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**A DIAGNOSTIC MODEL FOR CAPACITY  
BUILDING IN REGULATORY AGENCIES:  
AN EMPIRICAL STUDY BASED ON THE  
ICT SECTOR, SOUTHERN AFRICA**

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# **A DIAGNOSTIC MODEL FOR CAPACITY BUILDING IN REGULATORY AGENCIES: AN EMPIRICAL STUDY BASED ON THE ICT SECTOR, SOUTHERN AFRICA**

## **INTRODUCTION**

This paper reports a study designed to empirically test the validity of what is termed a Diagnostic Model for Capacity Building within regulatory agencies. The conceptual basis of this model was introduced in a paper at the CRC Manila Conference in October 2003 and in Eldridge (2004) but its format is now somewhat modified as a result of this study. A major contribution of the Model is the way it conceives regulation as a system with interdependent parts which incorporate three major conceptual principles:

- Regulation is an intention which results in outputs and impacts that can be monitored as to their effectiveness
- Regulation is also a process, whereby individuals cooperate to deliver flows of work that affect the well being of regulatees / stakeholders across traditional administrative / professional boundaries
- Quality outcomes in regulation depend on the effective and efficient management of people and processes.

Utilising the Model as a capacity building tool gives rise to an analysis for a regulator that allows interactions between parameters within the system to be recognised and explored qualitatively as to their contribution to the regulatory process. Thus the Model is intended to be applied in a practical way to enable regulators to explore the possibilities for performance improvement. Such an application is presented in CRC Policy Brief No. 4 (2004).

This paper concentrates on a presentation of the research aimed at justifying the form and content of the Model and proceeds through the following sections:

- Form of the Model and its conceptual justification
- Description of the main components of the Model and their connection with the management of regulation

- Design of the research study and its regional / organisation context
- Research methodology
- Data analysis
- Discussion of findings
- Concluding remarks on the value and use of the Model

