



# 2019 Ecosystem Consultations on Incubation and BDS Policy, Business Advisory Services and Seda District Facilitation Model



# Foreword

---

## A new journey begins | 2019 New Journey Provincial Engagements Report

The Department of Small Business Development is responsible for the overall promotion and support of the Small, Medium and Micro Enterprises in South Africa. As a custodian of government's SMME Policies and Programmes, the Department is mandated to lead and coordinate an integrated approach to the promotion and development of entrepreneurship, small businesses and Cooperatives, and ensure an enabling legislative and policy environment to support their growth and sustainability.

On 10 and 11 March 2016, the Department of Small Business Development (DSBD) in partnership with the Small Enterprise Development Agency (Seda) hosted a successful Conference titled: **South African Business Incubation Conference (SABIC)**. The conference culminated in the development of the Incubation and Business Development Services (IBDS) Policy. To ensure that the Policy is evidence based and informed by the needs of the Business Development Services (BDS) ecosystem, the Department of Small Business Development rolled out a series of Provincial Workshops aimed at gathering BDS inputs from various stakeholders that will form the basis of the IBDS Policy.

The stakeholders' consultation Workshops sessions were conducted with both Public and Private sector role players covering all the Provinces of South Africa from the period 29 October 2019 to 28 November 2019. These consultations have included the Business Advisory Services (BAS) Standard. The objectives of the BAS are incorporated into the IBDS Policy.

We would like to recognise the effort made by the officials from the Department of Small Business Development (DSBD), Ecosystem Development for Small Enterprise (EDSE), Small Enterprise Development Agency (Seda), Services SETA for working tirelessly in engaging the stakeholders and putting together the submissions made by various stakeholders that gave rise to this report. The Department would like to further express its appreciation to all stakeholders in the Public and Private sectors for their valuable support and contributions made during the consultative process.

# Contents

- Foreword ..... 2
- Executive Summary ..... 4
- 1. Introduction and Background ..... 7
  - 1.1 Introduction ..... 7
  - 1.2 Background ..... 9
- 2. About the provincial engagements..... 10
  - 2.1 How they were set up..... 10
  - 2.2 About the participants..... 11
  - 2.3 What information was compiled..... 11
- 3. Participation & key findings ..... 12
  - 3.1 Overall participation at provincial engagements ..... 12
  - 3.2 Provincial Attendance ..... 13
  - 3.3 Structure of the provincial engagements ..... 14
- 4. Incubation and Business Development Support (IBDS) policy discussion..... 15
  - 4.1 Background to IBDS..... 15
  - 4.2 Discussions..... 15
  - 4.3 Summary of findings..... 16
- 5. Recommendations ..... 45
- 6. Business Advisory Services (BAS) Paper Discussion ..... 48
- 7. Event Evaluation..... 78
  - 7.1 Overall Evaluation of engagements ..... 78
- 8. Conclusion ..... 83

# Executive Summary

---

The 2019 New Journey Provincial Engagements, supported and facilitated by EDSE, acted as a significant accelerator in key processes to bring greater quality assurance, reach and ecosystem collaboration to small business support in South Africa.

Public engagement is a critical part of a democratic government's mandate. What made the 2019 New Journey Provincial Engagements different was *the way that these engagements took place*.

The small enterprise ecosystem is fragmented, works in silos and lacks the cohesive, collaborative framework to ensure that SMMEs receive the right business development services (BDS) and business advisory services (BAS) needed to help them succeed.

These ecosystem engagements were established to *collaborate, listen and engage*. The key PPD objective was to gather qualitative and quantitative data from key stakeholders in the BDS sector, analyse and input the feedback into government policy, standards, programmes and key decisions.

The Department of Small Business Development (DSBD), Small Enterprise Development Agency (Seda), Services Seta (Sector Education and Training Authority) and EDSE worked together to bring the engagements to the sector.

---

**Over 600 stakeholders across nine provinces attended seven events.**

---

Careful consideration was given to the make-up of participants for each event to ensure that each province was equitably represented in terms of sector, gender, race and location.

The events were set up such that engagement was highly interactive with the majority of time given to facilitated group exercises. Each group gave feedback and inputs to specific questions around the Incubation and Business Development Services (IBDS) Policy, the BAS discussion paper and Seda's new strategy.

The level of engagement at each event was high and participants gave carefully considered, specific feedback. Some participants drove as many as five hours to participate, and the groups entered into intense discussion on each question in the exercises. Each group worked as a mini-ecosystem of its own, with participants from different sectors of the SMME ecosystem represented in each group.

Five sets of data were developed that will input to the IBDS policy and the BAS paper with a synopsis of key findings presented in this report. These data sets include the initial registration

forms, the IBDS exercises, the BAS exercises, the longer, qualitative registration form and the evaluation forms.

***The extensive outputs from the PPD process will support Seda and DSBD's development of new policies, standards and delivery facilitation models to increase the quality, reach and impact of BDS to small businesses in South Africa.***

The IBDS Policy inputs were collated and analysed with seven key themes interpolated from the data.

These included:

1. The role and integration of Seda, DSBD, Services Sets and SEFA,
2. General ecosystem issues,
3. Sector-specific issues,
4. General professionalisation of the sector,
5. Upskilling of BAS/BDS practitioners,
6. Financing and structuring of BAS/BDS, and
7. Communication with end-users.

Key findings were varied yet concise. These included:

- Participants saw the lack of an SMME database as a hindrance for government to effectively support them in the provision of BDS services and for development of the sector.
- The creation of an 'authoritative professional body that is inclusive of practitioners of all SMME disciplines and could mitigate quality issues' was seen as a positive.
- The variation in quality of BDS providers and quality services is an opportunity that government can address. It was recommended that a registered qualification and established professional framework for BDS practitioners through public and private partnerships be developed.

---

Feedback to the BAS paper group exercises were also concise. In these exercises, twelve key questions were raised for each group to answer.

---

In this report, the focus lies in addressing the pros and cons of regulation, the definitions of the business advisor/consultant, business coach and business mentor and the polling of the groups on the level of regulation needed in the industry.

The headline of the voting on a consolidated basis was that 55% favoured highly regulated, 31% self-regulated and 17% other. The notable exception was the Western Cape, where 68% voted for self-regulation.

For the IBDS policy and the BAS paper analyses, the consolidated and provincial tables will be further analysed as inputs to the two documents. The provincial data of the registration, IBDS, BAS and evaluations are in the appendices of this report.

The data presented in this report will assist the four partners in determining the path forward in the IBDS/BAS sector. This information is combined with other datasets and engagements to provide a robust and meaningful fact-based assessment of stakeholder insights and needs.

The 2019 New Journey Provincial Engagements were important in establishing a new working relationship between government partners and the IBDS/BAS stakeholders. The quality of inputs, level of engagement and feedback will be of great value to the government partners and ecosystem for many years to come.

# 1. Introduction and Background

---

## 1.1 Introduction

A new journey begins.

**A new dialogue, a new way of doing business.** The multiple challenges faced in South Africa – a weak economy, stagnant growth, increasing unemployment – require new solutions. What worked in the past doesn't work now. The way government has operated to help small enterprises in the last 20 years has not had the impact that was anticipated.

---

The 2019 New Journey Provincial Engagements events, representing nine provinces, that happened between 28 October and 27 November marked the beginning of that change.

---

20 years ago, South Africa was in a growth phase. There were very few Business Development Support (BDS) providers; it was an economy dominated by monopolistic entities. Digital was only emerging and government delivery was centralised at national level.

Today the economy is struggling. There are multiple BDS suppliers and types; we are in the era of digital disruption and 4IR and government is now taking a district outlook, as highlighted in President Ramaphosa's Khawuleza programme. The government delivery model has been redefined.

The context of these changes reflects in how the Department of Small Business Development (DSBD), Small Enterprises Development Agency (Seda), Small Enterprises Finance Agency (SEFA) and partners Services Seta, and others work to help grow small enterprises. Today's thinking is centered around three premises:

- I. **Ecosystem-driven thinking** – which brings in an understanding of the issues of complexity, quantity, fragmentation and inefficiency.
- II. **Enabling and facilitating** – the government delivery model is built on understanding that it has limited resources and needs private sector and other partners to bring in expertise and experience.
- III. **Equitable access** – recognition of a metro bias, market failure, and a need for a township and rural focus.



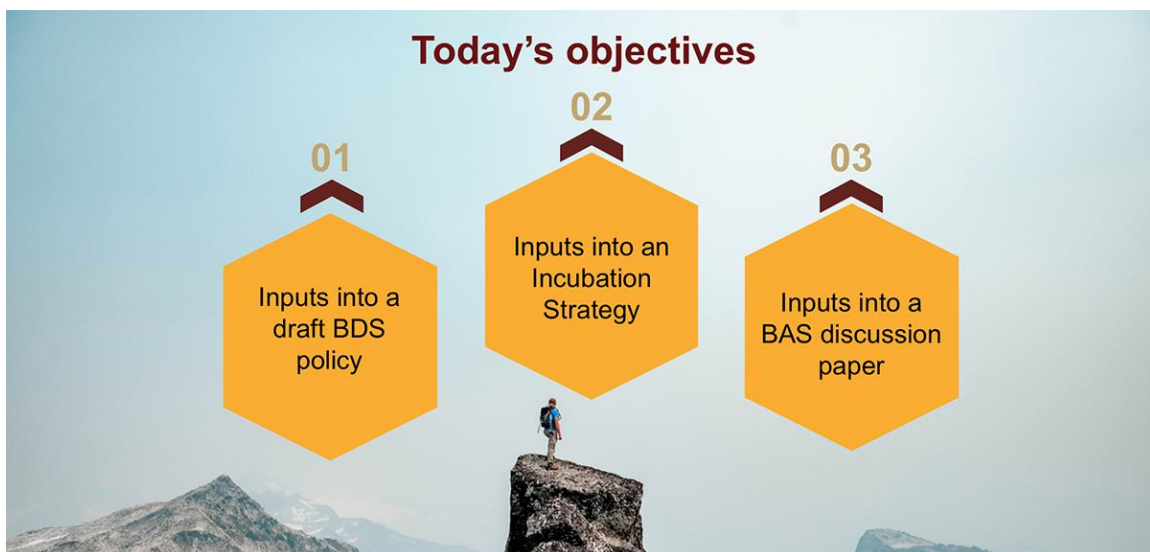
Today's reality is one of a new environment, a new agenda, a new journey. It is also a journey of reflection, consultation and collaboration. Ecosystems require new thinking, new skills and a far more collaborative approach to helping reduce unemployment and grow small enterprises.

As part of the public participation process, provincial engagements were undertaken with the objective of sourcing inputs into a draft Incubation and Business Development Services (IBDS) policy and BAS discussion paper to shape their development and implementation. A total of seven provincial engagements were conducted for all the nine provinces, with Gauteng and North West combined to make one session, including Mpumalanga and Limpopo provinces.

As well as sourcing inputs, the sessions were also conducted to allow stakeholders to shape government support to SMMEs through consultation, collaboration and co-ordination.

## Objectives

The objectives of the 2019 New Journey Provincial Engagements were as follows:





## 1.2 Background

Discussions on Business Advisory Services had been ongoing for many years prior to the development of the initial BAS paper in April 2019. Both Seda and Services SETA had attended several conferences and an initial engagement on the BAS paper was held in early 2019. An area of critical concern was the BAS quality standards in South Africa.

At the same time, the overall perspective of Business Development Services was under review by the Department of Small Business Development. A policy was drafted and the engagements became a critical aspect of the review of the policy through dialogue with practitioners in the field.

There is a clear overlap between the oversight of Business Development Services and Business Advisory Services – one deals with the industry bodies that oversee business advisory services and the other deals with the standards, quality and implementation of the advisory services.

All four partners holding the public engagements are part of the Business Advisory Services Committee, which oversees the development of the BAS paper and inputs into the paper. They also work together for inputs into the Incubation and Business Development draft policy.

### About the four partners

Four partners worked together to bring a new approach in ecosystem thinking to over 600 participants, engaging with experts on the ground in nine provinces, and compiling and analysing the results of specific feedback exercises at the provincial engagements.



Since its establishment in 2014, the **Department of Small Business Development (DSBD)** has been dedicated to advancing the growth of sustainable SMMEs and Cooperatives. Small and high-growth businesses are key levers for job creation and, therefore, aid in the reduction of poverty and inequality. The department's specific focus on youth, women and people with disabilities, especially in rural areas and townships, seeks to level out inherent inequalities in economic distribution. A focus on small enterprise has the potential to significantly improve South Africa's economy.



The primary function of the **Services SETA** is to facilitate skills development by establishing educational initiatives such as learnerships, skills development programmes, internships and other relevant strategic ventures. This is done through the disbursement of grants to employers and training providers. They are also tasked with monitoring the quality of occupation-based training within the services sector scope as delegated by the Quality Council for Trades and Occupations (QCTO). The Services SETA bridges the gap between the formal education and training system and the workplace by facilitating and funding learning programmes that build skill sets required by industries (the world of work). To achieve this, the Services SETA works

in partnership with public and private learning institutions accredited to deliver the training on its behalf.



The **Small Enterprise Development Agency (Seda)** is an agency of the Department of Small Business Development. Seda was established in December 2004, through the National Small Business Amendment Act, Act 29 of 2004. It is mandated to implement government's small business strategy; design and implement a standard and common national delivery network for small enterprise development; and integrate government-funded small enterprise support agencies across all tiers of government. Seda's mission is to develop, support and promote small enterprises throughout the country, ensuring their growth and sustainability in co-ordination and partnership with various role players, including global partners, who make international best practices available to local entrepreneurs.



The **Ecosystem Development for Small Enterprises (EDSE)** Programme is a four-year, ground-breaking, innovative and multi-dimensional project aimed at effecting meaningful change across South Africa's SMME ecosystem. Funded by the European Union, the programme aims to improve the operating environment for SMME's through the application of "Technical Assistance" as well as "Budget Support", in the form of a Euro 38 million allocation. A team of over 30 leading SMME technical experts is in place and headquartered within the Department of Small Business Development (DSBD) offices in Pretoria. Four technical assistance teams support and work primarily with the DSBD, Seda, SEFA and the Department of Agriculture, Land Reform and Rural Development (DALRRD) to improve strategies, support new pilots, introduce international models and best practice, scale up successful approaches, support and empower partnering officials, fast-track delivery and focus on reducing red tape across the delivery system.

## 2. About the provincial engagements

---

### 2.1 How they were set up

Public participation is one of the cornerstones of democracy in modern governments today. Hearing people's voices is integral to government's decision-making.

Before embarking on legislation that impacts on citizens' lives or developing standards that can influence their livelihoods, relevant stakeholders must be heard and engaged.

---

The 2019 New Journey Provincial Engagements took public participation to the next level by incorporating ecosystem thinking into its engagements.

---

An ecosystem approach meant that a more open and inclusive listening process was built into the schedule. Presentations were kept short with greater time allocated to exchange of ideas in group formats. The input gathered via these discussion sessions was consolidated and analysed following the events to ensure that all comments, feedback and scoring were captured for consideration in the final policy documents and BAS paper.

## 2.2 About the participants

In order to develop meaningful and comprehensive participation in the IBDS policy and BAS paper, the four partners, in conjunction with the Seda Provincial offices, sought to ensure fair representation and inclusion of key stakeholders at all events. This is evident in the participation and evaluation results from the engagements, both collectively and individually per province.

A mix of entrepreneurs, BAS and BDS practitioners, academics and other influential individuals in the IBDS and BAS space were invited by each provincial office and/or the partners.

## 2.3 What information was compiled

Five datasets of information were collected at the events in order to ensure that the input from participants was gathered as comprehensively as possible. These included:

**Table 1: 2019 New Journey Provincial Engagements Data Sets and Purpose**

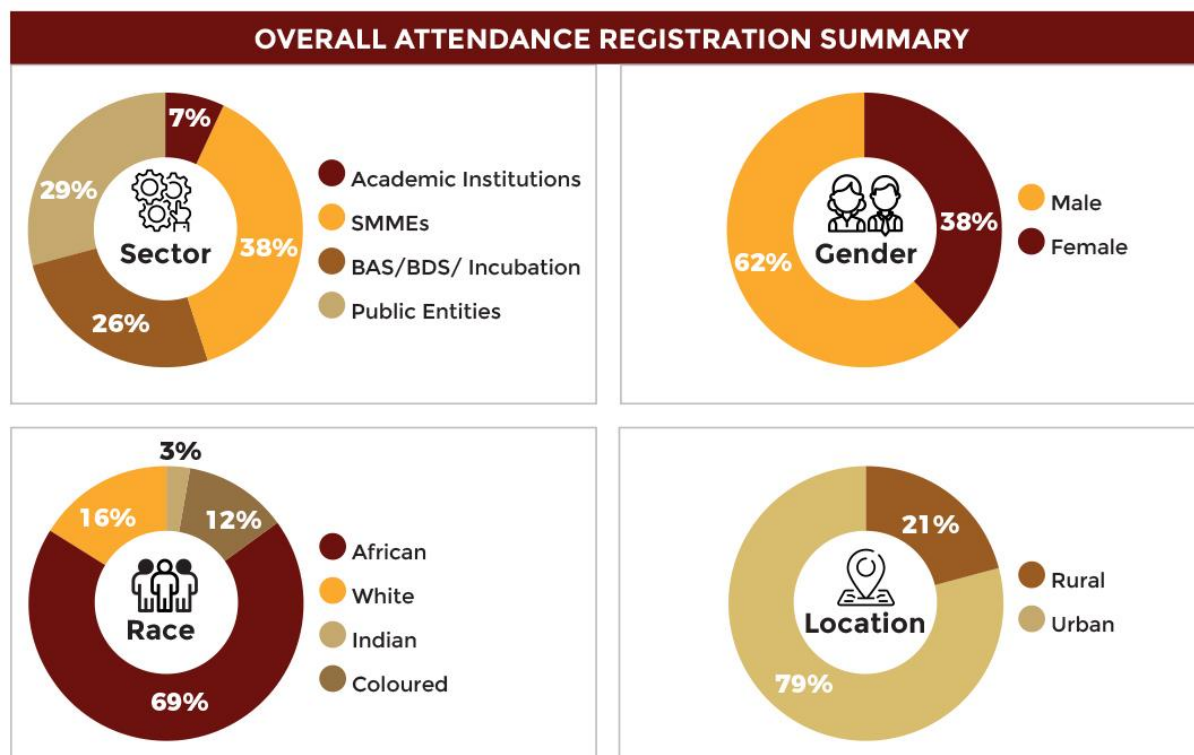
Data set	Purpose
Initial registration	Statistical information regarding the participants' age, sex, sector, race and geographic location. This information assists the government partners in ensuring fair and inclusive representation and in creating a future ecosystem practitioner database.
IBDS policy exercises	Following the IBDS policy presentation, participants were formed into groups of 10 per table to answer five key questions. These answer sheets were then captured, codified and analysed. This analysis is presented in the IBDS section of this report and will feature in the more in-depth policy review being undertaken by DSBD.

Data set	Purpose
BAS paper exercises	Following the BAS paper presentation, participants formed into groups with a designated mix of different backgrounds to complete 12 key assignments, plus a three-part voting exercise. The results of this voting exercise are captured in this report, with the in-depth qualitative data being codified and presented for input into the BAS paper and discussion regarding a potential standard by the BAS Committee.
Longer registration with input towards participants' needs	This information was derived from qualitative questions posed to participants about the necessity of the government partners to better understand the needs in the BAS and BDS communities. This information will assist key partners in making decisions for use in programmes and other development areas.
Evaluation forms	Following the events, participants were asked to evaluate them. This data was compiled into quantitative results that will allow the partners to see how to improve future events.

### 3. Participation & Key Findings

#### 3.1 Overall Participation at Provincial Engagements

Table 2: Overall Participation at Provincial Engagements



The provincial engagement took place from 29 October to 28 November 2019. Small and medium sized enterprises were the highest sector representation of attendees at 38%; public entities accounted for 29% of participants in attendance; BAS/BDS and incubation stakeholders accounted for 26% of attendees; with academic and higher learning institutions accounting for 7% in attendance.

All seven 2019 New Journey Provincial Engagements, representing nine provinces, were well-attended by a broad representation from the BAS and BDS sectors.

The population sampling of consenting voluntary participants in all engagements shows a demographic breakdown of participation and inputs with:

- Gender distribution at the events was 38% females and 62% males;
- Race classification of participants shows 69% of attendees identified as African, 16% as White, 3% as Indian and 12% identifying as coloured and;
- The geographic distribution represents attendees as 21% stakeholders operating in rural settings and an overwhelming 79% of stakeholders representing interest in urban locales.

### Provincial Attendance

**Table 3: Provincial Attendance in terms of Gender, Race and Location**

	Gender		Race				Location	
	Male	Female	African	White	Indian	Coloured	Rural	Urban
Free State	57%	43%	77%	12%	2%	9%	14%	86%
Western Cape	60%	40%	24%	49%	4%	24%	11%	89%
Eastern Cape	37%	63%	90%	7%	0%	3%	18%	82%
Mpumalanga & Limpopo	57%	43%	86%	8%	0%	6%	27%	87%
KwaZulu-Natal	44%	56%	79%	6%	9%	6%	18%	82%
Northern Cape	59%	41%	71%	3%	4%	22%	61%	39%
Gauteng & North West	52%	48%	81%	14%	1%	5%	83%	17%

The 2019 New Journey Stakeholder Provincial Engagements were well-attended. Event participation ranged from 34 participants at the KZN provincial engagement to 124 participants at the Eastern Cape provincial engagement, as the highest number of attendees.

### 3.2 Structure of the provincial engagements

The structure of the provincial engagement was designed with a view to enable more discussion and ensure all participants were given an opportunity to provide their inputs. Full programme proceedings, on average, commenced with a morning session at 09h30, ending with a final afternoon session at 15h00.

The Seda/DSBD Provincial Manager did a welcome address followed by a context setting presentation by Seda, and a presentation by the DSBD on Introduction to the Incubation and Business Development Policy. Following the IBDS policy discussion there was a presentation on the BAS paper. After each presentation there was a group exercise with specific questions to be answered by group.

The event locations were as follows:

#### 2019 New Journey Provincial Engagements

Date	Province	Event Location	Number of Participants
28 October 2019	Free State	President hotel & Conference Venue, Bloemfontein	93
5 November 2019	Western Cape	Garden Court Nelson Mandela Boulevard, Cape Town	85
7 November 2019	Eastern Cape	Premier Hotel, Marine Park Complex, East London	124
12 November 2019	Mpumalanga/ Limpopo	eBundu Lodge, Nelspruit	63
14 November 2019	KwaZulu-Natal	Sica's Guesthouse, Durban	34
26 November 2019	Northern Cape	Garden Court, Kimberley	99
28 November 2019	North West/ Gauteng	Leriba Lodge, Centurion	109
<b>Total</b>			<b>607</b>

## 4. Incubation and Business Development Support (IBDS) Policy Discussion

---

### 4.1 Background to IBDS

The primary purpose of the IBDS Policy consultation sessions was to gather inputs that will contribute meaningfully to strengthening the reach, quality and the delivery of Business Development Services (BDS).

The IBDS Policy incorporates the objectives of both Incubation and Business Advisory Standards (BAS). The Policy pillars are as follows:

- Strengthen Seda's role as a national BDS ecosystem facilitator;
- Ensure a coherent policy approach to BDS coordination and provision;
- Create an enabling environment for BDS practitioners and SMMEs;
- Ensure availability and provision of quality public and private BDS; and
- Enable monitoring, evaluation and learning.

### 4.2 Discussions

#### 4.2.1 Format of the Consultation Workshops

Workshops began with a presentation on the Incubation and Business Development Support Policy, a draft of which had been circulated to stakeholders prior to the engagements. Following this presentation, working groups were formed to work on a questionnaire consisting of six questions. A consolidated response for each question was recorded and submitted by each group. Because the consultation targeted stakeholders that are already in the BDS space as practitioners, academics, small businesses or public sector participants, who have the relevant information required to inform this process of IBDS Policy develop, the sampling method was based on non-random criteria resulting in a purposive sample. Although this can be considered a limitation in some contexts, for purpose of IBDS Policy development, conducting an exploratory consultation was the best course to providing the DSBD with further understanding of the BDS space.

