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# **BOTSWANA CONFEDERATION OF COMMERCE, INDUSTRY AND MANPOWER**

## **INDUSTRY SURVEY 1994**

### **REPORT ON MAJOR FINDINGS**

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A special thanks goes to all the companies that willingly gave their time, data and information. Without this information it would not have been possible to produce a report with such a wealth of information. We hope that these companies will find the report useful. We trust that the report will demonstrate to the private sector as a whole the importance of surveys of this nature, and that it encourages more companies to respond to our future surveys. Improving coverage will definitely have a big impact on the precision of the analysis and the quality of the report, and therefore will benefit the end user of the product.

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We would appreciate receiving comments from readers of this report on any aspect of it and suggestions on how the report can be improved in the future. We intend undertaking this survey every two years and we hope that private business will support us as it did in last year's survey.

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## EXECUTIVE SUMMARY

Over the three month period of August through October 1994, the Botswana Confederation of Commerce, Industry, and Manpower (BOCCIM) conducted an in-depth survey of Botswana industry.<sup>1</sup> This report presents the results of that survey.

The survey collected detailed data from 161 firms on enterprise employment, production costs, input sources, major difficulties, and expectations. The data are for three years: 1992 through 1994. The firms in the sample were selected from two populations -- BOCCIM members and firms that do not belong to BOCCIM -- through multiple stratified random samples with a built-in control selection procedure. The final sample distribution shows good fit with estimates by the Central Statistics Office of the sectoral distribution of the formal private sector. The final sample is biased towards BOCCIM membership and, with a median firm size of 12 employees, is also biased towards the larger firms in the private sector. The breadth and depth of data collected on the sample firms should, nonetheless, allow a better understanding of tendencies in the Botswana business sector than has been possible through standard government data collection efforts. Errors in analysis or interpretation are the responsibility of BOCCIM.

## MAJOR FINDINGS

### Enterprise Creation

1. Over the past decade, citizens have branched out into manufacturing and finance and business services from an initial heavy focus on commercial activities. Citizen investment in the sample surged to 57% of firm start-ups during the 1985-1991 period, but has since fallen off sharply. Since 1992, it has accounted for just 36% of new firm starts.
2. Joint ventures were 18% of new starts in 1985-1991, jumping to 36% of sample firms started since 1992. Foreign investments have increased from 25% to 28%. Firms with foreign ownership are fairly broadly distributed throughout the industrial sector.
3. Since 1992, investment in the Finance and Business Services sector has surged. More than one-third of business services firms surveyed report a start date of 1992 or later.
4. Also since 1992, investment has been concentrated in Gaborone. 62% of firms started since 1992 are in Botswana's capital. During the 1985-1991 period, only 34% of firms started were in Gaborone. It appears that incentives to invest outside of Gaborone were effective from the mid-1980s up until the recession hit.

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<sup>1</sup> In this report, the 'industrial sector' signifies all formal private and parastatal activities. In the text below, activities are classified into categories according to the standard industrial classifications used by the Central Statistics Office.

## **Employment**

1. Between 1992 and 1994, non-mining employment in the sample firms fell by 2.8%.
2. The decrease in employment was greatest in the Construction sector (job loss was concentrated between 1993 and 1994) and in the Building Materials firms of the Manufacturing sector.
3. Firms with declining employment between 1992 and 1994 were, on average, older than firms with increasing employment. The majority of exporters increased employment by more than 5%.
4. Despite a decade of intensive government effort, manufacturing remains a relatively modest source of employment in Botswana. Firms in the Mining sector, as well as some types of service sector firms, such as banks and hotels, are greater sources of employment per firm. Overall, the Building Construction and Retail Sales sub-sectors employ the most people.
5. Although they depend more upon foreign labour than do citizen-owned firms, joint ventures and foreign-owned firms also create more jobs for citizens as they are, on average, larger than citizen-owned firms.
6. Women were 41% of the non-mining workforce in the sample. The sub-sectors in which their share of the workforce was highest were Textiles and Hotels. Women made up only a small part of the workforces in the mines and in construction firms.

## **Wages**

1. The highest average annual wages were found in the Mining sector, where they averaged P28,600 per employee in 1994. The lowest average annual wages per employee were reported in Agriculture (P7,100), Manufacturing (P8,400), and Wholesale and Retail Trade (P9,800).
2. The average annual wage per employee (all categories combined) in Gaborone in 1994 was P15,900, as compared to P11,500 in other urban areas, and P7,900 in peri-urban and rural areas.
3. Foreign-owned firms and joint ventures pay markedly higher wages, on average, than do citizen-owned firms. Wages in citizen-owned firms average just 70-75% of those in firms with some foreign ownership.
4. Older firms have a higher wage structure than do firms started since 1985.
5. Firms in which female employment exceeds 70% show wages averaging 57% of those for the rest of the sample.
6. Firms in which non-citizen employment exceeds 33% of total employment show annual wages averaging twice those for the rest of the sample.
7. Since 1992, real annual wages per employee have decreased by 6.3% on average.

