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CURRENT APPROACHES USED IN THE EVALUATION OF REGIONAL POLICIES: A CRITICAL REVIEW¹

1. Introduction

Theories and policies for regional development have undergone sharp transformations over the last few years. At present, concepts like 'endogenous development' have been relegated to the sidelines by new theoretical approaches that are more complex and sophisticated: the language they use is of learning regions, areas that are able to stand up for themselves and adapt to the new competitive conditions imposed by globalisation. From this perspective, new regional development policies emerge which devote much of their attention to networks of inter-company co-operation (clusters) and regional innovation systems. These new development policies are focused on the social capital of the region and include in their strategy social, institutional and cultural elements.

In fact, a new agenda has begun to spread throughout many European countries and regions, where the social capital is seen as a new competitive advantage in regional development terms: building knowledge networks, learning mechanisms and formal and informal norms and rules, which can foster reciprocal understanding and mutual confidence among the agents of the regional economy, as a necessary complementary asset to the economic factors traditionally thought to influence economic development. At a practical level, what this means is that regional policy must favour the creation of a framework for interaction: a framework in which companies, organizations and public agencies are able to explore joint solutions to problems shared in common, a framework in which, once dialogue has been established, attitudes are more receptive to the interchange of information and interactive learning are generated (Amin & Hausner 1997; Cooke & Morgan 1998; Storper 1997).

But, the important question here is, how are we going to evaluate these regional development policies? What approach are we going to use? In order to answer this question, I have revised, first the principal characteristics of these policies and the main challenges posed by their evaluation, trying to put forward a number of programmatic elements that, theoretically, could help to improve evaluation practice. As I will argue, classical evaluation models do not adapt to the specific peculiarities of modern regional policies and, besides, their capacity to produce and facilitate the accumulation of knowledge and learning is limited. Second, I have tried to find out how these challenges have been solved in the work done so far and ascertain whether any of the previously mentioned programmatic elements have been introduced yet into regional policy throughout a research review of present evaluation studies of EU Structural Funds interventions.

2. Why are new regional policies so difficult to evaluate?

First, from a theoretical point of view, we can identify some specific characteristics of these new regional policies: the presence of intangible, many-faceted and wide-reaching objectives; the complexity of cause-effect relationships; their systemic nature and embeddedness, their dynamism and flexibility, and, finally, the devolution of powers to the region. A detailed re-examination of these elements makes it possible to point to the most problematic areas when undertaking their evaluation. These difficulties can be transformed in methodological and political challenges for evaluation work and lead us towards a search for possible solutions and new approaches, as can be seen in Table 1.

The first characteristic mentioned is the presence of intangible objectives. This means that the aim of these policies is the creation of knowledge, learning and capacity-building, both at a personal and at a collective level. How can these effects be observed and measured?. They may be revealed, not only via economic impact on well-defined concepts such as competitiveness and/or other indicators connected with market exploitation, but also through non-economic effects on the behaviour of companies, institutions and regional organisations. So, there are many difficulties involved in quantifying effects and identifying measurement indicators for them. In fact, these effects are not easily reducible to a single criteria, represented by a monetary cost-benefit ratio, as required by cost-effectiveness analyses and other models

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that have been traditionally applied for the evaluation of regional development policies. To solve this challenge, I propose the use of an approach that includes qualitative information, to capture and observe the intangible effects, paying special attention to the observation of the organizational and cultural changes that arise from these new policies.

Table 1: Matching regional policies to evaluation approaches

Characteristics	Challenges	Evaluating proposals
The objectives of the policy are the creation of knowledge, learning and capacity building	Well-defined objectives do not exist and there are numerous difficulties in quantifying effects and identifying measuring indicators	Qualitative information is the most suitable and useful tool for estimating the effects of individual and institutional learning
Innovation is a complex interactive process where continuous feedback is produced	There is no linear causal relationship between resources, activities, results, effects and regional impact	What is needed is a holistic approach and the application of naturalistic, qualitative and interrogative techniques
Systemic nature: at a vertical and horizontal level	Complex interactions are produced between the different regional subsystems and effects at different levels: companies, institutions, regional community	Case studies as a method of observation and analysis
The policies are firmly rooted in their context and embedded in their socio-economic framework	It is necessary to know and understand the cultural and political context in which the evaluation develops	Social, cultural and political elements are an integral component of the evaluation. Evaluation is a socio-political process
Innovation policies are dynamic processes where continuous interactions are produced	Evaluation must be an active-reactive-adaptive process in relation to changes in conditions (context) and the needs of stakeholders	Evaluation design must be dynamic and flexible
Policies are designed via a bottom-up approach and with the active participation of all the regional actors	Evaluation must be opened up to the different actors involved and must recognise the existence of a pluralist society	The participation of the actors involved must guide the evaluating design. Evaluation is a collective learning process