The following questions were posed to participants:

1. **In order of priority, identify the top three (3) challenges facing BDS practitioners in your region. (5 mins)**
2. **What can government do to address the abovementioned challenges from a policy perspective? (5 mins)**

3. In your view, is there a role for government in BDS provision. If yes, please mention the top three (3) priority roles government should play to support BDS provision? (10 mins)
4. How best can the participation of private sector BDS practitioners be strengthened in the provision of BDS? (5 mins)
5. Is there a need for the establishment of a single national professional body registered with SAQA for BDS practitioners – if yes, what roles will it fulfill? (5 mins)
6. If your answer was yes in Question 5, who should be the members of the aforementioned professional body? (5 mins)

### 4.3 Summary of findings

#### 4.3.1 Question 1 - Top three challenges facing BDS practitioners

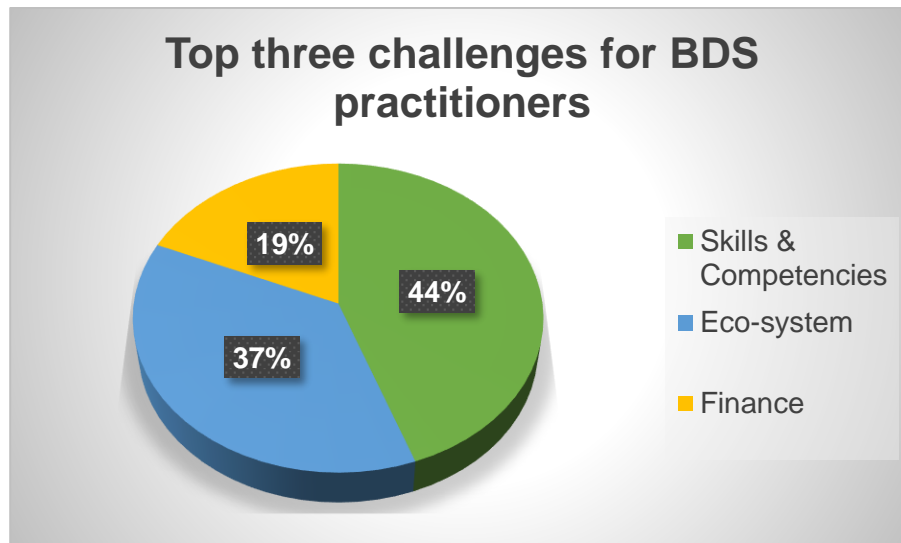
Dominant themes that emerged in Question 1 have been placed into three broad categories for all Provinces, with provision for overlapping between the emerging themes:

Finance	Skills & Competencies	Ecosystem
<ul style="list-style-type: none"> <li>▪ The flow of money within the BDS sector</li> <li>▪ Funding for BDS practitioners as service providers</li> <li>▪ Funding for SMMEs in order for them to be able to pay for or afford BDS services</li> </ul>	<ul style="list-style-type: none"> <li>▪ Specialisation</li> <li>▪ Information</li> <li>▪ Entrepreneurial skills</li> <li>▪ Understanding</li> <li>▪ Awareness</li> <li>▪ Training</li> <li>▪ Knowledge</li> <li>▪ Capacity</li> <li>▪ Commitment</li> <li>▪ Qualifications</li> <li>▪ Experience</li> </ul>	<ul style="list-style-type: none"> <li>▪ Institutional arrangements</li> <li>▪ Standards</li> <li>▪ Accessibility</li> <li>▪ Policy</li> <li>▪ Red tape</li> <li>▪ Distribution</li> <li>▪ Alignment</li> <li>▪ Accreditation</li> <li>▪ Framework</li> <li>▪ Infrastructure</li> <li>▪ Processes</li> <li>▪ Accountability</li> <li>▪ Database</li> <li>▪ Monitoring and Evaluation</li> </ul>

**Table 1 – Categories of Themes, Question 1**



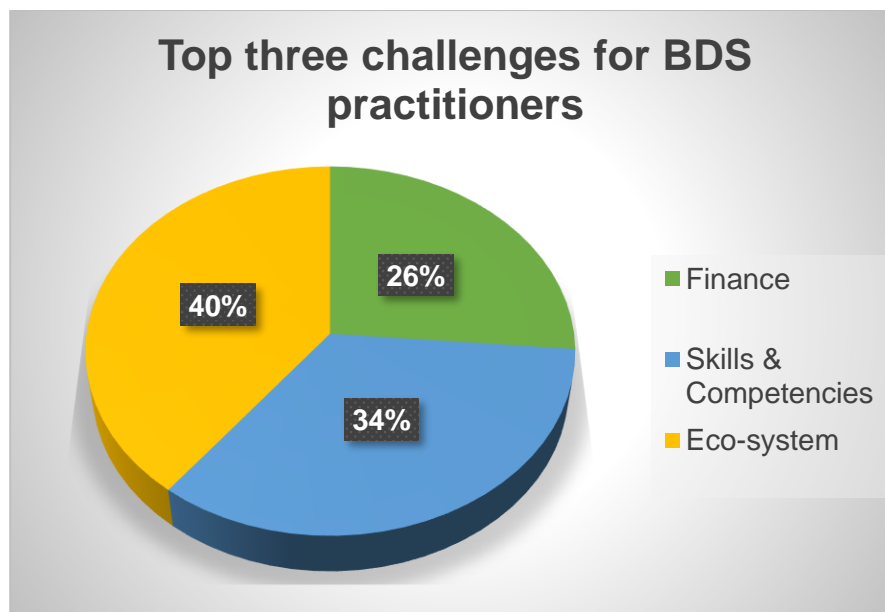
## Western Cape



**Figure 1 – Western Cape consolidated responses to Question 1**

The Western Cape had a total of 10 working groups. 44% of responses identified Skills & Competencies as the predominant challenge for BDS practitioners, followed by the Ecosystem at 37%, and Finance at 19%.

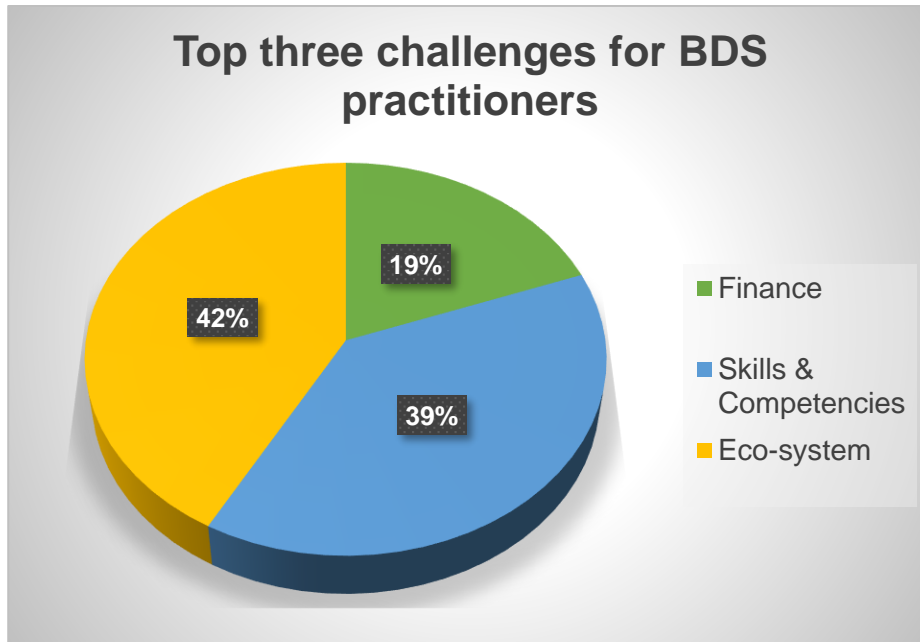
## Eastern Cape



**Figure 2 – Eastern Cape consolidated responses to Question 1**

The Eastern Cape had a total of 12 working groups. 40% of responses identified the Ecosystem as the predominant challenge for BDS practitioners, followed by Skills & Competencies at 34%, and Finance at 26%.

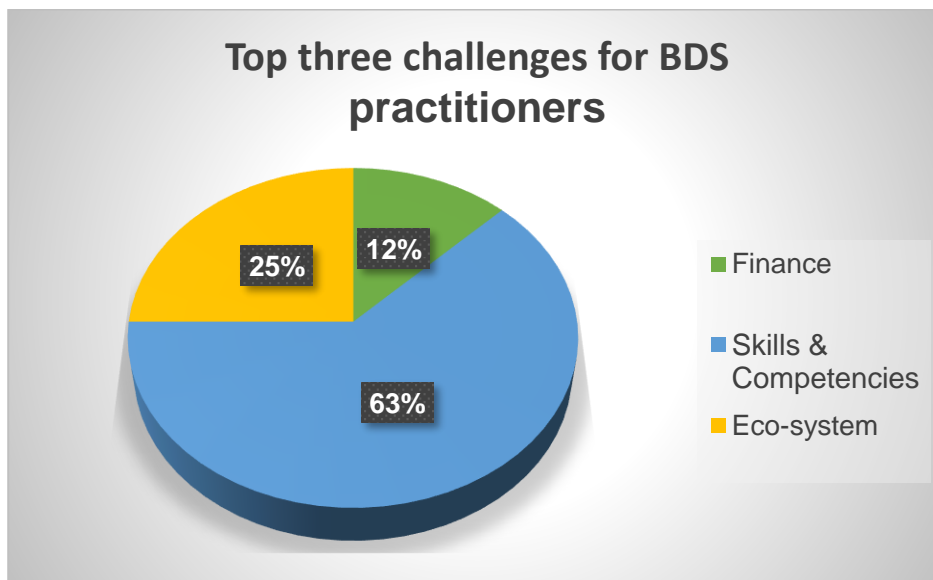
### Mpumalanga / Limpopo



**Figure 3 – Mpumalanga/Limpopo consolidated responses to Question 1**

Mpumalanga and Limpopo Provinces had a combined consultation and the total number of working groups was 10. 42% of responses identified the Ecosystem as the predominant challenge for BDS practitioners, followed by Skills & Competencies at 39%, and Finance at 19%.

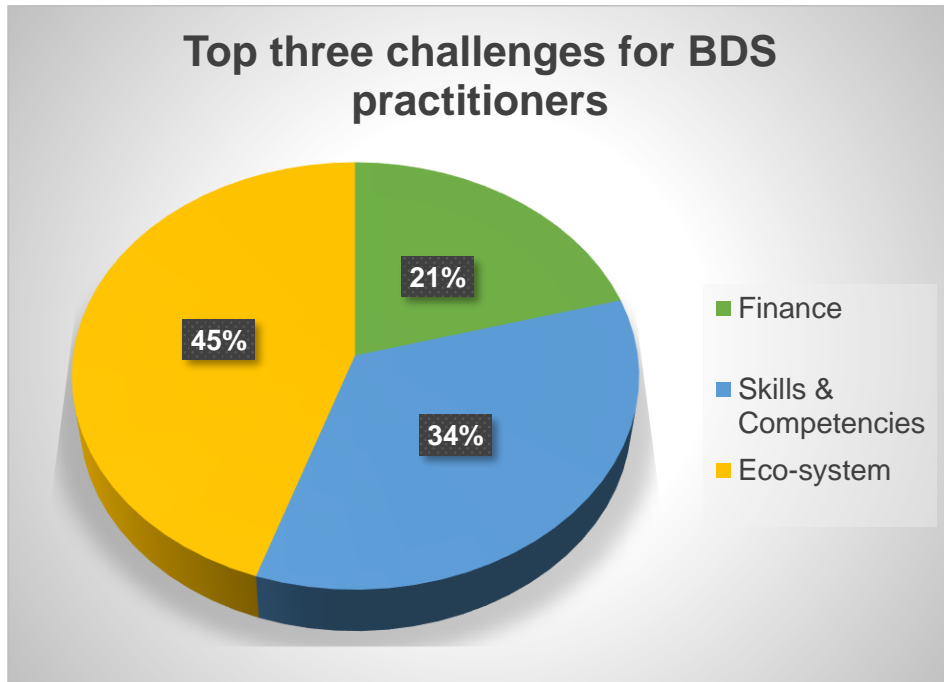
### KwaZulu-Natal



**Figure 4 – KwaZulu-Natal consolidated responses to Question 1**

In KwaZulu-Natal there was a total of four working groups. 63% of responses identified Skills & Competencies as the predominant challenge for BDS practitioners, followed by the Ecosystem at 25%, and Finance at 12%.

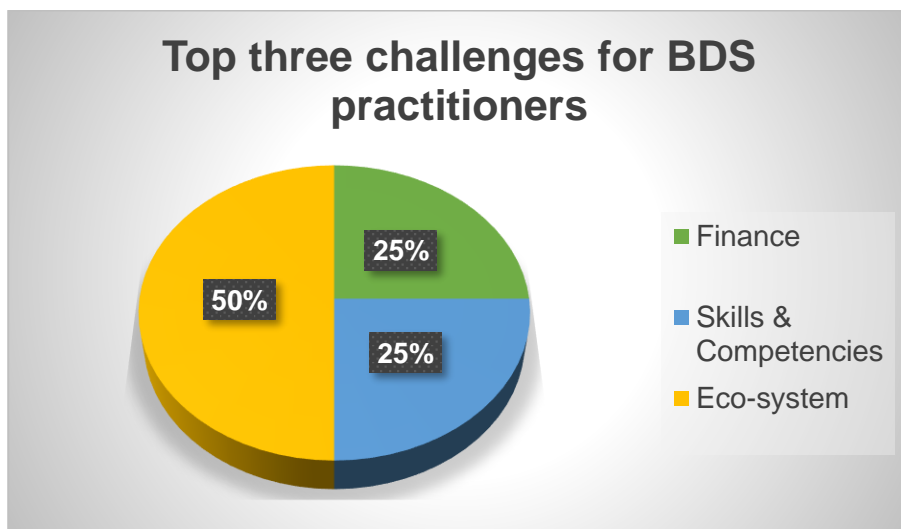
### Northern Cape



**Figure 5 – Northern Cape consolidated responses to Question 1**

The Northern Cape had a total of nine working groups. 45% of responses identified the Ecosystem as the predominant challenge for BDS practitioners, followed by Skills & Competencies at 34%, and Finance at 21%.

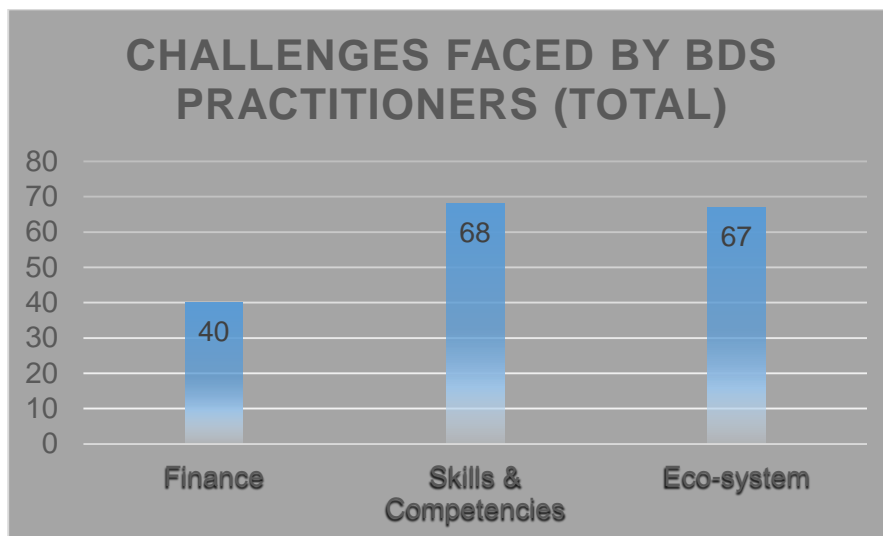
### Gauteng / North West



**Figure 6 – Gauteng / North West consolidated responses to Question 1**

Gauteng and North West had a combined consultation with a total number of 14 working groups. 50% of responses identified the Ecosystem as the predominant challenge for BDS practitioners, followed by Finance and Skills & Competencies with 25% each.

## Total results for all Provinces



**Figure 7 – All provinces sum of responses to Question 1**

Figure 7 shows that the leading challenges facing BDS practitioners as identified from the Provincial consultations are related to Skills & Competencies and the Ecosystem. Finance was also identified as a challenge, but less so than the other two categories.

Despite the relatively low number of responses indicating Finance as a challenge, one of the main reasons the DSBD embarked on the process of creating the IBDS policy was that it recognised that regardless of the amount of financial resources that government and the private sector had poured into the BDS sector, the impact on the survival, growth and sustainability of small businesses had been marginal. Hence the need to investigate and form a policy to address this challenge. Most small businesses in South Africa are in the start-up phase and are usually unable to access BDS services because of a lack of finance.

Responses seem to reflect that the money circulating in the BDS sector does not reach both the BDS practitioners who are the service providers and the small businesses who are the clients. BDS practitioners report not being able to access funding for the growth of their own businesses, while they also struggle to get paid adequately for the services rendered to other small businesses. On the other hand, small businesses are sometimes unable to access the finance they need to pay for BDS services, therefore raising the issue of affordability on the part of the providers.

As outlined in Table 1 above, the Skills & Competencies category encompasses a wide of issues including, among others, knowledge, training, specialisation and entrepreneurial skills. A total of 68 responses were recorded in this category,

marking it as the biggest challenge faced by BDS practitioners. The competencies of both BDS practitioners and small business owners who seek BDS services see to play a crucial role in the quality and impact of the services. The responses further reflect that BDS practitioners need to be proactive in constantly upskilling and developing their areas of specialisation in order to be effective, while small businesses need to have the skill and commitment to identify the specific kind of BDS service they need.

The Ecosystem category has the second highest number of responses at 67, after Skills & Competencies. The challenges mentioned in the responses include, among others, institutional arrangements, framework, accountability and accessibility of the BDS services. The IBDS Policy recognises that the South African BDS market is characterised by a high degree of fragmentation and various types of asymmetry resulting in ineffective BDS services. A significant portion of the IBDS Policy seeks to address issues in the BDS ecosystem in order to enhance the quality of BDS services.

#### 4.3.2 Question 2 – What can government do to address the challenges from a policy perspective?

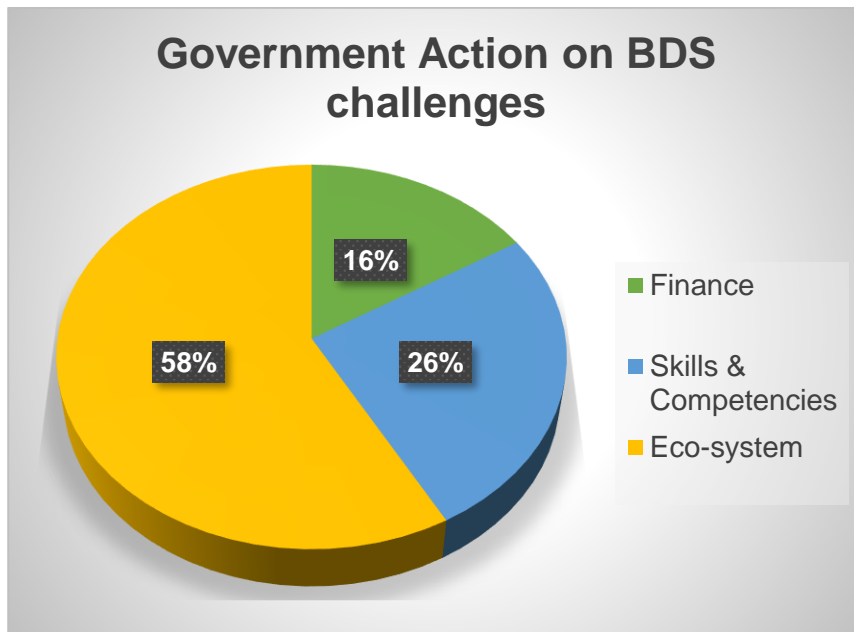
This question is a follow up to the first question. Therefore, the responses are categorised according to the previous themes, namely Finance, Skills & Competencies and Ecosystem, with slight changes to the themes within each category and overlapping evident in the responses.

Finance	Skills & Competencies	Ecosystem
Subsidise	Capacitate	Coordinate
Incentivise	Train and develop	Centralise
Budget	Specialise	Create a database
Fund	Create awareness	Regulate
Regulate pricing	Inform	Register
Create standard rates	Create diagnostic tools	Consult
		Standardise
		Reduce red tape
		Digitalise
		Automate
		Plan
		Collaborate
		Communicate
		Consult
		Extend reach

		Monitor and evaluate Create infrastructure Strategise Update systems Reduce turnaround times Accountability body Improve access to information, services and other ecosystem offerings
--	--	--

**Table 2 – Categories of Themes, Question 2**

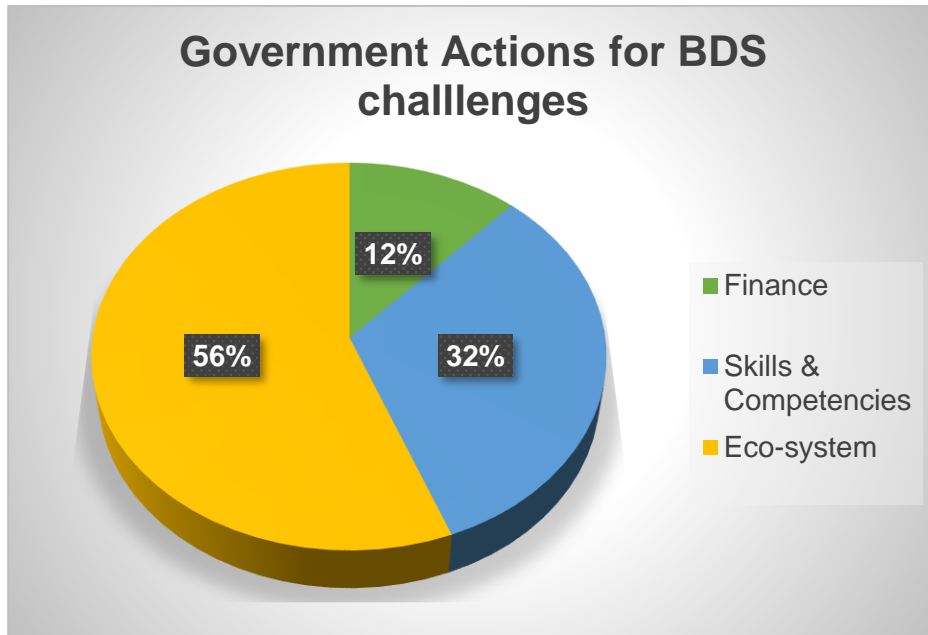
**Western Cape**



**Figure 8 – Western Cape consolidated responses to Question 2**

In the Western Cape 58% of responses focused on government intervention in the Ecosystem, while 26% focused on Skills & Competencies and 16% on Finance.

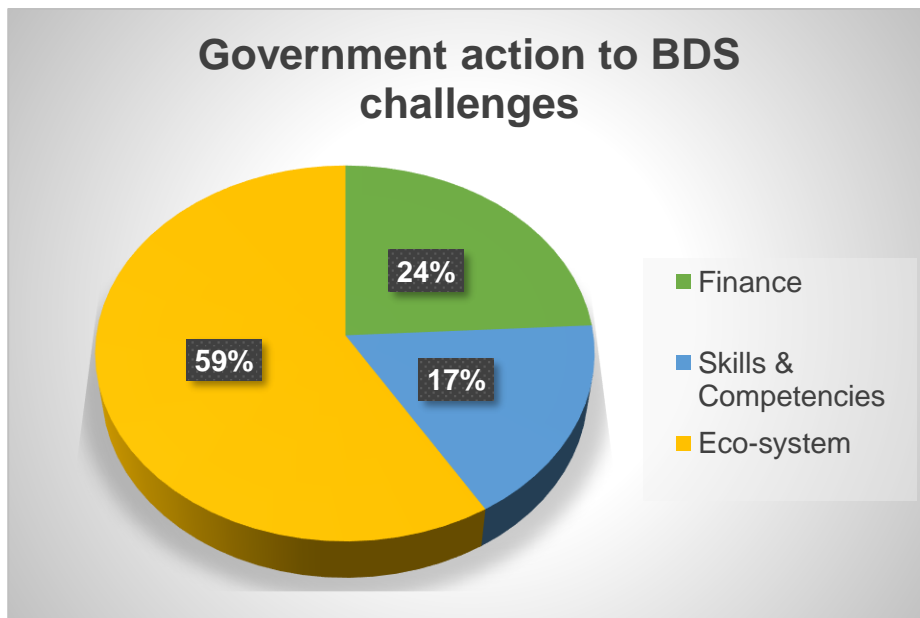
## Eastern Cape



**Figure 9, Eastern Cape consolidated responses to Question 2**

In the Eastern Cape 56% of responses focused on government intervention in the Ecosystem, while 32% focused on Skills & Competencies and 12% on Finance. The bulk of respondents indicated that an appropriate intervention would be to have a coherent Policy and coordinated approach to Incubation and BDS.

## Mpumalanga / Limpopo

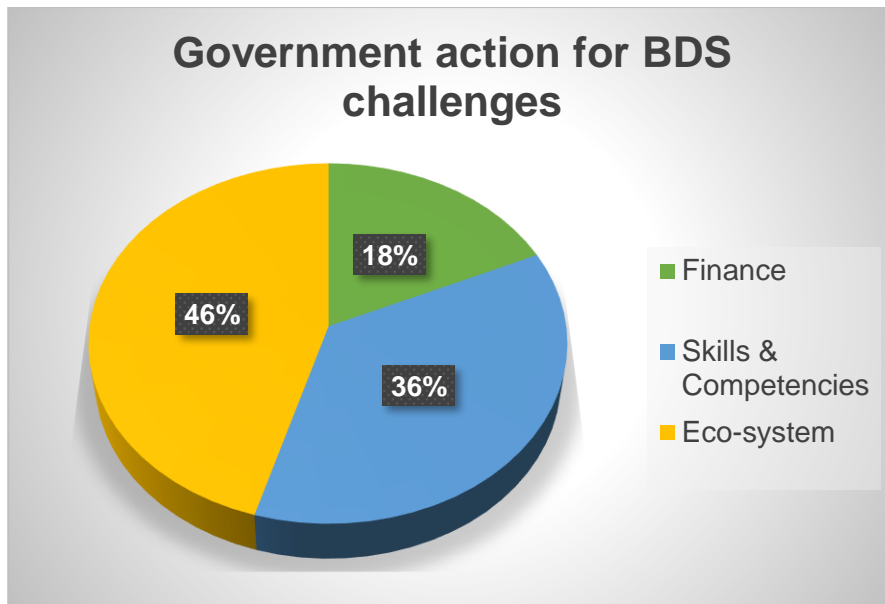


**Figure 10, Mpumalanga / Limpopo consolidated responses to Question 2**

In Mpumalanga and Limpopo 59% of responses focused on government intervention in the Ecosystem, while 24% focused on Finance and 17% on Skills & Competencies. Suggestions

relating to addressing issues of institutional arrangements, processes, turnaround times and a need for a clear framework is in line with the Policy objectives

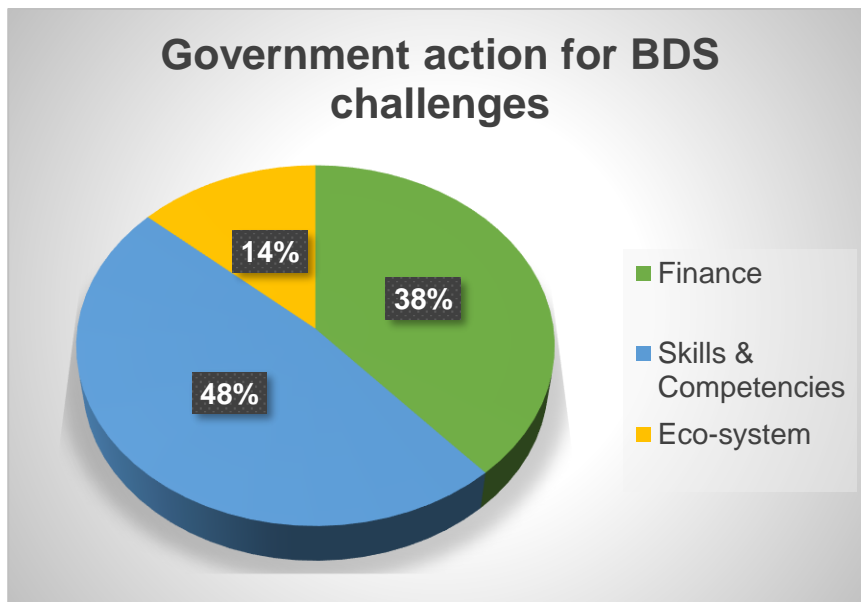
### KwaZulu-Natal



**Figure 11, KwaZulu-Natal consolidated responses to Question 2**

In KwaZulu-Natal 46% of responses focused on government intervention in the Ecosystem, while 36% focused on Skills & Competencies and 18% on Finance.

