

## Communicating Economic Reform

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Economic reforms succeed when they are understood and supported by the people most affected by them. Government leaders often leave the task of persuading the public about the benefits of reform to public relations professionals, advertising agencies and the media, believing that a media blitz, persuasive speechmaking, and political campaigning – in effect trying to “sell” the reform – are all that is needed to gain popular support.

Communication has been used primarily as a political megaphone, allowing leaders to “speak louder” so people will “hear” their message and therefore accept reform. Reformers often assume that the purpose of communication is merely to raise awareness of the reform program after the program has been formulated by technocrats and policy advisers and agreed to with government officials. They believe people will be prepared to support reform once they become aware of the program.

A more comprehensive and strategic use of communication in the area of economic reform as a tool for social transformation, behavior change, and consensus-building is still in its infancy. There is, however, a small but growing body of empirical evidence that indicates that the use of strategic communication in economic reform programs can substantially reduce political risk and promote acceptance of reform.

In a study of senior public service and civil society representatives from 60 developing countries and emerging economies conducted by the World Bank, respondents cited the public’s poor understanding of economic reform as a key obstacle to its success.<sup>1</sup> A study by Campbell-White and Bhatia (1998) lists the lack of consensus as one of the top five constraints on privatization in Africa.<sup>2</sup>

These two studies listed a total of 15 impediments to economic reform, the majority of which relates to weak communication and a lack of public understanding and consensus about privatization. Only three to four impediments to privatization concerned the technical design of the policy or program. The major economic reform failures have usually resulted from ignoring the political, social and cultural context within which the reforms take place and from a failure to build consensus – and not from a failure to put in place the right policy environment.

Campbell-White and Bhatia cite the case of Senegal where the privatization program came to a halt because the program was launched when there was no consensus in favor of privatization. Politicians, employees of public enterprise, and the general public

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<sup>1</sup> Kaufman, Daniel. (1997). Listening to stakeholders’ views about their development challenges and World Bank instruments. Harvard University and the World Bank.

<sup>2</sup> Campbell-White, Oliver and Bhatia, A. (1998). Privatization in Africa. The World Bank.

resisted the concept of privatization. In analyzing the communication aspect of this initiative, the authors noted that there was no public announcement of the policy, weak efforts to involve stakeholders in the reform process, and feeble attempts to directly address people's concern about how privatization will alleviate poverty. Hence, the outcome – strong resistance to privatization – is hardly surprising.

Campbell-White and Bhatia also note the case of Kenya's privatization program. In January 1995, 41 opposition members of parliament in Kenya issued a press statement complaining about the "severely chaotic, blatantly messy, grossly irregular and shamelessly fraudulent manner and the secrecy in which the privatization program has been and is being conducted." On that same day a press article stated that "the privatization program has opened up perhaps the most lucrative means of looting and legitimizing the plunder of public investments as well as transferring state wealth to some members of the....community."

Industrialized countries are not immune to the negative consequences of poor communication with constituencies. Wood (1997) describes New Zealand's disaffection with privatization which spawned two new political parties opposed to it. "The reason privatization is all but off the New Zealand political agenda today is because of yesterday's rapid-fire sale program that left the public gasping and did not build a long-term constituency of support for the concept of privatization or the benefits."<sup>3</sup>

In analyzing Venezuela's economic reforms in the late 1980s and the early 1990s, Naim (1993) concluded that the "missing link" was an effective communication strategy. He lamented that the Venezuelan government did not adequately appreciate "the need to grant public communication the same attention, resources, and seriousness as the other reforms it introduced."<sup>4</sup>

An example of the contribution communication can make to a privatization program is found in a study conducted by the World Bank's Operations Evaluation Department (OED) on Cape Verde's privatization program. This evaluation concluded that the program's success is based on "strategic communications focused on political commitment and support to privatization; ownership building and stakeholder participation; labor retrenchment through consultation; and communication campaigns to build public support and ensure transparency." OED reached the same conclusion in its analysis of economic reform in Cote d'Ivoire.

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<sup>3</sup> Wood, Sue (1997). Communicating the concept of privatization.

<sup>4</sup> Naim, Moises (1993). Paper tigers and minotaurs: The Politics of Venezuela's economic reforms. Carnegie Endowment for International Peace.

