

**Institution: Brunel University**

**Unit of Assessment: 18 – Economics and Econometrics**

**a. Context**

Academics in Economics and Finance have worked with government bodies, international organisations, firms and charities to ensure that their research impacts on public policy, quality of life and wellbeing in society. Our work has led to improvements in the regulatory environment and governance of business entities. The association of staff with public bodies and firms through the work placement scheme, along with regular consultancy and secondments keeps us closely engaged with our user community. Impact on the economy comes in part through high quality academic work specifically designed for use by the policy community. We have worked for and maintain contacts with regulators (Office of Fair Trading, Financial Services Authority, Low Pay Commission, Bank for International Settlements in Basel, European Commission); international bodies (International Monetary Fund, Organisation for Economic Cooperation and Development, the World Bank); government departments (Business Industry and Skills, HM Treasury, Department for International Development, Department of Work and Pensions, HM Revenue and Customs); and the European Commission, European Central Bank and the Bank of England. We also work closely with industry in the UK and globally. Recent projects include influencing behaviour in electricity generation in China, and affecting accounting behaviour in the UK. The Department sees consultancy with government bodies and research institutes as a core component of its strategy, and this is encouraged by a one day a week allowance for consulting. The impact agenda is arranged around our four Centres: the Centre for Empirical Finance (CEF), The Brunel Macroeconomic Research Centre (BMRC), the Centre for Economic Development and Institutions (CEDI) and the Centre for Accounting, Finance and Corporate Governance (AFCG) with two overlapping themes of Financial Regulation and of Economic Development, both of which are interpreted in a broad way. All of our impact related work has stimulated the policy debate.

**b. Approach to impact**

A core component of Brunel's mission and strategic plan since it received its Royal Charter in 1966, has been engagement with government and industry and demonstrable impact derived from this activity; the research culture at Brunel reflects enterprise 'for the benefit of individuals and society at large'. In keeping with this mission, approaches to achieving impact can be seen from two perspectives: those which are Department specific; and those supported at institutional level. The institution has a clear impact strategy with a wide range of mechanisms, infrastructure and investments within the University. The Department's approach to impact is co-ordinated by our departmental impact co-ordinator (Barrell), and users are involved at all stages of the research, from identification of the research question through to the co-production of knowledge and evidence. The promotion of research and impact is facilitated by ongoing interaction with key stakeholders including the Bank of England, the IMF, the OECD and the European Commission, who have all sent staff to present at our conferences. This interaction process identifies needs, generates data and allows the widest dissemination of key findings. Research feeds into policy through close links with core stakeholders including broadcasters and publishers, for example, journalists from the Financial Times, the Guardian, the Daily Telegraph and the Times, who engage beyond the academy, ensuring the widest possible distribution of research and impact. Department staff regularly publish their work in these newspapers.

**Institutional support to enable impact** The University provides infrastructure for the realisation of impact by facilitating research excellence, knowledge transfer and relationships with national and international end users. It promotes a culture of impact through diverse means. For example, 'Understanding Impact' forms part of the PDAP training course for all new staff, and a sixth of our staff have attended this course. In addition impact has been incorporated into the academic promotions process at all levels. Staff and students are exposed to the needs of non-academic groups through the University's work placement scheme (Rated 'Best University Placement/Careers Service' 2010, 2012). The Department has had regular placements at the Bank of England, HM Treasury, the Foreign Office, the DWP and the BIS for over 30 years, as well as with core industrial companies. Through placement visits staff have developed strong links with

these departments and industries, and partner non-academic supervisors are encouraged to identify their own priority areas of research. One undergraduate Foreign Office work placement (Karim) on the Jamaican financial crisis forms part of the research background to our case study on financial regulation. The 'Impact Toolkit' developed by Brunel's Research Office provides training on effective impact pathways, and advice and expertise on liaising with users and funding bodies. The University supports research impact with a competitive research leave scheme that emphasises impact as a key criterion (Fidrmuc, Diotokopoulos, Shortland). The competitive £15k early career Brunel Research Initiatives and Enterprise Fund also requires identification of the impact of research. With her award, Shortland developed her collaboration with the World Bank. The departmental impact infrastructure revolves around our Research Centres which act as contact points for external users, channel institutional support for research and dissemination, and promote stakeholder engagement.

**Relationships with key users** The development and nurturing of strong, long term relationships with public and private users is a key feature of our approach to impact. Two of our major strands of impact related work are summarised below. The research work and its impact have in both cases been intentionally related. Our strategy has been to look for research from which we can have impact, and we have been implementing this approach for over a decade.

*Financial Regulation organised through BMRC.* Staff have been working with financial regulators with the intention of changing policy and increasing public understanding of financial markets for some years before the current REF. They intended to have impact on policy when they started research on financial regulation and financial crises in 2002. However, most of their impact has been in the post 2008 period as regulations were revised in the light of the financial crisis. The group (Barrell, Davis, Karim) were the first to show that increases in bank capital and liquidity reduced the probability of financial crises. The work was funded by the FSA and presented at the ECB by Davis (2010, 2012), Barrell (2011) and Karim (2012); and by Barrell at the Norwegian Central Bank and the Irish Central Bank in 2011; the Bank of England in 2010, 2011 and 2012; the Bank for International Settlements in Basel in 2010 and 2011; the European Commission, the OECD in 2010 and 2012; and the UN in 2013. Barrell has joined a macroprudential policy working party at the Bank of England and Davis has done the same at the IMF. In addition Shortland's work on state banking has influenced policy and regulation through its impact on World Bank actions.

