8-2018

Capacities and customization in policy design

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CAPACITIES AND CUSTOMIZATION IN POLICY DESIGN

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Introduction

Most policy designers face complex and intractable challenges that require assembling the most appropriate set of policy instruments to address complex policy goals, especially when sometimes these goals may emerge out of unforeseen policy problems. In the ideal case of policy design, the most suitable instruments can be chosen and assembled into new policy packages that are appropriately calibrated and customized to address the new policy problem context. Such exceptional design circumstances would also mean that relevant policy actors and organizations engaged in the design activity are endowed with the necessary analytical, operational and political policy capacities.

Not surprisingly, this is seldom the case. Instead, policy designers are constrained not just by the context and by their capacities, but are also locked into path-dependent choices made through previous layers of policy decisions. However, in situations where governments are faced with relatively unprecedented policy challenges or pressing policy innovation needs, they often require a new conceptualization of policy elements. To bring more nuance to the process of creating novel policy arrangements that are capable of addressing these complex challenges, this chapter offers a closer examination of necessary governance capacities for policy design and expands upon policy customization as a process of policy design.

The chapter proceeds in three parts. First, we examine the literature on policy capacity and design in order to establish how the process of effective policy design is a function of how well the analytical, operational and political policy capacities on the part of policy designers match with those that are required for the function of particular tools and tool mixes. The second part of the chapter builds on this conceptualization to distinguish two forms of customization: a pure, bespoke design scenario versus more off-the-shelf forms of policy diffusion and adaptation. This is followed by the conclusion. The key point of the chapter is to underscore the capacity considerations for ideal design processes and to unpack what is meant by 'ideal' design by looking more closely at customization as a design process.

Design Capacities: Matching Tool Needs With Policy Capabilities

Studies of the formulation and implementation of policy in general have concluded that success in policy design activities rests on the interplay of analytical, managerial and political capacities on the part of individual policy actors, regulatory organizations and the general policy system (Wu et al., 2015; Gleeson et al., 2011). These policy capacities span a variety of analytical resources that are needed to help effectively generate policy. They also include the managerial capabilities that let state resources be allocated effectively to different policy priorities and additionally include political endowments that delineate the policymaking space that policymakers and administrators have within which to coordinate, create and implement their policy plans (Tiernan and Wanna, 2006; Gleeson et al., 2011; Rotberg, 2014; Howlett and Ramesh, 2016).

These various resources at different levels of policymaking yield nine distinguishable types of overall policy capacity (Table 24.1).

At the individual level, analytical capacity entails various substantive skills; managerial capacities surround effective leadership strategies and political competences are embodied by the individual acumen of policymaking actors to assess the needs and interests of different stakeholders. For organizations, pertinent analytical skills are centered on information dissemination and the creation of an information sharing architecture for the effective transfer of knowledge within and across administrative agencies; managerial competences encompass successful coordination of resources and staffing between agencies; and political aptitude has to do with gaining political support and trust for the agency. At the level of policymaking systems, analytical endowments have much to do with the institutions that exist for knowledge generation and use; operational competences affect overall accountability and transparency; and political capacities directly impact public legitimacy and trust.

Table 24.1 Dimensions and Levels of Policy Capacity

Level / *Dimension*	*Individual Level*	*Organizational Level*	*System Level*
Analytical Skills	1. **Policy Analytical Capacity** Knowledge of policy substance and analytical techniques and communication skills	2. **Organizational Information Capacities** Information and e-services architecture; budgeting and human resource management systems	3. **Knowledge System Capacity** Institutions and opportunities for knowledge generation, mobilization and use
Operational Skills	4. **Managerial Expertise Capacity** Leadership; strategic management; negotiation and conflict resolution	5. **Administrative Resource Capacity** Funding; staffing; levels of intra-agency and inter-agency coordination	6. **Accountability and Responsibility System Capacity** Rule of law; transparent adjudicative system
Political Skills	7. **Political Acumen Capacity** Understanding of the needs and positions of different stakeholders; judgment of political feasibility	8. **Organizational Political Capacity** Politicians' support for the agency; levels of inter-organizational trust and communication	9. **Political Economic System Capacity** Public legitimacy and trust; adequate fiscal resources

Source: Howlett and Ramesh, 2016.

