

**Policy Implementation in Multi-Level Environments:
Examining the Federal Economic Development Initiative in
Northern Ontario**

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Introduction

Policy implementation research has had a turbulent history since its inception in the early 1970s. From within, the field has been fraught with normative and methodological conflicts. Progress in implementation research has been shaped by several fractious ‘generations’ of scholarship, with no clear theoretical accumulation or advancement. From outside, implementation research was sidelined by the managerial ‘revolution’ of the 1980s which continued well into the close of the twentieth century. Far from fading into oblivion, however, implementation research has been undergoing a conceptual transformation in favour of attention to concerted action across institutional boundaries (Lindquist, 2006; O’Toole, 2000). Analytical perspectives on implementation are taking more a broader scope to account for policy intervention across multiple jurisdictions involving a multiplicity of actors, loci and layers. The danger of theoretical fragmentation, however, seems real in such an approach, repeating the problems of earlier implementation research.

The present study, therefore, submits that future implementation research should direct its efforts towards building systematically and cumulatively on existing implementation research, but also framing the discourse to integrate insights from organizational theory and the recent literature on governance. Rather than adding new variables to be investigated, as has been the practice in conventional implementation research over the past four decades, the present study will take this integrative approach as its analytical framework, highlighting the main propositions shared by the various theoretical traditions from which insights are drawn. Such an approach, this paper argues, will advance our understanding of the implementation of public policies in diverse, complex and dynamic policy environments.

The significance of the present undertaking is that implementation research stands at critical cross-roads: it either faces the danger of being caught-up in its own ‘domestic’ normative conflict and parochial methodological squabbles that have so often proved to be a distraction from the main goal of understanding complex policy processes. Or, it could fulfill its original mission of developing into an integrated lens for connecting the ‘missing link’ between politics and administration in the governance of increasingly diverse, complex and dynamic societies.

The utility of this integrated framework will be illustrated later in the paper, looking at regional economic development policy implementation in Northern Ontario. The problem of economic development is a generic challenge world-wide as even resource-rich regions in developed and developing countries fail to reach a sustainable level of economic development. There have been a large number of regional economic development policies and programmes in Canada over the past four decades, aimed at alleviating the socioeconomic disadvantages of less developed regions, but Northern Ontario remains economically fragile and underdeveloped relative to the rest of Canada. It would seem, therefore, that the implementation of Canada’s regional economic development policies needs a proper re-examination. The discussion will assess the role of the federal government in this region’s economic development (or underdevelopment), focusing on how the federal government agency’s relationship with its provincial and local counterparts as well as organized community and private sector groups affect the implementation of regional economic development policy in Northern Ontario.

Two main questions are addressed. First, how have the structures and processes of regional economic development policy implementation introduced two decades ago affected the success of the federal government’s endeavour to facilitate economic development in Northern Ontario? Second, how can these mechanisms be altered to improve the existing institutional

infrastructure of Ottawa's economic development policy intervention in the region? The lessons drawn from regional economic development policy in Northern Ontario will serve as an empirical basis for further improving our understanding of regional development policy intervention in other parts of Canada and beyond.

The Multi-Actor Implementation Framework

This research will use the multi-actor implementation framework as its tool of analysis. Fundamentally, such a framework is concerned with understanding the nature of interaction and exchange among organized policy stakeholders in the public and private sectors as well as within the wider society. While the multi-actor implementation framework builds on the long tradition of implementation research, it draws insights also from organizational theory and the governance literature. Such an integrated approach that pulls together these theoretical traditions and focuses them on connecting the 'missing link' between politics and administration has the potential to address some of the epistemological and methodological limitations of conventional policy implementation research (O'Toole, 2000). A brief overview of the evolution of implementation research will be presented, followed by the development of an integrated framework referred to here as the multi-actor implementation framework.

The term "implementation" as a popular concept in contemporary discourse among scholars of public policy dates back to the work of Pressman and Wildavsky (1973) in the early 1970s. Policy implementation research provides the essential link between political and economic analysis of policy implementation and the organizational or institutional analysis of public administration (Hjern and Hull, 1987; Linder and Peters, 1984). Implementation research has been through some major phases of development since the early 1970s. Most notably, three phases of evolution in the implementation literature have been identified – commonly referred to as the first, second and third generation approaches to policy implementation research. Elaborating on these approaches is beyond the scope of this work – and had already been done in many major studies on implementation (Goggin et al, 1990; O'Toole, 2001, Hill and Hupe, 2002, Lindquist, 2006). However, as maintained above, a brief overview could serve as a context for advancing our understanding of the multi-actor implementation framework proposed in this study.

