# RESEARCH ARTICLE

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# Sense making of policy processes in the transition economy of Vietnam

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#### **Summary**

This paper addresses the question of how reform policies come into existence in transition economies, in which democratic market institutions are in nascent stages. Data from two case studies in Vietnam suggest that the evolution of reform policies in transition economies involves significant sense-making processes, rather than problem solving, and that sense making alters stakeholders' foundations for learning and power influence in policymaking. In the end, stakeholders' acceptance of identity changes is needed for a reform policy to be realized. This study offers important research and policy implications, and such issues as identity redefinition in the policy process warrant further study.

#### **KEYWORDS**

identity change, policy process, sense making, Vietnam

#### 1 | INTRODUCTION

How policies are developed and evolve has long been a research topic in the field of public policy and administration. The consensus appears to be that policies evolve in cycles with distinct stages (Jann & Wegrich, 2007; Lasswell, 1956), that policy development is a process of balancing the power among related stakeholders (Holyoke, Henig, Brown, & Lacireno-Paquet, 2009; Weible, Heikkila, deLeon, & Sabatier, 2012), and that it is a process of learning (Grin & Loeber, 2007). This approach tends to view policy development as a method for solving societal problems, in which stakeholders act rationally and deliberately to influence policies. Other scholars have acknowledged people's bounded rationality in policymaking (Simon, 1957) and/or have viewed policymaking as a chaotic process (Hudson & Lowe, 2009), whereas most seem to have recognized that participation and critiques from various stakeholders become critical factors for improving the quality of policies (Fung & Wright, 2001). For such broad-based and inclusive participation to be effective, democratic market institutions should be in place (Baiocchi, 2003).

However, reform policies introduced in transition economies, such as China (Kolko, 2001) and Vietnam (Riedel, 2015), present a puzzle for theorizing about the policy process. The two countries have attempted to retain two incompatible ideologies—the market and socialism—in their renovations (Dong, Christensen, & Painter, 2010;

Nguyen, Le, Tran, & Bryant, 2015). The one-party-led regimes in these countries do not support the development of democratic institutions, an unconstrained press, or a vibrant civil society. In these contexts, the birth of reform policies might undergo different processes from those commonly observed in more advanced countries.

How do reform policies evolve in the absence of democratic market institutions? We address this question by studying in depth the formulation processes of two reform policies in Vietnam, namely, Granting Autonomy to Public Service Delivery Units (hereafter, the Autonomy Policy) and the New Rural Development Programme (hereafter, NRD). Reform policies aim to change fundamental approaches to public management. Such policies are enacted under conditions of extreme uncertainty, and once enacted, they can alter the roles and values of the policymaking agencies themselves (Holyoke et al., 2009). In this respect, Vietnam offers an ideal setting for examining the processes of introducing such policies. This study provides valuable insights into how the literature on policy processes could be adapted and extended to explain the development of reform policies in incipient market economies.

Our paper contributes to the literature in several ways. First, while we concur that policy evolves through cycles, our model explicitly describes the sense-making process and places identity reconstruction as a key success factor. Our model highlights the more informal process of radically new policies in transition economies and argues that

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patterns of learning and power distribution change in the sense-making process. Second, our research uncovers several factors that facilitate identity changes for public officials, including a focus on development goals, exposure to different settings, and first-hand experience and socialization within the policy context.

#### 2 | THEORETICAL BACKGROUND

# 2.1 | Policy cycles and stakeholder participation

Since Lasswell (1956), policies have been commonly seen as progressing through cycles of agenda-setting, policy formulation and decision making, implementation, and evaluation (Jann & Wegrich, 2007). According to this approach, policymaking should consist of a comprehensive analysis of the problems being considered, followed by thorough data collection and analysis of the available information that shapes policymakers' decisions on how best to solve these problems. A cost-benefit analysis of different policy options is performed to identify the optimal solutions. The policy is then implemented, and results are appraised against the objectives (Jann & Wegrich, 2007). The current movement in evidence-based policymaking is very much in line with this cyclical approach.

Another important aspect of the policymaking process focuses on stakeholders' influences and learning. First, policy participants usually influence policies to best achieve their objectives (Weible & Sabatier, 2005). This participation implies that policymaking is a negotiation process between stakeholders and that more salient stakeholders would be more likely to have a stronger influence on policies (Mitchell, Agle, & Wood, 1997).

Second, policy development can be seen as stakeholders' collective learning and/or collective discovery of solutions for societal problems (Grin & Loeber, 2007). Influential theories of learning include single- and double-loop learning (Argyris & Schon, 1978), social learning (Hall, 1993), advocacy coalition frameworks (Sabatier, 1988), and organization learning (Argyris & Schon, 1978). In these theories, policy issues are "there" to be discovered, analysed, and solved. Actors attend, interpret, externalize, and link cues to come devise "solutions." What is left unspecified is how the cues come into existence and how actors' behaviours alter the meanings and context of policy issues.

Policy cycles and stakeholder participation frameworks have been widely used to structure studies in policy processes (Grin & Loeber, 2007; Jann & Wegrich, 2007; Weible et al., 2012; Weible & Sabatier, 2005). Policy development has been largely viewed as a rational and deliberate process of solving societal problems (Jann & Wegrich, 2007). This process requires that the country's development ideology be unequivocal, that problems be defined and agreed upon, and that sufficient data be available for analysing causes and identifying optimal solutions. More importantly, it requires that stakeholders' mandates, roles, functions, and belief systems are relatively clear and stable. This process allows them to be certain of their identities and to estimate gains and losses from a proposed policy.