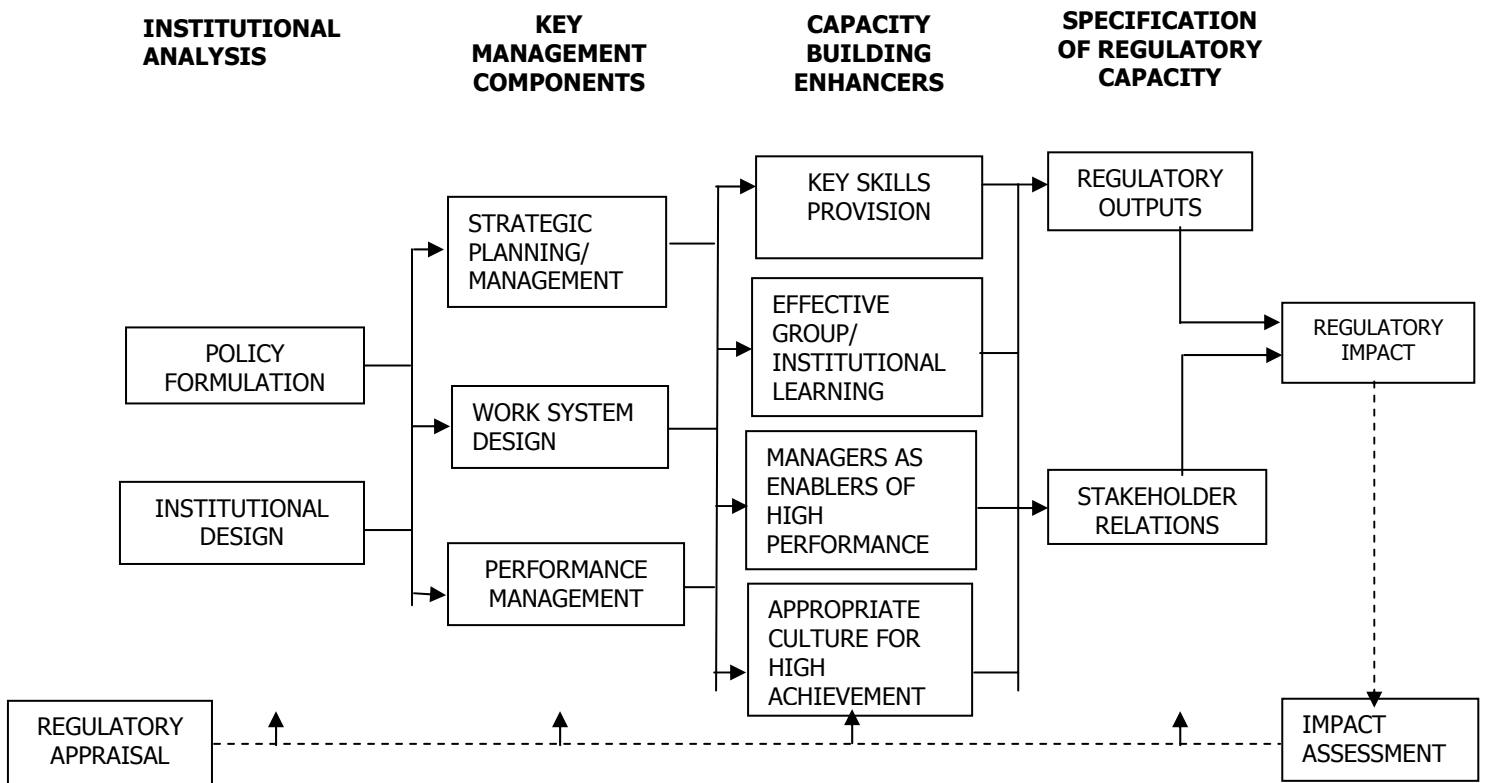
### **FORM OF THE MODEL AND ITS CONCEPTUAL JUSTIFICATION**

The Model, shown in Figure 1, provides a systemic framework (Beer, 1985) to demonstrate how intervening parameters affect the progress of regulation from its inception to delivery and subsequent evaluation. Models of this type are common within management literature and provide a means by which the main forces for and against organisational change can be identified along lines suggested by Pollitt and Bouckaert (2000, p.21). If it is possible to visualise the management of regulation in this way then a systemic understanding can give rise to actions that are coordinated and consistent in improving performance and less randomly chosen (Asch and Bowman, 1989, p.404). Of particular importance is the Model's ability to describe how actions embodied in the management components may support or inhibit capacity building as represented in four variables, namely:

- Key skills provision
- Effective group / institutional learning
- Managers as enablers of high performance
- Appropriate culture for high achievement

The research has been designed to verify the existence of the link between the management components and capacity building and to give rise to a practical realisation for improving internal practices which result in quality in the regulatory process and the "embeddedness of regulatory institutions (Stirton and Lodge, 2002; Mehta, 2002).

**Figure 1: The Diagnostic Model for Capacity Building**



**DESCRIPTION OF THE MAIN COMPONENTS OF THE MODEL AND THEIR CONNECTION WITH THE MANAGEMENT OF REGULATION**

Three main components common in the management literature are introduced to give substance to the idea that if a regulatory agency is established, and it is not just a small unit of say less than fifteen to twenty persons, then the process of regulation, is indeed a managed process (Eldridge, 2002). How these components are significant for regulation is shown in Table 1 which links each component with its respective underlying information source.

**Table 1: Key Organisation and Management Components in a Regulatory Agency**

Component	Likely source for information vital to component function (aims and content)
Strategic planning / management	<ul style="list-style-type: none"> <li>• The stated political aims of regulation</li> <li>• Legislation, including definition of the 'regulatory space' for intervention</li> <li>• Evaluation of previous regulatory practices in the sector concerned</li> </ul>

	<ul style="list-style-type: none"> <li>• Political climate for regulation including degree of emphasis on pro-poor provision</li> <li>• Views of key stakeholders including those of consumers</li> <li>• Financial / market performance of major private companies in sector</li> <li>• The type of relations expected between the regulatory agency and key stakeholders</li> <li>• Conditions under which 'regulatory capture' can be avoided</li> </ul>
Work system design	<ul style="list-style-type: none"> <li>• Nature and scope of the regulatory system implied by legislation and political objectives</li> <li>• Identification of supplier / client relationships in the regulatory system</li> <li>• Views of key stakeholders</li> <li>• Interpretation of key effectiveness criteria in regulation</li> </ul>
Performance management	<ul style="list-style-type: none"> <li>• Definition of the above components <ul style="list-style-type: none"> <li>- strategic business plan</li> <li>- system development needs (regulatory system)</li> </ul> </li> <li>• Choice of management inputs <ul style="list-style-type: none"> <li>- managerial style</li> <li>- culture</li> <li>- feedback mechanisms for increasing effectiveness</li> </ul> </li> <li>• Knowledge of current skills and potential of the workforce</li> <li>• Views of staff and other stakeholders, such as human resource specialists</li> </ul>

The importance of strategic planning / management to regulation is demonstrated by the existence of a political / administrative interface that has to be carefully mediated by regulators in the interest of a number of stakeholders (Aryeetey, 2002). Avoidance of "political capture" (Knight-John, 2002) is a prime consideration as regulators struggle to rationalise the translation of regulatory intention, as mandated by legislation and/or "political direction", into policies and programmes of action. Regulators require skills in this process that can resolve conflict arising from different opinions on the philosophy, ends, means and timing of regulation (Carino, 2002). Mintzberg (1994) sees managers in these circumstances only being able to move forward by taking on board insights from key stakeholders which broaden the consideration of issues and invoke a learning process. Justification of inclusion of this component in the Model also rests on the proposition by Bryson (1995) that sees strategic planning as a means of translating the political decision

making model into consensual agreements on the design of policies and programmes of action.

A systemic understanding of work processes, driven by strategic intention, gives rise in the words of Deming (1994, p.61) to the "real organisation chart" that in the case of regulation enables staff members to interrelate more effectively in the interest of achieving quality outcomes. Such interrelationships are also able to stimulate a learning climate that furthers progress on specific elements of regulation and builds knowledge vital for system functioning and improvement amongst those involved. Achieving this type of learning synergy involving knowledge and associated actions is at the heart of consistency within regulation and contributes to an enhanced awareness of transparency (Minogue, 2004).