Table 24.2 Dimensions and Considerations for Design Effectiveness

Dimension	*Instrumentality Considerations*	*Design Capacity Considerations*
Analytical	Is/are the instrument(s) capable of solving the problem?	Does the agency know which tool to use? Can the agency calibrate and use the policy tool?
Political	Is the instrument socially acceptable/ politically viable to use?	Does the agency have the legitimacy/ ability to reconcile political differences or deal with political opposition?
Operational	Is the instrument operationally feasible?	Does the agency have accountability mechanisms, coordination mechanisms and a trained bureaucracy?

These three levels of capacities—analytical, operational and political—have a profound bearing on finding the best means for achieving a collective policy goal while being cognizant of context. Both goals and means exist within a context, which shapes how problems are addressed and solutions are selected and applied. Policy aims that are set without consideration of the surrounding context and underlying capabilities produce neither suitable design in practice nor good understanding in research.

Policy design, conceptualized in this way, is about problem solving (Lasswell, 1971). The extent to which a design activity solves a problem is a function of two broad characteristics: the choice of policy tools or instruments and the capacity of the designing agency. The choice of policy tools refers to the instrumental ability of the tool to address the particular challenge, while capacity focuses on the requisite capacity endowments of policymakers to use the tool capably and to its full potential (Wu et al., 2015). These two characteristics can be examined along the same three dimensions presented above (analytical, political and operational), as summarized in Table 24.2. We will discuss each of the considerations presented in this matrix in turn.

Analytical Dimension

Instrumentality

Policy design is predicated on the assumption that certain preparatory tasks have been completed. First, there must be a clear statement on the causes of the problem, based on solid analysis and reasoning; it is hard to design without knowing the objectives that policies will be employed to achieve. Next, it is necessary to survey and identify the range of tools that may be used to pursue the set objective (Bemelmans-Videc et al., 1998; Hood, 2007; Howlett, 2011; Linder and Peters, 1989; Salamon, 2002). While the basic types of tools are limited, there are almost infinite permutations of each tool and, more significantly, various combinations of hybrid tools (Doremus, 2003; Kivimaa and Kern, 2016; Howlett et al., 2015; Wu and Ramesh, 2014).

If solving a problem is the goal, then what goal is pursued depends crucially on the substance of the problem being addressed. Ultimately, the measure must eradicate the root cause of the problem or at least substantially mitigate its adverse effects. There should be good reasons—backed by logic and preferably also evidence—to believe that a tool will help solve the problem.

Why will it work? How will it work? To what effect? If it cannot be credibly shown why or how a tool will solve the problem, then there is no need for further exploration of the tool.

The two tasks described above are denoted as 'problem definition' and 'policy formulation,' respectively, in the mainstream literature on public policy (Parsons, 1995; Howlett et al., 2008). After problems have been defined and solutions scoped, solutions need to be fine-tuned and adapted to the imperatives of solving the problem—that is, designed. The design process consists of assessing the tool's appropriateness and adequacy in addressing the defined problem.

Policy design should start with efforts to estimate if the tool in question has the potential to address the problem being targeted. There are certain innate characteristics of each policy sector that shape problems in the sector and how they are addressed, and these must be taken into account. In the financial and health sectors, for example, information asymmetries and unequal power relationships are inherent problems, and all attempts at policy design in these areas must heed them (Bali and Ramesh, 2017). Negative externalities are innate to the environmental and urban transportation sectors, and monopoly is a key characteristic of the water supply sector. Most problems in these sectors are somehow rooted in, or at least related to, the respective sectors' innate characteristics. As a result, any policy formulation exercise must take these and any other vital characteristics into account. We may call this 'relevance' criteria—that is, the design must be relevant to the fundamental characteristics of the sector in question.

