

How Policy is Made

**An Exploration of Some
Approaches & A Case
Study**

This Talk Will Cover:

- **What is policy?**
- **Some views on how it is developed**
 - **some expanding models of power**
 - **complexification of decision making**
- **A case study of Pharmacare**
- **Some applications to management**

What Is Policy?

- **Starting point for action in organizations**
- **Complex framework of attitudes values and practices that frame organizational activity**
 - **Some Written**
 - **Some Spoken**
 - **Some Unarticulated**

What Are Policies?

- **General statements or understandings which guide or channel thinking and action in decision making**
- **Policies limit an area within which a decision is to be made and ensure that the decision will be consistent with and contribute to an objective**

Pharmacare

- **Recommendation of National Forum**
- **In Liberal Red Book**
 - with infostructure
 - with home care
- **Meetings to Explore in early 1998**
 - **January:** Pharmacare, **February:** Infostructure, **March:** Home Care
- **April: Intensive efforts on Home Care have begun**

Decision Based On...?

- **Pharmacare is now widely thought to be on the back burner**
- **Home Care has advanced to number 1 priority**
- **Was this predictable?**
- **Do we know why?**

Seven Layered ways of Understanding Policy Development

- 1 POWER at the Top**
- 2 Rational DECISION making processes**
- 3 Functional POWER structures**
- 4 DECISIONS based on some individuals**
- 5 POWER limited by broad social forces**
- 6 DECISIONS based on group behaviour**
- 7 Power less relevant: Complex Forces
yield unpredictable outcomes**

Seven Layered Ways Of Understanding Policy Development



Models and Frameworks

Models for understanding power and decision-making in organizations are not merely descriptive. They invariably indicate how power is distributed in a “well-functioning” organization, and how decisions ought to be made. And so they place a value on certain structures, processes and behaviours.

As our theories change, so do our views of what is good. The “well-functioning” organization of 60 years ago would, without doubt, be seen as dysfunctional today.

Sholom Glouberman

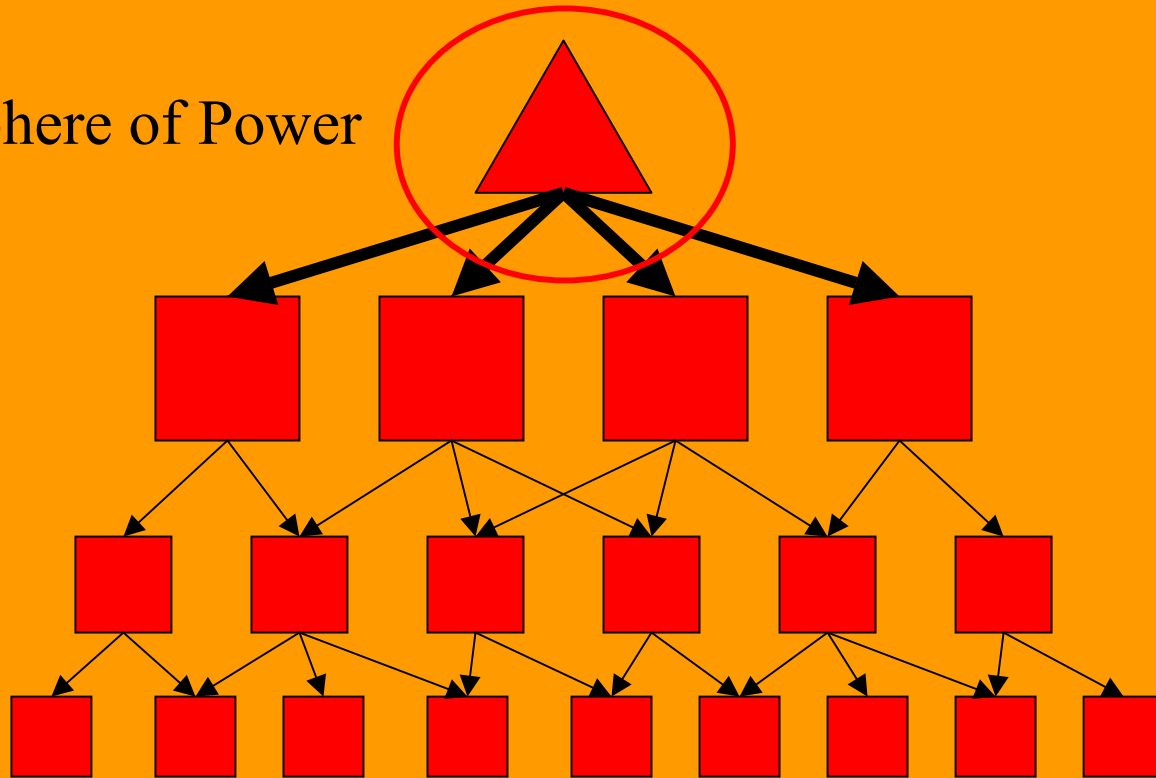
POWER (to 1950s): The Minister Controls the Bureaucracy & Takes the Decisions