### Northern Cape

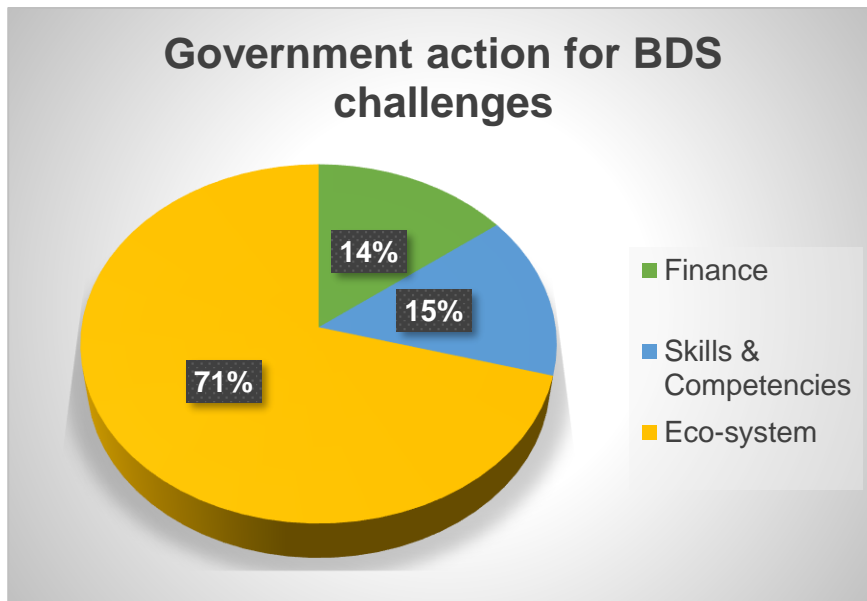


**Figure 12, Northern Cape consolidated responses to Question 2**

In the Northern Cape 48% of responses focused on government intervention with regard to Skills & Competencies, while 38% focused on Finance and 14% on the Ecosystem.



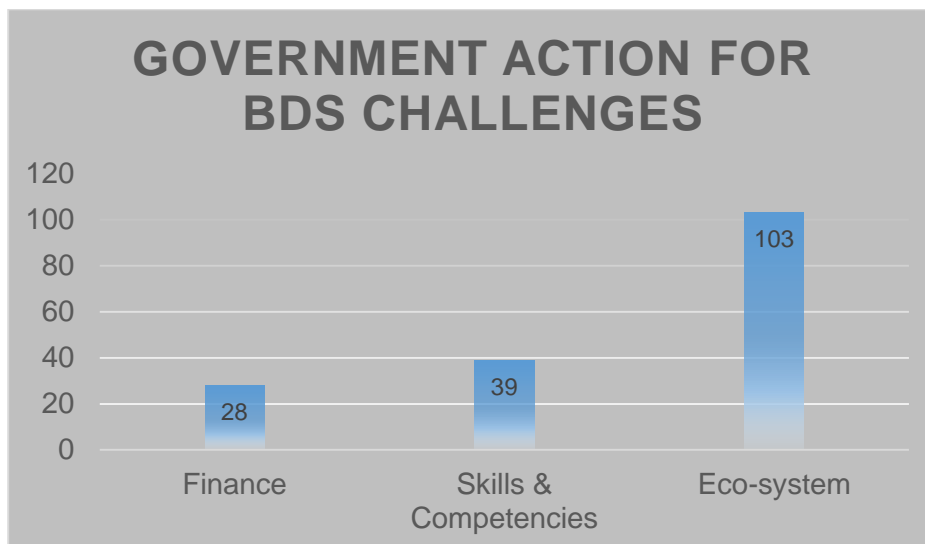
### Gauteng / North West



**Figure 13, Gauteng / North West consolidated responses to Question 2**

In the combined Gauteng and North West provincial consultation 71% of responses focused on government intervention in the Ecosystem, while 15% focused on Skills & Competencies and 14% on Finance.

### Total results for all Provinces



**Figure 14, All Provinces sum of responses to Question 2**

The above diagram represents the sum total of all consolidated group responses from all provinces. The biggest emphasis for government action geared towards addressing BDS challenges is on Ecosystem matters, followed by matters relating to Skills & Competencies.

These responses called for better institutional arrangements, clearer policy framework, and the formation of a regulatory or oversight body without overregulating the sector. Elimination

of red tape and improvement of systems through introduction of technology and accessibility of Wi-Fi facilities, an online portal and a database were also identified as actions that could be taken by government. These echo the policy objectives of the IBDS, which include improvement of coordination within the BDS ecosystem, while lessening administrative burdens.

Some of these objectives can be achieved by strengthening and enhancing Seda as the coordinator and facilitator of the delivery of BDS in South Africa. This is in line with one of the outcomes of the SABIC conference, during which the participants agreed that stakeholders must recognise the role of the Seda as the lead agency on matters relating to Small Enterprise Development in South Africa.

The approach to building the ecosystem for better quality BDS delivery and monitoring of such is what the policy seeks to address. This is in line with the Monitoring, Evaluation and Learning approach that the Policy is proposing to ensure continuous quality improvement within the BDS space.

The next category, Skills & Competencies, accounted for 26% of the responses, reflecting that government should play a bigger role in enabling both BDS providers and small business clients to up-skill. The responses also reflect a need for government to contribute towards creating awareness about BDS in the small business sector, particularly among rural and township-based businesses. **The absence of quality BDS providers, resources and networks in townships and rural areas is resulting in the lack of appropriate and affordable BDS where it is needed most.**

Specialisation is a recurring theme, as BDS is a very broad field that requires sector specialisation in order to be most effective. Currently, the type of BDS services offered by providers are perceived to be generic. Most responses show that an appropriate form of intervention would be funding from government for training and development opportunities within the BDS ecosystem.

Again, the Finance category had the lowest number of responses. The dominating themes that emerge under Finance are incentivising of BDS providers to service the small business sector, and the establishment of some form of standard pricing structure or rates for various BDS services in order to improve affordability and consistency.

**4.3.3 Question 3 – Is there a role for government in BDS provision? – If yes name the top three priority roles government should play in supporting BDS provision.**

This question is two-fold and the results of the first portion of the question are reflected in the table below.

Province	Yes	No
WC	9	1
EC	7	0
MP/L	3	0
KZN	2	0
NC	9	0
GP/NW	14	0

**Table 3, Is there a role for government in BDS?**

The majority of stakeholders felt there is a role for government in BDS, and the second part of the question gave stakeholders the opportunity to further detail the kind of role or involvement they anticipate government to play in the BDS space.

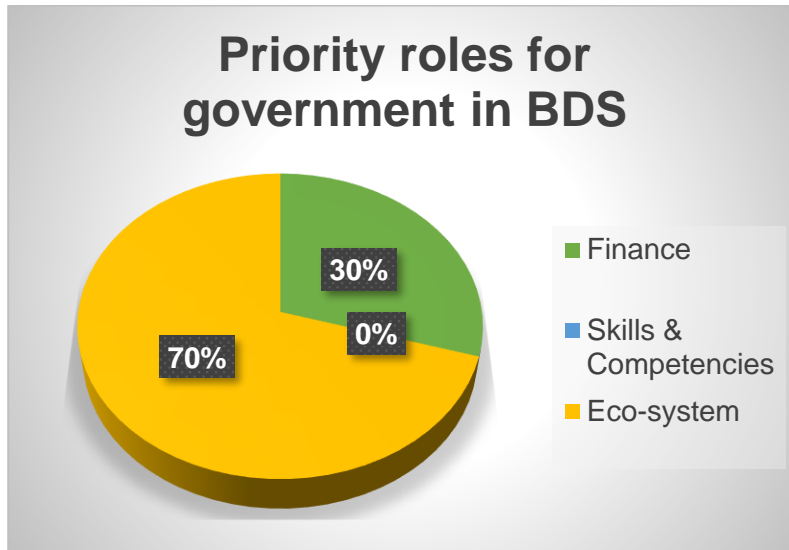
The categories follow the same structure as in previous questions, and the dominant themes within each category are as follows:

Finance	Skills & Competencies	Ecosystem
Sponsorship	Capacitate	Set requirements
Subsidise	Training	Provide a regulatory framework
Incentivise schemes		Regulatory body
Create alternative funding models		Monitoring and Evaluation
		Accreditation
		Network
		Quality assurance
		Outsource
		Fair processes
		Coordination across all government levels and agencies
		Advocacy
		Leadership
		Revise mandates
		Digitalisation
		Online platforms
		Standards
		Innovator
		Initiator
		Transparency

		Accountability Implementation systems Eliminate red tape Facilitate linkages Formalise BDS
--	--	--

**Table 4, Categories of Themes, Question 3**

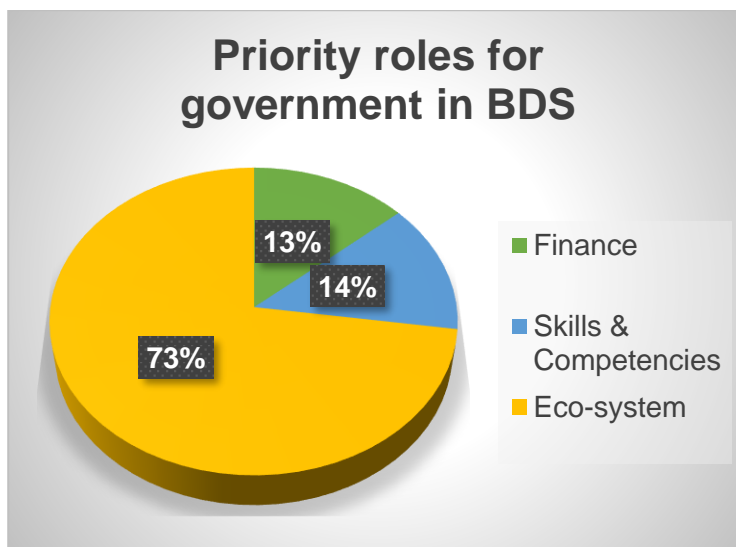
**Western Cape**



**Figure 15, Western Cape consolidated responses to Question 3**

In the Western Cape, 70% of respondents felt that government should play a role in themes relating to the Ecosystem. There were no responses for themes relating to Skills & Competencies, while 30% felt government should be involved in themes relating to Finance.

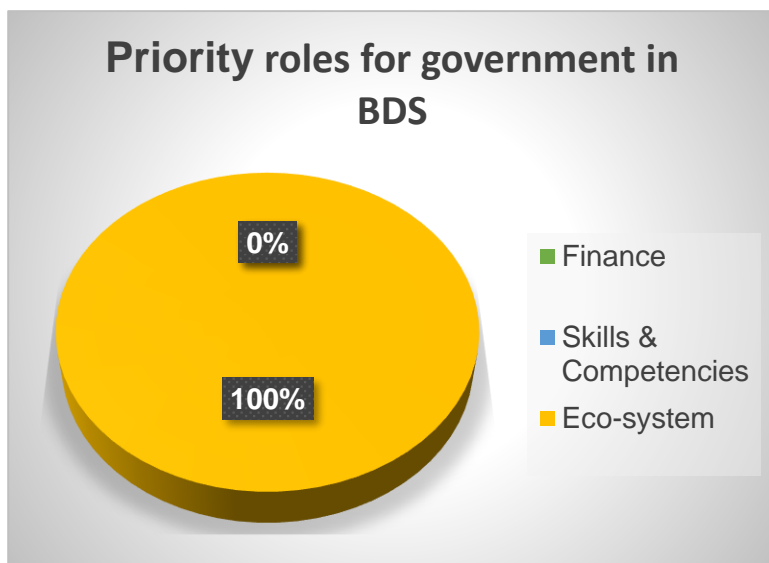
**Eastern Cape**



**Figure 16, Eastern Cape consolidated responses to Question 3**

In the Eastern Cape, 73% of respondents identified a role for government the Ecosystem category. 14% in the Skills & Competencies category, and 13% in themes relating to Finance.

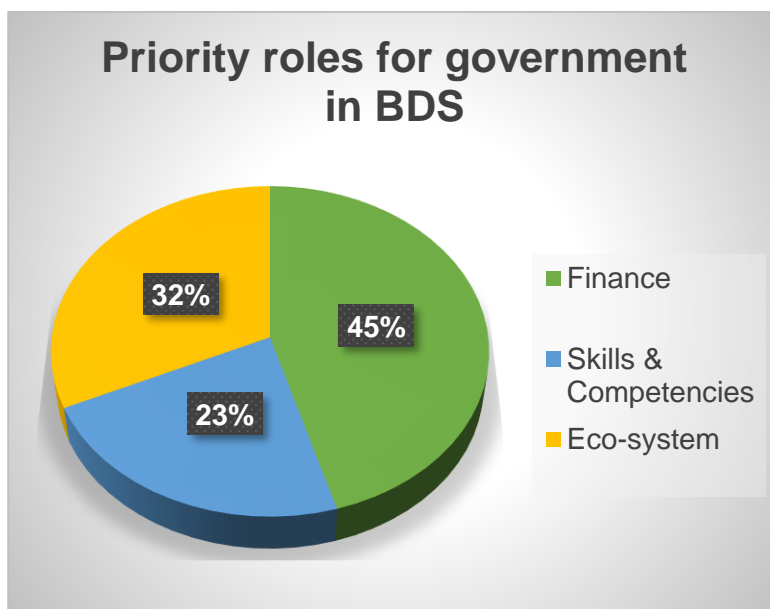
### Mpumalanga / Limpopo



**Figure 17, Mpumalanga / Limpopo consolidated responses to Question 3**

The responses for the Mpumalanga and Limpopo consultation show that government priority role should only relate to themes in the Ecosystem category (100%).

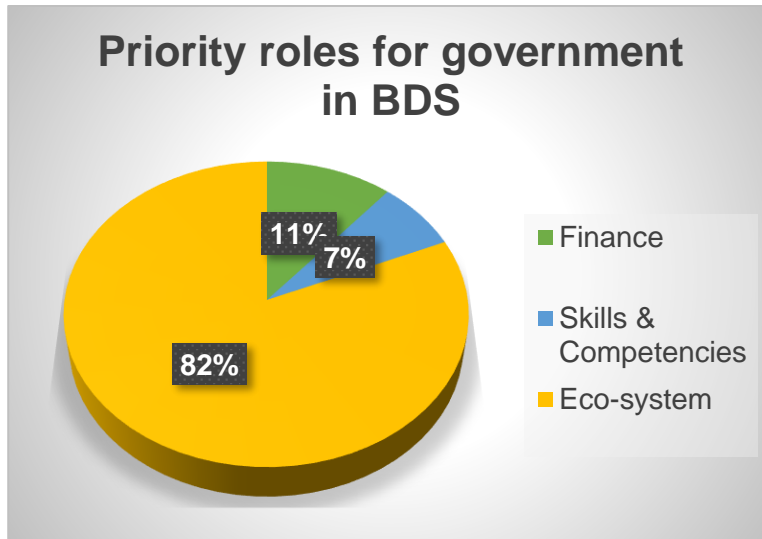
### KwaZulu-Natal



**Figure 18, KwaZulu-Natal consolidated responses to Question 3**

In KwaZulu-Natal consultation, 45% of the respondents identified a role for government in the Finance category, 32% in the Ecosystem category and 23% in themes relating to Skills & Competencies.

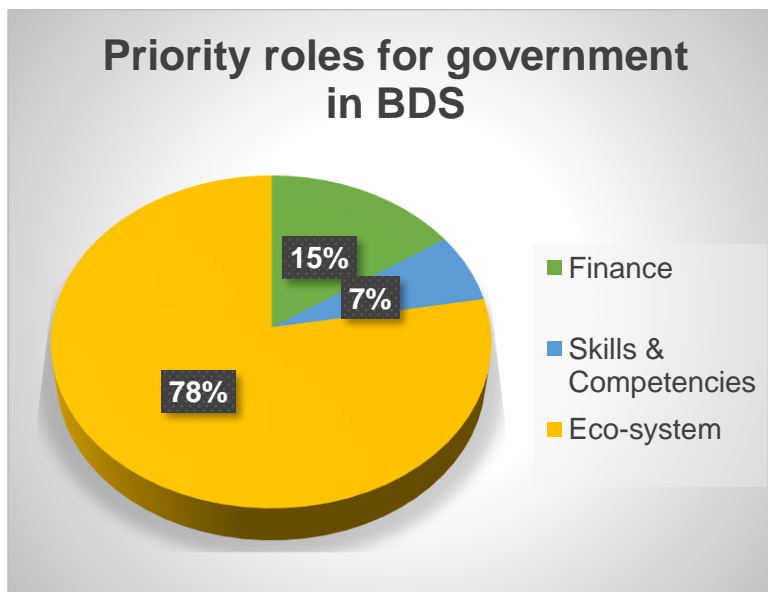
### Northern Cape



**Figure 19, Northern Cape consolidated responses to Question 3**

In the Northern Cape, 82% of the respondents identified a role for government in the Ecosystem category, 11% in the Finance category and 7% in themes relating to Skills & Competencies.

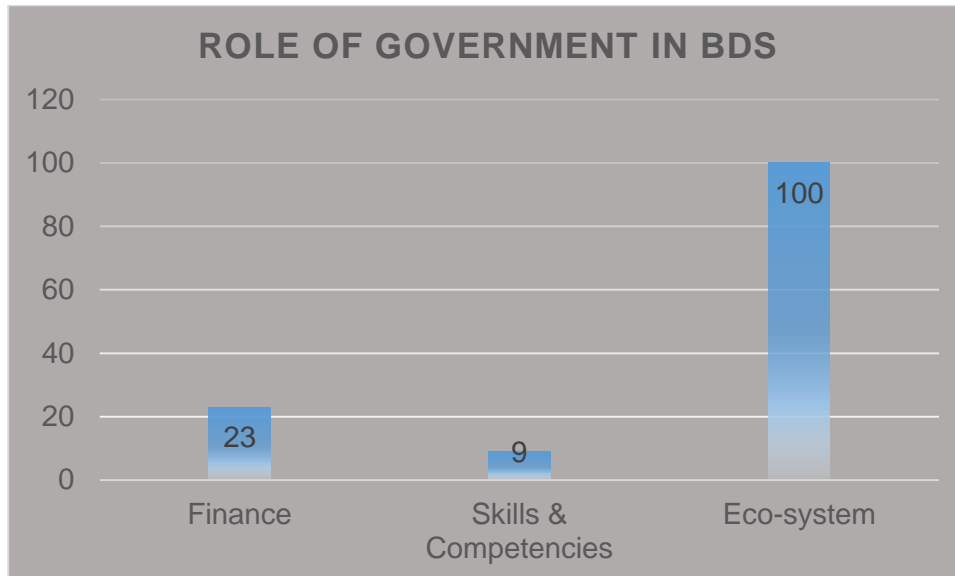
### Gauteng /North West



**Figure 20, Gauteng / North West consolidated responses to Question 3**

In Gauteng and North West, 78% of the respondents identified a role for government in the Ecosystem category, 15% in the Finance category and 7% in themes relating to Skills & Competencies.

## Total results for all Provinces



**Figure 21, All Provinces sum of responses to Question 3**

From the above chart reflecting feedback from stakeholders in all the provinces, it is evident that the dominant role of government within BDS should relate to issues of the Ecosystem, which includes regulation, oversight, policy formulation, advocacy, networking, forming linkages, facilitating, improving coordination among the role players in the ecosystem, accreditation, monitoring and evaluation.

### 4.3.4 Question 4 – Strengthening the participation of private sector BDS practitioners

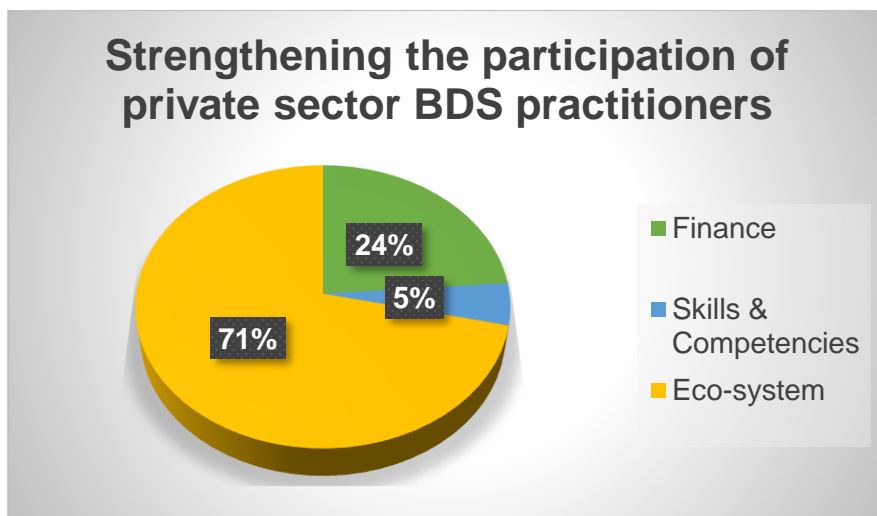
Dominant themes within each category identified in responses to this question are as follows:

Finance	Skills & Competencies	Eco-system
<ul style="list-style-type: none"> <li>▪ Tax break</li> <li>▪ Rebates</li> <li>▪ Private sector SMME fund</li> <li>▪ Subsidise</li> <li>▪ Incentivise</li> <li>▪ Provide</li> <li>▪ 30-day payment rule enforcement</li> <li>▪ Alternative funding model</li> </ul>	<ul style="list-style-type: none"> <li>▪ Competency levels</li> <li>▪ Continuous learning requirement</li> <li>▪ Training development</li> </ul>	<ul style="list-style-type: none"> <li>▪ Partnerships</li> <li>▪ Value sharing</li> <li>▪ Networking</li> <li>▪ Information sharing</li> <li>▪ Designation</li> <li>▪ Benchmarking</li> <li>▪ Alignment</li> <li>▪ Recognition</li> <li>▪ Logbook</li> <li>▪ Consult</li> <li>▪ Code of conduct</li> <li>▪ Database</li> <li>▪ Professional body</li> <li>▪ Communication</li> <li>▪ Access to markets</li> </ul>

		<ul style="list-style-type: none"> <li>▪ Clear definition of roles between private and public stakeholders</li> <li>▪ Segment BDS according to specialisation</li> <li>▪ Business portal</li> <li>▪ Impact assessment</li> <li>▪ Register</li> <li>▪ Licence</li> <li>▪ Collaboration</li> </ul>
--	--	--

**Table 5, Categories of Themes, Question 4**

**Western Cape**

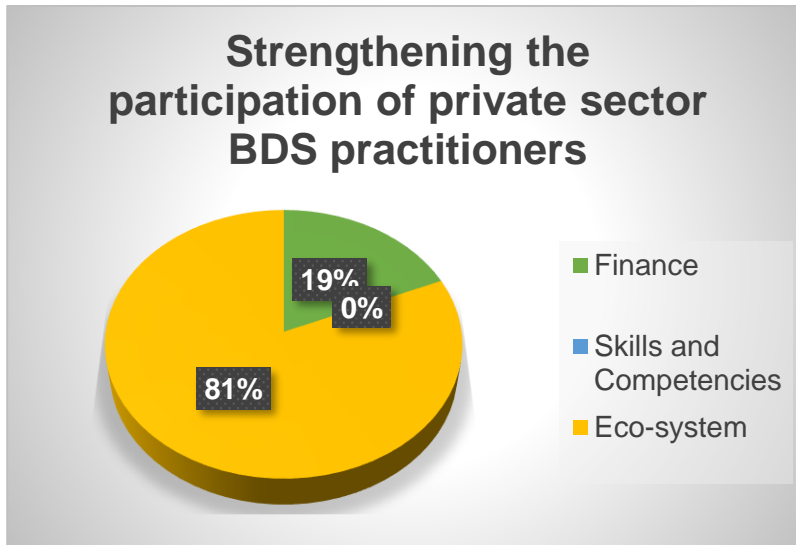


**Figure 22, Western Cape consolidated responses to Question 4**

In the Western Cape, 71% of responses reflect that private sector BDS practitioner participation could be strengthened through the Ecosystem. 24% focused on Finance and 5% focused the Skills & Competencies category.



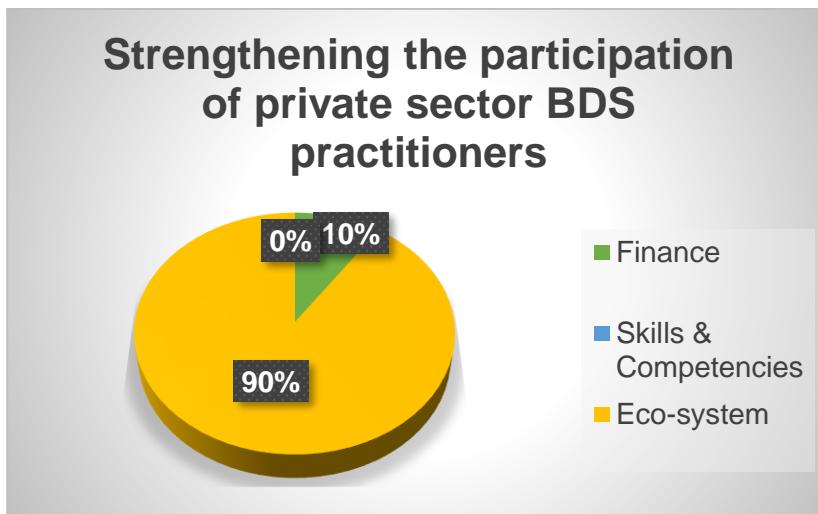
## Eastern Cape



**Figure 23, Eastern Cape consolidated responses to Question 4**

In the Eastern Cape, 81% of responses reflect that private sector BDS practitioner participation could be strengthened through the Ecosystem, while 19% focused on Finance. No responses indicated an interest in Skills & Competencies.

