

Theme of the Simulation

Implementation of policy begins where formulation ends. After the overarching policy is made by the legislators, the policy administrator's job of implementing and, subsequently, evaluating and revising/terminating it begins. While implementing, the administrator fleshes out the details of the policy, the goals, the instruments to be used, and the possible timelines, and defines the target populations that will be affected. The corrective measures and instruments used must match the problem that the policy aspired to correct in the first place.

It is a commonly held belief that once a policy is formulated and the implementation process started, the problem will be remedied. That, however, is often not the case. Programs and policies regularly fail to achieve their intended effects, even after huge sums of money have been invested in them. The implementing agency needs to know if the programs have had the desired outcomes. Thus, evaluation of the program becomes crucial.

There are two approaches to evaluation. Formative—where the policy is shaped and directed as implementation progresses, and summative— where outcomes are compared to original goals. In addition, evaluation can be done either by external or internal evaluators. The danger in external evaluation is that it is possible for evaluators to use feedback to further their own agendas. The task for the administrator is to again evaluate the feedback and then decide on how to act on it.

Revision is consequent to evaluation of the policy. Policies are reviewed in the light of the evaluation and either changed to address the deficiencies that have been highlighted, or rarely, terminated. Termination is the unpopular option for all participants in the policy process, as it is a costly admission of mistake. Moreover, vested interests will fight to keep the program going if only to further their own agendas.

Learning Objectives

- Interpret conflicting points of information to apply implementation strategies.
- Understand the importance of evaluation and revision in a dynamic policy environment.

Essential Conceptual Background

The learning experience in this simulation could be enriched if the learner is familiar with the following books and issues:

- *Public Policy: An Evolutionary Approach* by James P. Lester and Joseph Stewart Jr. (chapters 8 and 9).
- *The Art of the Game: Understanding American Public Policy Making* by Stella Z. Theodolou and Chris Kofinis (chapter 10).
- A basic understanding of the developments current in the issue of offshore outsourcing.

Sim Cycle

Cycle 1(Week 1, August, 2006)

Background
Decision points
Rationale for the feedback
Learning points
Possible discussion
questions

Cycle 2(Week 3, August, 2006)

Background
Decision points
Rationale for the feedback
Learning points
Possible discussion
questions

Cycle 3(September, 2007)

Background
Decision points
Rationale for the feedback
Learning points
Possible discussion
questions

Basis for the Case Study

It is year 2006. America is emerging out of a long, deep recession, but unemployment rates are still disturbingly high. Newspaper reports clamor about the increasing numbers of American jobs that is being lost to offshore service providers. Although this has been the trend for some years now, the economic climate of recession has served to highlight this. In addition, the profile of the jobs being outsourced has changed. From low-skilled call center jobs, the jobs now being sent offshore are high-level software programming, payroll, insurance and HR management, and even those of radiologists and medical technicians.

The national and local print and broadcast media have been reporting on the latest instances of outsourcing and debating its effect, immediate and projected, the plight of the American worker, and the future of the American industry. Academics are forecasting a similar fate for the American IT industry as for manufacturing a few decades ago, when the high wage cost of manufacturing drove jobs to relatively cheaper destinations like Mexico, China, and Argentina. The debate has also quickly acquired political overtones, not least due to the impending elections and pressure from constituents. Michigan's Governor Alexander Nunez is now forced to look into the issue of outsourcing and decide how to vote on the proposed bills in the legislature considering policy changes. The learner is an analyst in the Governor's Office for Planning and Research, whose responsibilities include recommending and implementing state policies.

To aid decision-making, the learner will receive inputs from Ramona Gaitanis, an economist and Sylvia Baldwin, a corporate lobbyist.

Cycle 1 (Week 1, August, 2006)

Background

The learner, in the role of a policy analyst, has asked for information from the various constituents who are affected by the problem of outsourcing. Different constituents offer different angles of the problem that often are conflicting. For example, the corporate lobbyist draws attention to the cost advantages of outsourcing and how American investor profits are growing. The workers groups put forth their hardship stories and seek an immediate end to outsourcing.

The learner has to advise the governor on the stand to take with regard to outsourcing while signing on the proposed bills in the legislature.