However, in many transition economies, market institutions are underdeveloped, and information infrastructure is in a nascent stage

(Hoskisson, Eden, Lau, & Wright, 2000; Painter, 2008). State agencies' mandates, roles, and functions are unclear, overlapping, and constantly reviewed and renewed as parts of the transition (Dong et al., 2010; Painter, 2008). In such a context, the deliberative policy process is unlikely to work on its own, but it must intermingle with a more informal, emergent process. However, this informal and emergent side of the policy process is largely understudied. We turn to a "sense-making" perspective (Weick, 1995) to attain insights into how informal processes can facilitate reform policy development.

# 2.2 | The sense-making approach to policy process

Scholars commonly view sense making as a process of placing stimuli into some framework to comprehend, understand, explain, attribute, extrapolate, and predict (Starbuck & Milliken, 1988; Weick, 1995). According to Weick (1995), the sense-making process consists of seven properties. In the context of policymaking, these properties can be summarized as follows:

- Grounded in identity construction: During policymaking, identity constantly shifts between interactions. The definition of "self" determines how a party sees policy issues, causes, and solutions and, conversely, how a party sees things that would influence its definition of "self." The process of noticing, understanding, and resolving policy issues works in parallel with learning about and redefining its own identity. In this research, an organization's identity is a key property that can be defined as a set of beliefs shared among managers and stakeholders about the central, enduring, and distinctive characteristics of the organization (Albert & Whetten, 1985; Scott & Lane, 2000). An agency's mandates, roles, functions, belief systems, and actions contribute to shaping its identity (Scott & Lane, 2000).
- Retrospective: In sense making, people attribute meanings to their
  past actions/events when they see the results. They justify and
  rationalize their past actions based on the results that occur. As
  such, much of the meaning of policy issues, causes, and solutions
  is rationalized after the decisions have already been made.
- Enactive of sensible environment: People are not only constrained by the surrounding environment, but they also produce part of this environment. When people enact laws or policies, they occupy undefined space, time, and action and draw boundaries, establish categories, and provide labels that create new features of the environment that did not exist before. Policymaking is not only about responding to environmental issues but also about creating new environments.
- Social: Sense making is a social process in which one party's conduct is contingent on the conduct of others. A party's perspectives on policy issues and solutions link closely to perceptions of its own identity, constantly redefined in the interactions with others. The use of objective data and rational reasoning is only a means for social interactions among parties. In the end, social exchanges and negotiations among parties determine what and how policy issues are to be addressed.



#### **TABLE 1** Description of data

Data types	Location	Uses in analysis
Autonomy Policy		
Primary data		
Interviews		
20 semistructured interviews with government officials, lasting from 1 to 2 hr (9/2014-3/2015)	121 pages of hand notes (approximately 80 pages of text) verbatim (Hanoi)	Participants' accounts of the initiation and evolution of the policy
10 semistructured interviews with universities and hospitals (PSDs) from 11/2014 to 4/2015	50 pages of text transcribed from hand notes (Hanoi, Da Nang, Ha Nam, Ho Chi Minh City)	Participants' accounts of their comments on various versions of policy, implementation, and evolution of policy
Observation		
Visited universities and hospitals	Observed how "clients" were served and the quality of the services	Progress and obstacles for PSDs in implementation of the policy
Secondary data		
Ministry of Finance		
Reports and proposals from MOF, other ministries, and provinces on the Autonomy Policy (2002–2010)	31 reports, proposals, and projects on implementation of the Autonomy Policy (MOF)	Formal viewpoints of the ministries on the policy over time
Summary of comments from line ministries (and PSDs)	5 summaries from other ministries and provinces (MOF)	Stakeholders' positions on the proposed policies How comments were filtered into summary reports to submit to the policy drafting team
New Rural Development		
Primary data		
Interviews		
7 semistructured interviews with central government officials, lasting from 1 to 2 hours (1/2015–5/2015)	60 pages of hand notes (approximately 30 pages of text) verbatim (Hanoi)	Participants' accounts of initiation, evolution, and performance of the policy
10 semistructured interviews with local governments and citizens in Ha Nam 3/2015	40 pages of text transcribed from hand notes (Ha Nam province)	Participants' accounts of process, performance, and difficulties in implementing the policy in the province.
Observation		
Visited new constructions for new rural communes in Ha Nam and Hanoi	Observed how the constructions operate and their performance	Progress and obstacles for implementing NRD policy
Secondary data		
Ministry of Agriculture and Rural Development		
Reports and proposals from MARD and other ministries on NRD policy (2002–2010)	15 reports on implementation of NRD policy (MARD)	Formal viewpoints of the ministries on the policy over time
Provincial Government		
Reports on social economic development from Ha Nam province, 2010–2015	15 reports on social economic development	Social and economic developments before and after the NRD policy was implemented.

Note. MARD: Ministry of Agriculture and Rural Development; MOF: Ministry of Finance; NRD: New Rural Development Programme; PSDs: public service delivery units.

- Ongoing: Policymaking is an ongoing process in which people attempt to disentangle complex situations by making, then revising, provisional assumptions. Streams of problems, people, solutions, and choices flow throughout policymaking processes. Although policy documents can be issued at various points, the sense-making process never ends.
- Focusing on and by extracted cues: Extracted cues are simple and familiar data, events, or information that serves as the initial basis for people to develop a larger sense of what might be occurring. Extracted cues are important because people might not have the capacity or the motivation to process all necessary information before making decisions. They might only rely on some cues to draw their conclusions, indicating that systemic, comprehensive data collection and analysis might not occur before making decisions. Instead, people filter, classify, and compare as a way of
- focusing on major events and relying on these events to arrive at conclusions.
- Driven by plausibility rather than accuracy: Under the sense-making perspective, accuracy is a good start, but it does not go sufficiently far. People might never have the complete facts, nor do they know whether their reasoning is correct. Accurate but incomplete facts must be agreed upon and constructed plausibly to form an understanding with enough certainty. Here, plausibility refers to the capacity for action (i.e., people can do something about a situation) and the perception of consequences that fit with the available facts.