- **Traditional bureaucratic theory of power**
- **Bureaucracy is genuinely hierarchical**
- **Lower levels provide data for decision makers**
- **The top has the most perspicacious view**
- **Decisions taken at the top where the power resides (and sometimes the knowledge)**

POWER

Command Control Structure

Sphere of Power



Decision at the Top

- **The story of Igor**
 - **Bureaucrats present**
 - **Response seems arbitrary to them**
- **Igor can also change his mind**
 - **Igor does not tell bureaucrats**
 - **Igor gives no reasons**
- **Ministers of health last 14 months**

Igor Like

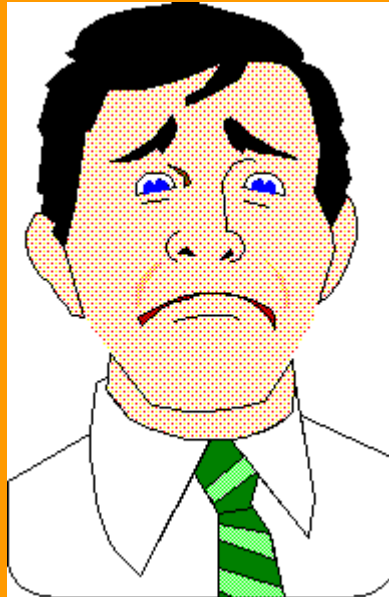
Igor No Like



Explanation 1: Pharmacare on the Backburner

- **Minister likes all three**
- **Minister goes to the 3 conferences**
- **Last conference is Home Care**
- **Minister likes home care (Igor)**
- **Gives it first priority**
- **Pharmacare is put on the back burner.**