Since its formal inception in the 1970s as a field of inquiry, implementation research, as subfield of public policy, was marked by the emergence of what has been described as a top-down approach in the scholarly literature (Pressman and Wildavsky, 1973; Van Meter and Van Horn, 1975; Bardach, 1977; Sabatier and Mazmanian, 1981; Hogwood and Gunn, 1984). The theoretical and empirical assumptions of the top-down approach were immediately criticized as being very mechanistic, with their tendency to analyze the policy process as if there is a tidy linear progression from policy formulation to evaluation. These criticisms of the top-down perspective became known as the bottom-up approach (Hjern, 1982; Elmore, 1979; Barrett and Fudge, 1981; Kickert, 1997; Klijn, 1996) – unified by their effort to examine the politics and processes of policy implementation starting from the 'frontlines' of public administration where 'street-level' public officials often interact with organized societal interests. Hjern (1982), for instance, provides one of the most compelling critique of the top-down approach to policy implementation research, focusing on the work of Mazmanian and Sabatier (1981). He points out the weaknesses and limitations of this approach by emphasizing the complexities of politics that often belie any assumption of a potentially smooth and perfectly rational process of policy implementation.

The debates between the ‘top-down’ and ‘bottom-up’ approaches were grouped under the label of ‘first-generation implementation research’ (Hill and Hupe, 2002). A key limitation of the first-generation researchers, however, was their tendency to engage in highly narrative discourses. Given the normative schism between the two traditions, along with the methodological limitation of case narratives, first-generation implementation research was plagued by a lack of development of a coherent set of theories.

A new generation of researchers thus emerged around the late 1970s and early 1980s – a ‘second generation’ implementation research concerned with synthesizing the insights of the top-down and bottom-up approaches and developing conceptual frameworks consisting of a set of theories of implementation (Elmore, 1985; Scharpf, 1993; Sabatier, 1986; Goggin et al, 1986; O’Toole, 1986; Palumbo and Calista, 1990; Stoker, 1991). Sabatier, for instance, in his later work (1986) marking his “conversion” from the top-down perspective to a synthesis approach, critiques the methodological and ontological strengths and weaknesses of the top-down and bottom-up approaches, as well as synthesizing their insights in his analytical framework known as the advocacy coalition framework (ACF).

The ‘synthesis’ approach, however, has its own problems – especially its tendency to be little more than a combination of variables from the two perspectives, leaving the reader with a long list of variables and complex diagrams of causal chains. (Linder and Peters, 1987; Sinclair, 2001; Exworthy and Powell, 2004; Matland, 1995). Similar observations are made by O’Toole (1986) in his sweeping overview of implementation research in which he complains that the field is complex, without much theoretical cumulation or convergence. Few well-developed recommendations have been put forward by researchers, he continues, and a number of proposals are contradictory.

A third generation of research eventually emerged in the late 1980s and early 1990s, with their goal being to develop testable hypotheses from all the existing conceptual frameworks. Moreover, the concern of the third generation researchers became one of comparative and more longitudinal research (Winter, 1990). They strove to transcend limitations such as the existing theoretical pluralism and fragmentation, the narrow analytical constructs, and the non-cumulative nature of policy implementation research (Goggin et al, 1990; DeLeon and DeLeon, 2002). However, the later work of implementation research that followed did not provide much help for the advancement of implementation research, but instead, only compounded the problem by producing a larger number of variables in overambitious research design that very few scholars have so far been willing to undertake (O’Toole, 2000; Exworthy and Powell, 2004; Hill and Hupe, 2002).

Moreover, the managerial ‘revolution’ of the 1980s became a major distraction from conventional implementation research (Barrett, 2006; Barrett and Fudge, 1981; Page, 2002). Concerns about the process of policy implementation were superseded by emphasis on change management and performance targets. The combination of increasing policy centralization, agency decentralization and contracting out reinforced the separation of administration and politics, and reasserted the dominance of normative, top-down, coercive models of implementation – although often shrouded in the rhetoric of principal-agent theory and other market-oriented approaches. In short, the new public management (NPM) was seen as a panacea to all the key problems of ‘implementation failure’.

As the appeal and distraction of the new public management (NPM) movement eases, however, scholars are beginning to revisit the central concerns of implementation research, paying greater attention again to the processes and politics of policy administration (Kettl, 2000;

O'Toole, 2000). But implementation research per se is undergoing a conceptual transformation in favour of attention to concerted action across institutional boundaries (O'Toole, 2000; Lindquist, 2006). Thus, one notices the broadening of the perspective on implementation to a multi-disciplinary, multi-level and multi-focus exercise looking at a multiplicity of actors, loci and levels.

