

“It’s the Evidence, Stupid”: Doing and Legitimising Policy-Funded Research

**Dr Nick Wilson, Course Director MA Creative Economy
Kingston University**

Room 1, Kenry House, Kingston University
Kingston Hill, Kingston upon Thames, KT2 7LB
Tel: 02085477656 Email: n.wilson@kingston.ac.uk
Website: www.ourcreativeeconomy.com

**Professor Mark Hart, Aston Business School, Aston University
Dr John Kitching, Small Business Research Centre, Kingston University**

Objectives

This paper explores the policy and methodological implications of research commissioned by the Enterprise Directorate of BERR, which sought to explain the impact of government regulation on small business performance. We suggest that the Directorate’s role in “promoting and developing evidence based policy” had both an enabling and constraining influence on the research process, on what was taken as evidence, and how this evidence might be used to promote regulatory reform.

Prior Work

In addition to its focus on regulation and small business performance, the paper draws on three strands of prior research - the growing literature on evidence-based policy, paradigm incommensurability in small business and entrepreneurship research, and dissatisfaction with dominant views of causal explanatory method in management and organisation research in general.

Approach

We adopted a critical-realist-informed research design. This approach had the unexpected benefit of revealing a new line of enquiry concerning the relational nature of policy funded research, and the potential gap between what constitutes ‘clear, precise and justified’ evidence in theory, and in practice.

Results

The research highlighted the importance of legitimising the research process, the findings, and the manner in which these are disseminated when conducting policy-funded research. We discuss the causally generative interaction between the research team, the Enterprise Directorate steering group, small business policy-makers and stakeholders, and evidence from the field of enquiry. We also explain why this is important in the particular context of regulatory reform – where the focus of attention has predominantly been on the constraining impact of regulation rather than on its enabling and motivating potential.

Implications

The paper provides new insights into the emergent and creative nature of policy research. Specifically, it challenges the way in which policy-makers, lobbying groups and researchers view the objectivity of evidence, encourages dialogue, and calls for a more interactive dynamic relationship for the purpose of promoting better evidence and policy.

Value

The paper demonstrates the value of working beyond incommensurability issues to do better policy research, and with it, better regulation. This can be achieved by undertaking an emergentist and creative approach to policy research that engages all stakeholders through dialogue. It is of interest to small business policy-makers, practitioners, researchers and lobbying groups alike.

Key words:

policy; small business; critical realism; methodology; evidence; regulation

Introduction

The fact that the Department for Business Enterprise & Regulatory Reform (BERR) commissioned and paid for a substantive research project focusing on the impact of regulation on small business performance is (or should be) an important 'development in small business support policies and structures', worthy of dissemination at this conference, and within this particular track. Of course, this assumes two things: i) the commissioned research subsequently produced reliable evidence on which to base policy (change); and ii) the Government either has already, or will act on the evidence put forward. The focus of this paper is, therefore, a discussion of both these underlying assumptions, within the wider context of doing 'evidence-based policy' (EBP) research. The line of argument that we take in this paper can be summarised as follows.

The rationale for carrying out research on the impact of regulations on small business performance presupposes that existing evidence is not sufficiently robust and/or enlightening to allow us to explain this relationship clearly (see Kitching, 2006). We discuss the state of the evidence and highlight its apparent inadequacies in the context of a more general introduction to EBP research. An alternative approach that can explain this relationship must do things differently. We briefly introduce the potential causal explanatory of a critical realist approach and related methodology. We then highlight something of a paradox for researchers in this area – EBP research is premised on producing technically robust evidence (i.e. evidence that can be validated, generalised and defended according to positivist epistemology and deductive method); however, it is precisely this kind of approach to research on regulations that appears to have been unable to explain the relationship between regulations and small business performance thus far, and which prompted BERR to commission an alternative approach in the first place. Given this situation, what should the critical realist researcher do in practice?

The detail of the research project actually carried out is then presented. This highlights the range of enabling and constraining factors which allowed the research to take place. Particular attention is brought to those factors which we suggest do not normally get discussed in the formal research reports which constitute *post hoc* rationalised accounts of what was done. These are shown to be important emergent features of the research process, which far from being incidental or insignificant are, in fact, central to the discovery of reliable and robust research evidence. We refer to the 'legitimation' of research and the central importance of dialogue, which underpins the entire process – from scoping study through to final dissemination. Finally, we draw out the implications of this way of *doing* policy-funded research for researchers, policy-makers, lobbying groups and the small business and entrepreneurship field as a whole.