Conceptualizing policy development as a sense-making process can be a useful way of understanding how reform policies emerge and develop in uncertainty. People "make sense" of situations not by carefully analysing complete sets of data but by enlarging the cues that they notice. People redefine who they are (their identity) to understand the situations that they encounter. People justify and rationalize past actions based on the results (retrospect), and as such, plausibility is more important than accuracy. Throughout the whole process of policymaking, people act and contribute to the environment that they experience (enactment).

Sense-making phenomena have been evident in some public policy research. Examples include studies of rural planning (Hulme, 1989), discourse of "globalization" (Fiss & Hirsch, 2005), policy influence (Weible et al., 2012), local crime prevention (Persson, 2012), and emergency management systems (Lu & Xue, 2016). However, studies explicitly employing a sense-making perspective to explain policy processes are non-existent.

#### 3 | METHODS

# 3.1 | Selection of policies

We considered a qualitative study of policy process to be the most appropriate for this study. The cases examined in the study were selected based on three criteria. First, the policies needed to be viewed as reforms, that is, introducing a radically new approach to public management in Vietnam. Second, the policies had to have been issued for at least 5 years to observe a cycle of policy evolvement from initiation and formulation to implementation and revision. Third, it had to be feasible for the team to gain access to the relevant documents and informants for the studies. We consulted past reports and experts in the field for a list of reform policies initiated in Vietnam

since the 1980s. The short list included seven policies, among which we chose the Autonomy Policy and the NRD for this study because they met all three criteria.

#### 3.2 | Data collection

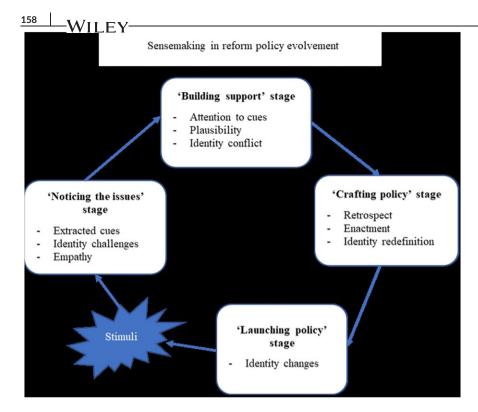
Data were collected through document reviews and interviews with related stakeholders. Policy proposals, reports, and written comments from stakeholders were reviewed. We interviewed members of policy-drafting teams, representatives from participating ministries, beneficiaries, affected parties, and implementation organizations. We conducted field visits to interview local officials and relevant people involved in both policies. Data from multiple sources were then triangulated to alleviate inconsistencies. An iterative approach was used to cross-check the descriptions and views given by different participants. Data sources and uses are summarized in Table 1.

#### 3.3 | Data analysis

We followed a customary approach of grounded theory to analyse our data (Glaser & Strauss, 1967; Strauss & Corbin, 1990). The authors of this paper studied the interview data and generated potential codes, guided by sense-making properties (Weick, 1995). We discussed any discrepancies in the coding until consensuses were reached. A thorough analysis was performed to generate policy evolution cycles and notable sense-making properties for each stage. We then returned to our data to relate the sense-making process with the evolution of the two policies. Table 2 summarizes the coding scheme.

 TABLE 2
 Coding guidelines

Sense-making property	Evidence in the data
Grounded in identity construction	Redefinition, negotiation, or debate on related parties':  - Missions, mandates, functions, roles  - Beliefs and values  - Distinctive characteristics or entities  Correspondence between changes in policies with changes in related parties' identities
Retrospective	Justification of objectives, criteria, processes for decision making <i>after</i> decisions have been made
Enactment of sensible environment	Policy decisions create new features of the environment:  New regulations  New entities  New features of the environment push for further reform:  New demands from practices  Enhanced capacity for and acceptance of further reform
Social	Complex set of related parties Related parties negotiate meanings, actions, and responsibilities
Ongoing	Policy reform undergoes multiple stages with new developments, new understandings, and new issues to be addressed
Focus on and by extracted cues	Major events to be noted and used to interpret and/or construct policy issues  A comprehensive and systemic database is neither available nor developed to support policy analysis and formulation.
Driven by plausibility rather than accuracy	People focus on - Fitting interpretation to available data (rather than collecting all necessary data to arrive at meanings) - Conveying the feasibility of actions - Discussing possible consequences of alternative courses of actions



**FIGURE 1** Sense making in reform policy evolvement [Colour figure can be viewed at wileyonlinelibrary.com]

#### 4 | FINDINGS

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Our generalized framework disclosed how sense making occurs and facilitates the evolution of reform policies. The framework resembles a cyclical approach, but the stages demonstrate the sense-making process. Figure 1 illustrates four stages of the sense-making process in policy evolution.

- "Noticing the issues" stage: Changes in the environment might serve as stimuli for government responses. The policy initiator first notices the issues by enlarging small cues, sensing a challenge in their identities and those of others, and feeling empathy with impacted people.
- "Building support" stage: If the initiator accepts the identity challenge, he or she can then look for support from key parties to bring the issues to a more formal policymaking agenda. This support is built by drawing attention to critical cues, demonstrating the plausibility of the solutions, and handling any identity conflict that might occur in addressing the issues.
- "Crafting policies" stage: Next, the parties work together in crafting the policies in which solutions are created retrospectively and evolve from continuous interactions between policies and environment (enactment). Stakeholders' identities are partly or fully redefined, as reform policies can require significant changes in stakeholders' mindsets, mandates, roles, and even values.
- "Launching policies" stage: In the final stage, the policies are *launched*. In this stage, policies evolve, and parties' identities are consolidated. The launch of a policy triggers changes in the

environment, which could be noted for a new sense-making cycle. The "social" and "ongoing" properties were self-evidenced in all stages.