## **No Change Without Behavior Change**

Implicit in the process of economic reform is the need for people to engage in new behaviors, which may be at odds with long-standing patterns of behavior. When a country undergoes pension reform, people's willingness to trust new institutions with their hard-earned money for a more secure financial future determines the initiative's success. When large, inefficient state-owned enterprises are privatized, many government employees lose their jobs. Government employees' willingness to retrain for another job in the newly privatized company or the labor union's acceptance of their stake in the reform and their new role in a market-driven economy influence the eventual success of privatization. Often when utilities are privatized and government subsidies are removed people must undertake the new behavior of paying for water, power, or other services previously provided free or heavily subsidized by government.

Communication focuses on the needs of beneficiaries and seeks to understand and find ways to overcome the specific barriers they confront in adopting a new behavior, whether those barriers are cultural, structural, social or personal. Communication can be a powerful tool for tapping into people's concerns, perceptions and motivations. This information then drives the design and implementation of the reform program. This is a markedly different approach from using communication merely to disseminate information and "sell" economic reform.

### **Communication: A Management Responsibility**

When the goal for communication is not only to inform the public about economic reforms, but also to create an environment that facilitates the adoption of new behaviors that help reforms succeed, the leaders of these reforms must take responsibility for communication. Communication is no longer only the purview of communication specialists, PR practitioners, political pundits, or strategy advisers, but becomes part of the process of designing and implementing reform, engaging constituencies in constructive dialogue, promoting participation in public scrutiny and debate.

Communication focuses the manager's attention on beneficiaries rather than on the institution's goals or the reformer's messages to people. This means that decisions made about economic reform – what factors are addressed and how reforms are to be developed, tested, launched and sustained – center on stakeholders' needs. The institution moves away from institutional goals and messages and turns its attention first to better understanding the reform from the perspective of those who will be affected by it.

This article proposes a practical approach for using communication strategically to promote behavior change for successful economic reform.

The approach works in total harmony with the policy and operational aspects of an economic reform program and in many cases the communication analysis can help provide information to shape the economic reform program. By assessing the political risk in different stages of the economic reform program it can provide guidance to the sequencing of activities that would lead to broader public acceptance of the reform program.

### **Communication and Stages of Reform**

When communicating economic reform it is important to remember that economic reform proceeds in two main stages (Naim, 1993). According to Naim, the first step is to achieve macroeconomic stability, followed by the process of developing institutional capacity in the public sector. The shift from one stage to the next is not always clearly defined and there will be some overlap. For example, there will need to be continuing efforts to stabilize macroeconomic factors through such measures as fiscal adjustment and exchange rate management, at the same time that attention needs to be focused on institutional development. Naim warns that “institution building in the public sector is less amenable to the kinds of blunt and very visible solutions that tamed macroeconomic stability.” For example, in Latin America, the major goal of the 1980s was macroeconomic stability, but this is now only seen as a precondition. Creating and rehabilitating institutions needed to sustain growth is “the more difficult part of the equation.”

The role for communication in these two stages of economic reform will be different. The first stage of economic liberalization often involves high-level government officials who issue decrees or executive orders to change the rules that govern macroeconomic behavior. The urgency of the situation may provide little opportunity for participation and influence from parliamentarians, the judiciary, and regional and state authorities. The key communication task is to provide the general public, the government bureaucrats, state authorities, and the private sector with a clear rationale for drastic economic reform, usually framed in the context of an impending economic disaster.

In the second stage, the goal of economic reform is more complex because it involves more of a transformation process than the shock of transition involved in the first phase. Thus the role for communication is more nuanced. Communication would attempt to sustain momentum and keep the vision for change in full view while tackling the difficult task of managing people’s expectations. After its initial launch of the “Security through Diversity” pension reform in 1997, Poland’s efforts focused on combining leadership with dialogue and social partnerships. Hausner (1998) commented that “this [reform] is not the case of a simple relationship between a product and its marketing campaign, but rather, an extremely complex project in which the vision and the method of its implementation interact with and supplement one another.”

While keeping in mind the changing role of communication in the two stages of economic reform, a systematic approach to formulating a communication strategy for each phase will be helpful. Following is a discussion of each of these five management decisions and how managers of reform might use this approach in planning communication as the reform program is designed, debated, and discussed in various fora.

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### **The Five Management Decisions<sup>5</sup>**

Managers contemplating reform should begin the process by developing a communication strategy to help build their understanding of the political, social, and cultural environments in which they are working and to guide strategic operational choices that will help build understanding and support for the new initiative. Making the decisions to guide communication sharpens understanding of the reform itself from the client's perspective, and paves the way for an two way process of communication among key constituencies early in the reform design process.