### **Financial Assistance Policy**

1. Beneficiaries of the Financial Assistance Policy (FAP) are most often citizens.
2. The FAP is achieving its goal of creating employment for unskilled workers. The FAP firms sampled appear to over-staff at the lower echelons of the workforce. Annual value added per employee -- a proxy for labour productivity -- is exceedingly low in the firms that have received FAP benefits, averaging P13,200 or roughly one-fifth the average for manufacturers that have not participated in the FAP.
3. Even after small scale FAP beneficiaries are excluded, FAP manufacturers are less than half as likely as non-FAP firms to export.

### **Labour Productivity**

1. Average value added per employee is highest in foreign-owned firms, at P75,000 per employee per year (as compared to P52,100 for joint ventures and P23,100 for citizen-owned firms). The difference is not explained by average wage levels, but could indicate better management or more intensive use of capital .
2. Value added per employee is highest in Mining, followed by the Transport and the Finance and Business Services sectors, averaging P312,200, P105,600 and P70,000, respectively. It is lowest in the formal Agriculture sector where it averages P 9,500.
3. Firms with value added per employee above the median were older, on average, than other firms.

### **Sales/Exports**

1. Median sales per firm in the sample were just P670,000 in 1994. Average sales per firm were five times that level.
2. Joint ventures show an average sales level that is higher than that in other firms.
3. 16% of the sampled firms export, including 25% of manufacturers. 62% of firms that export are selling to South Africa. Zimbabwe and Zambia are the next most important markets.
4. Firms with some foreign ownership are nearly three times more likely to export than are citizen-owned firms. 77% of exporters in the sample had some foreign ownership. Overall, 22% of firms with foreign ownership export, as compared to 8% of citizen-owned firms.
5. During this recession, exporters have been a better source of new employment than have firms that do not export. 55% of exporters were able to increase their employment between 1992 and 1994, as compared to 33% of the rest of the sample.

### **Costs of Production**

1. Wages average 29% of the cost of production for Botswana manufacturers, as compared to 19% in Rwanda and 17% in Morocco.
2. Energy averages 2.7% of the cost of production for the sample as a whole. The average is 3.8% for manufacturers, and rises above 5% for 14 of the sample firms.
3. Postage and telecommunications charges average 3.5% of the costs of production for the sample as a whole and more than 6% in the Transport and Finance and Business Services sectors. Nine of the sample firms show postage and telecommunications charges exceeding 10% of their costs of production.

### **Major Problems**

1. The three leading problems cited by the sample firms were the poor performance of the economy, low labour productivity, and high utility costs.
2. Unproductive labour was most often cited as a major problem by firms with foreign ownership.
3. Firms outside of Gaborone cited the low quality of labour as a constraint.
4. Access to finance was cited as a critical constraint by 31% of citizen-owned firms and only 10% of firms with some foreign ownership.

### **Expectations**

1. Business expectations for 1994/1995 are not optimistic. 28% of firms surveyed expect to see a drop in sales this year.
2. The Construction sector is the most pessimistic. 48% of firms surveyed expect to see their sales fall this year and 40% expect to lay off workers.
3. Firms in Manufacturing and in Finance and Business Services are more likely to expect to see increases in sales and employment than are firms in Construction and Wholesale and Retail Trade.
4. Younger firms are more likely than older firms to expect rising sales and employment.

## **OUTLINE OF THE MAIN REPORT**

The main survey report is organised into six chapters. Chapter 1 introduces the study and reviews the survey methodology and the structure of the final sample. Chapter 2 reviews the major findings of the study. Chapters 3 through 6 provide more detailed analysis of four key sectors: Manufacturing, Construction, Wholesale and Retail Trade, and Finance and Business Services.

Annex A is the survey questionnaire. Annex B is a series of detailed data tables on sample characteristics. Annex C contains detailed data tables on wages, employment, value added per employee, and sales. Annex D summarises the expectations data collected in the survey.

# CHAPTER 1

## BACKGROUND, METHODOLOGY AND SAMPLE STRUCTURE

This report presents the findings of a survey of Botswana's industrial sector.<sup>1</sup> The survey was sponsored by the Botswana Confederation of Commerce, Industry and Manpower (BOCCIM) and conducted over the period August through October 1994. This chapter reviews the motivation for the study, the survey methodology, and the final sample structure. Subsequent chapters will present major findings, and then detailed data on the Manufacturing, Construction, Wholesale and Retail, and Finance and Business Services sectors.<sup>2</sup>

### MOTIVATION FOR THE STUDY

1995 is slated to set the stage for the next phase of industrial development in Botswana. The Government of Botswana has undertaken reviews of the Financial Assistance Policy, the Local Preference Scheme, the Citizen Reservation Policy, the feasibility of Botswana as a financial services centre, and other programmes. The outcomes of these reviews are destined to be incorporated into a White Paper on Industrial Development. BOCCIM believes it is important during this time of reflection and development of next steps for industrial development policy that public and private officials have a clear understanding of the state of industry in Botswana.

