

# Public Management, Public Policy, and Public Policy Research <sup>1</sup>

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## Abstract

In this paper, notions of public management, public policy, and public policy research and the relationship they share will be theoretically discussed, so that a common understanding of these concepts in our profession of public administration, both academically and practically, can be fostered for the sake of improving the administrative reality in a society.

## 1. Introduction

This paper, entitled ‘Public Management, Public Policy, and Public Policy Research’, strives to provide the author’s perception of the relationship among the three concepts, which can help construct important theories for the study of public affairs. First, the notion of public management, based on the author’s understanding, will be explained. Then, starting from the explanation on the word public, a notion of public policy will be developed. Thereafter, the significance of public policy research will be reflected upon in the context of public management and public policy to clarify the author’s perception of the linkages among the three fields.

## 2. Notion of Public Management

In Tokyo’s Waseda University, a graduate school

of public management had been founded in 2003 with the intent of accomplishing two of the three missions of the university. The three missions, Practical Application of Scholarship, Fostering of Good Citizens, and Independence of Scholarship (Waseda, 2020), were propounded by the university’s founding father, Baron Shigenobu Okuma, who twice assumed the position of Prime Minister of Japan, once in 1898 and then in 1914. The first two missions are what the graduate school intended to realize.

To establish the background behind the founding of the school, we define public management as the practice that involves solving societal problems and contributing to the sustainable development of the concerned domestic and international society by the use of various measures in collaboration with three sectors — governmental, market, and civic (Kataoka, 2004).

These sectors are invested with different fundamental principles regarding the exchange of goods and services with payment. In a market economy, goods and services, on the one hand, and their costs, on the other, are approximately in accordance with each other through the practice of payment. There are many examples of such exchanges of private goods and services for an equivalent price. These are exchanges of equivalents. In contrast, goods and services in the government sector are provided in the form of non-equivalent exchanges. At the time of their

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<sup>1</sup> This paper is mostly based on a lecture by the author, Koichiro Agata, 2015, and evoked by Niikawa, 2019. It will be devoted to Professor Dr. Tatsuro Niikawa, who is going to retire at the end of the academic year 2020.

receipt, the benefits to the recipient and the costs they provide for these goods and services are not equivalent (Kataoka, 1990). Examples include primary and secondary education at municipal schools and the provision of social services such as medical and nursing care or pension to the general public. Furthermore, the system of non-equivalent exchanges may also be the case for the activities of the civic sector. To support the goods and services they provide, the government, on the one hand, collects taxes and other public levies. On the other hand, the civic sector receives funding from voluntary actions such as donations. Based on this understanding, the government's main principle of action can be seen in the form of mandatory non-equivalent exchange and the civic sector's main principle of action in the form of facultative non-equivalent exchange (Agata, 2013).

In the field of public management, the three sectors (governmental, market, and civic) have three aspects in common, namely, common societal problems, necessary co-operation for problem solving, and readiness for self-sacrifice. If any of the three sectors, alone, can solve a societal problem, there is no need for public management of the problem. If, however, at least two of these three sectors share common societal problems and must cooperate to solve them, do we need public management. For public management, the sectors concerned should be ready to make self-sacrifice, such as bearing some of the cost of the solution to be provided (Agata, 2013). These sectors may operate in virtual independence of each other; they can be said to coexist (Lynn, 2011). As far as the constellation of the three different sectors is concerned, there are no hierarchical relations among its components, except coordinated ones; the three stand on the same plane of mutual influence. In this sense, the coordinated amalgam of public management among the three sectors suggests a conformation of governance, in which a certain will ought not to be conveyed by an actor at the upper level to another at a lower one, but it should be modulated and reconciled among the concerned actors (Niikawa, 2019). Good governance could be

delivered through co-operation among governments, business firms, and civil society (Pollitt and Bouckaert, 2019: 21). It is also said that the concept of governance is appropriate for public management as opposed to the narrower concept of government (Hughes, 2018: 134-136). Thus, it is essential for public management professionals and experts to coordinate actions of the three sectors and facilitate complete co-operation among them for problem solving.