Hill and Hupe (2003), for instance, argue that many discussions of implementation deal inadequately with the fact that several layers and levels of government are often involved in policy processes. They make a conceptual distinction between 'layers' and 'levels'. Layers refer to 'the formal politico-administrative institutions', including representative organs, with certain territorial competence'. In Canada's federal system, for instance, the different layers will consist of federal, provincial and municipal governments. Hill and Hupe refer to levels as constituting the three 'worlds of actions' consisting of the constitutional, collective and operational. In terms of the policy process, the constitutional level is concerned with institution creation, the collective is concerned with policy formulation and the operational deals with implementation. While the focus of the discussion will be on the 'operational' level of the policy process, the constitutional and collective levels do bear upon implementation processes. A deeper understanding of regional economic development policy implementation in Northern Ontario, for instance, requires an inclusion of the three orders of government and the three worlds of action since each one is involved in some ways.

The recent direction of implementation research toward a multidisciplinary approach holds out a great potential but contains the danger of theoretical fragmentation, repeating the problems of earlier implementation research. The present study, therefore, submits that future implementation research should direct its efforts towards building systematically and cumulatively on existing implementation research, but framing the discourse to include related insights from the new governance perspectives and organizational theory. This future direction does not in any way make implementation research obsolete. As Lindquist (2006) observes, implementation research has simply mushroomed into separate streams of analysis like horizontal management, network analysis, evaluation, and the like. Future research, therefore, should seek to intentionally integrate these insights into a holistic framework of implementation analysis. Similarly, implementation research needs to include elements of the broader policymaking process, showing the relationship between implementation and other parts of the policy cycle (Winter, 2007).

Drawing from organization theory, the present discussion focuses on organizations as the unit of analysis to understand and explain the complexity of implementation processes within policy subsystems by situating organizations as the principal players in the policy process. Policy implementation can thus be understood as process involving a series of interactions and interpretations between the outputs of policy formation and the effects of organizational and interorganizational impacts, and between the latter and the organized target-groups' behaviours (O'Toole, 2007; Denhardt and Denhardt, 2003; Winter, 1990; Rainey, 1990; Schoffield, 2004; Sinclair, 2001; Pal, 1995; Brodtkin, 1990). A central theme of organization theory for decades has been the age-old relationship between politics-administration. In particular, how do we understand the relationship between public organizations and their strategic (or external) environment (Thompson, 1967; Dehardt, 2004).

An example of the above in Canada is J.E. Hodgetts' (1968) synopsis of the major environmental factors – geography, culture and economics – that influence policy implementation. Hodgetts notes how fixed environmental factors such as geographical vastness

and diversity, and the constitutional and political complexities of a bilingual confederation will almost always compromise any hope of a smooth process of policy implementation in Canada's public sector. Other flexible environmental factors such as cultural and philosophical factors shaping state-society relations also continue to impose varying constraints on what the Canadian government can accomplish.

Although the study conceptualizes policy implementation in a way that recognizes the importance of institutionalized policy subsystems centred around key public organizations charged with administering policy in a given functional sector, an equally important element in the analysis is a consideration of the governance perspective's concern with the dialectics of engagement between public agencies and non-state organizations within the particular policy subsystem. Insights from governance theory have accounted for the actions of organized target groups and other societal interests in less hierarchical and more complex network settings of policy implementation (Agranoff and McMcGuire, 1998; Kooiman, 2000; Rhodes, 2000; Peters and Pierre, 2000; Meier and O'Toole, 2004; Gupta, 2004). The recent emphasis on collaborative governance mechanisms of service delivery could be seen as an interaction between ideas about public organizations as necessary instruments of policy implementation and other contributions drawn from a keen awareness of the realities of politics as an intrinsic element of public administration even at the front lines of service delivery (Elmore, 1985; Hjern and Hull, 1987; Hjern, 1982; O'Toole, 1997).

Policy implementation in complex societies presupposes variations of state-society relations, with the latter in turn consisting of a constellation of societal groups mobilized by principles of self-governance and direct public stewardship by citizens, and in countless forms of joint action with public organizations. This seems to be the essence of what modern scholars in the governance tradition call third sector engagement in co-production and innovation (Agranoff and McMcGuire, 2003; Kooiman, 2000; 2003; Rhodes, 2000; Peters and Pierre, 2000; Pestoff and Brandsen, 2009). Co-production, according to Pestoff and Brandsen (2009), emphasizes democratization and participation whereas innovation connotes interorganizational competences or effectiveness in service delivery. Innovation refers to the ability to renew or significantly change the collective structure of service provision beyond the contingencies of any particular organisation.

