SMALL BUSINESS DEVELOPMENT (SBD) PORTFOLIO RESEARCH AGENDA
2023-2026

small business
development

Department:
Small Business Development
REPUBLIC OF SOUTH AFRICA

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ACRONYMS AND ABBREVIATIONS

Co-ops	Co-operative businesses
DSBD	Department of Small Business Development
EDSE	Ecosystem Development for Small Enterprises
EU	European Union
M&E	Monitoring and Evaluation
NISED	National Integrated Small Enterprise Development (masterplan framework)
NDP	National Development Plan
SBD	Small Business Development
Seda	Small Enterprise Development Agency
sefa	Small Enterprise Finance Agency
Small enterprises	SMMEs and Co-ops
SMME	Small, Micro and Medium Enterprises
ToC	Theory of Change
WBG	World Bank Group

1. BACKGROUND

The Department of Small Business Development (DSBD, or the Department) seeks to create and lead a coordinated enabling environment that supports small enterprises, ensuring that they become the heartbeat of economic growth and employment creation. To ensure inclusiveness, 'small enterprises' include all Small, Medium and Micro Enterprises (SMMEs), Co-operatives (Co-ops) and Informal sector. While the DSBD is mandated to provide leadership on all matters about Small Business Development (SBD), many public, private and non-profit organisations have a crucial role to play in providing support and development opportunities to SMMEs, resulting in immense fragmentation, poor or weak coordination, and overlapping roles and responsibilities. There is a need to inculcate a shared sense of responsibility for advancing an integrated and coordinated data-driven approach towards SBD informed by evidence-based research.

The Sector Policy and Research branch within the DSBD is responsible for conducting research and knowledge management services, for guiding the development/review of policies, strategies and programmes, intended for the benefit of both SMMEs, Cooperatives and informal sectors operating in various sectors of the economy. One of the branch functions is to set up a Research Agenda for the SBD ecosystem coupled with the development and maintenance of knowledge repositories.

Thus, the DSBD and its agencies, the Small Enterprise Development Agency (Seda) and the Small Enterprise Finance Agency (sefa), with the support of, the European Union funded (EU) Ecosystem Development for Small Enterprises (EDSE) Programme and the World Bank Group (WBG) revised the Research Agenda, taking into account input from small business practitioners and relevant stakeholders from both the public and the private sector, to guide and advise the Department of the key, relevant thematic areas to be included in the Research Agenda.

An assessment of the National Development Plan (NDP) 2030 Vision pointed out that the current support mechanisms provided to small enterprises were inadequate. The NDP 2030 Vision is for SMMEs and Co-operatives to create 90% of new job opportunities through better procurement, access to finance (start-ups), a simplified regulatory environment and reduced cost of doing business.

The problem statement was defined as follows:
- The current small business environment is fragmented, with different institutions providing independent support to the same entrepreneurs, leading to working in silos and producing a duplication of efforts, ultimately compromising on the country-wide positive impact.
- There is no reliable or verified nation-wide statistics to estimate the true contribution of SMMEs and Co-operatives to the economy of South Africa. There is a plethora of SMMEs and Co-

operatives research contributions both within the public and private sectors, with variance in relevance, evidence-base and utilisation upon completion.

- There is a potential systems overload, where the public service attempts to solve too many problems simultaneously, consequently leading to the inability to reach policy objectives that have been set.
- Lacking overall strategic planning to address critical research areas of support – requiring new knowledge, regarding SMMEs and Co-operatives' growth, development and sustainability (relevant, verifiable, statistical data, evidence-based). Research that will play a critical role in informing current/new policies, strategies and programmes.

It was thus critical for the DSBD to develop a comprehensive Research Agenda to align best practices and compare diverse theories and approaches that would effectively address the needs of SMMEs, Co-operatives and Informal sector.

To address the problem statement, a dual set of planning tools were employed, being root cause analysis and the Theory of Change (ToC), to ensure that the interventions leading up to this Research Agenda were inclusive, interactive, practical, relevant and comprehensive, while focusing on identifying the thematic research areas.

The result of this Research Agenda is not just a deliberation of the research areas but also how the DSBD will execute the research.

The primary objective of this Research Agenda is to guide the gathering, updating, and maintaining of evidence-based information relating to small enterprises (i.e. SMMEs, Co-ops and Informal businesses) within each of the short, medium and long-term periods.

Cabinet has approved the nascent National Integrated Small Enterprise Development (NISED) Masterplan as the defining 10-year strategy governing the ecosystem of stakeholders involved in supporting small enterprises. To ensure the relevance of this Research Agenda, the ToC has been completely aligned with NISED. Furthermore, developed of the Research Agenda for a 3-year cycle as guided by NISED.

2. PURPOSE OF THE RESEARCH AGENDA

The primary purpose of the SBD portfolio SMME, Co-operative and Informal sector Research Agenda specifies research areas that can enable evidence-based knowledge that policymakers and practitioners can use to inform strategy and practice to assist the country in meeting its developmental goals through responsive business growth and development activities that are effective and efficient.

Research is a critical aspect of business development, especially where it can inform policymakers and implementers on how effective implementation of policy interventions is. In this regard, a Research Agenda can provide direction for research whose results can inform planning processes within the DSBD, other government departments, sector organisations and training authorities (SETAs), service providers of small business development services, and employers.

The purpose of developing this Research Agenda can be summarised as:
- Highlighting research priorities within DSBD and its agencies: Seda and sefa. Inform stakeholders (public and private sector) research priorities on the small business sector that requires investment, planning and resource allocation.
- Outlining research needs within the small business continuum, i.e., pre-start-up, start-up, survival, growth and expansion as well as supporting businesses in distress (business rescue), including sector-specific research.
- Setting out the SBD's proposed areas for research for short to medium term (1-3yrs), to drive thought leadership in this area.

The intended outcomes of the Research Agenda are to:
- Build a foundation of how to gather, store, and disseminate research information in an integrated manner from all stakeholders coordinated by the DSBD as a thought leader and authority on small business development.
- Positively influence the creation of more jobs, to reduce poverty.
- Drive growth in sustainable income to alleviate poverty.
- Help to eliminate the current levels of inequality.
- Contribute to the creation of a culture of entrepreneurship.
- Support DSBD in being the coordinator of the small business and Co-operative industry development.
- Assist the target market to identify and develop successful products and services.
- Support an environment of inclusive and informed effective policy formation that is focused to benefit the formal and informal SMME, Co-operative and Informal sector market.
- Facilitate appropriate training interventions, programmes and interventions at all levels of SMME development.

