Exploring the Dynamics of Policy Interaction: Feedback Among and Impacts from Multiple, Concurrently Applied Policy Approaches for Promoting Collaboration

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When two economic agents - be they individuals, businesses, or nations - work together they have the potential to be better off with the synergistic value gained from their collaboration. However, the game theory has shown that people may not collaborate because of mistrust (the prisoner’s dilemma game) or lack of commitment to a shared vision (the stag hunt game). As a result, promoting collaboration has become a major policy concern in the efforts to increase social welfare.

This paper asks what policy approaches a government (or organization) should use to make their efforts to promote collaboration most effective. The paper uses a simulation model to examine the interaction of three possible policy approaches: (i) exhortation, in which the government encourages people/businesses to collaborate without material incentives; (ii) Pulling, in which the government uses incentives and improve the collaborative environment improve the potential payoffs that people/businesses can gain from their collaboration; and (iii) collaboration competence enhancing, in which the government help people/businesses better understand each other potentials and improve their capability to choose right arrangement for their collaboration.

The paper finds that the policy that enhances collaboration competence plays a fundamental role in promoting collaboration. It not only increases by itself the value generated from collaboration but also improves the performance of the other two policy approaches - exhortation and pulling. The paper also finds that the exhortation approach may have adverse effects if it goes too far. The efforts in this policy approach, when increased far enough, will reach two critical thresholds after which (1) their marginal impacts decrease and then (2) become negative. These thresholds are lower for the community with higher levels of collaboration competency, which means that decision-makers are more at risk of applying too much effort in exhorting collaboration among individuals in a more competent group.

The full paper can be accessed via:
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