There are few sources of detailed enterprise-level data available in Botswana. The Ministry of Commerce and Industry (MCI) and the Central Statistics Office (CSO) are the two main Government agencies collecting firm-level data. With the exception of periodic censuses, the Government of Botswana generally collects data intended only for narrow purposes. For instance, MCI has a good database on local manufacturers as a result of its registry activities and its programmes such as the Financial Assistance Policy and the Local Preference Scheme. The CSO monitors the number of firms and employment (by gender, by location, and by nationality) by sector, as well as some broad production cost information. But between the two organisations, the information gathered does not provide a comprehensive picture of the structure and dynamics of the Botswana industrial sector.

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<sup>1</sup> We define the 'industrial sector' as all formal sector private and parastatal activities. In the text below, activities are classified into categories according to the standard industrial classifications used by the CSO.

<sup>2</sup> These four sectors account for 81% of the firms in the sample.

This lack of information means that public and private decision makers are, to some extent, taking a stab in the dark when they try to assist industrial development. The BOCCIM Industry Survey is intended to shed some light on a few key issues. Among the questions this report aims to address are the following:

- Which sectors -- and which activities within sectors -- have increased their employment over the 1992-1994 period? Which have decreased employment? What are the expectations for this year?
- Are there factors that distinguish firms that are increasing their workforce?
- Which activities are major sources of employment?
- Where are women finding employment?
- Where are foreign investors putting their money?
- In which sectors is value added per employee -- a proxy measure of productivity -- particularly high or particularly low?
- Which sectors have experienced sales increases despite the weak economy? Which have been the most hard hit?
- How do firms that have benefited from the Financial Assistance Policy differ from other manufacturers?
- Who is exporting and to which markets do they export?
- Does the nationality of ownership have an impact on wages or productivity?

## METHODOLOGY

The methodology of this survey can be broken into four stages: questionnaire design, sampling, data collection, and analysis.

### Questionnaire Design

The BOCCIM Policy Unit developed a survey instrument to collect data on the following issues:

- Enterprise statistics: age, location, activity, ownership, financial year, etc.
- Employment (male/female, citizen/non-citizen, and management/technical/production) for 1992-1994
- Costs of production (wages, materials, rent, energy, transport, telephone, building maintenance, and other) and sales revenue for 1992-1994
- Sources of inputs (labour, capital, and materials)
- Major problems faced by the enterprise
- BOCCIM services used or desired

- Government programmes used
- Expectations of changes in wages, employment, production costs, and sales for the upcoming year.

The questionnaire was drafted and then reviewed by a reference committee to ensure that it was both straightforward and relatively comprehensive. A copy of the final questionnaire is attached as Annex A.

### Sampling

The sample firms were selected from BOCCIM members and non-BOCCIM firms. From the list of BOCCIM members, all large firms -- that is all 111 firms with reported employment greater than 100 -- were selected for the sample. From the remaining list of BOCCIM members a stratified random sample of 200 firms was selected. Stratifications were made by sector, by number of employees, by location, and by female employment. A sample of 100 non-BOCCIM firms were also selected through a stratified random sample from a directory of firms from which BOCCIM member firms were deleted. The directory itself was put together by a private firm that was compiling detailed data on all firms that responded to its survey form. It used the BTC phone book as its principal source of leads. A very rough estimate of the number of businesses listed in the BTC phone book is 7,500. The CSO was the preferred source for the list of non-BOCCIM firms but it was not able to comply with BOCCIM's request for a listing of all firms in time.

Table 1-1 shows the resulting initial sample structure. Altogether there were 411 firms selected, representing roughly 5.5% of the universe of firms studied.

**Table 1-1: Initial Sample Structure**

Source	Final Sample	Universe (approx.)	Sample/Universe
BOCCIM - Small/Med	200	1100	18.2%
BOCCIM - Large	111	111	100.0%
Rest of Priv. Sector	100	6,300	1.6%
Overall	411	7,511	5.5%

### Data Collection

BOCCIM contracted a consultant to oversee the data collection phase. The consultant managed a team of five survey data collectors -- two senior enumerators and three recent University of Botswana graduates. One of the senior enumerators covered the businesses in the north -- Francistown, Kasane, Maun, Selebi-Phikwe, down to Palapye. The other worked closely with the junior enumerators to cover the more dense business community in Gaborone, Tlokweng, Lobatse, and Kanye.