Regulations and small business performance - the existing evidence-base

Whereas policy in general is the deliberate plan of action to guide decisions and achieve rational outcomes, regulations are based on rules which both mandate and prohibit actions by individuals and organisations, with infringements subject to various types of penalty (SBRC, 2008). The research and policy literature has tended to define 'regulation' narrowly in terms of the particular obligations placed on business owners to act (or not act) in particular ways, for example, to provide information to Government. Some studies do not define regulation at all, allowing business owners to draw on their own meanings (SBS, 2006). As the NAO report (2007) indicates, regulation takes many forms, including: Acts of Parliament; statutory instruments; rules, orders and schemes made under statutory powers by Ministers or agencies; licenses and permits issued under the central Government authority; codes of practice with statutory force; guidance with statutory force, codes of practice/guidance/self-regulation/industry agreements with government backing; bye-laws made by central Government; and EU regulations and Directives.

Much of the evidence regarding the impact of regulation on small business performance adopts a one-sided view of regulation that is constrained by various methodological limitations (Kitching, 2006). Along with most of the research carried out in the field of small business and entrepreneurship (see Grant and Perren, 2002), the majority of studies on regulation are grounded in a functionalist perspective (Burrell and Morgan, 1979), predicated upon positivist

reasoning and deductive method. These tend to adopt a static approach, identifying regulation solely or primarily as a cost to, or constraint upon, business owners. Surveys (for this is the dominant quantitative method employed) typically ask business owners whether they perceive regulation as a 'burden' (or other synonym) on business performance (or similar indicator) (e.g. Cosh and Wood, 1998; SBS, 2006). These studies make little or no allowance for respondents to misperceive the impact of regulation. Prospective and actual business owners often over-estimate the extent to which regulation constitutes a real burden (Allinson et al. 2006); a finding at least partly explicable in terms of the pervasiveness of 'anti-regulation' discourses in the wider society. Such discourses could be seen to exert a genuine constraining influence on business start-up and performance in the UK (Kitching, 2006). Whilst compliance cost studies adopt more sophisticated methods, on the whole, they reinforce the view of regulation as a cost or constraint (e.g. Chittenden, 2002). The potential and actualised benefits of regulation and its dynamic influence on small business owners' activities and performance are often neglected. In short, most of the existing survey evidence tells us what business owners *think* about regulation but not what they *do* about it. They also fail to make any causal links between regulations and small business performance.

As Curran (2000) noted, the attempts to eliminate the weaknesses of quantitative research approaches to evaluating small business policy have "not been convincing" (p.42). Quantitative researchers have increasingly included qualitative components in their research. There are also more qualitative studies being undertaken, though as Curran (2000: 42) observes "where researchers want to give qualitative evaluation a central role, sponsors insist that to be 'rigorous' evaluation must be quantitative". We return to this issue later in the paper. Where qualitative studies of regulations have been undertaken, however, they highlight small business owners' variable awareness of regulation (e.g. Yapp and Fairman, 2005), distinct attitudes to compliance (e.g. Petts et al., 1999; Vickers et al., 2005), the benefits of regulation (e.g. IpsosMORI, 2007) as well as offer deeper insights into the dynamic effects of regulation on business decision-making and competitiveness (e.g. Grimshaw and Carroll, 2006).

Running through this research we might point to a 'naive pragmatism' that uncritically accepts the received wisdom of the regulations discourse (see Grant and Perren, 2000, for a similar critique of small business and entrepreneurial research in general). This would seem to ignore the fact that in spite of the regulatory framework 4.5 million businesses operate in the UK, a number that has continued to rise in recent years despite claims of increasing regulation. Clearly the existing evidence-base is not sufficient to provide us with rigorous and unambiguous 'proof' of the assumptions we hold about the impact of regulations on small business performance.

Doing policy-based research – the role of evidence

We now step back from the specific context of regulations to consider the role of evidence in policy research in general, and the particular rise of evidence-based policy (EBP) research. In the UK it was the landslide election of the Labour government in 1997 that revitalised interest in the role of evidence in the policy process. In setting out its modernising agenda, the government pledged "we will be forward-looking in developing policies to deliver outcomes that matter, not simply reacting to short-term pressures" (Cabinet Office, 1999). Within this rhetoric of purpose, the spotlight was turned towards the particular role of evidence in determining the 'truth' of the assertions that give rise to any policy. Evidence-based policy (EBP), therefore, is defined as an approach that "helps people make well informed decisions about policies, programmes and projects by putting the best available evidence from research at the heart of policy development and implementation" (Davies, 2004: 3).

What then comprises 'evidence'? Marston and Watts (2003) suggest a hierarchy of knowledge is created which necessarily shapes what forms of knowledge are considered closest to the 'truth' in decision-making processes and policy argument. This categorises evidence as either 'hard- objective' or 'soft- subjective'. 'Hard' evidence includes primary quantitative data, secondary quantitative data collected by Government agencies, clinical trials and interview or questionnaire-based social surveys. 'Soft' evidence includes qualitative data such as ethnographic accounts. Young et al (2002: 216) go on to describe 5 sets of assumptions (or models) about the way in which the policy process handles the input of these types of evidence:

1. Knowledge-driven model – assumes research leads policy
2. Problem-solving model – assumes research follows policy
3. Interactive model – assumes research and policy are mutually influential (though only some researchers are influential)
4. Political/tactical model – assumes policy is outcome of a political process
5. Enlightenment model – research stands apart from policy concerns (and corresponds with 'evidence informed' rather than 'evidence based' policy making).

