full use of the talents and information residing at the front-line level?
- 20: To what extent does the agency also rely on “co-producers”—people and organizations that share in the production process without being employed by the agency?

- Welfare recipients are co-producers, along with the welfare agency, to the extent that they assist, and are assisted by, the agency in the recipients' efforts to find jobs.
- Parents co-produce their children's education along with the children's teachers.
- Along with the environmental regulatory agency, complying firms co-produce environmental improvement.

- 21: Does the agency manage its co-producers well? Do they provide the proper tools? Information? Motivation?

PARTNERS AND OTHER OUTSIDERS

- 22: To what extent does the agency rely on public and not-for-profit partners

to accomplish its mission? Does the agency manage these relationships effectively?¹

- 23: Does it rely heavily on for-profit vendors? Does it manage these relationships effectively?
- 24: Does it effectively manage its relationships with governmental “overhead” (or “control” or “staff”) agencies—such as the Departments of Finance or Budget, Personnel, Procurement, Audit, and so on?

CENTRALIZATION/DECENTRALIZATION

- 25: If the organization delivers services at multiple sites (as in a school district), does it have an effective balance of centralization and decentralization?
- 26: Does it use its internal budget-making procedures to structure incentives for performance improvements and cost reductions?

CULTURE AND COMMUNICATIONS

- 27: Does the agency have a relatively “strong” or “weak” culture?
- *Strong culture*: the U.S. Navy; the local fire department; the Forest Service; the California Legislative Analyst’s Office
 - *Weak culture*: many contemporary public health departments; many inner-city public schools
- 28: Is the culture relatively hierarchical or egalitarian? Rules-oriented or performance-oriented, or both? Where do efficiency and cost minimization fit in its culture?
- 29: Are communications within the agency relatively unconstrained by hierarchy and/or by subunit boundaries? Are people relatively unafraid to speak their minds, or are they circumspect and cautious? Is entrepreneurship encouraged or discouraged?
- 30: Do senior managers attempt to “lead through culture”? How?
- 31: Are creativity and innovation valued within the agency? Does the agency make systematic efforts to stimulate creativity and innovation?

POLITICS

- 32: Are there factions within the organization? If so, are they based on professional, ideological, or bureaucratic cleavages? On other factors?
- 33: Does factional competition or conflict degrade organizational performance or—by stimulating effort and healthy competition—improve it?
- 34: How do senior managers deal with the existence of factions?

LEADERSHIP

- 35: Who, if anyone, is a leader in this organization?

- 36: How does such a person gain and preserve legitimacy?
- 37: How effective is (are) the leader(s)?
- 38: What functions do they play in the organization?
- 39: What strategies do they use to carry out their leadership functions?

CHANGE

- 40: Is there a culture of *continuous improvement*—a term originally associated with the Total Quality Management (TQM) movement—and learning from mistakes?
- 41: Does the agency have the capacity and motivation to scan the environment for signs of opportunity or danger? If such signs are present, can the agency adapt effectively?

1. For an extensive discussion, see Bardach (1998).