



Part 2

2.3

Assessment Tool 1

How to assess the EESE and identifying priorities for reform

Section 2.3: Assessment tools

Research Strategies



Purpose

This Tool will help EOs identify areas for research, and identify from other sources what they have identified as key constraints on national business.



How to use this tool

This assessment Tool is designed for use by EOs. It is best used as a guide for employers and enterprise development specialists who will facilitate the assessment process with the EO and among other actors.

Step 1: Developing a research agenda

Step 2: Identifying sources of research



Step 1: Developing a research agenda

In order to effectively make the case for policy or regulatory change, arguments need to be fact-based and supported by up to date and relevant evidence.

This requires a holistic and comprehensive understanding of the constraints on enterprises, including constraints that may be specific to women-owned and managed businesses. Even if an EO has identified a clear constraint on enterprises and has unequivocal information for pursuing an agenda of policy or regulatory change, it still needs a wider perspective.

- What other issues impact on the constraint?
- Is the constraint time bound?
- Is it politically feasible to expect change?
- Who else is interested in alleviating this constraint?
- Who is interested in maintaining the status quo?

Effective and permanent research abilities will provide an EO with the answers to many of these questions.

A permanent role of an EO is in many ways akin to that of a watchtower, continually monitoring the policy environment to identify potentially difficulty issues for its member enterprises.

For example, calls for a regulatory change require well-researched arguments that can articulate the regulatory costs to enterprise (e.g. a license or levy) and compliance costs (e.g. the administrative cost to

the enterprise of complying, including staff time, etc.). This is vital for the EO's arguments.

But equally important for the EO's strategic approach is to know how much money the government makes as a result of the regulation, and how much it would stand to lose by the changes the EO proposes. Who else could lose or gain from the proposal? (*Methodologies for doing this are covered in Part II. Section 2.1 Advocacy Tool 2: Costing proposals*)

Gathering "political intelligence" or analysis and research will allow the EO to stay on top of the issues or anticipate opportunities for positive policy change. Continuing analysis also permits the EO to define and track indicators of progress towards its policy goals.

ROLE OF RESEARCH¹

1. Understanding *why* the issue is a problem for businesses, including those owned/managed by women;
2. Understanding the scale and *impact* of the issue on the private sector;
3. Understanding the *history and rationale* for the public policy or regulation that the EO would like to change;
4. Understanding the *harm* that the public policy intends to avoid and the associated risk;
5. Understanding *how changing* the public policy or regulation will help businesses and also understanding how change might impact other stakeholders;
6. Framing the issue in language that is clear and *appealing to the target audiences*;
7. Being able to communicate the issue in a way *that encourages coalitions*.

1.1 Identifying issues

EOs will identify the key constraint(s) on enterprises along with other concerns (formally) through its survey function and (informally) through discussions with its members.

It may be tempting to skip this somewhat tedious stage of research and argument preparation, as an EO may feel it simply "knows" what needs to be done and is anxious to start advocating that particular solution.

A danger of the '*we know the problems*' approach, is that it prematurely pushes the EO to the next phase of the advocacy process: direct contact with the decision-makers, media, and the larger public. Attempting this external persuasion without paying enough attention to preliminary research can backfire if the EO representatives are caught ill-prepared to talk about the specifics of their policy recommendations or fail to support them with credible evidence.

It is important to think through the issue, define the problem clearly and then test it vigorously. The initial issue may in actual fact not be the major problem. It could turn out that the policy imperative is not the problem itself, but rather the way that the legislation has been framed in order to address that imperative.

The issues identified by the EO have to be **concrete**. Even if an issue is identified from a survey as a constraint on economic growth perhaps in practice it is not. Say for example that a country has very restrictive regulatory requirements with regard to exporting (in terms of time and procedures to export goods), but perhaps because they are so onerous, in practice they are not applied and a blind eye is turned by authorities. For the EO the question to ask is why waste value political capital on an issue that is not directly affecting enterprises at the moment, when other constraints are actually delaying enterprise operations.