3. SETTING THE RESEARCH AGENDA

3.1. Approach used to develop the Research Agenda

The development of the SBD portfolio Research Agenda was informed by several sources and followed an iterative process. Key strategic and policy documents, mandates and priorities of the current government administration guided the process of developing a Research Agenda. An assessment of research undertaken for the period 2017-2022, followed by internal consultation within the SBD portfolio to take stock of where the research agenda is in terms of the work that has been undertaken and map ideas on the development of the Research Agenda. It was further followed by a consultation with external stakeholders, where a root cause analysis was defined, and a Theory of Change was collectively developed. This process required the input of key actors who are in the sector. This incorporated both the actors who produce the research and those who translate it into evidence for decision-making. These consultations were critical because they ensured a multi-disciplinary approach towards developing the small business Research Agenda. As such, this process began with the Directorate: Business Intelligence, Economic Analysis and Econometrics, followed by consultation with key stakeholders in the SDB portfolio and business enterprise environment before developing the root cause analysis, ToC and ultimately, the Research Agenda.

3.2. Methodology used to develop the Research Agenda

As mentioned in the approach, the SBD portfolio Research Agenda was developed using root cause analysis and Theory of Change techniques.

3.2.1. Root cause analysis

Root cause analysis uses a system thinking approach, using problem-solving analysis to address the causes rather than the effects or symptoms experienced by the stakeholders in the system. The process of applying root cause analysis recognises the complexity of problems/challenges or opportunities and embarks on a thorough investigation and analysis of the system.

There could be multiple root causes that lead to a problem/issue arising, and what appears to be a root cause might itself be caused by other circumstances, which are the real root causes. The root causes in the small business environment are listed below.

Table 1: Root Causes

Pillar	Root Causes
Access to Finance	**Financial support** ● Inappropriate financial support products. ● Lack of capital/access to capital for equipment. ● Informal businesses have difficulty accessing government funding. ● DFI funding is more expensive than commercial banks. ● Too many forms of fragmented support that is based on commercial merits, not developmental ones. ● Credit worthiness of entrepreneur/applicant, blacklisting. ● Costly application process for financial support. ● Lack of collateral due to lack of assets (historical & socio-economic (land)).
	Administrative complexity in applying for finance/receiving finance ● Lack of funding readiness delays application consideration. ● Qualifications of applicants. ● Marital contracts (Co-ops). ● Application processes are complicated, difficult to achieve high quality of applicant data. ● Awarding of contracts are slow. ● Facilitators charge to submit documents.
Access to Markets	**Access to market opportunities** ● Lack of market opportunities (logistical challenges in rural areas). ● Poor government network infrastructure (electricity, water, roads. rail). ● Lack of access to data (and ICT services). ● Limited use of technology to identify markets e.g., Facebook. ● Lack of digital access in especially rural villages. ● Lack of access to market opportunities.
	Market access requirements ● Product certification issues (SABS). ● Limited ability to export. ● Poor quality products. ● Poor pricing of products.
Managerial and Organisational Capabilities	**Skills Development and Capacity** ● Lack of managerial and organisational skills (finance, marketing, etc.). ● Access to information (rural vs urban), information dissemination. ● Lack of entrepreneurship training at secondary school level. ● Lack of business systems. ● Limited financial literacy.
	Business Development Support Services to SMMEs

Pillar	Root Causes
	● limited business support services. ● Lack of support for investment readiness. ● Facilitators charging SMMEs to submit documents. ● Awareness of programmes not clearly articulated – no clear road map of requirements from start to finish. ● Fit for purpose execution is a challenge – support is not reaching the intended beneficiaries. ● No one-stop shop for researched information. ● Lack of access to market information. ● Low adoption of digital solutions. ● No or limited infrastructural support (e.g., subsidised mobile data, insurance, premises). ● limited to no use of innovation to support informal businesses.
Enabling Environment (legislative, policies and processes, and red-tape) (for sustainable and resilient businesses)	**Lack of enabling environments/Supportive legislative environment for SMMEs** ● Lack of prompt payment – need to move from 30 to 14 days. ● Lack of buy-in from leaders, lack of vision and no will from government to support SMMEs. ● Lack of common definition/categorisation of small enterprises across the ecosystem. ● Treatment of different types of small enterprises as though they are a homogenous group, treated with a 'one size fits all' approach. ● Government support not responding to entrepreneurial ideas. ● Different approaches to informal businesses.
	A fragmented environment that is administratively complex / Coordinated, comprehensive and Seamless support to SMMEs. ● Fragmentation and inconsistent application of support programmes across government entities and other stakeholders in the small enterprise space. ● Duplication of support programmes in the ecosystem. ● Lack of cost-effective communication between supporting entities. ● Lack of SMME voice when developing policies or legislation.
	Red-tape / Administrative simplicity ● Red tape in submitting applications. ● Costly and duplicated red-tape compliance (e.g., tax returns, registration, annual returns). ● Lack of awareness/research by e.g., Seda.

Most of the above root causes have persisted through the decades. Some are new or have become more prominent as the fourth industrial revolution (4IR) envelops us. The expectation is that the impact of these issues should decrease over time, or maybe even disappear if the best efforts in making the

small enterprise support mechanisms become more effective through instruments like this Research Agenda.

3.2.2. Theory of Change

Having identified the root causes of the problems that impede the achievement of the NDP 2030 Vision, concerning small enterprises, the problems were flipped, and the root causes were turned into long-term and short-term objectives. These objectives have been translated into a suite of outcomes and outputs intended to achieve the desired impact. This process was achieved by applying the ToC.

The ToC is primarily a planning tool that evolved out of the erstwhile log-frame thinking, where a causal line of logic flows through planning a programme of activities to achieve the desired change. In this case, the ToC has been used to identify the various operational aspects of the DSBD that will enable it to lead the delivery of a coordinated and integrated support function to small enterprises, including defining objectives, activities, outputs and outcomes. From this ToC, many activities pertain to research, investigation, exploration and discovery, collectively packaged as the activities of the Research Agenda.

