Policy and Society

ISSN: 1449-4035 (Print) 1839-3373 (Online) Journal homepage: www.tandfonline.com/journals/rpas20

Policy capacity: A conceptual framework for understanding policy competences and capabilities

X. Wu, M. Ramesh & M. Howlett

To cite this article: X. Wu, M. Ramesh & M. Howlett (2015) Policy capacity: A conceptual framework for understanding policy competences and capabilities, Policy and Society, 34:3-4, 165-171, DOI: 10.1016/j.polsoc.2015.09.001

To link to this article: https://doi.org/10.1016/j.polsoc.2015.09.001

Available online at www.sciencedirect.com

ScienceDirect

Policy and Society 34 (2015) 165–171

policy and society

www.elsevier.com/locate/polsoc

Policy capacity: A conceptual framework for understanding policy competences and capabilities

X. Wu [a,*], M. Ramesh [a], M. Howlett [a,b]

[a] *Lee Kuan Yew School of Public Policy, National University of Singapore, Singapore*
[b] *Department of Political Science, Simon Fraser University, Burnaby, BC, Canada*

Abstract

Although policy capacity is among the most fundamental concepts in public policy, there is considerable disagreement over its definition and very few systematic efforts try to operationalize and measure it. This article presents a conceptual framework for analysing and measuring policy capacity under which policy capacity refers to the competencies and capabilities important to policy-making. Competences are categorized into three general types of skills essential for policy success—analytical, operational and political—while policy capabilities are assessed at the individual, organizational and system resource levels. Policy failures often result from imbalanced attention to these nine different components of policy capacity and the conceptual framework presented in the paper provides a diagnostic tool to identify such capacity gaps. It offers critical insights into strategies able to overcome such gaps in professional behaviour, organizational and managerial activities, and the policy systems involved in policy-making.

1. Introduction: Policy capacity in theory and practice

Policy capacity has emerged as a major concern as governments are called upon to address increasingly complex problems. The increasing complexity of many contemporary policy problems coupled with rising expectations of the public present unprecedented challenges to the capacity of governments to make and implement effective policies. The global financial crisis of 2008, for example, starkly underscored the inability of industrialized countries to govern the global financial sector, not to mention developing countries where this and other capacity deficits are understandably pronounced and persistent.

Such concerns have sparked a renewed interest both among practitioners and scholars about the nature of policy capacity, its definition and composition in the contemporary era (Fukuyama, 2013; OECD, 2006).

Most scholars define policy capacity from the perspective of the government as affecting ''the ability of governments to make intelligent choices'' (Painter & Pierre, 2005), to scan the environment and set strategic directions (Howlett & Lindquist, 2004), to weigh and assess the implications of policy alternatives (Bakvis, 2000), and to make appropriate use of knowledge in policy-making (Parsons, 2004). While it is a cliché to argue

* Corresponding author.
E-mail addresses: sppwuxun@nus.edu.sg (X. Wu), mramesh@nus.edu.sg (M. Ramesh), howlett@sfu.ca (M. Howlett).

http://dx.doi.org/10.1016/j.polsoc.2015.09.001
1449-4035/

having adequate policy capacity is a necessary pre-condition for policy success, there are many disagreements about the detailed conceptual and definitional aspects of the subject which have hindered efforts at better understanding and diagnosis, and improved practice.

Some scholars, for example, have opted for limited or restricted definitions of capacity, concentrating only on the availability or quality of specific and particular skills such as policy advising to support decision-making. Painter and Pierre (2005), for example, define policy capacity as: "... the ability to marshal the necessary resources to make intelligent collective choices, in particular to set strategic directions, for the allocation of scarce resources to public ends." Others have similarly retained this relatively narrow focus but included additional skills and resources such as those involved in the acquisition and utilization of policy relevant knowledge, the ability to frame options, the application of both qualitative and quantitative research methods to policy problems, the effective use of communications, and stakeholder management strategies (Howlett, 2009).

