IQbusiness
consulting | research | contracting

Inclusive **GROWTH.co.za**

A business perspective on driving shared prosperity in South Africa

Our team. Your advantage.

Redefining Success in Business

IQbusiness is a for-profit company, but our purpose extends beyond the bottom line. Our mission is to grow people, grow business and grow Africa by helping to solve the social, economic and environmental issues facing South Africa and the continent.

We are proud to be a certified B Corporation – joining an elite community of over 2000 certified B Corps in 50 countries around the world - working together to redefine business success.

Through the power of our collective voice, one day all companies will compete to be best for the worldTM and society will enjoy a shared and long-lasting prosperity for all.

TABLE OF CONTENTS

Executive Summary

South Africa faces a difficult final quarter in 2017. Despite an uptick in economic activity during the second quarter of 2017, uncertainty around the ruling party's elective conference continues to impact South Africa's economic and investment potential.

To date, much of the pervading policy rhetoric centres on the nebulous and highly politicised concepts of 'inclusive growth' and 'radical economic transformation', neither of which have been given meaningful direction in the context of our day-to-day business interactions and operations.

Until now.

Over the years, IQbusiness has established itself as a successful and responsible corporate citizen committed to the responsibility of business in driving South Africa's economic growth. This can only be done through a bona fide collaboration between business and government, which includes calling out government on its failings when necessary.

Produced for the third consecutive year, the 2017 IQbusiness research study, *Inclusive* GROWTH.co.za draws practical and sustainable conclusions on what inclusive growth can and should mean for ethical corporate citizens in their interactions with government, labour and one another.

These findings are presented on the foundations laid over the past two years under the banners of *Activate* and *Smart* GROWTH.co.za. This year, IQbusiness has turned the focus on to how business can unlock the potential of inclusive growth; a pivotal opportunity to combine a profit motive with that of ensuring social impact.

In a spirit of leading by example, IQbusiness has identified five critical, yet simple initiatives that advance our role in supporting inclusive growth. We share these in the hope that others will undertake similar changes in business and government to create exponential strategic value and give practical substance to the theme of *Inclusive* GROWTH.co.za:

1. **Efficient, effective and Agile government:** We have previously suggested that the National Development Plan (NDP) be run under Agile principles. We appreciate that this is a bold and untested offer. That's why we will offer government access to our Agility@IQbusiness capability – we will open up two places in every conduct of our Agile training for the next 12 months to government employees directly involved in executing the NDP.

2. **Education:** We will not only improve our in-house training programmes, to expand opportunities for candidates to learn within their new work environment, but we will also undertake to expand our support for Partners for Possibility in FY18. And we will challenge other South African corporates to follow suit.

3. **Enterprise development:** In the interests of transparency, IQbusiness will publish the full details of all our Enterprise Supplier Development (ESD) partners on our website and we will encourage other South African corporates to follow suit.

4. **State-Owned enterprises (SOEs):** IQbusiness will lead the campaign to compel State-Owned Enterprises (SOEs) to outsource internal audit.

5. **Financial inclusion:** We will actively seek to responsibly procure relevant goods and services from the informal sector, and will challenge other businesses to do the same.

Taken together, these five actions give practical substance to our belief at IQbusiness that profit presents an opportunity to make a meaningful, positive and lasting impact on society. And that is precisely how *Inclusive* GROWTH.co.za can change South Africa for the good.

BUSINESS AS USUAL IS NOT ENOUGH

Growing an economy isn't that much different from growing a business.

You need adequate finance, a capable workforce, sound logistics, dynamic management, and, most importantly, you need good products or services. As a business, South Africa has many of these fundamentals in place, yet over the past two decades our economy has failed to adequately leverage these advantages and deliver the levels of sustained growth that is necessary.

One of the main reasons for this failure was a lack of inclusive growth. Although South Africa's economy experienced solid economic growth in the two decades following our integration into the global economy in 1994, much of the growth during this period was unequal. What we mean by this is that the benefits of this growth were not shared equally among all citizens of South Africa, nor did they create opportunities for future economic growth.

During this period, growth in the economy was underpinned by significant investment by the private and public sector, a global commodity boom, and the expansion of social security payments, which saw marked increases in productivity and consumer expenditure. These factors are all growth-positive but they lacked the concomitant investment in social capital that was needed to lay the foundations for all South Africans to participate in the economy.

The result is that although millions of South Africans have experienced material improvements in reducing poverty since 1994, poverty remains widespread, unemployment is stubbornly high, and we have one of the highest levels of inequality in the world.

Since 1994, the government has implemented successive economic policies aimed at promoting economic growth, redistribution, and social development. However, these policies achieved limited success. As a result, President Zuma implemented his nine-point plan in 2015. The plan provided a narrower focus: implementing the NDP; boosting economic growth; and creating jobs. In 2016, the Presidency stated that the government was making steady progress in implementing the plan – with progress supposedly being made in all nine focus areas, but many analysts have disagreed with the Presidency, saying that they have yet to see the progress.

More recently, in July 2017, Minister of Finance Malusi Gigaba introduced his 14-point plan. The inclusive growth action plan focuses on creating inclusive growth and stemmed from government discussions and the nine-point plan. While the focus of the plan is to address public finance, the governance of SOEs, boost black economic empowerment BEE, and address inequality, broader expert commentary, including that from rating agencies, indicates that the impact on growth will be insignificant.

The continuous changes in economic policy by the South African government is concerning to many in civil society and business. In particular, Chief Economist at Economists.co.za Mike Schussler has stated that "there were many plans but few actions" as growth rates have remained below what is required to meet NDP targets.

Many have described this situation as a crisis; a tipping point with an unseeable return, but for us, the solution is simple. As a business, we know that profit is an opportunity to create social impact. In the same way that unequal growth is a poor long-term strategy for the country, a business that does not take time to invest in the improvement of its systems, skills training, and development will find any success short-lived. As a partner, we also know how important it is to be able to balance the dividend imperative with the need for social impact and investment.

We know that higher rates of economic growth are required to reduce unemployment, poverty and inequality, but we need to ask how it is that we are going to achieve this. The answer is through inclusive growth – and to be more IQbusiness-specific: *Inclusive* GROWTH.co.za.

For this reason, a new narrative needs to be adopted. A new narrative that sees economic growth as the product of a society that is driven not only by the short-term desire for profit, but by the knowledge that investing in social capital will deliver growth and gains now and in the future. At IQbusiness, we see our clients and ourselves as central to that new narrative.

To bring about the sort of profound social and economic change that is required to ensure that all South Africans can share in and benefit from our country's prosperity, we as a business community need to realise that capital can do good, while delivering value to shareholders. In fact, we know that by investing in social capital, we are creating a sustainable business environment that will deliver growth now and in the future.

The triple challenges of poverty, inequality and unemployment mean that many South Africans are excluded or unable to take advantage of the opportunities brought about by the economic growth experienced in the wider economy. It is here that IQbusiness wants to challenge the prevailing business reticence, and unpack the role of business in growing and stimulating the economy.

It is not only government that needs to be guided by the Constitution's call to rectify the past and establish a society based on democratic value, social justice and fundamental human rights. Business, civil society and the citizens of South Africa have roles to play in this regard.

INCLUSIVE GROWTH FOR SOUTH AFRICA

When the delegates of the Congress of the People adopted the Freedom Charter in Kliptown in 1955, they knew that inclusive growth was crucial to addressing the structural inequalities brought about by apartheid. Their demand that "the people shall share In the country's wealth" remains today the essence of inclusive growth.

Broadly, inclusive growth can be defined as economic growth that creates opportunity for all segments of the population and distributes the dividends of increased prosperity, but in the South African context, inclusive growth means that:

- Inequality is reduced and there is broad participation in society from economic gains.
- There is sustained job creation and skills transfer.
- The transfer of intergenerational wealth is not confined to the middle-and upper-middle-classes.

With this in mind, it is clear that radical economic transformation goes hand-in-hand with inclusive growth. In the words of Deputy President Cyril Ramaphosa, the essence of radical economic transformation is to "...build a more equal society through sustained inclusive growth". This is not a break from existing policy but, according to Ramaphosa,

rather a "new phase of accelerated implementation of the long-standing economic policy positions of the African National Congress (ANC) and the government".

At IQbusiness, we believe that inclusive growth must emphasise social progress - growth that benefits South African society in a sustainable manner.

This requires structural changes to the economy that will make the racial and gender composition of the ownership, control and management of the economy more reflective of national demographics, as well as deal with historical economic inequalities and divides.

An underestimated driver of inclusive growth, in the view of author and adventurer GG Alcock, lies in the extensive informal sector. The informal sector makes VAT contributions, employs people and produces income for households yet is not recognised for its size and contribution to gross domestic product (GDP), and its contribution to employment. Alcock estimates that including the informal sector will reduce joblessness from 30 percent to 10 percent. True inclusive growth must focus on cooperating with this vast and previously excluded sector to promote national growth.

Job creation is a hugely powerful lever of economic growth and one on which we and our partners/clients can have a measurable impact – but, as Ann Bernstein, head of the Centre for Development and Enterprise recently pointed out, South Africa (and middle-income countries) should focus on creating jobs for the workforce that the country has, rather than the workforce that the country wishes it had.

The Organisation for Economic Co-operation and Development (OECD)uses inequality to measure if a country is achieving inclusive growth, however, we believe that this is too narrow a measure for genuine economic progress. IQbusiness believes that a broader measure of inclusive growth should encompass the living standards of South African citizens (access to electricity, water, sanitation, literacy rates, housing, job opportunities, and so forth), along with inequality and poverty measures. Our opinion on education reinforces this further – that the leading indicator of inclusive growth is the education standard we achieve in basic education, with our performance in early childhood development (ECD) being the greatest determinant of success in this regard.

With this definition in mind, IQbusiness has identified five dimensions, that, when executed in concert, will determine our progress in achieving inclusive growth in South Africa – or as we say, *Inclusive* GROWTH.co.za:

- Government Agility
- Education Basics
- Enterprise Exposure
- State-Owned Support
- Financial Inclusion

Although not exclusive or exhaustive, it is the opinion of the research authors that a collective emphasis on driving progress in the above dimensions will have a positive impact on our developing economy.

This report discusses the dimensions of *Inclusive* GROWTH.co.za and the role of business in this regard.

Government Agility

Imagine if government had a way to make sure that its systems and processes always identified the most important tasks, that its teams worked together toward common goals, and that allowed for errors to be identified and corrected quickly and effectively.

The Agile approach is exactly that. First devised by software engineers, the Agile approach is an iterative and incremental approach that prioritises deliverables (user requirements) based on their return on investment and allows for high levels of collaboration and continuous feedback. The result is that projects are meeting customer requirements more efficiently, and with greater adherence to their initial project goals. The key focus is the ability to adapt to change.

Business can create an Agile government by:

- Working with government to evolve the NDP into a flexible, responsive, tech-driven programme that can meet the challenges of our changing economic environment. This would include cognisance of the need for a digital strategy.
- Partnering to achieve the targets of the NDP. Business and government need to collaborate and apply new working practices and approaches to funding and executing initiatives. This will require joint training and engagement using Agile principles.
- Transferring skills to government agencies and organisations to ensure that projects or programmes can be delivered through cross-functional teams, and the skills applied well beyond the conclusion of a specific project.

Government can adopt the benefits of an Agile approach by:

- Evaluating the current state of the NDP – this requires a frank engagement with NDP targets; both those areas where targets aren't and won't be achieved, and those areas where they will be. These areas will need to be evaluated together with business and civil society. After the evaluation, government, business and civil society will need to create a new development strategy that is flexible to the changing economic environment and considers changing methods of productivity, such as the Fourth Industrial Revolution and the movement towards digitisation.
- Government needs to welcome partnerships with business and create an environment in which there is trust. One way is to apply policies that reduce corruption through enhanced transparency and accountability. In addition, government should recognise the extent of their reach, and embrace private sector business partnerships through funding the achievement of government ends.
- Government needs leaders who are adaptive to change and understand the value of applying efficient, digital technology despite the challenges of government's vast bureaucracy to meet its project goals.

The concrete step IQbusiness will take to achieve the end of an efficient, effective and Agile government:

We have previously suggested that the NDP be run under Agile principles. We appreciate that this is a bold and untested suggestion. That's why we will offer government access to our agility@IQbusiness capability: We will open up two places in every conduct of our Agile training for the next 12 months to government employees directly involved in executing the NDP. (IQbusiness has trained over 5,000 clients in the past three years through our Agile programmes).

THE AGILE APPROACH

The Agile approach is a set of values and principles underpinned by good practices and tools that enable the outcome that an organisation is trying to obtain. With its heritage extracted from Lean Manufacturing and derived 17 years ago by software engineers, Agile is an effective approach to ensure project outcomes are achieved and customer expectations or needs are met. Although Agile has been used primarily in IT or software projects, its principles are also being applied to projects and enterprise operations in broader environments, and it has been adopted by leading businesses and governments with outstanding results.

The agility@IQbusiness capability has been applied in many projects, with consistent success and we believe that this same approach can be used to drive social change and contribute to inclusive growth.

The key values of the approach are outlined in the Agile Manifesto. Briefly, these are:

Iterative and incremental approach	Outcomes are broken down into small iterations where high value increments of the total solution can be delivered. Numerous iterations are run until the increment provides enough value to the customer.
Prioritisation based on value	Force the prioritisation of requirements based on the highest value or ROI.
Increase feedback loops	Ensure there are frequent opportunities to inspect and adapt the outcome with the objective of improving both the outcome and the process followed to achieve it.
Continuous improvement	Apply Kaizen to ensure that opportunities are looked at to improve the productivity and performance of the team.
High levels of collaboration	Working in small, cross-functional teams that are empowered to make decisions as to how to solve problems through improved communication (face-to-face).
Visualisation of work through physical artefacts, such as whiteboards, post-it-notes, etc.	The work cannot be managed if it cannot be seen. Therefore, the team needs to be able to visualise the flow of work as much as possible, so that the team can identify bottlenecks and deal with them effectively.