Whilst Young et al express some preference for the enlightenment model, it would seem that there is a mix of all these assumptions going on in varying degrees and depending upon the particular context involved. As Marston and Watts (2003) point out, there is not a linear relationship between research and policy outcomes. The context in which policy-making and research is carried out is very important. Policy-makers are themselves under severe time-pressures and often have to depend upon others, especially where they have responsibility for 'vast thematic fields' (Cable, 2004). Davies (2004: 5) highlights the fact that policy making happens within the context of finite (and sometimes declining) resources. This means EBP is not just about 'what works', but what works at what cost and with what outcomes (positive and negative). Referring to "the utilitarian turn in research", Solesbury (2001: 2) notes that 'what works' is now indeed the watch-word. However, not all policy fields are the same and Mulgan (2003) contrasts three different types of policy field which affect the way in which knowledge (and evidence) is used:

- Stable policy fields – well established areas in which knowledge is settled with incremental improvements in knowledge gaps.
- Policy fields in flux – these have contested knowledge base where professionals are entrenched in debate and defensive to change.
- Inherently novel policy fields – emerging fields with no established evidence base and no one is likely to know what works and what doesn't.

With regard to regulations and their impact on small business performance we might suggest that the policy field is in something of a state of flux. As already discussed, there is an accepted discourse which will resist any change. What seems to be important here is to establish what criteria are used to distinguish robust and reliable evidence from anything else. Shaxson (2005), for example, outlines the following components of evidence *robustness*, which are clearly rooted in a positivist perspective:

1. credibility – processes of analysis and synthesis in quantitative literature
2. generalisability – for example, sampling technique or post pilot
3. reliability – would we depend on evidence for monitoring, evaluation etc.?
4. objectivity – is the evidence biased?
5. rootedness or authenticity – understanding the nuance of the evidence, and being open minded

As Packwood (2002) observes, evidence based policy research is ideological in that it supports particular beliefs and values which are compatible with the "dominant cultural paradigms that define how people and society function" (p.267). She goes on to suggest that these are determined by definitions of effectiveness as a quantitative measure, professionalism as performativity, teaching as technicist delivery, research as randomized clinical trials, and 'credible' evidence as statistical meta-analysis. Somewhat provocatively, we might suggest that good evidence implies knowledge about an assertion obtained through a method of data collection that we have faith in. The onus is then on *how* we discovered something not *what* was discovered.

Clearly there is an important issue here about the degree to which we rely on certain experts, who themselves bring particular ideological perspectives. As Etzioni (1968, 1993) suggests, the vision should be of a society where analysts and experts are 'on tap but not on top' – a society, which is active in its self-critical use of knowledge and social science. The Government's own White Paper (Cabinet Office, 1999) accepts, after all, that policy making should be a continuous learning process and that policy makers should "have more willingness to question inherited ways of doing things". With this in mind, we might re-visit the 'dominant cultural paradigms' outlined above and agree with Packwood (2002) in re-defining effectiveness as being determined by both qualitative and quantitative outcomes; professionalism as the freedom to

engage critically in debates; teaching as a reflexive, dialogic process; research as an eclectic activity, and evidence as being that which most appropriately answers the questions posed by research (p.267).

An alternative approach – introducing critical realism

If we are to provide 'appropriate' answers to the questions posed by research we require causal accounts which recognise the limits of positivist approaches – chiefly that they seek to explain or predict through the observation of empirical regularities, which mistakenly presupposes a *closed* system where Humean regularities pertain. Accounts which follow the philosophy of social science known as critical realism (CR), provide such a way forward. There are several excellent accounts of the CR project (see Archer, 1995; Archer et al, 1998; Bhaskar, 1978; 1989; Collier, 1994; Danermark et al, 2002; Sayer, 1992), its application in the context of economics (Lawson, 1997; 2003), and management and organisations (see Ackroyd and Fleetwood, 2000; Fleetwood and Ackroyd, 2004), and entrepreneurship (Leca and Naccache, 2006). These accounts stress the causal mechanisms linking social phenomena and the *open* nature of social systems (the world is 'peopled') and the context-dependent nature of causal influences. They take into account the stratified nature of realist ontology which allows us to distinguish between different emergent levels, which together constitute our reality. Thus we can separate events (in the actual domain), our experiences of these events (in the empirical domain) and the causal mechanisms and structures which explain why these events happen (in the real domain). This stratification is something we readily take for granted in the physical world where the scientist distinguishes between chemical, biological and physical features as a matter of course. A stratified social reality is more difficult to conceptualise, largely because the 'real' mechanisms which explain why events happen may be unobservable. Nonetheless, the job of the realist researcher is to discover the deep level causal mechanisms which explain the object of study. In order to explain the impact of regulations on small business performance, therefore, we should not focus solely on our experiences of events (including the prevailing discourse concerning the burden of regulations) but look for the causal mechanisms which explain what is going on.