*2. Development and Growth organised through CEDI.* Many staff have worked closely with the World Bank or with the Department for International Development in the UK. Campos has worked on the factors affecting growth in Brazil and elsewhere, looking at the impacts of Foreign Direct Investment and education. This led to a secondment to the Department for International Development where our work is having a major impact on government policy. Shortland's work on revenue from piracy in Somalia and economic activity led to practical strategies by the World Bank in 2012 on rebuilding state institutions in a stateless society. The World Bank, the European Parliament and NATO have all used this work and it has had a significant impact on their policies. Moore's work on Flow of Funds accounting in India has been picked up by World Bank officials, and Moore has taught government statisticians in Rwanda and Southern Sudan to use the techniques to overcome problems in data collection in these countries.

There are many other areas such as the impacts of Scottish independence (Fidrmuc, Barrell) and minimum wages (Fidrmuc) where staff have directly contributed both to the discussion and the making of policy. Academic research has formed the basis for policy impact, and it is possible to trace the process of influencing events. Liu through AFCG has worked with the European Commission to give technical support to transform electricity distribution in China, building on his industrial research. Our work through BMRC on savings and the shortfall in UK pension funding pensions (Davis, Barrell) was influential, and its conclusions were included in the Conservative Party manifesto in 2010 and the increase in the retirement age then enacted can be linked to the work. Work through CEF has affected the efficiency of the public sector through our work on debt management (Canepa), on the management of risk (Moro), on financial standards (Hassan, Chen) and on the design of auditing strategies to increase HM Revenue and Customs effectiveness (Rablen).

It is of course difficult in advance to know whether a study will have impact. In order to raise the possibility contacts with officials in relevant UK, European and international bodies have to be

maintained. The Department is committed to maintaining these networks of contacts in order to ensure we gain influence as well as funding to pay for the work. The data related infrastructure at Brunel, based on access to financial and other data through BankScope, DataStream and ESDS, has been central to our activities and without this support our research would generate much less public benefit.

### c. Strategy and plans

The University and School's Strategic Plans identify impact and knowledge transfer as a primary aim. In the future we focus on three main strategies utilising implementation strategies based on the 'Payback Framework' developed by Brunel scholars Buxton and Hanney. These will enable us to expand our national and international research impact, facilitated by prioritising the key research areas in which we have internationally recognised expertise. The University recognises that impact rests on internationally excellent and policy relevant research and has identified external funding and strong research centres as central to this. The Department has set out five main objectives over the next five years in its REF statement, and all are related to our impact agenda.

**Impact Strategies** Our impact work on financial markets will be enhanced by a new Centre for Banking and Finance (Barrell, Karim, Ventouri), and we will use this as the core for our impact work on financial regulation. This will also be informed by our work on behavioural finance (Rablen, Chioveanu) as well as by industrial organisation work (Liu, Vanderos). The latter will contribute to our impact on growth and development, which will be led by CEDI members. We will enhance our impact on the choices of fiscal policy in emerging markets and elsewhere (Fidrmuc, Ghosh, Diotokopolous) and we will ensure that tools such as crisis related signal extraction (Karim, Barrell) and flow of funds analysis become more widely used (Moore). These two strands, financial regulation and informing development strategies, will remain central to our strategy.

**Effective research dissemination and knowledge transfer** We will continue to build on our work with government agencies, financial and industrial regulators and other user bodies to identify future collaborative opportunities and potential impact on policy and practices. We will promote international user links for our Research Centres. Funding will be available for the promotion of existing research activities through expert seminars and workshops. We will promote the use of new media to target audiences, with success monitored through appropriate metrics.

**Mutually beneficial engagement with stakeholders and end users** To enhance research relevance and impact the Department promotes mutually beneficial engagement with non-academic users at all stages of research, from identification of the research focus through to dissemination. We will encourage further utilisation of the University's Knowledge Transfer Scheme, which will require the identification of partner organisations and the broadening of projects to encompass the scheme's goals. Our four University Centres ensure we engage with policy makers, and the annual conferences are attended both by academics and by policy makers. This maintains our contacts with the policy community at an individual and a collective level.

### d. Relationship to case studies

Over the last fifteen years we have consistently designed our work to have impacts on decision takers and policy makers, ensuring that our interactions are backed up by high quality research. There are a large number of possible case studies available to us, and we have chosen four, the first on financial regulation, the second on piracy, the third on pensions and the fourth on electricity generation in China. The first two have been chosen from our main themes above. We have contributed significantly to macro-economic policy making through our work on financial regulation (Barrell, Davis and Karim) with work on capital and liquidity in banks, as well as our investigation of the role countercyclical capital buffer (Barrell, Karim) in enhancing financial stability. We have changed the debate on development through our work on piracy in Somalia (Shortland). The analysis of why states fail and what to do when they do is central to resolving conflicts, and experiments on the ground in dealing with stakeholders in such societies have been very instructive. Retirement policy has been influenced by our work on consumption, savings and pensions (Barrell, Davis). The plans for the structure of electricity generation in China have been transformed, and will help reduce carbon emissions (Liu). All will improve regulation and hence enhance welfare, and our research in these areas has added to our impact on the policy debate.