ACHIEVING INCLUSIVE GROWTH

The South African economy has experienced limited growth over the past five years, and is currently in a damaging recessionary cycle. This is concerning, as significantly higher rates of economic growth are required to reduce unemployment, poverty and inequality. Specifically, the NDP requires a modest level of economic growth (>5%) to ensure that government and business have the means to meet NDP targets and create jobs. For this reason, IQbusiness proposes applying an Agile approach to government projects and to the monitoring of NDP targets, to ensure that objectives are met.

The idea of using Agile principles to improve the performance of projects undertaken by the South African government and to achieve NDP targets is relatively new, but it is a well-tested and effective approach used by other governments and government departments around the world. The Agile philosophy has been used with considerable success in Malaysia to achieve the goals of Vision 2020, in the Netherlands by the Ministry of Education to improve educational outcomes, and by the United States Department of Defense to reduce costs, ensure faster delivery and be more responsive to capabilities. In the United Kingdom, the government adopted Agile to launch a digital strategy to transform high transaction public facing services into user-friendly online products and was able to reduce their costs by £1.7 billion.

THE NDP AND THE PROGRESS TO DATE

To reduce the triple challenges of poverty, inequality and unemployment, the NDP focuses on ten core areas, each with its own targets. Since the NDP's launch in 2012, there has been some progress made in achieving these goals. The largest improvements have been seen in the trade areas, economic infrastructure and the rural economy. Yet, the goals of the NDP, encapsulated in Vision 2030, will not be achieved without incremental progress – unless progress is made week-by-week, month-by-month, 2030 will soon be upon us. South Africa is still far away from reducing inequality, as measured by the Gini coefficient, from 64.5 to 60. Clearly, some changes are needed to get the NDP back on track towards achieving its outcomes.

While government is calling on business and civil society to get involved in making the core principles of the NDP a reality, IQbusiness believes that more needs to be done. Having a united country striving for the same goals is not enough.

HOW CAN WE ASSIST?

IQbusiness has the largest and one of the strongest Agile offerings in South Africa: agility@IQbusiness. IQbusiness first began implementing Agile into projects in 2010, and now executes all software projects using this approach, amongst others. Biase De Gregorio, an Agile expert at IQbusiness, observed that our clients have found value in using Agile - so much so that they have wanted to learn how to use the approach themselves. As a result, IQbusiness has trained over 5 000 individuals in Agile topics and been involved in Agile adoptions from team level to enterprise level at three of South Africa's four major banks. We therefore have years of experience in implementing Agile into projects and sharing the skillset required.

Furthermore, the South African government is a client of IQbusiness. Two offerings at IQbusiness, Research and Sustainability, both work on government projects and have experience in collaborating with government to achieve government imperatives. These projects also involve capacity building and skills transfer.

With experience in both the Agile and the government space, IQbusiness is thus able to apply the Agile approach to government projects. We believe that this process - and partnership - with government providing the funding and business completing the project using an Agile approach, can assist government in successfully implementing programmes to improve broader economic growth and education. Furthermore, IQbusiness can train both business and government in Agile principles and implementation, thus contributing to a sustainable impetus for growth.

In order for Agile to work in government, there needs to be high levels of trust, openness and empowerment, with decentralised control of execution. Good governance, as showing by doing, needs to be a core competence."

At IQbusiness we believe that the first step is to increase public-private partnerships (PPPs). Currently, there are numerous PPPs taking place, many in the education space. However, since the cabinet reshuffle earlier this year, the relationship between government and business has become strained. To mend this relationship, government and business needs to find a common ground, otherwise South Africa's poorly performing economy impacts negatively on both parties. This common ground can ensure a successful relationship. Furthermore, there needs to be more understanding from both parties. Government needs to understand how business operates and business needs to understand how government operates.

With a new development framework in place and a strong relationship between government and business, IQbusiness proposes that government provides the funding for projects or programmes, and business implements the projects or programmes using the Agile approach. The reason behind this is that Agile requires high performing teams, with high levels of trust, transparency and openness. These are traits of many business teams. While government teams may be high performing, the willingness of team members to adopt a new approach may be difficult and require time. Instead, government can partner with businesses that already utilise Agile. Government does not need to do everything. In a changing environment, business and government need to work together to achieve inclusive growth, and our view is that business plays a pivotal role in transferring the skills required for the continuation of an initially contracted project to ongoing and embedded government programmes. This is already currently the process in government: contractors are required to ensure skills transfer so that government can continue the progression.

Education Basics

Poor education has far-reaching social and economic ramifications. If job creation is the greatest lever for inclusive growth, then education is its greatest catalyst. Sadly, South Africa's education system is failing the vast majority of learners and deep inequalities remain.

We know already that meaningful change in South Africa requires a new approach to growth, and that education is the most effective way to bring those who were previously excluded to the table. Stakeholders at every level readily accept that the rate of inclusive growth achievable is linked directly to the skills of the population, and thus mobilising support for development goals in education should be easily attainable. However, despite good intentions and sizeable investment, the 2017 Budget allocated R243bn (16% of total consolidated spending) to the department of basic education; equivalent to around 6% of GDP. We continue to fail the majority of young people in South Africa and to squander their future.

Business has a role to play, without being distracted from the primary goal of business. ANC secretary-general Gwede Mantashe recently commented that "it is critical that business and the government work together; [although] business is not in the business of "welfare". Corporate Social Investment (CSI) initiatives are undeniably a good option, but a more impactful approach lies in meaningful and collaborative partnerships between business and education, with a mutual commitment to engagement and investment, coupled with clear goals and transparency with regard to progress measurement.

STATE OF PLAY

South Africa's school system – like many aspects of our society – remains besieged by the stain of Apartheid, despite the huge amounts of funding channelled into education. Huge disparities continue to plague the foundations of our growth potential.

The proportion of South Africa's current GDP allocated to education is even higher than that of EU countries - by 1.6% according to economist Nic Spaull.

Although more children now have access to education, the quality of the education that they receive whilst they remain in the system progressively worsens, compounding existing systemic inequalities established in the pre-democratic era.

Simply adding more funds to the pool is not the solution. Pivotal change can be unlocked when education leaders are able to identify and implement strategic priorities, and effectively manage budget and resource allocations – and all within a culture of accountability. Teachers' unions, mired in politics and allegations of corruption and jobs for sexual favours, are one of the clearest areas in which the core challenges in education escape attention.

Teacher education is the key aspect that requires urgent rethinking. The *Economist* cites a 2007 study in which maths teachers were given a test similar to that which their 11- and 12-year old students would have taken. Shockingly, 79% of the teachers scored lower than the level expected of their pupils. The consequent effects of this abysmal finding are devastating to contemplate.

According to the World Economic Forum's *Competitiveness Report* (2016 – 2017), South Africa's primary education system is in the bottom of the class at 123 out of 138 countries, and our tertiary system is 77th. Recent indicators also suggest that the throughput of black Africans and coloured pupils from Grade 12 to a tertiary qualification has been dropping, rather than improving.

Close to 15% of black Africans and 17% of coloured pupils dropped out of school with only some primary education, and our Statistician-General recently reported that only 12% of South Africans aged 25-64 have some post-secondary qualification.

Proportionally more white children (70,2%) receive ECD education compared to other racial groups, and there are also disparities between urban and rural areas. Urban areas tend to have schools that fall within the upper 20% of academic performance in the country. Spaull reflects that, in the poorest 80% of schools, only "1% of learners in grade 8 will go on to pass matric and obtain a C symbol (60%) or higher for Mathematics and Physical Science – the prerequisite for most mathematical or science degree programmes at university. Approximately ten times as many students reach this level in the wealthiest 20% of schools."

Adult literacy rates also depict a sad situation. The highest literacy rates were the City of Cape Town with 91,5%, followed closely by the City of Johannesburg (91,3%). In contrast to this, the areas with the highest levels of adult illiteracy were 49,1% in Umzinyathi and 45,3% in Umkhanyakude – both in KwaZulu-Natal.

The problems experienced at school and tertiary level are passed through to the workplace. "Despite rising business confidence equating to more jobs, organisations are struggling to find the right people to fill these positions," says Gerald Seegers, Director of Human Resource Services at PwC Southern Africa.

BUSINESS CAN MAKE A REAL IMPACT

With so many gaps in the system, there is ample space for business to make a difference. Inspiration can be drawn from trailblazing individuals, schools and organisations alike.

Sizwe Nxasana heads the National Student Financial Aid Scheme (NSFAS). He also chairs the board of trustees of the National Education Collaboration Trust (NECT), formed in July 2013 as a response to the call by the NDP for increased collaboration among stakeholders to improve educational outcomes. The work of the NECT is informed by the themes in the Education Collaboration Framework (ECF), which guide its programme design and interventions. By 2015, the NECT had already assisted 4 300 schools and over two million children, which, Nxasana says, represented around 20% of the total number of learners in the public education system.

Nxasana reflects that public sector intervention was an important place to begin, because of its enormity and propensity to go by unnoticed, pointing out that the NECT is involved in various avenues of the education system, including teacher training, producing learning material, fixing infrastructure and mobilising communities and families.

"It's never been done before on this scale, so we're making significant progress," Nxasana assures.

Another vital area in which the NECT is able to effect change is in collaboration with teachers' unions. The first of these tangible partnerships, between the South African Democratic Teachers Union and the NECT, began in early 2017. Its goal is to train teachers in order to improve subject knowledge. The collaboration targets 348 primary and secondary schools in Butterworth, and 437 primary and combined schools in Sekhukhune – both areas where matric results in recent years have been dismal. The initiative will encompass 700 teachers, of which 160 are primary school principals.

The philosophy underlying NECT – to join the forces of all stakeholders – may very well be the secret ingredient needed to reform education in South Africa.

But Nxasana has not stopped there. A chartered accountant by trade, but an academic at heart, Nxasana has also launched a group of schools through his company, Sifiso Learning Group. The schools, called Future Nation Schools, aim to provide affordable private education.

Says Nxasana: "We will have schools in both medium-income and high income housing areas. Where schools have access to extra mural activities such as sport, fees will be higher. But for medium-income areas, we have started our fees at R1000 a month."

The first Future Nation School opened in Lyndhurst, Johannesburg in 2017, phasing in grades R, 1, 2, 8 and 9. Eventually, the schools will offer all levels of education, from grade R to Matric. But Nxasana pushes the vision a step further; in five to ten years, he hopes for Future Nation Schools to have spread into the rest of Africa. The schools on the continent will be driven to produce students that are not only able to deal with the changes of a rapidly changing world, but also able to innovate, and create solutions for existing challenges in Africa.

Future Nation Schools says its aim is to spearhead the African education revolution by providing a model that is futuristic, technology enabled and epitomises excellence in Africa.

While Nxasana's endeavours are certainly inspiring in their own right, he has also created ample opportunity for private sector involvement. The Ikusasa Student Financial Aid Programme, an ancillary means of funding needy students, has drawn on the combined experience of over 60 experts in business, law and accounting.

Ikusasa aims to support 2000 first-year students at seven universities and one technical college, by offering upfront grants and the option of offering loans to high-performing students. This differs from NSFAS, which offers loans upfront, with the option of converting the loan to a grant if the student performs well, placing the system at risk due to student drop-outs.

SPARKING INTEREST

SPARK School's philosophy is that education should not be inaccessible to anyone, least of all for financial reasons. Considering that academic achievement by South African students is consistently poor by global standards, and that there is a massive disparity in academic outcomes achieved by different schools in the country, a new model was necessary. SPARK's model not only produces scholars that have real world skills and academic abilities, but offers their scholars all of this on an unprecedented affordable basis.

The group is the first in South Africa to use the blended learning approach, a style of education developed in both Europe and America, and popularised by disruption theorist Clayton Christensen. Blended learning approaches teaching in an iterative manner, and while there is no single definition for blended learning, its methods have proven effective. At SPARK, this approach is customised according to the child's education phase and by subject.

In the foundation phase (traditionally Grade R to Grade 3), 'Lab rotation' approaches are used, while in the intermediate phase (Grades 4 to 7), the 'Flex approach' is applied.

During Lab rotation, scholars rotate on a fixed schedule, or at the teacher's behest, between various learning modalities, at least one of which is online. This means that subject matter is addressed more than once, and in more than just one manner. The method

incorporates small-group and full-class instruction, group projects, one-on-one tutelage, and individual assignments, both online and using traditional pen and paper.

The Flex approach uses an online platform as the main learning modality for each course or subject, although this is not the only place where students learn. Scholars work on individually customised schedules that move them from one medium of study to another. Teachers monitor their progress, and provide face-to-face support as and when needed. This means that the tutoring is – as the name indicates – flexible, and adapted to the individual. Classes can be held in large or small groups, can be based on projects and assignments, and the pace of learning can be adapted to the scholar's progress.

SPARK teaches subject matter that aligns to international standards. Maths, literacy, isiZulu and isiXhosa, and physical education are the core subjects. In accordance with South African curricular requirements, life skills, natural science, and social science are incorporated into the curriculum. These units are explored through reading and writing projects, alongside literacy tasks. The maths curriculum inculcates overseas standards and focuses on problem-solving and critical thinking, while the literacy programme improves students' reading and writing skills according to British literacy standards.

At present, SPARK only operates at primary school level. The first school opened in Ferndale, Gauteng in 2013. After the success of the scholars there, SPARK schools opened across Gauteng and, in 2016, the first Western Cape school opened. There are currently 11 schools in total, with a plan to open a high school in 2019.

SPARK co-founder Stacey Brewer explains that they made the decision to continue to the secondary stratum in order to continue to educate their existing pupils when they graduate from primary school. "We're interested in producing balanced pupils who are academically capable, with high emotional and intellectual intelligence," says Brewer. "We try to equip them across the board. They learn to be creative, how to think critically and how to collaborate."

Their primary goal is to equip students for the current century and the Fourth Industrial Revolution, imparting the relevant skills needed in a rapidly changing workforce.

This compelled Brewer and co-founder Ryan Harrison to embark upon the SPARK journey. They felt that their fresh and innovative approach would be what gave their schools the edge, rather than years of experience in the existing educational system.

"There are good schools and bad schools in South Africa regardless of whether they are state or privately owned; and so it was clear that the traditional education system is what was not working," Brewer says. "We needed to try something new."

Brewer points out that it comes down to leadership. "Some schools have managed to figure it out," she says. "There are great leaders in some schools, and they are doing okay in spite of it all. There are positive aspects of the current school system, of course. But on the whole, it's too traditional and not progressive enough."

