



Department of
**Enterprise, Trade
and Investment**

www.detini.gov.uk

DETI Research Agenda 2008/09 – 2010/11

June 2008

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FOREWORD



June 2008

ECONOMIC RESEARCH AGENDA (2008-09 / 2010-11)

I am pleased to introduce the DETI Economic Research Agenda for the period 2008/09 - 2010/11.

The Programme for Government has identified 'growing a dynamic, innovative economy' as the top priority for the Executive over the next three years. The Department of Enterprise, Trade and Investment (DETI) has lead responsibility in delivering on this aim.

The Department's Corporate Plan sets out the priorities and actions we plan to undertake over the next three years. DETI also acknowledges the ongoing nature of policy development, and the importance of maintaining an active research agenda to strengthen the evidence base for policy interventions. This research agenda sets out the priority areas and themes for 2008/09-2010/11.

The Department now invites research proposals, for 2008/09, which will improve the evidence base in the priority areas of private sector productivity (in manufacturing and private services), employment and tourism. Further calls for research may be made within the lifetime of this research agenda, particularly in the area of tourism. Sections three and four of the agenda provide further detail on the research priorities for the Department and guidance in terms of submitting Expressions of Interest to undertake research on behalf of the Department.

ARLENE FOSTER MLA

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INTRODUCTION

ABOUT DETI

1. The Programme for Government (PfG) states that ‘growing a dynamic, innovative economy’ is the Executive’s top priority for the period 2008-2011. This is seen as vital in order to provide the wealth and resources required to build a more peaceful and prosperous society as envisaged in the PfG. On this basis, DETI’s departmental goal is to:

“to grow a dynamic, innovative economy”

2. To achieve this goal, the Department performs a range of functions which are outlined below:

DETI: CORE FUNCTIONS	
<ul style="list-style-type: none">• Economic development policy<ul style="list-style-type: none">➢ Business support➢ Energy➢ Telecoms➢ Tourism➢ Social economy• Economic advice and research• Statistical services	<ul style="list-style-type: none">• Business regulation<ul style="list-style-type: none">➢ Company law/ Registry➢ Insolvency service➢ Consumer affairs➢ Trading standards• Health and safety at work• Geological Survey<ul style="list-style-type: none">➢ Natural Resources➢ Geoscience information

3. The Department has a crucial role to play in formulating and delivering economic development policy in terms of Business Support, Energy, Telecoms, and Tourism in Northern Ireland.
4. DETI also sponsors a number of agencies, established as Non-Departmental Public Bodies (NDPBs). They have a key role in terms of implementing and delivering the Executive and Department’s economic development policy.

ROLE OF RESEARCH IN EVIDENCE-BASED POLICY DEVELOPMENT

5. The Department is committed to evidence-based policy formulation and development. This is an on-going process and economic research has a central role to play. This research agenda will inform and support the Department in delivering better policy solutions.

AIM OF THE RESEARCH AGENDA

6. The aim of this Research Agenda is to build on DETI's existing evidence base and:

'identify research projects to better inform policy development in support of our departmental goal'

SHARING OF RESULTS

7. At the outset of the research, a small steering group comprising key officials from relevant areas of Government is established to oversee the project. The objectives of the steering group include agreeing on research objectives, timescales and, in conjunction with Central Procurement Directorate, the commissioning of external research. Following the completion of the research project, and once the steering group is content that the research report satisfactorily addresses the project's terms of reference, the final report is formally 'signed-off' by the DETI Research and Evaluation Steering Group. Following engagement with the Minister, the completed research reports are forwarded to the Enterprise, Trade & Investment (ETI) Committee for consideration, before issuing for a short period of public consultation.
8. The findings of the research, and responses made by interested stakeholders during the public consultation, are then carefully considered by the Department. Research findings, where appropriate, are fed into the development of policy.

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DETI RESEARCH IN 2005-08

1. In March 2005, the Department published a three year Research Agenda covering the period 2005 to 2008. This set out the key research projects that the Department planned to take forward under five streams, namely: competitiveness; innovation and R&D; enterprise; skills; and infrastructure. The research projects externally commissioned during the life of the previous agenda are detailed below.