A central feature of policy implementation from the perspectives of organization theory and the new governance literature alike is the need to reconceptualise power and authority among public and non-state organizations in the policy environment (Mintzberg, 1996). An implication of this emphasis is that the political legitimacy and coordinating capacity of public agencies are indispensable elements of policy implementation (Rosthstein, 2007). For instance, centering their discussion on a normative promotion of citizen-centred and citizen-driven policy formulation and implementation, Denhardt and Denhardt (2003) draw almost seamlessly from organization theory and the governance discourse to lay out the essential components of what they call the new public service, whereby citizens, not clients or customers, actively participate in the formulation of policies and the delivery of services. Their approach is principally a combination of several perspectives with roots in democratic citizenship, models of community and civil society, and organizational humanism. They link their conception of the new public service, rooted in organization theory, to the notion of governance in which citizenship is valued over entrepreneurship or hierarchy, and in which the institutions and processes of public policy are characterized by policy networks, multi-actor negotiations, inter-organizational implementation, and other participatory processes.

Also, Allen and Butler (2007), drawing from the field of complex system to better understand, and as a consequence, more successfully manage, policy implementation in modern democratic societies, suggest that implementation processes should be understood as a self-organizing system in which adaptive abilities are extremely important for organized stakeholders in multi-actor settings. Also, in their examination of the strategic context within which public organizations operate, namely the external environment, Pierre and Peters (2007) embrace a combination of interorganizational and governance perspective as they seek to account for the interaction between public organizations and organized civic groups in the implementation of policies. They view interorganizational interactions as a kind of symbiotic process with organized societal groups providing a source of ideas, legitimation and feedback for government in return for participation and inclusion. O'Toole & Meier (1999) also examine interorganizational networks as mechanisms for managing policy implementation. They argue that management in networks, as opposed to structured hierarchies, creates opportunities for organizational system stability, buffers the organization from environmental influences, and exploits opportunities in the environment.

The context of policy implementation or administration, therefore, is one of a framework of multi-actor partnerships. Such a framework requires some fundamental changes in the organizational and traditional values of the public sector. It requires a new willingness to share authority and power, as well as the development of a learning culture. In this context, the role of government is to facilitate and empower, rather than to simply deliver and direct. The success of policy implementation is not merely a function of the government's intraorganizational integrity, expertise, and coherence but also their collaborative or coordinative capacity. Public agencies will increasingly need to invest in building legitimacy within their external environments by coordinating various bases of power, managing conflict, as well as co-initiating and co-enforcing legal and regulatory frameworks of policy governance.

The central concern shared by policy implementation, organizational theory and the new governance perspectives is to understand how government organizations interact with their external environment to make and implement decisions which reflect the negotiated preferences of all parties. The multiactor implementation framework as advanced in this discussion integrates the central insights of each of the above theoretical traditions. Policy implementation in complex environments, therefore, is a function of public agencies interaction with, and adaptation to, their external environment. Several factors will in turn foster or hinder the interaction of public agencies with their external environment: first, the extent to which agencies' mission reflects the core values/interests of the local environment will enhance their engagement with the region. Second, the greater the structure of support and established feedback loops these agencies maintain with the local constellation of organized actors (public and private) the better their chances at effecting enduring policy changes in the region. The perception, organization, articulation and influence of economic development agencies' key clientele within the local environment could reinforce or undermine their legitimacy and strategy. Third, the degree of coordination among public agencies with similar mandates will enhance the strategic impact of their policy intervention. This often depends on the coordinative ability of public agencies in brokering power and resources, as well as negotiating conflicting interests among multiple players towards collaborative action (Mandell, 1999). Bowen (1982) refers to these processes as evincing "the complexity of joint action."

In conclusion, the multi-actor implementation framework views policy implementation as encompassing a more hybrid and diverse expression of interorganizational cooperation among

public agencies on the one hand, and between state agencies and organized societal interests on the other. These interorganizational co-operations are mostly formal as well as informal strategic networks of complex relationships involving intergovernmental cooperation among agencies of similar mandates, and state-society partnerships incorporating community development organizations and business groups.

Regional Economic Development in Northern Ontario

Northern Ontario is currently in the midst of economic change, crisis and transition. The issues affecting its performance include the presence of a declining sector linked to older industry, aging populations, outmigration of the younger population, and the absence of coherent strategies to drive economic growth (Di Matteo, 2006). Northern Ontario has a vast land mass and low population. The region covers approximately 800,000 square kilometres, representing almost 90 percent of the Ontario land mass. It has a total population of 786,500, less than the newly amalgamated city of Ottawa (Bollman, Beshiri and Mitura, 2006). The economy of the region is dominated by five large population centres; Sudbury, Thunder Bay, Sault Ste. Marie, North Bay and Timmins (McGillivray, 2006). The history and structure of industry in the region confirms a trend of persistent decline in the mainstays of the economy (mostly primary resource industries) with a gradual shift towards service industries, but a general decline in industrial activity, and a traditional weakness in secondary manufacturing and service industries (even with the presence of pulp and paper mills) (Southcott, 2006). The share of employment in primary and manufacturing industries declined from 28% in 1981 to 16% in 2001. The picture of industrial stagnation and even decline gives the impression of a developing country condition in Northern, with socio-economic underdevelopment by most indicators.

