APPLYING COACHING TOOLS TO PUBLIC POLICY OBJECTIVES

Industrial revolutions coupled with progression of capitalism and the competitive nature of human beings has led to a society that is more than ever obsessed with goal-setting, achievement and efficiency. No wonder a new profession known as coaching has emerged in the second half of the last century and has underwent significant development since then, that focuses on assisting both individuals and teams in unlocking their potential to maximize performance and to achieve goals. Thinking of communities and countries as large teams that are led by relevant public entities, one is curious if and how coaching tools can be applied for enhancing public policy performance. To elaborate on this question, we shall choose a basic yet an important tool widely used in coaching known as "S.M.A.R.T.". The technique assists in properly framing one's goal, which is a fundamental step in the journey towards its achievement and this is the reason why we have decided to select "S.M.A.R.T." among other available tools. We shall then choose a public policy strategy adopted by an official authority and examine it under the lens of the selected tool.

To begin with our analysis, we must briefly explain what the acronym "S.M.A.R.T." stands for:

"S" stands for "specific", meaning that objectives shall aim at a specific area for improvement;

"M" stands for "Measurable", meaning that there should be a method to determine when will the objective be considered as achieved or at least how to measure the progress made towards achievement;

"A" stands for "Assignable", meaning that the one who is responsible shall be specified;

"R" stands for "Realistic", meaning that the objective shall state the results that can be achieved within the resources at hand;

"T" stands for "Time-bound", which means there should be a specific time-frame set for achieving the objective.

As realistically acknowledged by one of the authors of the concept Dr. Doran, expecting that every objective will ideally conform to all the 5 criteria defined above is not wise. Rather, the key is to use them as a guideline and try to get as close as possible to setting smart objectives.[1]

The public policy document we shall be examining under "S.M.A.R.T." is Jordan's Capital Market Development Strategy and Roadmap prepared under a joint project between EBRD and

---

[1] There's a S.M.A.R.T. way to write management's goals and objectives by George T. Doran

the Jordan Securities Commission (JSC). The report reviews where Jordan's capital market stands at the time of preparation and proposes a way forward through focusing on the following key considerations:

- Locals possess large savings but do not invest in the local capital market
- Certain regulatory and mechanical obstacles discourage foreign investments in Jordan
- Local companies do not view capital market as a beneficial alternative to bank financing
- JSC's staff needs training and development
- The general public's financial literacy is [2] low

The first circumstance that captures one's attention is the discrepancy between the name of the strategy and its content. The name "capital market development" suggests that if all tasks specified in the report are successfully completed, activity in the capital market shall increase. But that may not necessarily be the case for several reasons. Firstly, the strategy is mainly focused on removing legal inconveniences such as broadening the types of securities that may be issued by companies and conditions those securities may carry, removing tax burdens such as eliminating withholding tax for tax exempt foreign investors, enhancing infrastructure by for example creating linkages to Clearstream and/or Euroclear, privatizing the stock exchange and increasing JSC's powers and capacity. These measures will not significantly affect capital market activity unless there is sufficient supply and demand. Another reason for this assertion is that according to the report itself Jordanian banks have significant amounts of excess liquidity. This may be an indicator that there is a lack of issuers' base that can be financed with reasonable profit expectations and risks. For if there was such a base, chances are banks would find ways to invest the excess liquidity surplus whether through capital market or not.

The reforms enumerated in the report are indeed important for creating the necessary infrastructure and preconditions for well-functioning capital markets. However, labeling the objective of the project as capital market development, creates erroneous expectations for the public and possibly for the implementing agency as well. As a result, if there is no significant increase in market activity following the completion of tasks, the public may perceive the reform and the implementing agency's efforts as failed. In other words, such definition of the objective does not conform to the "Realistic" component since with the resources at hand chances are the objective may still be far from being accomplished. Redefining the objective as "Creating a well-developed infrastructure for capital market" will make the goal realistic as

[2] Capital Market Development Strategy and Roadmap for Jordan, Final Report 2017, pp. 1-2

creating a well-developed infrastructure is something that is more within the control of project participants. Setting realistic goals means increasing the chances of achieving them, and achieving public policy goals as planned helps to build trust among the public.

Another reason why properly framing the goals is important lies in the fact that erroneous or incomplete formulations, namely defining the goal in a way that does not fully express what one really intends to achieve or failing to elaborate on the scope of the goal, will create distractions. Turning back to our example with Jordan's Capital Market Development Strategy. The Strategy clearly establishes that capital market development is not an end in itself but rather a means to an end, as well as extensively elaborates on the tasks that shall be performed for developing the capital market. At the same time little is said what is understood as a satisfactory level of capital market development for Jordan or how do we measure progress. "Developing capital market" is a multifaceted concept and can be interpreted in various ways. Depending on which notion we select, the points of focus and the action plan will shift accordingly.

Let's briefly consider a few possible elaborations. Firstly, developing capital market could simply mean increasing the level of activity in the capital market. Here the more securities are publicly issued and traded the better off we shall consider ourselves. Another meaning it could have is ensuring a sufficiently developed infrastructure and legal framework for capital market. In this circumstance we measure progress referring to the infrastructure and legal framework rather than the volume of transactions in the market. The third meaning one may ascribe is creating a condition where entities with reasonable business projects and reasonable efforts would be able to secure sufficient funding, irrespective of the actual volume of transactions in the market. Fourth, if we are focusing on the means to an end component of capital market development, we might as well redefine the objective as increasing efficiency in the economy and ensuring that surplus investments find their shortest and cheapest path to investment. As you may have noticed the analysis attempts to bring the objective closer to the "S" (Smart) and "M" (Measurable) components.

Now let's demonstrate an example on how the focus and direction of the strategy would shift depending on the selected formulation. In its section on Capital Access For Financial Sector Firms the strategy discusses the possibility of assessing banks as issuers and suggests that to generate more cash banks could be encouraged to issue covered bonds and engage in securitization. If we understand capital market development merely as increasing the types and volumes of financial instruments, then this is a plausible strategy. However, if our goal is increasing efficiency, we might as well refuse to spend time and resources on assessing banks as issuers because it would be cheaper for funds to go directly to the real economy rather than through banks via covered bonds or asset backed securities. Under this framing we might as well extensively focus on the reason behind the surpluses of funds held by banks, why they have not been placed so far and where they could be invested whether through capital markets or not.

To sum up, one cannot underestimate the importance of spending extra efforts on framing and elaborating a public policy objective, as it is a crucial step for identifying points of focus and shaping the path. Coaching offers a number of tools to assist in this process and "S.M.A.R.T." is only one of them. Last but not least, if we view countries and communities as large teams, coaching is an approach that could also be used by technical assistance providers, such as UN and IFIs, in helping countries to come up with their own solutions to public policy issues rather than providing them with definite recommendations.