Central to the achievement of quality outcomes for regulation are the skills and attitudes that staff in an agency can bring to bear on the complexity of processes. Without sufficient attention to the human dimension regulators cannot expect to bring their organisations to a peak of effectiveness. Hence the need for a sound system of performance management, whose form is influenced by the strategic planning / management and work system design features adopted as appropriate for the type of regulation in question. Choice on the form of a performance management system adopted also rests to some extent with a regulator, dependent on her/his preferred managerial style, the type of internal culture promoted, the extent of team working to be encouraged and the degree to which staff members are to be empowered as individuals and in teams in securing effective processes of regulation. Approaches are likely to reflect good governance measures already applicable to the public sector in a specific context (Minogue, 2003) and compass these types of question:

- How far is appraisal of performance related to what people are expected to achieve rather than on the behavioural attributes they possess?
- Should there be a recognition that the development of staff is very much linked to the task demands they face and the nature of the systems they operate in, rather than purely to their own specified career choices?
- How far is there to be a consideration of the fact that no one individual is likely to be responsible for the quality of what is being achieved, and that performance has to be undertaken and reviewed as a joint responsibility amongst the relevant staff?

- Is it possible that any formal written appraisal and subsequent discussion is always based on regular and informal reviews of the progress in a prior period?

Organisations will evolve the form of the management components according to their own needs and circumstances but their formation is always likely to be an interrelated process to ensure a congruency of efforts in respect of regulatory intention, actions, and outcomes and their evaluation. The major concern of the Diagnostic Model is the potential to achieve a cohesiveness of the management components within capacity building efforts, and the possibility of this is a main concern of the research project.

## **DESIGN OF THE RESEARCH STUDY AND ITS REGIONAL / ORGANISATION CONTEXT**

Specifically the research is designed to understand:

- Whether the management components identified in the Model are operative within the survey organisations
- How these management components activate capacity building as represented by the four enhancers of the Model
- If the overall form of the Model offers a viable representation of the management of regulation within the organisations

The ten organisations subject to the research are ICT regulatory agencies of member states in the Southern Africa Development Community (SADC). They are also members of the Telecommunications Regulators' Association of Southern Africa (TRASA) who facilitated much of the access to relevant people for the purposes of data collection by interview, questionnaire and workshop participation. The organisations represented in the research are in Botswana, Lesotho, Malawi, Mozambique, Namibia, Seychelles, South Africa, Tanzania, Zambia and Zimbabwe. All have their origins in the last ten years in response to privatisation and liberalisation within the telecommunications sector which as a result has seen the entry of new service providers particularly with the growth of the mobile market. Seven of the organisations are the result of legislation for the sector within their respective countries which has resulted in independent public bodies headed by chief executives. While most stand as independent entities outside of the mainstream public service, controlling ministries have a role in their conduct which in the case of three agencies has led to a blurring of the lines of accountability. The impact of technology within the sector has

also led to the redesignation of three agencies in recent years to include broadcasting as an integral part of their affairs. Other agencies are likely to have to consider this change within coming years.

Most of the agencies are subject to the influence of some form of advisory board usually appointed through the relevant ministry and usually giving a brief to a wider group of stakeholders to influence internal affairs. Boards also ensure that organisational and management matters are subject to scrutiny as to their efficacy in supporting regulatory outcomes. While most of these boards apparently fulfil their expected roles well and advise from "outside" with part time members, for one survey organisation the board is appointed on a full time basis. Some evidence suggests that for this exceptional situation decision making is potentially problematic for the chief executive and senior personnel due to the "top heavy" nature of the organisation and what is seen by many senior personnel as undue interference from board members.

Staffing of key skills in most of the ten agencies has been difficult at one time or another in the last five years. While for most of the agencies remuneration packages for professional and technical staff have been advantageous as compared to the mainstream public sector, there has been a constant problem to retain vitally needed staff. On the whole the agencies attract very good candidates but in many cases fail to keep them with many departing to work for the service providers. In one organisation virtually all key professional service resigned in a one year period while this research was proceeding.

Chief executives appointed to the agencies have usually had sound careers within the public sector or other large organisations. While they usually bring sound managerial competence it is apparent that the decision making styles in some organisations result in able senior personnel being excluded from strategic decision making. Such styles also create an internal culture that may not be generally an inducement to high organisational performance.

Being members of TRASA since its formation all of the ten organisations represented in the research have engaged in an extensive regional exchange of views, particularly on technical matters, resulting in the furtherance of ICT progress within SADC. Chief executives have also regularly shared opinions and other senior personnel responsible for human resource development have collaborated in workshops to assist in the building of their respective



organisations. This climate of cooperation has furthered access to the ten organisations and enabled the range of methodologies adopted for this research to be reasonably successful in implementation and outcome. No significant barriers to access or to obtaining relevant information were encountered by the authors apart from the usual slow responses on requested data found generally in research projects of this type. Indeed all chief executives and senior staff were highly cooperative and open in expressing their views and in providing key information.