The primary research questions this paper attempts to address are as follow: What are the administrative and policy mechanics that surround the relationship between the public and private sectors as well as community groups in the pursuit of economic development policy in Northwestern Ontario? What institutional mechanisms have been put in place for collaboration, within government, between government and community, and within communities?

The economic history of Canada as a staples system meant that the Canadian state has been able to maintain some elements of interventionism in its approach to national development (Nelles, 2005). In social policy, such interventionism crystallized into a gradual shift toward a transition to collectivism, with its most recent manifestation over the past five decades as a developed welfare state. In economic development policy, a key example of active policy intervention in society has been the government's effort to correct structural imbalances among the regions (Careless, 1977). From its humble beginnings in the creation of a number of uncoordinated boards and agencies in the early 1960s, regional development policy has become an enduring feature of public policy and governance in Canada.

Regional economic development policy can be traced back to the Gordon Commission of 1957, which urged Ottawa to shift its focus to a developmental approach to correcting regional disparities, noting the need to develop the economics of the regions rather than merely compensating provinces for lower rates of economic growth than those achieved by the country as a whole (Savoie, 1990; 1984). The Gordon Commission's recommendations reflect the country's desire (at least in economically disadvantaged regions) for a more deliberate focus on regional development issues aimed at a systematic easing of "disparities." The Commission maintains that the socio-economic realities of Canada's geographically remote and structurally fragile regions such as Atlantic Canada, for instance, justify and, indeed, necessitate the "visible

hand” of the state as a key agent of resource mobilization and allocation in pursuing economic development.

Several distinct stages mark the evolution of regional economic development policy in Canada since the early 1960s (Aucoin and Bakvis, 1984; Dupre, 1985, starting in 1961 with the creation of ARDA, along with the establishment of a number of agencies responsible for regional development. And then there was the creation of the Department of Regional Economic Expansion (DREE) in 1969, followed by the decentralization of DREE in 1973, along with the creation of General Development Agreements (GDAs) (Savoie, 1984). In 1978 there was a centralized Board of Development Ministers, supported by the Ministry of State for Economic and Regional Development (MSERD) (whose mandate went beyond DREE to include the national economy). DREE was eventually replaced in 1982 by the Department of Regional Industrial Expansion (DRIE), which in turn had been replaced by the present day establishment of decentralized agencies responsible for regional development policy implementation in each of their regional jurisdictions.

The present institutional configuration of regional economic development policy dates back to the 1987 restructuring. This led to the amalgamation of DRIE with the former Ministry of Science and Technology into the Ministry of Industry, Science and technology, and the creation of decentralized regional agencies in each of the economically disadvantaged regions. A key feature of this restructuring was the decentralization of administrative and policy functions away from Ottawa and towards the regions.

With the 1987 restructuring came the creation of three regional development agencies for Western Canada, Atlantic Canada and Northern Ontario. (Northern Quebec eventually had its own development agency created in 1991). The agency responsible for Northern Ontario was the Federal Economic Development Initiative in Northern Ontario (FedNor), designed to plan and fund economic development in Northern Ontario (Webster, 1992). While other federal regional development entities are separate departments, FedNor is administered by Industry Canada (Auditor General’s Report, 1995). The creation of these new agencies indicated a trend toward creating larger regions for developmental programming in Canada. In all cases, the emphasis was on strengthening large-scale regional economies by concentrating on areas of potential comparative advantage.

The mission of FedNor is to promote economic growth, diversification, job creation and sustainable, self-reliant communities in Northern Ontario, by working with community partners and other organizations (Goldenberg, 2008). FedNor’s programs and services seek to address some of the structural, sectoral and community economic development challenges facing Northern Ontario. They are designed to help improve small business access to capital, information and markets, and to support the development of strong community partnerships.

The official mandate of FedNor authorizes the agency to work with a variety of partners, as both a facilitator and catalyst, to help create an environment of regional economic development involving communities, businesses and other levels of government. The agency’s official website¹ maintains that its service delivery model consists of using a community-based approach to development that focuses on local capacity-building initiatives identified through community consultation. The agency has two main programs, the Northern Ontario Development Program (NODP) and the Community Futures Program (CFP).