¹ This approach is adapted from the *Business Advocacy Network* "Research Strategies": <http://www.businessadvocacy.net/>

EOs in order to be taken seriously by policy-makers need to take **all** these issues into consideration in shaping its policy.

In this respect supplementary research will assist the EO in:

- Confirming that an identified issue is important to members, but also to enterprises who are not members;
- understanding to some extent the scale and impact, or potential impact, of the identified constraint(s) – for example by determining how many enterprises are affected, including those owned/managed by women;
- understanding the depth of impact, or potential impact, of the identified constraint(s);
- understand the likely burden that is already, or will be, imposed on enterprises as a result of the identified constraint(s);
- consider the priority areas of government and assess the chances of the government adopting the EO's proposals (they may be politically supportive of the EOs proposal, but may not have the funds, for example).

1.2 Understanding the issue

Once the EO has identified the issue it wants to pursue, and a course of action towards change, it needs to undertake further research to build a comprehensive understanding of the issue. This is likely to include:

- Researching the history and rationale for the policy/regulatory measure and understanding the cause of the issue(s);
- considering the implications, certainly for business, but for the other stakeholders also;
- consideration of the possible solutions to the identified constraint(s), and the likely implications of each for business and for the other stakeholders.

This provides the evidence that the EO needs to support its position. Additional information required:

- The decision making processes for the specific issue;
- the current opinions and attitudes of policy makers.

Having an understanding of both of these will help the EO plan its advocacy strategy.

1.3 Analyse the background

If an identified constraint is a specific law, then a mapping exercise should be undertaken.

(*Methodologies to do this are covered in part 1 Section 1.2 Assessment Tool 5: "Assessing the regulatory environment"*). The following questions are relevant in this respect.

- Where did the legislation originate from?
- Which interest group advocated it?
- Was it widely supported?
- Is it still widely supported?
- Has the policy/regulation been modified since its original implementation? If so why?
- What other government actions are related to the policy or regulation?

- Is it widely implemented?

For the policy process, precedent is important. Action builds on prior action and knowledge of precedents will help the EO to frame problems and find solutions.

Context is also important. The “Record” will show deliberation and debate that will inform a law’s original intent together with the intent of amendments to it. If the EO is proposing new action, credibility demands that the EO know the history of prior action and the surrounding deliberation or debate.

Tracing the origins of a law can exemplify its irrelevance or relevance as the case may be. In many developing countries some legislation has been inherited from colonial legal systems and may have remained unchanged over generations. Equally, redundant legislation can remain on the law books long after it has served its purpose.

The right statistics can make the case far more persuasive; however, they need to be used with care. EOs need to explain the figures so they are not open to misinterpretation, or worse, ridicule – which would be seriously damaging for the organization’s credibility.

If the EO draws conclusions based on its analysis then it needs to ensure that they are supported by the evidence. The EO will almost certainly want to be selective, but not to the point that people opposed to the EO’s position can use the omitted figures against its proposals. It is better to provide as complete information as possible, for it is likely to make the research appear more credible and trustworthy. Finally, emphasize the facts that support its conclusions.

1.4 Categorize information

As the EO gathers the information, it should begin to select and summarize the most pertinent aspects into a working paper. This will help identify deficits in information and areas to strengthen. It will additionally provide to the EO the basis of a paper that it can use to consult more widely. This can also be a space to list and categorize the opposing arguments to the EO’s potential position.

Evidence reported from other sources needs to be cited. If the EO’s arguments are challenged, it then needs to have the ability to refer to empirical data underpinning such a claim.

1.5 Sharing the research workload

Collaboration with other business organizations means that research and preparatory work can be shared. Different organizations can focus on different, but mutually-agreed areas.

Collaboration shouldn’t be confined to other business organizations. Universities or research institutions may have undertaken studies that can be useful to the EO in developing its own policy positions.

STEP 1: SUMMARY ASSESSMENT

Choose areas where an EO can add value. Do your research based on your mandate and your specific added value – your angle and what you want to know.

Do not replicate what others are doing.