Five management decisions are:

1. Which **audiences** need to be reached
2. What change in **behavior** is required
3. What **messages** would be appropriate
4. Which **channels** of communication would be most effective, and
5. How will the communication process be monitored and **evaluated**.

The Development Communication Unit of the World Bank has used a communication planning process that begins with a "communication audit" to identify communication issues and determine the political risk and the programs which can be put into place to mitigate the risk. The communication audit identifies the potential "winners" and "losers" in the reform program; assesses the importance of each of these groups to the success of economic reform and their relationship to each other; describes the role of media and their understanding of economic reform issues; assesses the ability of government to communicate and implement a strategic communications program; reviews attitudinal research that has been completed and identify gaps; and analyzes the political risk of reform. Armed with this information, a start can be made to fill in the Five Management Decisions Template, which is the framework used to develop a communication strategy to support economic reform. (See Annex A).

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## 1. Audience

It is imperative to identify and disaggregate all the audiences involved in the economic reform program. They will vary depending on which stage of reform is being undertaken, and in the second stage in which sector. Naim identifies principal actors in each stage of economic reform. In the first stage of economic reform, key players are senior government officials, private financial groups, foreign portfolio investors, and multilateral financial institutions. At this stage, “the public impact of reforms is immediate and highly visible and the political costs of such macroeconomic policy change such as a currency devaluation, is felt by all groups.”

In contrast, in the second stage of reform, many more actors become involved - the Presidency and cabinet, congress, public bureaucracy, the judiciary, unions, political parties, the media, state and local governments, and the private sector. According to Naim, at this stage “the impact is longer-term and there is less visibility as a myriad of mid-level public managers build the organizational structures needed to stabilize market reforms. The political costs escalate as institutional changes directly and permanently affect specific segments of society such as organized labor, farming communities, the mining and banking sectors.”

Communication programs attempt to reach these multiple audiences in some sequence. For a controversial reform program, policymakers often need to be addressed first, since their support (for example, in terms of policymaking or financing) is critical to the program’s success in influencing the behavior of the beneficiaries of reforms. In reforms that promote better governance and transparency, it would be critical to gain the confidence of government bureaucrats who need to take an active role in implementing reforms. Thus, government officials would need to be addressed by the communication campaign first, before launching a communication campaign targeted to the general public.

Disaggregating audiences is important as a link to the further steps in the Five Management Decisions. For example, in a World Bank study of the potential for port reform in Sri Lanka, the communications audit identified trade unions as one large critical audience, but then broke this down into the 19 different trade unions in the port, plus management employees who would be affected; distinguished between union leaders and members; between trades; and between unions aligned to political parties and those who were independent.

## 2. Behavior

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Behavior is a specific action, performed toward a target, in a given context, at a specific time. For example, in privatization programs specific behaviors for each target audience can be promoted. Thus, legislators may be encouraged to pass authorizing legislation; media professionals persuaded to produce a balanced coverage of the issues; union

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<sup>5</sup> Cabanero-Verzosa, Cecilia (2000). Strategic communication for development projects: Participant’s guide for a distance learning course. Washington, DC: World Bank.

leaders asked to participate in consultations; and citizens motivated to engage in constructive dialogue and monitor implementation of privatization transactions.

Some behaviors are easier to influence than others. Asking people to switch from one product brand to another is easy compared to engaging highly organized groups in the long-term task of building institutional capacity to sustain macroeconomic stability in a country.

A critical tool for both the audience and behavior elements is professional attitudinal research – often overlooked or deemed too expensive in reform programs. The Five Management Decisions template is strongly based on the collection of empirical data.

Using the template, managers can specify the type of behavior the program or agency would like to promote among various target audiences. Identifying the behavior the program would like to influence enhances awareness of environmental factors that influence audiences' willingness to adopt these behaviors. Reform leaders and program managers can then reduce perceived barriers to adoption of the new behavior while increasing perceived benefits. Managers can make services and products affordable and accessible; they can formulate policy that promotes the new behavior; they can influence social norms, making these behaviors acceptable to society.