On the other hand, others such as Davis (2000), have called for a more expansive definition, arguing policy capacity should include the ability of governments to efficiently implement preferred choices of action as well as decide upon them. Still others have focussed their attention on the meta-level of governance. Parsons (2004), for example, defined policy capacity as the 'weaving' function of modern governments—the ability to join together the multiplicity of organizations and interests to form a coherent policy fabric. Holmberg and Rothstein (2012) and Rotberg (2014) similarly go well beyond policy formulation in emphasizing the systemic and structural preconditions of good governance, such as honesty, rule-of-law, merit appointments, social trust and legitimacy, as key components of policy capacity.

Coming from a Public Management perspective, Moore (1995) has proposed a "strategic triangle" comprising public value, legitimacy and support, and organizational capacity as crucial for the effective functioning of public sector agencies. But there is also little agreement on whether concepts of policy capacity should be restricted to the capacity of only government or public service, or be expanded to include the non-governmental and private sectors. Fellegi (1996), for example argues that the concept of policy capacity should include the nature and quality of the resources available to review, formulate and implement policies, and the practices and procedures by which these resources are mobilized and used, both within the public service and beyond it to the non-governmental sector and to society as a whole. Whether and to what extent such 'governance capacity' differs from 'policy capacity' (Howlett & Ramesh, 2015) remains a key question in this area.

Thus while the scholarly literature offers a large number of different definitions of policy capacity that highlight different dimensions of the subject, there has been to date no systematic attempt to develop a working definition of policy capacity that encompasses all of these elements and their interrelationships. Most of the existing definitions of policy capacity focus on what can be done with it, such as "to make intelligent collective decisions" and "to weigh and assess different alternatives", but fall short of specifying not only what constitutes policy capacity but how existing and potential resources and skills can be combined to augment and deploy it. This lack of a practical operational definition has resulted in limited use of the concept in practice despite the attention paid to it in the scholarly community (Brown, Bezo, & Nanivska, 2013; Hallsworth & Rutter, 2011; Wang, 2013).

This article serves to fill this gap and introduces a framework for analysing policy capacity which each of the articles in this special issue subsequently develops and expands upon.

2. Defining policy capacity: An conceptual framework

Policy capacity is defined here, similar to Gleeson, Legge, and O'Neill (2009) and Gleeson, Legge, O'Neill, and Pfeffer (2011), as the set of skills and resources—or competences and capabilities—necessary to perform policy functions. Following on Moore's (1995) analysis, key skills or competences which comprise policy capacity can be categorized into three types: analytical, operational and political. Each of these three competences involves resources or capabilities at three different levels—individual, organizational, and systemic—generating nine basic types of policy-relevant capacity. This is the basic model or framework employed in this special issue.

This definition, comprising three sets of skills and competences and three levels of resources and capabilities, is sufficiently broad to encompass all the aspects of policy capacity cited by the authors mentioned above, and allows their similarities and differences to be demonstrated in a clear and straightforward fashion. This, in turn, allows for a superior operationalization of the concept and its translation into practice than has heretofore been possible.

Our overall framework of policy capacity is shown in Table 1.

Table 1
Policy capacity: skills and resources.

Levels of resources and capabilities	Skills and competences		
	Analytical	Operational	Political
Individual	Individual analytical capacity	Individual operational capacity	Individual political capacity
Organizational	Organizational analytical capacity	Organizational operational capacity	Organizational political capacity
Systemic	Systemic analytical capacity	Systemic operational capacity	Systemic political capacity

While serving to synthesize the literature cited above, the nested logic of this model outlined in Fig. 1 also contains several significant departures from past efforts made to define policy capacity. First of all, it is not restricted to a particular function, stage or task in a policy process, but rather covers all policy processes, including agenda setting, formulation, decision-making, implementation and evaluation. This recognizes that the nature of the challenges government's face in performing these policy functions is quite different and adequate capacity in carrying out one task does not guarantee the effective performance of other functions. At the same time, it allows for the possibility that there are often skills and resources that can be shared across task environments.

The second significant difference is that the concept goes beyond the government in understanding capacity, recognizing that a wide range of organizations, such as political parties, NGOs, private businesses, and international organizations, as well as multiple government agencies, are involved in policy processes and thus their capacities affect the government's own capacity to perform. That is, the skills and resources of governments have counterparts in policy-oriented non-governmental organizations and need to exist or be built up if either of these actors is to be effective in their policy roles. Therefore, while the policy capacity of a government plays the key role in determining policy outcomes, and is the principle subject of inquiry here, the model recognizes that the capacity of other stakeholders in policy-making is an important aspect of policy capacity which needs to be subjected to similar treatment.