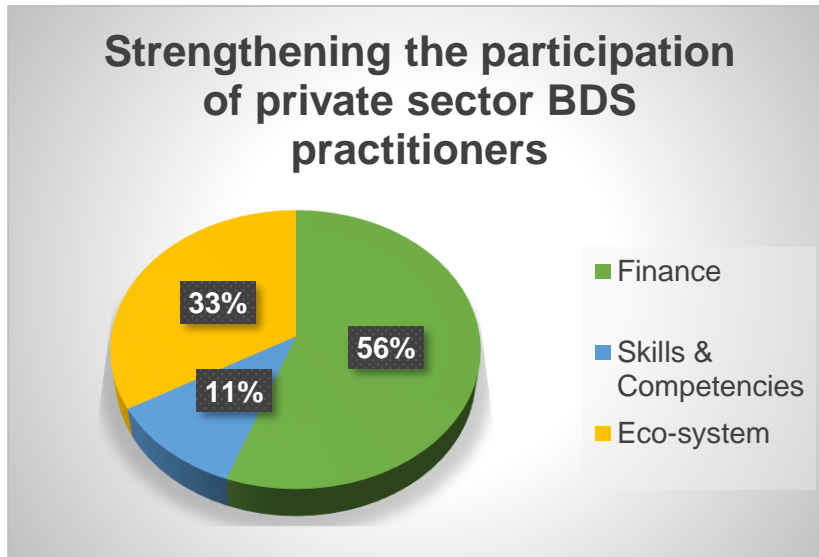
## Mpumalanga / Limpopo



**Figure 24, Mpumalanga / Limpopo consolidated responses to Question 4**

In Mpumalanga and Limpopo, 90% of responses reflect that private sector BDS practitioner participation could be strengthened through the Ecosystem. while 10% focused on Finance. No responses indicated an interest in the Skills & Competencies category.

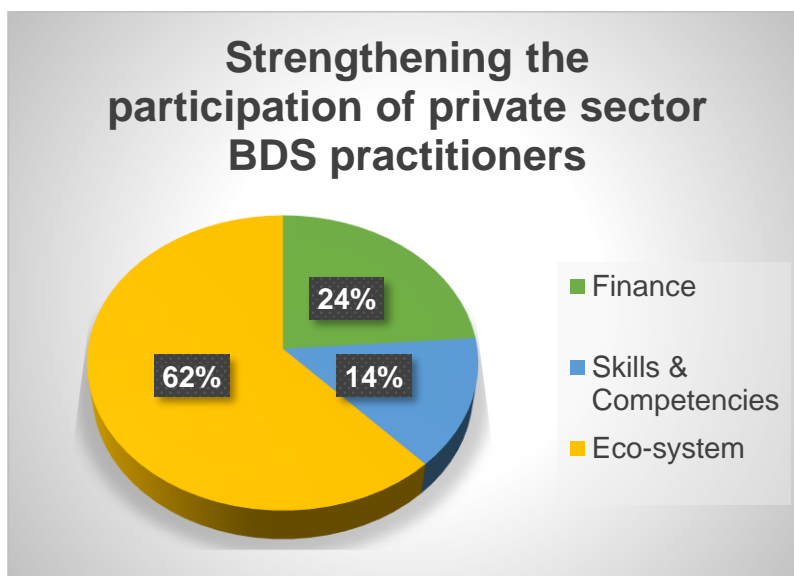
## KwaZulu-Natal



**Figure 25, KwaZulu-Natal consolidated responses to Question 4**

In KwaZulu-Natal, 56% of responses reflect that private sector BDS practitioner participation could be strengthened through Finance. 33% focused on the Ecosystem and 11% focused the Skills & Competencies category.

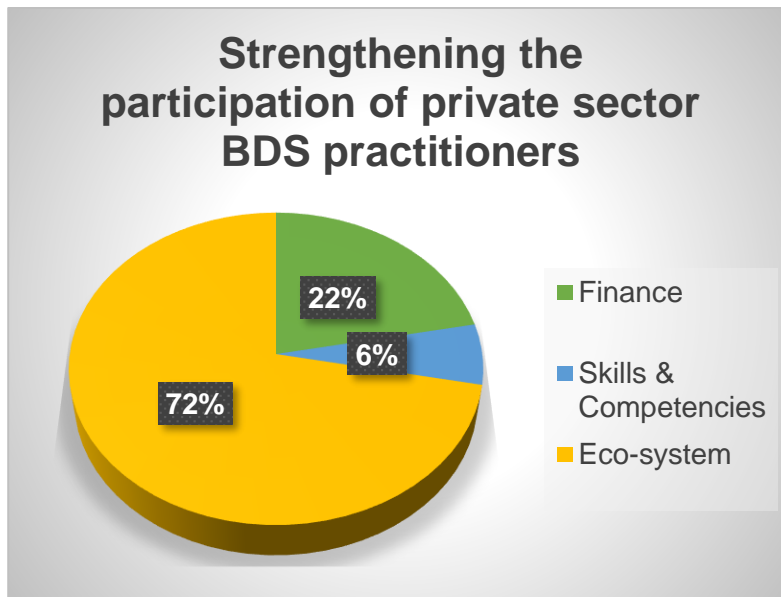
## Northern Cape



**Figure 26, Northern Cape consolidated responses to Question 4**

In the Northern Cape, 62% of responses reflect that private sector BDS practitioner participation could be strengthened through the Ecosystem. 24% focused on Finance and 14% focused the Skills & Competencies category.

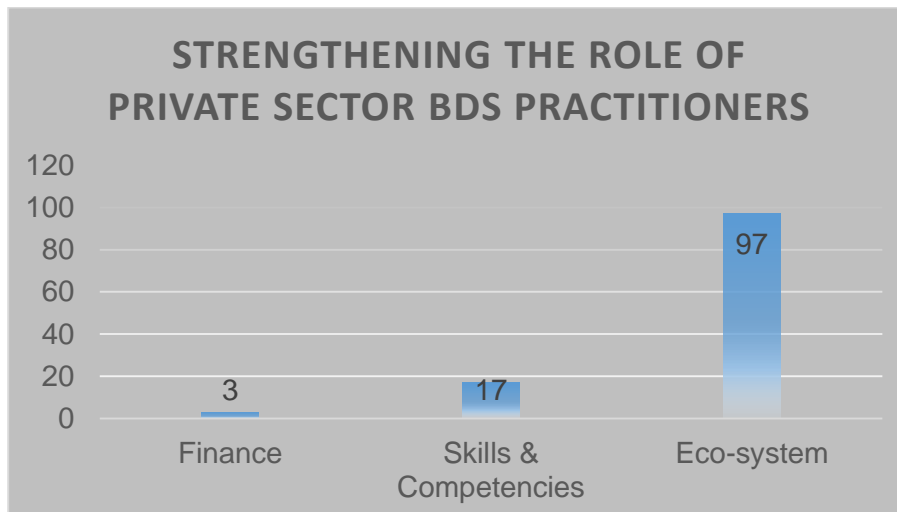
### Gauteng / North West



**Figure 27, Gauteng / North West consolidated responses to Question 4**

In Gauteng and North West, 72% of responses reflect that private sector BDS practitioner participation could be strengthened through the Ecosystem. 22% focused on Finance and 6% focused the Skills & Competencies category.

### Total results for all provinces



**Figure 28, All provinces sum of responses, Question 4**

The overall picture reflected by stakeholder feedback is that the bulk of what should be done to strengthen the participation of private sector BDS practitioners related to the ecosystem, which includes networking, forming partnerships, recognising and collaborating with private sector BDS practitioners, creating a code of conduct and forming an accountability professional body.

#### 4.3.5 Question 5 – Is there a need for the establishment of a single national professional body registered with SAQA for BDS practitioners – if yes, what roles will it fulfill?

Question 5 is a two-fold question, and responses to the first portion of the question are included in the table below:

Province	Yes	No
WC	8	2
EC	10	2
MP/L	10	0
KZN	4	0
NC	9	0
GP/NW	11	3

**Table 6, A need for establishing a BDS single professional body**

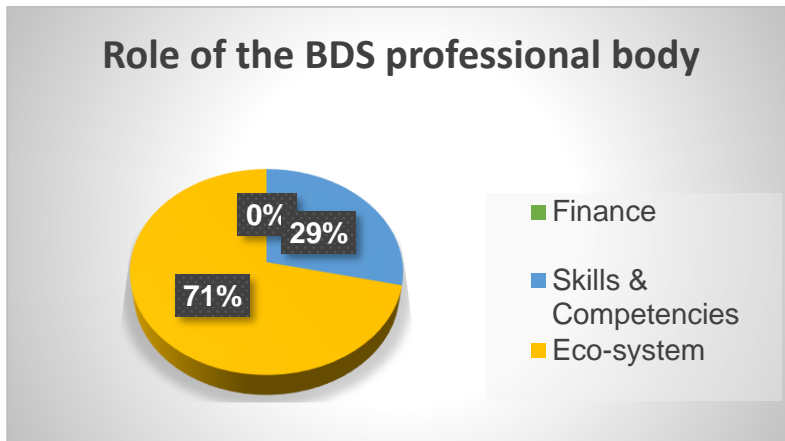
As reflected in Table 6, the majority of responses indicate that there is a need to form a BDS professional body. The dominant themes that emerged in response to Question 5 are as follows:

Finance	Skills & Competencies	Eco-system
<ul style="list-style-type: none"> <li>▪ Costing models</li> <li>▪ Pricing structures</li> <li>▪ Funding models</li> </ul>	<ul style="list-style-type: none"> <li>▪ Certification</li> <li>▪ Accreditation</li> <li>▪ Qualifications management system</li> <li>▪ Quality assurance</li> <li>▪ Continuous learning</li> <li>▪ Prior learning recognition</li> <li>▪ Training</li> </ul>	<ul style="list-style-type: none"> <li>▪ Coordination</li> <li>▪ Unifying</li> <li>▪ Quality assurance</li> <li>▪ Regulatory function</li> <li>▪ Accountability</li> <li>▪ Data portal</li> <li>▪ Standardisation</li> <li>▪ Map of the BDS ecosystem</li> <li>▪ Provincial presence</li> <li>▪ Standard</li> <li>▪ Platform for dialogue</li> <li>▪ Information sharing</li> <li>▪ Compulsory association</li> <li>▪ Enforce, oversight</li> <li>▪ Insurance cover</li> <li>▪ Database</li> <li>▪ Ombudsman role</li> <li>▪ Benchmarking</li> <li>▪ Coordination</li> <li>▪ Interactive committee</li> <li>▪ Compliance</li> <li>▪ Entry controls</li> </ul>

		<ul style="list-style-type: none"> <li>▪ Dissemination of information</li> <li>▪ Grading</li> <li>▪ Dispute resolution</li> <li>▪ Uniformity</li> <li>▪ Main body with affiliations</li> </ul>
--	--	--

**Table 7, Categories of Themes, Question 5**

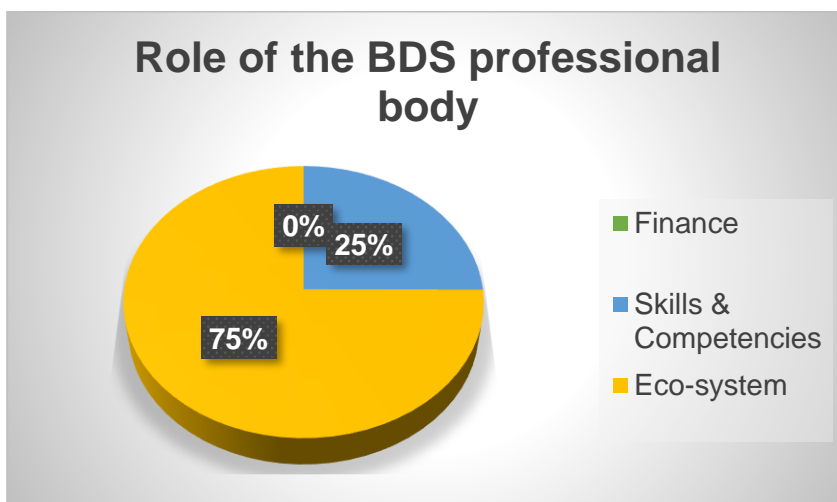
**Western Cape**



**Figure 29, Western Cape consolidated responses to Question 5**

In the Western Cape, the majority (71%) of responses indicated that the role of the professional body should revolve around Ecosystem themes, 29% focused on Skills & Competencies, while no responses related to Finance.

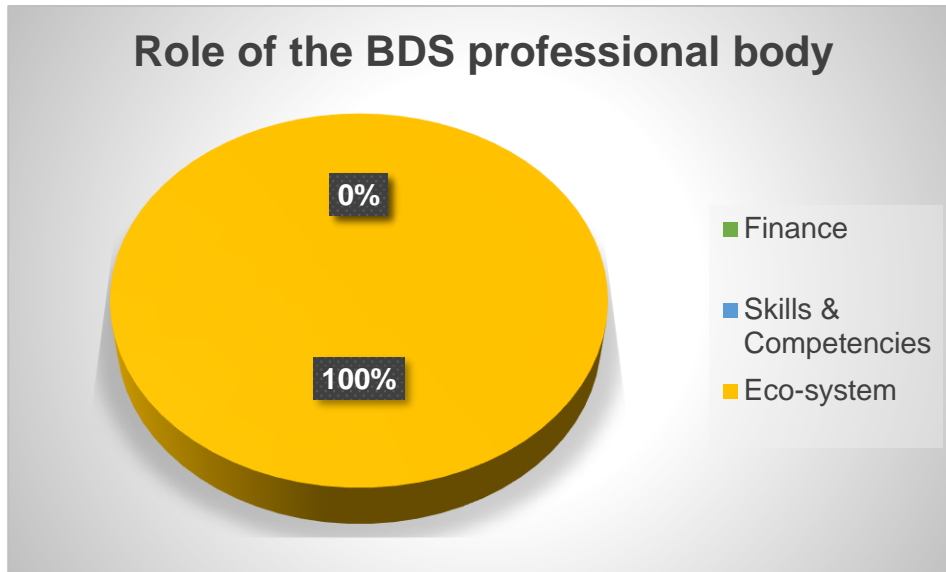
**Eastern Cape**



**Figure 30, Eastern Cape consolidated responses to Question 5**

In the Eastern Cape, the majority (75%) of responses indicated that the role of the professional body should revolve around Ecosystem themes, 25% focused on Skills & Competencies, while no responses related to Finance.

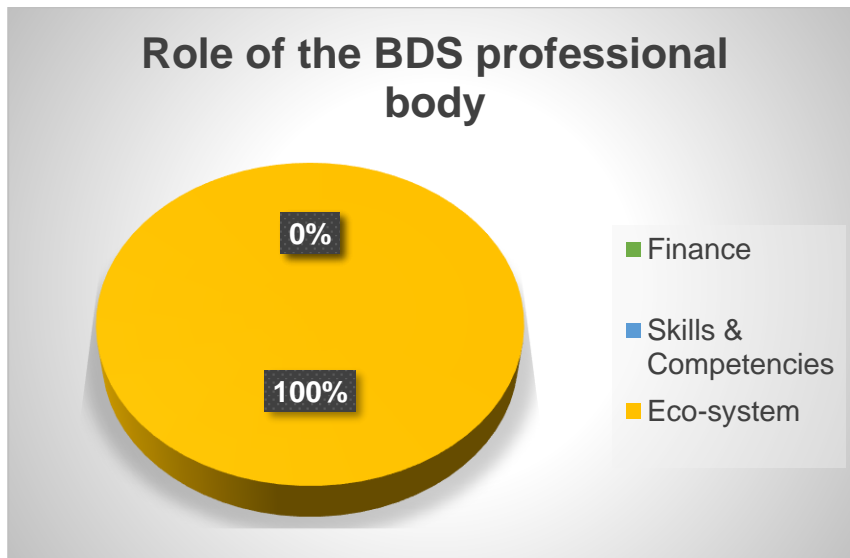
### Mpumalanga / Limpopo



**Figure 31, Mpumalanga / Limpopo consolidated responses to Question 5**

All (100%) of the responses from the Mpumalanga / Limpopo consultation indicated that a BDS Professional Body should focus on matters of the Ecosystem.

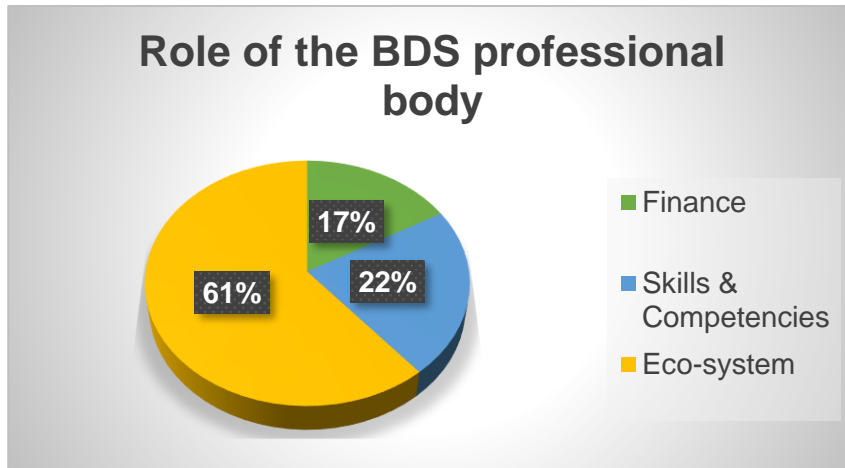
### KwaZulu-Natal



**Figure 32, KwaZulu-Natal consolidated responses to Question 5**

Responses from the KwaZulu-Natal consultation show the same pattern as the Mpumalanga/Limpopo consultation, with 100% indicating that the role of the BDS professional body would focus on Ecosystem matters.

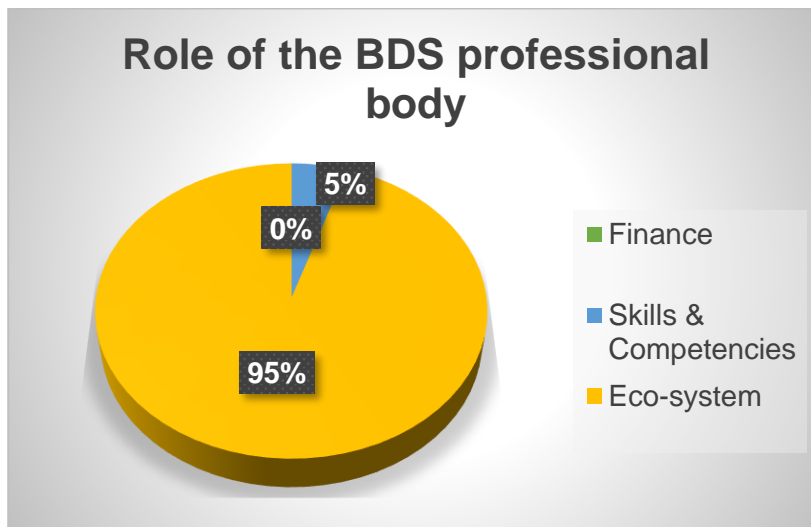
### Northern Cape



**Figure 33, Northern Cape consolidated responses to Question 5**

In the Northern Cape, the majority (61%) of responses indicated that the role of the professional body should revolve around Ecosystem themes, 22% focused on Skills & Competencies, while 17% of responses related to Finance.

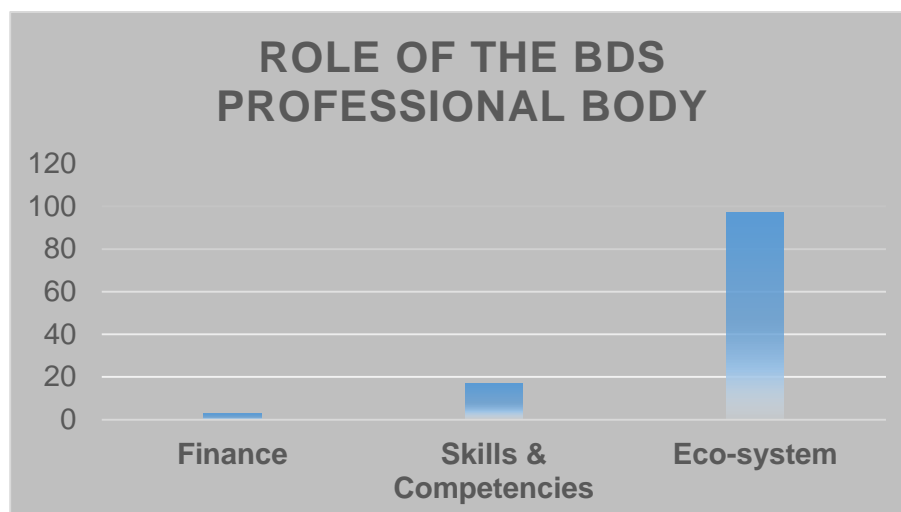
### Gauteng / North West



**Figure 34, Gauteng / North West consolidated responses to Question 5**

In the Gauteng / North West, the majority (95%) of responses indicated that the role of the professional body should revolve around Ecosystem themes, 5% focused on Skills & Competencies, while no responses related to Finance.

### Total results for all Provinces



**Figure 35, All provinces sum of responses, Question 5**

From Figure 35 it can be concluded that stakeholders would expect the BDS professional body to play a role predominantly in Ecosystem matters, which include dissemination of information, coordination, dispute resolution, accreditation, coordination, regulation, network platform, ombudsman and other matters.

### 4.3.6 Question 6 – Members of the National Professional Body for BDS practitioners

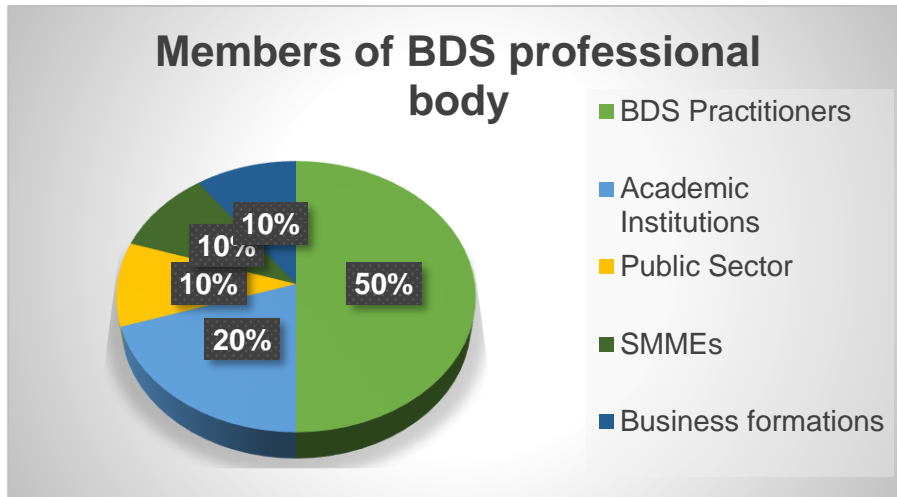
For this question the sectors indicated have been categorised as follows:

BDS Practitioners	Academic Institutions	Public Sector	SMMEs	Business Formations
Coaches Mentors Practitioners Specialists Industry Experts	Universities Colleges Training institutions FETs	DSBD Seda Sefa Services Seta Local government Provincial government SOEs	Small businesses	Chambers Business Associations Business Organisations

**Table 8, Categories, Question 6**



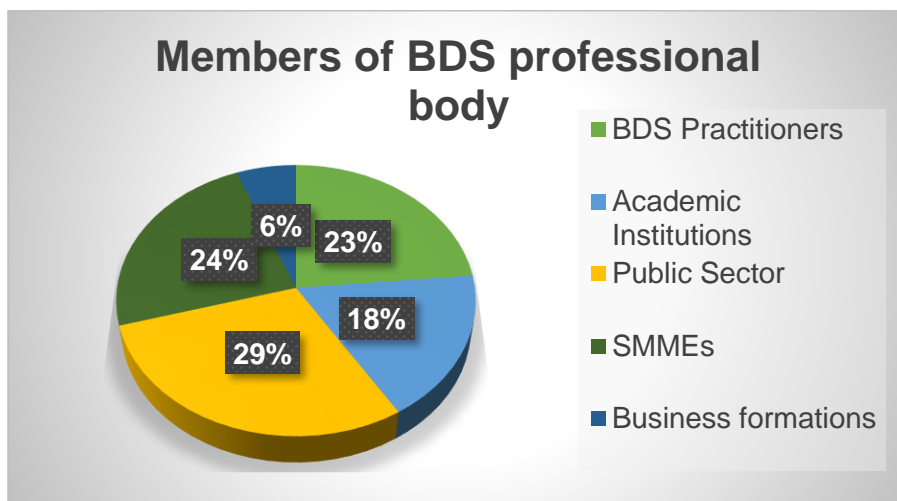
## Western Cape



**Figure 36, Western Cape consolidated responses to Question 6**

In the Western Cape, responses suggest a BDS Professional Body constituted by members from different sectors represented as follows: 50% BDS practitioners, 20% business formations, 10% from academic institutions, 10% from the public sector and another 10% from SMMEs.

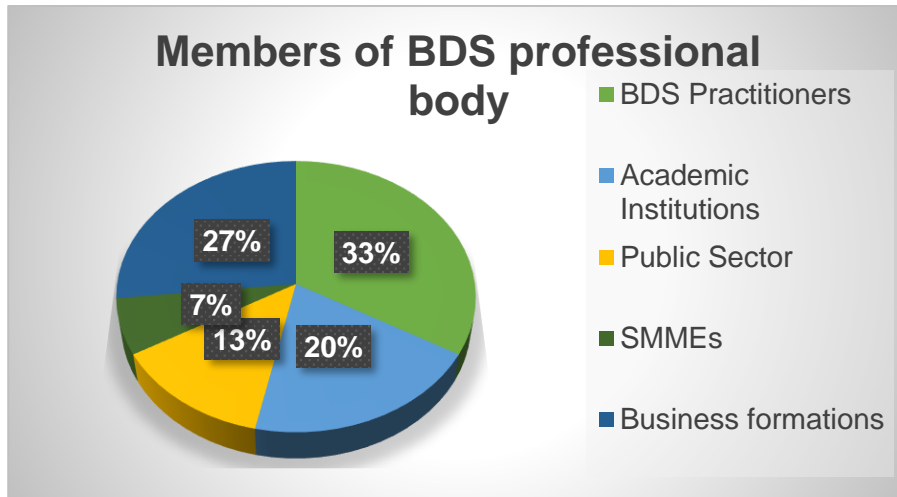
## Eastern Cape



**Figure 37, Eastern Cape consolidated responses to Question 6**

In the Eastern Cape, responses suggest a BDS Professional Body constituted by members from different sectors represented as follows: 29% from Public sector institutions, 24% SMMEs, 23% BDS practitioners, 18% academic institutions and 6% business formations.

