A Qualitative Framework To Learn From Failures: Reducing Risks And Developing Effective Financial Policies

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Abstract— **This article explores policy failures phenomena and makes suggestions to draw lessons from past mistakes in order to improve financial policies in the future. Existing studies offer limited insights into the methodology of policy failure analysis, since studies generally focus on the mere conceptualization of the topic. This article attempts to answer a key question, namely how to develop a qualitative framework to analyse financial disasters and determine lessons from past financial catastrophes. The results indicate that the proposed framework can inform policy-makers and legislative stakeholders in endeavours to develop more effective financial policies and reduce financial failure risks.**

Keywords- financial policy disasters; policy failure; policy learning; policy improvement; policy risks.

I. INTRODUCTION

Governments throughout the world seem cursed to suffer periodic policy failures. A modest list would include the Global financial crisis 2003, currency policies (Egypt), agricultural policies (Nigeria), invasion of Iraq (USA), Poll Tax and Child Support Agency (UK), and the home insulation program (Australia). Failure of public policies is extremely dangerous, because policy failures prevent governments from achieving their policy goals and can involve the economic costs of trying to 'fix' problems through (often fruitless) reform initiatives; consume inordinate amounts of agenda time that might be better spent by politicians, media and citizens on other issues of greater public concern. Policy failures can also cause electoral and reputational damage to governments, and even lead to the downfall of public officials, politicians, governments and regimes [14]. With all these risks caused by policy failure, we have to think about building a framework that will help us to learning from past disasters. Since Bovens and t' Hart's study of policy fiascos (1996) [1], a range of contributions in this context can be found. The most important we note is that; the focus on the subject in terms of concept and differentiation between the different types of failure without interest of developing the methodology of analysis. For example, when we talk about banking systems, we find many contributions that talk about the types of banks and the difference between the Islamic bank and the conventional bank. But what we want to talk about here is how we can draw lessons from past mistakes to minimize future risks.

The purpose of this article is to develop a qualitative framework to draw lessons from past financial policy disasters. This will enhance opportunities of policymakers to improve policies in the future. This a framework also allows to learn from past financial mistakes, analyze their causes and try to avoid them in the future, which means controlling the potential risks of policy failure. In this context, the article focuses essentially on two related sets of issues. First, overview of the concept and methodology in policy failure literatures. Second, develop a qualitative framework to analyze failed policies and draw lessons for learning.

II. POLICY FAILURE IN LITERATURE: CONCEPTUALISATION AND METHODOLOGY

Public policy failure is one of the most widely used concepts in policy fields, public administration, media, and interest groups [20]. It is also frequently reflected in discussions between experts, bureaucrats, and researchers. This has led to multiple labels in policy literature related to the concept of policy failure or one of its various aspects or types [20]. The table below contains some of most a prominent term that refers to policy failure (see table 1).

TABLE I. DIFFERENT LABELS OF THE CONCEPT "POLICY FAILURE":

Policy Fiascos _ Mark Bovens and Paul t' Hart, 1996
Policy Disasters - Dunleavy, 1995 [3].
Governance Failure - Vining and Weimer, 1990; Wolf, 1979, 1987
Policy Catastrophes- Moran, 2001
Policy Anomalies- Hall, 1993
Policy Accidents - Cobb and Primo, 2003; Kingdon, 1984

Source: Author

It is worth mentioning that recent studies of the failure of policies use the term "Policy Failure" frequently. We are convinced that it is necessary to a unification of meaning and content when we are talk about a particular term. If we are talking about policy failures, we should not use the term "policy anomalies" or "policy accidents"; because the meaning of each concept is different from the other in terms of differences in the role of agency or in the levels of severity and politicization [2]. Conceptions of concepts may vary from

person to person depending on their cultural background. So we can talk about the term policy failure to express the intended phenomenon of study.