Third the taxonomy allows for a nested model of capacities in which system level resources affect organizational ones and vice versa, just as organizational and individual level resources interact in the same fashion.

At the system level, capabilities such as the level of support and trust a public agency enjoys from its political masters and from the society at large as well as the nature of the economic and security systems within which policy-makers operate, are key components of policy capacity. Factors such as trust and available personnel and financial resources are critical determinants of organizational capabilities and thus of public managers' and analysts' ability to perform their policy work. Political support both from above and below is vital because agencies and managers must be considered legitimate by citizens and policy subjects in order to access resources and support from their authorizing institutions and constituencies on a continuing basis, and such resources must also be available for award in the first place (Painter & Pierre, 2005).

While existing definitions of policy capacity tend to focus on capacity at the macro level, such as the whole government or the country, policy capacity at such a level does not exist in a vacuum, and the skills and competences displayed by individual players and institutions play decisive roles in performing key functions in policy processes. At the individual level, policy professionals—such as policy-makers, public managers, and policy analysts—play a key role in determining how well various tasks and functions in policy process are conducted, and their policy capacity is determined by their knowledge about policy processes, skills in policy analysis and evaluation, managerial expertise, and political judgement. However, high levels of individual policy capacity may not guarantee policy effectiveness because various other resources and capacities are required at the organizational level as well as at system level if they are to perform these tasks effectively.

At the organizational level, the availability and effectiveness of information infrastructure, human and financial resource management systems, and political support, can enhance or detract from individual capabilities. Organizations that unduly circumscribe individual decision making responsibility or undermine morale among policy professionals, for example, can undermine an agency's ability to acquit its functions (Gleeson et al., 2011; Tiernan & Wanna, 2006).

Fourth, it bears repeating that the conceptual framework defines policy capacity as what results from the *combinations* of skills and resources at each level. Analytical-level capacities help to ensure policy actions are

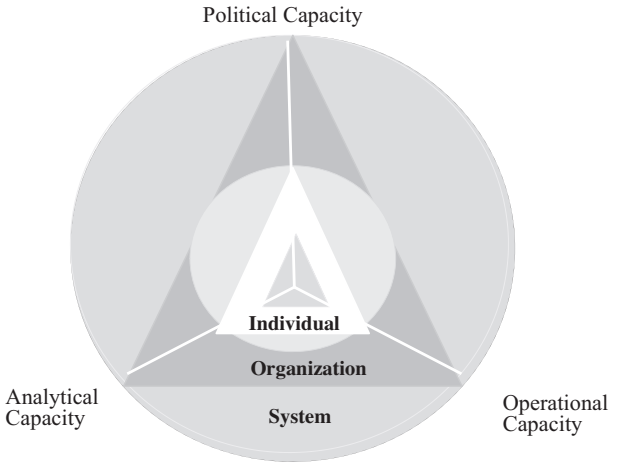

Fig. 1. A nested model of policy capacity.

technically sound in the sense they can contribute to attainment of policy goals if carried out. Operational-level capacity allows the alignment of resources with policy actions so that they can be *implement*ed in practice. And political-level capacity helps to obtain and sustain *political support* for policy actions (Fukuyama, 2013; Gleeson et al., 2009, 2011; Rotberg, 2014; Tiernan & Wanna, 2006).

Although these analytical, operational and political-level capacities are inter-connected, they are governed by different considerations and their contributions to policy process are separable and irreplaceable. However they may not all be required for particular actions to succeed. Rather some may be more critical than others, a possibility allowed for in this arrangement (Howlett & Ramesh, 2015). Such a categorization of 'critical capacities' offers considerable advantages in the application of the concept in practice, as improvements in any of the three types of competences are affected by different processes, considerations which are lost when any are ignored or their impact incorrectly assessed.

This multi-dimensional perspective on policy and governance capacity allows us to understand better why policy failures are widespread and persistent: policy successes demand high levels of capacities in multiple dimensions—analytical, operational and political—but not always in equal measure or all at once. Building and attaining required capacities are difficult goals to meet in practice but not impossible as the articles in this issue attest.