To illustrate the dynamics of our process model, we mapped it onto the evolution of two reform policies in Vietnam: Autonomy Policy and the NRD. Under each stage, relevant sense-making properties were presented.

# 4.2 | Sense-making in the autonomy policy

#### 4.2.1 ∣ Synopsis of the case

In the 1990s, the reform in Vietnam swept through the agricultural industry and the state-owned enterprise sector, whereas the public sector remained untouched. Public service delivery units (PSDs) worked under a "beg and give" mechanism; that is, PSDs submitted operations budget proposals, and their supervising agencies decided on the budgets. The Autonomy Policy changed this mechanism.

This "policy" is a combination of three key documents: Decree 10/2002/ND-CP (16/10/2002); Decree 43/2006/ND-CP (25/4/2006); and Decree 16/2015/ND-CP (16/2/2015) on Autonomy of PSDs. These regulations aimed to shift PSDs away from reliance on the state towards more self-financing and autonomy in decision making. The policies received much interest from state agencies, PSDs, and the general public, strongly influencing the substance of the policies.

The three regulations were reforms in that they changed the management of PSDs from being centrally planned to being more market oriented. Decree 10/2002/ND-CP abandoned the "beg and give" mechanism and introduced a "block grant" mechanism for recurrent expenditures. This decree provided PSDs with some level of autonomy in finance but not in organization and personnel. Decree

43/2006/ND-CP moved a step further in granting PSDs some autonomy in task implementation, personnel, and organization but not the right to decide the "price" of the services (the concept of "price" was not mentioned in the Decree). The recent Decree 16 (2015) opened this higher level of autonomy.

# 4.2.2 | "Noticing the issues" stage

In the late 1990s and early 2000s, the Head of the Department of Recurrent Expenditure Management (DREM) and her team, as well as the Ministry of Finance (MOF), initiated the Autonomy Policy. In this stage, these initiators noted the issues by focusing on extracted cues, sensing some challenges to their organizational identity, and feeling empathy with PSDs.

Extracted cues: Interviews with the former head and two members of DREM revealed several issues that the initiators noted in the late 1990s. First, state supervising agencies spent much time screening and approving these microamendments to PSDs' annual budgets and had very little time remaining for planning and monitoring. Second, it was "irrational" to have the same financing mechanism for administrative agencies (i.e., government offices) and PSDs (e.g., schools and hospitals). These entities were merged into a single category of "state organizations." Finally, the motivation to improve the performance of PSDs declined over time, as economic incentives for quality improvement were not clear.

Identity challenged: When the initiators first brought up the issues, they themselves were confused about their jobs and values. For decades, state agencies approved and gave orders, whereas PSDs implemented these orders. The issues that they brought up challenged the core of this system and their own identities: "If state financial management agencies did not micro-screen and approve budget lines for PSDs, what would we do and who would we become?" (Interview with former Head of DREM).

Empathy: Although most people became accustomed to the financial procedure, the initiating team had empathy for PSDs. The process of PSDs' operational budget applications and budget amendments was informally termed "begging" because supervising agencies had much discretion over their decisions. A member of the initiating team recalled that he felt bad "not only about efficiency of the works but also about people's [PSDs] self-respect and dignity." This feeling of empathy motivated the DREM team to build support and to pursue the policy issues.

#### 4.2.3 ∣ "Building support" stage

Once the initiators accepted the identity challenge, they then attempted to obtain endorsements from key persons/stakeholders to work on the issues. The initiators needed to help key stakeholders "make sense" of the issues, and by doing so, they drew attention to "the right" cues, demonstrating the plausibility of possible solutions and coping with identity conflicts.

Attention to cues: The initiators of the Autonomy Policy (DREM team—MOF) needed support from the Minister and vice ministers of MOF to bring autonomy issues to the government policy agenda. For the Minister, the most influential cue was that public financial management reform lagged behind the business sector; thus, MOF

was criticized by other ministries as an "obstacle maker." The need to have an equivalent pace of reform in the public finance management was accepted by the Minister (Interview with the former Head of DREM).

The vice ministers in charge asked for more specific explanations of the issues. After several discussions, the initiators discovered that these vice ministers did not see differences between public administration and PSDs. The initiators then presented the two categories of organizations, explaining how differently they operated and why a new financial mechanism was needed to recognize these differences. This information became an important cue for these vice ministers to "make sense" of the proposed change (Interview with a member of DREM).

Plausibility of working on the issues: The next concern of the Minister and his deputies was whether the issues were solvable. The initiators compiled relevant international experiences in solving similar issues to present to these leaders. The key was "to help the leaders feel confident that other countries had faced similar issues and found solutions" (Interview with a member of DREM).

Identity conflict: The initiators faced strong resistance from different stakeholders, as evidenced from meeting minutes and interviews. Some of their colleagues in MOF and the local Department of Finance worried that giving a little financial autonomy to PSDs was in conflict with the traditional core "budget keeper" function of the MOF/Department of Finance. The Government Office was concerned that nobody would monitor the financial management of PSDs. The Ministry of Internal Affairs initially refused to join the policy drafting team because it believed that these issues were "purely financial issues" that had nothing to do with their organizational or personnel issues. The resistance was rooted in the agencies' fundamental beliefs about who they were and what they did in the public management system.

# 4.2.4 ∣ "Crafting policies" stage

Support from the Minister ensured that the issues were on the policy agenda. The emergent and fluid process of crafting reform policies began. Sense-making properties that emerged at this stage included retrospect, enactment, and identity redefinition, which are explored below.

Retrospect: The Autonomy Policy was crafted under an equivocality of ideology, that is, identification of which public services should be provided by the state and determination of management systems or simply how much autonomy should be granted to PSDs. Specific goals were debated, mostly based on belief systems rather than evidence of efficiency and impact. The parties discussed and agreed about solutions and then used existing data and evidence to rationalize the chosen solution.