DETI RESEARCH PROJECTS EXTERNALLY COMMISSIONED (2005–08)	
<ul style="list-style-type: none">• Future Role of Manufacturing in Northern Ireland• Future Role of Northern Ireland's Private Services Sector• Assessing the Case for a Higher Rate of R&D Tax Credit in Northern Ireland• Update Report – Research into Secondary Impacts on Unemployment• Comparative Analysis, Forecasts and Monitoring of the NI Economy 2006• Economic Impact of Tourism	<ul style="list-style-type: none">• Global Entrepreneurship Monitor (GEM) 2005, 2006 and 2007• Expanding NI_PS Production of Regional Projections of Selected EDF Indicators• Foreign Direct Investment• Innovation in Northern Ireland's Tradable Services Sector• Evaluation of Selective Financial Assistance (SFA) in Northern Ireland 1998-2004• How can Productivity be raised in Northern Ireland?

2. The completed research assignments have made a significant contribution to the Department's evidence base, and have informed the policy development process over the course of the last three years. An overview of the research objectives of each project, and details where further information can be obtained, is provided in Annex A.

3. In addition to research commissioned by the Department, DETI also has a keen interest in research carried out by other organisations, in particular the Economic Research Institute of Northern Ireland (ERINI). The Institute has a number of research themes, and the Department is particularly interested in the area of Competitiveness (including productivity and export performance), Enterprise, the Labour Market and Developing Research Capabilities (including the assessment of Input-Output models for NI). The table below outlines some of the recent and ongoing research undertaken by ERINI which is directly relevant to DETI.

ERINI RESEARCH DIRECTLY RELEVANT TO DETI: COMPLETED / ONGOING (2005–08)	
<ul style="list-style-type: none"> • The Measurement and Benchmarking of the Competitiveness of Northern Ireland – The Cost of Doing Business in Northern Ireland • Productivity – Regional Story • Marketing Assistance and Export Performance • Input-Output Model (Scoping Study) 	<ul style="list-style-type: none"> • ERINI Core Enterprise Programme: <ul style="list-style-type: none"> ○ Private Sector Job Generation in Northern Ireland ○ Small Firm Growth and the UK Regions ○ Small Firm Growth and Competitiveness: Key Trends and Drivers ○ High Growth Start-ups in Northern Ireland