The adjective 'public' is derived from the Latin word 'publicus', which is derived from 'poplicus', whose roots can be traced to the Latin noun 'populus', which means 'people'. 'Public', then, means 'of the people', and, in today's context, means 'open to all'. On the other hand, what does the adjective 'private' mean? Private is derived from the Latin word 'privatus', which is an adjective formed from the past participle of the verb 'privare'. It, thus, means 'individual', 'unofficial', 'peculiar', 'special', and 'specific' (Lewis et al. 1879).

To further bring out the meaning of 'public', there is a typical example. Suppose the governmental, market, and civic sectors share a common cloud information system. What should the governmental sector's own area of the cloud system be called? If the market and civic sectors each have their own areas of the cloud system, theirs ought to be called private clouds. Thus, what should the governmental sector's area of the cloud be called? It should also, rightfully, be called a private cloud for the governmental sector. It is not a public one at all. The nuance of the adjective 'public' in a public sphere suggests openness to all sectors or actors. Therefore, the nuance of the notion of 'public policy' refers to its openness to all sectors. In a narrower sense, the notion of public policy alludes to the action or non-action of the government (Hughes, 2003: 115-116, Klein and Marmor, 2008, Dye, 2017: 1, Schafritz et al., 2017: 47). However, public policy in a broader sense (e.g. Ron, 2017) can provide us with a common policy for the three sectors.

### 3. Reality of Public Policy

Contemporary societal problems can be solved by combining the three types of exchange relations mentioned earlier, namely, mandatory non-equivalent exchange, facultative non-equivalent exchange, and equivalent exchange.

We can find a typical example of co-operation between the government and the market economy in the system of environmentally friendly cars being institutionalised in Japan from April 2009 to September 2010 (Agata, 2013). Alongside the rapid development of concerned technologies, the Japanese government engaged in supporting the manufacture of more sophisticated, environmentally friendly vehicles such as electronic cars, plug-in hybrid cars, and full-cell vehicles. By applying for a grant from the central government, a private consumer was to be subsidised up to 400,000 yen for the first type of vehicle, 200,000 yen for the second, and 2.25 million yen for the third (NGVPC, 2020-1). In addition, many prefectures and cities promised to support purchases of the latest cars by providing their own grants (for example of Tokyo, NGVPC, 2020-2). Those who wished to use such a support system could combine subsidies from both the central and the concerned local government. The central governments' budget for this measure in 2019 was approximately 160 billion yen (METI, 2019), although the new vehicles' share of total annual car sales was a low 1.3% of the whole market for cars in the year of 2017 (MLIT, 2018). The co-operation between the government and the market in the field of new electronic vehicles, therefore, ought to be studied further.

A typical collaboration between the governmental and civic sectors can be found in tax deductions for donations to non-profit organizations (NPOs). If a recognised NPO receives a donation based on the institutions organised in 2011 in Japan, the donor is directly reimbursed 50% of the amount—40% as a central tax deduction and 10% as a local tax deduction; there is, however, a maximum limit of 2 million yen for this special deduction (Agata,

2013). The number of recognised NPOs to be engaged as per this designation adds up to more than 11,000 in the fiscal year 2019 (CAO, 2019 and 2020); in the fiscal year 2017, the resulting state tax deductions—equalling government revenue shortfalls—approximately totalled 158 billion yen. In fact, a trend of an increase in revenue shortfalls can be traced back to 2012, when other deductions were in place as well (MOF, 2018-1). On the other hand, these NPOs can be expected to have created a societal value of 4.6 trillion yen in 2017 as expenditures (Megumi, 2019). In this way, the government can foster the operations of the civic sector through government revenue ullages from income tax deductions as a form of self-sacrifice.

Collaboration between the market and the civic sector can be reflected in corporate social responsibility (CSR). Even businesses with their main objective as making profit can create societal contributions as their self-sacrifice by promoting education, arts, and environmental conservation. In this case, special tax deductions are employed to boost the advantages of charitable activities on the business side. Companies donate a portion of their profits to NPOs of their choice, which in turn add value to society (Agata, 2013). To allow a comparison with the abovementioned statistics of NPOs, in 2017, about 400 thousand corporations have roughly donated 760 billion yen in real terms (MOF, 2018-2). These amounts contribute to the aforementioned expenditures of NPOs. It is very difficult to evaluate the contributions of businesses through CSR in real terms, but there is an effort on their part to rank among the most supportive corporations by using multifaceted indexes (Toyo Keizai, 2020).

