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Traction through action: An antidote to paralysis by analysis?

The what, why and how of action research

What role can action research play in paving the way toward better-informed interventions in projects using the Market Systems Development (MSD) approach? This brief¹ builds on two recent publications by [ILO's Systems Change Initiative \(SCI\)](#): '[All analysis and no action?](#)' and '[Starting strong](#)', which questioned projects' reliance on comprehensive market systems analyses and the conventional 'study-design-implement' formula. In response, it provides further thoughts on how projects can overcome two commonly encountered phenomena: 'paralysis by analysis'² and 'the cliff-edge', where project teams find it difficult to get their interventions underway.

Box 1: Insights from previous SCI research

MSD practitioners report struggling to achieve timely insights from conventional research methods used during a project's inception period, and a high incidence of intervention re-design immediately after. Some practitioners suggest that research findings and intervention ideas derived primarily from interviews do not always reveal stakeholders' true priorities, intentions, and capabilities. This creates a risk of interventions that appear good on paper but are challenging to implement in practice. In the worst cases, designed interventions cannot get going at all. This has led some practitioners to reflect on whether greater experimentation and a more opportunistic and entrepreneurial mentality can complement existing intervention design practices to help project teams develop more meaningful interventions quicker.

1. What is action research?

Action research³ is a type of primary research where knowledge is generated through taking actions and reflecting on both the process and the outcomes. It is used to explore problems in a real-world setting with a view to understanding how best to address them. As a participatory form of research practice, those involved in the design and execution of actions are effectively co-researchers and fellow agents of change, as well as the co-owners of the knowledge created. Such research is often undertaken in an iterative manner characterized by more than one cycle of action, though this is not necessarily always the case.

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² Stemming from business and organisational management, 'paralysis by analysis' is now a well-used expression in the MSD community since featuring in "The Operational Guide for Making Markets Work for the Poor (M4P) Approach" (The Springfield Centre, 2015).

³ A comprehensive explanation can be found in Coghlan, D. and Brydon-Miller, M. (2014). The SAGE encyclopedia of action research.

Within the context of development cooperation programming, action research can take many forms. Typically, it involves project teams and one or more project stakeholder working together to gain greater perspective on a specific developmental issue or untapped opportunity to, for instance, better inform subsequent intervention.

Box 2: How is action research different from a pilot intervention?

There is no consensus on the definitional differences between action research and pilot interventions, neither in projects using the MSD approach nor within the wider context of development cooperation programming. As such, exploring this 'grey area' can help MSD practitioners identify the differences and relationship between the two⁴:

- A **pilot intervention** is the project's initial attempt to facilitate actors to adopt new long-term behaviours and roles – or offer new long-term solutions – that improve how a system works (ultimately benefiting the target group).
- **Action research** aims to simply understand what happens when a real-world problem or opportunities to improve target group livelihoods are explored or probed in a particular way. In this regard, action research does not overly concern itself with new long-term roles or behaviour changes being adopted by actors, nor other ownership and sustainability-related considerations such as 'who is paying for what', whether costs are one-off or recurrent, and the value of project versus partner contributions.

It is most likely that a pilot intervention would follow on from action research, with the former integrating the learning from the latter.

2. What are the benefits of action research?

► The better and more successful MSD projects are getting to action quicker and not getting lost in analyses.

► **Rob Hitchins**, The Springfield Centre / Swisscontact

In addition to helping project teams understand what their interventions need to consider and how 'fit-for-purpose' different innovations are, action research also expedites stakeholder engagement, bringing a host of co-benefits. In projects using the MSD approach, where practitioners are tasked with 'searching' for the most appropriate solutions for improving how systems work, such stakeholder engagement supports MSD practitioners to ascertain the real-life capacities, interests, and priorities of actors (and target groups) to invest in change. In the same manner, it also helps practitioners to identify any specific success factors and potential shortcomings, serving as a reality check for what is likely to work best and under what conditions for interventions that follow. Thus, action research has value in both its outputs and process.