3.2.2.1. Core benefits of the ToC

The ToC links the inputs and activities within the control or sphere of influence of an organisation, to the intended impact the organisation aims to achieve. The highest value derived from using a ToC is that the planning of activities is deliberate and calculated, designed to achieve a set of outputs, without which the intended outcomes cannot be achieved, nor can the intended impact be achieved without understanding the causal effects of one element of the ToC on the next. This eliminates the guesswork that causes most programmes to fail, where isolated, unconnected activities are embarked on without a causal link designed to achieve the intended consequences.

A ToC provides evidence of whether a programme's objectives and expected results are being achieved. It also provides information regarding the programme design, course correction, continuation, scale and resource allocation.

As a planning tool, the ToC comes alive when it is overlaid with a Monitoring and Evaluation (M&E) mechanism. This checks whether the implementation of the plan is working and gives direction as to how to adapt the programme to make it more effective.

3.2.2.2. Programme objectives

The ToC links the activities to the output level objectives, which in turn are linked to the short- and medium-term outcome level objectives. Collectively, these all contribute to the programme objectives.

Thus, the ToC highlights the underpinning assumptions and explains how the inputs, activities, outputs, and outcomes are linked to the ultimate objectives of the programme. Based on the root causes that result in potential factors and core problems, the outcome level objectives were formulated as follows:

- Increased access to appropriate finance.
- Increased access to markets and digital markets.
- Improved managerial and organisational capacities for small enterprises.
- Improved enabling environment.

Flipping the pain pillars mentioned in the root causes analysis, it results in outcome-level objectives, which are used to define the thematic groups of activities and outputs of the ToC.

Increased access to appropriate finance	Increased access to (digital) markets	Improved managerial and organizational capacities for small enterprises	Improved enabling environment
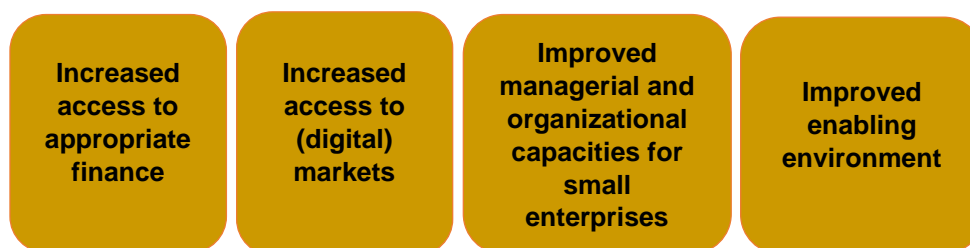
Similarly, the root causes are 'flipped' within each pillar into positive output-level objectives.

3.2.2.3. Elements of the ToC

The design of this Research Agenda has been based on due consideration of the causal relationships between each element of the ToC. The elements of the ToC are inputs, activities, outputs, outcomes, and impact.

Figure 1: Elements of the Theory of Change

INPUTS	ACTIVITIES	OUTPUTS	OUTCOMES	IMPACT
People, budget, infrastructure, rules	*Tasks and actions that must be undertaken*	*Deliverables, products or services produced*	*Short- and medium-term results*	*The long-term change that is aimed for*

Assumptions *Assumptions*
Conditions that must be in place to move from stage to stage
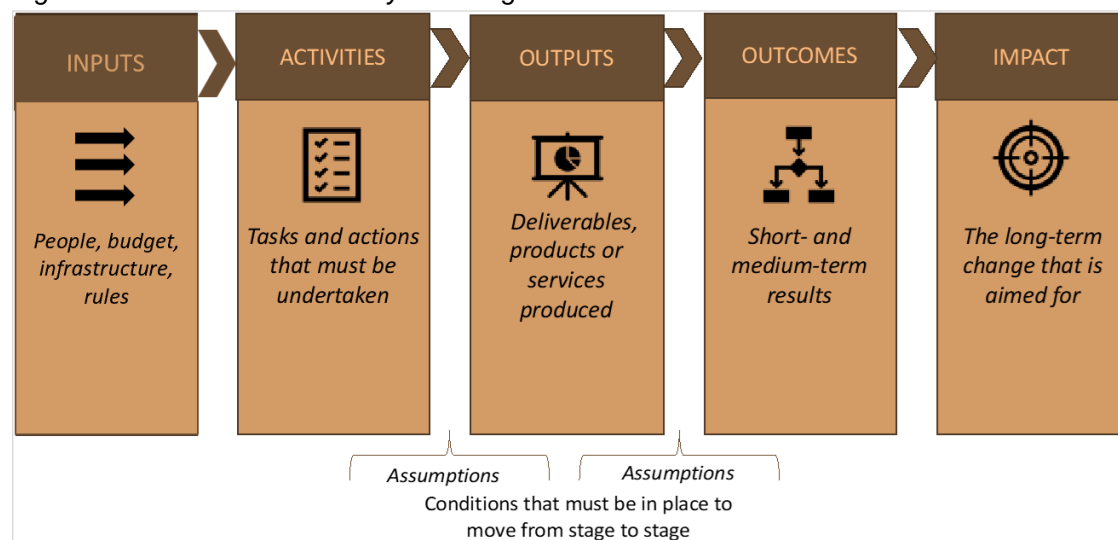
3.2.2.4. Impact

The impact is the long-term aim or change, that the organisation, Programme or project seeks to achieve.

Concerning the NDP 2030 Vision, the desired impact to be achieved by the DSBD is stated as:

> The number of sustainable SMMEs and Co-ops are growing, contributing to GDP, are globally competitive and providing more sustainable jobs.

3.2.2.5. Outcomes

The ToC sets out a hypothesis that the outcomes will result if the outputs and assumptions of the Programme are realised. Outcomes reflect the medium- and shorter-term conditions that need to be in place to achieve the impact of a Programme. Outcomes would result from the outputs if the assumptions associated with them are met. Note that outcomes are not controlled by the organisation, or its Programme, as there are numerous externalities outside the sphere of control of the organisation yet have a direct bearing on whether the impact of the Programme is achieved. For instance, inflation, a natural disaster or a pandemic could alter the entire fabric of assumptions based on the ToC.

Based on the inferred objectives to be achieved by the DSBD, the four pillars were mapped as the desired outcomes that will need to be achieved to achieve the stated impact.

3.2.2.6. Outputs

Outputs are products or services that result from a set of Programme activities. An outcome cannot be achieved unless all the outputs causing the outcome are achieved. Unlike outcomes, all outputs are controlled by the organisation, mostly through its Programme, and reflect the immediate consequence of the Programme's activities. The relationship between the impact, outcomes and outputs is illustrated below per the SBD portfolio context.