Decision Points

- Sign bill to stop outsourcing
- Sign bill to regulate outsourcing
- Veto all proposals and maintain status quo

Inputs to Decision Making

- White Paper on Outsourcing for details on the pros and cons of outsourcing
- Theory of Comparative Advantage for an explanation in relation to outsourcing
- U.S. and the WTO for details on the international trade forum and the American government's stand
- Hardship Stories of Michigan Workers for laid-off workers' reactions to outsourcing
- "Jobs For US, Not Them" Rally for details on the rally to protest against offshore outsourcing of American jobs
- Inputs of Dr. Ramona Gaitanis, Sylvia Baldwin, and William L. Morrison

Rationale for the Feedback

Feedback captures the learner's understanding of the outsourcing issue from reading the various reports and balancing them out with the softer political and social factors. For example, if s/he chooses to prohibit outsourcing, it will be pointed out that such an action will be in violation of the spirit of WTO's no non-tariff barriers to private trade. Such a measure might invite retaliation against American workers, of whom approximately six million are hired by foreign manufacturing companies that have set up bases in the US, besides possibly being unconstitutional as they are in direct contradiction of the federal government's policy on foreign trade, etc.

However, it cannot be denied that the American workforce is being laid off in large numbers and all economic arguments that claim that outsourcing is in fact good for the U.S., do not alleviate their hardship. As a policy administrator attached to a political office, you cannot afford to encourage legislation that will clearly alienate the citizens. On the one hand, by allowing outsourcing with all its attendant benefits you ignore the demands of the workforce and on the other, banning the practice results in disastrous

economic and trade consequences but the workforce is happy. Therefore, allowing outsourcing with regulations might be the best policy.

On the other hand, if the learner recommends that all proposals be vetoed and the status quo maintained, it will be pointed out that s/he is not addressing the issue at all. A policy of inaction by the government is as undesirable as a wrong policy decision. By deciding to maintain status quo on the issue of outsourcing you have assumed, wrongly, that the current situation is the optimal for all constituents.

Optimal decision:

- Sign bill to regulate outsourcing

Learning Points

- Understanding the pressures exerted by different interest groups in policy making.
- Understanding the implicit trade-off between acceptable policy vs. appropriate policy.

Possible Discussion Questions

The balancing presence of powerful interest groups against lobbyists would make certain that policy is ultimately acceptable to all stakeholders. Discuss.

Interest groups influence policy making to a considerable extent. Structurally, the American government represents a system in which majorities and minorities, groups and individuals are able to influence the direction and nature of public policy as it develops. Depending on their political influence and prominence, interests groups can and do effectively counter the power of the lobbyists by altering the language of legislation, adding amendments that favor their groups, improving their fiscal or regulatory interests and blocking or revising bills before they are voted on or adopted.

Cycle 2 (Week 3, August 2006)

Background

Depending on the learner's decision in the previous cycle, s/he will be sent the minutes of a Cabinet meeting. The mail summarizes the Cabinet meeting and concludes with the statement that the Governor has asked for a detailed study of the practice in government and private sectors as well as the regulatory measures possible in either sector.

In this cycle, the learner will examine the issue of outsourcing in government agencies and private firms. Government agencies have contracted business process operations for decades to private firms who have sent the jobs offshore. However, now with offshore outsourcing becoming a major issue, government agencies are also being scrutinized on their contracts with outsourcing companies.

The learner will now study government and private outsourcing and gauge the merits of allowing, preventing, or regulating outsourcing in both sectors. S/he will also select the various regulatory measures that need to be introduced, if regulating outsourcing is what is selected.

Decision Points

Decision Area 1: Government Outsourcing

Prohibit All Outsourcing
Prohibit Only Direct Outsourcing to Offshore Contractors
Allow All Outsourcing

Introduce Regulatory Measures

Regulatory Measures if "Prohibit Only Direct Outsourcing to Offshore Contractors" is selected:

- i) Require companies to contribute an amount to a displaced worker's retraining.
- ii) Require companies to enforce stricter controls on the outflow of confidential data.
- iii) Levy a differential tax on companies that outsource to offshore locations.

Regulatory Measures if "Allow All Outsourcing" is selected:

- i) Require state agencies that outsource to undertake retraining of displaced workers.
- ii) Require state agencies to enforce stricter controls on the outflow of confidential data.