The next issue to address is the extent to which a given tool can be expected to achieve the objective being pursued. In other words, what is the potential applicability of a tool to the context at hand? If promoting vaccination is the objective, for example, then what tool would best help achieve it—a subsidy for providers or users, penalties on recalcitrant families, a public education campaign promoting vaccination or merely the establishment of a task force to study the issues further? If easy access to alcohol is the main cause of underage drinking, the test would be to examine the extent to which a measure will prevent access to alcohol. If lack of textbooks is a key cause of children's weak performance in reading, then the tools must be assessed for their potential to deliver the necessary books to the affected children. Social insurance programs based on regular contributions are of little use in societies with large informal employment (Hsiao and Shaw, 2007). Similarly, regulations are difficult to enforce in countries with weak legal systems and widespread corruption. A tool must pass the potential effectiveness test if it is to be considered further. From a policy perspective, the primary purpose of design is effectiveness, i.e., the extent to which an action would help solve public problems.

While the potential to get the job done is the primary consideration, policymakers may want to simultaneously pursue other objectives, such as efficiency and equity (Weimer and Vining, 2017). Effective at what cost and to whose benefit are legitimate questions to consider while assessing the effectiveness of tools.

It is always desirable to do more with less, and this approach must be preferred to those measures that are expensive relative to the benefits they provide. Efficiency, however, is not as important a criterion as often presented in policy discussions informed by economistic thinking. The primary purpose of policymaking is to solve problems, i.e., effectiveness, not to save money, unless the main problem being addressed is a budget deficit that the government is trying to reduce. More important, some of the most expensive things governments do—defense, education, health and social security, for example—cannot be assessed against efficiency criteria in either technical or allocative senses of the term.

Equity is a vital but problematic criterion. To the extent that inequity is an integral part of a market economy, there is a limit to how much policymakers can tinker with equity concerns without stifling other desired objectives. Yet inequality cannot be ignored, if only because it is difficult to ignore it in societies with popular franchise. More important, in some social policy

sectors equity is associated with the very essence of the sector, as in social protection, for example, where supporting the poor's income is the main objective. In health care and education, similarly, the objective of providing the service to all is essentially an equity issue because it is the poor who will be left out without government support. Thus, policies must be chosen not only on the basis of their technical and political effectiveness but also the extent to which they promote equity while also being efficient.

Design Capacity

Understanding problems and identifying and selecting tools to address them is a challenging task that requires immense analytical skills and resources (Painter and Pierre, 2004; Parsons, 2004). It requires an ample number of individuals with domain expertise, analytical and agency-level skills. For example, social insurance agencies need a sufficient number of statisticians and actuaries, accountants, fraud detectives and so on, in addition to a range of administrators in charge of personnel, public relations and other duties.

For technical skills to be used, however, the necessary data and information must be available. Thus, the social insurance agency requires a system for collecting, classifying and disseminating information and a robust e-governance architecture to connect with the users and providers. There are many instances where complex policy tools capable of solving a problem effectively are utilized, but they are implemented or managed poorly partly because the agency does not have the requisite ability. For instance, *diagnostic related groups*, a complex provider payment mechanism in health care, must be adjusted continually using data on the prevalence of co-morbidities. However, most countries that utilize the mechanism do not have the analytical ability to re-calibrate payments based on continual big data analysis, thereby leading to poor cost control (Bali, 2016).

Easy availability of economic and social data and political support for evidence-based policy, and availability of skilled consultants, also contribute to the understanding of public problems and the devising and implementing of policy solutions (Stoker and Evans, 2016). Assessing potential technical effectiveness requires analysis of hard and soft data as well as logic (Howlett and Wellstead, 2017). If data are available, they are rarely in a form that can answer the question definitively. As a result, practical reasoning is necessary to assess a tool's usefulness (Cairney, 2016).