SPARK's mindset is completely different. "The main issue does not lie with funding," Brewer continues. "Government floods funds into education, but the funds are not transformed properly."

The real worry, she believes, is that the current system is not meeting the needs of the learner.

SPARK successfully serves a diverse population. The schools appeal to scholars from all walks of life, though the working middle-class is the most well-represented group. The schools are extremely representative, with a diverse student body.

Along with blended learning and family engagement, SPARK is also committed to developing its teachers. Educators are selected when they're newly qualified, and then trained further by SPARK standards. "We ensure that our teachers have 250 developmental hours per year – way beyond industry norms and expectations," Brewer explains. "Our teachers' learning is as important to us as our scholars'."

This is, again, an area in which SPARK differs from traditional schools. Where traditional schools tend to laud teachers' years in practice above all else, SPARK appreciates innovation, compassion and leadership. Blended learning also grants a degree of autonomy to teachers, with the adaptive technology needing teacher-lead computer-based instruction. Teachers are specialised in a single subject and students rotate from classroom to classroom for subject-specific lessons, as in a traditional high school.

Of course, this is a private approach, meaning that the thousands of state schools currently operating without this encouraging and collaborative mindset are slipping behind – as are their students. There is, however, huge scope for government to incorporate the more successful and empowering elements of the SPARK model into how our public schools and teachers support one another and grow.

PARTNERING FOR FUTURE POSSIBILITIES

Tackling the problem from a different angle is Partners for Possibility (PfP). Because revamping the entire education system and replacing existing curricula is an ideal that requires massive legislative and political intervention, PfP's mission is to improve educational performance at government schools within the existing South African education system.

There are approximately 25 000 schools in the public schools sector, serving nearly 13 million children. By contrast, the private schools sector – including low cost private schools – has around 1700 registered schools, educating approximately 500 000 pupils. In other words, for every one child being educated in a private school, 25 are being educated in the public sector.

While the private school sector plays a critical role in any country by driving innovation in education, the fact that the vast majority of our school children attend government schools where they fail to master basic literacy and numeracy skills is untenable and one of the primary reasons why South Africa's economy continues to struggle. It is glaringly evident therefore that something must be done urgently to address the quality of education being delivered in our public sector schools.

PfP has chosen to focus on the critical role played by school principals within the education system, motivated by research produced by Australia's Grattan Institute, which shows that leadership at school level is the critical factor in turning around an education system that is in crisis. In addition, a growing body of evidence from large-scale quantitative studies, carried out in a wide range of countries and contexts, shows that school principals have a measurable and substantial influence on learning outcomes.

Pertinently, local research conducted in the Western Cape shows that the leadership of school principals is the single most significant factor that contributes to school effectiveness in disadvantaged communities. However, in South Africa, the critical role of a school principal requires only a teaching qualification and teaching experience.

Since 2010, PfP has been committed to developing the leadership skills of school principals at under-resourced schools. The organisation does this by partnering principals with business leaders who have been well-equipped to assume leadership positions and manage change. Both partners participate in a 12-month accredited leadership development programme while simultaneously working together to address challenges in schools. While providing support to school principals, business leaders are exposed to the huge challenges faced by principals in their schools and are immersed in real-world learning where the problems are evident, the resources are limited and the solutions are seldom obvious.

The synergistic relationship that develops between these partners builds leadership skills and creates learning opportunities for both. The relationship firstly helps school principals develop the knowledge and skills to manage their school's internal goings-on, and also to engage their surrounding communities in social change. Secondly, the partnership ensures that expert support is available to the principals while they undertake their journeys of leadership growth. Individual partnerships are encouraged to share their stories of success and failure so that all partnerships can reflectively learn, and strive to repeat successful strategies elsewhere.

PfP is not only an innovative intervention. It is also a prudent one because it leverages an existing abundant resource - South Africa's highly-skilled business community - to strengthen the country's education system.

PfP's CEO Louise van Rhyn points out that: "We don't just use a group of consultants; we bring in well-trained business leaders who have a great deal of knowledge and experience of leading change."

"The people we put into the schools have got a grounding; they have an understanding of what it means to lead change within an organisation," she says. "80% of the principals in our programme have rediscovered their joy in being a principal. They make new commitments to working in the education sector. Now, they feel they're able to cope; they feel they're able to breathe!"

Through PfP, the partnerships develop and implement change interventions that take into account the specific and unique contexts and challenges of each school. These changes are having far-reaching impacts, affecting the principals, their scholars, teachers, the wider community, and the leaders that partner with the schools. Since 2010, the PfP programme has been implemented in over 600 schools across South Africa and a comprehensive independent evaluation of the programme's effectiveness conducted in 2016, found that PfP's impact "had been profoundly positive in the participating schools".

Van Rhyn explains that, despite their progress, the current system cannot be deemed successful, as only 20% of government schools see decent results. In these 5 000 of 25 000 schools, the schools are functional because they are run as organisations, with leaders who are equipped and able to lead their schools as enterprises.

She points out that we urgently need to intervene in the current generation's education in order to protect the future. "The majority of children in South Africa can't read for meaning by Grade 3. If you can't read for meaning in Grade 3, there is no chance that you will be able to keep on track with the curriculum and therefore pass matric well," she says.

But the task at hand is much too huge to expect the state to fix it alone. Van Rhyn says: "No state can deal with the enormous backlog and high levels of inequality without cross-sector collaboration."

She points out that most officials in the education system are doing their best, but they have not been properly equipped with the requisite knowledge and skills to lead massive, large-scale, complex social change. NGOs and private sector role players need to get involved. PfP demonstrates a working and scalable example of how these groups can make a major contribution. Without this kind of involvement, Van Rhyn points out that school children, especially in rural areas, will continue to suffer academically.

"At present, most rural schools are really struggling," she says. "School principals have not been equipped for their task; district officials are not able to provide adequate support to principals; there is limited general management support; teachers are poorly trained; infrastructure is lacking; classes are too big, and children without foundational skills get promoted to later grades – meaning you could end up with 80% of children in a Grade 8 class without the required knowledge for that Grade." She believes that the only way to fix this is to support and equip school principals to lead their schools.

"I think technology has a role to play in the future," she says, "but to get there, we need to ensure that the adults facilitating the systems are able to implement them and make the most of technological platforms. Sadly, this is just not the case for South Africa right now."

PFP SUCCESS STORIES – JULIET SHILUBANA AND JAN-LOUIS PRETORIUS

Juliet Shilubana is the principal at Nyavana Primary School, a quintile 1 (no-fee) school based in Xihoko Village, about 38 km north of Letsitele. In 2015, in its twentieth year of operation, the school had 604 enrolled learners, 14 educators and seven support staff.

Juliet's partner in the transformation of her school is Jan-Louis Pretorius, a director at Groep 91 Uitvoer, a family-owned producer and exporter of citrus and macadamia nuts from the small town of Letsitele in the Limpopo Province of South Africa. After a few serious discussions at the beginning of their partnership, Juliet and Jan-Louis began to meet twice a month. From then, their relationship bloomed into a friendship and the two now trust one another completely.

Juliet admits that she initially expected the partnership to revolve around money. But the relationship has yielded much greater rewards. She points out that unlike money, the skills she's gained can never be taken away from her. These include skills in communication, managing conflict, strategic planning and how to inspire commitment to a vision and mission.

The partners shared a common understanding that strengthening the leadership at the school would require having all stakeholders aligned around the same vision for Nyavana Primary's future. In their Partnership Plan, Juliet and Jan-Louis set themselves the goals of sharing the school's vision with all school stakeholders, clarifying the job descriptions and expectations of every teacher, and developing and implementing a School Improvement Plan.

At every stage of implementing their plan, Juliet and Jan-Louis endeavoured to involve parents and the community, to ensure that everyone shared the same vision for the school and its learners. Engaging the accountable parties has led to improved discipline among learners. Since the partnership began, infrastructure at the school has also been repaired and built, and further-reaching consequences have been observed.

The fact that many of the school's learners come from very poor households and do not have access to basic essentials or the support of family members was something that troubled Juliet. Although Jan-Louis encouraged her to take the lead in addressing learner's needs, he points out that he "made a point of showing

her that he cared deeply and would be by her side every step of the way". Juliet explored every learner's circumstances, taking their communities and educators into account. She successfully addressed some of the issues through mobilising sponsorship for school shoes, by introducing a time register to combat learner absenteeism, and by implementing a "Quality of Teaching and Learning Structure" to improve academic performance.

Whilst Juliet and Jan-Louis feel that they have only just begun their journey towards transforming the school and have every intention of continuing to work together, Juliet states that the community has seen massive changes. In fact, she says, "Every participant in the school has grown. And not only my school, all the schools in the [wider PfP leadership circle]".

PFP SUCCESS STORIES: MAKHANANI SHILOTE AND FELIX HACKER

Makhanani Shilote is the principal of Vhulakanjhani Lower Primary School, a quintile 3 (no-fee) school based in Nkambako Village, N'wamitwa. In 1986, the school admitted its first pupils. As of 2016, 708 learners were enrolled, and 20 teachers and six support staff were employed. The school, which only serves pupils from Grade R to Grade 4, is considered to be relatively good as far as rural schools go.

Felix Hacker, a general manager at Du Roi Nursery, a privately owned agricultural company, was paired with Makhanani. Felix wanted to partner with a principal through PfP because he felt it would help to ensure that rural children received a better education, while the businesses in the area would benefit from a better-educated workforce.

From the beginning, Makhanani and Felix established a mutually respectful relationship.

"Makhanani is an incredible person," Felix remarks. "She is incredibly loyal and dedicated to teaching. Even though she has a strong persona, she is very humble and soft-natured. She has a very mature and professional relationship with her staff. They respect her."

Makhanani reciprocates Felix's sentiments: "Felix is trustworthy and he has been able to assist without judging, because he understands the situation that we find ourselves in."

Over the course of their partnership, Makhanani and Felix have reviewed the school's vision statement and core values through consultation with the governing body, teachers and the school management team. They also devised a programme to help learners with special educational needs who require additional support at school. When one of the children of a governing body member saw the improvements first hand, that member decided to support Makhanani's programme and this led to the buy-in of all the parents.

Makhanani made a commitment to improving learners' command of the English language at school, through making curriculum material more accessible to all scholars. Felix's company, Du Roi Nurseries, donated IT infrastructure and other relevant technological resources. They then installed Wi-Fi at the school. Plans are currently in place to buy more computers for the school and to make them available to the community.

As Felix says, "The beauty of this project is that it builds ability within the principals. It's nothing academic, it's all basic human interaction, learning to listen to people, to acknowledge them, to let them feel proud by making them part of the solution. If all principals were given access to this opportunity for self-development, I think it would be a huge step for education in our country."

WHERE WE STAND

"IQbusiness is a growth enterprise – in more ways than one," as CEO Adam Craker says.

"If we don't work as partners, we will be in conflict, and an adversarial relationship leads to one winning at the expense of the other. Collaboration through partnership, with a long-term attitude to social progress, is the only way to bring about inclusive growth."

While business cannot unilaterally alter policy or right the wrongs of the past, "business needs to acknowledge that exceptional leadership is necessary. It is leadership beyond the business alone, which recognises the value of the people it employs, that can achieve what the country needs," according to Craker.

Many solutions lie in traversing the divide between the public and private sectors, but the state cannot solve our socio-economic issues alone. Public-private partnerships are certainly impactful and have a key role to play. Being socially responsible is also a large part of bringing about social and economic change, and the challenge facing business is balancing this potential with profit-making imperatives.

"Businesses should be engaging in finding and growing new markets," Craker says. "The 13 million children in our state schools are the potential future consumers in our economy. Businesses need to grow our future market and learn how best to engage our new consumers. Visionary businesses are partnering with principals in our state schools for the mutual learning opportunity.

In-house training and support are just as important; with the quality of applicants' skills slipping along with the standard of education, the impetus may lie with businesses to refine and improve their new hires' abilities, regardless of their level of entry into companies. Internship programmes and on-the-job learning programmes are the traditional way of doing this, but some innovative thinking may be needed.

Business can also have an enormous impact in mentoring and training young business people and entrepreneurs from rural areas or those who have not attained formal education. With the landscape of the workplace seeing multiple shifts and technological influences, business is ideally poised to offer real world training.

"Business skills are necessary for progress in any economy, and yet we expect our principals, their students, matriculants and graduates to have a grasp of the business world without any real experience. The worst is that we allow people in leadership in education to flounder. Principals are supposed to lead schools when they don't know how to run a enterprise," says Craker.

"That is why we at IQbusiness are behind Partners for Possibility."

BUSINESS CAN ASSIST IN IMPROVING EDUCATION BY:

- Investing in leadership development for principals and business leaders through a programme provided by Partners for Possibility.
- Improving in-house corporate training programmes, so that the nation's hiring pool is not limited to those with a certain type of formal education, and create opportunities for candidates to learn within their new work environment.
- Actively participating in education through groups such as the NECT and Ikusasa. This will allow for student funding, create opportunities to develop and pursue aspirational goals, and contribute towards filling gaps in leadership.

GOVERNMENT CAN ASSIST IN IMPROVING EDUCATION AND TRAINING BY:

- Implementing policies that encourage a culture of accountability and personal improvement amongst school leadership, educators and community participation in state schools.
- Establishing quality ECD centres for all South African children, whether rural or urban, wealthy or poor.
- Incorporating forward-thinking global best practice models into our current system, which build upon the inherent abilities of the child and prepare them for a future workplace that has abandoned the industrialist approach. In South Africa, we see these systems being used in private education. The state needs to consider incorporating these types of models, which include the development of more practical, social and technological skills in children's learning, into the national curriculum.

OUR ACTION STEP

IQbusiness will not only improve our in-house training programmes, to expand opportunities for candidates to learn within their new work environment, but we will also undertake to expand our support for Partners for Possibility through an additional business-principal partnership in FY18. We will challenge other South African corporates to follow suit.

Enterprise Exposure


JACKIES
Coca-Cola
Standard Bank
AutoCash
CASHEXPRESS
ATM
ABSA
BAZAAR
Standard Bank
ATM

In an address to Parliament entitled the "2016 Inclusive Growth Debate", former Finance Minister Pravin Gordhan referred to the discussion on growth as a matter of national interest. Despite an agreed vision for faster growth, employment creation and the reduction of poverty, South Africa is faced with challenges of sluggish growth, rising unemployment and volatility in our financial markets.