Table 2: The Relationship Between the Impact, Outcomes and Outputs (Summary of ToC)

Impact	Number of sustainable SMMEs and Co-ops are growing, contributing to GDP, are globally competitive and providing more sustainable jobs			
Outcome	*1. Increased Access to appropriate finance*	*2. Increased Access to (digital) markets*	*3. Improved Managerial and Organisational capacities for SMMEs/Co-ops*	*4. Improved enabling environment*
	1.1 Appropriately tailored financial products for SMMEs/Co-ops and informal businesses	2.1 Comprehensive access to information about market opportunities through both public and private partnerships	3.1 Partnerships with education and business institutions delivering appropriates training	4.1 Pragmatic red tape in business compliance

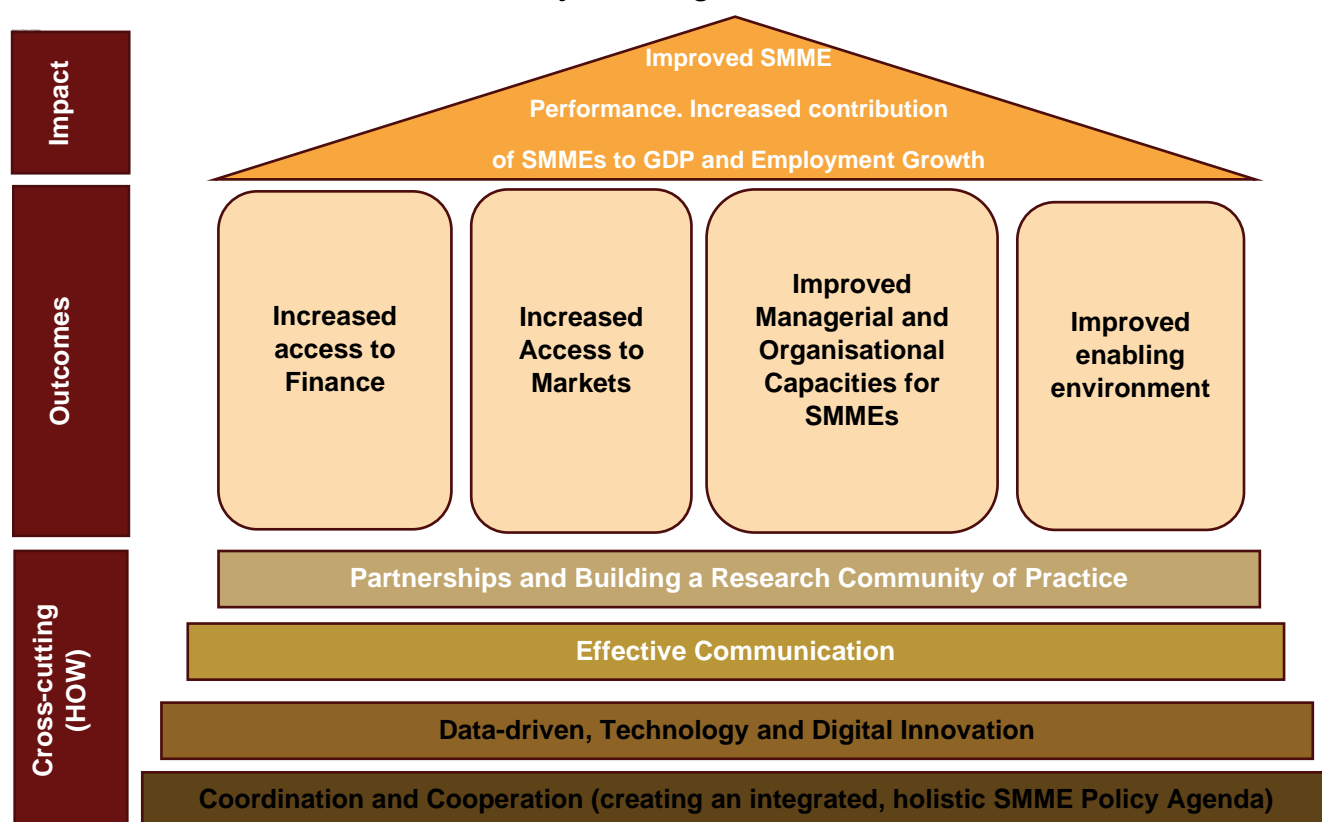|				
Output	1. 2 Appropriate credit rating mechanisms for SMMEs/Co-ops and Informal businesses	2.2 Knowledge repositories/links on product/service data e.g., product specification, certification, pricing and trends	3.2 Co-ordinated, tailored business support to qualifying SMMEs/Co-ops	4.2 Coherent definitions and adoption of SMME/Co-op and informal businesses policies and communication across all spheres of government e.g., through the DDM
	1.3 Streamlined finance application mechanisms	2.3 Exposed opportunities for innovation and development of digital/4IR products and services	3.3 Digital support solutions for SMMEs/Co-ops	4.3 Virtual start-up and business accelerators
			3.4 Subsidising business support to qualify SMMEs/Co-ops and Informal businesses	4.4 Inclusion of SMMEs/Co-ops and informal businesses in policy making
			3.5 M&E mechanisms self-assessment of business performance and self-service remedies	

3.2.2.7. Activities

These are the actions that need to be completed that will lead to outputs. The DSBD will control the activities through standard operating procedures for internal activities. Arrangements with the stakeholders in the ecosystem are required to control the activities involving external parties.

3.2.2.8. Inputs

If the inputs to the ToC are not in place, the activities of the ToC cannot be executed. Due to the complex universe of factors affecting the DSBD, with a breadth of support interventions delivered through various stakeholders in the ecosystem, the set of inputs developed is similarly broad in its comprehensive listing. Of the numerous items listed, the most important is securing and sustaining the political will, labelled 'Ministerial support'.

The DSBD controls or manages very few inputs through procurement contracts or defined legislation. It must find ways of managing the relationships with other entities or input factors over time through the rules of engagement and other protocols agreed upon (in the relationships entered with the entities or owners of the input factors). The objective is to establish sufficient 'control' over the inputs to ensure the activities can be executed. The DSBD can only be measured on its performance in those aspects within its control. DSBD will ensure that many of these relationships with input factors are within control.

