

# Navigating Policy with the Logic of Regulatory Impact Assessment

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# ASSESSMENT



## Navigating Policy with the Logic of Regulatory Impact Assessment

Regulatory Impact Assessment (RIA) is a crucial process in policymaking, allowing decision-makers to assess the potential impacts of proposed regulations prior to implementation. Dr Kati Rantala of the University of Helsinki and her colleagues argue that by employing evidential reasoning and considering contextual factors, RIA helps policymakers make more informed decisions that better serve the needs of society. Understanding the logic behind RIA is essential for policymakers to design policies that have positive impacts on our communities and the world at large and for all affected by regulations to advocate for thorough and well-constructed impact assessment.

### The Need for Informed Decisions

Regulatory policy decisions can have far-reaching effects on our lives – shaping everything from environmental protections to transportation systems. But how can policymakers ensure that their decisions are well-informed and effective? One indispensable tool is the Regulatory Impact Assessment (also known as RIA), which aims to facilitate the evaluation of the potential impacts of proposed regulations before they are implemented.

Dr Kati Rantala of the University of Helsinki and her colleagues explore the underlying logic of RIA and its significance in policy discourse, shedding light on both the fundamental concepts of the model and its practical utility in enhancing regulatory policy.

The researchers introduce a model for ex-ante regulatory impact assessment, providing a more logically rigorous approach to the process. This model can be utilised when crafting new regulations, offering a more realistic and robust framework than what is often employed.

### What is Regulatory Impact Assessment?

Regulatory Impact Assessment is a critical tool used by policymakers to evaluate the likely outcomes and potential consequences of proposed regulations before they are implemented. It involves gathering evidence, analysing data, and making predictions to ascertain how regulations might affect various stakeholders, including businesses, individuals, and the environment. RIA enables systematic analyses of the potential impacts of different regulatory options, thereby enhancing rational decision-making and the legitimacy of regulatory design.

### The Role of Evidence

At the heart of RIA lies evidential reasoning – the process of using available past data and evidence to make predictions about future scenarios. This means looking at factors like stakeholder input, expert knowledge, statistics, previous research and regulatory experiments to form assumptions about how regulations might impact society. RIA employs various methods of analysis, including quantitative modelling, cost-benefit analysis, stakeholder consultations, and scenario assessments.

These sources provide evidence for the assumptions made in impact assessments, forming the basis for reasoning about the potential impacts of proposed regulations. While it is not possible to predict the future with certainty, evidential reasoning allows us to make informed estimates based on the best available evidence. By connecting historical data with prospective outcomes, the reasoning process is enriched.

### Reasoning and Argumentation

According to Dr Rantala and her colleagues, RIA operates as a dual process of reasoning, employing both deductive and inductive approaches within the impact argument framework. Deductive reasoning relies on logical relations, often involving mathematical calculations to predict the impacts of proposed regulations. In contrast, inductive reasoning is grounded in empirical data and observations, allowing for a deeper understanding of impact mechanisms. Making an explicit distinction between deductive and inductive reasoning steps helps identify and highlight different kinds of uncertainty in an RIA process. The authors also apply Stephen Toulmin's model of argumentation to effectively address uncertainties. This holistic approach enhances the robustness and

# ASSESSMENT



reliability of the assessment process, enabling policymakers to make more informed and effective decisions.

## The Importance of Context

Context plays a pivotal role in RIA, shaping the effectiveness and suitability of proposed regulations. Understanding specific circumstances and structural limitations surrounding a proposed regulation is crucial for accurately assessing its potential impact. Analogical inference can be used to extrapolate the likely impacts of regulations based on similar circumstances and structural constraints. However, proper justification for such extrapolation is essential, particularly when applying lessons across different contexts.

For example, regulations that work well in one country might not be suitable for another due to differences in culture, economy, or environmental factors. It is also important to assess whether the subjects of a regulation understand and can comply with its requirements. In a typical RIA process, the evidence base primarily focuses on identifying existing regulatory problems, while insufficient attention is given to evidence regarding proposed implementation and likely impact mechanisms.