According to Gordhan, in order for growth to be inclusive, it must create jobs, generate small and medium enterprises, and be sustainable. The response to challenges therefore cannot be "business as usual", but must involve government and businesses working together to restore confidence and unblock obstacles to growth. Economic growth, inclusivity and transformation should go hand in hand. Enterprise Development (ED) is a key component of this.

The Economic Development Council of South Africa has even gone so far as to say that ED is patriotic because it aims to achieve a country's full economic potential and should therefore be viewed as a catalyst for economic transformation and advancement.

The concept of ED as it currently relates to inclusive growth is synonymous with that of Enterprise and Supplier Development (ESD), whereby a combination of preferential procurement, supplier diversity, supplier development (SD) and ED programmes are used to service business needs.

ESD looks at the role of (relatively big) business and how a relationship of financial and non-financial support can empower smaller businesses to become economic actors and thus greater contributors to the country's growth. But it is also an exercise in weighing up short-term costs with long-term gains.

It can be said that ESD is a key component of South Africa's inclusive growth strategy because it incentivises investment into qualifying enterprises in the form of points on the Broad-based black economic empowerment (B-BBEE) scorecard. ED accounts for the highest proportion of scores on the scorecard (40 points in total). In this manner, the scorecard encourages established companies to participate in the development of smaller enterprises in order to achieve requisite B-BBEE scores. However, a common criticism of many ED initiatives is that they have become mere 'tick-box' exercises, which inhibits a meaningful uptake and wider economic growth. It therefore renders the exercise counterproductive despite the laudable motivations behind ED to create partnerships of mentorship, support and learning.

BUSINESS CAN ASSIST IN IMPROVING ED BY:

- **Objectively and quantifiably tracking the progress of ESD initiatives/programmes. This is primarily done by measuring the return on investment in ED for the benefit of both the business and the supplier business that it is assisting.**
- **Without underestimating the importance of financial assistance, alternative means by which ESD can be meaningfully deployed should be considered, such as mentorship relationships that transfer business knowledge, as well as access to critical infrastructure. The incremental cost to an established business will be minimal compared to the value it can bring to the recipient.**
- **Providing experienced employees with flexibility and support to offer their time as mentors to entrepreneurs seeking substantive, non-financial guidance and support.**
- **Contracting with small businesses to provide most services.**

GOVERNMENT CAN ASSIST IN IMPROVING ED BY:

- **Ensuring that legislation aimed at incentivising and facilitating broader access to economic opportunities for small to medium-sized enterprises and entrepreneurs is easily understood and readily applicable.**
- **Implementing measures that incentivise entrepreneurial 'soft-skills' development, through mentorship programmes, for instance.**
- **Gearing wider economic infrastructure towards small business establishment, development and support – starting with procurement policies that enable broader access to government tenders.**

OUR COMMITMENT

In the interests of transparency, we will publish the full details of all our ESD partners and mentees on our website and will challenge other South African corporates to follow suit.

HOW CAN WE HELP?

The CFO of IQbusiness, Corrie Verburg, believes that ESD can be an effective tool to facilitate inclusive growth, especially on the supply-side. Businesses are already engaging in ESD, but the paramount question is how it can be done in a more meaningful way. In Verburg's view, sustainable and meaningful ESD requires close, constant mentoring of the ED recipient, together with objective analysis of the recipient's business to monitor the impact being made by the ESD assistance. In this way, the support relationship takes on a quasi-private equity dimension, in which the recipient's business is monitored to see how it is growing and executing according to its strategy.

MERGING MOTIVATION WITH MEANINGFUL IMPLEMENTATION

The general consensus seems to be that business wants to engage and is engaging in ESD with the aim of effecting inclusive growth. Combined with the strategy clearly outlined at a policy level, ESD can be a powerful tool for growth and transformation.

Nicky Newton-King, CEO of the Johannesburg Stock Exchange, recently shared with us how, in her experience, all businesses would like to be doing things that help transformation and growth in the country. In practical reality, to make a real and big difference, she suggests that businesses have to target areas close to what they do; that is when it is most successful because businesses are then in a position to pool resources and knowledge and to track subsequent progress. The difficulty often lies in the time-consuming identification of the right ESD model for ones business.

Simon Sinek's "start with why" approach helps us to understand the reasoning behind how certain businesses approach ED. According to Sinek, most people or companies know what they do and how they do it, but rarely know why they really do what they do. It is knowing the why that is the key to achieving success. "People don't buy what you do, they buy why you do it," says Sinek.

When applied to ED, one could say that the 'what' is mentorship, time and funds, the 'how' is through ESD (Enterprise Development programmes, Supplier Development and preferential procurement), and the 'why' is inclusive growth through job creation, poverty reduction and empowerment.

The reality of ED often being reduced to a form-over-substance means of improving one's B-BBEE score, indicates that the "what" and "how" components of Sinek's golden circle are over-emphasised. The "why" is the real driver of ED, and, therefore, ultimately inclusive growth. If one starts with the why of inclusive growth, the likelihood of meaningful uptake is increased and subsequently informs the authenticity of the how and what applications. Through genuine implementation, the sustainability and impact of inclusive growth is secured.

The importance of sustainability cannot be overemphasised. This is a sentiment echoed by Newton-King: "To grow the economy, you have to make sure there are more people able to participate in the economy. Engaging in ESD initiatives empowers others to become more meaningful players in the economy."

MAKING AN IMPACT

The well-known proverb "Give a man a fish..." can, and should, be applied to ESD. ESD consists of both financial and non-financial investment.

Certainly, financial support is extremely important and small businesses often rely on the investment of capital to build and strengthen their company. In fact, the 2015 Seed Academy Startup Survey found that the predominant support that entrepreneurs ask for is financial support, followed by marketing support and business planning.

However, non-financial support is as important - if not more important in context - to ensure that the funding is utilised to its full potential and the supported business learns to sustain itself and thrive. When asked about the significance of non-financial forms of assistance, Verburg explained the role of mentorship and coaching of the business owner; that of empowering businesses to do it for themselves and by themselves through a collaborative approach. This echoes the earlier point of looking at the reason for existence rather than focusing on operational matters only. After all, it is often "the simple things that make the biggest impact" (Verburg, 2017).

MENTORSHIP AS A PIVOTAL DRIVER OF SUBSTANTIVE AND SUSTAINABLE ED

Established just over two years ago, the National Mentorship Movement (a collaboration between forward-thinking business, government and religious organisations), envisages a sustainable, nationwide mentorship platform that spans all economic sectors. Within its first five years, the Movement aims to connect (both digitally and physically) 100 000 active, engaged mentors with 1 million mentees "to groom existing and future entrepreneurs, create confident and successful individuals, transform the economy and create a sustainable future for South Africa."

These are ambitious targets, and the Movement relies on three main research findings into the value and impact of strong mentorship relationships beyond mere financial support:

- **Mentored small-businesses remain in business for longer than non-mentored businesses;**
- **Business founders who are mentored perform significantly better than those who are not; and**
- **Within businesses, employees who are mentored advance quicker and are more successful than those who are not.**

In the face of failed education, rapidly rising unemployment, sluggish economic growth and a dearth of entrepreneurial activity (according to the Movement's research, only 9% of the adult population is involved in entrepreneurship, and 94% of businesses won't last beyond two years), the answer lies in combining human potential with technological advances. Budding entrepreneurs, who would otherwise have no access to the intangible skills, experiences and resources possessed by some of South Africa's most knowledgeable businesspeople can, through their network, access a wealth of business and life experts to guide them in their entrepreneurial endeavours.

The Movement's rationale is compelling in our daily business lives. Rather than leaving our future business founders and leaders – whether this be in the formal or informal sector – out in the proverbial cold to navigate the obstacles inherent in starting and running a business in South Africa, a more inclusive mindset can and should be adopted from the outset. This attitude of inclusivity and sustainability should be prevalent throughout the mentor-mentee relationship and extend well beyond business basics. Ultimately the relationship should yield a confident, successful mentee with access to a combined pool of marketing, sales, business development and life skills and lessons, which that role model can in turn impart to future entrepreneurs.

CONCLUSION

An understanding of why sustainable enterprise development is so critical to our future is an essential cornerstone of our inclusive growth path. How we go about achieving this is up to individual businesses' capabilities, both financial and non-financial. However, the exponential value of the non-financial investment in a meaningful mentorship relationship cannot be overlooked. A mentee who is otherwise conceivably set up for failure given the precariousness of our economy, can yield unimaginable benefits from their mentor – as well as for their immediate family, their wider community, our broader economy and future generations.

State-Owned Support

State-Owned Enterprises or SOEs are the result of government intervention, and are required in a developing market to provide economic infrastructure that enables services and products, employment and capacity building. SOEs are essential in developing countries, not only for the local economy, but also to expand the economy regionally and internationally by attracting and sourcing capital equipment, finance and partnership.

DRIVING THE ECONOMY

Our research has found that SOEs have the potential to drive a country's growth, but only if the running of these enterprises is supported through appropriate levels of debt financing. The investment in SOEs by government, attracts the private sector to follow the investment trend in infrastructure. However, if government finances the investment predominantly through debt, this can become a significant impediment for private sector investment.

The New Growth Path Framework in 2010 underscored the importance of high public infrastructure investment growth as the backbone for high and sustained economic growth. The situation in South Africa is not however, favourable. According to the National Treasury, government's "major explicit contingent liabilities" are its guarantees to SOEs, which stood at R470 billion at the end of 2015/16. Any hope of 'crowding' private sector financing with these figures is futile. There is no doubt that South Africa is in dire need of increased private sector investment, especially through foreign direct investment.

According to Chief Strategist at Citadel, Adrian Saville, South Africa is falling short on spending on its infrastructure development projects that are key in driving the economy forward. South Africa required an infrastructure investment rate of between 7% and 9% per annum to see any real growth in the economy. Worryingly, the country has only invested about 5% between 2010 and 2015.

COMPLEXITY OF SOEs

SOEs are catalysts for growth and development due to their dual role in the economy, namely that of creating a demand for goods and services with a multiplier effect on the one hand, and creating peripheral supporting industries on the other. Their original mandate - to strengthen import-substitution industries and operate as exclusive franchises has evolved, where SOEs are now viewed explicitly as vehicles for socio-economic development – or inclusive growth. Society could argue that this has been the government's strategy for inclusive growth over many years. Although there is no doubt that SOEs have created and retained jobs, this has been achieved at the expense of enterprise sustainability, for example with South African Airways (SAA).

A decision has also been taken to strengthen and align SOEs to government's delivery mandate. This has resulted in a challenge, because government policies rely on SOEs as vehicles to support economic development. Furthermore, today's economy requires an SOE to provide the country with a competitive advantage to thrive.

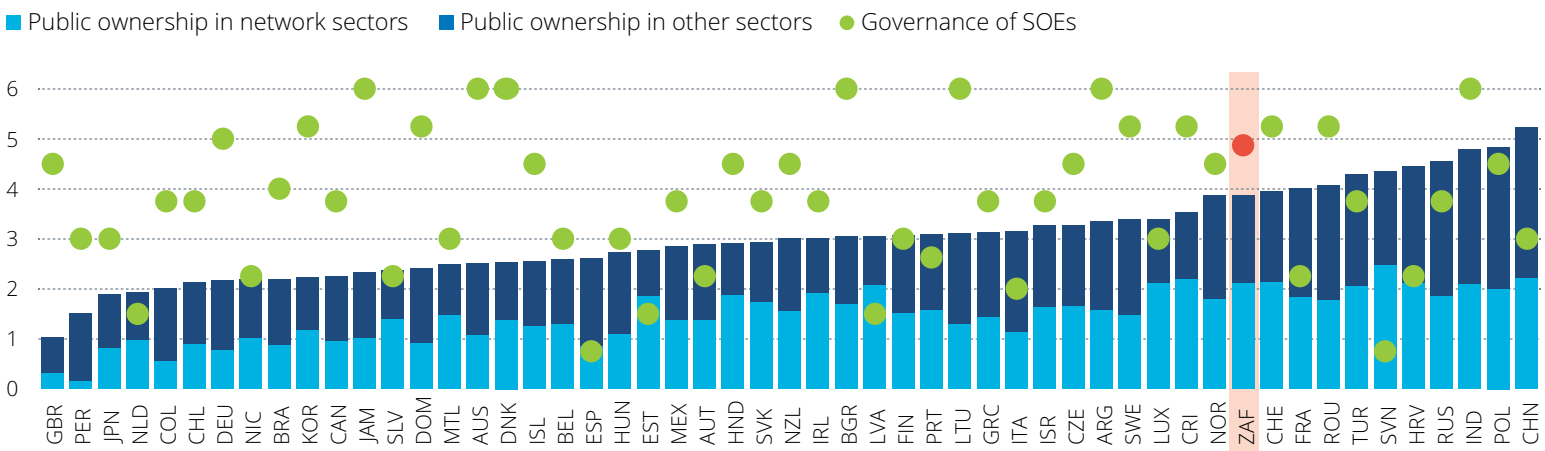
The origin of our present-day enterprises dates back to the nine SOEs that were established between 1920 and 1940 in South Africa, whose function was clear and pragmatic. The table opposite outlines their objectives.

The Public Finance Management Act (PFMA) lists almost 300 public organisations consisting of nine constitutional institutions, 21 major public entities, 154 national public entities, 22 national government business enterprises, 69 provincial public entities and 16 provincial government business enterprises. As can be seen, over the past century SOEs in South Africa have been tasked with substantial mandates in a vast amount of entities, with civil society and business questioning why so many are required.