3.2.2.9. *Visual outline of the SBD Theory of Change*

Impact

Improved SMME Performance. Increased contribution of SMMEs to GDP and Employment Growth

Outcomes

| Increased access to Finance | Increased Access to Markets | Improved Managerial and Organisational Capacities for SMMEs | Improved enabling environment |

Cross-cutting (HOW)

Partnerships and Building a Research Community of Practice

Effective Communication

Data-driven, Technology and Digital Innovation

Coordination and Cooperation (creating an integrated, holistic SMME Policy Agenda)

4. ALIGNMENT OF THE RESEARCH AGENDA WITH NISED

The NISED Masterplan is built on four fundamental pillars under which a series of programmes and actions work together to result in the growth and sustainability of the SMME community in South Africa. The four key pillars are designed to facilitate more effective support and better delivery by ensuring that information about the SMME community is published and shared (evidence) to ensure a well-informed South Africa on SMMEs. This leads to the ability to target policy and regulatory interventions based on evidence which should enable a better service environment for the delivery of support to SMMEs which in turn is facilitated by strengthened partnerships between the public and private sectors. This relationship is illustrated below.

Figure 3: NISED Masterplan Pillars
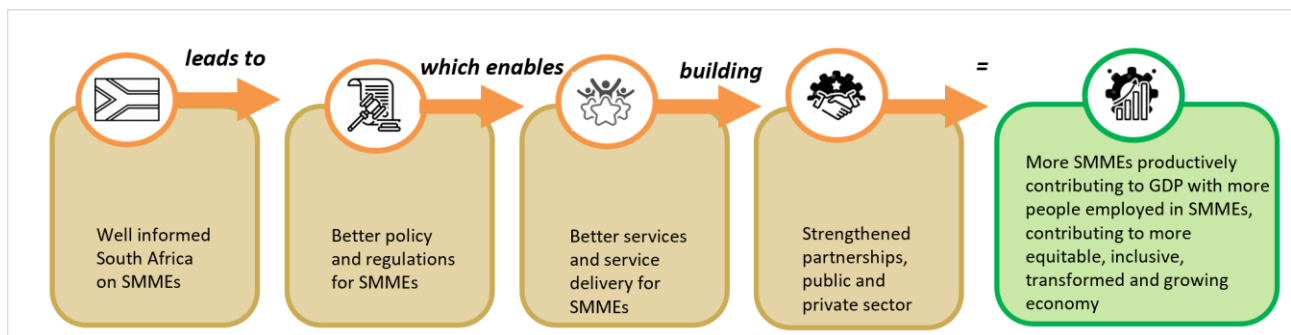
This relationship has led to the formulation of a NISED ToC for the purposes of determining the causal activities and outputs that will lead to the achievement of the stated long-term objectives (impact) of the NISED. This NISED ToC is summarised in the diagram below (excluding the relevant activities mentioned in the NISED)

Table 3: Summary of NISED ToC

Impact	More SMMEs productively contributing to GDP with more people employed in SMMEs, contributing to a more equitable, inclusive, transformed and growing economy.			
Outcome	*Well informed SA on SMME with continuous monitoring, evaluation and learning (better)*	*Policy, laws and regulation reformed to enable SMME growth and efficient governance*	*Effective support and services delivered to SMMEs for both financial and non-financial growth*	*Coordinated government with strengthened private sector partnerships for SMME growth*
Output	Regular research on SMMEs to identify evidence for better policies	Effective policy and efficient governance for SMME growth and employment	Strengthened ecosystems for support of SMMEs	Strengthened voice of SMMEs and coordinating support and investment

Impact	More SMMEs productively contributing to GDP with more people employed in SMMEs, contributing to a more equitable, inclusive, transformed and growing economy.			
	Regular publication of SMME growth and performance measures	Assessment and reform of laws and regulations impacting SMMEs to encourage growth	Targeted, tailored, sector support to underserved communities	Public private partnerships for SMME growth
	Effective targeting and monitoring of public sector funded support to SMMEs	Fair and equitable measure for entrepreneurship and early-stage enterprise activities	Ensuring cost-effective and accessible support for all SMMEs	Implementation through a coordinated government monitoring and reporting on outcomes of the NISED

It is important to note that the ToC developed in the NISED Masterplan is the same as the one developed for the Research Agenda as they are both informed by the same evidence obtained through various stakeholder engagement inputs, legislation and strategic imperatives being faced by government to ensure economic growth and the promotion of employment.

This Research Agenda and TOC are fully aligned with the NISED Masterplan, ensuring harmonisation of policies within the DSBD. The wording might be different, and there could be subtle differences in nuance, but the thematic areas are identical. This means there is a very high relevance of the work done by the research team in preparing this Research Agenda as it is fully aligned with the NISED Masterplan, as illustrated in Annexure A.

The NISED also has the following high level action plan which is incorporated in the Research Agenda:

Outcome to programme area	Output programme areas	Project activities to achieve outputs	Priority High 1 to 2 years Medium 2 to 5 years Long term 5 to 10 years
Regular research on MSMEs in partnership with the research & business community	Periodic research on growth and competitiveness of MSMEs and Co-ops published.	Launch and deliver the SMME Development Index (SDI)	High
		Tracking tool to monitor Govt expenditure to SMMEs (Inclusive of all set-aside and procurement targets)	High
		Macro indicators developed and published in the SDI.	Medium
	Identify gaps and opportunities for	Conduct and publish Red Tape Reduction research.	High

	SMME growth and how to support the development ecosystem to better delivery of support and services	Longitudinal tracking growth and competitiveness of SMMEs conducted and Published in the Annual Review.	High
		Partnerships with Academic fraternity for 3-year cycle research agenda	High
		Learnings from international research and donor programmes inform innovation to support the business development ecosystem	High
	Annual research colloquium	Incentives to encourage publications on SMMEs.	Medium

5. OPERATIONALIZING THE RESEARCH AGENDA

5.1. Research topics

During the consultation workshops, participants identified root causes that informed the identification of research topics. These research topics identified were classified based on short, medium and long terms. The classification was in consultation with the relevant stakeholders within the SBD portfolio with an understanding of the themes. Classifying the research topics is necessary because it indicates priority research areas. Below are the research topics for the 3-year Research Agenda as per classification:

Table 3: Short-Term (1-2 years)

Pillars/Themes	Research Topics	Description
Access to appropriate finance	Research on national funding readiness portal.	Investigate the establishment of a portal that uses an algorithm to help entrepreneurs know if they are eligible for funding – self-help portal.
	Research on financial support for sustainable SMMEs and Co-ops	Investigate the kind of financial support that is needed for SMMEs and Co-operatives to become sustainable, and tools needed by sustainable SMMEs and Co-ops (tools, complemented by Post-Funding Support (NF))
	Research on the link between financial support and non-financial support.	How can this link between financial and non-financial support be improved?
	Research on insurance requirements.	Investigate methods to make insurance affordable for SMMEs.
	Benchmarking on access to finance programmes.	Investigate access to finance programmes in other countries.