Although international experiences and donor-funded reports strongly suggested that PSDs should be viewed as autonomous organizations, it required 13 years and three versions for the policy to reach this level. Evidence and international experiences were not fully considered in formulating the policy. Instead, the parties argued over the issues and then agreed on an option that was acceptable to most of them. They then used evidence and data to rationalize their choice, as a member of the drafting team acknowledged that they "wrote

baseline and feasibility reports in a way to support the proposal" (Interview with the former Head of DREM). In these discussions, the plausibility of the solutions was more important than the optimality. In addition, the interviewed PSDs believed that their comments and suggestions regarding the drafts were filtered by line ministries and presented in a way that largely fit the ministries' expectations.

Enactment: The introduction of the Autonomy Policy created a new environment for PSDs and state agencies to fulfil their public finance management functions. Only when the first version of the policy went into practice did PSDs exercise decision making in recurrent spending, and state agencies started to distinguish public administration from public service delivery. Similarly, the implementation of the subsequent versions of the policy further reinforced the separation of the macromanagement of state supervising agencies from the operational management of PSDs. Not only did the policy change PSDs and state agencies behaviours, but it also changed the stakeholders' attitudes and behaviours to push for more reforms in the policy.

In the early 2000s, the press and public opinion would have been crazy if we talked about "prices," "market," or "competition" of public services. Therefore, we could only propose some changes, let people get used to the ideas, and then propose some more changes in new versions. (Member of Decree 16/2016 drafting team)

Identity redefinition: Redefining related parties' roles and functions was the most difficult part of crafting the policy. Cost/benefit calculation was important, but more critical was the parties' belief system about what they do (and who they are). For example, members of the initiating team recalled that the Department of Accounting Standards (MOF) and the Ministry of Home Affairs refused to alter their management systems, arguing that their functions had nothing to do with the Autonomy Policy. Similarly, many PSDs were afraid of having new responsibilities and uncertain about the new relationships with their line ministries. Some PSDs still asked state agencies for permission about what they had the authority to decide (Interviews with officials of Ministry of Education and Training and Ministry of Health).

# 4.2.5 | "Launching policies" stage

The launching of policies triggered changes in parties' identities. During this stage, both state agencies and PSDs gradually changed their roles, functions, and belief systems. PSDs now became whole organizations that needed to compete for resources. State agencies did not intervene on PSDs' operational activities but did practice their supervising functions. Citizens became "clients," not purely beneficiaries, and had to pay fees for PSDs' services.

The data showed that changes in parties' identities were slow and difficult. Although roles and functions were rewritten into the policy document, the old belief systems persisted. Hesitation prevailed in PSD managers when exercising new power and being accountable to decisions that were made. As a director of a general hospital confessed, he was "extremely anxious" when he was held "accountable to billions of VND in the hospital's account." Similarly, it took time

for citizens to accept public services' fees and to be active in monitoring the quality of these services.

# 4.3 | Sense making in the NRD

# 4.3.1 | Synopsis of the case

From 2002 to 2006, the Ministry of Agriculture and Rural Development (MARD) initiated several integrated programmes on rural development but quickly failed because MARD could not mobilize the necessary resources. The period between 2007 and 2008 witnessed a sharp downturn of agriculture production in Vietnam, causing a large urban-rural gap in living standards. The NRD programme was proposed as a "must do" to the Central Party and government.

The NRD was approved and implemented in 2010 with the goal of improving the living standards of people in the countryside by applying a modern economic development model, ensuring a democratic and stable community and protection of the eco-environment. These goals are specified in different objectives, including the percentage of communes satisfying the national set of "new rural criteria."

NRD is a reform for two reasons. First, it integrates many programmes that would be separately managed by line ministries. The programme involves a great number of stakeholders with high diversity, including millions of farmers, mass organizations, cooperatives, the private sector, central and local government agencies, and public service providers.

Second, the programme has evolved to allow for more participation and autonomy from grassroots levels, including citizens and communal authorities. It started as a centrally managed programme in which 11 components and 19 new countryside criteria were applied uniformly across regions. Its implementation has revealed the need for participation and adjustment to local contexts.

#### 4.3.2 | "Noticing the issues" stage

The initiators of the NRD were the MARD's Minister and his team at the Department of Cooperatives and Rural Development (DCRD). They served as key members of the NRD Coordination Committee. Similar to the Autonomy case, the initiators noticed policy issues by focusing on extracted cues, sensing challenges to their own identities, and feeling empathy with rural people.

Extracted cues: The initiators noticed gaps in urban-rural living standards through critical events such as a famers' protest in Thai Binh province in the late 1990s, social instability in the Central Highland in the early 2000s, and especially the price drop of agricultural products during the 2007–2008 crisis (Interviews with DCRD members). Their own experience of failed piloting of projects helped them to realize that the MARD could not perform "rural development" on its own and that the agricultural crisis (2007–2008) could be used to attract attention or "sympathy" from other ministries to rural development issues.

Identity challenged: Starting with the question of what to do with "rural development," the initiators noted that rural development required a concerted effort from different disciplines, yet many of them did not belong to MARD's management functions. Implementing an integrated programme would partly alter the existing mandates and functions of MARD, as well as other ministries. As one member of the

initiating team recalled, "it was very hard to convince even ourselves that this is really our responsibility."

Empathy: Although data and statistics on living standards existed, the issues came to the initiators' attention through real events and experiences. The feeling of empathy with rural people motivated the reopening of an initiative that had previously faced tremendous resistance from other stakeholders. This emotional element came mostly from officials' first-hand experience with people in the rural areas.