ENTERPRISE ORIGINAL GOAL

ESKOM	ESKOM's operations were focused on electrical power production and distribution.
ISCOR	ISCOR was created to secure iron and steel production.
FOSKOR	FOSKOR was created to mine and process phosphate minerals for use in fertilizers and other applications.
SASOL	SASOL was a major producer of coal for use in the company's perfected Fischer-Tropsch method for making synthetic fuels. The motivation for the establishment of SASOL was a petroleum embargo imposed on South Africa during apartheid.
SOEKOR	The Southern Oil Exploration Corporation was never successful in locating crude oil in South Africa
THE POSTAL SERVICE	In addition to its major function of providing postal services within the Republic, the postal service operated a subsidiary parastatal providing local telephone services. Telkom was subsequently formed as a separate SOE.
SABC	The South African Broadcasting Corporation allowed for programming to be broadcast in Afrikaans, English and other local languages. The SABC was used by the government as the voice of Apartheid and played a key role in the spreading of propaganda during the Apartheid years.
ARMSCOR	ARMSCOR was responsible for the procurement, research and development of arms, ammunition, military vehicles and military machines.
SAA	South African Airways's major function was to fly mail between the major cities of South Africa. (South African Government, 2012).

Public Ownership and SOE Governance, Index from 0 (best perfomance) to 6 (worst performance)



Source: OECD, 2015

SUFFICIENT REASON

The OECD has developed a number of guidelines on corporate governance of SOEs.

The first recommendation is the evaluation of the rationale behind an enterprise being state-owned: "The state exercises the ownership of SOEs in the interest of the general public. It should carefully evaluate and disclose the objectives that justify state ownership and subject these to a recurrent review". This first rule is especially applicable to South Africa where there is a high public ownership. This is worrying, considering the fact that the OECD considers South Africa as one of the worse performing countries in terms of governance.

This question is not only being raised in countries like South Africa, but even in Singapore - known for its well performing SOEs. Quite rightly, the argument is that if assets are increasing at a steady rate, then revenue from these assets should keep up and reflect this growth.

As can be seen in the following graph, the leading SOE in Singapore is achieving reduced productivity on this basis:

Revenues and Assets of Tesamek Holdings Singapore ($ billion)

Source: OECD, 2015

Within SOEs, there are many business units and functions that can be considered non-core. It has been proven that non-core functions drain management time, require excess capital and increase complexity within the organisation. The investigation should, therefore, extend to component units within an SOE, and not only focus on the SOE as a whole.

CONNECTION TO THE STATE

The second recommendation made by the OECD is that the state should be an active owner in the entity. This is a tricky balance as the entity should also have political independence and be free of political influence to succeed. However, the fact of the matter is that SOEs serve more than a business purpose. More often than not, they serve as a political and connectivity instrument in many governments. Should this be the case, it cannot be expected of the SOE to function as successfully as a private enterprise would. An SOE is expected to find a balance between equal opportunities for market participants to ensure quality, and simultaneously being a responsible and effective social and public service.

PERFORMANCE

Given that an SOE has sufficient reason to exist, the performance or success of the SOE should be carefully defined.

SOEs have the ability to consistently perform higher than private counterparts, especially when assessing a rapidly changing environment. An SOE is there to not only minimise operational costs, but to have the opportunity to develop long-term, strategically important investments and goals. In the wake of the global financial crisis and the start of a recession in South Africa, long-term, strategic investments are even more important now than they were when the OECD study was completed.

MORE THAN A DUAL ROLE

The dual role of market regulator and owner is a double-edged sword, as an SOE is often criticised for losses as well as profits, if they are higher than those in the private sector. It's critical that an SOEsobjectives be clearly articulated and commonly understood, at the risk of creating the perception – or, in some cases, even based on a reality - that commercial success automatically results in socio-political success. The suggested method to counter this is through monitoring and evaluating activities, and clear communication throughout the SOE sphere.

EVALUATION

On the surface, it would seem as if some international SOEs are meeting commercial objectives, growing turnover and profit levels. However, turnover and profit measures are narrow and do not take into account the monopolistic position of most SOEs, as well as wider GDP–related measures, which could provide a better view of real performance according to the socio-political objectives that an SOE may serve.

Understanding that there will be a cost associated if an SOE is being utilised as a socio-economic development platform is crucial. The cost should therefore be at least equal to the value created in society. A value should be attributed and measured, such as through a social audit. Performance could then be assessed in terms of morale and satisfaction, standard of living, distribution factors, contribution to externalities, and other attributes.

AGENCY THEORY

A multi-agency theory perspective indicates that SOEs have potential conflicts of interest among different groups. SOEs face conflictin g choices when different incentives and timelines come into play. The long-term objectives of an SOE and the reason for it being an SOE may be in jeopardy. In hybrid or partially privatised SOEs, conflicts between controlling and minority shareholders result in suboptimal decisions being made, especially in emerging and developing economies where the SOEs role may be weighted to fulfil socio-political objectives. Incentives and governance should be designed to curb the risks that will inevitably occur.

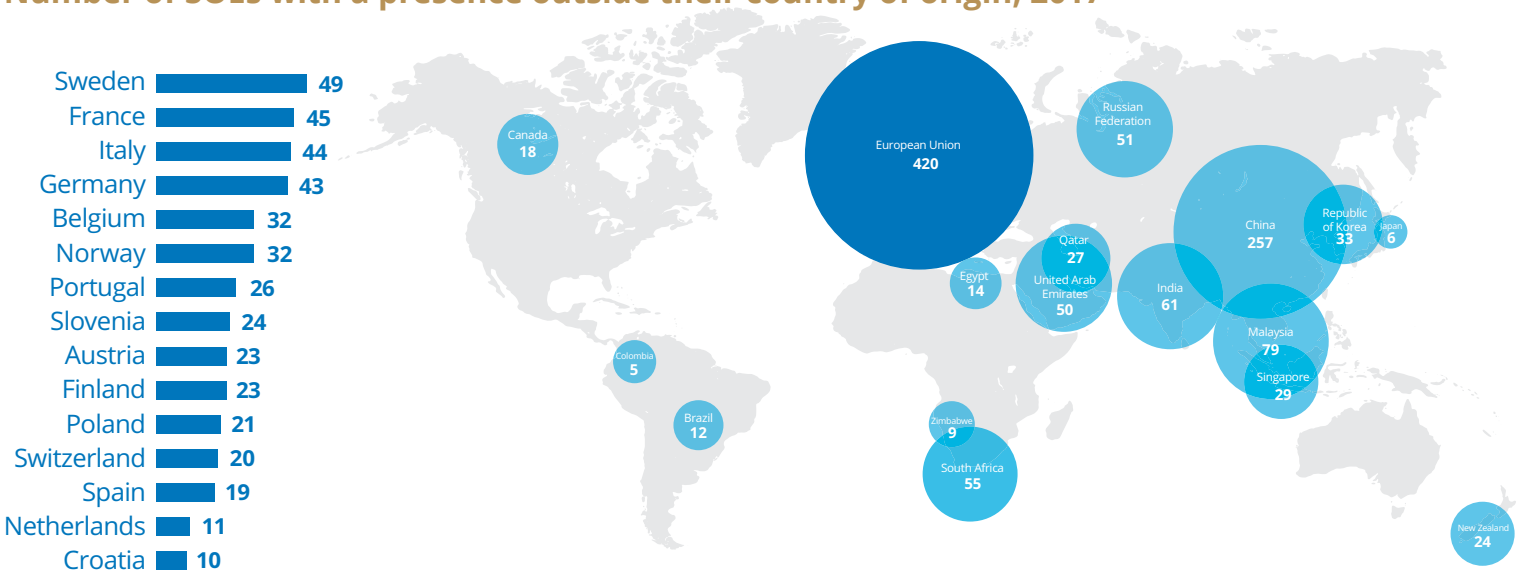
COMPETITION

Competition does not favour inefficient and small enterprises. When efficiency and scale can be leveraged, the incapable cannot compete. If an SOE wishes to operate in a market that is competitive, it needs to adhere to the disciplines and levels offered by others in the market. If an SOE wants to compete with the best of the world, it needs to practice the discipline that the rest of the world practices. A business that must operate in a highly competitive environment cannot be expected to provide a platform for mass socio-economic development. SOEs operating in such highly competitive environments, can only succeed if they are operated by the people who are experts in the field. If the solution is to sell off a stake of the business to these experts, then the government need not lose strategic control.

INTERNATIONALISE

There is an increasing trend for SOEs to invest outside of their home country, where before their focus was originally on domestic needs. The political motive for these investments is not explained by efficiency-based motives for internationalisation. A combination of

Number of SOEs with a presence outside their country of origin, 2017



Source: UNCTAD, 2017

public management and international business theories provide a platform for analysis of these motives. Findings suggest that "SOEs display little hesitancy in entering international markets, and that SOE international expansion is not contradictory with the goals of state-ownership if the purpose is to adjust the company to changing institutional environments both in the domestic and international markets". However, the risk of such actions may not be fully considered by the investing SOE and the fulfilment of their mandate may be at risk.

The United Nations Conference on Trade and Development (UNCTAD) *World Investment Report* stated that, in 2017, there were close to 1 500 SOEs with a presence in countries outside their headquartered jurisdiction, with more than 86 000 foreign affiliates operating worldwide; nearly 10% of all foreign affiliates. The report also shows that approximately a fifth of South Africa's SOEs have interest in other countries. The EU hosts more than 400 SOEs with foreign interest, mainly due to rescue operations after the 2008–2009 financial crisis. (UNCTAD, 2017)

FACTORS RESULTING IN FAILURE

Many case studies of poor performing SOEs appear to exhibit similar patterns, which can be condensed under six main factors:

- Corporate governance incompetence causes poor results
- Poor selection and development of Boards and Executives
- Constant turn-over of key players disrupts good practice
- Dysfunctional working relationships
- Inadequate structures, systems and fragmented processes
- Lack of moral norms resulting in corrupt practices

(McGregor & Routledge, 2014)

SOUTH AFRICAN SOEs

The Minister of Public Enterprises, Lynne Brown, has made it clear that SOEs are not for sale. "Neither I, as government's sole shareholder representative — or our government — will bow to pressure or external lobbying outside of government to privatise any state owned enterprises responsible for delivering basic services to the poor. Especially, when it is not government policy."

It is clear that SOEs are being used as the vehicle to drive the commercial and development agendas of South Africa. A common framework for defining developmental goals has been and is being called for, in order to curb the undermining effect that SOEs have on these goals. The operation of these enterprises continually undermine the economic impact of the capital expenditure required to fund inefficiency .

Sivi Gounden, current chairman of HolGoun Group and former Director General of the department of Public Enterprises, argues that SOEs need not be privatised, but that there needs to be more efficiency, vigilance and oversight as to how SOEs are operated. He says: "So my argument is very simple: privatisation becomes an ideological debate. It needs to be underpinned by the correct principles. Where there's basic services to be provided to the citizenry and poor people, the state can do a good job, provided it is made more efficient, provided there's greater vigilance and oversight in terms of how it operates. And the trick is to get new blood and new talent into those institutions that are properly skilled and properly trained to render their mandate. That becomes the solution."

HOW TO FIX SOEs

Repeatedly, good governance is highlighted as the key to successful SOEs. Governance reform is the one thing that can improve performance of SOEs, without having to privatise. As an example, Sweden has shown how to successfully transform its SOEs into independently owned and operated national companies. They used three important guides for successful reform: isolation from undue political interference, transparency and clear objectives.

Four main components are required for good corporate governance. These are:

- Having structures, systems and processes in place
- The right mix of intelligence, knowledge, experience and expertise.
- Regulatory certainty.
- Understanding of the principles, and practice of sound corporate governance.

Added to these, SOEs also need to apply the key principles of transparency, accountability, efficiency, sound business judgement and regulatory certainty – conformance to regulations or good reasons for deviating. These, together with the OECD-developed guidelines, provide an extensive list of characteristics for successful SOEs.

PRACTICAL STEPS

A former CEO of Denel, Shaun Liebenberg, recommends that the following steps be taken in order to fix an SOE or any organisation for that matter:

Step 1: Outsource internal audit

Auditing internally leads to poor systems and processes, which leads to the external audit being a failure. If you fix the internal auditing process it can work hand in hand with external auditing, however it all depends on the person who chairs the audit.

Step 2: Appoint a strong trio of CEO, Board Chairman and Chairman of Auditing and Risk

All three need to have no tolerance for non-compliance.

Step 3: Appoint a strong board with the right skills and mandate

It is the duty of the board to oversee compliance and governance. If there are any actions taken by the entity that is not conducive to operations, then the board has failed in its task.

Step 4: Establish levels of authority that cannot be influenced by political and individual motives

The right processes and procedures will stop any operations that are not conducive to the entity's operations before it even reaches board level decision.

Step 5: Have a strategic intervention

It is imperative to understand the core function of the business and evaluate each unit as a separate entity. This enables the identification of non-core units that take up management time and should be sold off, as well as identification of loss-making units that can also either be sold off or restructured.

And

- Step 5 should be applied to entities as a whole where SOEs should be sold off, while not necessarily relinquishing strategic control.
- These steps require a no nonsense stance from the minister. If a Chairman or any member of the board fails in their core duty, they should be dismissed immediately.

PROMOTING INCLUSIVE GROWTH IN SOUTH AFRICA

SOEs are needed to provide the foundation for a well-functioning economy and a healthy, well-informed populace. The following 'Super' SOEs are core to promoting inclusive growth in South Africa, and should be supported in any way possible by business:

- Eskom: to provide electricity to the population.
- PRASA: to provide infrastructure and transport across South Africa.
- Telkom: to provide current connecting infrastructure.
- Rand Water: to provide clean drinking water across South Africa.

Public-private partnerships, where operations are outsourced yet strategic control remains in government hands, are required in:

- SAA: to provide a national airline, brand and connectedness.
- The SA Post Office: to provide nationwide access to services (across urban and rural communities).

Business can support SOEs by:

- Continuing to invest in SOEs in accordance with sustainable and ethical investment mandates.
- Supporting SOEs in infrastructure development projects by delivering sub-contractual obligations on time and within budget.

In it taking a critical, and public, if necessary, approach to the evaluation of SOEs governance, risk and strategy, government can support SOEs by:

- Rationalising SOEs and their subsidiaries, but keeping strategic control.
- Placing stronger focus on corporate governance and having a no-nonsense attitude toward the boards.
- Ensuring that SOEs outsource internal audit as a starting point.

OUR ACTION STEP

We will lead the campaign to compel SOEs to outsource internal audit.

CONCLUSION

The application of good governance principles is critical in SOEs' success.

The potential that South African SOEs hold can only be unlocked when government takes a critical view of its own role in the value of a well-functioning SOE.