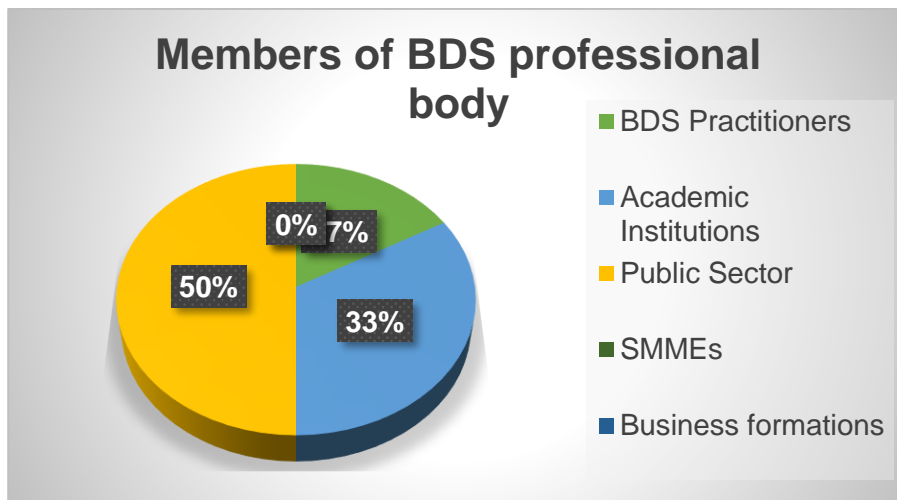
### Mpumalanga / Limpopo



**Figure 38, Mpumalanga / Limpopo consolidated responses to Question 6**

In the Mpumalanga / Limpopo consultation, responses suggest a BDS Professional Body constituted by members from different sectors represented as follows: 33% BDS practitioners, 27% business formations, 20% academic institutions, 13% public sector and 7% SMMEs.

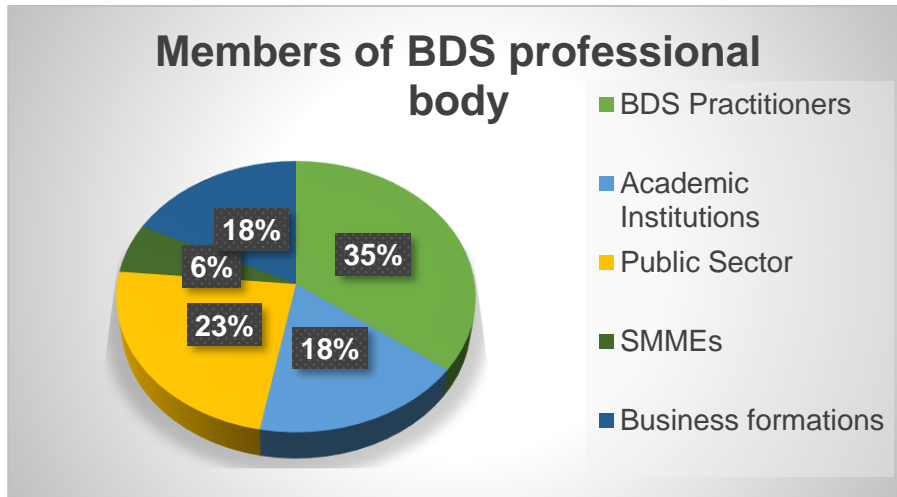
### KwaZulu-Natal



**Figure 39, KwaZulu-Natal consolidated responses to Question 6**

In KwaZulu-Natal, responses suggest a BDS Professional Body constituted by members from different sectors represented as follows: 50% public sector, 33% academic institutions and 17% BDS practitioners.

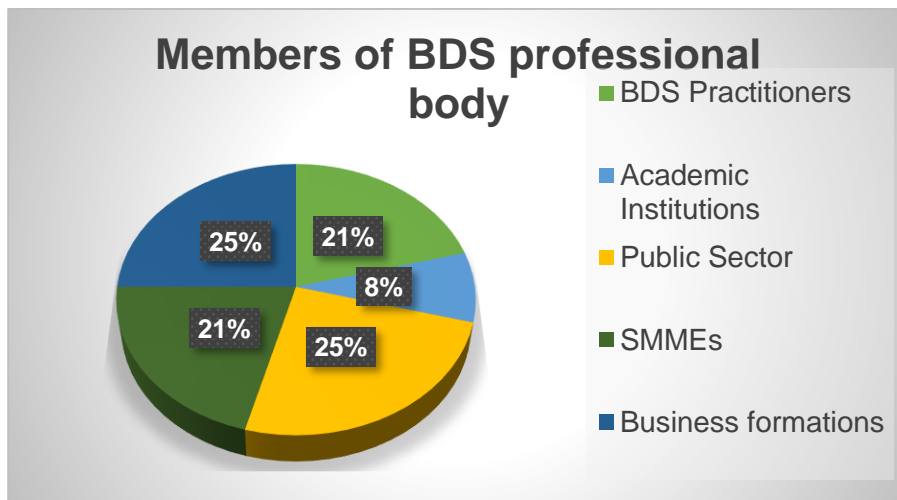
### Northern Cape



**Figure 40, Northern Cape consolidated responses to Question 6**

In the Northern Cape, responses suggest a BDS Professional Body constituted by members from different sectors represented as follows: 35% BDS practitioners, 23% public sector, 18% business formations, 18% academic institutions and 6% SMMEs.

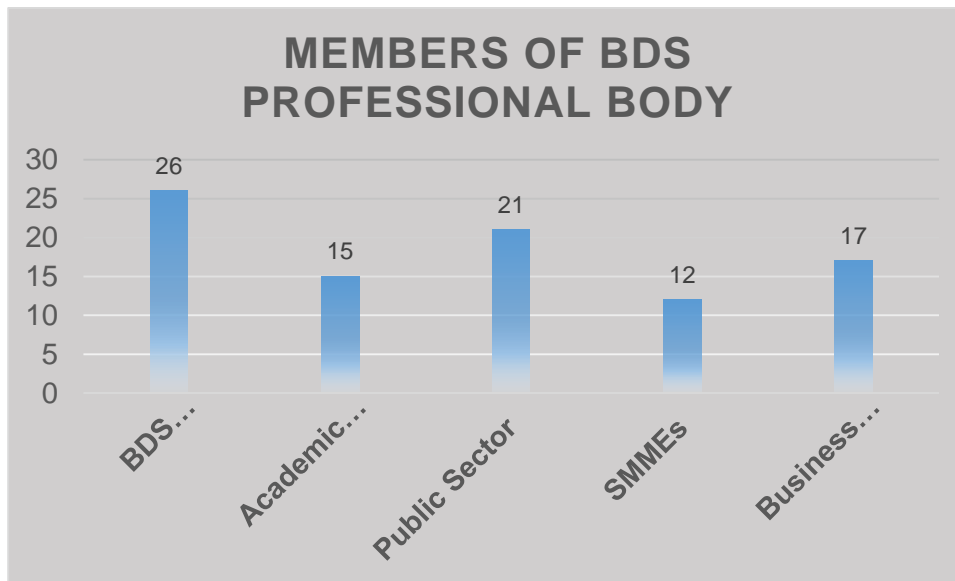
### Gauteng / North West



**Figure 41, Gauteng / North West consolidated responses to Question 6**

In Gauteng / North West, responses suggest a BDS Professional Body constituted by members from different sectors represented as follows: 25% business formations, 25% public sector, 21% SMMEs, 21% BDS practitioners and 8% academic institutions.

### Total results for all Provinces



**Figure 42, All provinces sum of responses, Question 6**

According to Figure 42, respondents demonstrated that the constitution of the BDS Professional Body should be mostly BDS practitioners, with the next largest constituent being the relevant Departments within the public sector and its entities, followed by SMME business formations. The SMMEs category has the lowest number, indicating that there is a preference for the professional body to be constituted by business formations rather than individual SMMEs.

## 5. Recommendations

---

Based on the data gathered from the consultations, the following recommendations can be made, in relation to each question posed to the stakeholder groups:

- 5.1 The primary challenge faced by stakeholders within the BDS space concerns the setup of the ecosystem. Fragmentation and unclear institutional arrangements have a negative impact on the productivity of the BDS sector. Therefore, the IBDS Policy objective, which is to strengthen Seda's role and effectiveness in coordinating and facilitating the delivery of BDS in South Africa, is part of the remedy for this challenge. The IBDS Policy should, therefore, focus on building the ecosystem so that issues of framework, processes, monitoring, evaluation and learning are addressed in order to create a conducive environment for effective BDS delivery. In relation to skills and competencies, which was the second challenge reported by the stakeholders, most respondents highlighted specialisation as an issue. Since the small business sector is not homogenous, there are unique needs to be addressed by BDS. Therefore, specialisation becomes an essential component of efficient service.

The IBDS Policy acknowledges various types of asymmetries within the BDS sector, a lack of information and awareness and a lack of industry specialists. The IBDS Policy will be addressing such by stipulating requirements for quality service, skills development and continuous learning. On the other hand, the small businesses themselves seem to be unaware of BDS offerings and the value that can be added by BDS services to their businesses, Therefore, a significant number of small businesses do not seek the services of BDS practitioners. The IBDS Policy seeks to improve coordination within the sector, which entails creating awareness about BDS services among BDS practitioners.

In relation to finance, the stakeholders were concerned about the affordability of BDS offerings to small businesses. Since some of the BDS practitioners are small businesses themselves, suggested that government funding and subsidy options be considered. It is well-documented that a lot of financial resources have been injected into the BDS sector by both the public and private sectors. However, the money flow within the BDS sector does not seem to benefit small businesses in the form of quality

BDS services delivered or payment for such services. Coordination of the BDS sector should also address this concern, as stated in the IBDS Policy.

5.2 From a policy perspective, the BDS stakeholders pointed out that government should first and foremost, address the ecosystem. There was a consistent concern based on the data collected about the ecosystem itself. One of the aims of the IBDS Policy is to provide a basis for the emergence of a more coherent policy and strategic approach to BDS and incubation ecosystem coordination and integration. This will address the concerns of the BDS practitioners about the ecosystem, including centralisation, verification, coordination, infrastructure and strategy. A need for monitoring and evaluation and some type of accountability structure also emerged from the responses of the stakeholders. Regarding skills and competencies, stakeholders reported that government should play a capacitating role. This overlapped with issues raised in relation to finance in that stakeholders suggested that government should subsidise training and skills development opportunities and provide a platform for such. Stakeholders also suggested that government should incentivise BDS practitioners to offer services to small businesses or subsidise small businesses to seek BDS services. A point was also raised about standardising pricing to make BDS services more affordable and accessible to small businesses.

5.3 Through the consultations, it emerged that stakeholders feel that government does have a role in the BDS sector and that this role should mostly be about addressing ecosystem challenges. It was suggested that government should actively initiate collaboration sufficiency of processes, revise mandates, form an accountability structure, digitalise processes and create a well-functioning online portal or database. Stakeholders, encourage innovation, facilitate linkages, eliminate red tape, improve the also reported that government should come up with alternative funding models, fund non-profit BDS service providers, provide sponsorship and subsidise both clients and BDS providers. The IBDS Policy addresses such in its objective of ensuring the availability and provision of quality public and private BDS, through the development of quality measures such as codes of conduct, standards and other mechanisms.

5.4 Some BDS practitioners are already established within the sector and do not rely on government resources or small business clientele. These BDS practitioners often have

accumulated industry specialisation and skills. In order to encourage these practitioners to participate more in the BDS sector, as configured by the policy, government may need to consider forming partnerships with these practitioners through collaboration, communication, information and value sharing, impact assessment, creation of a portal and access to markets. In terms of finance, providing tax breaks or rebates to BDS practitioners that are servicing small business, enforcement of 30-day payment rule and overall better financial arrangements were suggested by stakeholders. There was very little response on skills and competencies, but it was pointed out that government should encourage continuous learning as business is a dynamic environment that is constantly changing.

- 5.5 52 groups in the provincial consultation identified a need for establishing a single national professional body, while seven groups stated that there was no need for one. According to responses, the role of this professional body would be related to ecosystem concerns. This body would have a unifying role in the BDS sector, provide quality assurance, oversight, dissemination of information, grading, dispute resolution, standardisation, registration, ombudsman, data portal, uniformity, map of BDS ecosystem, provincial presence and professional affiliation. The role of this body seems to overlap with the role that stakeholders want government to play in the ecosystem. The IBDS Policy seeks to enhance Seda's role as facilitator in the BDS sector. They also envisage the body to provide accreditation in the sector, qualifications system management, certification, prior learning recognition, continuous learning, benchmarking and quality assurance. With regard to finance, stakeholders reported that the body should be able to provide a costing framework for the BDS sector.
- 5.6 Membership of the professional body should be constituted mainly by BDS practitioners, relevant public sector stakeholders, academic institutions and business formations. The IBDS Policy recognises the fragmentation that currently exists in the sector and seeks to address such accordingly.

## 6. Business Advisory Services (BAS) Discussion Paper

---

Practitioners working in the SMME BDS sector as business advisers play a key role in SMME development and growth. Business advisory services (BAS) provide the backbone of many SMME support programmes through the provision of advice and mentorship in relation to industry-specific technical skills and knowledge, as well as through supporting sustainable growth by enhancing competitiveness.

With the exception of certain sector organisations and associations which accredit their members and thereby provide a modicum of quality assurance, the sector is subject to a wide variation in quality of practitioners and delivery. Thus, a number of questions have been posed over the years – should it be regulated? Should there be a standard? Should there be a governing body? What mechanisms and processes should be used to improve the quality of BAS provision in South Africa? How can the quality of BAS be improved?

In 2017 an SABS working group was formed, in association with the Services SETA, to work on an approach to BDS standardisation. The same year in November, there was an International Conference on Business Advising. In March 2018, the DSBD met with professional bodies for stakeholder engagements and the following year there were additional industry stakeholder engagements. In April 2019, at a SEED SA Symposium, the first draft paper was introduced and published for public comment, with further stakeholder engagements in July 2019. In October – November 2019, the IBDS Policy was presented together with the latest BAS paper to all nine provinces through seven events.

At these provincial events, and following a presentation on the BAS paper, participants were divided into different groups to provide inputs and answer a number of questions. Each group was provided with several questions. This information was consolidated in order to source inputs to strengthen the BAS paper and provide statistical voting results regarding regulation and standardisation of the sector. These questions included:

1. How do we strengthen professionalisation of BAS?
2. Confirm the 3 distinct roles in BAS – BA/BC, Business Coach and Business Mentor.
3. Do we need standards? Code of conduct? SWOT of each.
4. Education and training in the BAS space - Who and how?



Before the participants could vote on whether the sector should be regulated, self-regulated or a hybrid model, participants first had to outline the pros and cons of highly regulated sector and self-regulated model.

Following are the detailed high-level inputs from all provincial engagements relating to the questions posed.

## 6.1 Eastern Cape Provincial Stakeholder Engagement

### Strategy 1: Regulation

#### Highly regulated

##### Advantages

Participants in the Eastern Cape highlighted quality control, enhanced accountability, credibility and standardisation as the positive aspects of operating in a highly regulated environment. This type of business environment was mainly favoured as it ensured accessibility and effectiveness in a controlled environment, with a centralised body of governance. The clear structure and guidelines provided by a highly regulated environment were seen to enhance professionalism, as there would be repercussions for non-compliance and non-delivery.

##### Disadvantages

On the downside, a highly regulated business environment was perceived to be restrictive, bureaucratic and a barrier to new entrants. Not only would government limitations such as lack of resources, limited BAS expertise and oversight inefficiencies pose a challenge in a highly regulated environment, the cost implications of subscription, compliance and implementation would also negatively affect BAS practitioners directly.

#### Self-regulated

##### Advantages

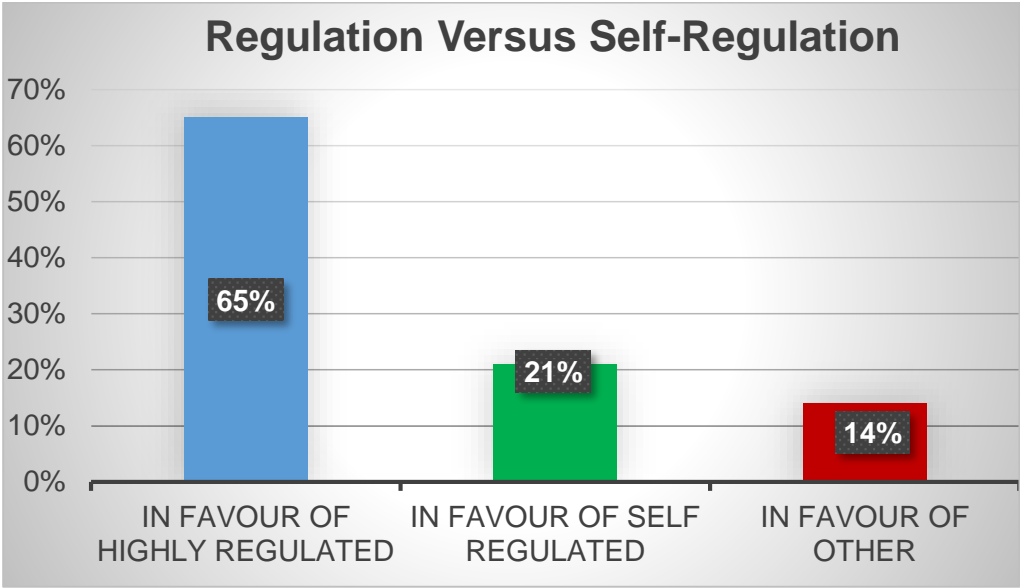
A self-regulated environment was mostly associated with flexibility, openness to innovation, and more effective accountability if the industry regulates itself. Less administration and red tape in this kind of business environment was seen to be conducive to learning flexibility and continuous improvement. A self-regulated environment was also perceived to be more cost-effective and time-saving.

##### Disadvantages

Reduced credibility, lack of both accountability and robustness were some of the drawbacks of not having set standards, resulting potentially in lower levels of professionalism and the

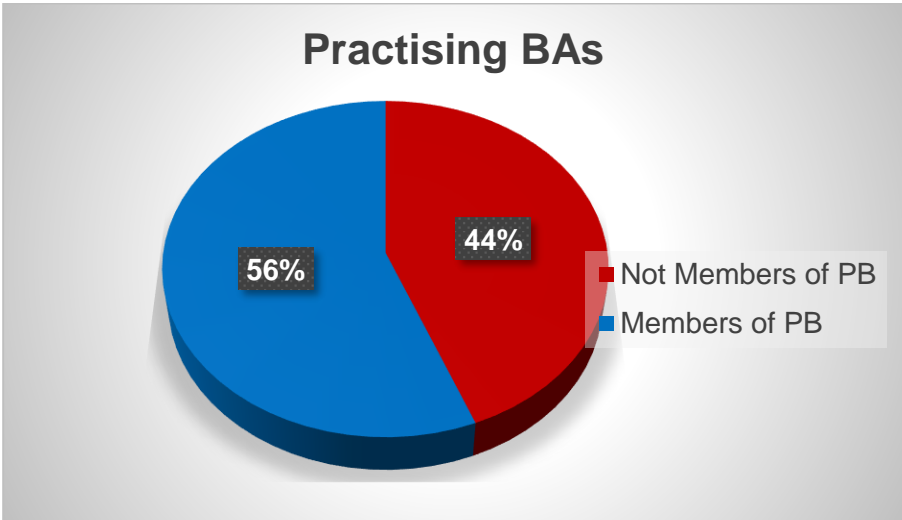
possibility of compromised quality of services. Due to the lack of control in a self-regulated environment, a higher likelihood of ill-discipline, favouritism, instability and manipulation of systems exists. Market overcrowding and costing issues were also raised as concerns in a self-regulated business environment.

In weighing the pros and cons of a highly regulated versus a self-regulated business environment for Business Advisory Services, participants in the Eastern Cape indicated their preference as follows in favour of a highly regulated environment:



**Strategy 2: Professionalisation**

Out of the total number of practicing Business Advisors represented in the Eastern Cape engagement session, 56% reported that they were members of a professional body.



In trying to understand the current level of professionalisation, the extent to which practicing Business Advisors were members of professional bodies was assessed. Debates were further stimulated, probed perceptions, and solicited inputs around professional body membership.

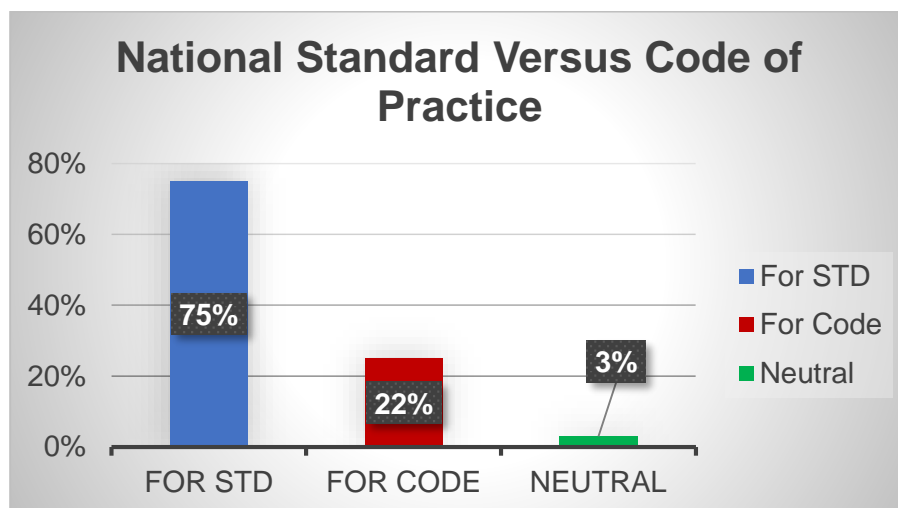
Some of the key outputs from this province were the following:

Benefits of professional body membership	Reasons not to join a professional body	Actions to promote joining
Prescribed conduct, regulation and structure	Costly subscription fees, restrictive and highly regulated	Make membership mandatory, credibility, monitoring reporting
Recognition, credibility and professionalism	Lack of knowledge/accessibility, non-responsiveness	Value services for Business Advisors, incentives, skills audit
Accreditation/competency and public protection	No perceived benefits, enjoy self-regulation	Reduced fees, committees to meet practitioners' needs
Information access, industry exposure and network support	Avoiding accountability, no required qualifications	Capacity building, networking/ career opportunities
Access to training/opportunities and shared resources	Professional operation level too high, remaining under the radar	Create awareness/advertise, market membership benefits

### Strategy 3: Standards

#### National Standard versus Code of Good Practice

Advantages and disadvantages of a Standard versus a Code were discussed at length during the engagement session's group activities. The majority of participants in the Eastern Cape leaned towards a National Standard (75%) for Business Advisory Services, rather than a Code of Good Practice (22%).



<b>Standard – strengths/opportunities</b>	<b>Code – strengths/opportunities</b>
√ Standardised compliance/regulation, generalisation, and industry streamlining	√ Guidelines/framework for conduct, good governance, cohesiveness
√ Enforced legislative parameters, national level vision, quality services	√ Integrity management, gives direction, ethical environment
√ Improved collaborations, knowledge enhancement, identify improvement gaps	√ Codes can be sector/industry specific, thorough & specific, flexible
√ Broader opportunities, market access, wider competition	√ Synergy in systems/processes, easy to understand/ implement, voluntary

<b>Standard – weaknesses/threats</b>	<b>Code – weaknesses/threats</b>
× High cost of implementation, tedious compliance processes, red tape	× Open to interpretation, inconsistency, inward looking
× Rigid/limiting creativity, one-size-fits-all approach, unfairness	× No broad accountability, no standardisation, no consequences
× Resistance to conform, limited cooperation/ stakeholder buy-in, not easily enforced	× Not enforceable, no recourse for non-adherence,
× Staggered/delayed delivery, lack of capacity, ambiguous	× Poor or no delivery, may lead to illegitimate Professional Bodies

## Free State Provincial Stakeholder Engagement

### Strategy 1: Regulation

#### Highly regulated

##### Advantages

In the Free State, standardisation, structure, governance, national and international recognition were mostly associated with a highly regulated business environment. Regulation was not only seen to enhance accountability, quality, professionalism, compliance and credibility amongst practitioners; but also as beneficial in protecting end users, ensuring consequence management and client satisfaction.

## **Disadvantages**

A highly regulated environment was, however, perceived to be highly centralised, not fit for purpose and limiting flexibility and creativity. This environment becomes inaccessible as a result of the red tape, cost implications, and limited resources that make it difficult to standardise. It doesn't only pose difficulty for legislation enforcement, but corruption and limitation of services as a result of fewer compliant players may most likely result in increased unemployment.