All rational arguments at that time were against our idea. But some of us had grown up from rural areas and wanted 'to do something' for rural development! (Member of DCRD)

# 4.3.3 ☐ "Building support" stage

NRD faced strong resistance from all other ministries, as it challenged the normal routines in which the ministries' functions and resources were managed independently from each other. Without support from other ministries, especially the Ministry of Planning and Investment (MPI), even the Deputy Prime Minister could not formally endorse the programme. The initiators built support by drawing stakeholders' attention to important cues, demonstrating the plausibility of working on the issues, and acknowledging conflicts emerging in stakeholders' identities.

Attention to cues: The initiators realized that they could not gain support from related ministries by directly deliberating and demonstrating the advantages of the proposed programme. Therefore, they went to the Central Communist Party's Resolution Drafting Team and presented two key messages. First, the urban-rural gap in living standards was seriously widening. This trend went against the Party's principle of equality, triggered social instability, and thus might have put the Party at risk. Second, the traditional way of allocating resources to line ministries did not create a concerted effort to boost rural development; thus, a more integrated programme was needed. The Resolution Drafting Team agreed to put rural development goals in the Resolution (Resolution 26-NQ/TW, dated 5/8/2008), and as a member of Member of DCRD acknowledged, "these few lines in the Resolution became a 'precious sword' [new foundation] to persuade the related ministries." The question for the ministries was no longer "Should we have an NRD programme?" because the Party had already decided. The question became "How should we do it?", which totally changed the dynamics of the discussions among the initiators and related ministries.

Plausibility of working on the issues: The initiators' proposal was backed, not by rigorous and reliable research but by general goals in the Party's Resolution. Evidence of the programme's needs and nationwide impact was lacking. However, as the goals of NRD were in the Party's Resolution, it became very "plausible" to work on the issues. The initiators then compiled experiences from other countries to build stakeholders' confidence that "if other countries could do it, so could we" (Interview with a member of DCRC).

Identity conflict: The initiative challenged other ministries' belief systems about what they did and who they were. First, the integrated nature of the programme challenged the independence of the ministries. Interviews with related line ministries revealed their beliefs that

programmes related to rural development should be (and had been) implemented by different ministries with their own expertise. Second, the coordination role of MARD was unconventional. Representatives from the MPI believed that coordinating roles of national programmes should belong to the MPI, as they typically did. Third, the programme called for strong participation from the grassroots levels, while most nationwide programmes had been run in a top-down manner. The roles and functions of central agencies and ministries would be altered, which was not well received by the ministries.

# 4.3.4 | "Crafting policy" stage

Similar to the Autonomy case, three sense-making properties emerged most clearly in this stage, including retrospect, enactment, and identity redefinition.

Retrospect: In the NRD, background studies on the status quo, needed resources, and potential impacts of the new programme were conducted *after* the submission of the proposal. The estimated resources for this programme were simply made up without being based on any rigorous studies or evaluations. Additionally, a socioeconomic impact evaluation was not conducted on time. These requirements were allowed to be "submitted later" to fulfil the legal requirements and to rationalize the programme.

The crafting of the NRD programme was described by members of the Formulation Committee as "a collective effort of related ministries." For example, representatives of the ministries proposed including some criteria in their fields in the New Rural Criteria. Only after they agreed on the combined set of criteria (the solution) did they discuss how to justify it.

There were multiple workshops to garner expert comments. However, the workshops were conducted mainly to fulfil the legal procedure. In fact, very few comments "were used" and "everything was already in the formulator's mind" (said a member of the Formulation Committee). Similarly, DCRC members and local officials believed that the most chosen sites for piloting the NRD had far more favourable conditions than usual. Thus, pilot studies were conducted to prove the appropriateness of the programme, rather than to learn about it or adjust it.

Enactment: The execution of the programme influenced the policy evolution in several ways. First, the programme was initiated without a clear idea of the required financial resources. After 5 years of implementation, it became clear that the state budget could only cover a portion of the budget. By June 2015, rural communes in the NRD were in debt on the order of 15,000 BVND (NRD Steering Committee Report, 2016). Related state agencies became willing to revise the programme to invite more non-state financing sources. Second, as grassroots levels played more active roles in seeking funding, they demanded stronger voices in the programme. Thus, the implementation of the initial centrally planned NRD created an environment that demanded a more participative approach to rural development.

Identity redefinition: The first phase (2010–2015) of the NRD required line ministries to change their culture from acting independently to working jointly with others in rural development. The subsequent phase of NRD from 2015 required both state agencies and citizens to redefine the roles of state and people in rural development.

Citizens were no longer only beneficiaries—they were also owners of the programme. State agencies could not "take care" of people's lives; they could only help people to improve their lives. By 2017, neither the local government nor citizens fully accepted their new roles.

# 4.3.5 ☐ "Launching the policy" stage

Seven years after the launch of the programme, resistance to identify changes remained strong. In the interviews, some line ministries blamed the current debt on the design of the programme that remove d their decision-making power in specialized fields. Their beliefs and routines of specialized and independent ministries had not given way to more interdependent roles in the NRD. As a member of NRD Steering Committee suggested, "many managers and officials in different ministries had very limited knowledge about the programme." Although the central agencies recognized the need for non-state funding, government at lower levels still tended to wait for state funding for their NRD. Citizens were expected to become owners of the programme, but it was not clear how much and in which categories they should contribute to the programme.