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RESEARCH PRIORITIES

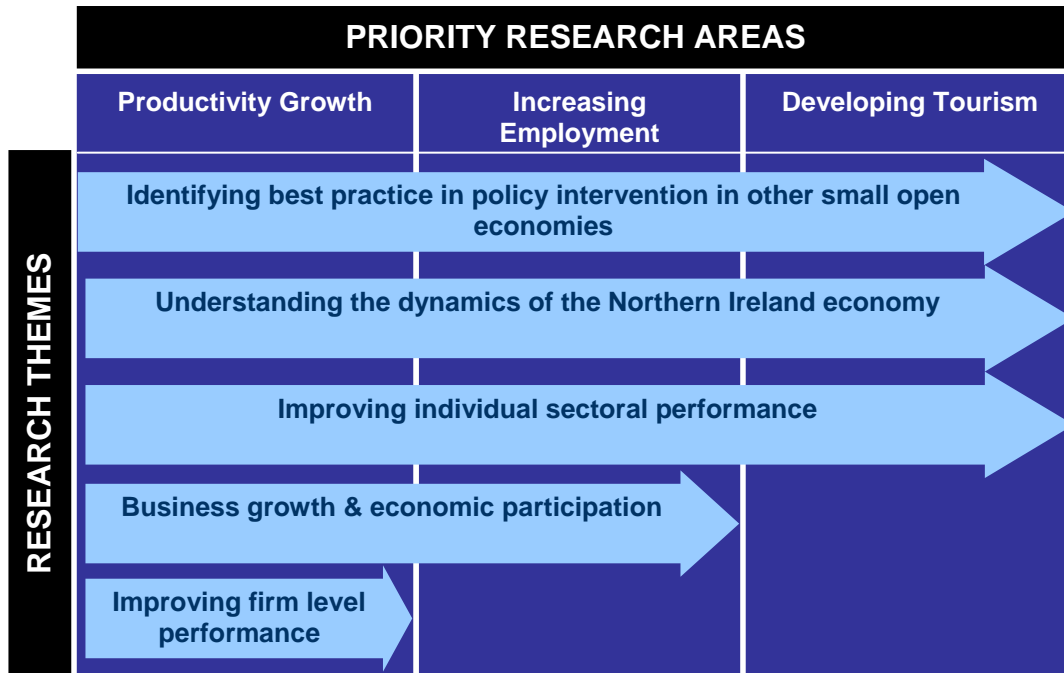
DEPARTMENTAL PRIORITIES

3. DETI has identified three priorities in the PfG, which it has incorporated within the Northern Ireland Executive's framework of the twenty-three Public Service Agreements (PSAs). These priorities are:
 - **PSA 1: Productivity growth** – improve manufacturing & private services productivity
 - **PSA 3: Increasing employment** – raising employment levels;
 - **PSA 5: Tourism** – develop the tourism sector.
2. Departmental policy is focused on delivering on these PSAs. In particular, improving manufacturing and private services productivity is our top priority. The Department's Corporate Plan sets out the rationale underpinning these priorities, and the actions we plan to undertake over the next three years.
3. Economic research has a central role to play in building the evidence base for policy interventions. The PSA priorities of productivity growth, increasing employment and tourism are the priority areas for research during the period 2008/09 – 2010/11.

RESEARCH THEMES

4. DETI has identified a number of research themes and they relate to the priority areas outlined previously. A research framework, outlined below, forms the basis for the call for research projects in 2008/09 (outlined in the next section) and also the criteria against which proposals will be assessed by the Department.

RESEARCH FRAMEWORK



DELIVERY OF RESEARCH

5. The Research Agenda will be delivered by:

- **Economics Division** – undertaking research through either externally commissioned projects or internal analysis. The Quarterly Economic Review, published by the Department, will continue to be the primary outlet for internal research.
- **Other DETI business areas** – taking forward research projects to address the needs of their specific areas of responsibility. Again this work will combine externally commissioned and internal projects;
- **Economic Research Institute for Northern Ireland (ERINI)** – DETI will work with ERINI to develop a programme of research that complements this agenda and forms part of ERINI's core research programme; and
- **In partnership with other UK / Whitehall / Devolved Departments** – DETI, where appropriate, will seek opportunities to engage collaboratively in research in areas of mutual interest.

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CALL FOR PROPOSALS

1. The aim of this research agenda is to identify research projects to better inform policy development in support of our departmental goal. The previous section set out a research framework identifying DETI priority areas and themes for research. The Department would like to invite research proposals from interested parties / organisations that will improve the evidence base in relation to these.

RESEARCH CURRENTLY ONGOING OR PLANNED

2. In developing proposals, it is important that researchers build on the existing body of evidence, and also take cognisance of research that is currently underway. These projects are detailed below:

RESEARCH PROJECTS: ONGOING / PLANNED FOR 2008/09	
<ul style="list-style-type: none">• Business Opportunities and Challenges Presented by Carbon Emissions Targets• Comparative Analysis, Forecasts and Monitoring of the NI Economy 2008• Benchmarking Managerial Skills	<ul style="list-style-type: none">• Assessment for the Potential for Bioenergy Development in Northern Ireland• Cross-Border Trade• Global Entrepreneurship Monitor (GEM) 2008

3. An overview of the research objectives of each project is provided in Annex B. These projects are currently at various stages of completion in 2008/09, with many at final report stage and awaiting 'sign-off' by their respective steering groups.