Government should be an active owner in SOEs where corporate governance should prohibit any political influence. By being an active owner, and rationalising the entire ownership structure of and business units within the SOE, government can identify areas for improvement – and these gaps are ripe to be filled in collaboration with the experienced private sector.The outsourcing of the internal audit function is an obvious and necessary starting point.

Financial Inclusion


SOUTH AFRICAN RESERVE BANK
GOVERNOR
RAND
SARB
100

FINANCIAL INCLUSION AS A CONTRIBUTOR TO *INCLUSIVE* GROWTH.CO.ZA

South Africa has one of the highest inequality levels in the world, coupled with high levels of poverty and unemployment. One way to reduce this is to ensure inclusive economic growth through the prism of financial inclusion.

Commentators reflect that sustainable financial inclusion has to address "supply (what financial institutions provide), demand (what consumers want), and the overall environment (how the public sector and private sector support and facilitate financial services)".

Furthermore, financial inclusion needs to be built on regulation that facilitates innovative services and supportive infrastructure (such as mobile networks, point-of-sale devices, and ATMs). This can be done by financial institutions creating operating models that produce desirable services and products and by targeting segments including: low-income households or consumers; small and micro businesses; rural and remote households; customers transitioning from informal to formal status; women; hard-to-reach market segments (such as youth, persons with disabilities, minorities, and farmers); and those without a credit history or poor credit score. It can and should also be done by opening channels of access between the formal and informal economies.

FINANCIAL INCLUSION IN SOUTH AFRICA

The Department of Trade and Industry considers financial inclusion to be "a state wherein there is effective access to a wide range of financial products and services by all", as set out in the Financial Services Charter ('FSC'). This is supported by other experts' views that the "adoption, usage and sustainability of financial services" will drive wider financial inclusion.

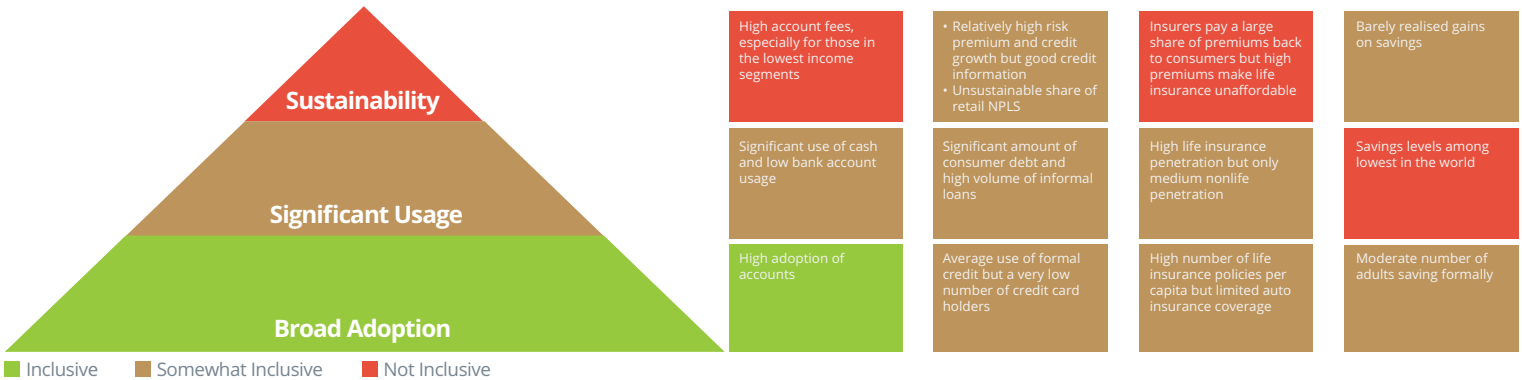
The FSC's core focus areas of empowerment financing and access to financial services are intended to broaden and fast-track the transformation process in South Africa. They focus on making financial services more accessible to those who are previously unbanked or under-served. The aim is to empower the previously disenfranchised through the provision of affordable housing, financing of black SMMEs, agricultural activities and investing in various types of transformational infrastructure that assists in creating the necessary platform to grow the economy on an equitable basis.

Since the FSC was implemented in 2004, there has been an improved uptake of bank accounts by adults (which increased from 55% in 2005 to 85% in 2016), and a renewed engagement between banks and government, with lower-income households.

Financial inclusion in South Africa is faring comparatively well and is higher than the income level would suggest with strong financial regulation; a functioning banking system; a network of money transfer services; more than 70% of adults with transaction bank accounts; and high life insurance adoption. The percentage of South African adults that have access to transaction accounts is higher than in Brazil, Chile, India, Mexico, and Russia. In terms of credit, the share of adults who have borrowed from financial institutions is on par with other emerging markets – South Africa's share is 12%, Nigeria's is 5%, India's is 6%, and Kenya's is 15%.

However, there is ample room for growth. While a large portion of the adults in the country have transaction accounts, most accounts are not being used. 47% of the country's population is still unbanked and the share of adults with a credit card is low at 13%, when compared to emerging markets – Brazil is 32%, Russia is 21%, and Mexico is 18%. While the formal credit market is modest, the informal credit market is stronger and makes up majority of the credit market in South Africa. Similarly, the life insurance market is growing, but only 12% of the population is covered by full life policies.

An Assessment of South Africa's Sustainable Financial Inclusion



Source: Kessler, et al. 2017

The weakest link in growing financial inclusion is savings. South Africans do not have a culture of saving and there has been low adoption of traditional savings products.

Research from Accenture indicates that banks are sitting on a potentially untapped revenue stream of up to $380 billion per annum by 2020. This could be accessed through closing the small business credit gap and including the millions of unbanked adults into the formal financial system. Beyond mere numbers, financial inclusion gives people access to services, protection from risks, opportunities to participate fully in the economy, incentives to save money and support to start and grow businesses - all vitally important in extending inclusivity.

Beyond the facts, figures and potential of the formal economy, when one considers the informal economy, many industrious enterprises can be overlooked.

As author and explorer GG Alcock observes, the scale and benefits of informal trade are often invisible to us, taking place in a roadside caravan, a little chemist under a bridge, or a pile of veggies on a crate. "But the informal retail sector (spazas) is worth approximately R 100 billion, the informal fast food sector is worth R 85 billion, the hair styling sector R 10 billion, the muti market R3 billion, to name just a few". He sees huge potential for inclusive growth coming from cooperation and co-contributions between the formal and informal economies.

This, in his view, will require the formal sector to go beyond simply acquiring goods and services from the informal sector; a proposition deemed unsustainable as most informal traders' production models are unsuited to industrial supply, to the extent that they supply goods at all. Rather, formal businesses (and municipalities) should adapt their practices to allow smaller, informal traders flexible access to high traffic areas – instead of sanctioning traders who deviate from their prescribed (often undertrafficked) 'zone'. Business support and mentoring (discussed in greater detail in Chapter Three 'Enterprise Exposure') are also relevant, as are supply chain policies that enable preferential supply (and pricing) to informal traders, thus sharing the benefits that a larger, formal entity has managed to negotiate on price and terms, for instance.

INTERNATIONAL PERSPECTIVE

South Africa can look to international experience when determining how to improve substantive financial inclusion, starting with how governments can work with banks and other partners to create no-frills financial services, and reducing bureaucratic red-tape. These services are meant to appeal to low-income earners in the country.

Indonesia, for instance, is experimenting with a branchless-banking programme to reach more consumers. And in India, banks have installed 10 000 solar-powered ATMs that can process biometric transactions. These ATMs created 50 million new customers within six months.

In Nigeria, Diamond Bank partnered with Visa and two NGOs to create access for women through a basic savings account. Aside from creating a place to save, the account also rewards women for meeting weekly savings goals. In the first week, 38 000 accounts were created and savings of $1,5 million were generated.

In Kenya, Safaricom's MPesa faces competition from Equity Bank, which offers a 0.1 millimetre thin card that sits on top of a traditional SIM card. This allows the bank's Equitel mobile banking service to operation. In just three months, the service grew to 1,4 million customers.

LOCAL REALITIES

Although more research is required on the impact of financial inclusion on economic development, financial inclusion is seen as a way to improve peoples' livelihoods, and can help to reduce poverty and inequality, which is, in itself, a worthy pursuit and deservedly high on South Africa's agenda.

77% of South African adults have a bank account. If SASSA grant beneficiaries / cardholders are excluded, the figure drops to 58%. Many SASSA cardholders withdraw all of their funds when they are received and do not participate in the electronic payment system further than that transaction.

And, although the number of banked South Africans is high, many citizens are still wary of having bank accounts. As discussed in this chapter, the reasons include: fear of exploitation, an inability to access physical bank buildings and infrastructure, strict Financial Intelligence Centre Act (FICA) requirements, high fees, lack of trust in the traditional banking sector, concerns about safety and security, time, and convenience. Similar reasons are offered by banked individuals who don't make much use of their accounts. There are therefore a number of structural barriers to overcome in order to increase financial inclusion and, importantly, participation in the non-cash payments system.

It has to be said, however, that cash is useful. It is 'real time', understandable (you know how much you have at any point), it's available, accessible and doesn't fail (there's no need for electricity or a charged battery), it provides certainty (and is therefore trusted) and there is a perception that it is 'free'. However, the use of cash alone does not allow for many of the benefits provided by bank accounts and digital payments. Benefits include allowing people to invest in their futures, allowing safe and effective transactions, management of financial risks and income shocks.

In taking lessons from programmes that were implemented in similar developing countries, South Africa needs to overcome six challenges in financial inclusion products:

- **Consumers' perception (and reality) of high transaction fees limits the usage of banking services. South African banking fees are four times higher than fees in Germany, Australia, and India, ostensibly due to the high operating costs of banks and combating cybercrime. Furthermore, only 24 % of adults with transaction accounts make more than three monthly transactions each month, with many preferring cash. The high transaction fees make banking unsustainable for low income consumers.**

- **Low-income consumers have a deep mistrust of the formal financial sector in the country. Consumers are worried about being exploited, due to their lack of financial literacy. A prominent example is social grant recipients being targeted by financial institutions for products (such as funeral cover and micro-loans) and recipients having costs automatically deducted from their accounts.**

- **Consumers' fear of fraud is a further challenge, as low-income consumers are wary of ATMs and mobile/ internet banking. This mistrust is one of the main reasons why cash is preferred.**

- **Lack of flexibility and a support structure are also perceived deficits in the formal banking sector. South Africans value trusted advisors and, as a result, more than 40% of South African households use 'stokvels' in which pooled group resources are drawn on in emergencies or on a rotational basis.**

- **The administrative requirements that the banking industry requires to access products, such as loans, create substantial barriers for people who do not have access to payslips or bank statements. In addition, delays in internal approvals are unduly restrictive for low-income consumers who often require the money on the same day.**

- **A significant amount of a business is conducted informally in South Africa, and informal economy participants are often prevented from accessing financial products due to their non-compliance with onerous, time-consuming, costly and often confusing registration processes.**

Enhancing GDP growth, reducing poverty, and creating new market opportunities for the private sector are imperative in the growth of our economy into an inclusive one, and these demand a more innovative approach to financial inclusion.

Government can assist with reducing the constraints of regulation, while financial institutions should collaborate with the public and private sector to create inclusive banking products and options, starting with easing the access requirements and promoting their trust and flexibility to low-income consumers.

FINANCIAL TECHNOLOGY AS A WAY TO CREATE FINANCIAL INCLUSION

Technology is the key for financial inclusion and is considered a game changer. In many countries, customers are entering the financial system through the internet.

Financial technology ('fintech') has proved effective in improving financial inclusion by catering for changing consumer demands.

With the fintech industry expanding worldwide, the industry is disrupting payments, wealth management, mobile banking, crypto currencies and blockchain, alternative financing, insurance, security and risk management, data analytics and financial trading. Private individuals are benefitting from new financial innovations, as are small businesses that are able to raise funds through alternative financing routes, such as crowdfunding and peer-to-peer lending.

South Africa has managed to position itself as one of the main fintech hubs in Africa, with a focus on remittance, payments services, alternative financing, and mobile banking.

Africa's unbanked rural population is the ideal target for fintech companies. Digital and technological solutions are playing a vital role in financial inclusion, by expanding access of financial services. Government and business should embrace these innovations to bridge the gap between them and to those excluded from the formal economy.

In South Africa, mobile penetration is significant at 87% – amongst the highest in the world. The opportunities are exponential for mobile and digital interfaces to access the unbanked market; connecting poor households to affordable and reliable financial products and tools. Mobile transactions are also time-saving, cheaper, and more convenient and can alleviate the need for people from rural areas having to walk long distances to get to a bank. In many cases the challenge of digital finance is infrastructure, but this is not the case in South Africa, which has one of the best telecommunications infrastructures on the continent. There is ample opportunity to expand the South African digital finance market.

However, there are certain criteria and technology requirements that need to be established in order to achieve financial inclusion in a country. To start, financial regulators should maintain pace with developments in the technological world, and reduce burdensome regulations. Recently, Vodacom was unsuccessful with implementing the mobile phone money transfer system, M-Pesa, in South Africa. Whilst one challenge was that many South Africans are unbanked, banking regulations proved tough and expensive to overcome.

Adaptation in line with global trends is required to maintain the safety and soundness of the financial system, and to minimise the gap between what market forces provide and what end users need, can afford, and actually want.

Many financial inclusion products rely on technology, such as mobile phone payments (like M-Pesa), which must be able to access unbanked villages and the rural population. However, in many cases, service providers have limited capacity . These issues are compounded by intermittent power supply and limited network connectivity in remote or rural areas, plus security-related issues resulting in fraud, which have the potential to undermine public confidence in the use of electronic payment products.

CONCLUSION

Sustainable financial inclusion has to address supply (specifically, what financial institutions supply) and demand, or what consumers want, with the overall environment. This entails balancing how the public and private sector support and facilitate financial services. As such, sustainable financial inclusion is built on sound regulation that facilitates innovative services and supportive infrastructure, such as mobile networks, point-of-sale devices and ATMs to effectively meet consumer needs – across the formal and informal sectors.

South Africa has a long way to go towards becoming a more financially inclusive society, and yet this should be viewed as an opportunity, not a source of discouragement.

