

Application of Action Research Methodology in Developing a Framework for Identifying Unnecessary Regulatory Burdens on Business

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Abstract: This paper describes the research work undertaken by the authors in applying Action Research methodology in developing a framework for identifying unnecessary regulatory burdens on business. Action research has been extensively used in education and healthcare research. To date, no publication on using the action research on improving regulatory review process has been published. The importance of reducing unnecessary regulatory burdens on business is extremely important. The reduction could result in business saving millions of dollars in regulatory compliance cost. In fact, regulators who enforcing and administering the regulations could save their operating cost and allocating their resources to higher value added tasks. This paper describe the action research model employed. Subsequently it will share the findings on the research conducted with a government agency.

Keywords: Action Research, Unnecessary Regulatory Burdens, Regulatory Review

1. Introduction

A research framework as illustrated by Saunders, Lewis and Thornhill (2012) is shown in Figure 3.1. Based on the framework, the researcher summarises his research design as follows:

- 1) Research philosophy: Interpretivism;
- 2) Research approach: Induction;
- 3) Research methodological choice: Mono method qualitative;
- 4) Research strategy: Action research;
- 5) Time horizon: Cross-sectional; and
- 6) Techniques and procedures: A number of techniques including interviews, focus group discussions and literature review.

Creswell (2013) has provided the description of procedures and challenges to conducting the five research traditions.

Saunders, Lewis and Thornhill (2012) mentioned action research (AR) as another option. AR is an iterative process of inquiry that is designed to develop solutions to real organisational problems through the participation and collaboration approach. It uses various forms of knowledge that will have implications for the participants and organisation after the completion of the project. The research has chosen the action research where a number of interactive process is expected to be carried out. The output of the research is a real world solution tom improved organization practices, thus requiring staff participation and collaboration.

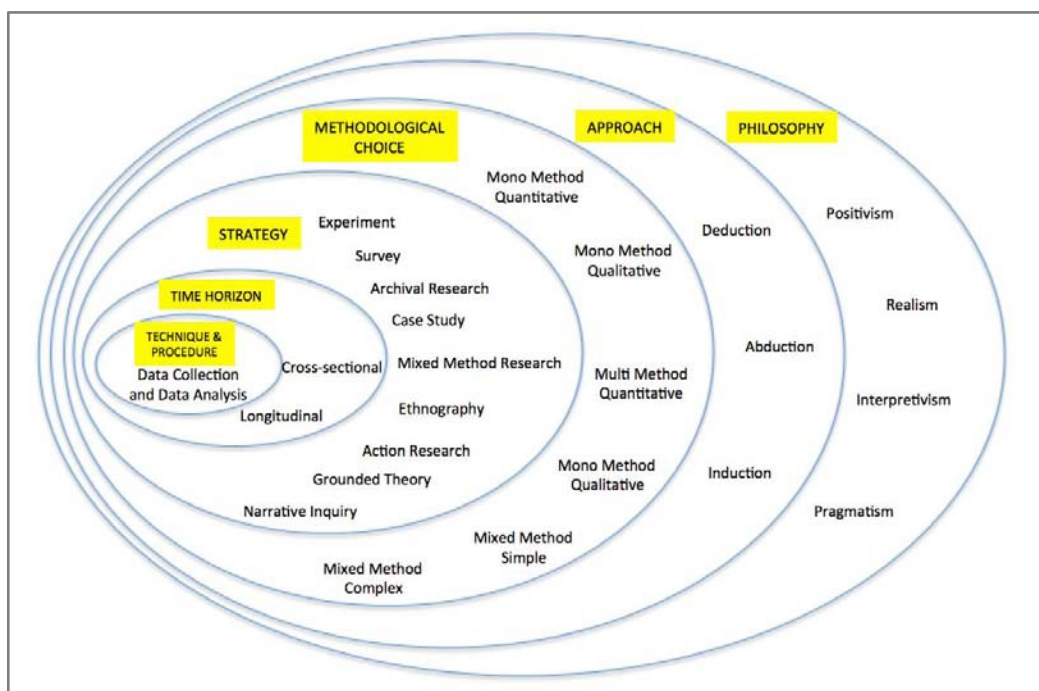


Figure 3.1: Research framework
Source: adapted from Saunder *et al.* (2012)

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2. Research Strategy: Action Research

Many literatures suggest Kurt Lewin as the pioneer in AR works (Kemmis & McTaggart, 1990; Zuber-Skerrit, 1992; Holter & Schwartz- Barcott, 1993; Reason, 2001). Lewin's central AR idea is "studying things through changing them and seeing the effect" (Sandford, 1970).