Political Dimension

Instrumentality

In addition to the potential effectiveness of a policy in addressing problems, policy formulators must also be mindful of the politics of the issue. The political context within which problems are defined and solutions are searched, selected and applied is a vital determinant of what policies can or cannot achieve (Turnbull, 2017; Chindarkar et al., 2017). Problems are constructed and realities shaped by the interests and ideas of different actors maneuvering to define problems and solutions in ways that promote their own interests. All policies create winners and losers. It is therefore important that policy options are supported sufficiently by potential winners—or at least not opposed by potential losers so as to scuttle it.

At the minimum, a measure must be acceptable to the powerful segments of the government and society. At best, it must raise the government's popularity and legitimacy with the population. For the political policymakers in charge, this is understandably often the most important criterion. Whatever we may think of this from a moral perspective, in the real world the needs of the political masters are a vital consideration in policy design. Ideally, however, concerned

political policymakers would also bear other objectives in mind while pursuing their political objectives.

Politicians are the most critical actors in the policy process, and so the proposed solutions must be acceptable to them. Their primary motivation is to attain and maintain office, so the measure should, by and large, not undermine their electoral fortunes (Flora and Heidenheimer, 1981; Overbye, 1994). The likely response of powerful interest groups (e.g., business and labor unions) and media to a policy tool is also important, because their stance affects the decisions made and implemented (Ramesh, 2008).

Political viability asks whether or to what extent a proposed policy alternative will be acceptable to relevant powerful groups, decision-makers, legislators, administrators, citizens and others. Is the proposed alternative acceptable to policymakers, policy targets, the general public, voters, etc.? Is the proposed alternative appropriate to the values of the community, society, the legislature, etc.?

Design Capacity

The overall political context and the political skills of policy officials affect policymaking and must therefore be considered in policy design. Particularly important is the lead agency's public engagement resources and skills. Robust public engagement allows agencies not only to better understand problems and potential solutions, but also allows them to implement the chosen solutions more effectively. The overall level of trust in government affects agencies' performance and needs to be factored into policymaking. Complex reform requires not only that the policy tool/instrument used be socially and politically acceptable, but also that the implementing agency have the political capacity to reconcile differences amongst stakeholders.

Operational Dimension

Instrumentality

Policy solutions need to work on the ground, not only in abstract—'in theory'—unlike problems in the realms of philosophy, pure mathematics and theoretical economics, wherein solving problems is largely an intellectual exercise. Practical operational concerns must therefore weigh heavily with policy designers. Policy tools that cannot be operated or are difficult to operate need to be avoided because they impede implementation. 'Good policy, poor implementation' is a common explanation for failed policies. A good policy design would anticipate critical implementation difficulties, address them in the policy itself and reject them if that is found to be too expensive or difficult. Vital operational issues that need to be addressed during policy design include: Does a tool provide for enforcement of accountability? Does it provide sufficient incentives for improvement? Does it provide sufficient flexibility for re-calibration? Can the tools be employed within the planned timeframe? Simplicity of measures (fewer 'moving parts') is a virtue.

Howlett et al. (2015) and Howlett and Rayner (2013) underscore the importance of policy design to reflect and respond to contextual features of a particular sector. The policy design has to have a certain 'goodness of fit,' which ensures that policy instruments and their settings are compatible with governance styles as well as the broader political context. Similarly, designers are constrained by the 'degrees of freedom'—the extent to which path-dependent policy and program choices made restrict the range of feasible options available to designers. While designers would like to work with unlimited degrees of freedom, in reality incremental changes over time caused by recalcitrant layering, patching and stretching reduce the flexibility of designers (Howlett et al., 2015; Howlett and Rayner, 2013).

The term 'second-best' can be used in a generic sense to explain an outcome that is ranked less than ideal, but it also has a technical meaning. Under specific assumptions, in the *Theory of the Second Best*, Lipsey and Lancaster (1956) show that removing distortions from a particular sector, while letting them continue in a related sector, can be welfare decreasing rather than Pareto-improving. Therefore, policy design must be cognizant of the 'second-best' principle—that perceived welfare-improving interventions can actually distort the allocation of resources further. This consideration would require coordination in policy design and ensuring that changes to design maximize complementary effects (Gunningham et al., 1998).