3. Articles in this issue

Each article in this special issue addresses one of the basic types of policy capacity set out in Table 1 and helps illustrate how such capacity emerges and how it can be augmented and enhanced.

3.1. Analytical capacities

Referring to individual-analytical capacity, Michael Howlett in this volume argues all governments need a significant number of officials with a modicum of analytical capacity, defined as the ability to access and apply technical and scientific knowledge and analytical techniques, if they are to be able to devise and implement policies in an efficient and cost-effective way. This is especially important in the context of the growing emphasis on evidence-based policy making which requires that officials involved in policy work have the ability to absorb and process information in all aspects of policy formulation, decision-making, implementation and evaluation. Many studies of knowledge utilization in government point out that governments do not often use evidence even when it is available because they lack the skills to use it. This discussion suggests governments, as a whole, exhibit an uneven distribution of capacities, technical capabilities, and utilization practices across different organizational and thematic venues and this can be problematic for policy-making.

Governments and their agencies also must possess ample organizational-analytical capacity, defined by Valerie Pattyn and Marlene Brans in their article as the availability of individuals with analytical skills, existence of a

machinery and processes for collecting and analysing data, and organizational commitment to evidence-based policy, if they are to be effective. An efficient information system for collecting and disseminating information within and across public sector agencies is especially important in the context of the present day emphasis on evidence-based policy-making which requires not only the ability to analyse data but also its availability in a timely and systematic manner (Davies, Nutley, & Smith, 2000). Pattyn and Brans study the evaluation capacity of Flemish public organizations in Belgium with the purpose of understanding organizational-analytical capacity. Their paper highlights the capabilities governments need to build and enhance their evaluation ability and ultimately their organizational-analytical capacity.

In her contribution, Angel Hsu deals with systemic-analytical capacity, defined as the general state of scientific, statistical, and educational facilities in a society which allows policy makers and workers to access high quality information to carry on their analytical and managerial functions. She finds the state of education in general and public policy education and training in particular, along with diligent collection and widespread dissemination of data on public affairs, to have a strong impact on governments' capacity to perform their functions. She argues this varied policy analytical capacity can be evaluated through observed gaps in policy areas such as environmental data monitoring and reporting among countries and further argues that the varied policy analytical needs of the global environmental knowledge system necessitates the participation of new institutions and actors if capacity in this area is to be enhanced.

3.2. Operational capacity

At the individual-operational level, Anne Tiernan argues the ability of individual managers to perform key managerial functions is a vital determinant of the government's overall policy capacity. But she points out the contradictions between an avowed emphasis on leadership in discussions of public sector reforms and the promotion of managerial reforms emphasizing efficiency and technical skills. Focussing on senior public servants in Britain, she points out the difficulties involved promoting leadership in public service without clarifying broader arrangements for accountability which can undermine rather than bolster capacity at this level.

Focussing on organizational-operational capacity, B. Guy Peters in his paper argues how well policy managers and workers perform depends very much on the internal organization of public agencies and upon the political-institutional environment within which they work. The agencies' relationship with legislative and executive institutions and actors and the training and aspirations of public servants, he argues, are particularly important determinants of their capacity and effectiveness.

Alison Hughes and her colleagues then examine capacity at the systemic-operational level. As perceived by health policy workers and senior managers in three health authorities in Australia, this study finds capacity at this level in its essence to be about coordination of governmental and non-governmental efforts to address collective problems. Hughes and her co-authors highlight the dispersed and incremental character of health development and focus on the wider policy environment within which such incremental development takes place in this sector. Specifically, they highlight the roles leadership, shared vision, constituency building, policy (and health services) research, and an inclusive policy conversation, play in policy capacity development at this level.

3.3. Political capacity

In their work on individual-political capacity, Leslie Pal and Ian Clark examine a key skill required of policy actors: political knowledge and experience or ''policy acumen'' (Wu et al., 2010). In their article, Pal and Clark demonstrate a keen nose for politics not only within but also relating to the broader environment is essential for individual policy actors to be able to play an effective role in the policy process. Identifying other key actors and understanding their essential interests and ideologies as well as the relationships among them, they argue, are essential traits of successful public managers, as is the understanding of the political trade-offs necessary for an agreement among contending actors and interests.