AR uses several cycles of investigation to reveal the solutions to problems in a particular situation and localised settings (Stringer, 2014). An AR sequence constitutes diagnosing, action planning, action taking, evaluating and specifying learning (Figure 3.2). AR is a collaborative approach to an inquiry. It enables people to perform a systematic action to resolve specific problems. In short, AR is "learning by doing". Dick (2000a, 2000b) is an excellent on-line reference for AR.

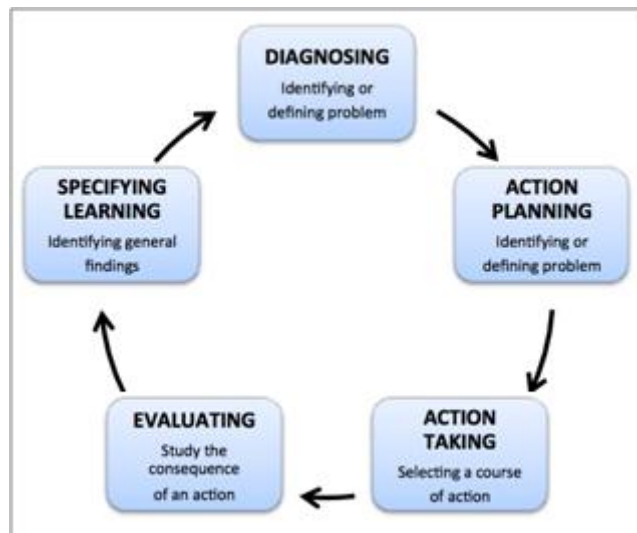


Figure 3.2: Detailed Action Research Model
Source: adapted from Sussman (1983)

2.1 Rationale of the action research as the research strategy

AR is suitable for postgraduate research work (Phillips, 2014). Perry and Zuber-Skerrit (1991, 1992); Zuber-Skerrit(2002) have produced the guidelines for AR for postgraduate research. They also included a discussion on the thesis writing for AR based research.

Dick (1998) has described how AR could be used and reported for a dissertation. The candidate's independent thesis research and writing comprise of four main phases, which are planning the thesis, acting in the fieldwork, observing and evaluating the fieldwork and reflecting on the results of the fieldwork in the light of the literatures and the researcher's theoretical framework. This reflection should lead to the argument and contribution of the thesis to the knowledge in the field.

