



## **Advice Ecosystems for Business and Inclusion in South Asia**

### **Findings and Recommendations**

#### *Introduction*

These findings are drawn from a workshop held at Hotel Renuka, Colombo, on 12 June 2023, as part of the research project on 'Ethnographic Solutions to Inequalities in South Asian Advicescapes', funded by the LSE's International Inequalities Institute, as part of its Atlantic Equities Challenge fund. The meeting was organised jointly by the Centre for a Smart Future and the research team.

The morning session was attended by twelve people who were engaged in seeking business advice, mainly those from Seevalipura, a low-income neighbourhood in Colombo. The afternoon session was attended by nine business advice givers from a range of institutions associated with Divisional Secretariat (Thimbirigasyaya) and the Small Enterprise Development Division, including a development bank and a development donor. A full list of participants can be found in Annex 1.

#### *Main findings*

- In theory, a wide range of public and private advice providing institutions exist, but from the point of view of many advice seekers, the advice ecosystem does not work well since it is supply-driven rather than user-focused.
- Most advice tends to be offered in the institution's offices, which is typically far away from where advice seekers live, making it hard to access.
- People face significant opportunity costs navigating an uncertain landscape of advice – in terms of working hours lost and childcare.
- Social stigma can sometimes make people feel reluctant to seek advice when a small business was in trouble, since this would necessarily involve discussing difficult personal circumstances such as debt. This also disincentives peer support and experience sharing.

- Advice providers dislike what some perceive as unrealistic and somewhat arbitrary targets that they are sometimes required to meet, along with the fact that there tends to be more emphasis on finance and loans than advice itself.
- The delivery of advice is improved by people seeking timely advice, better matching of advice with specific needs, by the growing use of technology, and by improving the relatively low levels of data currently collected by finance providers about small businesses.
- Workshop discussions led to a set of principles for improving advice:

#### *Principles of good advice*

1. *Being heard*: advice users want to feel that their voices are being listened to, that they are being understood, and that their particular situation is recognised.
2. *Sensitivity to difference*: people want to feel that their specific kind of business is being paid attention to, and with a sensitivity to the ways in which people learn and understand.
3. *Meeting people where they are*: government and other business advisers can learn more about needs if they visit business owners in situ, rather than have them come to their office. This also gives more understanding where they are in terms of the business life-cycle.
4. *Recognising shared experience*: opportunities can be created for advice to be exchanged in group settings through peer learning, rather than just in terms of the top-down provision of expertise.
5. *Keeping advice continuous and personal*: a key lesson from the Covid-19 lockdown was that social media and other technology can be used to connect advice providers and receivers, so that people do not feel isolated or abandoned.
6. *Being honest*: the idea that sometimes business advice needs to be critical, recognising that not everyone is suitable to be an entrepreneur, and not every business idea being likely to succeed.
7. *Building and maintaining skills*: the most effective advisers are trained to build good interpersonal skills for dealing with clients, keep up to date with knowledge, and build motivation.
8. *Creating trust*: trust is essential in successful advice relationships. An advice source is more likely to be recommended by someone who has had a good experience, or by a person who is already running a successful business. Individuals build trust rather than organizations, and advisers need to 'click' quickly with clients if they are to succeed.

9. *Communicating through multiple modes*: in addition to using technology, it is important to make sure printed materials and online services are made to work together.
10. *A more active use of referrals*: advice givers can be proactive in referring advice seekers to other relevant institutions and services apart from their own, and pointing users in the right direction, explaining to them the advice institutional landscape.

#### *Recommendations for building and improving advice relationships*

The following are recommendations that emerged from the discussion:

- Review and reduce the use of numerical targets of how many 'clients' advisers need to meet or how many enterprises need to be onboarded annually, in favour of a deeper and sustained engagement with fewer business owners over a longer time period.
- Reduce formalities and red tape needed to engage with government officials involved in business support.
- Encouraging advice seekers to come for advice earlier than at times of crisis - when it might be too late for advice to play a useful role.
- Provide a clearer map of the different kinds of advice services that are available to improve efficiency and avoid duplication.

## **Annex 1: Participant List**

### Morning

1. Pushpa, bookshop owner
2. Shiran, Berty Stores groceries
3. Chamila, Vegetable business
4. H. K. Dharmalatha, food business
5. Jayantha
6. Nilanthi, spices business
7. Chathurika Sandamali
8. Chammika
9. Shamalee
10. Anurudda Heenatigala, herbal tea bag business
11. Hashani Fernando, clothing business
12. Small Business Development Officer, Thimbirigasyaya Divisional Secretariat

### Afternoon

1. Mr. Hemal Lokugegana, Sanasa Development Bank plc
2. Mr. Rajesh Kanna, Berendina Micro Investment Company
3. Ms. Buddhika Gunasekera, GiZ
4. Ms. H.U.M.R.W Biyanwila, Small Enterprises Development Division
5. Miss. M.W.M Abeykoon, Small Enterprises Development Division
6. Ms. Dhammika Wickramasinghe, Assistant Divisional Secretary, Divisional Secretariat (Thimbirigasyaya)
7. Mr. Buddika Lakmal, Director, Ministry of Industries, Small and Medium Enterprise Development
8. Small Business Development Officer, Divisional Secretariat (Thimbirigasyaya)
9. Vidatha Officer, Divisional Secretariat (Thimbirigasyaya)