Output benefits

- **Identifies relevant issues:** Action research engages project stakeholders as co-researchers. This means the problem or opportunity chosen for investigation will be highly relevant to them, and the knowledge generated will also be highly demanded by them.

⁴ This is the author's own delineation, having not found sufficient relevant sources with which to answer this question.

- ▶ **Yields “hot” insights:** Action research provides knowledge of how project stakeholders behave in their contexts and how solutions to real-world problems work in applied or “hot” scenarios. This should make its findings more accurate than those gleaned (solely) from interview-based methods (or “cold” scenarios).
- ▶ **Supports future change ownership:** By executing or participating in the actions themselves, and by being aware of the results, project stakeholders can see first-hand the different options for responding to their own real-world problems, or untapped opportunities. Their heightened understanding, as well as any new capacities they gain, should aid their buy-in to any subsequent intervention where longer-term behaviour changes are sought. In some instances, it may also inspire project stakeholders to take further self-motivated actions.
- ▶ **Minimises waste:** In some instances, action research may be sufficient for project teams to conclude that they cannot feasibly respond to a given problem or opportunity (in the present context). This can help managers to avoid allocating further resources when the chances that intervention generates meaningful results are small.

Process benefits

- ▶ **Embeds critical thinking:** With project teams and project stakeholders planning, acting, observing, and reflecting together, action research generates shared teaching moments, develops a culture of improvement and critical thinking, and nurtures solution-seeking behaviours, among other valuable traits.
- ▶ **Generates intervention confidence:** Action research familiarises less experienced team members with what intervention looks like and increases their comfort with the uncertainties of working in a ‘trial and error’ manner. Obtaining new knowledge also boosts confidence, furnishing team members with concrete insights they can later draw upon when approaching prospective new partners.
- ▶ **Reduces pressure from donors:** Action research provides an early and welcome ‘sign of life’ to funders that their project is up and running. This may relieve any nervousness, particularly in the early days, with respect to a project’s perceived inaction and/or lack of expenditure. It injects momentum and, in some instances, may also generate interesting outcomes or even a small measure of impact.

3. How to use action research?

Action research helps project teams gain greater traction on the ground whilst simultaneously generating intervention-relevant knowledge. Though often seen as early-stage project work, projects with a more dynamic, rolling approach to building and managing their intervention portfolio may also choose to use action research at different points throughout the implementation phase. Different applications may include:

- ▶ Augmenting a typical market systems analysis (MSA) process, or validating its findings;
- ▶ Moving from a rapid market assessment (RMA) to pilot interventions, for example, in situations where a more comprehensive MSA does not make sense;
- ▶ Creating a new workstream for an existing intervention (or a new intervention) to complement ongoing project activities; or
- ▶ Starting again following an unsuccessful intervention.

Box 3: Action research from the field**► Lebanon: Systems Change Initiative (SCI), ILO**

In the context of Lebanon's financial crisis and a highly unreliable public electricity grid, this action research exercise set out to better understand how solar photovoltaic (PV) energy could be leveraged to support better employment outcomes in agriculture. Given that the average farmer could neither afford a solar PV system upfront nor access credit, SCI wanted to explore the viability and scalability of alternative business models for renting portable PV units, particularly for shared use. SCI paid a small company that rents portable PV units to large-scale farmers for water pumping purposes to survey ~50 farmer cooperatives to assess their energy needs throughout the year and their willingness to pay for rental PV units. Farmers' access to affordable cold storage was identified as an opportunity to investigate further.

Result? Following consultations with shortlisted cooperatives, the company chose to rent out two of its portable PV units to a cooperative operating a cold storage facility, previously fully powered by diesel. The engagement resulted in the cooperative cutting their energy-related cold storage expenses by half, allowing them to reduce storage costs paid by their 150 members from USD 5-6 to USD 3-3.5 per crate of produce. The exercise also underscored the importance of using customer research to penetrate new market segments and identified required business model adjustments when dealing with cooperative customers. Building on this, another ILO project has since developed a pre-assessment tool to lower transaction costs associated with companies assessing the viability of smaller-scale customers from the agricultural sector. See details on the case [here](#).