Critical realists hold that the world exists independently of us and our investigations of it. While it is the case that all knowledge is conceptually mediated, and therefore all our observations of the world are 'theory laden', this does not determine what reality is like (Danermark et al, 2002). This has a significant bearing on how we go about researching social phenomena. In the particular context of regulations research, therefore, we might suggest that the persistent rhetoric concerning the cost of compliance and the regulatory burden has come to be mistakenly presented as *causal* evidence of why the world is the way it is. Whilst this is not to deny in any way the presence or even the importance of these observations, it is clearly crucial not to confuse them with the deeper reality that might help us to explain how regulations impacts small business performance. For, as we have seen, our observations of the world may in fact be wrong.

It is important to stress that critical realism is a meta-theory which provides particular guidance in terms of ontology, epistemology and methodology, but it is not a substantive theory of regulation (or any other specific object for that matter), nor is it a methodology *per se*. As Sayer (1992: 4) states "Methods must be appropriate to the nature of the object we study and the purpose and expectations of our inquiry". The researcher strives for 'practical adequacy' or 'epistemic gain' rather than absolute truth as the standard of accepting the validity of knowledge (Sayer, 1992). To be practically adequate, knowledge must generate expectations about the world and about the results of our actions which are actually realised. In other words, knowledge can be judged as more or less useful, rather than as true or false.

At this point we draw attention to a troublesome paradox facing the CR researcher. Whilst on the one hand it is precisely the inadequacy of existing positivist approaches to research that has given rise to the need for alternative approaches, on the other, they find that to present an alternative approach that does not conform to the conditions for reliable EBP research (as outlined above) renders the research to be seen as unreliable. What does the CR researcher do in practice? As we explain, in relation to the specific research project carried out for the Enterprise Directorate of BERR, the answer is that they must undertake both an emergent and

creative approach to research, which does not ignore the constraints of doing research but enters into a dialogue with them. It is reasonable to suggest that this paradox can only be resolved if there is movement and dialogue on behalf of the researcher *and* those making policy.

Regulations and small business performance – a critical realist informed approach

In the final report to BERR, we state that “Our approach was specifically designed to capture the complexity and inter-related nature of the factors that underpin differences in small business performance. And within this to explain why and how small businesses tend to experience different performance outcomes despite a common regulatory environment” (SBRC, 2008: i). We then go on to say:

The first stage of the research was to develop our understanding of the regulation-performance relationship on the basis of detailed studies of 124 small businesses in England. The second stage used the findings from the first to design a series of questions on regulation which we then used in a telephone survey of 1,205 small businesses in England. This quantitative component of the project was designed to provide a larger dataset that could be used to develop a multivariate model of the relationship between regulation and small business performance. (SBRC, 2008: i)

In keeping with the stylistic conventions of report-writing this summary of research method implies a rational and deliberate strategy of action that was based on a clearly defined research approach from the outset. In reality, of course, this is a pale reflection of what the process really involved. Whilst we are not suggesting that this *post hoc* rationalisation is any bad thing – clearly it is important to be able to simplify and present abbreviated accounts of what may actually have been fairly convoluted processes of discussion, negotiation and debate – it is instructive in the context of this particular paper to step back and reflect on the process more deeply.

To borrow the language of CR research, there were a range of *enabling* and *constraining* influences that made the study possible in the first place. We consider the role of structural enablers first. To begin with there is the policy agenda itself, which has moved regulatory reform from the margins to the mainstream (witness the transition from DTI to the Department for Business Enterprise & Regulatory Reform (BERR)). The Enterprise Directorate (formerly the Small Business Service (SBS)) committed a sizable budget towards this research project (prior to knowing precisely what the research would entail and who would be doing it). There was also a perception within the SBS that existing studies were not telling the whole story. Perceptions, of course, are not held by ‘departments’ as such but depend upon the views and beliefs of particular individuals working within government. This point is crucial because we should not under-emphasise the importance of individual agents in having an impact on how policy is determined. In the case of this particular research project there was an individual within the SBS who played a key role in championing CR. Having previously undertaken some research adopting a CR perspective he was familiar with the key premises involved and the promise it offered in this particular context. Whilst we cannot know the detail of how his particular ideas and his discourse within BERR shaped the subsequent pattern of things, it is very clear that he played a pivotal role throughout the process of research in terms of this project taking an explicitly CR approach¹.