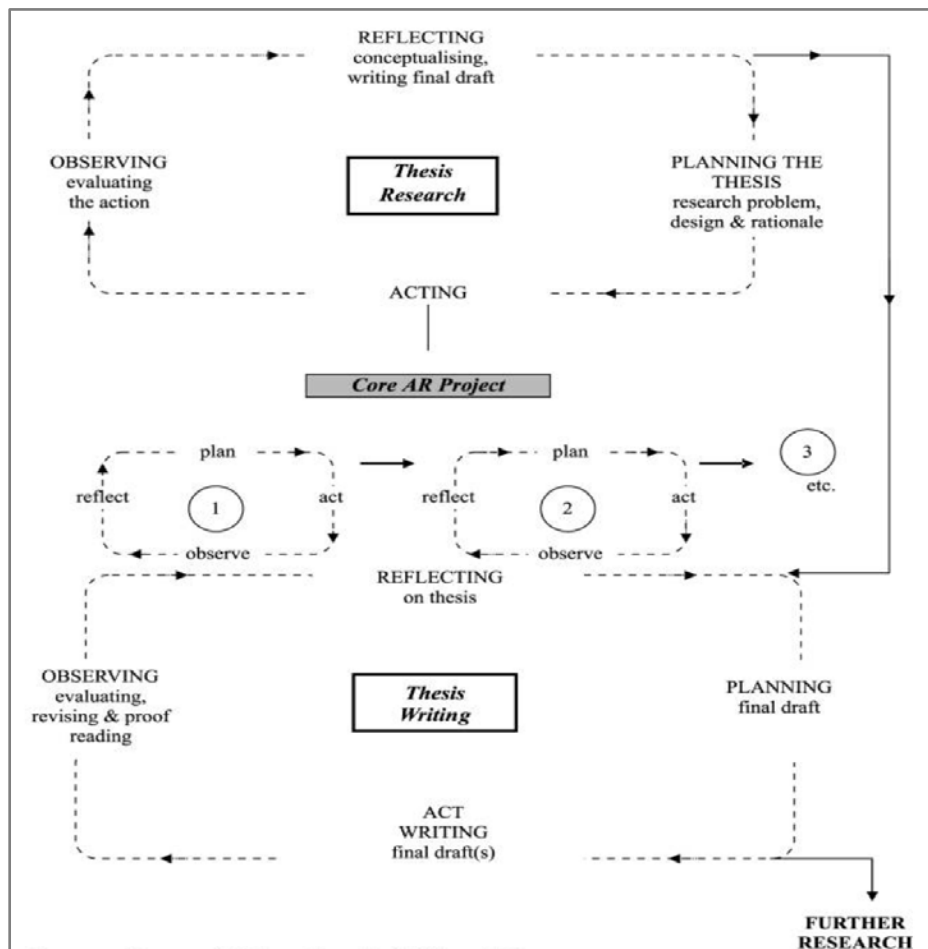


Figure 3.3: The AR Spiral Includes Thesis Research and Core Research Cycles

Source: Perry & Zuber-Skerritt (1991)

Perry and Zuber-Skerritt (1991) have formulated an AR method as shown in Figure 3.3. The main AR cycles are 'Thesis Research' and 'Thesis Writing'. These cycles are required for starting and completing the research project. The first AR cycle is to identify the project, and the other one is to write the thesis. Hussin (2014) has successfully demonstrated the use of AR in his postgraduate thesis

Professionals who want to use research to improve their practices tend to choose AR (Denscombe, 1998). Krathwohl (1998) reiterated that the objective of AR is to find improvements to practical problems, making AR a suitable approach to solving practical everyday problems.

The researcher has decided to use the AR approach for this research which is to be implemented in a particular context. The method is chosen because the research is conducted in the context of one organisation, specifically the MPC. MPC has been mandated by the Malaysian Government to modernise business regulations (EPU, 2010). At the start of this research, MPC has already several on-going activities to reduce unnecessary regulatory burdens on

2.2 Research context

The researcher conducts the research at the Smart Regulation Department of MPC. One of the department's key activities is to carry out projects on reducing unnecessary burdens on business. The research will involve

junior staff of the department as the main respondents. The senior staff will also be engaged in collecting feedbacks. Two regulatory review subject matter expert are to be interviewed to seek their feedbacks on the proposed visual framework. RURB works focus on the existing regulations instead of new regulations. RIA is used for assessing and ensuring quality of new regulations.

2.3 The Action Research Model

The researcher's proposed AR model is as shown in 3.6. The researcher has started with AR cycle one on the literature review based on the formulated problem statement and research questions. Subsequently, the researcher plans to carry out a number of AR cycles in the core AR project. The second AR cycle is developing the baseline or understanding on how the MPC junior staff identify the sources of unnecessary regulatory burdens. The researcher plans to interview all junior staff in that department individually. A semi-structure interview is planned where a number of questions are used as a guideline during the interview. The questionnaire planned covering the following topics;

- Staff understanding on 'regulatory burdens';
- Staff understanding on 'unnecessary regulatory burdens';
- Staff ability to list and explain 'sources of unnecessary regulatory burdens';
- Staff familiarity with current RURB practices at MPC;

- Staff understanding on regulatory compliance cost including the Standard Cost Model; and
- Staff understanding on the World Bank ease of doing business methodology.