¹ <http://www.ic.gc.ca/eic/site/fednor-fednor.nsf/eng/Home>

The NODP is an ongoing program that promotes economic development and diversification in Northern Ontario. It provides repayable and non-repayable contributions to not-for-profit organizations and small and medium-sized enterprises (SMEs) for projects focussed in one or more of the following six areas: Information and Communications Technology (ICT); Innovation; Community Economic Development; Business Financing Support; Trade and Tourism; and Human Capital. The NODP is an all-embracing programming covering almost every sector. The only limitation is spatial or geographical. Any economic activity falling within FedNor's regional jurisdiction can be potentially supported by the NODP. Through its Community Economic Development project, for instance, FedNor seeks to partner with community groups and not-for-profit organizations in helping to create employment and stimulate growth in often socioeconomically depressed communities. The agency's Innovation project is an example of helping companies in Northern Ontario bring new products and services to market. FedNor does this by providing assistance to organizations that attend to the necessary infrastructure, environment and conditions to facilitate applied research and development, and the development, application and transfer of new technologies to the North.

The other component of FedNor's programs is the Community Futures Program. This program supports 61 Community Futures Development Corporations (CFDCs) (although only 24 are located in the North, with the remaining 37 serving rural Eastern and Southern Ontario). CFDCs offer a wide variety of programs and services supporting community economic development and small business growth. In addition, CFDCs located in Northern Ontario can provide access to capital via loans, loan guarantees or equity investments in order to create or maintain employment.

Evaluation and Discussion

As Hill and Hupe (2003) observe, a comprehensive discussions of policy implementation need to deal with the fact that several layers and levels of government are often involved in policy processes. The formal representative organs of the politico-administrative institutions are often given certain territorial competence to govern a sector or region. In Canada's experience with regional economic development, the federal, provincial and municipal governments have each guarded their territorial competence through their development agencies. Each of these agencies operates under a constitutional, collective and operational level of action. Whether in the form of institution creation, policy formulation or policy implementation, the agencies respective mandates involves some form of policy intervention in a particular sector or territory. A deeper understanding of regional economic development policy implementation in Northern Ontario, therefore, requires an inclusion of the three orders of government and the three worlds of action since each one is involved in some ways.

One thing that stood out in the 1987 organizational reform of regional economic development policy in Canada is that whereas other regional development agencies like ACOA, FORD-Q and WD enjoy considerable autonomy, representing a continuation of the decentralization of Canadian regional development efforts as recommended in the 1972 review of DREE (Beaumier, 1997), FedNor was largely subsumed under the direct purview of Industry Canada, becoming something of a mere service delivery agency with less autonomy for policy adaptation. This organizational characteristic has had considerable implications for the effectiveness of FedNor's engagement in Northern Ontario over the years. Whereas the new structure incorporated a considerable local element into the determination and implementation of

regional development programs for all other region, regional development in Northern Ontario was still subject to policy direction from outside the region.

Thus, although a principal theoretical feature of the new policy and organizational configuration of 1987 was a decentralization of administrative and policy functions away from Ottawa and towards the regions (Beaumier, 1997), this has not been the case in Northern Ontario. If decentralization means that programs and measures could be developed according to the needs of the region they were intended to assist, then FedNor is not really a decentralized agency, but a geographically dispersed service delivery unit of Industry Canada. If the new approach was to allow for more direct interaction between local federal agencies and the community in the design and implementation of programs, FedNor was given no such authority in the technical sense of the term. Policy implementation in a complex society should also be understood as a self-organizing system in which adaptive abilities of public agencies are extremely important. As maintained earlier in the discussion, the extent to which agencies' mission reflects the core values/interests of the local environment will enhance their engagement with, and adaptation to, the region

An evidence of the failure of adaptation on the part of FedNor is the questionable relevance of the agency's policy goal. What FedNor conceptualizes as 'development' is intrinsically problematic. The agency's programs have often simply sought to create jobs without achieving the necessary changes in the fundamental structure of the local economies that could ensure long-term opportunities for growth.² Although the creation of new jobs may imply that growth has occurred in a particular sector, (and indeed, may mean alleviation of a family's economic distress), such growth should not be confused with economic development. Job creation does not signify any alteration in a region's future prospects. Economic development implies a fundamental change in an area's ability to create wealth. Effective regional development policies should result in such greater opportunity for self-sustaining growth. The agency has been unsuccessful or slow in adapting its NODF program especially to the changing economic development needs of Northern Ontario. In particular, it has failed to develop strategic approaches that address pan-Northern needs.

Another notable limitation in the federal government's engagement in Northern Ontario is the lack of institutional coordination with the Ontario government's main regional development agency, the Northern Ontario Heritage Fund Corporation (NOHFC).³ NOHFC is an agency of the Ontario Ministry of Northern Development and Mines (MNDM). It performs almost similar functions as FedNor, like providing financial assistance and advisory services to business primarily through industrial and regional development programs designed to fill gaps in capital markets. NOHFC also supports industries in manufacturing and related activities, tourism operations, and exporters. It also finances projects/firms that are commercially viable and provide net economic benefits to the province which otherwise, because of high risk, would not be financed by private sector.

