

INTOSAI WORKING GROUP ON EVALUATION OF PUBLIC POLICIES – EWG

OPTIMAL COMBINATION OF QUANTITATIVE AND QUALITATIVE METHODS OF EVALUATION

Cour des Comptes, Paris, September 25th and 26th, 2017

ENCOMPASSING QUALITATIVE AND QUANTITATIVE APPROACHES FOR THE EVALUATION OF PUBLIC POLICIES

Public policy evaluation approach

- Draws from the objectives of the policy ...
- ... to assess its effects...
- ... depending on contextual evolutions

Each evaluation process is **unique** and **strongly contextualized**

- Depending on the public action considered
- Depending on its implementation socio-political context
- Depending – of course – on the period of the evaluation
- Depending on the characteristics and expectations of the stakeholders' system engaged in the process

Investigation tools and analytical methods adapt to the case at hand

- Depending on the technical specificities of the professions of the evaluated policy
- Depending on the policy areas concerned
- Depending on the evaluation questions that must be dealt with

To analyze, understand and measure the effects and impacts of public action, data collection and data processing **tools** are essential:

- Indicators ;
- statistics ;
- algorithms ;
- econometrics.

But analyzing, understanding and measuring do not mean quantifying yet

Quantifying = Expressing
And giving a numerical existence
to realities firstly expressed
through words

Alain Desrosières, De Cournot à l'évaluation des politiques publiques. Prismes N°7, avril 2006

Data inflow and the digital revolution do not change this logic:

To give a meaning to quantification

- One must agree on the sense ...
- ... on the organization ...
- ... on the processes to link data with reality.

In a nutshell:

The meaning attributed to quantified data:

- Stems from a consensus ...
- ... which might be one-off ...
- ... always renegotiable ...
- ... always linked to the context prevailing logics.

Currently, in the economists' world,

The evaluation of public policies is only conceived, *a priori*, through the lens of the methodological tool that **impact evaluation** is.

“(…) a successful impact evaluation seeks to establish the situation that would have happened had the assessed policy not been implemented. This fictional situation, also named counterfactual, enables (...) to deduce a causal relationship between public intervention and a indicator considered as relevant (healthcare, employment, education...).”

Comment évaluer l'impact des politiques publiques ? Guide à l'usage des décideurs et praticiens – France Stratégie, décembre 2016
Rozenn Desplatz, Marc Ferracci,

To ensure the scientific robustness of an impact evaluation, one must :

- Be able to create a credible counterfactual
- Neutralize selection biases

Which is not always possible.

In the (frequent) cases,
where a purely experimental situation is
not possible,

the qualitative – sociological approach –
appears to the adventurous economist as a
possible addition, interesting to experiment.

And the results are quite encouraging.

The case of the evaluation of the CICE

The CICE consists in a tax credit for firms equal to 4% of the firms' eligible total payroll in 2013, 6% from 2014 to 2016, 7% in 2017. A return to 6% in 2018, before a disappearance/replacement of the measure in 2019 has just been announced.

The eligible total payroll corresponds to the total of the gross wages for remunerations lower to 2 and ½ of the minimum hourly wage (= to a full-time net monthly wage lower to €2821,75, 82% of the private sector wages).

The tax credit for employment and competitiveness (CICE) entered into force on January, 1st 2013.

Three teams of researchers have been selected to evaluate its effects:

- **A team from the TEPP lab** (Work, Employment, Public Policies) – CNRS, Université Paris Est led by Yannick L'Horty (Université Paris-Est Marne la Vallée)
- **A team from Sciences Po – OFCE** (Observatoire Français des Conjonctures Economiques - French Economic Observatory), led by Sarah Guillou (Sciences Po, OFCE)
- **A team from Sciences Po – LIEPP** (Laboratoire interdisciplinaire d'évaluation des politiques publiques - Laboratory for Interdisciplinary Evaluation of Public Policies), Led by Clément Carbonnier (Université de Cergy-Pontoise, THEMA and Sciences Po, LIEPP)

For this **ex-post evaluation**

Based on firms' data, 2013-2014

The central axis of the **evaluation questioning**

revolved around

The identification of a change in behavior of the firms benefitting from the CICE

The three research teams used different evaluation methods:

- Empirical approaches for the **LIEPP** and the **TEPP federation**, consisting in comparing the evolution of the most beneficiary firms to that of the least targeted ones ;
- **Structural approach for the OFCE**, based on a modelling of the behaviors' of the economic actors and the relations between the variables ;
- Furthermore, the **LIEPP combined two methodologies**: one coming from sociology (qualitative survey of firms' actors) and the other based on economics (microeconomics analysis).

What the LIEPP says:

A UNIQUE METHODOLOGY, WHICH COMBINES QUANTITATIVE AND QUALITATIVE ANALYSIS

(...)

The qualitative component of the CICE evaluation aims at accounting for the perception and the appropriation of the measure by the firms. In that perspective, semi-structured interviews of companies' top management have been conducted. (...)

This kind of dialogue is rarely conducted in social sciences, which makes this evaluation a unique object. (...)

<http://www.sciencespo.fr/liepp/fr/content/quel-impact-du-cice>

A priori, the methods are the same:

- Almost all of the firms are potential beneficiaries of the CICE:
 - Hence, there is no possible counterfactual.
- The analysis has been conducted, on both sides, on the basis of treatment intensity: by comparing the evolution of variables of interest between the firms depending on their level of benefit from the tax credit.

But,

The results of the TEPP and LIEPP teams do not converge on all aspects

TEPP concludes to the creation or preservation of 45 000 to 115 000 jobs and to the absence of a salary rise effect.

LIEPP does not measure a positive impact on employment or on the wages per capita, but detects a positive effect on the hourly wages.

TEPP worked by distinguishing **4 quartiles**, each regrouping the same number of companies, depending on whether they were more or less beneficiary from the tax credit and included **control variables**:

- Line of business ;
- Companies size;
- The initial amount in 2012 of profit margin, economic profitability, productivity, capital intensity, exports share in the annual balance sheet, investment rate, debt ratios, tax rate;
- Women share ;
- Workers, employees, associate professionals, executives, engineers and research and development technicians shares;
- Under 30 and above 50 shares ;
- Permanent contracts, fixed-term contracts and full-time shares.

LIEPP's qualitative investigation

Initially set out to better determine non-recourse instances

It was the occasion, for interviewed business leaders or their representatives, to express their opinion on the relevance of the measure, et more globally on the economic policy of the government at the time.

“A double discourse appeared. The question of the qualification of the measure, and that, linked, of the decrease of social contributions was frequently raised, including in political terms.”

To conclude

Quantification methods lead to figures, but construct their effectiveness on the analysis of the functioning and characteristics of reality.

- It is first the qualitative approach to the reality complexity that enables the elaboration of proper quantification methods.
- Then, the qualitative understanding of the various contexts allows for interpretation.

In that respect, quantified data are indeed essential to a rational and enlightened governance.