Understanding these mechanisms is crucial for successful extrapolation to different contexts. Considering the context and identifying key individuals representing relevant groups might help policymakers understand their circumstances, constraints, and mindsets to tailor regulations to fit the needs of specific communities and avoid unintended consequences. Simulation exercises with key stakeholders reveal general patterns of behaviour and impacts, aiding in the identification of potential weaknesses and devising implementation strategies to minimise harm.

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## Addressing Uncertainty

One of the challenges of RIA is dealing with uncertainty. Policymaking is inherently complex, and there are often unknown variables that can influence the outcomes of regulations. Deductive reasoning within RIA requires accurate premises if reliable conclusions are to be reached. Dr Rantala and colleagues suggest that reformulating the RIA reasoning as approximating a deductively valid argument for the predicted impacts of the regulation is a useful heuristic for locating these uncertainties. By acknowledging and addressing uncertainty, policymakers can thus improve the credibility and transparency of the assessment process. This might involve identifying key assumptions, considering alternative scenarios, and seeking input from a diverse range of stakeholders.

Given the pervasive uncertainty in policymaking, it is challenging to account for all circumstances contributing to regulatory impacts. Acknowledging risks and potential dysfunctions is necessary, especially when implementation requires discretion, which can result in varying outcomes. Street-level bureaucrats, for example, may face challenges in balancing equal treatment with acknowledging individual circumstances, potentially leading to dysfunctional impacts on clients.

## Analysis of Specific Cases

Examination of cases from the European Commission's impact assessments reveals both successful and unsuccessful instances of RIA reasoning. Scrutinising proposals concerning environmental protection and the Intelligent Transport System illustrate differing degrees of reasoning quality and evidence utilisation.

## DECISIONMAKING



Given the pervasive uncertainty in policymaking, it is challenging to account for all circumstances contributing to regulatory impacts. Acknowledging risks and potential dysfunctions is necessary, especially when implementation requires discretion, which can result in varying outcomes.

These cases underscore the importance of transparently addressing uncertainties and implementation challenges in RIA. Effective RIA requires a comprehensive understanding of potential impacts and the ability to navigate complexities inherent in policymaking. Transparently acknowledging uncertainties ensures that decision-makers and stakeholders are fully informed, ultimately leading to more effective and well-grounded policy outcomes.

### Enhancing Evidential Reasoning

Dr Rantala and her colleagues provide a comprehensive examination of RIA and its significance in policymaking. By emphasising evidential reasoning and contextual analysis, they have underscored the importance of making informed decisions based on the best available evidence. Through their work, they have provided valuable guidance for policymakers striving to navigate the intricate landscape of regulatory decision-making. The application of the proposed model can have profound impacts on regulatory policy, improving the quality of rules and regulations so that they can work better when enforced in real-life situations.



## MEET THE RESEARCHER

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**Dr Kati Rantala** holds a PhD in Social Sciences, obtained from the University of Helsinki in 2001. She attained the title of Docent in Sociology in 2007 from the same institution. With a rich educational background encompassing developmental psychology and theoretical philosophy, Dr Rantala's expertise is multidimensional. Currently, she works as a Research Director at the University of Helsinki, Department of Social Sciences. Her leadership extends to directing multidisciplinary research consortia, securing substantial research funding, and guiding doctoral and undergraduate students. Dr Rantala's contributions transcend academia, having held influential positions in government bodies and engagements in various regulatory policy activities, including participation in Organisation for Economic Co-operation and Development (OECD) conferences and organising seminars on digitalisation and indigenous rights. With such breadth of experience in teaching, research, and policy engagement, Dr Rantala stands out as a notable figure in sociology and legal policy.

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#### FURTHER READING

R Kati, N Alasuutari, J Kuorikoski, [The logic of regulatory impact assessment: From evidence to evidential reasoning](#), *Regulation & Governance*, 2024, 18(2), 534–550. DOI: <https://doi.org/10.1111/rego.12542>



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