Figure 3.6 is the propose AR model to be used in this research. The eight AR cycles are envisaged to be performed throughout the research.

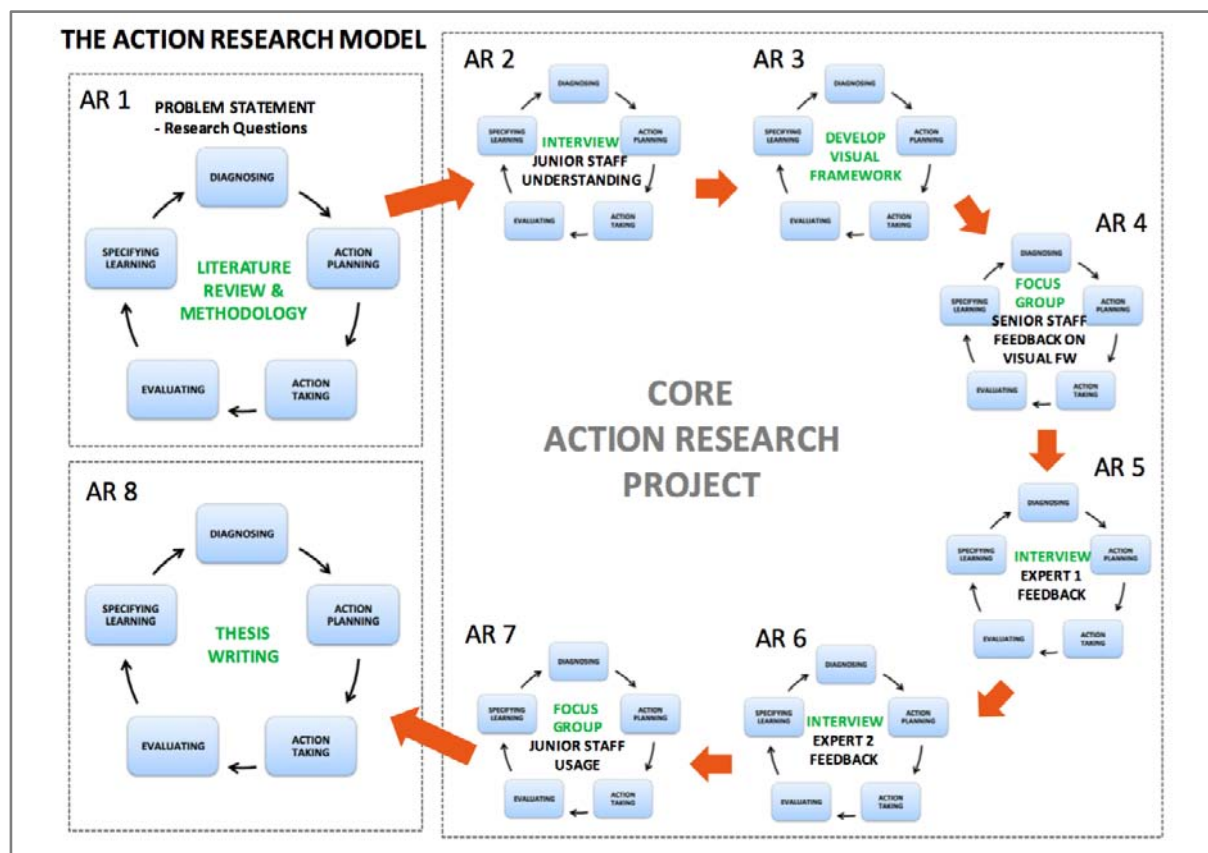


Figure 3.6: The proposed AR Cycles for the research

2.4 Respondents

The Smart Regulation Department of MPC comprises of 30 full-time employees and ten contract staff. There are seven full-time employees, five contract staff and a number of consultants who carry out several RURB projects at any one time. Most of the employees and consultants are university graduates.

The researcher uses purposive sampling to select the research samples (Bloomberg & Volpe, 2012; Neuman, 2011). The purposive sampling is used because the participants must have basic knowledge of regulatory burdens. They also have participated in activities associated with reducing unnecessary regulatory burdens at MPC. The researcher's primary samples comprise of the MPC staff holding bachelor degrees with less than two years RURB related experience. They are the participants for the early core AR cycle.