## **INFORMATION GATHERING METHODOLOGIES**

Varying approaches were taken to understand:

- The degree of regulatory effectiveness being achieved in the survey organisations
- The key factors in building regulatory effectiveness in the organisations concerned, referred to as the capacity building enhancers
- The nature of the underlying management initiatives that would activate the capacity building enhancers to a sufficient degree for regulatory effectiveness

Information was gathered from a range of regulators as follows:

- Chief executives and other senior personnel of the agencies on an individual basis and usually within their own location or in regional meetings (20 in number)
- Senior officials of the relevant overseeing ministries usually in their own location (18 in number)
- Key informants considered expert on the ICT sector with a deep knowledge of the organisations, through either consultancy / donor advice inputs or employment within the sector, on an ad hoc basis according to location at the time of the study (12 in number)
- Members of the workshops referred to below (28 in number)

One important consideration prior to any investigation of how well management actions supported capacity building was establishing a measure of the degree of regulatory effectiveness being achieved in each of the survey organisations. It was important for the purposes of the research that the Diagnostic Model should be verified in a situation where organisational effectiveness was being achieved. To do this the majority of the respondents in the research were asked to measure on a four point scale the degree of effectiveness being achieved in the organisation(s) they had an interest in according to the criteria listed in Table 2.

**Table 2: Criteria Utilised to Establish Degree of Regulatory Effectiveness Achieved**

- Legal powers of the agency clearly defined and enacted
- Clearly defined roles for the agency vis a vis parent ministry
- Clearly defined roles for the agency vis a vis sector suppliers (the regulated enterprises)
- Clearly defined roles for the agency vis a vis consumers

Note, this is a somewhat limited list as against wider measures of regulatory effectiveness as, for instance, listed in Eldridge (2003), but in the absence of a full regulatory impact assessment for the survey organisations it was difficult to move beyond interpretations of current legal and administrative conditions which are more easily reportable. However, comments were made in many interviews and questionnaires that suggested that some of the wider impacts expected within the ICT sector are being experienced, e.g. licensing incentives for wider penetration.

The degree / quality to which capacity building enhancers and the associated management practices, as portrayed in Figure 1, were present in the survey organisations was established through a number of methodologies:

- Three workshops involving between three or four senior professionals from each of the organisations
- Interviews with chief executives and other senior professionals of all the organisations
- A questionnaire survey of senior personnel within the ICT sector in the country / region with an interest in regulation
- Interviews with consultants directly involved in assisting the organisations towards effective performance

The workshops included senior staff from the ten organisations who were mainly concerned with organisational and human resource development. The first workshop had as its main aim the creation of understanding on how to build internal capacity through an analytical dialogue and the preparation of action plans for improvement to which all participants were committed. Second and third workshops after periods of six and sixteen months respectively allowed a reporting back on the progress made in the action plans and discussion in general

on capacity building methodologies. Diagnostic techniques applied in the workshops produced many views that coalesced around the possibility of improvement through the capacity building enhancers that would need to be supported by management actions. Techniques used generated views on the performance of each organisation and comparisons between them in respect of capacity building initiatives. This feature was necessary in order that each organisation could gain ideas from others and from the research perspective a picture of similarities and differences in practice built up. The following methodologies were applied in the workshops:

- SWOT analysis for each organisation (giving rise to debate on the quality of strategic planning)
- Hierarchic task analysis on the job of each participant to allow an assessment of the respective design of work systems for which they held responsibility
- The production of questions from each organisation which when answered would allow an assessment of the quality of performance management which it was achieving (these were discussed by a group of participants experienced in the topic so increasing the understanding of the role of performance management)
- An analysis of skill deficiencies in each organisation and a related diagnosis of the respective training and learning systems (the latter conducted as a consultancy exercise led by a small group of participants experienced in the area).
- A cultural diagnosis of each organisation to assess current values and associated management styles with personal / group views established on the shift necessary in organisations if effectiveness was to be increased
- A force field analysis for each organisation, and on a comparative basis, to look at the forces operative for change and the constraints faced in moving forward with capacity building

All the above information was collected in written form in terms of records of sessions, participants views recorded on flip chart paper and completed pre prepared proforma designed to assess the group in knowledge and understanding related to workshop aims. As the workshops progressed written records were made available to all participants to enable comparative dialogues to take place to feed ideas for either the preparation of the action plans (first workshop) or the review of their progress (second and third workshops). The action planning process itself produced further documented evidence in both the planning and review stages of how management processes support capacity building.