Bear in mind what the EO wants the research as starting point. What point do you want to prove?

Know the limitations of research. For example trying to ascertain the ‘total costs on firms’ is next to impossible. How could you track everything from the cost of energy, to paying for training as one aggregate figure? You would be asking a huge and impossible job of your members.

Sweep other information sources to see whether data can be used by the EO for its own ends.

In determining whether collective efforts at research should be used, consider how valuable or not such an association may be for your EO; for example if the research brings out things that the EO may not agree with or does not want to be associated with – notwithstanding other useful elements of said research.

Are there current opportunities or ones that might emerge in the near future that could facilitate the timing of the EO's proposal?

Can the EO's proposal be linked to other ongoing similar reform proposals?

Step 2: Identifying sources of research

The main rule of thumb for an EO when it comes to research is *“Do not reinvent the wheel”*. Existing research can be accessed and utilized to make arguments effectively. There are a number of channels through which to pursue this.

2.1 Government

Policy-making requires information about prior governmental action. If legislation or regulation already exists, then it is likely that the government itself can be a good source of basic information. Areas to draw from include:

- Statistical data from the Central Statistics Offices;
- government agency reports;
- transcripts of parliamentary proceedings;
- Minister of Finance budgets' speeches;
- commissioned scientific research;
- public testimony;
- advice of expert consultants and lobbyists.

The current growth national strategies (e.g. an existing national development plan) will provide a range of broader information and, more importantly, the policy direction the government is taking. It can provide useful information on the external factors explaining the country's growth and poverty reduction pattern, the overall productivity dynamics in the country, the major challenges and opportunities, and the possibilities for economic transformation and diversification. This is a vital document.

Previous growth strategies (previous national plans, major government policy announcements) similarly need to be analysed to see where the EO's issue(s) fit in – what was promised, what was delivered and/or what was not.

The current national development plan (or equivalent statement of government policy priorities) should be the starting point and should give the EO an overall view on the direction the government wants to take regarding the national economy.

The Minister of Finance budgets' speeches will additionally provide crucial information on **current** spending plans. *(Not included here is an analysis of budgetary procedures. This is covered in part 1. Section 1.2 Assessment Tool 6: Assessing the budgetary process).*

2.2 Other stakeholders

The first and most likely resource for the EO will be other businesses, trade associations, and research institutions that work on private sector issues.

However, there are many other sources of research and these do not necessarily need to be potential supporters. NGOs, trade unions, consumer groups, and the media may be interested in the EO's issue (even if they have different ideas!). *Is it possible to source information from them?* This could also provide information on what likely arguments against the EO's position may look like.

In particular, source information from the interest group that advocated for the original policy/regulation. This will be useful in analysing whether the arguments they used to advance the proposal stood the test of time and whether they actually came to fruition.

2.3 Development agencies and donors

Utilizing international indicators which often measure performance in a comparative manner will also be helpful in the diagnostic analysis. These indicators while incomplete and not without fault, are important mechanisms in triggering a 'policy conversation', while also contributing evidence to diagnostic efforts. There is also a comprehensive array of data across policy issues which would be beyond the reach of an EO (see Annex).

2.4 Using the Information

Below is an example of how the abovementioned resources can be distilled into a manageable analysis. A SWOT approach is used where the EO examines "*strengths, weaknesses, opportunities, and threats*" in the government's medium-term planning. From this it can then map its issues in terms of commitments. The example below utilizes 2009 data from Kenya.

EO SWOT BOX: KENYA

Source²

Strengths	<ul style="list-style-type: none"> ▪ Monetary policy reserve money remains within targets and interest rates remain stable. ▪ Wholesale, retail trade, transport and construction recorded positive growth during 2009 despite the global downturn. 	World Bank Country Brief 2009
Weaknesses	<ul style="list-style-type: none"> ▪ Despite the critical role played by the informal sector and particularly Micro and Small Enterprises (MSEs) in promoting employment creation, the sector continues to face traditional challenges such as low productivity and limited technological transfer. ▪ Labour Market Skills and Information: Kenya faces a number of challenges in aligning the planning and development of its human resources to its developmental needs. The country's labour market is still characterized by co-existence of trained unemployed manpower together with skill shortages in some areas of the market. 	First Medium Term Plan (2008 2012) http://www.planning.go.ke/index.php
	<ul style="list-style-type: none"> ▪ Reforms are needed to make business start ups easier (ranked 95 out of 183 economies globally by the World Bank); Starting a business, enforcing contracts, and trading across borders are particularly inhibiting. 	World Bank-IFC Doing Business