CALL FOR RESEARCH (2008/09)

4. In the context of the PfG, two strategic goals have been identified in terms of growing a dynamic and innovative economy. They are:
 - Aiming to halve the private sector productivity gap with the UK excluding the Greater South East of England by 2015; and
 - Increasing the employment rate from 70% to 75%
5. In order to provide a more in-depth evidence-base for policies designed to address the strategic goals outlined above, DETI is particularly interested in receiving research proposals on the following two areas:

(A) PRODUCTIVITY GROWTH

6. Outline a research methodology aimed at identifying best practice policy inventions which boost private sector productivity in small open economies in the EU and beyond. The end product will be a set of recommendations which outline how the best practice could be applied to the Northern Ireland policy context.
7. It is important to ensure that the research recognises that the Department's strategic focus is on improving manufacturing and private services productivity. Furthermore, the Department's Public Service Agreement on productivity¹ is underpinned by a series of Departmental Strategic Objectives (DSOs) which are outlined below. In submitting the research proposals, it is important that they are set in the context of the Department's strategic objectives:
 - Promote a competitive and outward looking economy (exports and business growth);

¹ Further details on the Public Service Agreement on Improving Productivity can be found at the following link: <http://www.detini.gov.uk/cgi-bin/downutildoc?id=2143>

- Attract and support high quality investment, both foreign and locally owned;
- Promote higher value added activity through innovation and the commercial exploitation of R&D.
- Ensure a modern sustainable economic infrastructure to support business (in particular telecommunications / energy); and

(B) EMPLOYMENT GROWTH

8. As part of the Programme for Government, DETI and Invest NI have committed to securing 6,500 new jobs from inward investment by 2010/11. Of this total, 1,000 may be at or below the Northern Ireland private sector median wage. This is in recognition of the importance in creating employment opportunities for all in the economy and, in particular, those currently detached from the labour market. DETI would therefore welcome a research methodology which outlines how economic development agencies in the EU and elsewhere have successfully created job opportunities that attract back into employment those previously classified as economically inactive. The research should also include a set of recommendations which highlight their relevance to the Northern Ireland policy context.

SUBMITTING PROPOSALS FOR RESEARCH IN 2008/09

9. To be considered, interested organisations should in the first instance provide an overview of their research proposal by completing a Research Expression of Interest questionnaire which can be downloaded at www.statistics.detini.gov.uk. The deadline for submitting Expressions of Interest questionnaires, which should be emailed to economics@detini.gov.uk is **17.00 hrs on 15th August 2008**.

10. The Department will assess all Expressions of Interest received on the basis of the following weighted evaluation criteria: (i) consistency with DETI research priorities [50%]; (ii) experience of staff [20%]; (iii) methodology [15%]; and (iv) value for money [15%]. DETI will then select bidders to be invited to submit full research proposals to be considered for funding.

ANNEX A: RESEARCH OBJECTIVES – MAJOR DETI COMMISSIONED PROJECTS (2005 – 2008)