► Bosnia & Herzegovina: MarketMakers, Helvetas

After struggling to promote the export potential and capabilities of Bosnia & Herzegovina's services sector through initial partnerships, MarketMakers hit the reset button. The project set out to learn in greater depth how international companies evaluate new investment locations. It teamed-up with location specialists from a multinational customer services company, arranging a visit to Bosnia & Herzegovina and directly supporting their location scoping process. This involved facilitating networking, answering their various labour market and human capital-related data needs, and responding to other enquiries relevant to the company's internal business case blueprint for investing in new service export operations. Later, the project also shared the costs of undertaking a pre-recruitment exercise designed to more accurately assess the extent of (skilled) labour availability costs with the company.

Result? The exercise strengthened the project team's knowledge of how to attract and support new service sector investors, which informed project decision-making around present and future partnerships. The company finalised its internal business case and, at a later date, went on to open new customer service centres in three different cities across Bosnia & Herzegovina, creating over 400 new vacancies. Importantly, the investment of such a high-profile company in the customer services space also served as a role model that others could follow. Relatedly, MarketMakers used a similar method to learn more about how service-exporting companies acquired new clients.

► Fiji: Market Development Facility (MDF), Palladium/Swisscontact

With the island of Yassawa-i-Rara preparing to receive its first cruise tourism visitors in a decade, MDF worked closely with iTaukei Trust Fund Board (TTFB), a parastatal organization responsible for supporting the economic interests of the indigenous (iTaukei) community. Together, they developed a framework on how coastal communities can work with local tourism businesses in a way that takes into account community values, goals, concerns and prospective risks.

Result? Various community training (e.g., for food hygiene), infrastructure (e.g., for jetty reconstruction), and governance (e.g., for managing anchorage and landing fees) needs were identified in focus groups with village

leadership, youth, and women's groups, into which the project and TTFB co-invested. Importantly, this action research allowed the project and TTFB to understand the type of interventions needed for responsible cruise tourism to advance to locations beyond Yassawa-i-Rara.

Different types of action research

While action research always involves projects and their stakeholders working together, the degree of project involvement (or leadership) and project versus stakeholder financial contributions will vary from case to case. Moreover, projects may choose to team up with interested incumbents, 'disruptors' with new ideas for changing the status quo, or even both. Different types of action research includes:⁵

Effectiveness trials⁶

Projects can set up experiments to understand the direction and magnitude of a particular action's effects, or the comparative effectiveness of different actions run side-by-side. Actions may include testing discrete changes in how something is practised and/or by whom something is performed, delivered, or offered (e.g. to the project's target group). Examples of this include testing:

- ▶ Different agricultural inputs and/or practices to see which perform best;
- ▶ Different means for promoting entrepreneurship training to see which yields more applications from women;
- ▶ Which types of prospective partner are most effective in encouraging job-seeking behaviours among youth.

Theory of change road-testing

Projects can test key assumptions in their theories of change (e.g., stakeholder / system actor capacities, motivations, and priorities), become more aware of 'harder to see' issues, and understand the different conditions needed for generating results. This may involve exercises that help projects better understand the input required to create a given project output, or whether certain output-level changes yield the envisaged outcome or impact-level results. Examples of this include identifying:

- ▶ If an actor is interested in providing new products / services to a new customer type;
- ▶ If a certain type of investor has the appetite to invest in a specific country and, if so, how long investment decisions tend to take;
- ▶ The potential challenges a specific type of actor may face in switching to a new sales model;
- ▶ Whether a public sector actor can offer improved service quality – under what conditions, what needs to change, and with what kind of support.