The cycle's objective is to understand how they identify the sources of unnecessary regulatory burdens on business in their daily work activities. The knowledge would form the baseline knowledge for the research. The researcher selects the criterion of two years RURB related experience to separate a more experienced staff from the less experienced ones. The researcher believes that a staff would require a two-year learning process in order to be able to command

the basics of the subject. During this AR cycle, the researcher plans to interview them individually. The interview will be transcribed and followed with the analysis of the text through coding (Saldana, 2013; Yin, 2011; Rubin & Rubin, 2012). Coding is the critical link between data collection and the explanation of its meaning (Charmaz, 2001).

The researcher plans to engage with a more experienced staff and subject matter experts in the subsequent AR cycle to seek their opinion on the proposed visual framework for identifying the sources of unnecessary regulatory burdens. According to Simeon (2015) a researcher's position is never fixed. It changes according to context, contents and ideas expressed by the participants. Depending on the reflection, the researcher may include them in the subsequent AR cycles through a focus group discussion.

An AR cycle to investigate the usefulness of the visual framework by the less experienced staff will be carried out toward the end of the research work.

2.5 Research Technique: Data Collection

The researcher will collect qualitative data through interviews, discussions and focus group discussions. The techniques will be used in the AR cycles. The data

collection methods provide the researcher with the flexibility to explore for more detailed information.

The researcher plans to gather information from other secondary data sources such as literatures and regulators' websites.

A survey is not a suitable technique for this research work because of the small sample size and besides the questions are not predefined. The exploratory nature of the research requires flexibility in the quest for information.

3. The Action Research Model: The Findings

3.1 Action Research Cycle 1: Literature Review

The first action research cycle is the literature review. The summary of works was recorded according to the diagnosis, action planning, action taking, evaluation and specifying learning.

The main finding of the literature review was that there was no systematic and detailed framework or tool for identifying unnecessary regulatory burdens on business which could be used by the regulators' staff. The most popular approach was by means of direct engagements with the business to gather issues and concerns in complying with the regulation. Once problems are detected, the team would trace the source or sources of the unnecessary burdens that could originate in the regulations themselves, or otherwise occur during the enforcement and administration of the law.

3.2 Action Research Cycle 2: Interview with Junior Staff of MPC

The second action research cycle addresses the research question one, that is: "What is the level of understanding by MPC junior staff on identifying unnecessary regulatory burdens on business?"

The findings of this cycle would establish the baseline and guidance for the next course of action of the research work.

Findings of the Action Research Cycle 2

Four one to one interview sessions were conducted with the four staff. Each interviewee gave their consent for the interview by signing the consent form prepared by the researcher.

The structure of the interview was open-ended with the primary objective of determining the level of understanding of each staff on the key concepts namely regulatory burdens, unnecessary regulatory burdens on business, sources of unnecessary regulatory burdens, compliance cost and the World Bank methodology on ease of doing business. Another key objective was to verify the practices carried out at MPC in identifying sources of unnecessary regulatory burdens on business.

The summary of their understanding on the sources of unnecessary regulatory burdens on business against the twelve possible sources is shown in Table 4.1.

Table 4.2: Summary of Findings of the Junior Staff's Understanding of Sources of Unnecessary Regulatory Burdens

No.	Source of Unnecessary Regulatory Burdens	S1	S2	S3	S4
A	Problem with Regulation Themselves				
1	Unclear or questionable objectives	Y			Y
2	Conflicting objectives		Y		
3	Overly complex regulation			Y	
4	Excessively prescriptive regulation			Y	
5	Redundant regulation		Y	Y	
6	Regulation creep				
7	Inconsistency of regulation				
B	Poor Enforcement and Administration				
8	Excessively reporting and recording requirements		Y		Y
9	Inadequate resourcing of regulators (including inexperience)	Y			
10	Overzealous regulation				
11	Regulatory bias or capture				
12	Variation in definitions and reporting requirements				

The AR cycle 2 provides the researcher with a better knowledge of the four junior staff's understanding of unnecessary regulatory burdens on business, measuring regulatory compliance cost by the Standard Cost Model and the World Bank ease of doing business methodology. The practice employed by MPC in identifying unnecessary regulatory burdens through face-to-face engagement with businesses has been confirmed.