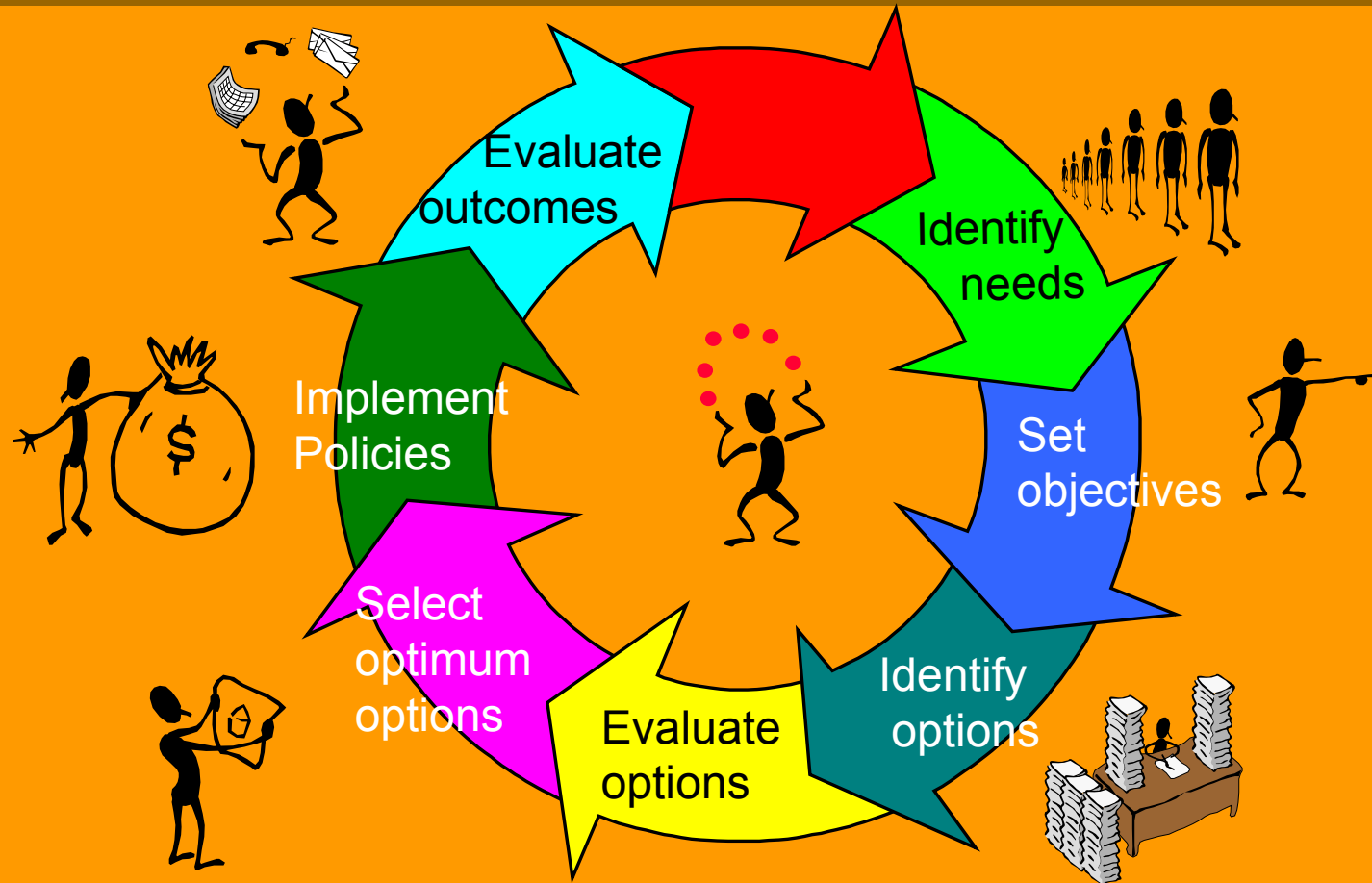
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Decision (to 1960s): **Rational Policy Planning Model**

- **Identify needs**
- **Set objectives**
- **State and clarify options to achieve objectives**
- **Evaluate options**
- **Select optimum option**
- **Implement Policy**
- **Evaluate outcome**

Decision (to 1960s): The Rational Policy Planning Cycle



Premises of the Rational Policy Planning Model

- **Based on old physics**
- **People identical**