Policy design must also cater to program-specific parameters. A useful synthesis of this is available in the 'rules' of institutional design postulated by Ostrom (2011). *Boundary rules* determine who is covered by a program and under what conditions; *scope rules* list out the activities covered under the program; *choice rules* list out the various options available to actors; *information rules* dictate the information available; and *payoff rules* deal with issues related to compliance and monitoring. This program-level criterion is by no means exhaustive, but it is a good representation of the wide range of parameters that will impact outcomes and therefore must be incorporated in policy design.

Design Capacity

The making and implementing of policies to address problems involves major managerial activities. Policy managers need skills in leadership, negotiations, conflict management and so on. The level of skills available in agencies affects the agencies' ability to make and implement policies and must be taken into account while designing policies. More important, the policy process need to be backed by a robust management system. Given the complexity of contemporary policy problems, public agencies require a system for coordinating the diverse activities that are aimed at addressing problems. They also require a system for managing finances, personnel and performance. The lead agency's reputation and its linkages with civil society and other government agencies additionally affect their policy performance.

Customization in Formulation: Distinguishing Bespoke and Off-the-Shelf Design

Traditional policy formulation studies often thought of design as the wholesale replacement of old portfolios to make way for an entirely new package of policy elements. The notion of devising customized responses to policy problems has always been prevalent in policy design studies, but in the past, this tended to happen without a discussion of the different degrees of customization that design processes can follow to accommodate for different contexts and past policy legacies.

Two general forms of customization in policymaking have been discussed in the policy studies literature. First, the systematic arrangement of policy elements, reflecting policy planning and bespoke policy formulation, was a topic of discussion for early design theorists who took a systems approach to policymaking. This approach to policymaking came to be heavily debated given the acknowledgment that most policy problems are complex or 'wicked' and the formulation of new solutions for such problems cannot take place without situating policy design in the relevant context (Rittel and Webber, 1973). In other words, policy optimization for wicked problems—or the perfect mapping of policy goals to means—can rarely be achieved in absolute terms and can only be feasibly addressed with solutions that are embedded within a particular policy context.

Another strand of the literature on policy transfer and policy diffusion, relying on models of incremental policymaking, conjectured that policymakers dealing with wicked problems can

look for decision-making shortcuts or can emulate other states with similar policy situations by adopting existing, off-the-shelf policies (Lindblom, 1965; Walker, 1969; Bennett, 1991). Emulation of policies can also help maintain comparative advantages. Welfare policies, for example, may be copied by neighboring states in order to avoid immigration (Berry and Baybeck, 2005). In other situations, coercive institutional pressures may lead states to adopt best practices from other states, and this institutional isomorphism may become a significant mechanism to gain legitimacy (DiMaggio and Powell, 1983; Radaelli, 2000). For policy scholars researching policy adoption as a form of innovation, these strands of literature point to a growing recommendation to "de-emphasize the global concept of innovativeness on a wide range of policies and focus attention on explaining the propensity of states to adopt specific policies or programs" (Berry and Berry, 2007, p. 247). That is, policy design may be characterized by customized or off-the-shelf policy programs or more micro-level mechanisms rather than the wholesale repackaging or adoption of entire policy logics.

Both types of customization that look to instill new policy elements—bespoke programs and off-the-shelf application of standard mechanisms and best-practices—can occur together in several policy contexts. To take the example of environmental policy, scholars have noted the conscious choice that governments make between either creating new feedback mechanisms or activating more automatic, pre-set mechanisms to deal with the peaks or troughs of economic activity that reduce or enhance environmental protection. Similarly, redesigning land use patterns based on evolving environmental criteria can also require a policy rethink on the part of jurisdictions that may choose to tailor new policies instead of adapting existing planning models (Breheny, 1992). This has been articulated by Button (2002) for the patterns found for urban development policy design as environmental and economic systems change (p. 229):

> Feedback mechanisms can take a variety of forms. Some of these require individual, case-by-base actions brought about by policy makers and are often in response to general movements in the key indicator of some kind . . . these may be seen as 'bespoke-feedbacks'. Other feedback mechanisms, however, are automatic. They require no particular action on the part of law makers, but rather reflect a system reaction to evolving conditions—an 'off-the-peg' policy approach.