Writing on organizational-political capacity, Claire Dunlop finds a key challenge at this level lies in developing learning relationships with governance partners and the public. To succeed, governments need to define an issue and draw the public into focussing on it and actively contributing to its resolution (Post, Salmon, & Raile, 2008). Crucially, she argues, two-way communication can allow citizens to monitor states' activities, enter into dialogue with state

actors on issues that matter to them, and influence political outcomes. [http://www.gsdrc.org/go/topic-guides/communication-and-governance/the-role-of-communication-in-governance-and-development] (Haider, Mcloughlin, & Scott, 2011).

Finally, in their article, Woo, Ramesh and Howlett argue systemic-political capacity is the most wide-ranging and all-encompassing of all nine types and one which has the potential to shape all other capacities. Insofar as it forms the environment that frames all governmental activities, they argue, it is 'steering' level capacity, through which all the other aspects of policy capacity may be shaped. This systemic-political capacity is shaped by the level of trust in the political, social, these economic, and security spheres of policy action and the authors contend constitute a 'diamond' which provides a useful framework for thinking about the different aspects of legitimation capacity. This is especially useful, they argue, as possible deficiencies in political capacity that a government may face and needs to focus on to gain public trust can thus be identified and overcome.

4. Conclusion

It is widely acknowledged that policy capacity is a vital determinant of the extent to which policy actors are able to address public problems. High levels of capacity are linked to superior policy outputs and outcomes while capacity deficits are viewed as a major cause of policy failure and sub-optimal outcomes (Canadian Government, 1996; Fukuyama, 2013). However this broad agreement on the importance of policy capacity has not been matched by agreement on its conception and measurement (Gregory & Lonti, 2008; Waller, 1992). While achieving such arrangements may not be simple or easily accomplished, the framework set out in this Introduction helps to clarify the existing literature and provides policy-makers and commentators with a better idea of how capacities can be built than existing conceptions currently allow.

Here we have proposed that policy capacity is a function of three sets of skills and competences (political, operational, and analytical) and three levels of resources and capabilities (systemic, organizational, and individual), generating nine types of policy capacity, as set out in Table 1. Viewing policy capacity as a bundle of these nine capacity types allows for a better understanding of the concept than has heretofore been present in the literature.

Recognition of policy capacity as comprising nine different capacity types allows analysts to go beyond general observations on governments' capacity to address public problems and exercise more precision in their assessment of governments' ability to make good policy choices and implement them effectively. Of course, not all policy skills are equally valuable and understanding them how they are nested within each other and which is most significant in any particular circumstance are critical concerns for understanding capacity, identifying gaps, and building when found short.

More importantly, it affords practical tools to policymakers for assessing their own policy capacity and devising ways to build it. Papers in the collection add nuances and textures to the discussion contained in this framing paper. They help continue and advance the discussion begun here, developing answers to such questions as:

- How can policy capacity and its components be measured? If direct measures are not available, then what proxy measures are available that may be reasonably used as substitutes?
- Are some capacity types more important than others? If yes, then what weighting should we attribute to them?
- While we know the components of policy capacity vary by ''level'' (i.e. system, agency, individual), do they also vary by policy sector (e.g. water, telecommunications)? And if so, in what way(s) and why?
- What are the implications of governments' different levels of policy capacity for policy success and failure? For policy change? And
- How do capacities change? And more importantly, how can they be built and strengthened? Are governments with already high levels of capacity best placed to further enhance their capacity?

These are all significant questions which need clarification and understanding in order for policy research in this important area of policy studies to move forward.

Acknowledgements

This paper is based on a commissioned report that M. Ramesh prepared for Eupolis Lombardia in 2013. The authors are grateful to Eupolis Lombadia and particularly its Director Dr Alessandro Colombo for comments and support.

References

Bakvis, H. (2000). Rebuilding policy capacity in the era of the fiscal dividend: A report from Canada. *Governance, 13*(1), 71–103.

Brown, M. P., Bezo, L., & Nanivska, V. (2013). Building policy capacity at the Ukrainian centre: The policy units project. *Canadian Public Administration, 56*(3), 433–455. http://dx.doi.org/10.1111/capa.12029.