The second characteristic is that these regional policies usually involve complex interactions in which a great number of agents and organisations take part and where continuous feedback loops are produced. As a consequence, it is not possible to identify a linear cause-effect model between inputs and activities, on the one hand, and the results and effects, on the other hand, as needed and demanded, again, by traditional evaluation models, whether they be experimental designs or econometric models. Rather than a linear relationship, we have complexity and circularity. Nevertheless, there is a need to understand the logic behind the functioning of these policies and to improve our knowledge of the working mechanisms. So, one solution might be to use a holistic approach and/or introduce other proposals such as realistic evaluation (Pawson & Tilley 1997) and theory-based evaluation (Weiss 1995) in order to comprehend how these complex mechanisms work and why.

The third characteristic is their systemic nature, acting simultaneously on the different components of the regional system of innovation and/or the regional productive clusters, and favouring the creation of links for horizontal cooperation. These policies do not only affect companies and do not only have an impact on the macro-economic indicators of the regions. Interactions are produced within a full range of contexts: between



firms and regional social infrastructure, between producers and users at an inter-firm level and within the wider institutional milieu. In order to identify all these thick interactions, it is helpful to use case studies as an evaluation method, due to their capacity to pinpoint information and contribute to understanding the phenomena that develop in complex contexts.

In fourth, I mentioned the element that I have called 'embeddedness'. This is related to the idea that these policies are firmly rooted in their social and cultural context and spring from and evolve within their own regional situation: identifying the socio-economic conditions, the needs of companies and the region, the political and institutional context within which regional policies take shape, with the aim of achieving a single political design. Each regional development policy is unique as they are specific responses to particular problems (Saraceno 1999). However, classical evaluation models are characterised by the fact that they overlook the economic and social context in which the policy unfolds. The economic impact, the central axis of the evaluation, is estimated, whilst leaving to one side the local framework. On the contrary, I believe that evaluation ought to be more contextualised. The approach should be to integrate exogenous factors of a cultural, social and political nature within the evaluation, instead of attempting to control their effects, to take them out of the evaluation and/or deal with them as 'confounding factors'. Evaluation must be understood as a social-political process.

The fifth characteristic I have mentioned is that these policies look for the development of dynamic processes in the region. The process of learning is dynamic and continuous interactions take place along with flows of knowledge, resources and human capital, which evolve over time. As a consequence, the evaluation must also be capable of evolving, that is, flexible at adapting to changes in the policy under evaluation and in the changing conditions in which this regional policy unwinds. Evaluation must be dynamic, active, reactive, and adaptive in relation to the changing context and also in relation to users' need for the evaluation. Evaluation itself must be understood as a developmental process. Moreover, given the innovative nature of these new development policies, we are not aware of important elements regarding the implementation process itself, this is, the way in which the results are produced. It will, therefore, be vital to evaluate the real process. The design of the evaluation must be capable of breaking down the traditional division between summative and formative evaluation and stimulate approaches whereby both types of evaluation form part of the same exercise.

Our last characteristic refers to the active role the region plays, a new role that implies, on the one hand, a devolution of powers and responsibilities to the region, and, on the other hand, the introduction of new forms of designing regional policy based on bottom-up approaches and on the active participation of all the regional actors. What I am emphasising is that these new policies are not necessarily policies FOR the companies or for the technological centres and/or for the productive clusters. The intention is to design these policies WITH the active involvement of all these regional agents. And, opening up the policy design to companies, to intermediary organizations, to trade unions, ... supposes a radical change in the ways of making regional development policy, introducing dialogue and communication directed towards consensus and helped by democratic representational structures in the regional institutions themselves. So, at this more political level, the design of the evaluation must be guided by the participation of all the actors involved and must be opened to all the stakeholders (Stamme 1999; Kuhlmann 1998). Evaluation must be transformed into an open process of collective learning in order to contribute by helping regional governments to set increasingly better policies in motion. Moreover, the evaluation should serve as a useful tool for mobilizing communities for action. This implies the recognition that policies are developed within a pluralist society and introduces participatory evaluation as an approach capable of generating new knowledge.