### **3. Take-away Message**

A take-away message is the target audience's response to the message put out by the communicator: it is what the audience hears versus what the communicator says. Good take-away messages focus on the stakeholder's needs, not the organization's desire to communicate a message about its programs. To be effective, a take-away message targets stakeholder beliefs or opinions and answers the question, "What does this have to do with me?" Messages should drive the desired behavior change in the specific audience being addressed.

Take-away messages must be culturally sensitive, memorable, and concise. For example, in Brazil's land reform program, opinion polls among the affected population indicated that framing the issue merely as a land reform measure is perceived as turning a deaf ear to what people were most concerned about – livelihood and health. Thus, the land reform program needed to show the linkage between land reform and the issue of livelihood and health. Only when the communication campaign articulated this linkage were people willing to listen.

#### *Supporting data*

Supporting data consist of information the communicator uses to persuade target audiences that the recommended behavior results in benefits claimed by the program. Unlike medical interventions where the effect of prescribed drugs could be more easily predicted based on extensive laboratory and controlled population studies, the impact of proposed economic reform measures are difficult to anticipate as the vision for reform

and its implementation are so closely interwoven and are continuously being negotiated and renegotiated by leaders, interest groups, the media and the public at large.

#### **4. Channels of Communication**

There are various means of relaying messages, conducting consultations, and engaging groups in public debate. What is important is to consider which channel of communication is the most credible to the specific target audience addressed. A determination of access to the media is critical in trying to reach the general population. Television may not reach the poor who often live in isolated villages with no access to electricity, but may be critical for certain urban elite audiences. Print materials will not be useful to those who are unable to read. Radio signals may reach a community, but people may not have batteries available all year round to operate their radios.

Community gatherings and face-to-face communication may be the main channel of communication for reaching the poor and marginalized. However, program managers must ensure that field workers are themselves adequately briefed about economic reform, and are able to articulate the relationship of economic reform to people's daily lives.

Selecting communication channels may not necessarily be an easy task when it comes to contentious issues about economic reform. Government officials may be unable to make their decisions intelligible to the public; those who oppose the reform may purposely portray reform in a negative light so as to sway public opinion; and members of media may themselves be subject to political pressure to project an adversarial posture.

In some societies informal channels of communications may be important. In work undertaken on economic reform in Kuwait, it was determined that *diwanias*, places where people gathered in the evening to discuss politics, were as important as the media.



## **5. Evaluation**

How will the success of communication about economic reform be evaluated?

Ultimately, managers would like to be able to answer the question: are target audiences changing knowledge, attitudes, beliefs, and behaviors as intended?

Economic reform is such a dynamic and long-term undertaking that it will be almost impossible to identify a clear relationship between the communication component and the “success” of economic reform. The practical approach is to assess whether the audiences targeted are becoming better informed about the issues, and whether attitude shifts have occurred which will likely support the behavior change goals identified for each of the target audiences.

Tracking studies which will assess levels of knowledge and determine attitude change will be helpful in projecting whether these audiences are increasing their readiness to engage in the new behaviors that will lead to the success of economic reform. For example, in a country implementing the second stage of reform, managers will benefit from knowing how labor unions have taken active part in consultation processes and whether union leaders are fully engaged in working with government and the private sector to negotiate new roles for government employees joining the newly privatized state-owned enterprises. Managers with solid information about the motivations, perceptions and actions of key target audiences are better able to refine, enhance, and sustain the economic reform program.

## **Conclusion**

We have argued that strategic communication is a critical factor in the successful design and implementation of economic reform programs. While there is limited empirical evidence due to the long-term nature of reform processes and the innovativeness of this approach, several case studies and experience with World Bank-supported economic reform programs increasingly support the working hypotheses that communication is the missing link to economic reform programs; that its consensus-building role is critical to mitigate political risk and to develop programs that will be accepted by stakeholders; that the process of developing economic reform programs must begin with understanding stakeholder groups (their motivations, perceptions, and aspirations); and that designers of reform programs should focus on behavior change.

World Bank client countries are increasingly recognizing the value of communication for reform and through its Development Communications group has moved from the theoretical to the practical- with a framework – the Five Management Decisions and a methodology – the communications audit to assist our clients in developing communication strategies for economic reform programs, which we hope will be useful to other organizations and institutions.

## ANNEX - Five-Management Decision-Making Template

Management Objective: \_\_\_\_\_

AUDIENCE	BEHAVIOR	MESSAGE		CHANNELS	EVALUATION
		Take-away Message	Supporting Data		