TABLE 3 Comparison of the two cases

TABLE 3 Compariso		N.D.D.
	Autonomy	NRD
Noticing the issues		
Extracted cues	<ul> <li>No reform of public finance management despite the general <i>Doi moi</i> spirit</li> <li>PSDs lined up to "ask" for detailed budget amendments</li> <li>PSDs were not motivated to improve service quality. PSDs operated as administrative agencies.</li> </ul>	<ul> <li>Instability in rural areas, threatening the Party's ideological and power bases</li> <li>Agricultural crisis in 2008–2009</li> </ul>
Identity challenged	<ul><li>Financial agencies may no longer be the "gatekeepers" for the state.</li><li>Power bases of financial agencies and PSDs might change.</li></ul>	Coordination of different fields used to belong to the MPI. This idea challenged the conventional approach to role division among ministries.
Empathy	<ul> <li>Inefficiency in financial procedures for both state agencies and PSDs</li> <li>People's dignity was eroded because PSDs had to "beg" for detailed financial approvals.</li> </ul>	Policy team members had first-hand experience of the hardships in rural areas.
Building support		
Attention to cues	<ul> <li>To persuade the Minister: "No reform of the public financial management yet."</li> <li>To persuade vice ministers: Irrationality of treating PSDs and administrative agencies the same</li> </ul>	<ul> <li>Showed evidence of increasing rural-urban gaps in living standards to persuade Central Party</li> <li>Used Central Party's direction to persuade other ministries about the need for NDR</li> </ul>
Plausibility	International experiences to show feasibility and positive results	International experiences to show feasibility and positive results
Identity conflict	<ul> <li>MOF's role as "money keeper" for the country eroded.</li> <li>Other ministries perceived that they had nothing to do with the policy.</li> </ul>	<ul> <li>Other ministries believed that they had been performing some tasks of "rural development" in their own functions.</li> <li>Other ministries questioned whether MARD could coordinate function.</li> </ul>
Crafting policies		
Retrospect	<ul> <li>Policy evolved slowly (15 years) through three revisions</li> <li>With each revision, related parties agreed to add more autonomy to PSDs, and officials justified it to the public as the evolution responded to the new needs of the country</li> </ul>	<ul> <li>Lack of data to calculate resources for the programme.</li> <li>Basic studies were submitted later after approval of the programme.</li> <li>Ministries negotiated, then rationalized, the criteria of New Rural funding sources and other issues of the programme.</li> <li>Pilot studies were conducted to confirm the design of the programme, rather than to learn and adjust the design.</li> <li>The second stage (2015 to date) changed the principles to allow for a more bottom-up approach and invite a non-state budget. This stage was justified as "new learning."</li> </ul>
Enactment	The launch of early version-created environment for subsequent versions	The launch of the programme created a need for bottom- up decision making.
Identity redefinition	State agencies, PSDs, and citizens gradually accepted new roles and values (e.g., paying for public services).	MARD coordinated other ministries of the programme. Citizens took action, rather than waiting for the state, to modernize their rural areas.
Launching policies		
Evolution of policies	<ul> <li>Three versions of policies in 15 years</li> <li>The implementation influenced the revision of policies.</li> </ul>	<ul><li>Started with a top-down approach, coordinated by MARD.</li><li>Now, more autonomy is given to grassroots levels.</li></ul>
Identity changes	<ul> <li>Written roles and functions were relatively easy to develop.</li> <li>Stakeholders' belief systems of "who we are, what we do, what we believe in" were more difficult to change.</li> </ul>	<ul><li>Other ministries reluctantly cooperated in the programme.</li><li>Citizens increasingly took charge of the programme.</li></ul>

# 4.4 | Comparison of sense-making process in the two policies

Table 3 summarizes the similarities and differences in the evolution of the two policies in each stage of the sense-making process.

In the stage of noting policy issues, the initiators did not compile a comprehensive set of data for a sophisticated analysis of the problems. Rather, the initiators enlarged small cues that they had access to or that prodded them to construct problems. Cost/benefit analyses for stakeholders might not have been conducted in a detailed and precise manner, nor did they significantly influence the motivations for advancing the issues. Rather, officials' empathy for impacted people and experience with the context induced the motivation for change. The initiators also sensed a challenge to their own and/or other agencies' current identities. However, the initiation of the two policies had very different implications for the initiators' roles and power bases. Granting autonomy to PSDs would cut the MOF's and other financial management agencies' approval functions, whereas implementing NRD appeared to extend the MARD's functions.

In the stage of building support, "problems" were not well defined but instead presented as "puzzles" that required solving. The initiators drew the attention of these key parties to cues that they used to construct the "problems." Similarly, the initiators did not calculate the superiority of the new approaches because they did not have sufficient data, nor were data necessary. Instead, the initiators demonstrated the plausibility of working on the issues. Finally, the support only came when stakeholders accepted some conflict in their identities. A key difference between the two policies was in the strategies used to get stakeholders to accept changes in their identities. In the Autonomy case, much effort was on deliberation over the need for the policy. In the NRD case, in contrast, a top-down direction from the Central Party was used to induce the participation of other ministries in the programme.

In the crafting policy stage, the two policies were developed retrospectively in that the parties discussed and negotiated solutions and then looked selectively for data to justify their chosen policy options. Initial expectations had a significant influence on the chosen options, and pilot studies were used to confirm, rather than to change, the selected options. Crafting these reform policies also involved the process of redefining the identities of key stakeholders. The evolution of the Autonomy Policy appeared to be gradual and additive such that, in a later stage, it retained most of the elements of a previous version, and some new ones were added. The NRD evolution, however, changed some of its fundamental principles. The second stage from 2015 allowed for more bottom-up approaches and invited greater contributions of non-state budgets in contrast to the first stage's top-down approach and reliance on the state budget. Either way, policymakers found ways to rationalize the changes.

Finally, launching policies was also a process of identity change. Although resources are important, the speed and scope of policy implementation depend more critically on how actors accept changes within their identities. By 2017, neither policy had undergone such changes. Although written documents on stakeholders' roles, functions, and mandates could be revised relatively quickly, changes in the belief systems of their identities occurred very slowly. In this

respect, the Autonomy Policy was somewhat more successful than the NRD, as evidenced by stronger acceptance of new roles from state agencies and PSDs.