In order to promote broad financial inclusion towards inclusive economic growth, financial institutions should consider adapting their business models to successfully provide services to the low-income segment of the population (whether in the formal or informal sector) to promote transactional banking. Financial inclusion cannot be achieved without government, too, taking a constructive role in loosening regulation, encouraging formal platform usage and promoting inclusion.

Including all economically active participants into the financial system can quantifiably improve household and national well-being, and contribute to our overall inclusive growth.

Our principle at IQbusiness is to grow people, grow business and grow Africa. We believe that a broad range of stakeholders needs to work together to determine the most appropriate way to improve financial inclusion and participation in the non-cash payments system.

It is critical that the modernisation of payments enables not only interoperability at a local, regional and international level, improved risk management, improved accessibility and enhanced operational efficiency and effectiveness; but that it allows for material improvement of ordinary South Africans' access to digital payments, irrespective of whether they're active in the formal or informal sector.

Business can support financial inclusion by:

- Lowering costs of access to financial services products (such as reducing bank charges).
- Adapting business practices and contractual requirements to allow easier participation by the informal economy – such as allowing informal hawkers to trade in busier shopping and trade areas, rather than simply relegating their enterprise to a quiet corner.
- Updating supply chain policies to include preferential supply (specifically pricing of goods and services) to informal economy participants.

Government can support financial inclusion by:

- Reducing the red-tape across multiple, disparate government entities when officially registering a business, to allow broader participation, especially by the informal economy.
- Ensuring that government supply chain policies allow for equitable access by informal traders to appropriate tenders.
- Targeting infrastructure and connectivity expansion programmes to enable consumers' digital experience to become less cash dependent.

OUR ACTION STEP

We will actively seek to responsibly procure relevant goods and services from the informal sector, and will challenge other businesses to do the same.

Conclusion

Demands for growth that positively impacts everyone in the economy is particularly notable in South Africa, where civil protests earlier this year illustrated how fed-up many South Africans are with the current government. The prevailing tendency of business to 'wait and see' needs to be replaced by positive steps to make South Africa a better, stronger economy, which requires government, business and civil society to work together in accomplishing this goal.

Inclusive growth must involve the absorption of South Africans into the labour force. Currently, South Africa is experiencing the highest unemployment rate since 2003, one of the biggest challenges severely hampering economic growth. Coupled with declining education standards, poorly run SOEs, missed opportunities to mentor entrepreneurs and growing enterprises, and a failure to open financial services beyond the formal sector, inclusive growth will remain elusive unless it is prioritised.

We intend to implement the following to achieve *Inclusive* GROWTH.co.za:

- Efficient, effective and Agile government: We have previously suggested that the NDP be run under Agile principles. We appreciate that this is a bold and untested offer. That's why we will offer government access to our Agility@IQbusiness capability – we will open up two places in every conduct of our Agile training for the next 12 months to government employees directly involved in executing the NDP.
- Education: We will not only improve our in-house training programmes, to expand opportunities for candidates to learn within their new work environment, but we will also undertake to expand our support for Partners for Possibility in FY18. And we will challenge other SA corporates to follow suit.
- Enterprise development: In the interests of transparency, IQbusiness will publish the full details of all our ESD partners on our website, and we will encourage other South African corporates to follow suit.
- State-Owned enterprises: IQbusiness will lead the campaign to compel SOEs to outsource internal audit.
- Financial inclusion: We will actively seek to responsibly procure relevant goods and services from the informal sector, and will challenge other businesses to do the same.

LIST OF EXPERTS INTERVIEWED

Ashraf Adam - Executive Director of Economic Development and Planning at the South African Local Government Administration
Ashraf Adam is currently the acting CEO of the Nelson Mandela Bay Development Agency, with over 20 years' experience in integrated economic, environmental and spatial planning. He is trained as a town and regional planner.

GG Alcock – Author of *Third World Child* and *Kasi Economics*
GG Alcock is founder, CEO and creative director of Minanawe Marketing, and author of *Third World Child* and *Kasi Econmics*. He is fluent in Zulu and conversant in many other South African ethnic languages. Alcock uses his unique skills, insights and experience to highlight and grow informal low-income mass markets in Africa.

Stacey Brewer – Co-founder and CEO of eAdvance and SPARK Schools
Stacey Brewer holds a Bachelor of Sciences Degree from Rhodes University and an MBA from the Gordon Institute of Business Science. It was during her MBA that she decided to focus on educational improvement. As co-founder and CEO of eAdvance and SPARK schools, she hopes to lead systemic change in education by demonstrating what is possible in South African education with high academic expectations and a sustainable financial model.

Adam Craker – CEO of IQbusiness
Adam Craker has 25 years' experience in the Technology Services, Consulting, Supply Chain, and Utility industries in South Africa, Europe, the USA and Asia. Of these, he has spent 13 years in group and executive director positions including COO of Super Group, Group Executive at Dimension Data, MD of Merchants (Pty) Ltd (MD), Associate Partner at Accenture and Market Analyst at British Gas. As CEO of IQbusiness, Craker engages with the clients and staff of the leading independent management consulting firm in South Africa.

Biase De Gregorio - Partner at IQbusiness and Agile Lead
Biase De Gregorio is the internal expert on the agility@IQBusiness capability since its inception. De Gregorio is a software engineer and trains many of IQbusiness's clients on Agile, as well as implementing it in client projects, having been with the company since 2000.

Ellen Gottesdiener – CEO of EBG Consulting and international expert on Agile
Ellen Gottesdiener is the CEO of EBG Consulting in the United States. The company focuses on product agility, and on helping technical and product teams collaborate around their products. Gottesdiener is a software developer and is an international expert on Agile. She has written three books on Agile.

Dr Sivi Gounden – Chairman of HolGoun Group
Dr Sivi Gounden is currently the chairman of the HolGoun Group. He was the Deputy Director General of Public Works (1995-1999) and former Director General of Public Enterprises (1999-2003). During his time in government, he listed Telkom SA on the Johannesburg and New York Stock Exchanges, and assisted in the development of the RDP and the first BEE codes. He is also the former CEO of Bateman.

Professor Jonathan Jansen – Former Rector and Vice-Chancellor of the University of the Free State (UFS)
Prof. Jonathan Jansen is a prominent author and speaker on educational matters around the world. Prof. Jansen is the former Rector and Vice-Chancellor of the University of the Free State (UFS). Amongst other acclaimed recognition, he is Honorary Professor of Education at the University of the Witwatersrand and, after leaving his position at UFS, took up an invitation as a Fellow at the Center for Advanced Studies at Stanford University in the United States. Prof. Jansen also serves as an Independent Non-Executive Director for Advtech Limited.

Shaun Liebenberg – CEO of IQ Capital (Ex-CEO of Denel)
Shaun Liebenberg is currently CEO of IQ Capital, a private investment and corporate advisory house. Liebenberg has led substantial restructuring, re-engineering and transformation strategies, and success at Grintek, a listed industrial group, led to the South African government contracting him to re-engineer the state-owned defence group, Denel. His involvement was the catalyst for Denel's successful journey from insolvency to a credible and financially restructured organisation.

Gail McMillan – Symphonia, Partners for Possibility
Gail McMillan is a report writer and copy editor at Symphonia for South Africa. She has led the operational, coaching and events management teams in the Western Cape to ensure the smooth running of the Partners for Possibility operations in the region, including the robust implementation of PfP's monitoring and evaluating system.

Gwen Ngwenya – COO of the South African Institute of Race Relations (SAIRR)
Gwen Ngwenya's background includes working in competition economics and financial markets in India and the United Kingdom, which enables her to lend a global perspective to South Africa's domestic strengths and challenges. Ngwenya's interest lies in helping businesses, public institutions, foreign embassies and many other organisations understand how South Africa's political economy impacts their operations, and, in that climate, how to position themselves for success. Previous positions include: Group Audit Committee Member at the City of Johannesburg, Relationship Manager at Bloomberg LP, and World Bank Youth Partner.

Nicky Newton-King – CEO of the Johannesburg Stock Exchange (JSE)
Nicola Newton-King also serves as a member of the Financial Markets Advisory Board. Newton-King previously served as Deputy CEO of the Johannesburg Stock Exchange. Newton-King was one of three South Africans named as 100 Global Leaders for Tomorrow by the World Economic Forum and in 2003, was awarded Business Woman of the Year in South Africa. In 2006, Newton-King was selected as a Yale World Fellow.

Louise van Rhyn – Founder and CEO of Symphonia and Partners for Possibility (PfP)
Louise van Rhyn has a doctoral degree in organisational change, and 25 years' experience as a change practitioner with a focus on large scale change in complex social systems. Van Rhyn has worked with diverse local and global organisations, across all sectors, in many countries. At heart, she is an education change activist and, through Partners for Possibility, she aims to strengthen the leadership capacity in South African schools.

Corrie Verburg – Commercial and Financial Officer at IQbusiness
Corrie Verburg is the Commercial and Financial Officer at IQbusiness. In this role, he is responsible for all legal engagements with clients and suppliers, as well as the company's Black Economic Empowerment Strategy and implementation. He is also Trustee and Principal Officer of the IQbusiness Pension Fund and the Public Officer of IQbusiness and its subsidiaries. Verburg's other positions include: Director - IQ Group Holdings Proprietary Limited, Director - IQ Management Holdings Proprietary Limited, Trustee - IQ Management Trust and Director (Non-Executive) - NPI Governance Consulting Proprietary Limited. Previously, he was the Group Financial Manager and Commercial Manager of the IQ Business Group respectively and Financial Director at Glenrand MIB.

Dr Robyn Whittaker – Symphonia, Partners for Possibility
Dr Robyn Whittaker has been in practice as a family doctor for 15 years. She has become increasingly aware of the function of schools as the centre of the greater community, and regards education as our greatest tool for unlocking the potential of individuals and our nation. Through PfP, she hopes to realise a long-held dream of being a part of a system that transforms education through love played out with passion.

Anthony Wilson-Prangley – Lecturer at the Gordon Institute of Business Science (GIBS)
Anthony Wilson-Prangley is a lecturer at GIBS in the area of leading social change, with an emphasis on the dynamics of leadership, human behaviour, diversity, and change. Furthermore, he specializes in public-private partnerships. Wilson-Prangley helped build the Centre for Leadership and Dialogue. He also consults on public change initiatives and social change projects initiated by business, government, and the NPO sector.

CONSOLIDATED SOURCE LIST

- Accenture (2016) Billion Reasons to Bank Inclusively.
- Adam, A. (2017, May 24). Inclusive growth and NDP. (K. Pillay, Interviewer)
- ANC. (2012). Economic Transformation: Policy discussion on state owned entities and development finance institutions.
- Balakrishnan, R., Steinberg, C., & Syed, M. (2013). The elusive quest for inclusive growth: growth, poverty, and inequality in Asia. International Monetary Fund. Retrieved from https://www.researchgate.net/profile/Ravi_Balakrishnan/publication/259911776_The_Elusive_Quest_for_Inclusive_Growth_Growth_Poverty_and_Inequality_in_Asia/links/0f31752e820fa869e0000000.pdf
- Bernstein, A (Business Day, 17 August 2017) Millions of unemployed youth need sweeping structural transformation. Retrieved from https://www.businesslive.co.za/bd/opinion/2017-08-17-millions-of-unemployed-youths-need-sweeping-structural-transformation/
- Brown, J. (2017). Inclusive growth is radical. Retrieved June 22, 2017, from Fin24: http://www.fin24.com/Economy/inclusive-growth-is-radical-20170428
- Bruton, G., Peng, M., Ahlstrom, D., Stan, C., & Xu, K. (2015). State-Owned enterprises around teh world as hybrid organisations. The Academy of Management Perspectives, 29(1), 92 - 114.
- Business Day. (2016, December 25). State-owned enterprises not for sale, says Brown. Retrieved from https://www.businesslive.co.za/bd/national/2016-12-25-state-owned-enterprises-not-for-sale-says-brown/
- Business Day. (2016, December 25). State-owned enterprises not for sale, says Brown. Retrieved from https://www.businesslive.co.za/bd/national/2016-12-25-state-owned-enterprises-not-for-sale-says-brown/
- BusinessTech. (2017, July 14). Gigaba's 14-point plan won't get South Africa out of junk: analyst. Retrieved August 10, 2017, from BusinessTech: https://businesstech.co.za/news/business/185183/gigabas-14-point-plan-wont-get-south-africa-out-of-junk-analyst/
- Bush, T. et al (2011) Preparing new principals in South Africa: the ACE: School Leadership Program, South African Journal of Education Vol 31
- Cahen, F. (2015). Internationalisation of state-owned enterprises through foreign direct investment. 55(6), 645 - 659.
- cPrime. (n.d.). What is agile? What is scrum? Retrieved June 23, 2017, from cPrime: https://www.cprime.com/resources/what-is-agile-what-is-scrum/
- Dawood, Z. (2017, July 18). Piper playing to an empty house: Gigaba's 14-point plan won't save SA. Retrieved August 10, 2017, from BizNews: http://www.biznews.com/thought-leaders/2017/07/18/gigaba-14-point-plan/
- De Gregorio, B. (2017, May 23). Agile and its application.
- Denins, A. (2016). The most important aspects of corporate governance in State-Owned Enterprises. Regional Review, 26 - 65.
- Diginomica. (2014). UK government is spending millions on agile development coaching and training. Retrieved May 18, 2017, from Diginomica: http://diginomica.com/2014/04/22/uk-government-spending-millions-agile-development-coaching-training/
- eduScrum. (2017). About eduScrum. Retrieved June 23, 2017, from eduScrum: http://eduscrum.nl/en/about-eduscrum
- eNCA. (2017). Radebe, Manuel at odds over National Development Plan. Retrieved May 19, 2017, from eNCA: https://www.enca.com/south-africa/radebe-manuel-at-odds-over-development-plan
- Fin24. (2016, June 20). Presidency reports on progress with 9-point plan. Retrieved August 10, 2017, from Fine24: http://www.fin24.com/Economy/presidency-reports-on-progress-with-9-point-plan-20160620
- Fioramonti, P. L. (2017, June 19). South African (and the world) can succeed without economic growth. (B. Whitfield, Interviewer) 702. Retrieved June 21, 2017, from 702: http://www.702.co.za/articles/261012/south-africa-and-the-world-can-succeed-without-economic-growth
- Fourie, D. (2014). The role of Public Sector Enterprises in the South African Economy. African Journal of Public Affairs, 7(1), 30 - 40.
- Frye, I. (2016). A national minimum wage is a powerful tool to break the poverty cycle. Retrieved June 21, 2017, from Mail & Guardian: https://mg.co.za/article/2016-12-12-00-a-national-minimum-wage-is-a-powerful-tool-to-break-the-poverty-cycle
- Gottesdiener, E. (2017, June 15). Agile and government. (K. Pillay, Interviewer)
- Gounden, S. (2017).
- Gounden, S. (2017, May 12). Inclusive growth and enterprise development. (K. Cole, & E. George, Interviewers)
- Hausmann, R. (2017). Is South Africa about to make a historic mistake. CDE Insight.
- Huat, C. B. (2016). State-owned enterprises, state capitalism and social didstribution in Singapore. The Pacific Review, 29(4), 499-521.
- HuffPostSA. 2017. New Hope For The Education Crisis: Professionals Collaborating On New Student Funding Plan. Huffington Post. Online: http://www.huffingtonpost.co.za/2017/02/08/new-hope-for-the-education-crisis-professionals-collaborating-o_a_21709713/
- IQ Business. (n.d.). Agility. Retrieved June 23, 2017, from IQ Business: http://www.iqbusiness.net/offering/agile/
- IT Canada. (2017). Agile method recommended for government organisations. Retrieved May 18, 2017, from IT Canada: http://www.canadait.com/index.php/c-level-insight/cloud/2044-agile-method-recommended-for-government-organizations
- Jensen. (2013). The Five Critical Steps for Turnaround Schools, Grattan Institute (www.alliance21.org.au/.../Jensen_Alliance-21-Education-Innovation.pdf)
- Kloviene, R., & Gimzauskiene, E. (2016). Pecularities of performance measurement in state-owned enterprises. Journal for Public & Non-profit Services, 188 - 199.