Canadian Government. (1996). *Strengthening Our Policy Capacity.* Report of the Task Force on Strengthening the Policy Capacity of the Federal Government.

Davis, G. (2000). *Conclusion: Policy capacity and the future of governance*. Allen & Unwin.

Davies, H. T. O., Nutley, S. M., & Smith, P. C. (Eds.). (2000). *What works? Evidence-based policy and practice in public services*. Bristol: The Policy Press.

Fellegi, I. (1996). *Strengthening our policy capacity.* Ottawa: Deputy Ministers Task Forces.

Fukuyama, F. (2013). What is governance? *Governance, 26*(3), 347–368. http://dx.doi.org/10.1111/gove.12035.

Gleeson, D. H., Legge, D. G., & O'Neill, D. (2009). Evaluating health policy capacity: Learning from international and Australian experience. *Australia and New Zealand Health Policy, 6*(February (1)), 3. http://dx.doi.org/10.1186/1743-8462-6-3.

Gleeson, D., Legge, D., O'Neill, D., & Pfeffer, M. (2011). Negotiating tensions in developing organizational policy capacity: Comparative lessons to be drawn. *Journal of Comparative Policy Analysis: Research and Practice, 13*(June (3)), 237–263.

Gregory, R., & Lonti, Z. (2008). Chasing shadows? Performance measurement of policy advice in New Zealand government departments. *Public Administration, 86*(3), 837–856.

Haider, H., Mcloughlin, C., & Scott, Z. (2011). *Communication and governance*. The World Bank.

Hallsworth, M., & Rutter, J. (2011). *Making policy better: Improving Whitehall's core business*. London: The Institute for Government.*http://www.instituteforgovernment.org.uk/our-work/better-policy-making/making-policy-better.*

Holmberg, S., & Rothstein, B. (2012). *Good government: The relevance of political science*. Cheltenham, UK/Northampton, MA: Edward Elgar.

Howlett, M. (2009). Government communication as a policy tool: A framework for analysis. *The Canadian Political Science Review, 3*(June), 2.

Howlett, M., & Lindquist, E. (2004). Policy analysis and governance: Analytical and policy styles in Canada. *Journal of Comparative Policy Analysis: Research and Practice, 6*(3), 225–249.

Howlett, M., & Ramesh, M. (2015). Achilles' heels of governance: Critical capacity deficits and their role in governance failures: The Achilles heel of governance. *Regulation & Governance June: http://dx.doi.org/10.1111/rego.12091.*

Moore, M. H. (1995). *Creating public value: Strategic management in government*. Cambridge: Harvard University Press.

OECD DAC. (2006). *The Challenge of Capacity Development: Working Towards Good Practicehttp://www.gsdrc.org/docs/open/CC110.pdf.*

Painter, M., & Pierre, J. (Eds.). (2005). *Challenges to state policy capacity: Global trends and comparative perspectives*. London: Palgrave Macmillan.

Parsons, W. (2004). Not just steering but weaving: Relevant knowledge and the craft of building policy capacity and coherence. *Australian Journal of Public Administration, 63*(1), 43–57.

Post, L. A., Salmon, T., & Raile, A. (2008). Using public will to secure political will. In S. Odugbemi & T. Jacobson (Eds.), *Governance reform under real world conditions, communication for governance and accountability program.* Washington, DC: World Bank. http://www.gsdrc.org/go/display&type=Document&id=3710

Rotberg, R. I. (2014). Good governance means performance and results. *Governance http://dx.doi.org/10.1111/gove.12084.*

Tiernan, A., & Wanna, J. (2006). Competence, capacity, capability: Towards conceptual clarity in the discourse of declining policy skills. *Presented at the govnet international conference.*

Waller, M. (1992). Evaluating policy advice. *Australian Journal of Public Administration, 51*(4), 440–449.

Wang, W. (2013). Improving the capacity to govern based on rules in China. *Public Administration Review http://dx.doi.org/10.1111/puar.12107.*

Wu, X. M., Ramesh, M., Howlett, M., & Fritzen, S. (2010). *The public policy primer: Managing public policy.* London: Routledge.