In-depth studies

Projects may work with stakeholders to jointly commission or undertake a one-off in-depth study to raise stakeholder awareness on a particular issue or opportunity, evoke dialogue between stakeholders, and outline possible future actions for taking forward or factoring into intervention design. In short, these studies may be commissioned not just to inform stakeholders, but also to stimulate follow-on actions or investments. Examples of this include:

⁵ The different types of action research presented in this section serve simply to illustrate that different forms of action research exist. It is not intended to be a complete list.

⁶ In researching this paper, practitioners generally interpreted action research to be a rapid form of hypothesis-testing. In some cases, the greater perspective may come from taking one single action that is reviewed, refined, and repeated in an adapted manner. In other cases, it may come from the running of simultaneous experiments of a given theme, for example, to reveal the effectiveness of different available options.

- Teaming up with a government department to commission a study on how other countries introduced social and environmental considerations into their forestry and plantation concession-granting processes. This may involve exploring feasibility, costs, and social and environmental returns on investment for a range of possible scenarios.

Box 4: Action research in dynamic and fragile contexts

Action research may have greater utility in trickier environments where the context for intervention is highly changeable. Amidst uncertainty, action research gives projects something ‘real’ to hold on to, invest in and learn from, allowing project teams to make greater headway.⁷

► Ethiopia: SHARPE, DAI Global UK

Faced with a challenging and evolving operating context, the project pivoted away from an intervention strategy premised on supporting the growth of small-scale poultry businesses in refugee and host communities in Jijiga region. Instead, it focussed on encouraging the production and sale of eggs in the refugee camps themselves. The project credits the intervention re-design to its commitment to learning (quickly) through trial and error and gaining a deeper understanding of the incorrect assumptions underpinning their original model, as their access to the refugee communities grew. The project’s search for the right kind support package for refugee communities was accelerated further by a knowledgeable regional poultry firm’s engagement, who was forthcoming in experimenting alongside them.

Result? The project moved from 7 egg producer businesses mostly within the host community in 2021 to 30 businesses mostly in refugee camps in 2024. Refugees running these commercial poultry farms increased their incomes and resilience, subsequently prompting others to get involved as farmers, collectors and traders, community animal health workers, or feed dealers. The regional poultry firm reported that 20 per cent of its business was now with refugees, and had plans to further expand to the refugee-hosting region of Dollo Ado.

Adapted project cycle activities

In addition to the different types of action research presented above, MSD practitioners can also incorporate action research thinking into their regular project cycle activities, for example, by performing them in a more participatory manner. This can help identify key system actors that projects could later partner with and also secure stronger buy-in from project stakeholders. Moreover, it can embody a shift away from the project as being the principal decision-maker and towards a set-up with a greater balance of power and influence over the project’s direction.

Box 5: Illustrations of more participatory project cycle activities

Activity	Example
► Sector selection and validation	► Where government stakeholders struggle to see beyond traditional sectors as developmental priorities, projects may consider organising a joint regional ‘study tour’ that specifically targets interactions with government officials, system actors, employers, and industry experts from high-potential (though less familiar) industries prior to sector shortlisting.

⁷ There are risks too. An appreciation of any heightened vulnerabilities and threats that target populations are facing is essential, and relatedly, the careful monitoring of adverse outcomes through early warning signs. In highly challenging contexts, it is also often harder to easily assess the legitimacy and credibility of different counterparts that you may seek to engage as co-researchers.

► Systems analysis	► Where membership organisations do not have sufficient resources to fully research members' needs, projects may invite senior figures from the organisation to support their systems analysis work, for example, by trialling a new member consultation or surveying instrument.⁸ Interviews can also be arranged both within and beyond the organisation's membership base to establish a joint understanding of interests and priorities among non-members.
► Ideation and vision-building	► Projects may organise multi-stakeholder roundtables as a bridge between systems analysis and intervention design to generate ideas for how important supporting systems can work differently in the future. For example, a roundtable could discuss how the different system actors engaged in entrepreneurship ecosystems might provide more growth-oriented services to existing micro-enterprises and small family-run businesses in the future, and how they could be enabled by others to do so.