3. Reviewing the practice: 6 case studies

Now, I am going to turn my attention to evaluation practice in an attempt to find out how these challenges have been met and ascertain how these regional policies are being evaluated. This involves a review of six evaluations, all of which have been recently requested by the European Commission in relation to Structural Funds. These evaluations are: evaluation of Business and Innovation Centres (BIC), evaluation of Regional Technological Plans (RTP), evaluation of Regional Innovation Strategies (RIS), thematic evaluation of the impact of the Structural Funds on Research, Technology, Development and Innovation (RTDI) in Objective 2, thematic evaluation of the impact of the Structural Funds on Research, Technology, Development and Innovation (RTDI) in Objective 1 and 6, and finally, the thematic evaluation of the impact of Structural Funds on SMEs. They are all good clear exponents of the most up-to-date practices in evaluation and provide us with an accurate picture of the 'state of the art'.



This review has served to corroborate that the practice of regional policy evaluation has been gradually incorporating some of the elements presented above. So, in the first place, it has been possible to confirm the important impact that regional policy is registering outside the economic sphere, in the form of social, institutional and cultural effects which have been observed thanks to the use of qualitative techniques and data. The use of qualitative information and techniques has allowed evaluators to begin to appreciate the changes taking place among regional agents of innovation systems and productive clusters, in their patterns of behaviour, and in their interactions with other regional actors. Similarly, the evaluation teams have started to ascertain where the results of these changes are leading towards the building of networks and consensus, the acquisition of new knowledge and skills, the reinforcement of mutual trust, the beginning of learning processes and institutional reflexivity.

Secondly, the problems that crop up when establishing linear cause-effect relations have been verified. The difficulties in meeting this challenge occasionally lead to evaluations abandoning the job of attempting to understand the functioning mechanisms of these policies. They did not focus the evaluation on the question of how and why these policies work, because they are not able to reproduce the cause and the effects. Some of the evaluations identify the best practices as a way of understanding the policies and use case studies to gather information concerning these complex realities. Here, case studies have been proved a very useful tool for identifying good practice in innovation and action policies supporting SMEs. This information makes a direct contribution towards enhancing evaluators' and managers' knowledge and help them to reach specific findings and recommendations directed towards improving public interventions. However, stress should be made on the need to develop and construct an overall theory of action (Finne *et al.* 1995) since evaluation must explore and understand the interaction between policies and the net effects of the intervention (Georghiou 1998)

Thirdly, I have been able to discover how evaluations try to resolve the systemic nature of many of these policies: the analysis and observation of data have been tackled from a top-down (the impact on macro-economic indicators) and a bottom-up approach (the impact on micro-economic indicators). This focus leads to the core of evaluation efforts being concentrated upon the two extremes of the chain of effects, that is, upon the region as a whole, on the one hand, and upon the companies and the people as the prime beneficiaries, on the other hand. Consequently, observation of changes produced at the intermediate levels get relegated to a secondary position: we don't know anything about what happens inside this space, between the region and the final beneficiaries (in the clusters, in the networks, in local and regional institutions and their inter-connections). Here, efforts have to be made to go beyond counting the numbers of firms and people served in various ways, trying also to identify and assess the added value that springs from multiple firm partnership and institutional building (organisational learning, creation of networks, cooperative behaviour, ...). These are added benefits that affect the competitiveness of an industry and the development of the whole region as well.

Fourthly, we have pointed out that these regional policies are embedded. Here, evaluations use case studies for making more contextual evaluations, where exogenous factors and the local conditions in which policies unfold are elements that are integrated in the evaluation. Fifthly, one innovation that has been gradually introduced is the inclusion of process assessment, along with an estimate of effects and impact, thus producing a combination of formative and summative evaluation exercise.

Finally, it has to be pointed out that there is no evidence of the introduction of participatory evaluations. The idea of opening evaluation to all the people involved in the policies, all the stakeholders, has not been taken into account. Policies continue to be evaluated from one angle, from the point of view of the managers who define and implement these new regional policies. So, it is noteworthy that policies that seek to introduce new ways of making regional policy, opening them up to the active involvement of regional agents, do not try to do the same in their evaluation exercises. Such an approach would involve the direct participation of business, local and regional staff and service providers who can express their own opinions and make the evaluation process their own.

To comment briefly on the methods used, all the evaluations under review include both quantitative and qualitative information and therefore plump for the combined use of a variety of evaluation methods. In general, there is a clear predominance of qualitative approaches over quantitative ones, and also of case studies, in a double sense, both as a means of information gathering through fieldwork and as a method for analysing and interpreting primary information. However, there are two evaluations that have concentrated on measuring the regional impact using quantitative indicators.. These are the thematic evaluation of the impact of Structural Funds on SMEs and the evaluation of Business and Innovation Centres (BICs). Both of them employ predominantly statistical techniques to handle and analyse the data observed. They are looking for



quantified effects and impacts, significant correlations between variables, patterns of regional development and/or similar trajectories. The objective of both evaluations is to quantify the creation of employment, the number of jobs created through the policy.