Concerning the methodologies are used in literature of policy failure, it is noted that the prevailing pattern reflects two main trends: The first trend refers to the relativistic approach. In its interpretation of the failure of public policies, it does not rely on the presentation of results objectively; it is based on personal or subjective judgments which are inherently derived from data produced by political actors from previous policies. It has made it difficult for analysts to draw general conclusions about the nature and causes of policy failures [7]. Studies have relied on this approach to analyse policy failures, such as Walsh's study of British security policy after the cold war [19], The Kingston Study of Nuclear Regulation in Japan [11], and the Study of Kearns and Lawson on Reforms of Housing Policies in Scotland [10].

The second trend refers to the technical approach that is used for the analysis. It includes a series of studies such as Howlett, Mark bovens &'t Hart and McConnell studies that attempt to overcome a number of difficulties associated with the concept of policy failure. Besides, it focuses on the aspects and features associated with policy outcomes such as whether they have achieved the original objectives set, or whether Policies have a negative or positive impact on target groups- relying on objective criteria that support any claim of policy failure [9]. These claims only help to visualize success or failure through different evaluation tools, but they do not specify the clarity of the source of the policy failure and its reasons. Thus, they simply lay the groundwork for the claims made by assessing the nature of policies and their results. Positive or negative impact on target groups, whether the problem it was intended to address has receded or not, and several other key dimensions of a problem area [17]. (see table 2).

TABLE II.   CRITERIA FOR SUCCESSFUL PROSECUTION OR FAILURE OF A PARTICULAR POLICY

Basis of claim	Claim of success	Claim of failure
Original objectives	Achieved	Not achieved
Target group	Positive impact	Negative impact
Results Problem	Improvement	Problem worsening
Significance	Important to act	Failing to act
Source of support/opposition	Key groups support	Key groups oppose
Jurisdictional comparisons	Best practice or superior performance	Someone is doing This better elsewhere
Balance sheet	High benefits	High costs
Level of innovation	New changes	Old response

It is worth noting that case studies may be somewhat useful in taking advantage of past policy errors and attempting to avoid them in the future. However, focusing on the specificity of each case does not help in setting general patterns of failure analysis [5]. We believe that methodologies in use were not enough, especially with regard to how to learn from the mistakes of the past in order to improve policies in the future and reduce the degree of risks to acceptable level.

III.   GUIDANCE POINTS OF THE FRAMEWORK

We seek here to provide a systematic framework that helps to analyze policy failures and enhance the capacity of policy makers to learn from past failures as an input to better policy design in the future. That framework offer a set of analytical steps that can be relied upon to build the knowledge needed for learning processes through the analysis of policy failures.

Linking policy learning and what went wrong to the different dimensions of policy failure helps bring clarity to the discussion of these subjects and helps to situate policy learning better both as an exercise in technical knowledge acquisition and its application and as a 'deeper' phenomenon centred on drawing lessons about the policy process and political aspects of policy-making in order to enhance the potential for policy success [7]. We can see some government interventions that demonstrate learning. For example, with regard to the Egyptian Food Support Program, from 1976 to 2008, the government relied on a paper card system to all people with two methods (full - partial). Then, the government realized some weaknesses in this system and made some adjustments to the conditions of entitlement. From 2008 to 2011, there has been so-called total support only and the reduction of subsidies on certain categories using paper cards as well. In 2012, the government realized a number of disadvantages associated with the paper card system, which resulted in some problems, such as manipulation from dealers and the disbursement of rations for themselves, leakage of support for non-beneficiaries. From here, the Ministry of Supply and Foreign trade made some changes in 2012 to the system and started using the smart cards.

When the government realized its mistakes, it had the ability to learn and make changes. This framework consists of four main steps preceded by building an analytical team whose members are carefully selected according to their technical and professional capacities, taking into account the diversity of its components, then starting with the following steps:

A.   determine the failure types

In his recent work, McConnell has usefully argued that the origins of policy failure lie in three aspects of policy which must be reconciled if policy failure is to occur: the political, the process, and the programme aspects [14] [15] [16] [17]. (see table 3).