Where can the governmental, market, and civic sectors best collaborate? We can find a representative example in the developing field of CSR. If private firms can effectively employ the government-aided and funded system of special tax deduction on donations, then the government implicitly promotes the activities of NPOs by using private companies as the intermediaries (Agata,

2013). For instance, certain car companies will provide assistance for an NPO engaged in mécénat or sponsorship activities, namely, fostering art and culture. By means of tax deductions, the government enables manufacturers to contribute to NPOs. In this way, the government indirectly promotes activities in the field of art, such as theater, music, photography, graphic designing, and so on. Based on a survey by the Agency for Cultural Affairs, 203 of the 398 corporations reviewed had dispensed about 20 billion yen for their mécénat activities (ACA, 2019). A public policy through co-operation among the three sectors could enable a sound system for solving societal problems.

#### 4. Significance of Public Policy Research

Now, some elements of public policy research should be considered. In the field of public policy research, we often discuss the stages of public policy, namely, problem setting, selection of policy options, policy decisions, policy implementation, and policy evaluation, although policymaking does not always follow this sequence. This theoretical sequence pertaining to public policy should be classified into three categories: procedure and consensus building, primary content building, and secondary content building (Young, 2008, Hughes, 2003: 119-122, Schafritz et al., 2017: 51-61, Agata, 2005).

A key question pertaining to procedure and consensus building may lie in how a decision was made. Policy research topics here include the background of the various parties' interests, the process of bargaining, and the way in which a public policy decision is made. In other words, procedure and consensus building are policy processes (on procedure-based approach s. Bryner, 2011).

In public policy, primary content building is concerned with the purpose for which output and performance are supplied. What is important is what purposes the output ought to be supplied with. Furthermore, secondary content building

suggests attributes for policy evaluation, namely, the outcome, the magnitude of the contribution to the goal, and feedback for future improvements. Here, we ought to ask what outcome has been achieved, how far it has contributed to the realization of purpose, and what feedback should be considered for the future (on performance and outcome analysis s. Kuhlmann/Wollmann, 2019: 55-58).

If we apply this classification of public policy to the theoretical stages, it appears that procedure and consensus building, or the policy process, corresponds to the theoretical stages of selection of policy options and policy decisions because in these stages, discussion about and coordination of interests and policy purposes are brought to fruition. Primary content building corresponds to the stages of problem setting, selection of policy options, policy decisions, and policy implementation. Finally, secondary content building corresponds to the stages of policy decision-making, policy implementation, policy evaluation, and problem setting for the next phase of public policy formulation (on evaluation and feedback s. Schafritz et al. 2017: 60-61).

Based on this understanding of public policy research, we can now place the three aspects in a framework comprising the researcher's position and research orientation. One axis spans from the observer's position to that of the decision maker; the other axis spans from a research orientation of the norm to one of empiricism. Starting with these extremes, we can create a matrix for classifying public policy research. The policy process should be placed on the second quadrant of the matrix, corresponding to an empiricist observer because discussions of policy processes would be developed ex post, empirically, and from the perspective of a third party. On the other hand, policy analysis should be placed between the first and fourth quadrants because it is concerned with the value side of policy discussion from the perspectives of both the observer and decision maker; it ought to be noted that observers can contribute substantially to policy-making as counsellors and advisors (Schafritz et al., 2011: 567-568). Finally, policy evaluation

should be placed between the third and fourth quadrants of the matrix because considerations for policy evaluation can be characterised by the concerns of a policymaker who uses both norm and empirical analysis (Bardach, 2008).

## 5. Conclusion

This interpretation is that of the author alone, but it ought to be clear that public policy research should contribute to the improvement of public policy. The process of policymaking itself can be characterised through a governance model in which diverse actors could be involved (Niikawa, 2019). This understanding of the policy process can provide an important basis for the discussion of the significance of public policy research in this paper. If, therefore, the terminology proposed in this paper could be shared, then we could say that the goal is public management through public policy based on public policy research. It is desirable that the logic discussed in this paper could contribute to a common understanding in our profession of public administration, both academically and practically to improve our societal reality.

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