3.3 Action Research Cycle 3: Designing the Visual Framework to Identify Sources of Unnecessary Regulatory Burdens on Business

The findings in the AR cycle 2 act as inputs to AR cycle 3.

The key inputs are:

- The junior staff lacked sound knowledge of sources unnecessary regulatory burdens even though they have been working on the subject for about two years;
- They demonstrated a lack of understanding of the overall relationship between regulations, regulatory burdens, unnecessary regulatory burdens and sources of regulatory burdens;
- They were unable to confidently describe the starting point of interaction between regulators and businesses with regard to compliance with regulations; and
- They lacked understanding on the assessment methods to detect unnecessary regulatory burdens.

The next process in developing the visual framework for identifying sources of unnecessary regulatory burdens on. Thus the KICM visual framework is developed as shown in the following figures. KICM is an abbreviation of Know, Identify, Check and Map.

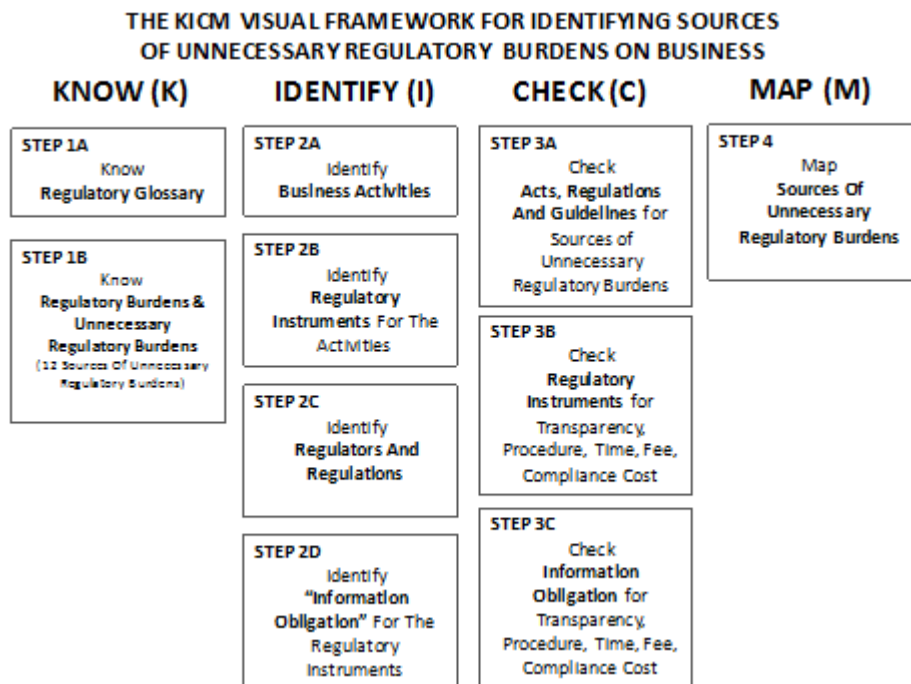


Figure 1: The KICM Visual Framework

In summary, Step 1 is to provide the general knowledge about regulatory terminology and sources of unnecessary regulatory burdens.

Step 2 has four sub-steps; identify business activities, identify regulatory instruments, identify regulators and regulations, and finally determine information obligation.

Step 3 starts with checking acts, regulations and guidelines for sources of unnecessary regulatory burdens. This process is followed by checking regulatory instruments for transparency, procedure, time, fee and compliance cost. The final sub-steps of Step 3 checks information obligation for transparency, procedure, time, fee and compliance cost.

The final Step 4 is mapping the sources of unnecessary regulatory burdens.