² Resources: PRSPs: <http://www.imf.org/external/np/prsp/prsp.asp> ; UNDAF: <http://www.undg.org/unct.cfm?module=CountryTeams&page=Region&RegionID=RAF> ; Kenya: National Plan <http://www.planning.go.ke/index.php>; World Bank-IFC: www.doingbusiness.org ; World Bank: Country reports <http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/0,,menuPK:3030988~pagePK:180619~piPK:3001866~theSitePK:136917,00.html>

Opportunities	<p>Govt has committed to:</p> <ul style="list-style-type: none"> ▪ Realize a higher and sustainable growth of the economy in a more equitable environment, accompanied by increased employment opportunities. ▪ Government will scale up funding for youth and female enterprises. ▪ Specialized training for entrepreneurship. ▪ Develop an Integrated Human Resource Strategy. ▪ Develop the Diaspora and Labour export policy. ▪ Formulate and implement the Wages and Incomes Policy (review of the 16 wage regulation orders). ▪ Develop a Productivity Policy. ▪ Implementation of Employment Policy and Strategy for Kenya, including the establishment of a 24-hour economy. ▪ Formulate and enact the MSE Act. ▪ Create framework for linkages between industry, education, training, and research institutions. ▪ Harmonize statutes and mandates of public sector wage review bodies. ▪ Develop labour colleges to offer Diploma and Degree programmes on Labour and Employment. ▪ Establish the National Council for Small Enterprise. ▪ Scope to more effectively represent policy interests of the SME Sector: Kenya's business environment is characterized by a large number of Micro and Small Enterprises (MSEs), which account for roughly 75 per cent of total employment and an estimated 18 per cent of GDP. ▪ EOs could garner international support for such action (the improvement of Business environment productivity and the competitiveness of Micro Small and Medium Enterprises (MSMEs)), and UNDAF country programme outcomes by 2013. 	First Medium Term Plan (2008 - 2012)
	<ul style="list-style-type: none"> ▪ Scope to more effectively represent policy interests of the SME Sector: Kenya's business environment is characterized by a large number of Micro and Small Enterprises (MSEs), which account for roughly 75 per cent of total employment and an estimated 18 per cent of GDP. ▪ EOs could garner international support for such action (the improvement of Business environment productivity and the competitiveness of Micro Small and Medium Enterprises (MSMEs)), and UNDAF country programme outcomes by 2013. 	UNDAF 2009-2013
Threats	<ul style="list-style-type: none"> ▪ There are pressures on the current accounts due to weak exports, remittances, and tourism. ▪ Lower investor confidence due to prolonged differences within the grand coalition. 	World Bank Country Brief 2009

STEP 1: SUMMARY ASSESSMENT

Has government made a previous public commitment in favour of the EO's proposals or, more likely, certain elements of it?	Name vehicle – national development plan; Minister of Finance Budget's speeches; Departmental Reports
Has government made a recent public commitment in favour of the EO's proposals or, more likely, certain elements of it?	Name vehicle – national development plan; Minister of Finance Budget's speeches; Departmental Reports
Have other research institutions or academics produced research that supports the EO's proposals or, more likely, certain elements of it?	If not, could this be done?
Can information be sourced from current partners or allies?	
Can information be sourced from opponents?	
If the EO is seeking to change a current policy or regulation, what justification was used by the government to support the case for the original policy/regulation?	Did the government draw on external expertise and/or research?

**International sources of information useful for the EO's research efforts are detailed in:
Assessment Tool 2: "Preparing an EESE snapshot"**