Another structural enabler of the research was the Small Business Research Centre’s (SBRC) long-standing reputation as a trusted research organisation in the field of small business and entrepreneurship. When we were initially approached about the possibility of tendering for this work, the SBS were not aware as to whether any of the team was expert or even at all knowledgeable in terms of CR. Coincidentally, one of the principal researchers on the project had been heavily influenced by CR ideas in his doctoral thesis some years before; another was

¹ We are not aware of other explicitly critical realist research projects of this scale and scope being commissioned by a central Government department – though there are, no doubt, many which implicitly reflect CR principles.

developing a CR account of labour market emergence for his PhD research. These contingent factors were important in persuading the SBRC to accept the challenge itself and tender for the work.

There are a range of other factors which we might think of in terms of structural constraints, which help to explain why this research project nearly *didn't* happen. In the first instance, it would be fair to suggest that there was some debate within the SBS and other members of the project's steering group (including HMRC, Cabinet Office, HM Treasury, CBI and ICAEW) as to whether the CR framework was appropriate in this particular context. Given the scale of the project, involving three phases of data collection and analysis over an extended period of 2 years, it is very understandable to see why. As we have observed, the dominant discourse surrounding studying regulation tended to focus on survey data, large samples and compliance costs. Furthermore, the SBS were justifiably sensitive to the wider policy agenda and to the interests of markets and businesses in general².

Within this context, therefore, there was a continual need to work with the project team, steering group and project advisors in order to develop a *modus operandi* that could deliver reliable evidence on the impact of regulations on small business performance. The key point to emphasise here is that the resulting research design was emergent and did not simply represent what the research team would have advocated had they been working in isolation, or starting with a blank piece of paper. More specifically, it involved a process of legitimation, as a necessary condition of doing CR research in this context. We discuss what this entailed in more detail in the next section.

Legitimising policy-based research

As has been discussed, robust EBP research is predicated upon an empirical realist ontology, positivistic epistemology and deductive methods. To the extent that this is so widely accepted (if not explicitly acknowledged) within policy circles it might be appropriate to speak of a regulatory framework for doing EBP research. After all, certain (tacit) 'rules' appear to mandate and prohibit' how we undertake research, and there do appear to be (implicit) penalties of failing to comply – in the sense that research which does not conform to these approaches is unlikely to be either taken up or acted upon. To take this metaphor a little further, there is also a process of compliance, where the researcher must abide by the rules of EBP. There are also costs (and benefits) involved in this compliance, as we now discuss.

Gaining legitimacy, both to undertake the research in the first place, and then to re-assure policy-makers that the research process would produce credible and robust evidence, represents the key aspect of compliance required in this research process. We put in place a whole range of legitimising steps into the research design throughout the project. These included introducing an expert advisory panel, with two leading experts in CR informed research; inviting the SBS project team members to accompany interviewers during fieldwork; writing the report with a minimum level of CR vocabulary; and ensuring that the research findings were clearly presented to business and policy audiences. Over and above these, however, the negotiation of the research design itself – which included face-to-face interviews, a survey and multivariate modelling – was effectively a process of gaining legitimacy.

To begin with, the research team undertook a scoping stage which involved presentations about proposed approach and so forth with the SBS project team and steering group. It was during this stage that the research design was stabilised. Initially, the research team had considered undertaking 25-30 face-to-face interviews in the first phase of research. This number of interviews already had the potential to reveal many new insights about the impact of regulations on small business performance. The project team and Steering Group were only prepared to sign off the project if we undertook at least 100 face-to-face interviews, together with a follow up survey that included a sample large enough to do econometric analysis. Later,

² We might note here that many of the Government's statements on regulatory policy are prefaced with references to the key role of regulation in ensuring that markets work effectively (as well as ensuring fairness and necessary protection) – indicating the otherwise unacknowledged *enabling* nature of regulations.

the number of interviews was raised to 125 (with 124 being carried out in practice). Initially there was no particular view expressed as to the methods employed for quantitative analysis of the survey data. It was only upon later discussion of the unmeasurable nature of regulation (i.e. as a latent construct) that the proposed use of Structural Equation Modelling (SEM) was legitimised.

In retrospect, it is clear that legitimacy was achieved through agreeing (and undertaking) such a large number of interviews and backing this up with a large-scale survey which provided the basis for quantitative analysis and multivariate modelling approaches. This had related compliance costs for us as researchers. Over and above the extra 'burden' of carrying out such a large number of interviews and the survey, we were faced with the intellectual challenge of undertaking a large-scale survey and related multivariate modelling alongside a CR informed approach. On the face of it, these approaches looked like they were incompatible. However, in the course of this project we discovered the (unexpected) benefits of compliance in terms of the new insights gained by following this legitimised research design. These benefits can be seen to exist at two levels - the impact on our emerging theory of regulations; and the likelihood that these theoretical insights will be applied at policy-level.