- **No externalities**
- **Elements are objectives and facts**
- **No dynamics: everything is at equilibrium**
- **Highest value is smooth advance**
- **Viewed as essentially simple**

The Rational Basis for Pharmacare

- **Changing medicine**
- **Changing proportion of health dollar to drugs**
- **Burden on individual**
- **Canadian tradition of infrastructure**
- **Cost reduction by central purchasing**

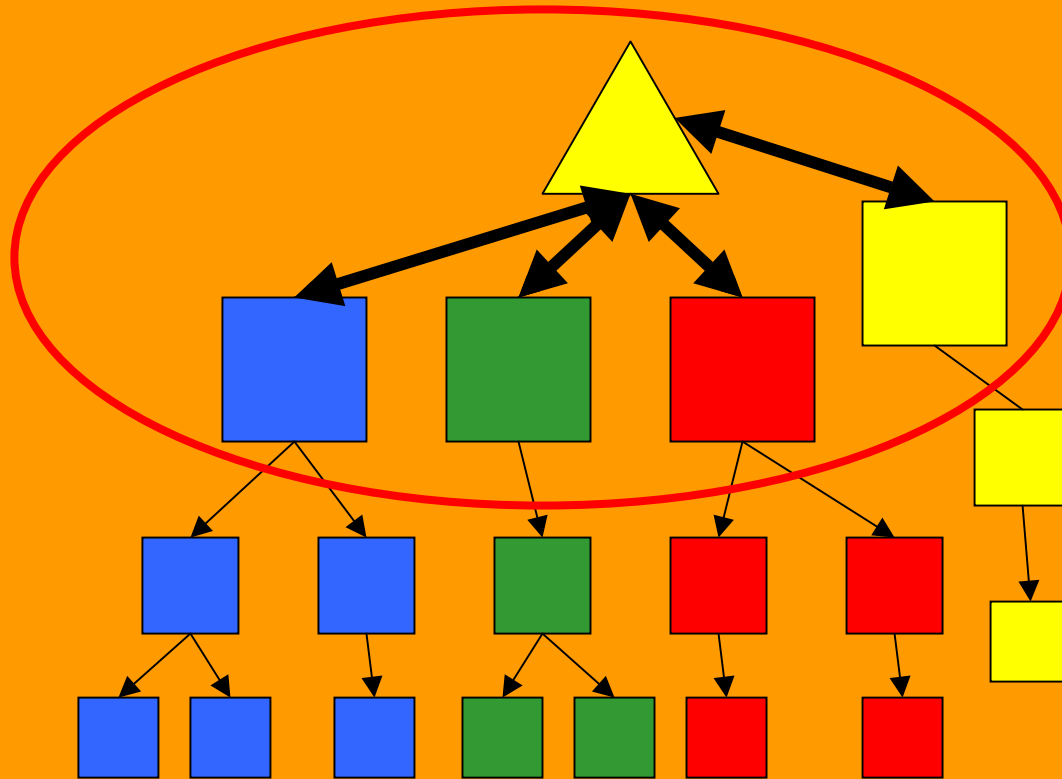
Explanation 2: Pharmacare on the Backburner