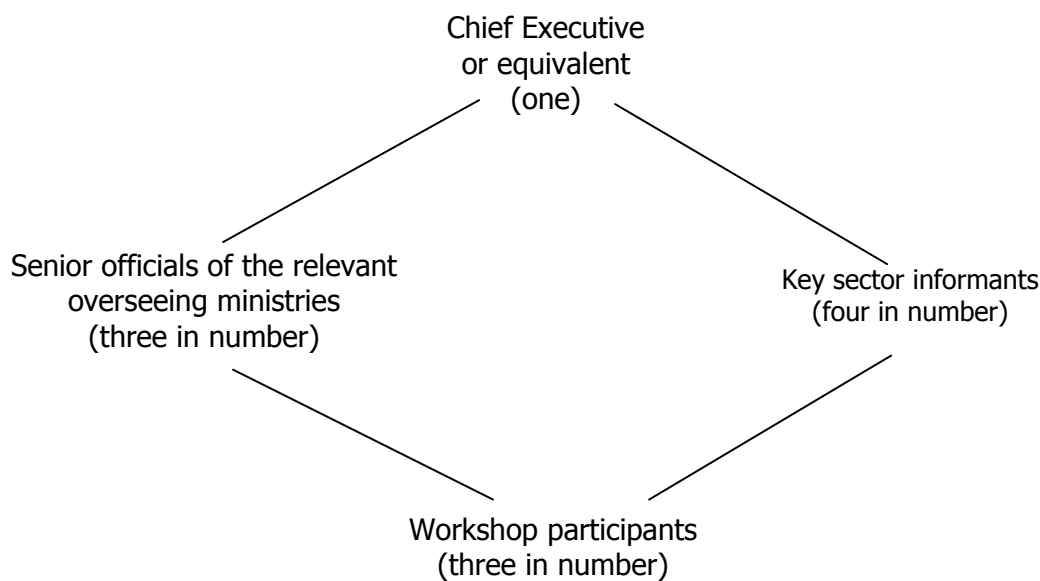
The multifarious perspectives produced by the sequence of methodologies enabled a comprehensive picture to be built of the connection between management processes and capacity building. In particular, a provisional picture of the interrelationship arising from data collection and analysis in the first workshop was utilised to identify how further information could be derived from the second workshop.

## DATA ANALYSIS

### Regulatory Effectiveness

Regulatory effectiveness in each of the survey organisations is said to be present if three or four of the criteria in Table 2 are rated "high" or "medium" by its respective respondents. To achieve a result in this respect required a triangulation of data from respondents reporting on the same organisation, typically along the following lines depicting one of the organisations shown in Figure 2.

**Figure 2: Example of Triangulation of Data for One of the Survey Organisations to Establish the Extent of Regulatory Effectiveness**



Thus it was possible to disaggregate the organisations surveyed into two groups considered effective and non effective. It has to be said that this is a somewhat crude separation given a possible continuum of progress of organisations, some only established in recent years, towards becoming effective in their domain of influence. However, it enables in a simplified way a connection to be made between degree of effectiveness and the force of the capacity building enhancers and their underlying management components.

Of the ten organisations surveyed eight were considered effective on the basis of the criteria adopted. The two not measured as effective had major issues related to their legal enactment, organisational structures or senior staffing, and of the ten are two of the most recent bodies set up. They were therefore excluded from the next part of the analysis which proceeded on the basis of the eight remaining agencies.

### **The Capacity Building Enhancers and Underlying Management Components**

An analytical record based on the format of the diagnostic model was prepared for each organisation bringing together data from the various sources, so that organisational experiences could be classified according to links in the model, e.g. whether recognition of skill development needs takes place within performance appraisal. Examination of the analytical records enabled a view to be taken on the way that management components were supporting the development and implementation of the capacity building enhancers for each of the organisations.

Given that none of the organisations were optimum in their performance and that weaknesses were being identified and rectified, very much as part of "growing pains" of the regulatory process, information was drawn out on current deficiencies. These deficiencies were classified according to the operative influence of capacity building measures undertaken, classified as:-

- Key skills provision
- Effective group learning
- Managers as enablers of high performance
- Appropriate culture for achievement

For each of these four sets of deficiencies a link was identified to the management components of the Model. What the organisation was planning or doing to rectify deficiencies through actions was summarised from the raw research data and classified under the management components of strategic planning, work system design and performance management. These were listed as "good practice" measures. "Good practice" refers to the ability of each of the organisations to identify measures appropriate to its own needs and circumstances and not imposed, for instance, from the general pool of "best practice" contained in management textbooks. Each of the organisations was finding its own way towards a level of performance by choosing actions appropriate to its own

Specification of Regulatory Capacity that it had set for itself and the primacy of this process was reflected in the information collected from the various sources. The analysis is shown in aggregated form for eight of the organisations in Table 3. As previously mentioned two of the ten organisations were excluded from the analysis on the basis it was difficult to make the connection from the data collected between actions under the management components and a strengthening of the capacity building enhancers, as reflected in the failure of the organisations concerned to pass the effectiveness test as described in the first part of the research analysis.