The first type is Process Failure: Governments engage in the process of producing programmes and taking authoritative decisions. This process involves multiple activities from

defining problems, narrowing down options for appraisal, deciding on who/when/if to consult, and so on. While they 'may' fail in any of these tasks, a more useful and aggregated way of thinking about the process of policy production is to conceive of several aspects of process failure [17]. common policy process failures by stage of the Policy Cycle

Agenda setting	- Over reaching governments establishing or agreeing to establish Overburdened or unattainable policy agendas
Policy formulation	- Attempting to deal with problems without investigating or researching problem causes and identifying the probable effects of policy alternatives .
Decision-making	Failing to decide on a policy within a reasonable period of time or distorting its intent through bargaining and log-rolling.
Policy implementation	Failing to deal with implementation problems including lack of resources, principle–agent problems, oversight failures, and others
Policy evaluation	Lack of learning due to lack of, ineffective, or inappropriate policy monitoring and/or feedback processes and structures

Source: Hewlett et al. (2015:204-220).

The second type is the program's failures: what governments do to achieve key goals in accordance with the policy adopted by the government [12]. The program includes a set of policies that serve a specific sector, category, or to achieve a general goal of the government. For example, health policy includes many programs that cover everything from prenatal care and preventive medicine to death. The failure of programs is one of the failures of public policies. Failure of programs can be measured by measuring the results achieved from the program compared to the goals already planned, the extent to which the target groups of the program, and the extent to which standards must be observed, such as efficiency, rationalization, Effectiveness and the size of the opposition and criticism of the program and the extent of supporting his Allies, and the quality of the means used to achieve the goals.

The third type is the political failure. This type is attributed to the failure that is the product of the political ideology adopted by the government, the political methods and maneuvers that has already taken, and how this may result from what the government may fail to do from programs and operations [13], their credibility in the political agendas of their parties, and to discredit confidence in the policies adopted by the government [8]. This is mainly due to the dynamics of political action with public policies and the administrative process in society and the strong interdependence among them. So the failure of governments to formulate policies and the failure of programs to achieve their goals may lead to political damage to politicians, parties, and Governments and may reach the damage to the entire system.

The nature of this failure is inextricably linked to the identification of its causes. Each species has its own causes and characteristics which are different from other species. Even if the causes overlap, it is necessary to separate them and distinguish the causes of each species independently. Identifying what type of failure and their causes can allow

more effective learning, leading to positive change in the future.

B. Identify Errors

- Individual Error: identify all errors that committed by individuals, both politically and administrative, during the design and implementation of policies.

- Institutional errors: determine the errors associated with the weakness of systems and procedures that have been followed in the design and implementation of policies and their ability to cope with the various environmental changes, both internal and external.

C. Identify the causes for this type of failure

In fact, reasons and factors that leading to the failure of policies unlimited. This may due to the complex nature of public policies that are formulated and implemented by individuals in a large institutional context. Not to mention the different environmental conditions that change from time to time and from policy to other. The team should Identify the causes for each failure type in policy processes (brain storming - root cause analysis). A failure cause is the specific reason for the failure, preferably found by asking "why" until the root cause is determined [18].

D. Recommended Actions

After identifying the reasons of failure and identifying the errors that occurred during operations, policy makers address these errors by taking a set of actions to rectify the errors or obstacles. After that, policy makers can take some action at the current policy or improve new policies in the future.

Learning from policy failures is a very complex process, and needs to be further studied theoretically. Furthermore, it should be further utilized and communicated to practical reality through working groups of analysts and researchers in this context. Otherwise, our research and studies will not matter. Thus, it is important to identify the different challenges facing learning from policy failures.

IV. CONCLUSION

In closing this contribution, it might be useful to reflect on the underlying purpose of studying policy failure. Most analysts who analyse policy failures probably are driven by a desire to create knowledge that will help prevent the recurrence of failure. The article provides a framework to learning from past disasters, in the hope that it will pave the way for policy makers to improve policies and reducing risks in future. By documenting what went wrong and explaining why, policy analysts create a knowledge base that should enable future policymakers to do better. One cannot help but wonder if we have gotten any closer to achieving that objective To get complex organizations and policy networks to actually learn from feedback, rather than make symbolic, opportunistic or minimal impact changes in response to it, about their past

performance is hard enough – that much we know from the spate of studies on policy change and policy learning across a wide range of sectors.

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