In terms of our theory development, it was only through identifying the causal mechanisms from the face-to-face interviews that we were then able to design an appropriate bundle of questions on regulation in the telephone survey. Without the emergence of the enabling, motivating and constraining tendencies of regulation in the initial stage of the project the set of 15 questions on regulation would have had no conceptual foundation for inclusion in the large-scale survey. Importantly, the model provides further evidence of a mutually interlocking relationship between regulation and performance which in simple terms does not allow us to draw the conclusion that one construct (regulation) causes another (performance). This conclusion is highly significant and supports a need for a more nuanced understanding of the way these two concepts interact.

Turning to the second level of benefit - the likelihood of these conclusions being considered in a policy context - it is clear that without undertaking the quantitative research phase this project would not have been able to see the light of day. To that end, the insights gained from undertaking this CR informed research would not have been recognised. Here we might refer again to the utilitarian turn in EBP research, where there is an emphasis on 'what works'. Of course, time will tell as to whether the recommendations made (particularly in terms of informing the better regulation agenda) will be enacted. No doubt the process of legitimising the findings of this research project will continue (as we write this, three months after the final report was submitted, we are still engaged in disseminating the findings within BERR).

Implications for researchers, policy-makers and lobbying groups - encouraging dialogue

A clear implication of what has been discussed here is that 'evidence' emerges from the interaction between observer and object, and, crucially in the case of EBP, also between observer and policy-maker. EBP still may be trapped within a positivist framework in terms of viewing the facts as 'out there' just waiting to be 'discovered'. This underplays the active, creative role of the observer in developing a particular conceptual framework to construct and interpret 'the facts'. It also fails to acknowledge the active need for the researcher's approach and evidence to be legitimised by the policy-maker. Research discoveries are not the outcome of mechanically applying some perfect method of data collection and analysis. The active role of the observer (and policy-maker) is irreducible in creating evidence.

As we have stressed in this paper, the distinguishing factor about EBP as opposed to other types of research is that the discoveries made have to be recognised and communicated (actively acted upon) in order to become EBP. This places particular prominence on the twin processes of recognition and communication. Majone (1989) is surely right in describing policy-making as a 'communicative' process based upon dialogue and argumentation rather than as a 'technical' process based upon scientific evidence. More recently, the Commission on the Social Sciences (2003) has advocated 'more constructive dialogue', and the National Audit Office

(2003: 29) have emphasised the importance of 'two-way' communication between policymakers and researchers.

The research process described in this paper can also be seen as a creative process (research is, after all, a purposeful activity that seeks to discover and interpret the world around us). Interestingly, we rarely think of research as 'creative'. Research (especially EBP) is much more likely to be regarded as 'scientific'. From the enlightenment onwards we have, after all, tended to put our faith in the rational and cognitive domain of science³ rather than the arts or other cultural (creative) domains. It may be enlightening for researchers to reflect on aspects of the now very extensive literature on creativity, which advocates divergent thinking (see Robinson, 2001; Root-Bernstein and Root-Bernstein, 2001) and promotes multi-disciplinary engagement (see Sternberg, 1999). This might encourage more dialogue between researchers from different disciplines and technical backgrounds, and between researchers, policy-makers, lobbying groups and other interested parties.

Clearly, all involved in EBP research would do well to re-consider how they work with, or alongside each other to create evidence, as well as how this interaction is communicated. For policy-makers we suggest that their willingness to engage with alternative research paradigms and perspectives (as witnessed by this project) is to be encouraged, and communicated to other areas of policy-making. As we have demonstrated in this paper, the line between 'doing' and 'using' research is perhaps rather finer than we tend to assume. Lobbying groups should no longer be seen as working 'in contrast' to the evidence, but also be encouraged to be actively part of creating the evidence itself. For researchers there are a number of key lessons, including the need to see research as a creative and emergent process, and one that requires working through a process of legitimation. Most importantly, perhaps, we highlight the promise of working across traditionally separate areas of research specialism (to set up a dialogue between quantitative and qualitative approaches). This is not easy – though as Hanson (2008: 97) has observed, the reasons for this are "more political than intellectual owing to several factors...including diverse intellectual heritages, the domination of quantitative sociologists in teaching methods and writing methods text books, the proliferation of computer technology...and separation of theory and method".

Returning to Young *et al*'s (2002: 216) five models for how the policy process handles the input of knowledge (see 'Doing policy-based research – the role of evidence' in this paper), we can now add a sixth model – a Critical Realist model – which makes the assumption that policy research is a synthesis between research and policy that depends upon an emergent and creative dialogue. Whereas Young *et al* call for bridges to be built between "research producers and the user community" we would go further by questioning the very distinction between producers and users in the first place. Policy-makers, practitioners and lobbying groups have an active role in producing research as well as dealing with the consequences of their decisions.