**Table 3: The Link Between Needed Capacity Building and the Measures Adopted to Achieve Them**

<b>KEY SKILLS PROVISION</b>	
<b>Deficiencies recognised</b>	<b>Adopted "good practice" measures as related to the management components</b>
<ul style="list-style-type: none"> <li>• No strategic approach for forecasting and resourcing key skills in future periods.</li> <li>• Lack of correlation between senior management's priorities and requirements established by the human resource department.</li> <li>• Training needs not adequately defined so unfocused training undertaken.</li> <li>• Lack of a performance management system means no review undertaken of learning needs and how to address them.</li> <li>• Outside training undertaken for personal rather than organisational needs.</li> <li>• Biased approach to the selection of staff for training reflecting seniority, gender and affiliations.</li> <li>• Reliance on outside training when in-house learning events or attachments would suffice.</li> <li>• Expensive technical training overseas supported which is not really affordable.</li> <li>• Local training providers not optimally used.</li> <li>• No database available to list skills resourced through training.</li> </ul>	<ul style="list-style-type: none"> <li>• Strategic human resource development strategies and plans drawn up directly in relation to overall strategies</li> <li>• Strategic planning used as a coordinating influence on what work units do and how they develop.</li> <li>• Chief Executive "drives" the strategic planning process which leads to a focus on learning needs for the organisation.</li> <li>• Robust human resources department set up to enable a fully professional approach in training.</li> <li>• Training is based both on projected skills deficiencies as well as learning needs currently arising amongst staff.</li> <li>• Reviews of performance include an assessment of learning needs and how they might be met.</li> <li>• Training plans are fully budgeted for within the financial projections.</li> <li>• A recognition that all training should be evaluated to assess the extent to which learning acquired is applied in the workplace.</li> <li>• An ability to draw upon regional expertise and resources when investigating learning needs and matching them with training resources available.</li> </ul>

<b>EFFECTIVE GROUP LEARNING</b>	
<b>Deficiencies recognised</b>	<b>Adopted "good practice" measures as related to the management components</b>
<ul style="list-style-type: none"> <li>• Poor internal communication on the progression of work.</li> <li>• Too much "informality" affecting consistency of work procedures.</li> <li>• Staff experience limited autonomy in what they do and are unable to discuss problems arising .</li> <li>• Teamwork is just "mouthed" with limited actual practice.</li> <li>• More emphasis is required on the processes of work as against the results required.</li> <li>• No staff meetings are organised to discuss work issues arising.</li> <li>• The absence of a performance management system means there is no focus on required learning needs and how these may be met.</li> </ul>	<ul style="list-style-type: none"> <li>• Job analysis used to generate relevant job descriptions and to focus on learning needs.</li> <li>• Decentralised approaches used to harmonise work flows, enhance collaboration between units and build up team spirit.</li> <li>• Understanding established amongst staff of the need for deliverable service to the public through team effort.</li> <li>• An action plan approach utilised based on staff feedback and a performance tracking exercise.</li> <li>• Staff meet twice annually away from their jobs to review objectives and address problems arising.</li> </ul>
<b>MANAGERS AS ENABLERS OF HIGH PERFORMANCE</b>	
<b>Deficiencies recognised</b>	<b>Adopted "good practice" measures as related to the management components</b>
<ul style="list-style-type: none"> <li>• Unpredictability of political appointments which affect the strategic planning process and leadership style.</li> <li>• Failure to sensitise stakeholders to actively participate in consultative meetings to generate critical feedback for the regulator and government.</li> <li>• Outputs of the strategic planning process are "not strategic" but purely current needs focused and passive.</li> <li>• The current staff attitude towards customers (internal and external) is not right.</li> <li>• Senior and well qualified staff not included in strategic decision making.</li> <li>• "Firefighting" prevails and not "fire prevention".</li> <li>• Involvement of full time board members has confused management efforts.</li> </ul>	<ul style="list-style-type: none"> <li>• Sound strategic planning has been nurtured by a conducive "policy environment".</li> <li>• The value of strategic planning as a coordinating influence on what work units do recognised and acted upon.</li> <li>• The regulator recognises that the organisation is different to the public sector and value is given to accumulated experience amongst staff.</li> <li>• In one department managers meet twice a year to review progress on objectives and set new ones.</li> <li>• Steps have been taken to introduce a performance management system that will focus on key needs of the regulatory process.</li> <li>• A performance management system is in operation but will be further developed to focus on career development and succession.</li> <li>• The regulator's management style has encouraged recognition of each others' efforts and generated respect in the workforce.</li> </ul>

<b>APPROPRIATE CULTURE FOR ACHIEVEMENT</b>	
<b>Deficiencies recognised</b>	<b>Adopted "good practice" measures as related to the management components</b>
<ul style="list-style-type: none"> <li>• Remnants of the "old public sector culture" still around which impede performance.</li> <li>• Staff identify more with their professions than with the organisation as a whole.</li> <li>• Lack of awareness of the external environment and the need to have a capacity to respond to changes in it.</li> <li>• Staff unable to talk about problems and conflicts.</li> <li>• Senior manager unable to receive criticism.</li> </ul>	<ul style="list-style-type: none"> <li>• The regulator recognises that the organisation is different to the public sector and value is given to the accumulated experience of staff.</li> <li>• A culture of innovation with decisions based on risk assessment is seen to be important by the regulator.</li> <li>• The new performance management system emphasises values required in the organisation as well as ways of improving effectiveness.</li> </ul>

## **DISCUSSION OF FINDINGS**

The study has indicated that the central hypothesis that strategic planning / management, work system design methodologies and performance management are important in the development of regulatory agencies, and that they are required areas of action to further capacity building, has been proven correct. However, the original conceptual model for capacity building (Eldridge, 2004) has been amended as a result of the issues and organisational responses listed in Table 3 and the associated discussions with respondents. The primary change is in the definition of the capacity building enhancers which categorise the responses to the issues. These have been redefined as indicated in Table 4.