- **Minister goes to three conferences**
- **Analyses options based on reports of conferences**
- **Decides that home care will be first priority and that Pharmacare will be on the back burner.**

(1960s - 70s) Minister shares **POWER With Close Advisors & Top Bureaucrats.**

- **Prime Minister's power must involve at least a few others**
- **Power is not only actual decision making. It also includes:**
 - **Control over agenda**
 - **Control over information**
 - **Being in a position to influence decisions**

A Functional **POWER** Structure



The Sphere
of Power
Widens

DECISION

Individual Behavioral Models

- **Decision makers are dissatisfied with the current state of affairs**
- **They decide that there is a problem**
- **They have differing goals & objectives depending on areas of specialization**
- **They have a limited ability to perceive and understand the environment**
- **Decisions balance these factors (a vector of combined forces)**

Finance Argument (con)

- **There is no hard evidence for Pharmacare.**
- **They are based on emotion and fantasy**
- **We don't know how to do it**
- **If they can prove the positive outcomes, we would listen**

Explanation 3: Pharmacare on the Backburner

- **Minister and senior advisors go to three conferences**
- **Analyze options from their different perspectives**
- **Finance argument is decisive**
- **Give home care first priority**
- **Put Pharmacare on the back burner.**

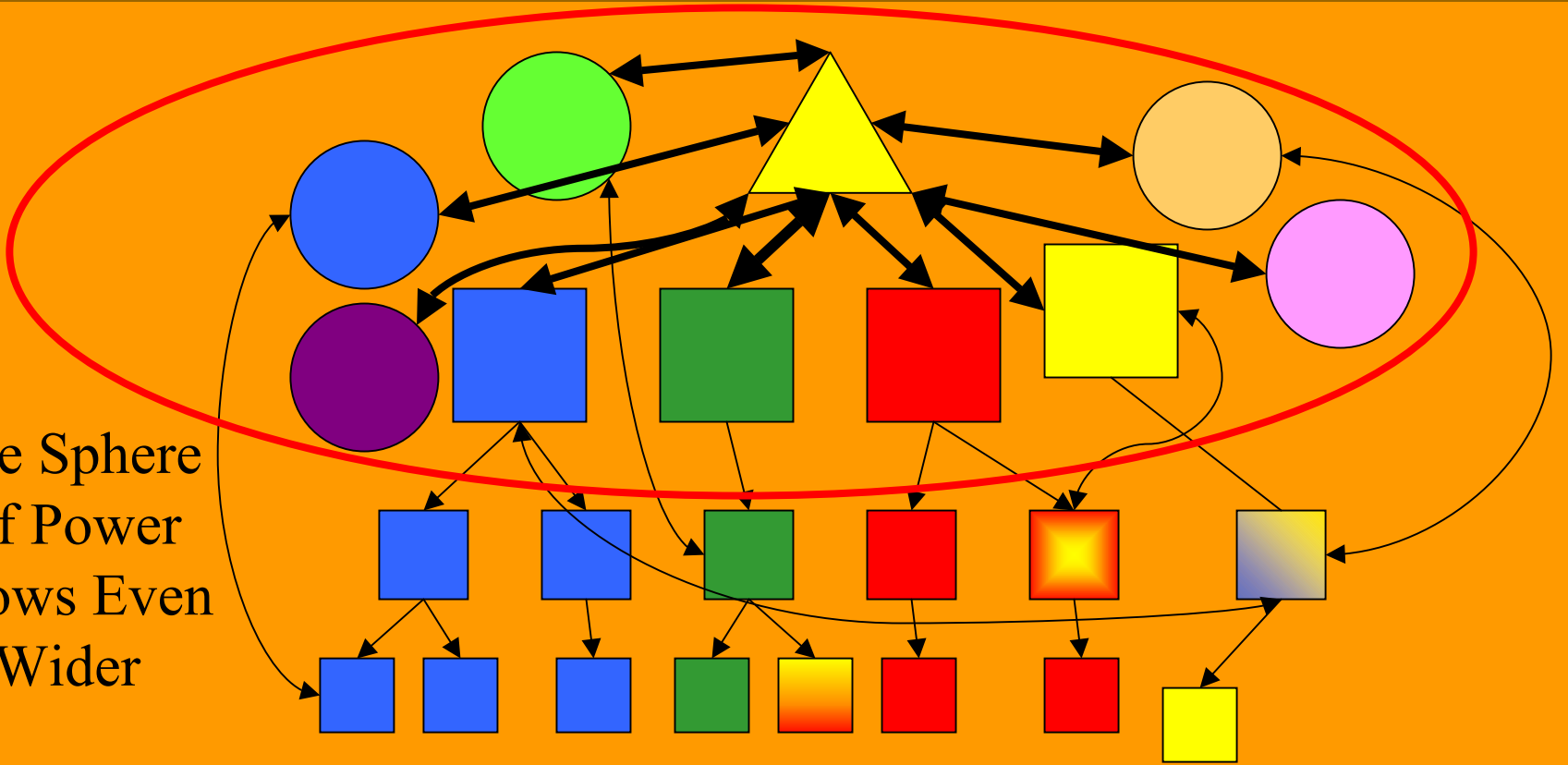
(1970s-80s) Minister's POWER

Mitigated by Broad Social Forces.

- **A growing number of increasingly complex forces that limit power**
- **These are mediated through a variety of sources including:**
 - **The Media**
 - **Opinion Polls**
 - **Important Stakeholders**
 - **The Bureaucracy**
 - **Close Advisors**

Social Forces **POWER** Structure

The Sphere
of Power
Grows Even
Wider



Major Forces (In Alphabetical Order)

- **Academics**
- **Civil Servants**
- **Doctors through CMA**
- **Drug Companies**
- **Federal Politicians**
- **Hospitals through CHA**
- **Media**
- **Nurses through CNA**
- **Provincial Politicians**
- **Patient groups through many agencies**
- **Unions**

Decision: Interpersonal and Group Behavioral Models

- **Individuals have organizational or political affiliations**
- **They are socialized into holding certain ideologies, values and opinions**
- **These construct their views of reality and set institutional and social norms within which they decide**
- **Negotiation, discretion & compromise are thus part of policy decisions**
- **(A more complex vector of combined forces)**

Explanation 4:

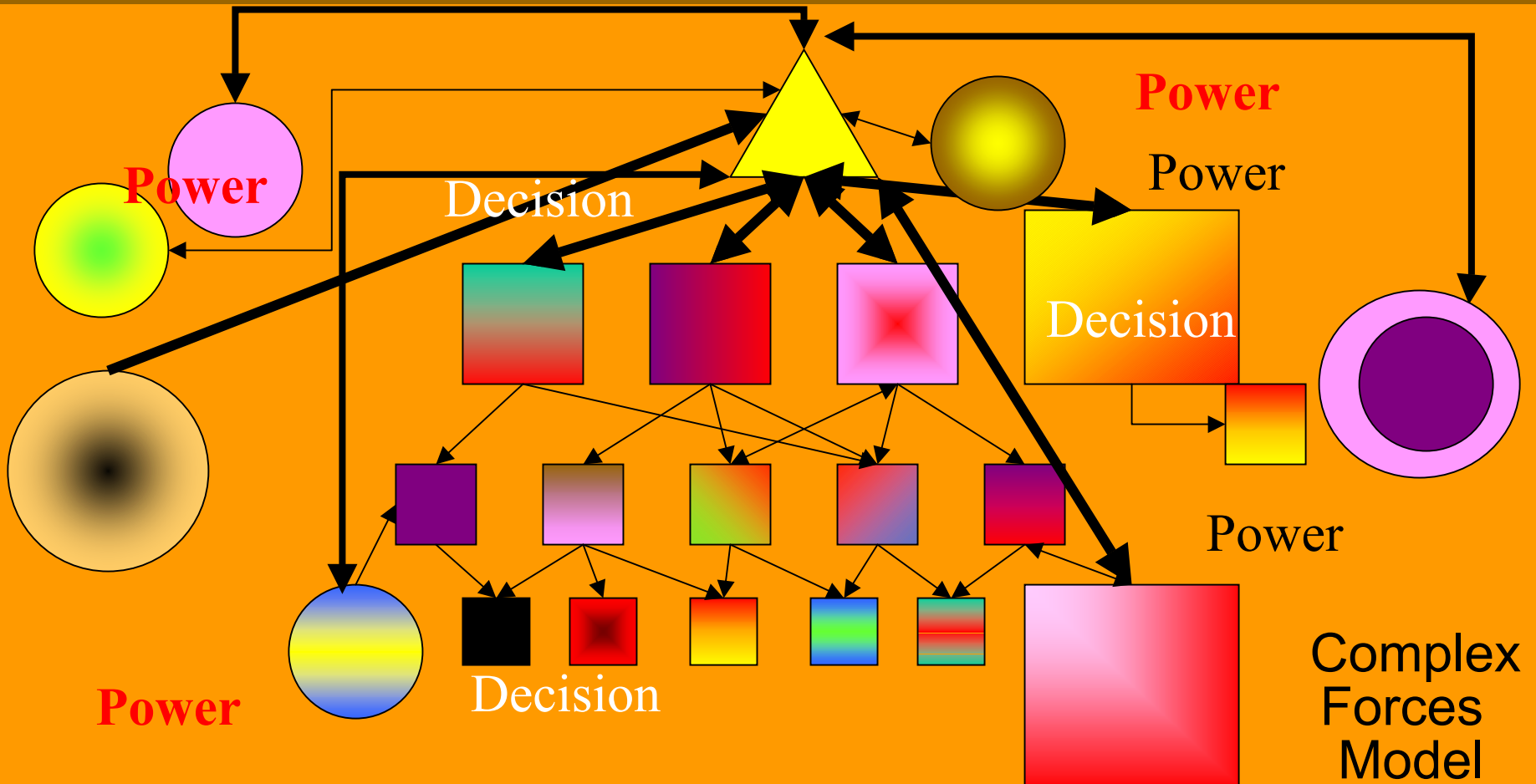
Pharmacare on the backburner

- **Senior advisors go to conferences**
- **Minister and advisors respond to pressure from interest groups**
- **Respond to media pressure**
- **Respond to polls**
- **Analyze options**
- **Give home care first priority and put Pharmacare on back burner**