The full KICM visual framework for identifying unnecessary regulatory burdens on business could be found in Mee, I. C. and Hilman, H. (2016)

3.4 Action Research Cycle 4: The Focus Group Discussion with Senior Staff of MPC

A focus group discussion was held between the researcher and four senior staff of the Smart Regulation Department of MPC. The primary purpose of the discussion was to gather feedback on the designed visual framework for identifying unnecessary regulatory burdens on business.

The Findings of the Focus Group Discussion

Zahid added that there were many frameworks or tools at MPC. However, the staff lacked the knowledge and skill to use them. Most of the framework was in the form of description. He believed that a visual structure was the way forward instead of a descriptive based framework.

Alamin felt that having the structure or framework was

critical to carrying out work systematically and efficiently. He could see that the proposed visual framework could help the MPC staff in identifying unnecessary regulatory burdens on business. He confidently said that the MPC staff could accomplish it much faster with the use of the visual framework. Furthermore, the face-to-face engagement has a weakness since it is purely based on the experience of the interviewee. Also, due to the limitation of time, there is a high probability that we would not be able to gather useful information on unnecessary regulatory burdens.

Mazrina was confident that MPC could better influence regulators through the utilisation of the framework to uncover unnecessary regulatory burdens on business. She also stressed the importance of eliminating unnecessary regulatory burdens from Malaysia's domestic regulations, hence improving them.

Finally, Yazid summarises the session by saying:

"This visual framework could help me structure my thinking process carrying out engagements with business and regulators. The apparent strength of the visual framework is that it helps us not to miss out the steps in the process of identifying unnecessary regulatory burdens on business."

(Yazid)

3.5 Action Research Cycle 5: The Interview with A Subject Matter Expert in Good Regulatory Practices from Australia

This section describes the finding from the interview that the researcher had with Sue Holmes, an Australian who is a subject matter expert in the field of good regulatory practices. Her selection as the interviewee was due to her extensive knowledge and experience in the subject especially those relating to the Australian Government.

The primary objective of the interview was to gather

feedbacks from her on the proposed visual framework for identifying sources of unnecessary regulatory burdens on business.

The Findings of the Interview with Sue Holmes

The interview started with researcher getting Sue Holmes's consent to the interview. The researcher then proceeded to brief her on the objective of the interview and of seeking her feedback. The researcher explained to her the visual framework and walked her through from step 1 to step 4 of the visual framework.

Having listened to the researcher's explanation, Sue Holmes pointed out a few areas of the visual framework that in her opinion, could be further improved. According to her, Step 1A on the introduction of regulatory vocabulary, and Step 1B on sources of unnecessary regulatory burdens were good but should also allow for new content to be added on as more information is gathered. Example of the new content such as 'Good Regulatory Practices'. The GRP topics that she suggested were the principles for assessing regulations and its administration, indicators of well-written regulations, and indicators of good performance by regulators. The researcher agreed to her suggestions and will include them in the improved version of the visual framework.

The proposed visual framework has four main steps, Steps 1 to 4. Step 4 which is the last step, mapping the sources of unnecessary regulatory burdens on business according to the possible sources type, would result in a pool of regulatory instruments and regulations that may be the cause of the regulatory burdens.

Sue Holmes suggested that for future work, the researcher should consider adding another main step, Step 5, to frame out the possible options for recommendations and actions to be taken in reducing or removing the unnecessary regulatory burdens. She also emphasised the importance of prioritising the options identified. She also suggested the researcher to consider the incorporation of a responsive regulation framework when making the recommendation for actions in Step 5. The researcher agreed to take into account her suggestions and would include them as part of the recommendation for future work.

Sue was asked for her opinion whether the visual framework would benefit the MPC staff? She answered:

"Yes it would. I think the concept would help them a lot in understanding the subject."

(Sue Holmes)

The researcher posed the following question to Sue Holmes to verify any existence of similar framework that she came across:

"Have you come across a similar framework to identify unnecessary regulatory burdens on business in any literature and your working experience?"

(Researcher)

She answered:

"Not as detailed as what you have developed in the visual framework."

(Sue Holmes)

3.6 Action Research Cycle 6: The Interview with Subject Matter Expert of Regulatory Burden from Malaysia

This section highlights the findings of the interview conducted with Goh Swee Seang who is a subject matter expert in productivity and regulatory review in Malaysia. The primary purpose of the interview was to gather his feedbacks on the proposed visual framework developed by the researcher.