Pillars/Themes	Research Topics	Description
Access to (digital) markets	Research on better information on market opportunities with key focus areas on products/services that are in demand	Investigate potential opportunities for SMMEs on the local and international markets. The research will assist in identifying potential opportunities on the local and international markets. This study will be able to map the size of the markets available.
	Research/due diligence on the requirements to access international markets/exports	Investigate by defining the requirements of access to international markets. The research study would have to be conducted in collaboration with Department of Trade and Industry Competition (DTIC).
	Research into data access for virtual markets	A detailed study to investigate access to data for virtual markets.
Managerial and organizational capacities (non-financial support)	Research on effective Information dissemination to rural based SMME's, Co-ops and Informal businesses regarding starting and legitimizing a business	Access to information. Radio broadcasts, newspapers, workshops in rural areas, satellite offices. Access to physical infrastructure and information hubs. Roadshows.
	Research on fragmentation of support for SMMEs, Co-ops and Informal businesses.	Research study addressing siloed approach to support and integration/partner development between organisations.
	Research on data free access for SMMEs, Co-ops and Informal businesses by DSBD, Seda and Sefa to share information	Digital environment for SMMEs, Co-ops to access information from DSBD, Seda and Sefa.
Enabling environment (legislation and policy)	Research on challenges, business opportunities, and support required by SMMEs and Co-ops in the national priority sectors for short, medium and long terms.	Ensuring the sector specific needs are addressed.
	Regulatory impediments on SMMEs, Co-ops	The study will identify the "Offending Clause" in the legislation or regulation and demonstrates the time and cost burden it confers on the SMME's and Co-ops. Additionally, it then proposes a regulatory reform to that offending clause which will alleviate the burden thereof. Such reforms will then be lobbied and advocated for."
	Research on sectoral analysis of business by size to identify needs and support requirements.	Ensuring size-based (life cycles stage) needs are addressed.

Table 4: Medium term (2-3 years)

Pillars/Themes	Research Topics	Description
Access to appropriate finance	Research alternative forms of collateral.	Investigate to access finance using a registry, bespoke solutions, typologies, different sectors-experts.
	Research on mentorship/coaching of SMMEs, Co-ops and Informal sector.	Investigate how mentoring/coaching improve effectiveness in gaining access to finance.
	Research on the growth of SMMEs, Co-ops and Informal businesses (Why do SMMEs grow).	Benchmark studies on growth of SMMEs, Co-ops and Informal businesses.
	Research on a one stop shop	Investigate how SMME, Co-ops and Informal businesses services offered by government can be put in a single-entry point
Access to (digital) markets	Due diligence on global value chain (logistics such as transportation, storage, payments clearance etc)	A process in which a company researches and investigates potential suppliers to identify any risk associated with those businesses.
	Research on the impact of international standards/accreditation (SABS)	Lack of adequate resources by SABS for accreditation purposes impedes the growth of SMME products. Approaching private sector accreditors for approval of products is costly/pricy.
	Research on products imported by South Africa that could easily be produced locally by SMMEs and Co-ops	To identify products that can easily be manufactured locally by SMMEs and Co-ops.
Managerial and organizational capacities (non-financial support)	Research on introduction of entrepreneurship at school level supported by DSBD	Management skills. Basic Education and Higher Education. Why are we not seeing more entrepreneurship happening in rural and township areas?
Enabling environment (legislation and policy)	Research on alignment of legislative framework to SMME, Co-ops and Informal busines needs.	Ensuring the legislation speaks to the needs of SMME's, Co-ops and Informal businesses.
	Research on analysis of current legislative framework and socio-economic framework	Assess the relevance of the current legislation and frameworks to the current socio-economic environment.
	Research on benchmarking in policy Implementation.	Investigate how other developing countries are managing to implement their research findings / recommendations

6. IMPLEMENTATION OF THE RESEARCH AGENDA

6.1. Cross-cutting themes

In developing this Research Agenda, it was important to indicate the specific activities and research areas. However, how these specific topics are presented might preclude mentioning other topics, which are focal areas of work applicable to numerous research areas that determine how the research will be done. These cross-cutting themes are listed below, with a brief discussion on each:

6.1.1. Building partnerships

For the implementation of the Research Agenda to be a success there is a need to build partnership arrangements with other government departments, the private sector, academia, civil society and International Cooperating Partners. Thus, continuously review the department's capacity for stakeholder engagement, acting as a strategic intermediary coordinating the efforts of its partners. Interactions with other government departments must be mutually beneficial, leveraging resources, skills and expertise.

The private sector will want to know how their participation in the Research Agenda will benefit them financially or give them enhanced market positioning. The department must explore new ways of entering into Public-Private Partnerships to achieve its objectives.

6.1.2. Building a research community of practice

Not all members in the ecosystem of stakeholders will be involved in some form of research, being suppliers or consumers. However, those that are participants will need to form a community of practice who subscribe to the Research Protocols. The department must instil a culture of camaraderie and collaboration amongst the community of practice, creating a knowledge base where information is shared for the benefit of SMMEs in the country. This includes:
- The knowledge repository, where the latest research (i.e., research in the SDB portfolio, small enterprise ecosystem and international) is updated and can be shared with the wider community of practice.
- Regular engagement forums, both at a technical and policy level, are informed by engagements with SMMEs, Co-operatives and Informal businesses to hear their challenges.
- An annual conference, supported by a call for papers, focusing on a topical theme for the research agenda.
- The production of a quarterly bulletin collating research from the community of practice made available on the DSBD's website.

6.1.3. Knowledge repository

In implementing the Research Agenda, it is imperative to develop and maintain a knowledge repository as a key instrument for gathering, constantly updating and maintaining evidence within the portfolio. The knowledge repository needs to align with the Research Agenda pillars identified. The DSBD policy maker should be able to use the repository to find relevant links/artefacts to assist in their research and decision-making. While the external stakeholders and public can be able to use the repository to search for any research applicable to their needs.