## **Self-regulated**

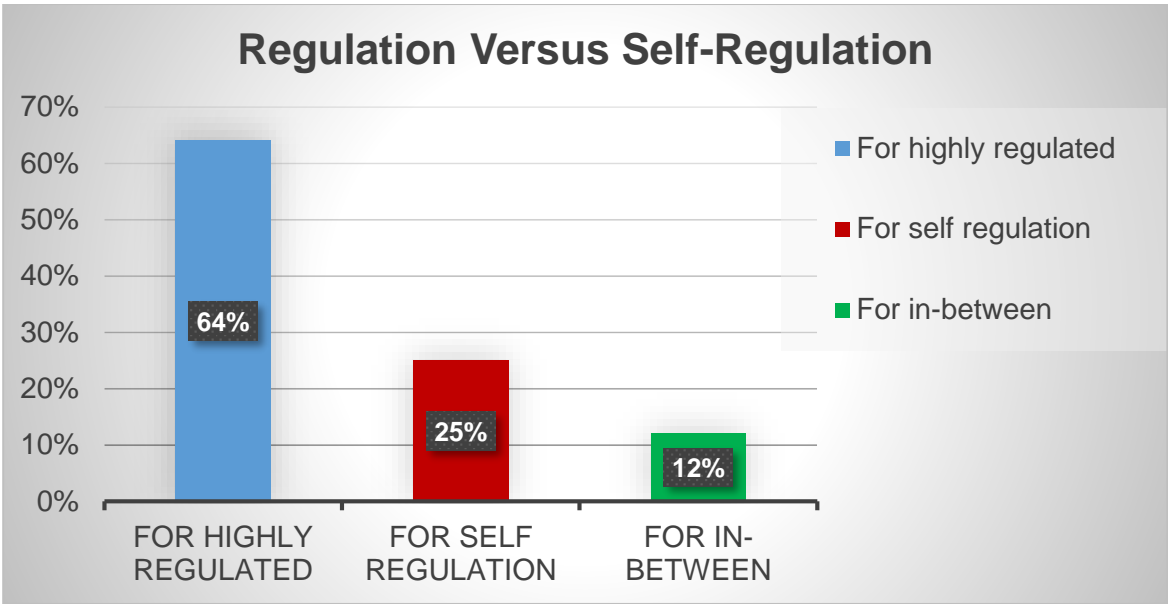
### **Advantages**

Self-regulation, on the other hand, has counter effects as it allows room for more consultants, reduces unemployment and increases SMME empowerment. This option was seen as easier to manage due to the ease of access/inclusivity, affordability and less administration. In a self-regulated environment membership is defined, own standards are set, and creativity is promoted.

### **Disadvantages**

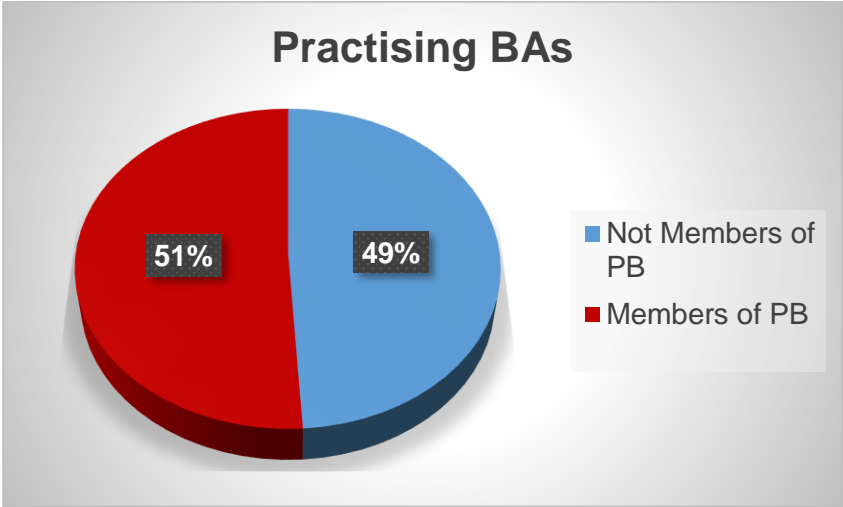
As flexible as self-regulation may be there is, however, no objectivity, no recourse for dissatisfied clients, inconsistent service offerings, and it cannot be enforced by the courts. As a result of being decentralised and the high likelihood of having many fly-by-nights, quality, credibility and the much-needed professionalism in the sector is compromised. The lack of a standard may lead to costly access to services and exploitation, because there is no accountability.

In weighing the pros and cons of a highly regulated versus a self-regulated business environment for Business Advisory Services, participants in the Free State indicated their preference as follows in favour of a highly regulated environment:



**Strategy 2: Professionalisation**

Out of the total number of practicing Business Advisors represented in the Free State engagement session, 51% reported that they were members of a professional body.



In trying to understand the current level of professionalisation, the extent to which practicing Business Advisors were members of professional bodies was assessed. Further debates were stimulated, probed perceptions, and solicited inputs around professional body membership.

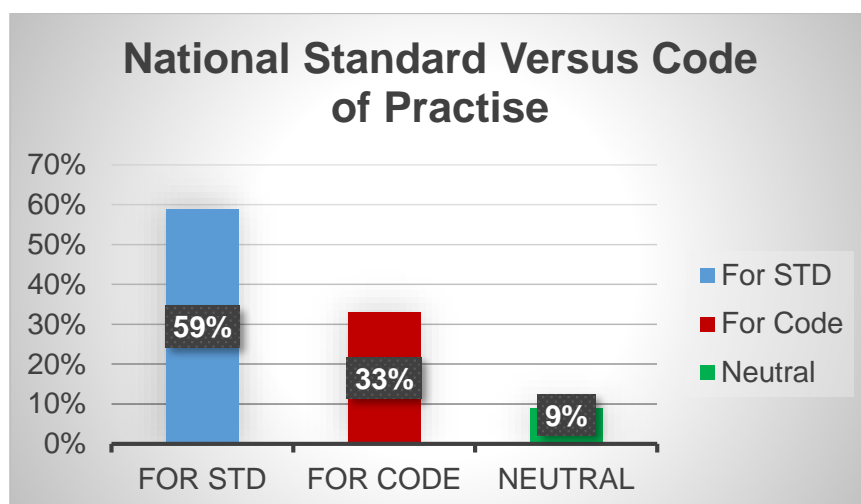
Some of the key outputs from this province were the following:

Benefits of professional body membership	Reasons not to join a professional body	Actions to promote joining
Statutory guideline, standard policies, quality assurance	Tedious joining process, costly, no return on investment	Visibility, advocacy, accessibility, create market
Up to date with developments, ethics, information access	Don't want to pay subscription fees, don't see value	Localisation, embracing 4IR, avail resources/training
Recognition, credibility, certification, best practice	Avoid being legislated, not properly qualified, ignorance	Quality assurance, development of tools/instruments
Professional development, grading, networking, support	Highly centralised bureaucracy, becomes political	Collaboration, enhanced recognition, accreditation
Industry knowledge, sense of belonging, opportunity access	Red tape, not localised, over-regulation	Affordability, value proposition, focus on core business

### Strategy 3: Standards

#### National Standard versus Code of Good Practice

Advantages and disadvantages of a Standard versus a Code were discussed at length during the engagement session's group activities. Over half of participants in the Free State leaned towards a National Standard (59%) for Business Advisory Services, rather than a Code of Good Practice (33%).



Standard – strengths/opportunities	Code – strengths/opportunities
<ul style="list-style-type: none"> <li>√ Uniform standard of operation, clear requirements, consistency</li> <li>√ Accountability, quality assurance, integrity, accepted image, credibility and recognition</li> <li>√ Defined standard, procedures, objectives and compliance requirements</li> <li>√ Structured framework, regulated, formalised, public knowledge – national footprint</li> </ul>	<ul style="list-style-type: none"> <li>√ Protection of individual reputation, upholding discipline, ethics, credibility accountability</li> <li>√ Accessibility made easier, creates level fields, enables transformation</li> <li>√ Instils order and discipline, enforces professionalism, striving for a common goal</li> <li>√ Time- and cost-saving, protection of client and practitioner, less restrictive</li> </ul>

Standard – weaknesses/threats	Code – weaknesses/threats
<ul style="list-style-type: none"> <li>× Lack of monitoring and verification, expensive to maintain, lengthy processes</li> <li>× Technical, limits innovation, barrier to entry, stringent</li> <li>× Slow promulgation of legislation, insufficient resources, no room for flexibility or creativity</li> <li>× Blanket approach, too bureaucratic, common denominator may be too high or too low</li> </ul>	<ul style="list-style-type: none"> <li>× Too weak/minimal, difficult to enforce, not statutory, corrective action unclear</li> <li>× Ambiguity, biased (excludes beneficiaries), reduces uniformity, different interpretations</li> <li>× Generic, prescriptive, manipulation, lack of professional independence</li> <li>× Unethical behaviour can be accepted as group norm, no accountability outside the group</li> </ul>

## 6.3 Gauteng – North West Provincial Stakeholder Engagement

### Strategy 1: Regulation

#### Highly regulated

##### Advantages

Standards, which are synonymous with a highly regulated business environment, were mostly associated with compliance, consistency, credibility and uniformity. Practitioners operating in a highly regulated business environment were perceived to render professional services with integrity, fairness and transparency. As a result of being accredited/certified and having a license to practice, accountability and quality assurance were seen as guaranteed by Gauteng/ North West participants. In relation to stimulating demand, this type of environment was



perceived as having high impact on SMMEs. It also offered clarity of requirements, consumer protection, order and dispute channels, as well as legal recourse for dissatisfied clients.

### **Disadvantages**

On the downside, a highly regulated business environment was perceived to be monopolistic, rigid, bureaucratic and growth-limiting. As a result of the restrictive red tape barriers and unilateral decision-making, this environment allows room for gate-keeping, corruption and political interference. High regulation sets market entry barriers through long decision-making processes and expensive membership fees amongst other inhibitors.

### **Self-regulated**

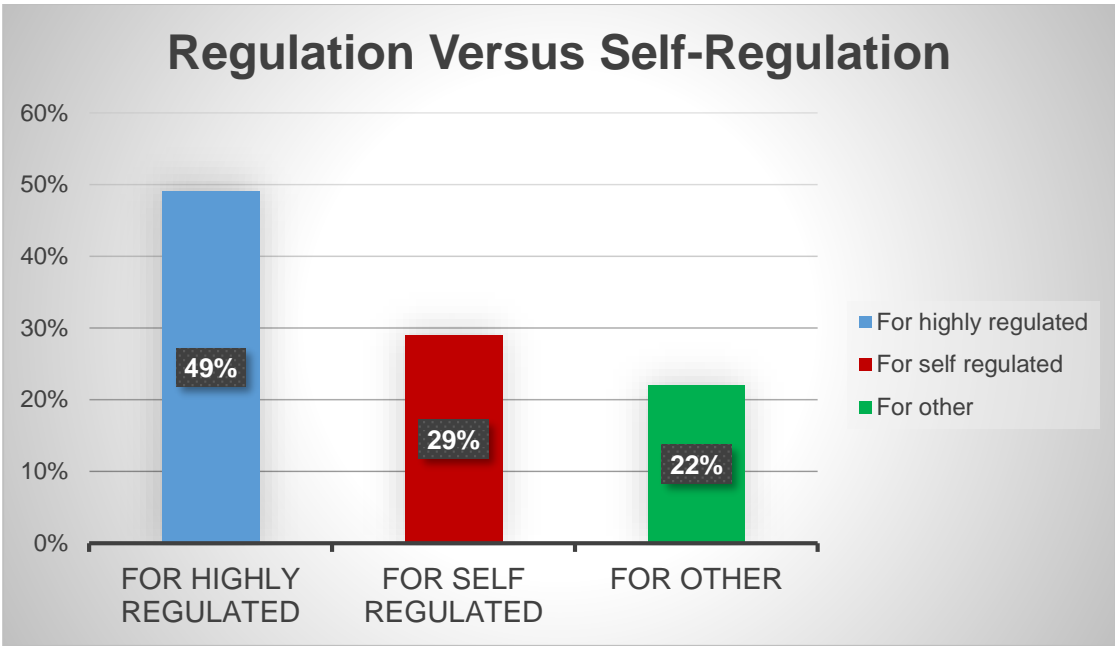
#### **Advantages**

Self-regulation was commonly commended for allowing free market access, flexibility, efficiency and enabling innovation. This type of business environment was seen as voluntary, self-directed and member-driven. Therefore, commitment is a requirement to ensuring increased productivity and profitability. A self-regulated environment also enables easier monitoring and evaluation, as well as quicker decision-making.

#### **Disadvantages**

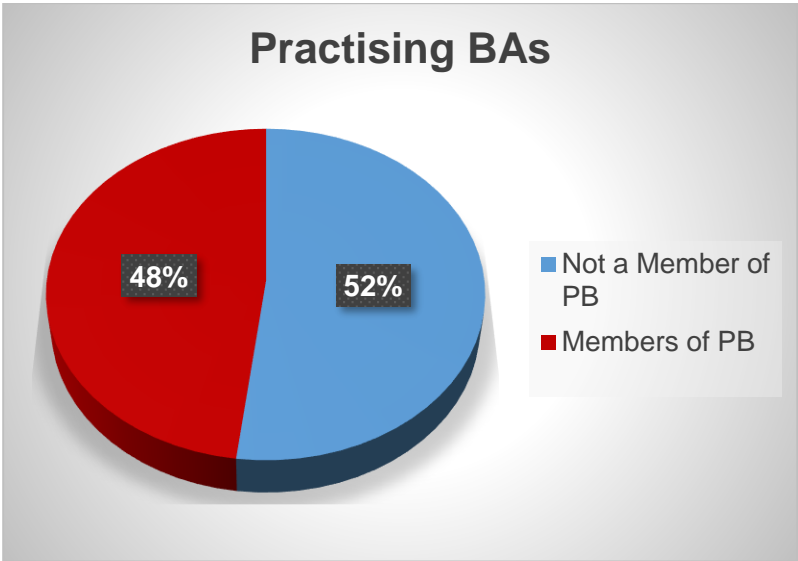
On the contrary, perceptions around maladministration, less order/discipline, inconsistencies and lack of accountability were associated with self-regulation. Gauteng / North West participants were of the opinion that the lack of uniformity in a self-regulated environment compromises quality, leads to varying unregulated service levels, lack of trust in the industry and opens doors for fly-by-nights. In this type of environment, there are short-term benefits but long-term challenges. Consumers also do not have recourse for poor service delivery.

In weighing the pros and cons of a highly regulated versus a self-regulated business environment for Business Advisory Services, participants in Gauteng / North West indicated their preference as follows in favour of a highly regulated environment:



**Strategy 2: Professionalisation**

Out of the total number of practicing Business Advisors represented in the Gauteng / North West engagement session, 48% reported that they were members of a professional body.



In trying to understand the current level of professionalisation, the extent to which practicing Business Advisors were members of professional bodies was assessed. Further debates were stimulated, probed perceptions, and solicited inputs around professional body membership.

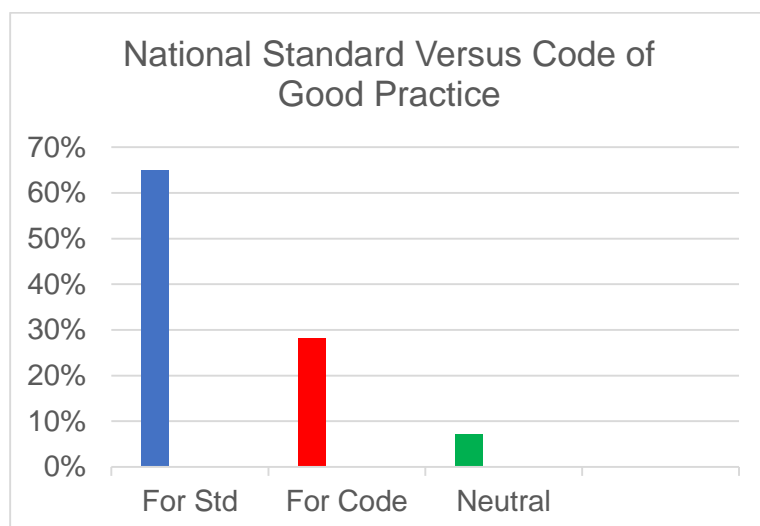
Some of the key outputs from this province were the following:

Benefits of professional body membership	Reasons not to join a professional body	Actions to promote joining
Standardisation, uniformity, regulation, quality assurance	Duplication of Professional Bodies creates uncertainty	Accreditation, grading system, career advantage
Accreditation, credibility, recognition, competence	Lack of knowledge about them, no central organisation	Member benefits/incentives, subsidised membership fees
Consumer confidence, protection, code of conduct	No perceived benefits, lack of recognition, costly membership	Access to markets, inclusion in research and policy inputs
Information access, knowledge sharing, support opportunities	Biased channelling of work, information gate keeping	Collaboration, networking, database registration
Peer networks, training and professional development	Stringent application/criteria, not wanting to be regulated	Mentoring, skills transfer, growth opportunities

### Strategy 3: Standards

#### National Standard versus Code of Good Practice

Advantages and disadvantages of a Standard versus a Code were discussed at length during the engagement session’s group activities. There was a limitation of double voting for both options in some groups in Gauteng / North West. However, the majority still had greater preference for a National Standard (65%) for Business Advisory Services, compared to the alternative option of a Code of Good Practice (28%).



Note: 45% of the total provincial votes for this activity were excluded as a result of double voting for both a standard and a code

<b>Standard – strengths/opportunities</b>	<b>Code – strengths/opportunities</b>
<ul style="list-style-type: none"> <li>√ Conformity, consistency, recognition, credibility, professionalism</li> <li>√ Regulated, enforceable, structured, easy to legislate, international benchmarking</li> <li>√ Uniformity, standardization, transparency, synergy, quality orientation</li> <li>√ Access to information, continuous professional development, consumer protection</li> </ul>	<ul style="list-style-type: none"> <li>√ Sets ethical behaviour, guides professionalism, ensures accountability</li> <li>√ Can be linked to legislation, foster compliance, controlled environment</li> <li>√ Agile, relevant, customizable, easy to formulate, low margin of error</li> <li>√ Allows inputs and discussions, provides guidelines/procedures, applicable across sectors</li> </ul>

<b>Standard – weaknesses/threats</b>	<b>Code – weaknesses/threats</b>
<ul style="list-style-type: none"> <li>× Restricts innovation, rigid, bureaucratic, over-regulation, red tape, forced compliance</li> <li>× Does not account for different disciplines, outdated standards, slow to review/change</li> <li>× Market exclusion, incompetency, lack of skills to manage implementation, misinterpretation</li> <li>× High cost of implementation, barrier to entry, lack of information</li> </ul>	<ul style="list-style-type: none"> <li>× May be misaligned to practical environment, no competency-based assessment, overlooked</li> <li>× Not enforceable, non-compliance, members may act in bad faith</li> <li>× Open to misinterpretation, link to payment of fees creates double standards</li> <li>× Subject to manipulation, doesn't always reach intended recipients</li> </ul>

## 6.4 KwaZulu-Natal Provincial Stakeholder Engagement

### Strategy 1: Regulation

#### Highly regulated

##### Advantages

A highly regulated environment was mostly linked to standards, a high level of ethics and compliance, according to KwaZulu-Natal participants. A business environment that centres around regulation was perceived to offer consistency, uniformity and accountability in the manner in which practitioners render services to their clients. Recipients of such services are said to also benefit from having recourse in instances that they are dissatisfied with services rendered.

## Disadvantages

A highly regulated environment was found to be synonymous with red tape, restrictions, and long turnaround times. The cost of compliance was found to be very high in this type of environment, and as a result it creates entry barriers. This also creates the opportunity for fake/irregular practitioners to offer an alternative.

## Self-regulated

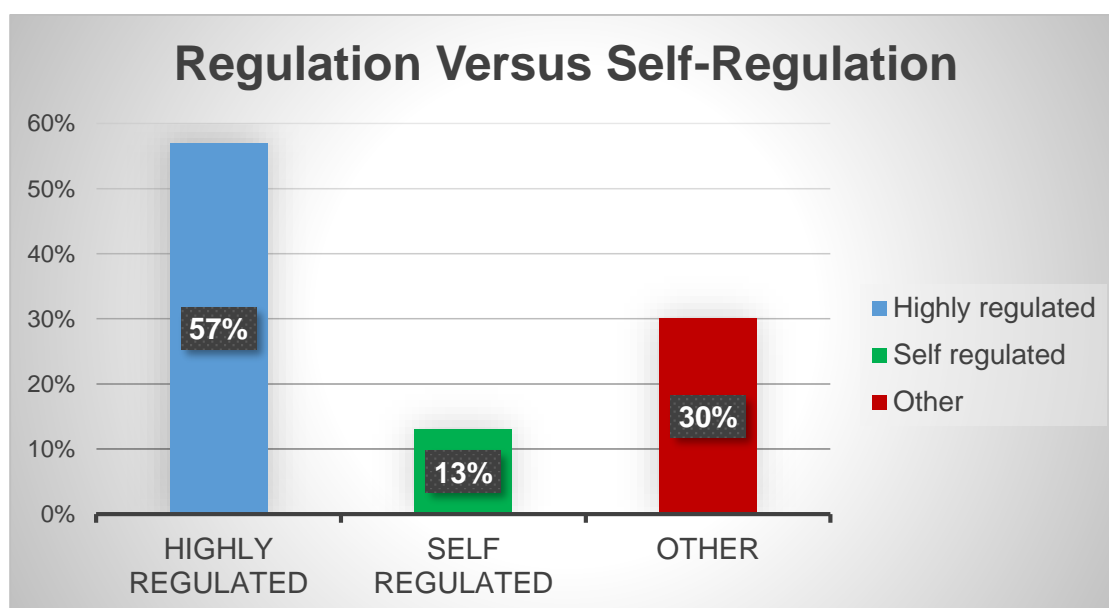
### Advantages

When an industry self-regulates, stakeholders feel a vested sense of ownership. Therefore, decisions can be made quicker, turnaround times are generally fast and regulation becomes practical. A self-regulated environment offers variable costs to accessing expertise, and it also gives SMMEs the freedom to choose Business Advisors of their choice.

### Disadvantages

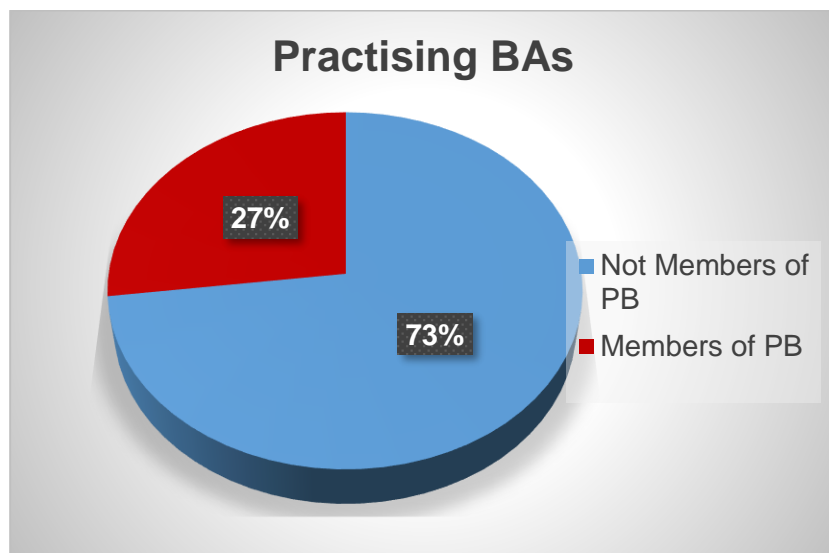
There were, however, concerns raised pertaining to inconsistency, subjectivity, and variation in quality as a result of not having standardisation. Governance issues pose a challenge in a self-regulated environment where there can be lack of accountability, fraud and no recourse for service recipients. Due to its profit-driven nature, regulation in this environment can be tailored to favour certain groups over others.

In weighing the pros and cons of a highly regulated versus a self-regulated business environment for Business Advisory Services, participants in KwaZulu-Natal indicated their preference as follows in favour of a highly regulated environment:



## Strategy 2: Professionalisation

Out of the total number of practicing Business Advisors represented in the KwaZulu-Natal engagement session, 27% of practicing Business Advisors reported that they were members of a professional body.



In trying to understand the current level of professionalisation, we assessed the extent to which practicing Business Advisors were members of professional bodies. We further stimulated debates, probed perceptions, and solicited inputs around professional body membership.

Some of the key outputs from this province were the following:

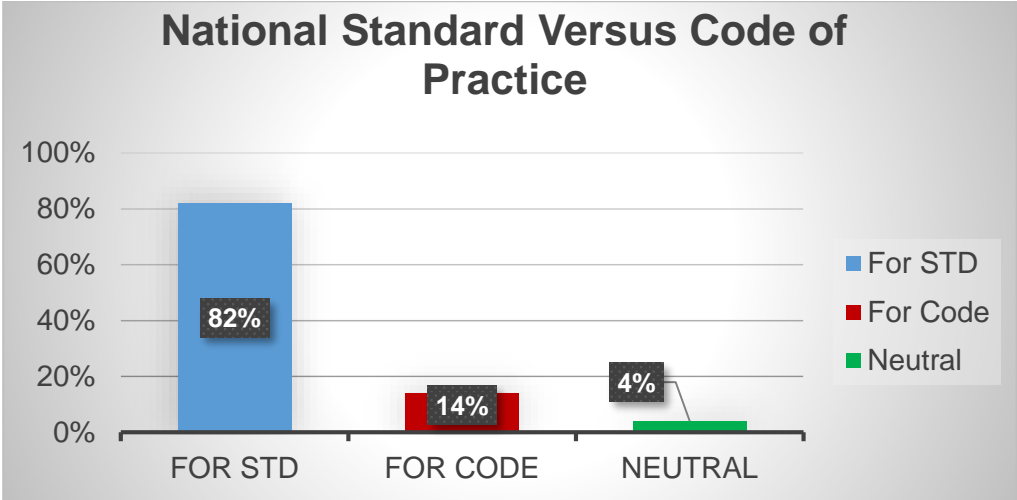
Benefits of professional body membership	Reasons not to join a professional body	Actions to promote joining
Recognition, grading and credibility	Costly membership fees, cumbersome application	Create awareness, reduce membership fees, symposium
Standardisation, risk management, uniformity	Inferiority complex, concerns of entry assessment failure	Set standards, make membership mandatory
Code of ethics, consistency, accountability	Fear of being regulated, high entry and renewal requirements	Capacity building, professional development
Continuous learning, platform to share ideas	Lack of awareness, no perceived benefits	Promote accreditation value, professional designations
Research and technology, information access	Overcrowding of specialisation, no income guarantee	Educate entrepreneurs on value of practitioners subscribe to Professional Bodies

## Strategy 3: Standards

### National Standard versus Code of Good Practice

Advantages and disadvantages of a Standard versus a Code were discussed at length during the engagement session's group activities. Over two thirds of participants in KwaZulu-Natal

leaned towards a National Standard (82%) for Business Advisory Services, rather than the alternative option of a Code of Good Practice (14%).