Bespoke design, or the formation of a *de novo* policy package, in response to a perceived policy problem indicates the highest level of customization in policy design where each policy element in the package—be it a mechanism or a policy instrument—can be constructed anew. Understandably, this heightened degree of customization very rarely takes place. Where bespoke policymaking is explored empirically, it is almost always at the level of policy mechanisms or settings. It typically includes recommendations for creating new elements, which represent the more micro-level aspects of policy instrument design (Rayner and Howlett, 2009; Williams and Nadin, 2012, 2014). Williams and Nadin (2012), for example, call for the creation of bespoke policy measures and not off-the shelf instruments, to reduce the barriers in formal industry sectors that disallow the entry of present informal, 'hidden' entrepreneurship that can enhance economic development.

Off-the-shelf policy design represents the more common customization scenario whereby governments engage in some degree of non-incremental, novel innovation rather than marginally modifying existing policy programs. This reflects the main focus of policy innovation scholars, who surmise that

> when people speak of innovation in common parlance, they usually refer to the introduction of something *new*. But, when should a government program be termed 'new?'

> The dominant practice in the policy innovation literature is to define an innovation as a program that is new to the government adopting it.
>
> *(Berry and Berry, 2007, p. 223, citing Walker, 1969, p. 881)*

Some scholars also point to the adoption of 'off-the-shelf' policies as a form of 'fast' policymaking, as opposed to the comparatively slower process of data collection, analysis and targeted recommendations for pure evidence-based policymaking (EBPM) (Stoker and Evans, 2016). Such solutions are espoused "when politicians are looking for quick, high-impact fixes to the problems they are facing" (Stoker and Evans, 2016, p. 18). Much of this form of policy adoption echoes what has come to be to known as policy *diffusion*, whereby state adoptions of policy programs are largely emulations of previous programs from other states (Walker, 1969; Berry and Berry, 1999; Berry and Berry, 2007).

Several examples of the distinction between bespoke and off-the-shelf designs appear empirically. In his study on policy innovation for regional economic development in Europe, Jeremy Howells (2005) attributes the characteristics of bespoke and off-the-shelf or 'best practice' policy to 'bottom-up' and 'top-down' policy approaches, respectively. Howells (2005) contends in his study that bespoke examples of economic innovation result from processes of packaging or 'reformulation' of individual economic policy, while off-the-shelf policies result from a more macro, inter-regional perspective when innovation has to link directly with national interests. As the experience with the UK has shown, this distinction can lead to several comparative characteristics, as are presented in Table 24.3.

Table 24.3 Bespoke vs Off-the-Shelf Design—A Comparison

'Bespoke' Policy	*'Off-the-Shelf' Policy*
Advantages	***Advantages***
• Developed for the specific locality and policy context • Tailored for policy resources and available time-frame • Encourages local coalition-building and development of expertise • Can be novel • Agencies developing the policy can gain wider experiences through learning-by-doing	• Proven elsewhere • Acknowledged as the 'best' • May have been developed over considerable length of time in different circumstances • Ready to use • May have 'knowledgeable' agency willing to help, provide advice and support • Not developed by indigenous 'clique' that knows best
Disadvantages	***Disadvantages***
• At the outset, the policy is unproven, as it is unique and has not been applied elsewhere • May take considerable length of time to develop and test • May aggravate local tensions; local resources and expertise may be limited • Generally higher risk • Agencies developing the policy may become inward-looking and unwilling to learn from elsewhere	• Common design, may be difficult to adapt to local circumstances • 'Best practice' in what and for whom? • Locality may not have all prerequisite resources, institutions or mechanisms • May take time to adapt • May be difficult to understand; may have a large tacit element associated with implementation

Source: Howells (2005).