Summary and conclusions

This paper has highlighted both the difficulty and the importance of defining something that we all too easily take for granted – research evidence. We have demonstrated the need for new ways of engaging with evidence-based policy in the context of small business research. Those involved in the research process must work to legitimise the evidence such that it can be recognised and communicated effectively. This should be based on a dialogue between researchers themselves; researchers, policy-makers, lobbying groups, other experts and, of course, small business practitioners.

In the specific context of this regulations project we demonstrated the potential of a critical realist account to provide a causal explanation for the impact of regulations on small business

³ As an aside, the 'rules' for submitting abstracts to this conference called for 'clear, precise and justified' research – which betrays this scientific perspective. To the extent that we recognise the inherently complex and ambiguous nature of our 'peopled' social world, we might suggest that 'good' research may not always need to present clear and precise causal evidence.

performance. Having legitimised a research design involving both qualitative and quantitative methods, we were able to demonstrate the mutually interlocking relationship between regulation and performance, where outcomes experienced in practice depend on how business owners and other stakeholders respond to specific regulations, as well as on firms' internal resources and capabilities, and prevailing product, labour and capital market conditions.

There were clearly a range of intellectual challenges in bringing together a CR approach with large-scale survey and multivariate analysis. It could be argued that the mix was no more than the result of instrumentalist pragmatism. However, we suggest that this would be to misread what was going on here. At the heart of the process described was a dialogue based on the principle that there must be explanations for differences, or what Bhaskar terms 'axial rationality' (2007: 201). It is possible to work our way through different epistemological and methodological milieux (including those of the quantitative and qualitative researcher, respectively) until we come to see how it is possible to have an agreement with 'the other' (Bhaskar, 2007: 202), and to profit from this agreement. The result does not have to be an impoverished mish-mash of 'mixed-methods' which lose credibility and/or internal validity. On the contrary, if we are bold enough to move beyond incommensurability our emergent understanding will bring us nearer to the truth of the assumptions that form the basis for our policy making.

References:

- Ackroyd, S. and Fleetwood, S. (eds.) (2000)** *Realist perspectives on management and organisations*. Routledge: London.
- Allinson, G., Braidford, P., Houston, M. and Stone, I. (2006)** *Myths Surrounding Growing a Business Small Business Service*, http://www.sbs.gov.uk/SBS_Gov_files/researchandstats/MythsSurroundingGrowingABusiness2006.pdf
- Archer, M.S. (1995)** *Realist social theory: The morphogenetic approach*. Cambridge: Cambridge University Press.
- Archer, M.S., Bhaskar, R., Collier, A., Lawson, T. and Norrie, A. (eds.) (1998)** *Critical realism: Essential readings*. London: Routledge.
- Bhaskar, R. (1978)** *A realist theory of science*. Sussex: Harvester Press.
- Bhaskar, R. (1989)** *The possibility of naturalism*. 2nd edn., Hemel Hempstead: Harvester Wheatsheaf.
- Bhaskar, R. (2007)** Theorising ontology, In C. Lawson, J. Latsis and N. Martins (Eds.) *Contributions to social ontology*, London: Routledge:192-204.
- Burrell, G. and Morgan, G. (1979)** *Sociological paradigms and organisational analysis*. London: Heinemann Educational Books.
- Cabinet Office (1999)** *Modernising Government*, White Paper, CM4310 London: The Stationery Office, available at: <http://www.nationalschool.gov.uk/policyhub/docs/modgov.pdf>
- Cable, V. (2004)** 'Evidence and UK politics', Presentation as part of a *ODI Meeting Series on 'Does Evidence Matter?'*, available at: http://www.odi.org.uk/Rapid/Meetings/Evidence/Presntation_3/Cable.html
- Chittenden, F. Kauser, S. and Poutziouris, P. (2002)** *Regulatory Burdens of Small Business: A Literature Review*, <http://www.sbs.gov.uk/content/analytical/research/Regulation-Report.pdf>
- Collier, A. (1994)** *Critical realism: An introduction to the philosophy of Roy Bhaskar*. London: Verso.
- Commission on the Social Sciences (2003)** *Great Expectations: The social sciences in Britain*, London: Commission on the Social Sciences.
- Cosh, A. and Wood, E. (1998)** 'Innovation: Scale, Objectives and Constraints', in Cosh, A. and Hughes, A. (eds) *Enterprise Britain*, Cambridge: University of Cambridge.
- Curran, J. (2000)** 'What is small business policy in the UK for? Evaluation and assessing small business policies', *International Small Business Journal*, 18: 36-50.
- Danermark, B., Ekström, M., Jakobsen, L. and Karlsson, J. (2002)** *Explaining society: Critical realism in the social sciences*. London: Routledge.