**Table 4: The Identification of the Capacity Building Enhancers**

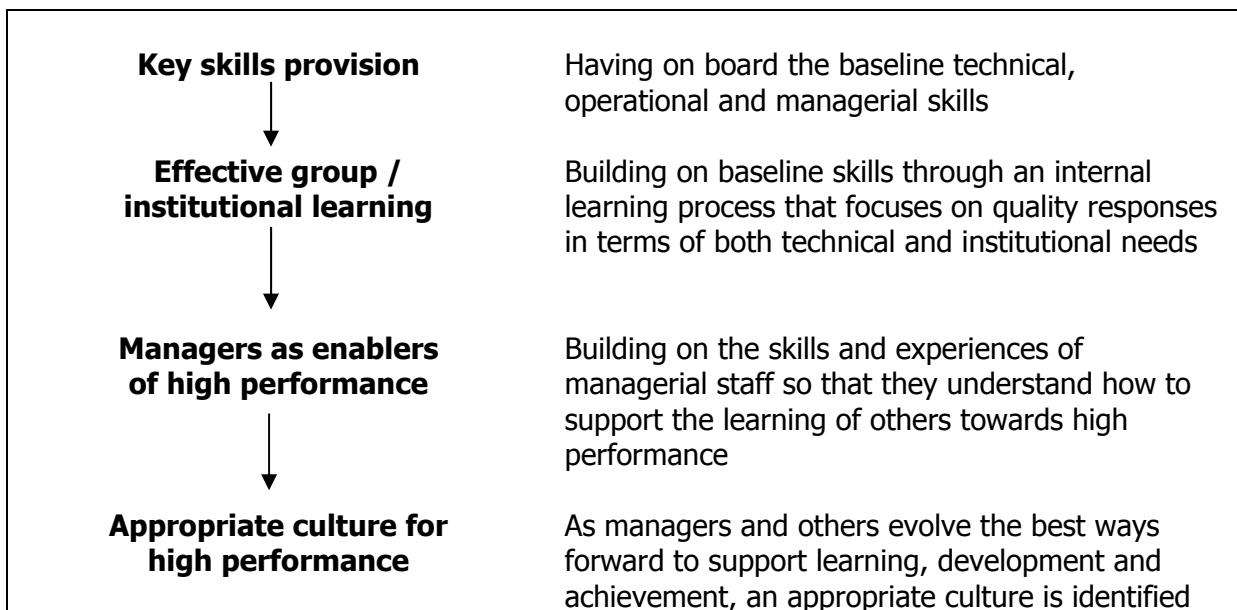
<b>As originally conceived</b>	<b>As a result of the study</b>
<ul style="list-style-type: none"> <li>(a) Adequate staff resourcing and development</li> <li>(b) Individual, team and organisational learning capabilities</li> <li>(c) Owned accountability and transparency components</li> </ul>	<ul style="list-style-type: none"> <li>(d) Key skills provision</li> <li>(e) Effective group / institutional learning</li> <li>(f) Managers as enablers of high performance</li> <li>(g) Appropriate culture for high achievement</li> </ul>

While the transition of (a) and (b) to (d) and (e) respectively in Table 4 represent to a large extent a redefinition of focus, (c) has evolved into areas of action and responsibility subsumed in (f) and (g). Both "managers as enablers of high performance" and



“organisation culture” underpin the degree of accountability and transparency desired in a Specification of Regulatory Capacity (see Figure 1), e.g. what form does “transparency” take in the intended experience of recipients of the regulatory process. The results of the research summarised in Table 4 not only confirm the validity of the inclusion of (d), (e), (f) and (g) in the Model but also suggest a sequencing of capacity building effects which are shown in Table 5. Thus a failure to recruit and develop needed baseline skills for an organisation may inhibit appropriate developments in the other three enhancers.

**Table 5: The Interconnection of the Capacity Building Enhancers**



Turning now to the Diagnostic Model as a whole, what do the research results imply. First of all the survey organisations all utilise actions that can be defined under the Management Components listed. They all recognise capacity building as being influenced by actions in the areas defined and recognise consequences that can be categorised according to the Capacity Building Enhancers defined for this study. As a result the “heart” of the Diagnostic Model can be said to offer an explanation of how regulation is managed and enhanced. The “peripheral” elements of the Model namely Institutional Analysis, Institutional Design and the Specification of Regulatory Capacity also represent activities that all organisations have undertaken (Goulden, 2001), as clearly recorded in interviews and questionnaires utilised in the research. The Diagnostic Model is therefore confirmed as a viable conceptual explanation of how regulation is furthered from intention to outcome. The only element that is portrayed in the Model but is apparently absent from the practice of the ten

organisations is Regulatory Impact Assessment, which in many respects is in its infancy as a viable methodology in most countries and sectors.