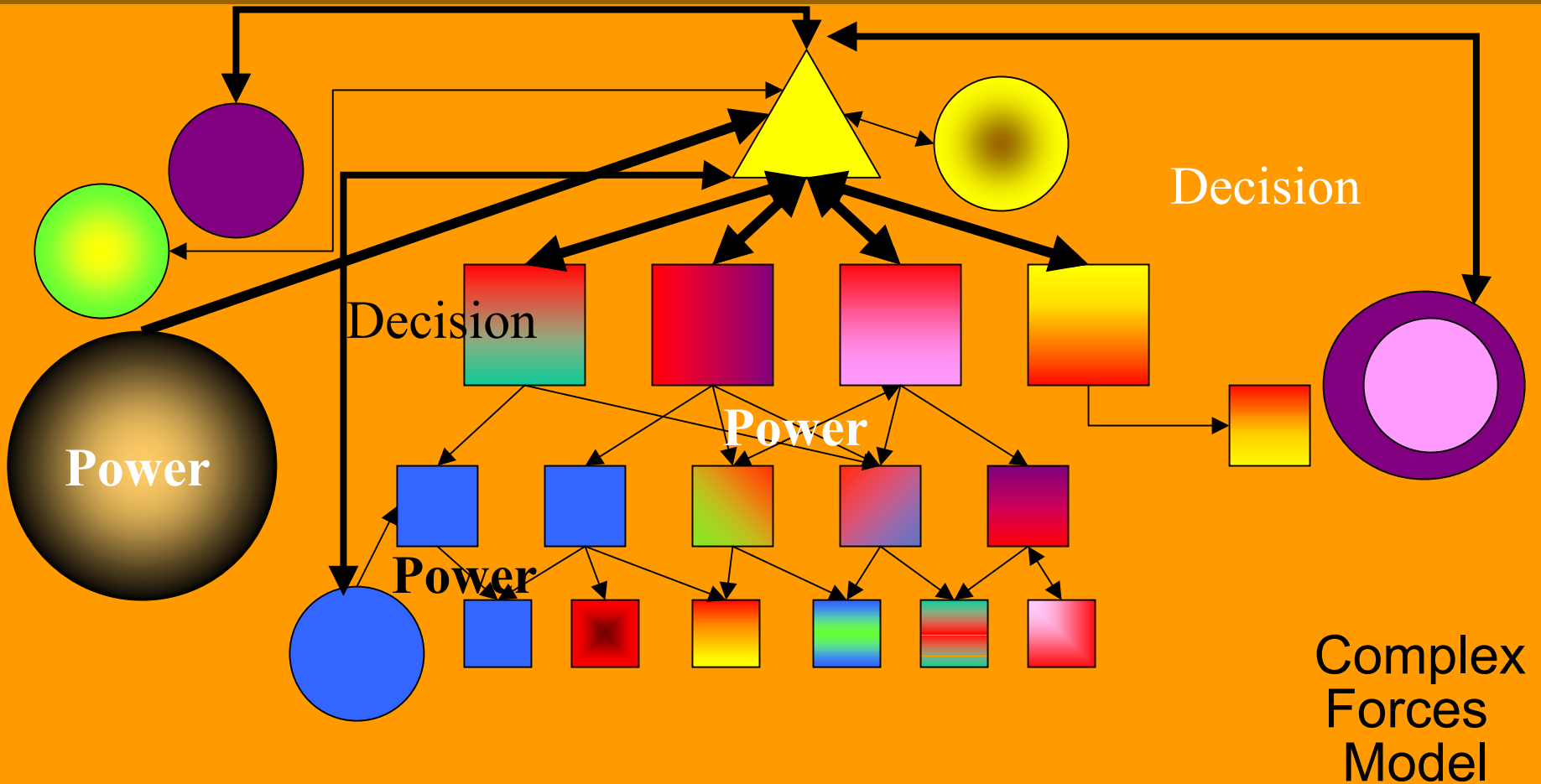
(1990s) Minister's **POWER is an Illusion, Dissipated in Complexity.**

- **The minister is at the mercy of many unforeseen forces not under her control. This is because of:**
 - **Positive feedback loops such as bandwagon effects**
 - **The non-predictability of group behaviour**
 - **The non-existence of “big picture understanding”**