#### 5 | DISCUSSION

Beginning with the puzzle of how reform policies evolve under the context of equivocal ideology and unavailable information, we uncovered a sense-making process in which the idea of reform was noticed, rationalized, enacted, and grounded in stakeholders' identity reconstruction. In line with mainstream public policy accounts (Hall, 1993; Lasswell, 1956; Weible & Sabatier, 2005), our findings suggest that a policy evolves through cycles, and the progression of the policy is dependent on stakeholders' interactions. Our model differs from these accounts in that it explicitly describes the sense-making process and places identity reconstruction as a key success factor.

Our field research allowed us to collect data from multiple observations and sources, compare viewpoints of different groups of informants, and develop a rich description of the two policies' evolution. However, we are aware of some limitations of the method. First, our research focused on the evolution of two reform policies, raising the question of its generalizability. Second, there were possible biases in the interviewees' stories of the development of the two policies. The informants' memories could be inaccurate, and their perspectives were subject to biases. Third, sense making is highly subjective, and informants' tacit knowledge was difficult to detect from direct interviews. We attempted to address these issues by triangulating different types and sources of data, contrasting one's perspective to those of others and testing our constructed stories of policy development to the informants. Further research is needed to validate the results and ensure their generalizability. Despite these limitations, our study offers important research and policy implications that will be discussed in detail in the subsequent section.

# 5.1 | Sense making, learning, and power

In line with previous studies (Weick, 1995), our study suggests that the sense-making process could alter stakeholders' foundations for learning. The core element of a policy sense-making process is the reconstruction of stakeholders' identities. As stakeholders redefine their identities, their lines of inquiries on policy issues change. In the Autonomy Policy, both state agencies and PSDs gradually changed their identities and roles in the system. In contrast, state agencies in the NRD found it difficult to grant autonomy to grassroots levels (i.e., communes and citizens) because they had not accepted that they were only the facilitators of rural development. Thus, learning did occur in the policy process, but when it occurred, it did so because the sense making (and new identities) had redirected the focus of the learning.

Also evidenced from our study was the notion that the sensemaking process changed stakeholders' power structures, which served as a foundation for policy influence. The redefinition of identities, starting with changes in roles, functions, and reporting requirements among stakeholders, directly changes stakeholders' spans of control. This process also alters stakeholders' sources of legitimacy and power. For example, as financial autonomy was granted to PSDs, they then had a stronger voice in pushing for more autonomy in personnel and operational matters. In a similar vein, the design of the NRD implied that the MARD would coordinate the state resources for rural development, and other line ministries would no longer have power over resources. This implication drove them to use their technical expertise as power in influencing the evolution of the programme. The extent that stakeholders accepted new identities influenced their uses of the new power structure, which in turn determined the policy evolution.

# 5.2 | Factors to identity changes

Our study points to several factors that facilitate identity changes in state agencies. First, state officials are more likely to accept an identity change if they focus on achieving development goals rather than complying with current regulations because development goals serve as rationales or justifications for new roles, functions, and values. In contrast, current regulations are rooted in stakeholders' existing identities. In our cases, policy initiators in both the Autonomy and NRD started with development goals, albeit vague and general. This start allowed them to initiate solutions that affected the identities of all related parties, including their own.

Second, exposure to different settings also facilitates the acceptance of identity changes. In our cases, international experiences were the most beneficial in showing how state agencies worked with PSDs or communes. Although the applicability of specific techniques and procedures was debatable, the international experiences of state agencies' identities were the most valuable.

Finally, officials' experience and socialization within the context contribute to their acceptance of new identities. Practical first-hand experience and direct interactions with related parties induce officials' empathy with impacted people. Empathy differs from knowledge in that it contains an emotional element—the policymakers feel what the people feel. Empathy facilitates the definition of problems in a way that is close to reality and identifies solutions that could make positive impacts on people's lives and emotions. Empathy facilitates the acceptance of identity change as long as the change brings better values to people. As Howard-Grenville, Metzger, and Meyer (2013: 114) stated it, identity is not only "claimed and understood" but also "lived and felt." An examination of factors that influence identity changes in policy development is an important topic for future research.

# 5.3 | Policy implications

Our study offers several policy implications. First, a sense-making process is of particular relevance to reform policies to be formulated and enacted in transition economies. The radically new nature of reform policies, coupled with a lack of supporting institutions and available data, renders comprehensive policy analysis nearly impossible. In addition, the old definition of "self" makes it difficult for people to absorb new perspectives brought about by reform policies. In this process, special attention is paid to facilitating appropriate identity changes

for related stakeholders. Only when key stakeholders accept changes in their identities can reform policies be implemented in reality.

Our study suggests that access to different identities helps stake-holders to accept identity changes. International experiences are particularly beneficial in showing how similar parties in other countries define their identities through their roles, functions, and value systems. Officials' first-hand experiences and socialization remind them of development goals and generate some feelings of empathy for the impacted people, inducing identity changes. Thus, field visits or open discussions with impacted parties would be beneficial for policy drafting teams and related state agencies.

Second, if sense making is important for realizing reform policies, policymakers will need to develop certain sets of capacities for wise judgement. Here, wise judgement refers to the ability to make decisions that target development (important cues) and undergo complex socio-political constraints (plausibility and enactment) and yet are ethically sound (values in identity). Wise judgement comes from deep knowledge of, and extensive experience with, the contexts, as well as a good understanding of related parties' belief systems (identities) and strong guidance of development goals and values. These elements should be included in training and development programmes for officials.

The importance of reform policies to a country's development has particular relevance for policymakers in transition economies. In the case of Vietnam, the country's market institutions remain nascent, and the heritage of the past central planning system persists in many people's mindsets. Reform policies have been gradually crafted and launched as emergent sense making, rather than a deliberative problem-solving process. In time, the Vietnamese economy could become more market oriented and competitive. If it does, it will be because reform policies survived through the sense-making process and from increasing pressure for stronger market institutions, rather than because strong market institutions guided reform policies. In this uncertain context, the bottom-up emergence of ideas for reforms is good news indeed.

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