### **Concluding Remarks on the Value and Use of the Model**

While confirmation is now established of the usefulness of the Diagnostic Model for capacity building within the ICT agencies included in the study (apart from two excluded on the basis of inadequate internal development and lack of effectiveness), the question arises as to its possible wider use, particularly for agencies outside the regional context of the study and in other sectors. A number of developments can be cited to suggest the possibility of a wider use of the Model for capacity building activities, as follows:

- Outside of this particular study interviews have been held with a number of senior regulatory staff across all sectors in a range of developing countries, and evidence gathered to suggest the Model represents a viable framework for analysis and action.
- Very experienced international consultants have incorporated the Diagnostic Model within their own portfolio of analytical methods appropriate for regulatory bodies.
- The Diagnostic Model has been presented at numerous conferences, seminars, workshops and gatherings of key people concerned with capacity building in regulatory agencies and their response has been a positive one at both the conceptual and action orientated levels.

On the basis of this cross relationship between the empirical findings and evidence drawn from elsewhere it is possible, we believe, to recommend the inclusion of the Diagnostic Model in capacity building deliberations outside of the ICT sector represented by the survey organisations. We feel reasonable safe in this respect as the Model is not presented as a “best practice” one, i.e. things should be done this way. It is presented as an approach designed to stimulate the identification of questions on what might constitute “good practice” for any regulatory body. “Good practice” represents a situation in which regulatory and associated management practices reflect:

- Context: what are the political, legal and administrative inheritances that influence the ability to regulate?

- Experience: what has been the experience to date in the enactment management of regulation?
- Culture: what overriding values govern the way people think and act both as deliverers and recipients of regulation?

These are broad points that obviously break down into more detailed questions which, when answered, guide the development of “good practice” for a regulator. Such discussion encompasses the use of the Model whose overall purpose is to stimulate understandings and activities to improve performance. Thus at one level as both a visual representation and description it can be introduced into workshops involving regulatory staff to induce thinking on the key capacity building issues faced. In this respect it represents a “thinking tool” to pose whether the variables (management components and capacity building enhancers) included in the model are identifiable in the agency concerned along the lines of:

- What form do the key variables take?
- To what extent do they interact with one another within management processes?
- What is the quality of the interactions if they are vital in achieving high performance?
- What actions are necessary to improve capacity building through new/enhanced managerial actions?

Through such a process in a workshop, for instance, a regulator can achieve a more sophisticated picture of the situation in which an agency finds itself and be able to describe this. Thus the introduction of the model involves language build in terms of the management and organisational concepts described and moves the regulator to the primary question “how can the management of regulation be improved – what is “better” in this respect? Absence of any part of the model in the reality of the organisation is not a fault in itself but a stimulation to further discussion to discover why this is so. Such an approach seeks “critical adaptation” early in the discussion amongst the regulator and others concerned to ensure the consequences of “imported” practices are analysed as to their usefulness to the country / organisational circumstances faced (Minogue, 2002). Examples of the types of question likely to be stimulated by the Model are shown in Table 6.

**Table 6: Primary Questions Arising in the Diagnostic Model**

<p><u>INSTITUTIONAL ANALYSIS / DESIGN</u></p> <p>POLICY FORMULATION</p> <p>ORGANISATION DIAGNOSIS</p> <p>REGULATORY DESIGN</p> <p>ORGANISATION DESIGN</p>	<p>What strategic intentions and legal enactments give rise to the regulator’s work?</p> <p>What are the current strengths / weaknesses of the regulatory agency?</p> <p>What are the key features of the regulatory system and its decision making needs?</p> <p>What do the key features of the regulatory system imply for organisation and management in the agency?</p>
<p><u>KEY ORGANISATION COMPONENTS</u></p> <p>STRATEGIC PLANNING</p> <p>WORK SYSTEM DESIGN</p> <p>PERFORMANCE MANAGEMENT</p>	<p>What are the specific purposes of regulation and outputs expected?</p> <p>What are the key work processes to achieve the desired regulatory outcomes?</p> <p>What management processes enable the purposes and processes of regulation to proceed?</p>
<p><u>CRITICAL CAPACITY BUILDING ENHANCERS</u></p> <p>KEY SKILLS PROVISION</p> <p>EFFECTIVE GROUP / INSTITUTIONAL LEARNING</p> <p>MANAGERS AS ENABLERS OF HIGH PERFORMANCE</p> <p>APPROPRIATE CULTURE</p>	<p>How can staff resourcing and development be geared to priority needs?</p> <p>How can individual, team and organisational learning capabilities be enhanced for effective and efficient regulation?</p> <p>How can managers best support the quest for achievement through the learning and development of staff?</p> <p>How is an appropriate organisation culture created for high performance?</p>
<p><u>SPECIFICATION OF REGULATORY CAPACITY (IMPACTS)</u></p>	<p><u>Structural factors</u></p> <p>What is planned in terms of the impact on recipients / stakeholders in terms of:</p> <ul style="list-style-type: none"> <li>• the system of regulation</li> <li>• its outputs and delivery</li> <li>• competences displayed</li> <li>• quality of information provided?</li> <li>• who is accountable for what?</li> </ul>

	<p><u>Cultural factors</u></p> <p>What is the intended experience of recipients / stakeholders in terms of how regulation is perceived vis a vis:</p> <ul style="list-style-type: none"><li>• values promoted</li><li>• sensitivity to the interests involved</li><li>• quality of communication channels</li><li>• transparency of operations?</li></ul>
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The use of the management components is more fully explored in CRC Policy Brief No. 4 (2004).

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