4. Are there any risks to mitigate?

Alongside the benefits, it is important for project teams to appreciate the risks involved in using action research as well as the different measures that can be taken to reduce the likelihood of unwelcome side effects.

Hard to predict outcomes

Action research is exploratory by nature and is undertaken in real-world contexts. In many instances, co-researchers may not have a strong sense of how events will unfold and the direction and magnitude of the outcomes that will arise from the actions taken. Negative outcomes are a possibility, particularly when action research takes place early in the project lifecycle with little prior 'homework'. To counter this, projects should:

- Have resources to monitor action research in order to pick up adverse occurrences as soon as possible.
- Be prepared to postpone or cancel action research when their understanding of the different scenarios, consequences, and perhaps alternative options is not yet strong enough.
- Communicate their intention to work iteratively, or to try again, if the initial findings or results are disappointing.

Risk of undermining the project's identity as a facilitator

Action research can be relatively hands-on, with greater project team involvement and heavier shares of financial contribution than MSD practitioners are used to. In this regard, the positioning of the action research and how it is communicated to other project stakeholders and system actors must not undermine the project's ambition of inciting locally-owned improvements in system performance. Projects can manage this by:

- Investing time in building an understanding of the MSD approach among stakeholders, explaining the evolving role of the project throughout the intervention lifecycle, for instance, from action research to pilot intervention to a more mature intervention with crowding-in objectives.
- Encouraging their action research counterparts to take a step forward, be more visible than the project, and take credit for the exercise.

⁸ In this scenario, there may also be overlapping opportunities to adopt more participatory approaches to project monitoring and learning activities. For example, project stakeholders can be supported to collect different qualitative and quantitative data important to advancing their own knowledge and improving their own decision-making, and agreements made where certain insights and key metrics are periodically shared back to the project.

Resource-intensive

Action research may require greater relationship management and oversight than more passive forms of research. This translates into higher demands on human resource bandwidth and time. As a result, it may be difficult for small project teams, and those who have not yet recruited all of their team members. Moreover, less experienced project teams may have difficulty managing different types of intervention research and design activities simultaneously. This can be mitigated by:

- ▶ Using a rolling or staggered approach to building the intervention portfolio and managing intervention entries and exits throughout the project lifecycle.
- ▶ Setting teams up differently to manage workloads, for instance, by considering two-person sub-teams per sector, allowing one person to take the lead on action research, while the other leads on building an appreciation for how systems work through other forms of primary and secondary research.

5. Conclusion

Taking time to design well-considered, incisive interventions is generally good practice. However, the ‘paralysis by analysis’ phenomenon is real and as much as stopping investigative adventures too soon can be problematic, turning over every stone for complete enlightenment is increasingly understood by MSD practitioners as a doomed exercise. We need to step back and ask: is it possible to appreciate how and why market systems work as they do without finding out first-hand?

Many now agree that getting to action quicker may be a better way of responding to a complicated mission and a fast-ticking project clock. While action research can be a good vehicle for this, its adoption requires a new ‘mental model’ for how projects get started. The outliers can only become mainstream when a critical mass of leaders act on the lessons learned from past implementation efforts and influence the ‘rules of the game’. Funders need to expect it and implementers need to plan for it during fundraising or proposal-writing. Budgets need allocating. The contractual circumstances and overall implementation environment also needs to be right. For example, project teams need to be able to initiate action research and have the opportunity to move smoothly into pilot interventions as momentum builds. Action research cannot be a last-minute consideration and should be baked into the project concept from the outset.

At the same time, we must also exercise caution to avoid a new breed of paralysis – endless action research. When used effectively, action research can help project teams slide into better-designed pilot interventions with clear insights and impetus. Action begets action.