Several advantages of bespoke policy design processes are similar to those commonly purported by proponents of realism and EBPM alike (Sanderson, 2002). Bespoke policy design can emerge out of and is tailored to a specific locality or policy context. Evidence and knowledge about the context is gathered through a process of constant trial and error, or 'learning by doing,' and results are directly applied to the creation of the policy response. As echoed by Rescher's (1998) recommendations for the needs for complexity-espousing assessments for policymaking, this form of design fully acknowledges that

> in situations of unmanageable complexity, practice in matters of public policy is often guided more effectively by localized experimental trial-and-error than by the theorizing resources of an intellectual technology unable to cope with the intricacy of interaction feedbacks and unpredictable effects.
>
> *(p. 189)*

As a result, bespoke policies that follow this logic of a specialized design can lead to policymakers gaining deep insights about the existing policymaking scenario through repeated experimentation and trial and error. The consequent bespoke policy element would be novel and aligned very closely with the policy problem context.

As summarized by Howells (2005), many of the challenges for bespoke policymaking are also a result of the time-intensive process of perfectly customizing a policy response. While such policy elements can be novel and uniquely suited to a policy context, their success in meeting policy needs effectively cannot be estimated before implementation. They can be riskier and costlier if they require several rounds of experimentation. Agencies engaging in high degrees of policy customization may also run the risk of policy myopia, whereby they actively resist any input or policy knowledge from elsewhere.

In contrast, off-the-shelf best practices that are emulated as-is have the advantage of being 'tested' in various circumstances before they are adopted into any particular policy design context. They represent quicker and more readily usable solutions for policymakers who are on the lookout to urgently address a policy issue. Instead of being exclusive and requiring a very specialized and contextualized set of expertise, off-the-shelf policies have a larger community of knowledgeable experts for support and advice. The disadvantages of such designs, however, include the fact that standardized designs may face significant challenges while being adapted to local contexts that may not have the necessary resources, capacities or institutions in place. As a result of any such shortfalls, off-the-shelf policy design may require a long time to become more suited to local policy realities.

Conclusion

Conceptually, a policy design process begins with an assessment of the abilities of different policy tools to affect policy outputs and outcomes and the kinds of resources required to allow the tools to operate as intended (Hood, 1986; Salamon, 2001). The process is unavoidably contextual in the sense that it requires an understanding of how the use of specific kinds of instruments affects target group behavior and compliance with government aims (Weaver, 2009, 2013, 2010). It thus includes knowledge and consideration of many constraints on tool use originating in the limits of existing knowledge, prevailing governance structures and other arrangements and behaviors that may preclude consideration of certain options and promote others (Howlett, 2009a, 2011). It requires both analytical and evidentiary capacity on the part of the government as well as the intention to exercise such capacity.

Transforming policy intentions into practice is a complex process. It can be effectively undertaken only by governments that have the requisite technical, organizational and political capacity (Wu et al., 2015; Howlett and Ramesh, 2016). Many noble policy efforts fail due to lack of capacity in one or more respects on the part of the policymakers. Broadly speaking, it is the relevant agencies' analytical capacity and the government's political capacity that shape policymakers' ability to set and achieve policy goals (Wu et al., 2015). Policy design is most productive when the government enjoys legitimacy and broad political support and has the organizational and analytical competences to formulate and implement their policy preferences. Agencies' competences allow the members involved in the policy process to identify and understand policy problems, canvass for solutions, assess and compare alternatives and evaluate the impacts of chosen policies (Howlett, 2009b; Howlett, 2015).

These capacities for design are fundamental for packaging, repackaging or installing off-the-shelf policy elements in response to a perceived policy problem. The degree to which policy solutions are thus customized is strongly linked to the various capacities that are highlighted in this chapter. The distinction between bespoke and off-the-shelf policy design closely resembles that between custom-made and standard computer software. The main difference lies in the latter being designed to be applied across a wide range while the former effectively tailor-fits the framework to specific requirements, a choice most policymakers grapple with in their endeavor to pursue purposive policy design.

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