The degree of coordination or collaboration among public agencies with similar mandates is a significant factor in the strategic impact or outcome of policy implementation in complex

² Interview between author of this manuscript and a senior official at FedNor, Thunder Bay, March, 2009.

³ Interview between author of this manuscript and a middle-level official at the Northern Development Division of the Ministry of Northern development and Mines (MNDM) in Thunder Bay, February, 2009.

societies. Policy implementation, viewed through the lens of organizational theory, can be understood as a series of interactions and interpretations between the outputs of policy formation and the effects of organizational and interorganizational impacts. A central theme of organization theory is how do we understand the relationship between public organizations and their strategic (or external) environment. Between the federal and provincial development agencies in Northern Ontario, there is a plethora of government programs under the banner of regional economic development. However, the institutional requirements of strategic regional economic development have been lacking. What makes the lack of intergovernmental coordination in FedNor's policy intervention even more glaring is the fact that Canadian federalism makes the provinces the primary players in regional economic development (Muetze, 1977). Major areas where the provinces have lee-way in developing policy include the determination of which resources will be developed and how, and to what extent and by whom; the extent of local public input into policies, plans, and of participation in implementation. The provinces also provide advisory services to local governments, large and small entrepreneurs within their jurisdictions.

Province-building in Canada implies the development of strong, wilful provincial states bent on pursuing provincially defined economic strategies that seek to compete with or displace the federal government wherever and whenever possible. The underlying problem is that no consensus exists between the federal and provincial governments on the right approach to regional economic development in Northern Ontario. There can be little doubt that the array of policy instruments unleashed by both federal and provincial governments is uncoordinated.

Another significant aspect of FedNor's development policy intervention in Northern Ontario has been the agency's engagement with municipalities and other local governments. Given the complex, intersectoral, and often highly local nature of regional underdevelopment, one would expect that the local governments would feature more strategically and prominently into the agency's policy frameworks. Instead, municipalities are treated as one of the clients of FedNor's economic development programs.⁴ Regions and communities, however, are increasingly faced with the pressure of dealing with seismic economic restructuring which often directly affect their basic collective security. Business are increasingly thinking in terms of the "market of regions" in their investment calculations (Pechlaner et al, 2009) as decreasing costs for transportation and information are making it easier to break down value-added chains in different locations.

Municipalities must, therefore, respond to new competitive pressures that require framework of community-designed concept of regional development. This means that governance of municipalities in particular must increasingly engage in the direction of their local economies through strong network in their region.⁵ In essence, the federal government needs to work more closely with the provincial government (under whose direct jurisdiction municipalities fall) to rethink their conception of municipal government away from the passive rudiments of infrastructure maintenance and provision of social amenities for their own sake. They need to start empowering municipal authorities to institutionalize the principles of network governance through proactive leadership and collaborative management (Agranoff and McGuire, 2003).

⁴ Interview between the author of this manuscript and a senior official at the Thunder Bay Community Economic Development Commission (CEDC), in Thunder Bay, March, 2009.

⁵ Interview between this author and a Councillor-at-Large in the Thunder Bay Municipality, April, 2009.

Another major limitation of FedNor's approach to regional economic development is the weak partnership the agency maintains with societal groups. One of the significant properties of the multiactor implementation framework is that public agencies would have the ability to maintain organizational coherence in engaging and coordinating market and community actors away from being a disarray of fragmented, atomistic policy actors toward becoming a systemic entity whose synergy is greater than the sum of its parts. The structure of support and established feedback loops established between public agencies and the local constellation of organized actors within their external environment affects the depth of their policy intervention.

Insights from governance theory have accounted for the actions of organized target groups and other societal interests in less hierarchical and more complex network settings of policy implementation. The notion of policy implementation in complex societies as presupposing variations of state-society relations is a reflection of the recent emphasis on collaborative governance mechanisms of service delivery. Societal groups mobilized by principles of self-governance and direct public stewardship can be incorporated into the process of policy implementation towards joint action with public organizations.

While FedNor claims to be committed to strategic partnership with community and business groups in the region, it continues to maintain a passive approach in addressing the economic development needs of Northern Ontario. It simply funds initiatives brought forward by applicants.⁶ This type of relationship means that the government is unable to rally the support of major socio-economic producer groups for the purpose of orchestrating anticipatory regional development. Policy implementation in a complex environment such as Northern Ontario needs to engage targeted beneficiaries as citizens, not clients or customers, actively participating in the formulation and implementation of development policies.