6.1.4. Ensure effective communication

Another core success factor is the ability of the department to develop effective communication channels. It is highly reliant on receiving information from external parties and on being able to disseminate information both internally and externally. Communication needs to be specific to the target audience. Internal communication may be more technical, while external communication, especially to SMMEs, needs to be easy to understand, accessible and informative. The department needs to map out stakeholders, classifying them as internal and external, primary and secondary.

6.1.5. Promoting the use of digital tools and data intelligence

Although not always explicitly stated, it can be assumed that the department will seek opportunities of promoting the use of digital solutions, innovation and nascent technologies for communication, delivery of services to beneficiaries, the gathering of performance measures, and the development of research material. Primary and secondary data should be collected and stitched together and mined, creating intelligence to design policies for SMMEs better. For example, researching liquidations data from the Department of Justice could provide early signals, trip wires and speed bumps for ailing SMMEs. The department could identify these tripwires and speed bumps by designing proactive policies to assist firms facing liquidation to turn them around. The department could undertake research on the tax burden on SMMEs by size to understand whether the tax and VAT burden is appropriate.

6.1.6. Central coordination – centre of excellence

The DSBD is mandated to lead the ecosystem of stakeholders in how small enterprises are supported. This requires cooperation, consultation and collaboration from the centre to address the fragmented environment when supporting small enterprises.

The DSBD must position itself as a role model in how to collaborate, conduct research, and adhere to the Research Protocols. DSBD will iteratively improve its processes, speed of doing business, the effectiveness of communication, and strength of partnership relations and slowly emerge as a centre of excellence in managing information and coordinating the delivery of support to the beneficiaries.

6.1.7. Data-driven decision-making

Government operates with a limited budget. It needs to conduct its affairs as effectively as possible. In supporting small enterprises, it is easy to waste public funds as there are so many moving parts; there is little standardisation and control over how effectively the funds are spent and there is a high human factor involved when making decisions – which leads to inconsistencies, dysfunctionality, corruption, inappropriate expenditure and poor controls.

Setting measurable targets and objectives, having tools that allow for easy measurement of performance against these objectives, and being able to access these measures, gives DSBD the power to promote the use of data when making decisions. This has ramifications in that DSBD's partner institutions need compatible tools and equipment for sharing the data among them. There needs to be a consistent and manageable flow of information. Over time, the ability to have consistent, reliable data through rapid reporting of essential information will allow DSBD and its stakeholders to channel cost-effective support more effectively to the beneficiaries.

Developing IT systems that support the implementation of the Research Agenda ensures data interoperability, transparency on system ownership, and dashboard features such as reports, visualisations, user profiles, help desk features, spatial features, etc.

6.1.8. Coherence in definitions, policies and treatment of SMMEs / Co-ops and Informal businesses

It is a requirement that DSBD rationalises the definitions, categorisation and terminology used when referring to the different types of small enterprises. Harmonisation of definitions, policies and the treatment of SMMEs across the ecosystem is necessary and certainly the role of the DSBD.

A 'one size fits all' approach does not work as there is variation in needs between the different types of small enterprises. The DSBD will continuously work on standardising the use of definitions and terminology across the ecosystem, and more importantly, that small enterprises sharing common characteristics will be treated appropriately and consistently in all aspects of receiving support.

6.1.9. "One stop shop"

There are significant costs and frustrations involved in making numerous applications or being asked repeatedly for the same information. Small enterprises want to have a single-entry point into the support system where all their needs are satisfied. This will require education of personnel in customer-facing entities, rationalisation and alignment of processes; systems developed to ease the administrative burdens placed on small enterprises, and interoperability of systems in the ecosystem of stakeholders.

Every aspect of the Research Agenda will require an approach of simplifying the access to information and simplifying the giving and receiving of information without deterioration in the quality of information.

6.1.10. Empowerment of women, persons with disabilities and youth

The DSBD is actively promoting the involvement of women, youth and people with disabilities in the small enterprise sector. In the design of each activity, this should be considered.

6.1.11. Equitable and proportionate support in rural and township areas

There is a need to encourage enterprise activity closer to where people live, as this reduces travel costs and encourages people to retain their social structures in their homes. By promoting the development of enterprises in rural and township areas, it achieves a reduction in the cost of doing business as well as having a positive impact on society.

Each activity in the ToC should consider the proportion of support to be provided to small enterprises in rural and township areas. This will support an equitable support distribution to the rural and township areas.

6.1.12. Sustainability

The term 'sustainable' or 'sustainability' refers to the longevity of an enterprise, a programme or an employment arrangement. Without having mentioned environmental or societal sustainability, it can be assumed that decisions made by the DSBD in exercising its control and influence must necessarily be pro-planet and pro-society in conjunction with seeking optimisation in how government funds are spent, or profits are created in the private sector.

6.1.13. The role of government

Government's role is often assumed. When society faces problems that appear to be insurmountable, people turn to the government and demand resolutions. When society faces success, people try to

hide their successes and not share their gains with the government. This places the government in a losing position under all circumstances

It goes without saying that Government needs to manage the perception of its role in society. The DSBD must find ways not only to publish its performance or activities in a way that manages these perceptions but also in a way that manages the expectations of their beneficiaries by clearly delineating the role of government from that of the beneficiaries.

It has been said that government has a role to play when the private sector cannot provide a solution to a problem or wishes not to provide a solution. Examples of this are national defence, waste treatment, and infrastructure for the common good, e.g., roads and regulation of markets. This simplistic approach must be tempered with the need for government to overcome significant barriers that might exist in starting or accelerating an industry sector, where it needs to initiate activities to build the industry sector in a way that allows the private sector to 'capitalise' on the foundation created by government. In the context of a Research Agenda, the DSBD needs to clarify with the ecosystem of stakeholders what the Department's role is in facilitating access to market information and support to small enterprises while simultaneously attracting and facilitating private enterprises to participate in and profit from the Department's work.

Herein lies the devil of corruption. There is a fine line to be drawn between supporting small enterprises and benefiting in a personal capacity from supporting small enterprises. There is a high tendency for government personnel to be tempted to charge 'taxes' for doing their work or to find ways of participating in the profits made by a small enterprise because of the support provided. It is essential that the DSBD approaches its role with 'eyes wide open' and ensures that monitoring and control measures are incorporated into every activity to ensure that the government-paid personnel are not easily corrupted, as this will eventually lead to the destruction of the good work performed by the Department. As part of DSBD's role in leading the ecosystem, there is a need also to propagate a sense of good governance and be champions in promoting ethics.