- Koch, S. (2016, January 22). Professor of Economics. (A. Makholwa, Interviewer)
- Leibbrandt, M., & Green, P. (2017). REDI3x3 conference: Policies for inclusive growth. Retrieved June 22, 2017, from Econ3x3: http://www.econ3x3.org/article/redi3x3-conference-policies-inclusive-growth
- Lehohla, P. 2017. Speech to government: Educational Enrolment and Achievement.
- Le Roux, I.-M. (2017, July 20). Fitch raises red flags over Gigaba's 14-point plan. Retrieved August 10, 2017, from EWN: http://ewn.co.za/2017/07/20/fitch-raises-red-flags-over-gigaba-s-14-point-plan
- Liebenberg, S. (2017, June 29). CEO of IQ Capital and ex-CEO of Denel.
- Linders, B. (2013). Scrum for Education - Experiences from eduScrum and Blueprint Education. Retrieved June 23, 2017, from InfoQ: https://www.infoq.com/articles/scrum-education
- Makuyana, G., & Odhiambo, N. (2016). A review of Public and Private Investment in South Africa. Jounal of Global Analysis, 6(2), 142 - 155.
- Mail & Guardian. (2016, June 20). Presidency reports on progress with 9-point plan. Retrieved August 10, 2017, from Mail & Guardian: https://mg.co.za/article/2016-06-20-presidency-reports-on-progress-with-9-point-plan
- Maritz, J. (2012). 'Africa rising': TIME magazine agrees with The Economist. Retrieved June 22, 2017, from How we made it in Africa: https://www.howwemadeitinafrica.com/africa-rising-time-runs-with-same-title-as-now-famous-the-economist-cover/
- McGregor, L., & Routledge, N. M. (2014). University of Stellenbosch Business School. Retrieved from http://www.usb.ac.za/Shared%20Documents/Can%20State%20Owned%20Companies%20succeed.pdf
- Mchunu, S. (2016, September 5). Outlook gloomy as infrastructure spend falls short. Retrieved from http://www.iol.co.za/business-report/economy/outlook-gloomy-as-infrastructure-spend-falls-short-2064399
- Mueller, T., Harvey, D., Sheikh, A., & Johnson, S. (2015). Making agile work in government. The MITRE Corporation. Retrieved from https://www.mitre.org/sites/default/files/publications/pr-15-0045-making-agile-work-in-government.pdf
- My Broadband. (2016, October 26). How state-owned companies are sucking South Africa dry. Retrieved from https://businesstech.co.za/news/government/141411/how-state-owned-companies-are-sucking-south-africa-dry/
- Mtshali, Samkelo. 2016. Nxasana ventures into private education with a new company. IOL Africa. online: https://www.iol.co.za/dailynews/opinion/nxasana-ventures-into-private-education-with-a-new-company-2041510
- National Mentorship Movement. Unleashing South Africa's Human Capital Through Mentorship. Retrieved 15 August, 2017, from http://mentorshipmovement.co.za/
- National Planning Commission. (2011). Diagnostic Report. Retrieved April 10, 2016, from National Planning Commission: https://nationalplanningcommission.wordpress.com/the-work-of-the-commission-2/
- National Treasury. (2015, April 30). Public institutions listed in PFMA schedule 1,2,3A,3B,3C and 3D. Retrieved from http://www.treasury.gov.za/legislation/pfma/public%20entities/2015-04-30%20Public%20institutions%20Sch%201-3D.pdf
- National Treasury. (2017). Transformation for inclusive growth. Retrieved June 22, 2017, from National Treasury: http://www.treasury.gov.za/documents/national%20budget/2017/review/Chapter%201.pdf
- National Treasury. (n.d.). Growth, employment and redistribution: A macroeconomic strategy. Retrieved from http://www.treasury.gov.za/publications/other/gear/chapters.pdf
- Ngwenya, G. (2017, June 5). What is inclusive growth? (K. Pillay, Interviewer)
- Nicolson, G., & Lepodise, O. (2017, July 13). Daily Maverick. Retrieved August 10, 2017, from SA INC: Gigaba releases grand plan for SA economy: https://www.dailymaverick.co.za/article/2017-07-13-gigaba-releases-grand-plan-for-sa-economy/#.WYwnK1UjHIU OECD. (2015). OECD Guidelines on Corporate Governance of State-Owned Enterprises. Retrieved from http://www.oecd-ilibrary.org/governance/oecd-guidelines-on-corporate-governance-of-state-owned-enterprises-2015_9789264244160-en
- OECD. (2015). Real GDP forecast. Retrieved June 24, 2017, from OECD: https://data.oecd.org/gdp/real-gdp-forecast.htm
- OECD. (2015, July). South Africa Policy Brief. Retrieved from https://www.oecd.org/corporate/south-africa-state-owned-enterprise-reform.pdf
- OECD. (n.d.). Inclusive growth. Retrieved May 2, 2017, from OECD: http://www.oecd.org/inclusive-growth/http://www.oecd.org/inclusive-growth/
- OECD (2015), Universal Basic Skills: What Countries Stand to Gain, OECD Publishing. Online: http://dx.doi.org/10.1787/9789264234833-en
- Oxfam. (2014). Mind the gap. Oxfam. Retrieved from http://www.oxfam.org.za/downloads/research/South-Africa-Mind-the-Gap_-Minimum-Wage.pdf
- Oxfam. (2016). The time is now. Oxfam. Retrieved from http://www.oxfam.org.za/downloads/policies/bp-time-is-now-human-economy-africa-100516-en_0.pdf
- Oxfam. (2017). An economy for the 99%. Oxfam. Retrieved from https://www.oxfam.org/sites/www.oxfam.org/files/file_attachments/

bp-economy-for-99-percent-160117-en.pdf
- Pahuja, S. (2014). US Department of Defense (DoD) is going agile. Retrieved June 24, 2017, from InfoQ: https://www.infoq.com/news/2014/05/DoD_agile
- Paton, C. (2017). Capitalism in need of a new morality with growth in populasm. Retrieved June 22, 2017, from Business Day: https://www.businesslive.co.za/bd/opinion/columnists/2017-05-16-carol-paton-capitalism-in-need-of-a-new-morality-with-growth-in-populism/
- PMI Washington DC. (n.d.). Can government projects be "agile"? Retrieved May 18, 2017, from PMI Washington DC: https://www.pmiwdc.org/article/michelle-labrosse-pmp-ceo-cheetah-learning-llc-pmi-rep%C2%AE-and-megan-alpine-ccpm-co-author/can-
- PwC. (2017). The long view How will the global economic order change by 2050? PwC. Retrieved from http://www.pwc.com/gx/en/world-2050/assets/pwc-the-world-in-2050-full-report-feb-2017.pdf
- Partners for Possibility. (2016). Group report 2015 - 2015.
- Peyper, L Zuma 'clueless' about his 9-point plan - DA
- PfP Overview. (2017). An innovative solution to South Africa's education crisis.
- Potberg (2014) Factors contributing to school effectiveness in a disadvantaged community in the Western Cape: A case study, PhD Thesis, Cape Peninsula University of Technology. http://digitalknowledge.cput.ac.za/jspui/bitstream/11189/2434/1/204218926_potberg_c_ded_2014.pdf
- Ramaphosa, C. (2017). Op-Ed: Unpacking radical economic transformation. Retrieved June 21, 2017, from Daily Maverick: https://www.dailymaverick.co.za/article/2017-06-20-op-ed-unpacking-radical-economic-transformation/?utm_medium=email&utm_campaign=First+Thing+21st+June+Guptas+Republic&utm_content=First+Thing+21st+-June+Guptas+Republic+CID_a0cbab28aa735e62c80283950a6859d1&
- SabinetLaw. (2010). State Owned Enterprises are "Vehicles for Socio-Economic Development".
- Social Progress Imperative. (2017). 2017 Social Progress Index. Retrieved June 21, 2017, from Social Progress Imperative: http://www.socialprogressindex.com/?tab=2&code=ZAF
- Soko, M. (2017). ANC transformation plan vague on strategies to boost economy - Soko. Retrieved June 21, 2017, from Fin24: http://www.fin24.com/Opinion/mills-soko-anc-transformation-plan-vague-on-strategies-to-boost-economy-20170509
- South African government. (1994). The Reconstruction and Development Programme (RDP). SA History. Retrieved from http://www.sahistory.org.za/sites/default/files/the_reconstruction_and_development_programm_1994.pdf
- South African Government. (2012). Policy discussion paper on state owned entities and development finance institutions. Economic Transformation.
- South African Government. (2016). National Development Plan 2030. Retrieved May 19, 2017, from South African Government: http://www.gov.za/speeches/national-development-plan-2030-31-aug-2016-0000
- South African History Online. (2014). South Africa - First 20 Years of Democracy (1994 - 2014). Retrieved June 23, 2017, from South African History Online: http://www.sahistory.org.za/article/south-africa%E2%80%99s-key-economic-policies-changes-1994-2013
- South African Reserve Bank. (n.d.). Economic Growth. Retrieved June 22, 2017, from South African Reserve Bank: http://www2.resbank.co.za/internet/Glossary.nsf/0/09ab80444e744aa342256b43002ef621?OpenDocument
- Stiglitz, J. (2016). An agenda for sustainable and inclusive growth for emerging markets. Journal of Policy Modeling. doi:http://dx.doi.org/doi:10.1016/j.jpolmod.2016.05.012
- Sutherland, J. (2012). Scrum: The future for Education? Retrieved June 23, 2017, from scruminc. : https://www.scruminc.com/scrum-future-for-education-2/
- Skade, Thandi. (2016). Future Nation Schools: How Nxasana is sculpting leaders of the future. Destiny Man. online: http://www.destinyman.com/2016/07/06/future-nation-school-sculpting-leaders-future/
- SPARK. (2017). What Makes Us Unique.-eAdvance - Spark Education. (Online) https://www.sparkschools.co.za/what-makes-us-unique/our-model/
- Statistics South Africa. (2017). Education Series Volume III: Educational Enrolment and Achievement, 2016. Statistician-General PJ Lehohla.
- Temkin, S. (2016). Skills gap is hampering businesses' recruitment efforts. PWC. (Online)
  - http://www.pwc.co.za/en/press-room/talent-skills-gap.html
- The Economist. (2017). South Africa has one of the world's worst education systems. The Economist Group Limited.
- The Economist. (2011). Africa rising. Retrieved June 22, 2017, from The Economist: http://www.economist.com/node/21541015
- Tralac. (2017). World Economic Forum on Africa 2017: Achieving inclusive growth. Retrieved June 22, 2017, from Tralac: https://www.tralac.org/news/article/11554-world-economic-forum-on-africa-2017-achieving-inclusive-growth.html
- Transparency International. (2017). South Africa. Retrieved June 23, 2017, from Transparency International: https://www.transparency.org/country/ZAF
- Turner, A. (2015). Building better civil solutions with agile government. Retrieved May 18, 2017, from Esri: https://blogs.esri.com/esri/esri-insider/2015/09/30/building-better-civil-solutions-with-agile-government/
- UNCTAD, 2017. World Investment Report. [Online] Available at: http://unctad.org/en/PublicationsLibrary/wir2017_en.pdf
- Wilson-Prangley, A. (2017, May 3). Collaborations between business and government. (K. Pillay, Interviewer)
- World Bank. (2017). World Bank Development Indicators. Retrieved May 8, 2017, from World Bank: http://databank.worldbank.org/data/reports.aspx?source=world-development-indicators

About IQbusiness

IQbusiness is the leading independent management consulting firm in South Africa, helping clients overcome their business challenges and achieve better results. Since 1998, we have been enabling banks, insurance companies, retailers and others to take their products to market faster, improve customer satisfaction, upskill teams, eliminate waste and strengthen governance and compliance.

Drawing on our core strengths - consulting, research and contracting - we solve clients' problems by providing innovative, faster and more cost-effective services and solutions, backed by teams with real expertise and experience.

Although proudly South African, our perspective is international through the experience of our people, our clients and our business partners. IQbusiness is privately owned and fully empowered with a level 4 B-BBEE certification.

Contact us

Johannesburg
IQbusiness Park, 3, Third Avenue, Rivonia,
Gauteng, South Africa
T: +27 11 259 4000
F: +27 11 259 4111
E: info@iqbusiness.net

Cape Town
The Vineyards Office Estate, 99 Jip de Jager, Welgemoed,
Cape Town, South Africa
T: +27 21 461 9797
F: +27 21 461 9794

www.iqbusiness.net