From the perspective of some non-state actors, regional economic development as a deliberate design of policy intervention is hardly evident. The idea of the state as a developmental force providing collaborative intergovernmental and state-society leadership is only rudimentarily appreciated. An ad hoc response where money is spent as situations arise seems to be the general plan. Effective partnership would require an inter-organizational, strategically driven approach aimed at sharing best practices and lessons learned with community and business partners. This will mean ensuring that to the extent feasible, all Northern Ontario economic policy stakeholders are invited to participate in the agency's regional economic policy implementation framework.

Conclusion

In conclusion, the case study has assessed FedNor's relationship with its provincial and local counterparts as well as organized community and private sector groups affect the implementation of regional economic development policy in Northern Ontario. Two main questions were addressed. First, how have the structures of regional economic development policy implementation introduced by the federal government two decades ago affected economic development in the region of Northern Ontario? Second, how can these mechanisms be altered to bring about improvements in the existing infrastructure of federal economic development policy intervention in the intervention in the region?

⁶ Interviews held by the author with a number of community development organizations in Northern Ontario. These organizations prefer anonymity given that they have ongoing funding relationships with FedNor.

A key lesson drawn from the case study is that while the existing commitment of the federal and provincial governments to regional development in Northern Ontario is laudable, their silos of project delivery is intrinsically fragmented and ineffective. Regional development policy implementation in the region Ontario has been largely uncoordinated, characterized by disparate programs and projects falling under the broad rubric of development. A streamlining of federal and provincial agencies' programs towards a more coordinated and complimentary and comprehensive policy intervention could reduce the exiting duplication, rivalry and waste of resources.

Moreover, regional economic development policy in Northern Ontario, through the lens of the multiactor implementation framework, could benefit from legitimate state-society mechanisms of planning and delivery systems (including monitoring, accountability and evaluation). Such a process may initially require more investment of time and resources in institutional capacity building involving multiple actors from several orders of government and the non-state sectors. There is room, however, for institutional innovation within the parameters of the existing intergovernmental framework to allow for a more coordinated, collaborative and strategic regional development policy implementation in Northern Ontario.

Finally, to re-cap our theoretical discussion, although policy implementation research has had a turbulent history since its inception in the early 1970s, it continues to constitute an invaluable research tradition within public policy and public administration. It addresses, indeed, a very important (if not the most significant) dimension of the policy process. The normative and methodological conflicts of earlier decades of implementation research have eased in favour of more theoretical dexterity. Far from fading into oblivion, implementation research is undergoing a conceptual transformation in favour of attention to concerted action across institutional boundaries. The danger of theoretical fragmentation, however, remains a persistent problem. The present study, therefore, has argued that future implementation research should direct its efforts towards building cumulatively on existing insights of implementation research, but also framing the discourse to integrate insights from organizational theory and the recent literature on governance. Such an approach, the argument maintains, will advance our understanding of the implementation of public policies in diverse, complex and dynamic policy environments. Further, implementation research, while drawing from other theoretical strands, could still fulfill its original mission of developing into an integrated lens for connecting the 'missing link' between politics and administration.

A central feature of policy implementation from a perspective of organization theory and the new governance perspectives alike is the need to reconceptualise power and authority among public and non-state organizations in the policy environment. An implication of this emphasis is that political legitimacy and coordinating capacity are indispensable elements of policy implementation. The utility of this integrated framework has been illustrated in the discussion above, looking at the federal government of Canada's regional economic development initiative for Northern Ontario.

Research on policy implementation in modern complex, diverse and dynamic environments can build consensus around a framework of multi-actor partnerships. Such a framework contains some fundamental assumptions about public organizations and their external environments. First, the extent to which the mission of public agencies reflects the core interests of the local environment is a significant determinant of their engagement with a region or territory under their jurisdiction. Second, the structure of support and established feedback loops established between public agencies and the local constellation of organized actors within their

external environment affects the depth of their policy intervention. Third, the degree of coordination or collaboration among public agencies with similar mandates is a central factor in the strategic impact or outcome of policy implementation

The very concepts of authority and power need a re-visitation in which the role of government is to facilitate and empower, rather than to simply deliver and direct. One of the key lessons of earlier research on policy implementation is that the success of policy implementation is not merely a function of the government's intraorganizational integrity, expertise, and coherence (important as they are) but also their engagement with the external environment. Organizational theory and the new governance perspectives refer to this engagement as the collaborative or coordinative capacity of public agencies. Integrating these insights into the implementation discourse this means that public agencies will increasingly need to invest in building legitimacy within their external environments by coordinating various bases of power, managing conflict, as well as co-initiating and co-enforcing legal and regulatory frameworks of policy governance.

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