6.2. Role Players

The implementation of the Research Agenda will be a joint effort, with the DSBD playing a leadership and coordinating role, and other stakeholders from national and provincial government, municipalities, consultancies, NGOs, youth organisations, donor agencies and the private sector collaborating with the DSBD as they are also beneficiaries of this research. The table below maps out stakeholders who will be involved in implementing the Research Agenda. These stakeholders include government departments and other organs of state, provincial departments, municipalities, sector education and training authorities, and higher education institutions. This is not an exhaustive list and needs to be expanded over time.

6.2.1. Importance of Intergovernmental Relations (IGR)

Active and mutually beneficial intergovernmental relations is of paramount importance to the successful implementation of the Research Agenda. The following need to be actively pursued:

- Engagement of National, Provincial, District and Local Government and organised local government through support and provision of coordination; resources; information and research.
- Collate and develop an understanding of the legal framework concerning National, Provincial, District and Local government.
- Develop lines of communication between different spheres of government concerning areas of interest of the DSBD.
- Support the implementation of the strategic priorities for DSBD to better the SMME and Co-operatives market.
- Ensure very close cooperation and integration of research efforts from the economic cluster of government departments, creating a common platform for the SMME and Cooperative sector.

6.2.2. Stakeholder analysis

The list below provides an analysis of stakeholders that are crucial to the successful delivery of the DSBD Research Agenda, and also highlights the level of influence of each stakeholder. It is not exhaustive list and needs to be expanded.

Table 4: Stakeholders

Stakeholders	Role/Responsibility	Level of influence
Stakeholders for the research agenda (SBD Portfolio)		
DSBD Agencies (Seda and **sefa**)	Implementation and support of the research agenda	High
DSBD Branch and MANCO	Endorse of the research agenda and research conducted and recommend for EXCO.	High
DSBD EXCO	Approval of research agenda and research conducted.	High
Stakeholders for the research agenda (external to the SBD Portfolio)		
Research Committee (Academia i.e., DHET, universities, technikons, etc.)	Technical: inputs to the research conducted Users of the research findings Partnership in conducting research.	High
Government Departments (Department of Planning, Monitoring and Evaluation, Department of Trade, Industry and Competition,	Technical: inputs to the research conducted Users of the research findings	High

|		
Department of Agriculture, land reform and rural development, Department of Higher Education and Training, National Treasury, Department of Energy, South African Revenue Service, Competition Commission, Department of Science and Technology)		
Public sector (SMMEs, Coops and Informal businesses practitioners)	Technical: inputs to the research agenda Users of the research findings	Medium
Private sector (SMMEs, Co-ops and Informal businesses practitioners)	Technical: inputs to the research agenda Users of the research findings	Medium
International organisations (ANDE, GIZ, ILO, World Bank, UNDP etc.) EU (partnership)	Technical: best practice, benchmarks Partnership in conducting research.	Medium
SMMEs and Co-ops Chambers and associations	Technical: inputs to the research agenda Users for the research findings	High

7. MONITORING & EVALUATION

The results chain for the research agenda will be laid out in a monitoring and evaluation framework, which will also list monitoring and evaluation indicators. The Research Agenda's implementation strategy will include questions for impact evaluation. The evaluation method will include both internal review and independent external evaluation as part of the accountability to stakeholders.

The Department of Planning, Monitoring and Evaluation (DPME) and the DSBD collaborate closely, and the protocols already in place from the DPME will be followed to efficiently monitor and analyse the effects of finished research projects. For something to be significant and have a genuine impact, it will take more thought and planning than previously mentioned. It is suggested that the DSBD implement an agreed process at the appropriate time which will include consultation with key stakeholders on performance measuring systems (i.e., indicators, targets and means of verification).

ANNEXURE A

Mapping SBD's ToC to NISED Masterplan's ToC
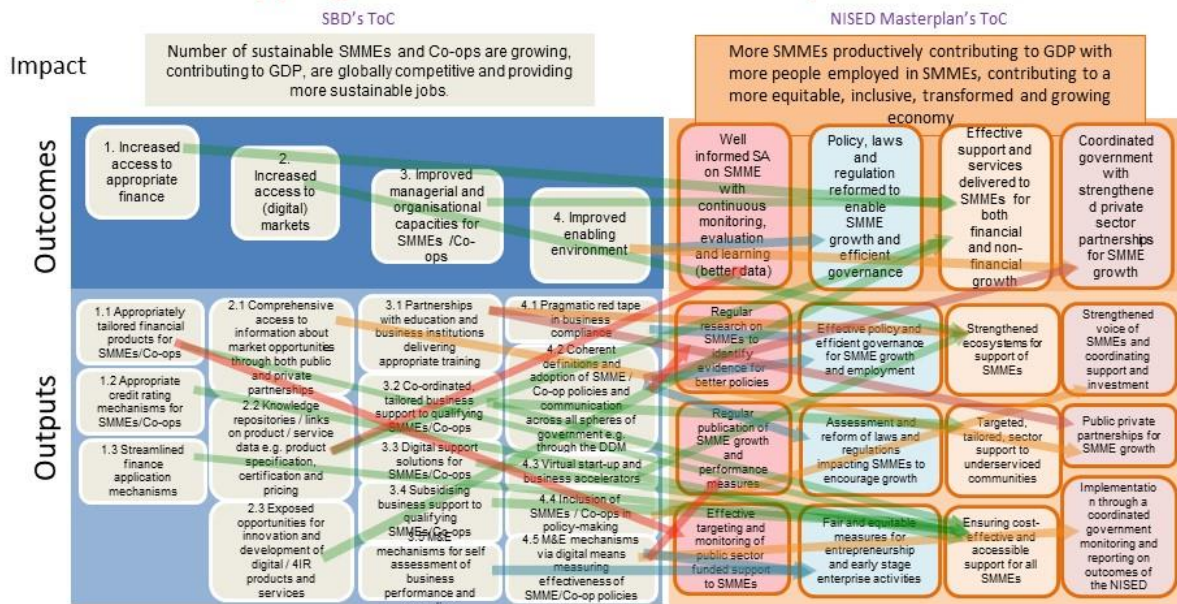
RECOMMENDATION APPROVED

YES [X]   NO [ ]

[signature]

………………………………………………

NAME: JEFFREY NDUMO

DESIGNATION: ACTING DIRECTOR GENERAL

DATE: 30/06/2023