Standard – strengths/opportunities	Code – strengths/opportunities
<ul style="list-style-type: none"> <li>√ National portability, benchmarking, promote best practice</li> <li>√ Define impact, reduce failure rate of SMMEs, standardisation</li> <li>√ Increase accountability, aligned to economic needs/ priorities</li> <li>√ Respect and professionalisation of the career, upskill of knowledge</li> </ul>	<ul style="list-style-type: none"> <li>√ Easy to adopt, quicker implementation</li> <li>√ Self-regulation, a code of good practice promotes a level of uniformity</li> <li>√ Clear rules of engagement, clients know what to expect upfront</li> <li>√ Accountability, suspension/dismissal for non-compliance</li> </ul>

Standard – weaknesses/threats	Code – weaknesses/threats
<ul style="list-style-type: none"> <li>× Cumbersome, costly, barrier to entry, collapse if there’s non-compliance</li> <li>× Inconsistency, high entry requirements</li> <li>× Slow update versus improved recent technology</li> <li>× Fear of non-compliance, threat to industry</li> </ul>	<ul style="list-style-type: none"> <li>× Discourages creativity amongst Business Advisors</li> <li>× Non-conformance may result in dismissal and job losses</li> <li>× Limited offering to SMMEs with the threat of over-reach</li> </ul>

## 6.5 Mpumalanga / Limpopo Provincial Stakeholder Engagement

### Strategy 1: Regulation

#### Highly regulated

##### Advantages

Mpumalanga and Limpopo participants held the view that when standards are in place, when practitioners are qualified and experienced, and when operating under a license as a pre-requisite, risks are mitigated, accountability, collaboration and professionalism are improved, and transparency makes it easier to control quality. With emphasis on ethics, uniformity and compliance, beneficiaries are protected and international benchmarking becomes possible.

##### Disadvantages

High compliance requirements, costly membership fees, bureaucracy and the administrative burden that comes with a highly regulated environment may discourage new entrants. The possible duplication of authorities, lack of consistency and tunnel vision may lead to growth limitation and no buy-in from stakeholders. Political interference may result in mainstream economy limitations and over-control.

#### Self-regulated

##### Advantages

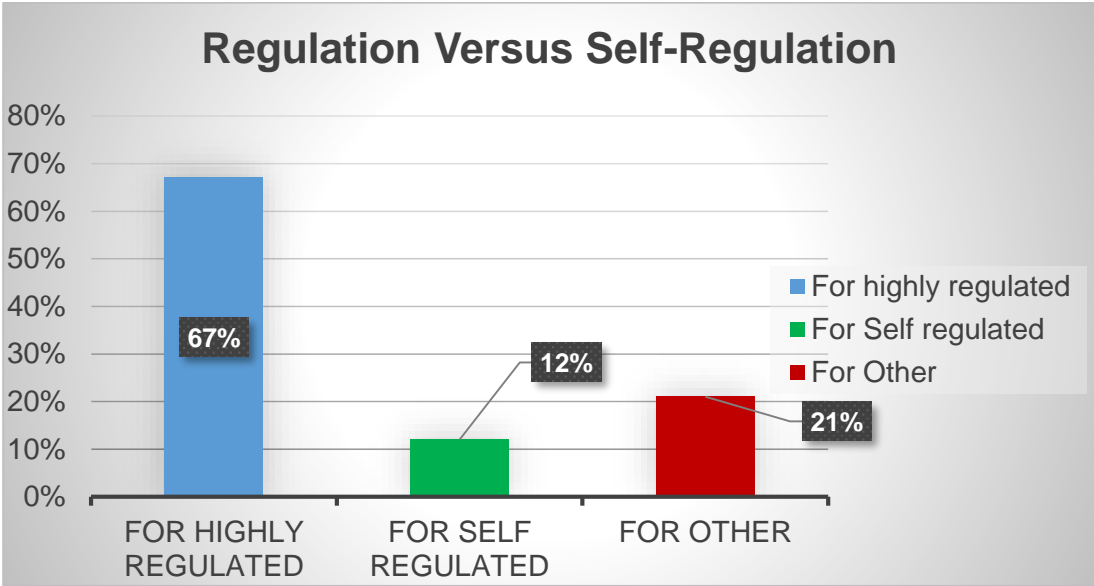
Self-regulation was commended for its agility, ease of access/adaptation, obtaining maximum participation, and the flexibility it offers. In this type of environment, the possibility to have a stable ethics and value system, may lead to improved accountability and responsibility. A self-regulated environment was seen to enhance innovation, creativity and increase employment opportunities. It offers potential for growth and professional skills development for qualified practitioners that are accredited by professional bodies.

##### Disadvantages

The challenge with self-regulation is that you can't be a player and referee simultaneously. There are qualified practitioners that lack experience, and those that are accredited but not meeting particular standards. This could lead to manipulation of the system, bending the rules, compromised quality and lack of consistency. There's a risk of mushrooming independent bodies, which could result in a lack of confidence from industry. Lack of accountability in a self-regulated environment may possibly lead to consumer exploitation, as well as to the loss of economic stats.

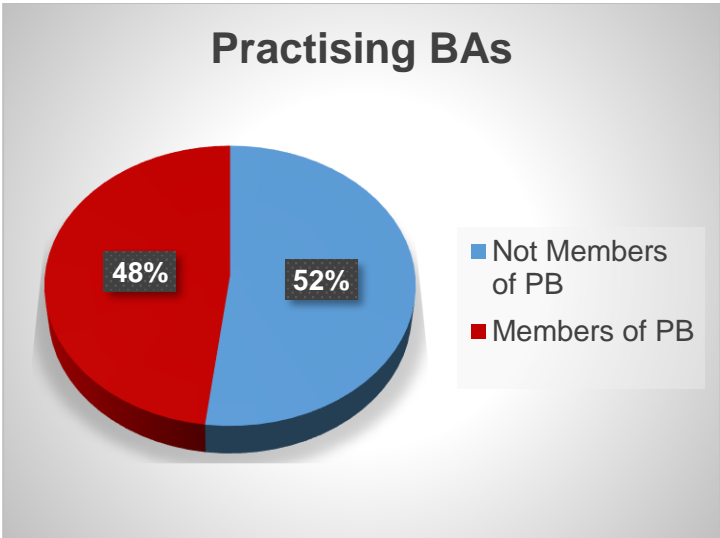


In weighing the pros and cons of a highly regulated versus a self-regulated business environment for Business Advisory Services, participants in Mpumalanga-Limpopo indicated their preference as follows in favour of a highly regulated environment:



**Strategy 2: Professionalisation**

Out of the total number of practicing Business Advisors represented in Mpumalanga-Limpopo engagement session, 48% reported that they were members of a professional body.



In trying to understand the current level of professionalisation, the extent to which practicing Business Advisors were members of professional bodies was assessed. Further debates were stimulated, perceptions probed, and inputs solicited around professional body membership.

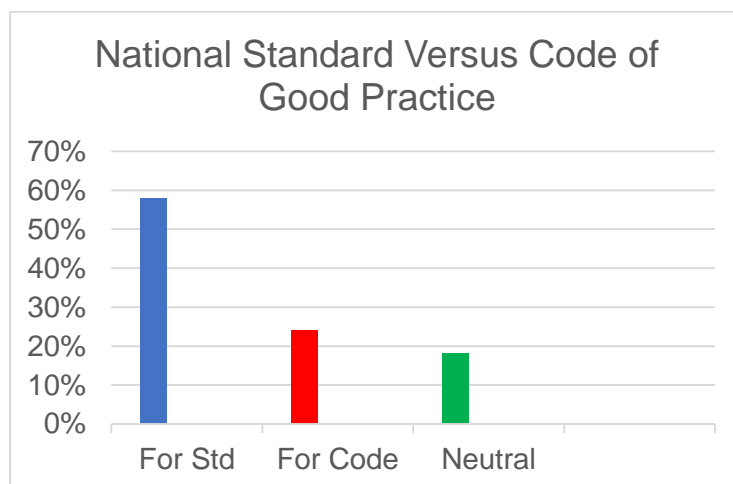
Some of the key outputs from this province were the following:

Benefits of professional body membership	Reasons not to join a professional body	Actions to promote joining
Uniformity in rendering services, code of conduct	Cumbersome processes, expensive membership	Set as requirement for practitioners, regulate sector
Credibility, accountability, recognition, transparency	Benefits not clearly defined, no relevance/perceived value	Levels to recognize qualifications/experience
Quality assurance, integrity, sector representation	Inappropriate development programmes, voluntary joining	Progression opportunities, incentives/rewards
Continuous development, professional growth, ethics	Not a requirement for job, lack of regulation	Penalties for non-compliance, performance targets
Knowledge sharing, networking, peer review	Member exclusion in decision-making, no democracy	Personal development, training/education support

### Strategy 3: Standards

#### National Standard versus Code of Good Practice

Advantages and disadvantages of a Standard versus a Code were discussed at length during the engagement session's group activities. The majority of participants in Mpumalanga and Limpopo leaned towards a National Standard (58%) for Business Advisory Services, rather than the alternative option of a Code of Good Practice (24%).



Note: 12% of the total provincial votes for this activity were excluded as a result of double voting for both a standard and a code

Standard – strengths/opportunities	Code – strengths/opportunities
<ul style="list-style-type: none"> <li>√ Allow benchmarking and national/international recognition, credibility, quality assurance</li> <li>√ Externally developed, point of reference, standardisation, all-encompassing, uniformity</li> <li>√ Regulated, compliance, clear policy, professional conduct, increase accountability</li> <li>√ Based on research and good business practice</li> </ul>	<ul style="list-style-type: none"> <li>√ Promotes professionalism, accountability, good governance and attracts new participants</li> <li>√ Member support and buy-in, easy to implement or amend principles/rules, transparency</li> <li>√ Tailor made for varied sectors, improved efficiency, sense of ownership, quality assurance</li> <li>√ Enforces ethical conduct, trust and confidence, limits corruption, good operational guideline</li> </ul>

Standard – weaknesses/threats	Code – weaknesses/threats
<ul style="list-style-type: none"> <li>× Long turnaround times, costly planning and implementation, entry barrier</li> <li>× Limits creativity and flexibility, tunnel vision, lack of innovation</li> <li>× Non-specific, exclusionary, no capacity to implement</li> <li>× Manipulation of standards, favouritism, low response affecting compliance</li> </ul>	<ul style="list-style-type: none"> <li>× Potentially low standards, credibility concerns, cannot be enforced</li> <li>× Limited regulation/accountability, no compliance monitoring, implementation limits</li> <li>× Potential to discourage innovation, non-standardised services, new entry barrier</li> <li>× Violation of rights and systems, subject to interpretation, growth/vision limitations</li> </ul>

## 6.6 Northern Cape Provincial Stakeholder Engagement

### Strategy 1: Regulation

#### Highly regulated

##### Advantages

Participants in the Northern Cape were of the view that regulation helps to ensure standardisation, which protects both clients and the industry. A highly regulated environment requires practitioners to be accredited and have a license to practice. This reassurance of trustworthiness, quality control and accountability offered by experienced professionals pledges efficiency and measurable compliance, as well as monitoring and enforcement.

Regulation eliminates corruption, gives access to information, and maximises financial capabilities and resources.

### **Disadvantages**

In a highly regulated business environment, policy inconsistencies, red tape and standards set too high can become exclusionary as a form of gate keeping becomes a challenge. Stringent accreditation requirements, system manipulation and delayed turnarounds affect implementation and create resistance from business. Unaffordability of standards, no RPL and the lack of resources for M & E can create loopholes in this environment.

### **Self-regulated**

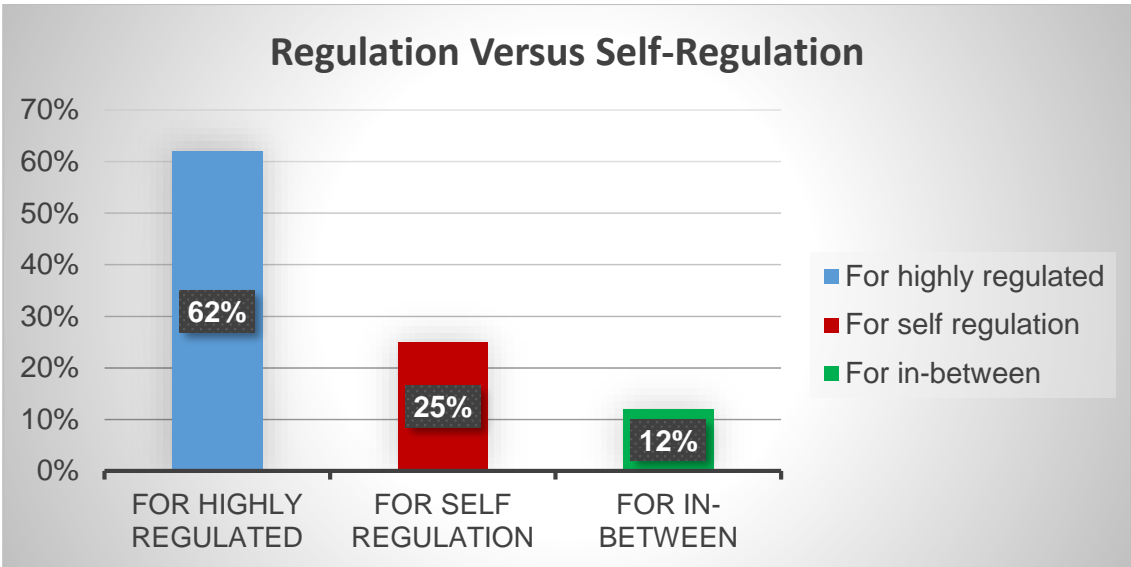
#### **Advantages**

A code of ethics, sense of ownership, consensus, critical problem solving and peer-to-peer accountability were some of the characteristics that participants in the Northern Cape most often associated with self-regulation. The views held pertaining to a self-regulated environment were that it allows easy industry access, encourages innovation, creates SMME opportunities, and could address local geographic barriers. A self-regulated business environment offers lower costs, quick turnaround, the creation of own material, customised processes and minimum red tape.

#### **Disadvantages**

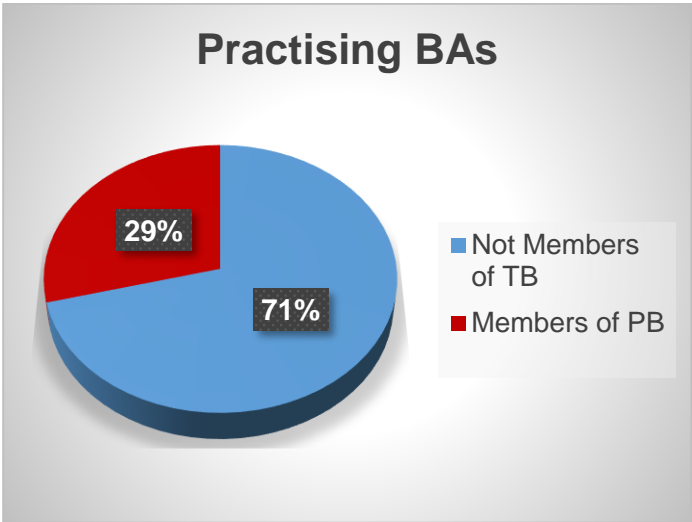
On the contrary, not having a formal standard or setting own standards too low was found to be risky and possibly not within the ambits of the law. This self-centered approach increases the possible existence of fake/sub-standard providers where there's lack of accountability, no quality control, and no recourse for customers. Despite the minimal red tape, self-regulation could be an administrative burden.

In weighing the pros and cons of a highly regulated versus a self-regulated business environment for Business Advisory Services, participants in the Northern Cape indicated their preference as follows in favour of a highly regulated environment:



**Strategy 2: Professionalisation**

Out of the total number of practicing Business Advisors represented in the Northern Cape engagement session, 29% reported that they were members of a professional body.



In trying to understand the current level of professionalisation, we assessed the extent to which practicing Business Advisors were members of professional bodies. We further stimulated debates, probed perceptions, and solicited inputs around professional body membership.

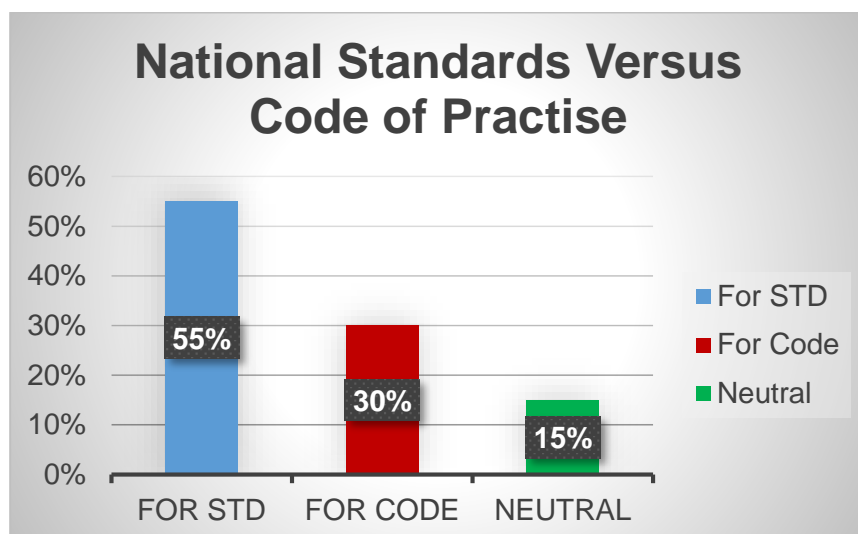
Some of the key outputs from this province were the following:

Benefits of professional body membership	Reasons not to join a professional body	Actions to promote joining
Guidelines, uniformity, legal recognition, ethics	Lack of information, tedious process, financial barriers	Advocacy, promote benefits, subsidise subscriptions
Credibility, accountability, quality assurance, structured	Stringent requirements, requires extensive experience	Enforce regulation, accreditation, incentives
Standardisation, regulated processes, professionalism	Lack qualifications, fear of being subjected to review/failure	Professional designation, international opportunities
Monitoring, evaluation and enforcement	Corruption, no added value, may lead to discrimination	Networking, due diligence, discounted training courses
Information access, protects the profession	Don't want to be regulated or adhere to strict requirements	Security for clients, improve stakeholder engagement

### Strategy 3: Standards

#### National Standard versus Code of Good Practice

Advantages and disadvantages of a Standard versus a Code were discussed at length during the engagement session's group activities. Over half of the participants in the Northern Cape leaned towards a National Standard (55%) for Business Advisory Services, rather than the alternative option of a Code of Good Practice (30%).



**Standard – strengths/ opportunities****Code – strengths/ opportunities**

<ul style="list-style-type: none"> <li>√ Uniformity, standardisation, consistency in admission requirements</li> <li>√ Broader knowledge, clear expectations from customers, centralisation</li> <li>√ Regulated, quality, endorsed, objective, measurable, good strategies</li> <li>√ Enforceable, ensures professionalism, global recognition, achievable</li> </ul>	<ul style="list-style-type: none"> <li>√ Good legislation, gives guidelines, regulation, ethical</li> <li>√ Self-regulatory, codes are customisable, adaptability, flexible</li> <li>√ Sector-based focus, compliance, credibility, less expensive</li> <li>√ Protection of clients and practitioners, recourse for clients</li> </ul>
--	--

**Standard – weaknesses/threats****Code – weaknesses/threats**

<ul style="list-style-type: none"> <li>× Fragmented implementation, not diverse, too prescriptive</li> <li>× Expensive, high cost of intervention, lengthy processes, geographic conformity</li> <li>× No innovation, lacks flexibility, can be manipulated</li> <li>× Limited resources, lack enforcement, minimum entry opportunities</li> </ul>	<ul style="list-style-type: none"> <li>× Open to manipulation if there's no monitoring, credibility cannot be tested</li> <li>× Benefits selected groups, not well advocated, not enforceable</li> <li>× High risk of business practice abuse, unethical conduct, subjecting clients to abuse</li> <li>× No set standard, not regulated, may exclude other sectors</li> </ul>
--	---

**6.7 Western Cape Provincial Stakeholder Engagement****Strategy 1: Regulation****Highly regulated****Advantages**

A highly regulated environment was seen as a standardised and specialised approach within a specific framework, where there is perceived order, quality assurance and where service meets expectations. There is a watchdog monitor ensuring that high ethics, credibility and accountability are upheld for risk mitigation and public protection. Compliance is enforced and monitored as a measure to alleviate corruption, and ensure that there's legal recourse in place for clients.

## **Disadvantages**

This type of environment presented challenges and concerns amongst Western Cape participants, particularly with regards to expensive administrative costs, long turnarounds, corruption and the lack of innovation due to its input instead of output focus. Bottle neck effects set limitations on entry opportunities, inhibit and stagnate growth, and make high regulation potentially exclusionary. A highly regulated business environment was also found to be too bureaucratic with a lot of unnecessary time-consuming red tape.

## **Self-regulated**

### **Advantages**

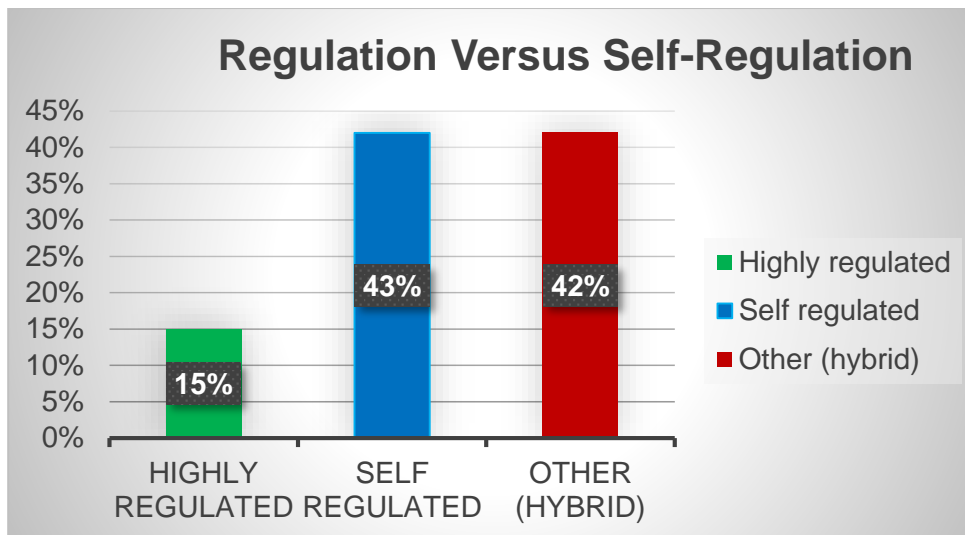
A self-regulated environment was mostly associated with creativity, adaptability, flexibility, effective communication and responsiveness to real needs. This environment was perceived as more entrepreneurial and providing a large pool of mentors with direct key performance indicators. It measures impact, promotes a co-partnered and broad-based ownership approach and, most importantly, goes beyond regulation, with less red tape and cost-effective solutions. No membership fees are required, there are no limitations to acquiring skills, international standards can be applied, and the emphasis remains on accountability.

### **Disadvantages**

There are many perceived high risks posed by a self-regulated environment, including the formation of underground industries, room for opportunistic fly-by-night Business Advisors, compromised ethics, credibility and professionalism, as well as inconsistent quality as a result of not having a regulatory body, and differences in standardisation. Due to the fact that there are no legal requirements in such an environment, it can be chaotic, fragmented and too decentralised, leaving room for oligopoly or the danger of monopolistic groups.

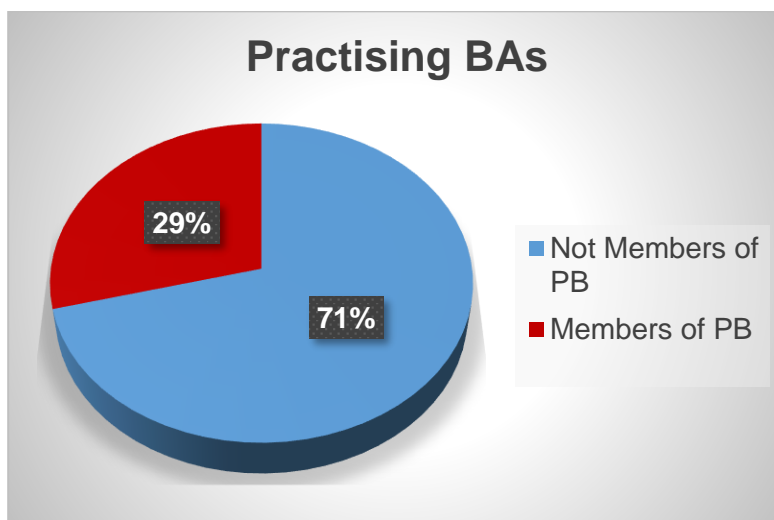
In weighing the pros and cons of a highly regulated versus a self-regulated business environment for Business Advisory Services, the Western Cape's results differed significantly from all other provinces with virtually equal preferences for a self-regulated environment and a hybrid model.





### Strategy 2: Professionalisation

Out of the total number of practicing Business Advisors represented at the Western Cape engagement session, 29% indicated that they were members of a professional body.



In trying to understand the current level of professionalisation, we assessed the extent to which practicing Business Advisors were members of professional bodies. We further stimulated debates, probed perceptions, and solicited inputs around professional body membership.