The other evaluations reviewed use case studies in order to illustrate the effects on the beneficiaries, to show the impact on the regional economy, reveal patterns of behaviour and functioning, to identify best practices and draw lessons. They try to observe and analyse changes produced in the process and also intangible effects. Some of the non-economic effects identified are: an increase in innovation culture, the mobilisation of local actors, the creation of co-operation networks, public-private partnership, the introduction of participatory approaches to policy design, the reinforcement of systemic links, changes in the regional political agenda and steps taken towards institutional learning. Furthermore, in the end, it is precisely this non-economic impact of new regional development policies on social capital and institutional thickness which appears as the most significant impact pointed to in all the evaluations reviewed. So that, even in the evaluations with a more quantitative approach mentioned above, it is recognised that regional policies should not be judged only by their economic results, since "non-economic impacts are more important than purely economic ones" in the words of the evaluators. They also maintain that the most significant effects of these policies are produced on the social, cultural and institutional spheres.

It can thus be seen that a significant change has taken place in the practice of evaluating regional policy, with a shift towards approaches closer to the pluralistic paradigm. But, here an important Paradox arises since the choice of this qualitative approach did not stem from a previous selection process in which the advantages and drawbacks of the different evaluation models had been analysed, nor from a decision based on the degree to which the approach adopted fits the needs and characteristics of the policies. On the contrary, the qualitative approach was used, to quote the evaluation teams, as "the only available option", because of the difficulties involved in using any other evaluation model (such as quasi-experimental designs and/or statistical or econometric evaluations) to estimate the quantitative effects on beneficiaries and the region.

Consequently, evaluators have been forced to adopt qualitative evaluations, despite the fact that they are seen as a second option which in no way constitutes the best evaluation model to be used. Thus, for example, in the thematic evaluation of RTDI Objective 2 the evaluators held that "as the effects on the regional economy cannot be measured, case studies are used to illustrate the type of impact that these interventions may have on the regional economy". But, at the same time, they recommend that in future evaluations, once current deficiencies are overcome, value for money models be adopted, aimed at estimating the net cost per job created. Suggestions in the same direction can be also found in the RTP and RIS evaluation.

In short, these statements unquestionably point to the persistence of two underlying assumptions behind all these evaluation designs. First, the idea that there is one methodological evaluation model superior to all others. Second, this model of excellence turns out to be, precisely, the classical evaluation model based on quasi-experimental designs or value for money studies, and as such is always preferable, whatever the case under study, to the remaining available options. This means, therefore, that within European Structural Funds evaluation culture, what still dominates is the classical model based on quantitative approaches as superior methodological evaluation designs.



4. Some proposals and recommendations

To conclude, I would like to put forward some proposals and recommendations that I think we should bear in mind when designing an evaluation of regional development policies. Firstly, each regional policy must be evaluated using the design and the methods that best adapt to its specificities and the needs of evaluation users. So, each evaluation situation requires a unique and specific evaluation design; a design that is appropriate for a specific and particular action or policy-making context (a combination of people, policy, history, socio-economic conditions, resources, values, needs, interests and opportunities) (Patton 1997). Secondly, there is no single evaluation model amongst all the possible options that can serve as a methodological recipe applicable to each and every evaluation. There is no ideal methodological design, nor do either superior or inferior evaluation methods exist. As the European Commission itself recognises: "The experience of all these years of evaluation demonstrates that a universal evaluation method does not exist" (Commission Européenne 1999). Thirdly, it is necessary to accept that the traditional debate between quantitative and qualitative evaluators has today been overcome. Evaluation is a complex task in which evaluators must have the freedom to adopt the models that prove most suitable for each evaluation. There are even approaches arguing for the use of multiple techniques within the same evaluation as a valid option offering a great potential (Greene & Caracelli 1997). Thus, the combination of techniques (triangulation) comes on the scene as an open field of work and a delicate methodological approach, but there is every chance it will become a powerful tool for evaluation in the future. In this sense, it is vital to defend the view that the final quality of an evaluation does not depend upon the methods used, but rather on the usefulness of the information produced and its capacity for offering up valuable answers. But, as we have seen, many evaluators and users of the evaluation still hold onto the remains of a closed vision in which quantitative methods, techniques and data continue to enjoy greater credibility and value than qualitative ones.

At a more operative level, I would like to say that the pluralistic paradigm presents itself as the most suitable evaluation approach for tackling evaluation of regional development policies. In fact, many of the difficulties and challenges thrown up by these policies receive a better response within this pluralistic approach which appear to suit, in a more natural way, the specific characteristics of these policies and the objectives pursued by regional governments through their design and evaluation.

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