DETI RESEARCH PROJECTS EXTERNALLY COMMISSIONED DURING 2005-08	
COMPLETED RESEARCH TITLE	RESEARCH OBJECTIVES
Future Role of Manufacturing in Northern Ireland	<ul style="list-style-type: none"> To outline historic trends in Manufacturing Forecasting of Manufacturing sectoral performance To provide sound policy observations and recommendations <p>Report available at: http://www.detini.gov.uk/cgi-bin/moreutil?utilid=480</p>
Future Role of Northern Ireland's Private Services Sector	<ul style="list-style-type: none"> To examine sectoral shares, productivity and wages in Private Services Provide forecasts of Private Services employment An assessment of the role of Government policy <p>Report available at: http://www.delni.gov.uk/07-01-08_herdk-executive_summary.pdf</p>
Assessing the Case for a Higher Rate of R&D Tax Credit in Northern Ireland	<ul style="list-style-type: none"> Assess the impact of R&D spending on productivity and output Forecast the impacts of R&D Tax credits on user cost Consider the subsequent demand for R&D <p>Report available at: http://www.cppr.ac.uk/media/media_4291_en.pdf</p>
Update Report – Research into Secondary Impacts on Unemployment	<ul style="list-style-type: none"> Update the NISEM workbook to include the latest data Use the job chain model to estimate the direct and indirect effects of DETI assistance on unemployment Decompose the indirect effects into chain reaction, linkage effects and multiplier effects Produce a summary report detailing the effects of DETI assistance on unemployment using the categories identified above over each of the years for which there are data <p>For information on this report, please email: economics@detini.gov.uk</p>
Comparative Analysis, Forecasts and Monitoring of the NI Economy 2006	<ul style="list-style-type: none"> Review the current EDF indicator framework and suggest any improvements Further develop the NI_PS model Provide the latest available data for each of the EDF indicators for Northern Ireland and all the UK regions Produce forecasts until 2015 for the EDF indicators Run a number of scenarios for key indicators to show their influence on variables such output, productivity and employment <p>Report available at: http://www.detini.gov.uk/cgi-bin/downutildoc?id=1776</p>
Economic Impact of Tourism	<ul style="list-style-type: none"> Assess tourism spending and market shares Estimate the direct and indirect benefits of Tourism Provide recommendations for future development of Tourism in Northern Ireland <p>Report available at: http://www.nitb.com/attachment.aspx?id=648</p>
Global Entrepreneurship Monitor	<ul style="list-style-type: none"> To measure differences in the level of entrepreneurial activity between countries. To uncover factors determining the levels of entrepreneurial activity. To identify policies that may enhance the level of entrepreneurial activity. <p>2005 Report available at: http://www.investni.com/gem_report_2005.pdf 2006 Report available at:</p>

	http://www.investni.com/global_entrepreneurship_monitor_gem_northern_ireland_summary_2006.pdf
Expanding NI_PS Production of Regional Projections of Selected EDF Indicators	<ul style="list-style-type: none"> • Review the current EDF indicators and identify any improvements which can be made for regional projects • Produce forecasts for all the UK regions until 2017 for a selected number of EDF indicators • Produce data and forecasts for the UK excluding the Greater South East <p>For information on this report, please email: economics@detini.gov.uk</p>
Foreign Direct Investment	<ul style="list-style-type: none"> • Undertake an analysis of global and regional investment flows • Conduct a comparative analysis of investment performance • Assess the wider impacts of FDI on Northern Ireland economy • Forecast future trends in Inward Investment
Innovation in Northern Ireland's Tradable Services Sector	<ul style="list-style-type: none"> • The first phase of the project: <ul style="list-style-type: none"> ○ Determines the extent of innovation in NI tradable service firms and how this compares both nationally and internationally ○ Clarifies the relationship between innovation and export sales ○ Provides an assessment of appropriate policy measures to stimulate innovation activity in the NI tradable services sector • The second phase: <ul style="list-style-type: none"> ○ Establishes what determines innovation, exporting and productivity in Northern Ireland Services
Evaluation of Selective Financial Assistance (SFA) in Northern Ireland 1998- 2004	<ul style="list-style-type: none"> • To estimate the business level impact of SFA • To ascertain the effectiveness of SFA in generating employment growth and productivity gains • To provide recommendations for future financial assistance <p>For information on this report, please email: economics@detini.gov.uk</p>
How Can Productivity be Raised in Northern Ireland?	<ul style="list-style-type: none"> • Advise on practical ways in which productivity in Northern Ireland might be assisted to converge on levels in the UK outside London, the South East and Eastern regions (the Greater SE) • Provide a revised base case forecast for NI's private sector productivity relative to the UK (excluding the Greater South East) until 2015 • Run a series of single scenarios which simultaneously vary the three key indicators in the NIPS model and bring about the outcome of closing the private sector productivity gap with the UK (excluding GSE) by 2015 <p>For information on this report, please email: economics@detini.gov.uk</p>