Decision Area 1: Private Outsourcing

Prohibit All Outsourcing
Allow All Outsourcing

Introduce Regulatory Measures

Regulatory Measures if “Allow All Outsourcing” is selected:

- i) Require companies to contribute an amount to a displaced worker’s retraining.
- ii) Require companies to enforce stricter controls on the outflow of confidential data.
- iii) Levy a differential tax on companies that outsource to offshore locations.

Inputs to Decision Making

- Government Outsourcing for details on outsourcing within that sector
- Private Outsourcing for details on outsourcing within that sector
- Regulatory Measures for details on possible regulatory measures
- Inputs of Sylvia Baldwin and William L. Morrison
- Read More icon (>>) for details on outsourcing options

Rationale for the Feedback

There will be consolidated feedback on the learner’s decisions in Cycles 2 and 3 at the end of Cycle 3.

Learning Points

Implementing policy requires the details of the policy to be fleshed out by the policy administrator.

Possible Discussion Questions

In implementing a policy, can continual fine-tuning and iterations make the policy implementer lose sight of the initial problem?

No, not if clear and unambiguous policy goals are set and the objectives desired from the policy action specified.

During the implementation of a policy, the bureaucracy or the executive branch may operate closely with interest groups whose interests are affected by the policy—seeking perspective, guidance, and expertise. The interest group will in turn, try to influence policy that favors their specific interest and agenda. However, if the policy goals and objectives have been set clearly and unambiguously at the beginning of the policy making process, there is little danger of the policy being hijacked by interest groups.

Cycle 3 (September 2007)

Background

Upon entering this cycle, the scenario will branch depending upon the decisions the learner has taken in Cycle 2.

If the learner has chosen to allow outsourcing in both government agencies and private firms, s/he now faces blistering criticism in the form of various media reports. These reports cite that government policy to allow outsourcing has led to more jobs being lost, increased security concerns about sensitive personal data being sent abroad for processing, etc.

If the learner has chosen to go with any of the following options: prohibit only direct outsourcing to offshore contractors and prohibit all outsourcing. S/he now faces criticism from the economic think tank and corporate lobbies. In a report, the think tank points out that the decision to prohibit outsourcing has led to increased inefficiencies in government agencies and private firms; there is rampant misallocation of resources. The corporate lobby complains that consequently, Michigan companies are pricing themselves out of the market.

In addition, if the learner has selected differential tax rates as a regulatory measure companies would have reacted strongly to the tax. If this measure were not selected, rival party legislators would harangue the government on the lost opportunity to penalize companies that practice excessive outsourcing.

Also, if the learner has selected prohibit government and private outsourcing, the rival party legislator complains about how the complete prohibition on outsourcing is affecting the state's firms and harangues the government to allow outsourcing with a mitigating clause of differential taxes for companies that do.

The learner then revisits the decisions s/he had made a year back (Cycle 2), and considers changes to the policy.

Decision Area

The decision area will have the same decision sets as in Cycle 2

Inputs to Decision-Making

Inputs to decision-making will be the same as in Cycle 2.

Rationale for the Feedback

The learner will be given a summative feedback for Cycles 2 and 3, capturing the changes in the decisions s/he has made, if any, while revising the policy. Cycle 2 essentially captures the issues in implementation while Cycle 3 deals with evaluation and revision of policy. The criticism from the public in Cycle 3 serves as external

evaluations of the policy, and the learner's reading of them and the willingness to act upon them considering the various political pressures will be remarked upon.

For example, assume the learner had decided to prohibit private companies from outsourcing in Cycle 2. In Cycle 3, s/he encounters the feedback relating to that decision—not paying competitive rates for goods and services, and decreasing efficiency in operations is affecting companies' profits. S/he might then revisit that decision and reverse the policy of complete prohibition, but select the regulatory measure of levying differential tax. However, the trade-off in that decision would be protests from companies and rival party legislators against extra taxes vs. allowing outsourcing within limits so that the workforce groups are appeased.

Learning Points

Evaluation, and revision of policy based on evaluation.

Possible Discussion Questions

With reference to a policy or program that is being implemented in your neighborhood, consider the implications of termination.