- Davies, P. (2004)** 'Is evidence-based government possible?', Jerry Lee Lecture, presented at the 4th annual Campbell Collaboration Colloquium, Washington DC., available at: <http://www.policyhub.gov.uk/home/jerryleelecture1202041.pdf>
- Etzioni, A. (1968)** *The active society: a theory of societal and political processes* New York: Free Press.
- Etzioni, A. (1993)** *The spirit of community: rights, responsibilities and the communitarian agenda*, New York: Crown Publishers.
- Fleetwood, S. and Ackroyd, S. (eds.) (2004)** *Critical realist applications in organisation and management studies*. Routledge: London.
- Grant, P. and Perren, L. (2002)** 'Small business and entrepreneurial research', *International Small Business Journal*, 20(2): 185-211.
- Grimshaw, D. and Carroll, M. (2006)** 'Adjusting the National Minimum Wage: Constraints and Incentives to Change in Six Low-Paying Sectors', *Industrial Relations Journal*, 37, 1, 22-47.
- Hanson, B. (2008)** 'Wither qualitative/quantitative?: Grounds for methodological convergence', *Quality & Quantity*, 42:97-111.
- IpsosMORI (2007)** *Businesses' Perceptions of Regulation*, report for the Better Regulation Executive, http://www.cabinetoffice.gov.uk/regulation/documents/perceptions/business_perceptions.pdf
- Leca, B. and Naccache, P. (2006)** A critical realist approach to institutional entrepreneurship, *Organization*, 13(5): 627-651.
- Kitching, J. (2006)** 'A Burden on Business? Reviewing the Evidence Base on Regulation and Small Business Performance', *Environment and Planning C: Government and Policy*, 24, 6, 799-814.
- Majone, G. (1989)** *Evidence, argument and persuasion in the policy process* Yale University Press: New Haven, CT.
- Marston, G. and Watts, R. (2003)** 'Tampering with the evidence: A critical appraisal of evidence-based policy-making', *An Australian Review of Public Affairs*, 3(3): 143-163.
- Mulgan, G. (2003)** 'Government, knowledge and the business of policy-making', *Facing the Future Conference*, Canberra, 23-24 April.
- National Audit Office (2003)** *Getting the evidence: Using research in policy making*, HC586-1, London: NAO.
- National Audit Office (NAO) (2007)** *Reducing the Cost of Complying with Regulations: The Delivery of the Administrative Burdens Reduction Programme*, 2007, http://www.nao.org.uk/publications/nao_reports/06-07/0607615.pdf
- Packwood, A. (2002)** 'Evidence-based policy: Rhetoric and reality', *Social Policy & Society*, 1(3): 267-272.
- Petts, J., Herd, A., Gerrard, S. and Horne, C. (1999)** 'The Climate and Culture of Environmental Compliance Within SMEs', *Business Strategy and the Environment*, 8, 14-30.
- Robinson, K. (2001)** *Out of our minds: Learning to be creative*, London: Capstone.
- Root-Bernstein R. and Root-Bernstein, M. (2001)** *Sparks of Genius: The 13 thinking tools*, US: Mariner Books.
- Sayer, A. (1992)** *Method in social science: A realist approach*. London: Routledge.
- SBRC, (2008)** *The impact of regulation on small business performance*, report for the Enterprise Directorate of BERR, April, available at: <http://www.berr.gov.uk/bbf/enterprise-smes/research-and-statistics/research-evaluation/globally-competitive/page38372.html>
- Small Business Service (SBS) (2006)** *Annual Survey of Small Businesses: UK 2004/5*, http://www.sbs.gov.uk/SBS_Gov_files/researchandstats/ASBS-Report.pdf
- Shaxson, L. (2005)** Is your evidence robust enough? Questions for policy makers and practitioners, *Evidence and Policy: A Journal of Research, Debate and Practice*, 1(1): 101-111, available at: <http://www.ingentaconnect.com/content/tpp/ep/2005/00000001/00000001/art00006>
- Solesbury, W. (2001)** 'Evidence based policy: Whence it came and where it's going', ESRC UK Centre for Evidence Based Policy and Practice: Working Paper 1, available at: <http://www.evidencenetwork.co.uk/Documents/wp1.pdf>
- Sternberg, R.J. (ed.) (1999)** *Handbook of Creativity*, Cambridge: Cambridge University Press.

- Vickers, I. James, P., Smallbone, D. and Baldock, R. (2005)** 'Understanding Small Firm Responses to Regulation: the Case of Workplace Health and Safety', *Policy Studies*, 26, 2, 149-169.
- Yapp, C. and Fairman, R. (2005)** 'Assessing Compliance with Food Safety Legislation in Small Businesses', *British Food Journal*, 107, 3, 150-161.
- Young, K., Ashby, D., Boaz, A. and Grayson, L. (2002)** 'Social science and the evidence-based policy movement', *Social Policy & Society*, 1(3):215-224.