ERINI RESEARCH DIRECTLY RELEVANT TO DETI: COMPLETED / ONGOING (2005 – 2008)	
COMPLETED RESEARCH TITLE	RESEARCH OBJECTIVES
The Measurement and Benchmarking of the Competitiveness of Northern Ireland – The Cost of Doing Business in Northern Ireland	<ul style="list-style-type: none"> • Assess the relative costs facing businesses in Northern Ireland. Examining: <ul style="list-style-type: none"> ○ Labour costs ○ Property costs ○ Compliance costs ○ Insurance & financial costs ○ Transport and other costs <p>Report available at: http://www.erini.ac.uk/Publications/PDF/ResearchReport1stdec05.pdf</p>
Productivity – Regional Story	<ul style="list-style-type: none"> • To establish the sectoral productivity gaps between Northern Ireland and the UK • To explain the reasons for the productivity gaps in Northern Ireland's business sectors • Provide recommendations and policy options for improving Northern Ireland's relative performance
Marketing Assistance and Export Performance	<p>Report available at: http://www.erini.ac.uk/dsp_publications.cfm/PublicationCAT_key/19/publication_key/2159/</p>
Input-Output Model (Scoping Study)	<ul style="list-style-type: none"> • Build an integrated model of the Northern Ireland economy. • The completed project should allow for the modelling of exports, consumer demand and public spending in Northern Ireland • Provide a basis for economic impact assessments of industry sub-sectors
ERINI Core Enterprise Programme:	
<ul style="list-style-type: none"> ○ Private Sector Job Generation in Northern Ireland ○ Small Firm Growth and the UK Regions ○ Small Firm Growth and Competitiveness: Key Trends and Drivers ○ High Growth Start-ups in Northern Ireland 	<ul style="list-style-type: none"> • Establish how the different types and categories of business have contributed to job creation during 1993-2005 • Provide comparative regional analysis on the impact of business births, deaths, survival, growth on employment and turnover • Examine the growth trends of Northern Ireland's SME's and examine the role of public policy in stimulating growth • Provide a broader assessment than what is currently available of the performance of new businesses in the province

ANNEX B: RESEARCH OBJECTIVES FOR ONGOING/PLANNED RESEARCH (2008/09)

RESEARCH PROJECTS: ONGOING OR PLANNED FOR 2008/09	
ONGOING RESEARCH TITLE	RESEARCH OBJECTIVES
Business Opportunities and Challenges Presented by Carbon Emissions Targets	<ul style="list-style-type: none"> • Advise on the best measurement of NI carbon emissions at a sub-sectoral level • Provide projections of carbon emissions • Highlight the opportunities and challenges for Northern Ireland businesses presented by the carbon emissions targets identified locally and nationally • Investigate best practice internationally and suggest appropriate interventions for economic stakeholders • Give sound policy recommendations on how to reduce carbon emissions without inhibiting business competitiveness
Comparative Analysis, Forecasts and Monitoring of the NI Economy 2008	<ul style="list-style-type: none"> • Provide the latest available data for each of the EDF indicators for Northern Ireland and all the UK regions • Forecast the likely future trends until 2015 and beyond for the EDF indicators • Develop the model to produce forecasts for all UK regions
Managerial Skills and Productivity	<ul style="list-style-type: none"> • Create a quantitative international comparison of Northern Ireland management practices • Identify areas of management practice for improvement to enhance firm level productivity
Assessment for the Potential for Bioenergy Development in Northern Ireland	<ul style="list-style-type: none"> • Research bioenergy strategies and policies relevant to Northern Ireland • Examine bioenergy resources in the province • Examine the potential for further development of bioenergy resources in Northern Ireland <p>Research expected to be completed [DN: summer / autumn]]</p>
Cross-Border Trade	<ul style="list-style-type: none"> • To compare on an aggregate and sectoral basis the alternative estimates of trade between the Republic of Ireland and Northern Ireland and where appropriate trade between Ireland and the UK • To identify the key reasons for discrepancies between the different data sources • To provide a methodology to overcome these discrepancies • Make recommendations to enhance statistical consistency in future
Global Entrepreneurship Monitor (GEM) 2008	<ul style="list-style-type: none"> • To measure differences in the level of entrepreneurial activity between countries • To uncover factors determining the levels of entrepreneurial activity • To identify policies that may enhance the level of entrepreneurial Activity