The Findings of the Interview with Goh Swee Seang

The researcher began the interview by getting Goh Swee Seang's consent to carry out the session. The researcher explained to him the purpose of the meeting and followed by a briefing on the proposed visual framework for identifying unnecessary regulatory burdens on business.

After listening to the briefing, Goh Swee Seang made his overall comment on the visual framework by saying:

"It is a very systematic approach towards identifying and assessing unnecessary regulatory burdens on business."

(Goh Swee Seang)

The researcher asked:

"What do you foresee as the main benefits to the junior staff in using the visual framework?"

(Researcher)

Goh Swee Seang said:

"Off course, it would be beneficial to them, now they would have a systematic approach which can be used to build up their expertise and competency. Without having a systematic approach then it will be haphazard and in a trial and error approach. Then it would be unproductive and inefficient for the staff. The visual framework with a systematic approach avoids or minimises mistakes."

(Goh Swee Seang)

The researcher asked Goh Swee Seang:

"How do you compare the visual framework with the current MPC practice of direct engagement with business?"

(Researcher)

He said MPC needed to develop the 'big picture' or framework on how to approach in identifying the unnecessary regulatory burdens on business. Once the staff have understood the 'big picture' it would be easier for them to engage with the stakeholders.

3.7 Action Research Cycle 7: The Workshop with Junior MPC Staffs on Usage of the Visual Framework.

This action research cycle was conducted as a workshop. The primary objective of the workshop was to find out whether the junior staff could use the visual framework. The researcher was also interested to gather feedbacks on their learning experience. The workshop was conducted for four hours. At the beginning of the workshop, the researcher briefly walked them through the framework step by step.

The Findings of the Workshop with the Junior Staff

For the purpose of the workshop, the staff were asked to find the possible sources of unnecessary regulatory burdens for an architect firm. The main observation was to determine whether they could use the visual framework and what they learned from their experience. The researcher started by asking them what was their general feedbacks about the visual framework.

S1 said:

“My comment in one-word is *detailed.*” (S1)

S1 also said that they could understand how to use the framework. They were able to list the business activities, regulatory instruments, regulations and regulators. The use of the visual framework saved their time as compared to what they had experienced in their current practices.

S2 also agreed with S1 by stating:

“The framework is workable.”(S2)

They admitted that usually, it would take them between three to four months to produce an issue paper that comprises of possible issues raised by businesses when complying with regulations. S2 believed that by using the visual framework, it would be possible for the issue paper to be produced within one month.

S3 said:

“The visual framework is useful. I think this visual framework is helpful and we can identify sources of unnecessary regulatory burdens on a business entity within one week.” (S3)

Meanwhile, S4 stated that the use of the visual framework had improved their efficiency since they could identify unnecessary regulatory burdens quicker and systematically.

S4 could see that the visual framework could save the cost of identifying unnecessary regulatory burdens as being currently practised by MPC. The current practice involves face-to-face engagements with business which incurs cost. On the other hand, using the visual framework is more of a desk review hence a cheaper option.

The researcher asked the junior staff:

“What have you learned before and after using the visual framework?”

(Researcher)

S1 now has a better understanding of the World Bank ease doing business methodology, and it has helped S1 to think structurally. S1 could understand the relationship between business activities, regulatory instruments, regulations and regulators.

S2 said:

“I am currently doing RURB project on the construction industry. If I had used this visual framework at the beginning of the project, it would have helped me a lot during the face-to-face engagement as I would be better informed about possible unnecessary regulatory burdens and their sources.”

3.8 Action Research Cycle 8: Thesis Writing

The final AR Cycle is the process of writing the thesis itself.

4. Conclusions

The action research methodology has proved to be useful in carrying out dissertation research. Its usage in assisting regulatory review works are promising. Stakeholders are engaged and inform regulatory conversation took place. Future researchers should explore the possibility of using the action research methodology in improving quality regulatory in advocating Good Regulatory Practices.

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