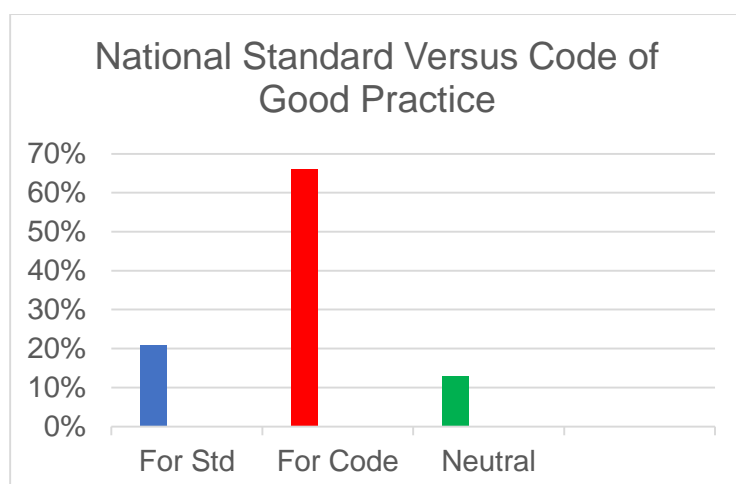
Some of the key outputs from this province were the following:

Benefits of professional body membership	Reasons not to join a professional body	Actions to promote joining
Risk mitigation, recognition, compliance to standards	Red tape, expensive fees, cumbersome registration	Development opportunities, recognition of prior learning
Credibility, expertise assured, community of practice	Too many options – need one professional body	Eliminate red tape, incentives/ added benefits for members
Point of reference, accountability, referral system	No perceived value, perceived as restrictive, entry barrier	Make it compulsory to practice, clarify value proposition
Accreditation, bargaining power, thought leadership	Non mandatory rules, model needs to be reworked	Promote access to information, access to experts
Information access, networking, professional development	Want independence, do not meet required criteria	Roadshows, networking, meet members' needs

### Strategy 3: Standards

#### National Standard versus Code of Good Practice

Advantages and disadvantages of a Standard versus a Code were discussed at length during the engagement session's group activities. Western Cape participants leaned toward a Code of Good Practice (66%) for Business Advisory Services, rather than the alternative option of a Standard (21%), which was indicated as the preference in other provinces. Reasons for this preference can be gleaned from the strengths of the Code of Good Practice and weaknesses of the Standard.



Note: 7% of the total provincial votes for this activity were excluded as a result of double voting for both a standard and a code

<b>Standard – strengths/opportunities</b>	<b>Code – strengths/opportunities</b>
<ul style="list-style-type: none"> <li>√ Standardisation of monitoring and evaluation mechanisms, business confidence, set standards</li> <li>√ Regulated and easy to monitor, credibility, accountability, tax incentives</li> <li>√ Uniformity, quality assurance, guidelines and framework, recognition/accreditation</li> <li>√ Consistency, growth and development, international benchmarking</li> </ul>	<ul style="list-style-type: none"> <li>√ Clear terms of reference, recourse for poor service delivery, set rules of engagement</li> <li>√ Easy access, eliminates entry barriers, market adaptability, corporate culture foundation</li> <li>√ Creativity and flexibility promoted, ethical conduct upheld, credibility, consultative</li> <li>√ Benchmarking best practice, enhances professionalism, self-regulation within framework</li> </ul>

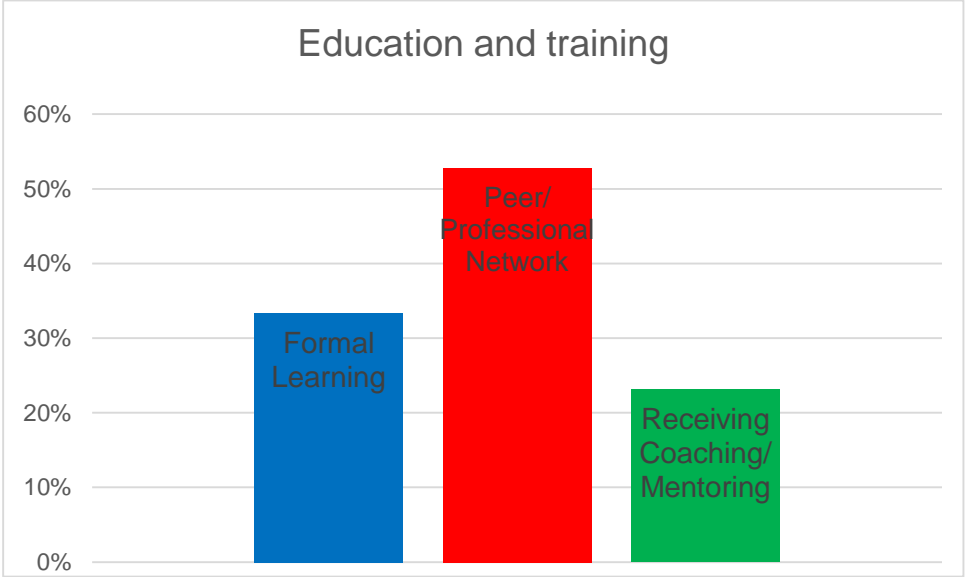
<b>Standard – weaknesses/threats</b>	<b>Code – weaknesses/threats</b>
<ul style="list-style-type: none"> <li>× Red tape, restricts innovation, over regulation, contradictory policies, too bureaucratic, rigid</li> <li>× Costly, delays in implementation, cultural deficiencies, unintentional exclusion</li> <li>× Inhibits local economic growth, geographic limitations, barrier to entry</li> <li>× Limited buy-in, compliance not enforced, stringent and cumbersome</li> </ul>	<ul style="list-style-type: none"> <li>× Compliance enforcement, quality displacement, lack of consistency, none binding</li> <li>× Subject to interpretation, corporate control –SMMEs not protected, politics</li> <li>× Prescriptive, inappropriate standard, no formal regulation, limited accountability</li> <li>× Manipulation, reactive not pro-active, limited impact, lack of monitoring</li> </ul>

#### **Strategy 4: Education and training**

Activity 5, which focused on the fourth proposed strategy for improving the quality of Business Advisory Services – Education and training – was not broken down per province for purposes of this report, but rather consolidated nationally. The first provincial engagement session which took place in the Free State was excluded from these results as participants had completed a different activity, which was amended for the subsequent engagements. It was evident that understanding of the activity around the learning preferences by occupational level and the impact of technology on Business Advisory Services was not well understood.

Despite having slightly fewer participants that completed this activity (84%) compared to those who completed activity 4, out of the total number of participants that completed the section on

current education and training 33% indicated that they were currently doing formal learning, 53% were currently participating in peer/ professional networks, and 23% indicated that they were currently receiving coaching/mentoring.



**Learning preferences at different occupational levels**

Learning preferences were found to be variable and individualised. However, there were some notable results that stood out:

- 🕒 At an entry career level, formal learning was perceived to be the preference (64%)
- 🕒 At an intermediate career level, there was a perceived medium preference for formal learning (64%)
- 🕒 At an advanced career level, there was a perceived high preference for informal learning (70%)

<b>Formal Learning</b>	Entry career level	Intermediate career level	Advanced career level
Low preference	12%	2%	36%
Medium preference	24%	64%	14%
High preference	64%	34%	50%
<b>Informal Learning</b>	Entry career level	Intermediate career level	Advanced career level
Low preference	38%	10%	14%
Medium preference	21%	48%	16%
High preference	40%	43%	70%

**Activity 2: Three distinct roles in BAS – BA/BC, Business Coach and Business Mentor**

For this activity, participants were requested to provide three distinctive roles in BAS, the qualifications and competencies best suited for the role. There were common themes that surfaced from the various provincial engagements and were grouped in order of commonalities to arrive at the best descriptors and competencies for each role, as described by the participants. These findings are presented in the tables below:

**Definitions of Business Advisor/Consultant, Business Coach and Business Mentor**

<b>Business Advisors/Consultant</b>	
Description	<ul style="list-style-type: none"> <li>○ A professional who is highly qualified and experienced, possessing technical knowledge in the business field and who possesses business skills and sector expertise</li> <li>○ An expert who provides tailor-made advice, diagnoses and assessment of different aspects of the business, provides referrals and links, shares information, is a problem solver, supports implementation, conducts monitoring of the business and provides direction</li> <li>○ Good communicator, with excellent people skills, provides support and guidance, facilitates, a visionary who is honest, passionate and assists with innovation</li> </ul>
Competencies	<ul style="list-style-type: none"> <li>○ Analytical, communication and listening skills, innovative, proven track record and experience in running a business, good understanding of financial and legislative, planning, business acumen, process management expert, research skills</li> <li>○ Stakeholder management, compliance requirements, subject matter expert, planning and organizing skills, general management skills, sales and marketing skills</li> </ul>
<b>Business Coach</b>	
Description	<ul style="list-style-type: none"> <li>○ A specialist who is highly qualified with the necessary business background experience, industry and sectoral knowledge</li> <li>○ One who helps set up support frameworks for professional development and skills transfer</li> <li>○ Has a vested interest in individual development, provides hand-on support, a positive attitude, and is able to motivate, nurture and guide with good communication skills.</li> </ul>
Competencies	<ul style="list-style-type: none"> <li>○ Good listening skills (overall communication), understanding of individual and business needs, networking and collaboration skills, people skills, emotional intelligence</li> </ul>

	<ul style="list-style-type: none"> <li>Facilitating and teaching skills, business management skills, solutions- / goal-focused, innovative, has leadership, analytical, coordination and facilitation skills.</li> </ul>
<b>Business Mentor</b>	
<b>Description</b>	<ul style="list-style-type: none"> <li>Qualification and relevant experience, analytical skills, sectoral knowledge, gives feedback</li> <li>Accountability partner, expert, guides and focuses on development, enables and motivates</li> <li>Role model, skills transfer, technical expertise, can guide and hold hand through the journey, assist in solving business challenges, growth-focused, gives strategic support and guidance</li> </ul>
<b>Competencies</b>	<ul style="list-style-type: none"> <li>Good communication skills; problem solver; self-mastery, interpersonal skills; motivation, guide and advise, organisational skills, management skills, expert knowledge, nurturing.</li> </ul>

## 7. Event Evaluations

### 7.1 Overall Evaluation of the engagements

The 2019 New Journey Provincial Stakeholder Engagements organising team presented evaluation forms to gather participant feedback on overall organisation and quality of the provincial engagements.

The evaluation forms were designed into a 16-set questionnaire, divided into 14 questions with corresponding responses formulated into an ordinal 5-point scale where respondents mark single entry responses on one of five options, ranging from 1 (Strongly agree) to 5 (Strongly disagree). Two of the sixteen questions were open-ended responses requiring short descriptive responses not restricting characterisation and wording.

One of the issues of direct bearing to the ecosystem approach concerned the role of Seda within the BAS/BDS sector. 62% of participants either strongly agreed or agreed that they understood what was happening in Seda's new approach as eco-system facilitator and as well as the Business Development Service policy. 18% either strongly agreed or disagreed and 19% were neutral in their uncertainty. This suggests that more work could be directed at educating stakeholders on the role of Seda to best leverage the host opportunities to be channeled through the agency.

---

The events were successful in sharing information with stakeholders on BDS policy and the Business Advisory discussion paper as important issues in the sector with imminent legislative outcomes.

---

This is evident with 59% of participants strongly agreeing or agreeing that they knew who to contact should they have questions about the BDS policy or the Business Advisory Services discussion papers. A smaller percentage of participants indicated that they did not know of who to contact regarding the BDS policy and Business Advisory discussion paper. 14% indicated that they disagreed and 6% stated that they strongly disagreed. It would be of benefit for Seda in its ecosystem facilitation role to note the disagreed and strongly disagreed and work to be more inclusive with key practitioners.

The first set of evaluation questions into the participant understanding of the Seda's new role, the BDS policy all specifically align to the broader outcomes and objectives of the 2019 New Journey Stakeholder Provincial Engagements. In as far as participant awareness of the purpose of these events is concerned, the evaluation further queried whether participants thought the objectives of the event were met. 18% of participants strongly agreed and 39% agreed that the objectives for the event were met. 20% were neutral, yet 18% strongly disagreed and 9% disagreed that the event objectives set by the project implementers were met.

A large portion of participants 33%, merely agreed that the workshop activities stimulated their learning about BAS/BDS sector issues as compared to the 29% of attendees who strongly agreed. An even lesser amount of 11% disagreed and 7% strongly disagreeing as to the stimulated learning stimulated through these events. 17% of respondents were neutral to this question.

Similarly, a significant 61% of the participants either strongly agreed or just agreed that they would be able to use or apply learnings from these events. 17% were neutral to the issue and only 12% and 11% respectively disagreed and strongly disagreed that the learnings were indeed useful or applicable in practice outside these proceedings.

In establishing whether or not participants would be interested in an advanced follow-up programme on the same subject matter; an overwhelming 47% of participants indicated that they would strongly agree, 27% agreeing that they would be interested in a follow-up event. 20% of participants suggested they would not be interested in a follow-up event in either selecting that they disagreed or strongly disagreed.

A majority 32% of participants agreed that the events gave them sufficient practice and feedback on all exercises and information presented in the proceedings. 23% agreed, 14% disagreed and only 11% strongly disagreed to getting sufficient practice and feedback, and only 20% were neutral to the point.

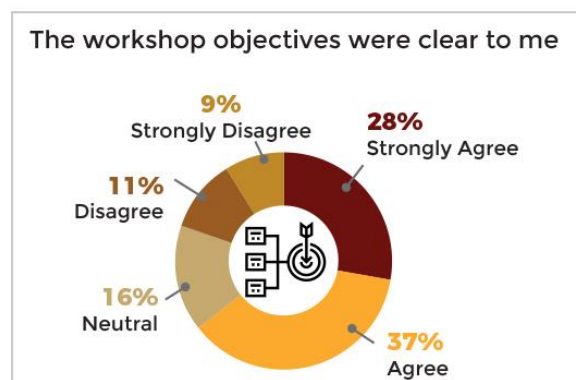
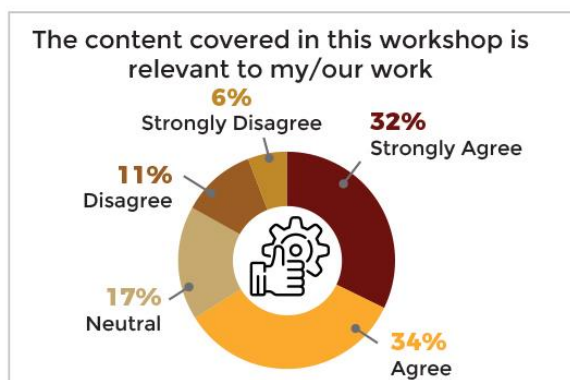
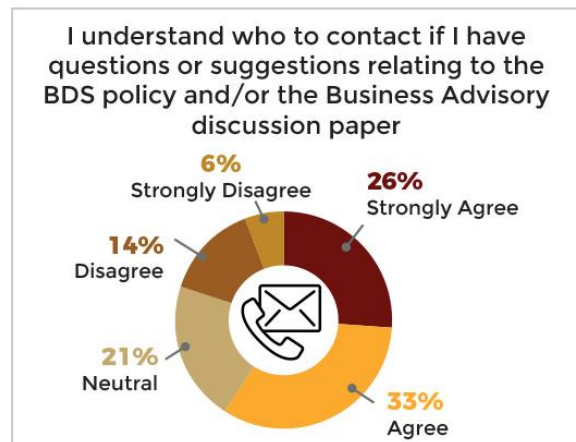
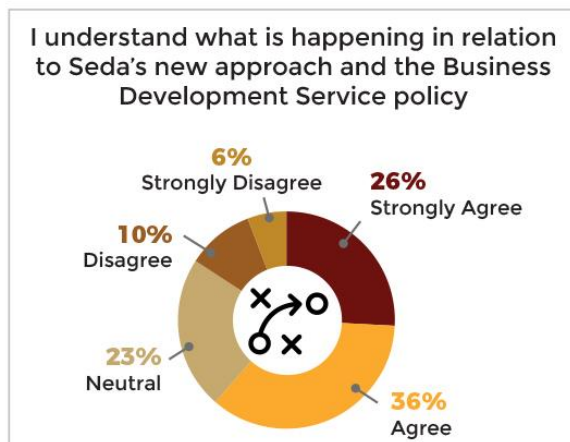
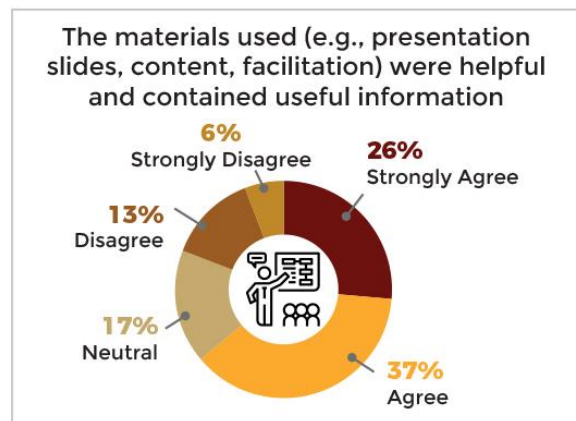
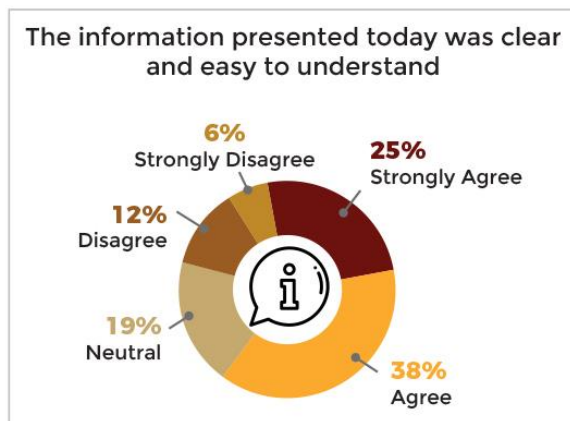
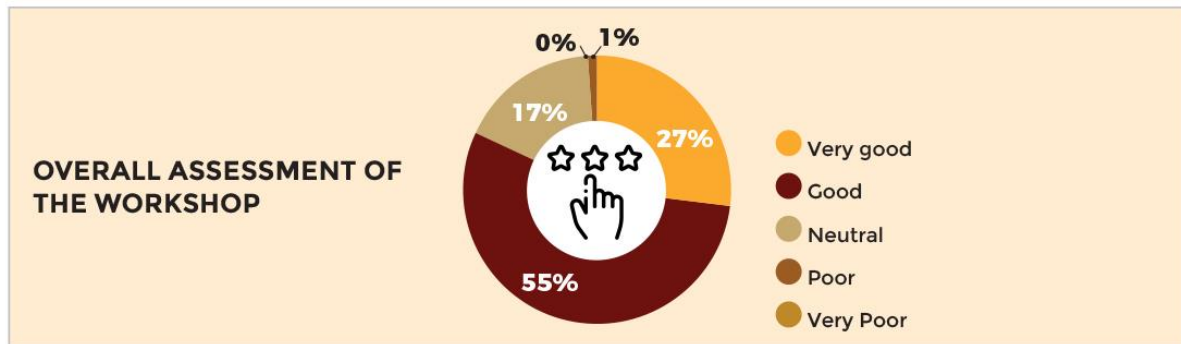
53% of participants shared that pace of the workshop was appropriate of this group, 33% of them agreed and 21% strongly agreeing. This potentially indicates that a majority believed the proceedings could have been carried out over a longer period of time. This is supported by the evaluation findings that 51% of participants either strongly agreed or agreed that sufficient time was allocated to cover each of the topics raised. While only 24% were neutral, 16% disagreed and 11% strongly disagreed, indicating that more time could have been allocated into the programme.

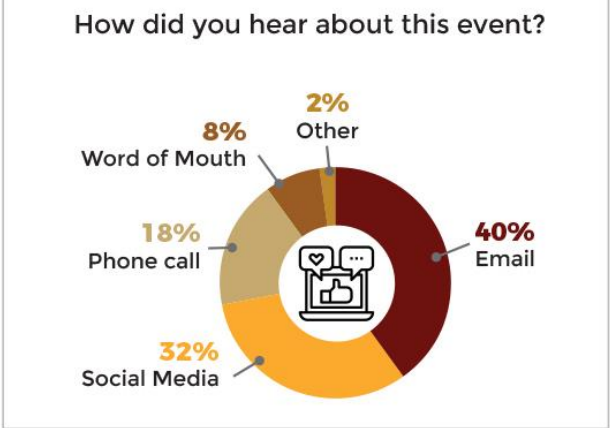
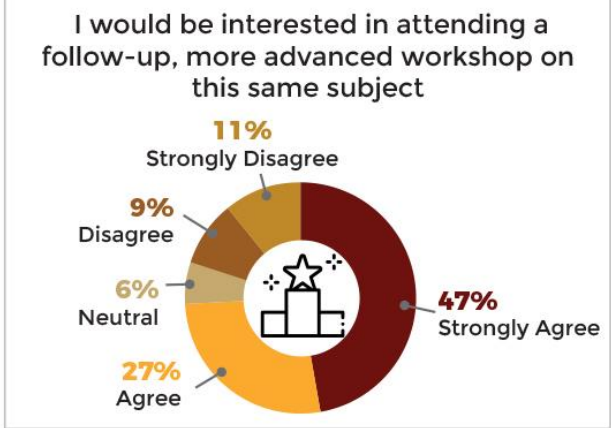
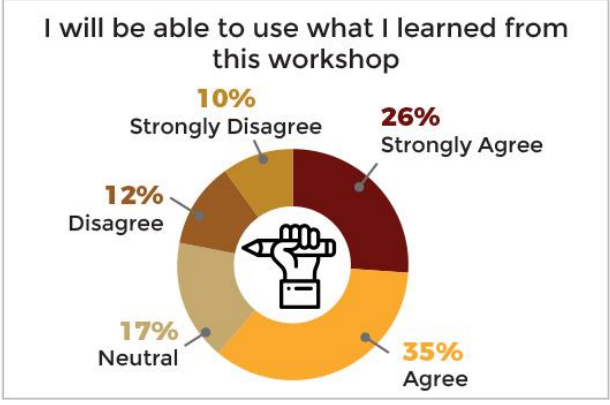
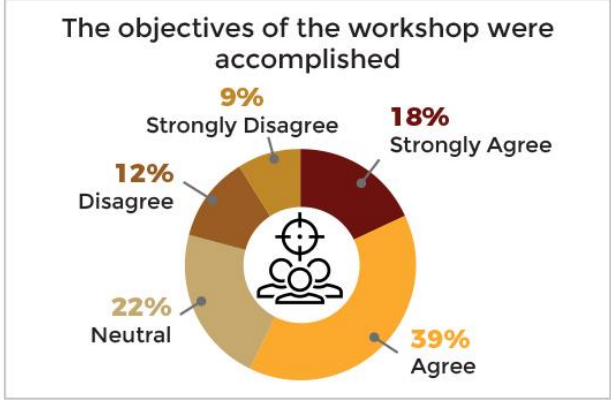
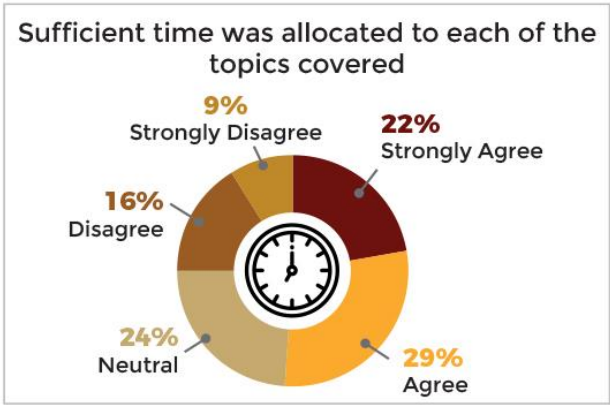
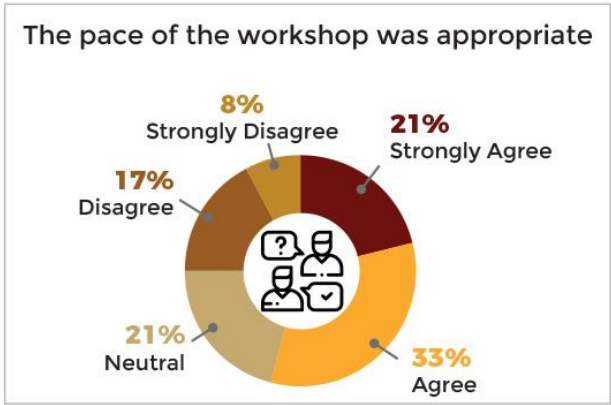
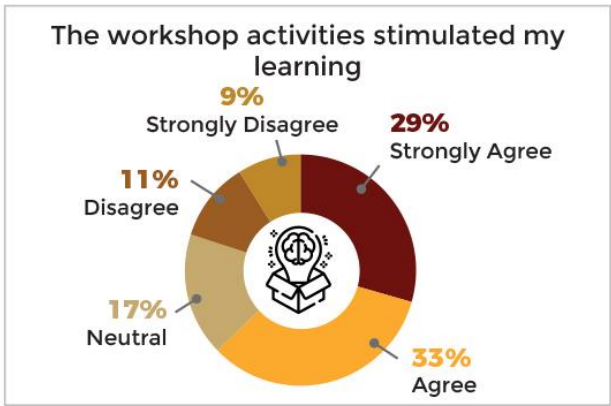
As a general analysis of the evaluation, participants showed a strong level of agreement with the event proceedings as educative, allowing for sufficient practice and feedback, learnings as useable in practical application within IBDS/BAS and incubation sector structures and most participants indicating an interest in attending an advanced follow-up public-private dialogue event.

The purposes of public education and information sharing about the IBDS/BAS sector as participants highlighted to be major challenge in the previous sections, the 40% participant evaluations that illustrated disagreement may be points to address. Recommendations from these evaluations involve actioning on requests for more feedback, sufficient contact public-private engagements and for implementing agencies to provide roadmaps on how various sector stakeholders with varying business and interests can use the information shared.



The section that follows provides brief evaluation of the workshop from all seven provincial engagements.





## 8. Conclusion

---

The 2019 New Journey Provincial Engagements successfully brought together 607 BDS and BAS practitioners from nine different provinces in South Africa.

The insights, feedback and recommendations of the stakeholders have significant impact on how DSBD, Seda, Services SETA and partner EDSE will work together in formulating the IBDS Policy and BAS paper, as well as government policy, standards, regulation and programmes in the future.

Developing a robust BDS and BAS sector is critical to the survival and growth of small enterprises in South Africa. The ability of the ecosystem stakeholders to form together to collaborate, engage and listen to one another is critical to raising the quality of the sector.

This report marks the beginning of a longer process of engagement. DSBD is actively engaged in combining the data and inputs from different sources in order to finalise the IBDS policy. Seda is working closely with the DSBD and Services SETA on finalising the BAS paper and extrapolating its implications. EDSE remains a partner and provides technical assistance in the development of the key documents.

The insights, thoughts and specific recommendations from each participant group were carefully recorded, analysed and processed, and the data will be further interrogated for other uses as government partners move forward.

Ecosystem stakeholder engagement is becoming the stepping stone for how future engagements will be conducted – it will continue to emphasise the core values of collaborating, listening and engaging.

At the heart of these engagements lies the goal of providing better support and services to grow small enterprises into the future.