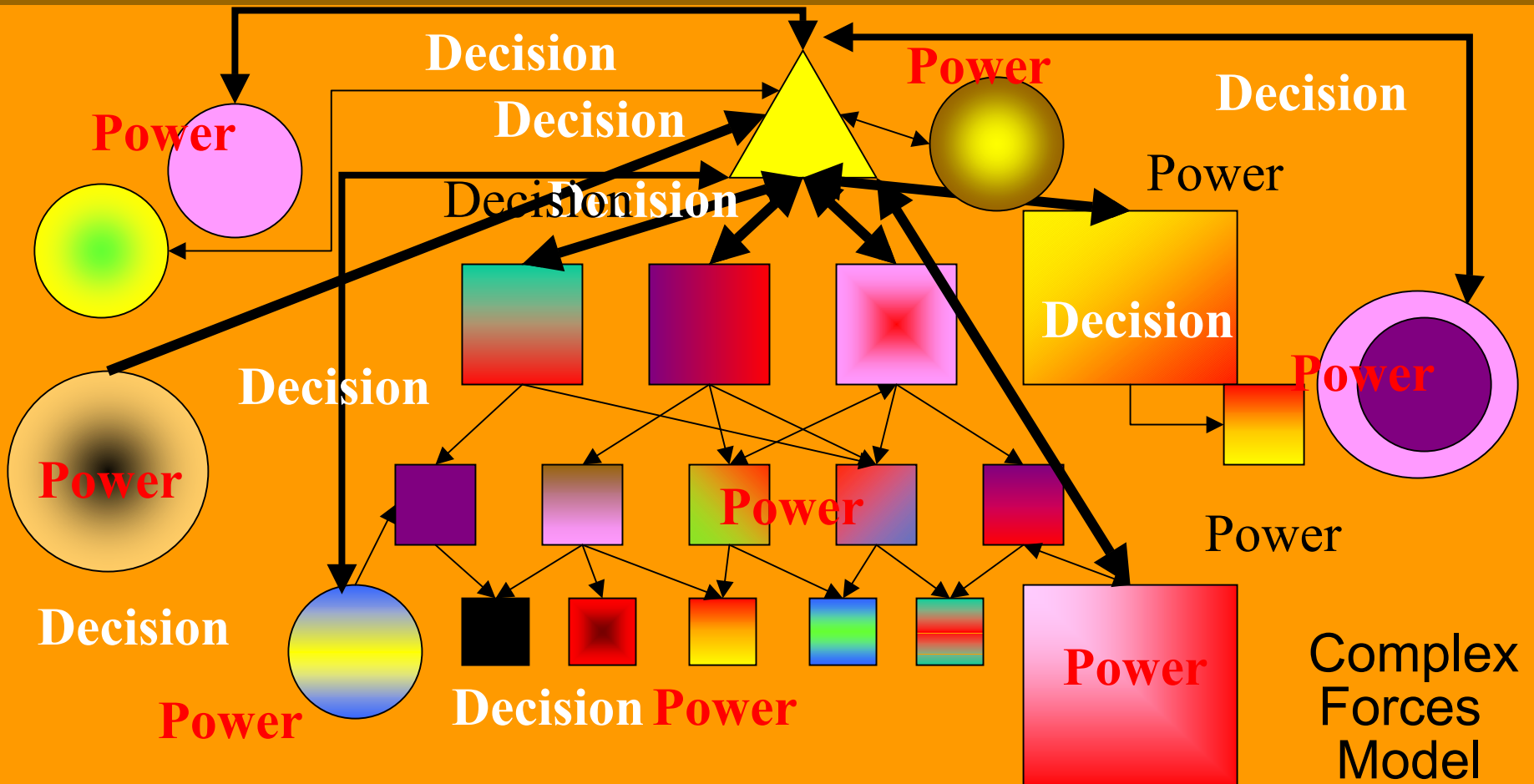
Complex Forces



Complex Forces



Complex Forces



Complexity Models

- **A decision is not an event, it is often a self-organized process without clear finality**
- **Individuals have vastly different values, experiences and patterns of behaviour**
- **Groups can suddenly change relationships, forge alliances, split apart**
- **Conflicts are often creative and lead to new ideas**
- **Events that have not been considered can play a critical role in policy development**
- **There is a large element of non-predictability to policy decisions**

Explanation 5: Pharmacare on the Backburner

- Senior advisors go to conferences**
- Despite all pressures they have some hope for Pharmacare**
- At Pharmacare conference there is a very shrill argument in favour from an unexpected source that turns off the Minister and advisors.**
- Pharmacare is put on the back burner, but will it stay there?**

Rational Policy Model

- **Based on mechanics**
- **People identical**
 - **driven by self-interest**
- **No externalities**
- **Elements are objectives and facts**
- **No dynamics: everything is at equilibrium**
- **Smooth advance is best**
- **Decisions from the top**
- **Viewed as essentially simple**

The Complex Policy Model

- **Based on biology**
- **People are different**
 - **multiple motives**
- **Externalities are the driving force**
- **Elements are patterns and relationships**
- **Time changes - Sudden spurts, coalesces, changes, decays**
- **Advance through conflict**
- **Self-organized decision from anywhere**
- **Viewed as complex**

How to Manage in Complex Environments

- **Recognize that the top alone can't do it**
- **Believe that most people have a desire to do the right thing**
- **Observe & identify changing patterns**
- **Support developing relationships**
- **Surface and value conflicts**
- **Provide resources to work through them**
- **Expect many parallel self-organized efforts**