Due to resource constraints, it was decided to mail the survey questionnaire to the 111 firms in the sample that employed more than 100 persons. Those firms were judged capable of completing the questionnaire without on-site guidance. The enumerators concentrated on the

remaining 300 firms, making as many as five visits to a firm to ensure that complete data were collected.

### Final Sample

By the end of the data collection period, the survey team had collected completed questionnaires from 147 small and medium sized businesses. In addition, 13 of the large firms returned completed questionnaires by mail and 1 additional large firm was encountered in the field survey. The resulting response rate to the survey is 39% (161/411).

Table 1-2 shows the distribution of the final sample. The sample clearly has better coverage of the BOCCIM membership than it does of the rest of the private sector. In the analysis below we adjust findings for the industrial sector as a whole by weighting the data using the distribution shown in Table 1-2. Our analysis of sample distribution -- by sector and by size of enterprise -- indicate that the final weighted sample distribution has a very good fit to the distribution for the formal sector as indicated by the CSO. In the following section we use simple regression analysis to measure the relationship.

**Table 1-2: Final Sample Structure**

Source	Final Sample	Universe (approx.)	Sample/Universe
BOCCIM - Small/Med	109	1100	9.9%
BOCCIM - Large	13	111	11.7%
Rest of Priv. Sector	39	6,300	0.6%
Overall	161	7,511	2.1%

Because the sample is drawn from BOCCIM membership and, secondarily, those firms in the rest of the Botswana private sector with telephones, we expect it to be biased towards the larger firms in the Botswana formal sector.

Despite every effort to draw the sample from active firms, we found more than 30 firms in the original sample had closed their doors or disconnected their phones by the time our team arrived.

### Data Analysis

The data were entered into dBase IV for analysis. Data were triple checked for accuracy and coherence. Much of the subsequent analysis was carried out using Lotus 1-2-3 software.

## SAMPLE STRUCTURE

The final database of detailed production, employment, and expectations data for 161 firms is quite rich. This section outlines the main features of the sample structure. Detailed data tables on the sample are in Annex B. Data in this section are for the entire sample. 'Sample-

weighted' averages are weighted to adjust for the differing sample sizes of the three classes of firms studied: small and medium BOCCIM firms, large BOCCIM firms, and non-BOCCIM firms. Averages for sub-sets of the sample are not weighted due to distortions that arise as a result of the small size of the sample of non-BOCCIM firms. Annex B breaks out the data to show the comparative features of the BOCCIM firms and the non-BOCCIM samples.

### Size of Firm

Botswana's industrial sector is characterised by small firms. CSO shows an average firm size of 10 employees for all industry in September 1992. The average for Manufacturing was 16 employees. For this sample, the median business size was 12 employees. Of the non-mining sectors, only Manufacturing, with a median firm size of 22 employees, deviated strongly from that norm. The sample-weighted average firm size was 110, falling to 49 if the two mines in the sample are held out of the calculation. Although 47% of the sample is composed of firms with ten or fewer employees, it appears that the overall structure of the sample is biased towards the larger firms in the Botswana private sector

Table 1-3 shows the size structure of the final survey sample. 75 of the 161 firms in the sample were very small, with ten or fewer employees in 1994. 56% of very small firms are citizen-owned.

Joint ventures are only 22% of the sample, but they account for 40% of the sample of firms with more than 25 employees.

**Table 1-3: Firm Size**  
(distribution for 161 firm sample)

Employment	Citizen-Owned	Joint Venture	Foreign-Owned	Overall Distribution	
1-10 Employees	42	14	19	75	47%
11-25 Employees	13	3	22	38	24%
26-100 Employees	12	13	9	34	21%
>100 Employees	4	6	4	14	9%
Average Empt. (a)	25	385	39	110	100%

(a) Without the mines, average employment for joint ventures falls to 114, and average overall employment is 49.

Over 40% of the very small firms -- those with between one and ten employees -- are in the Retail and Wholesale Trade sector. Business and financial services are also well represented in the category of very small firms.

The 15 FAP recipients in the sample are distributed through all of the size categories. On a percentage basis, they are most often found in the small (11-25 employees) and medium (26-100 employees) groups. Four firms in the sample are registered with the Local Preference Scheme. All have between 26 and 100 employees. NDB and Tswelelo loans are targeted successfully towards the smaller firms.

The firms that identified themselves as exporters are larger than average. 58% of exporters report more than 25 employees, as compared to 25% of firms that sell on the local market only. Median firm size for exporters was 33, as compared to 11 for firms selling exclusively on the local market.

There are seven firms in the sample that can be classified as very large (total employment exceeding 400 persons). They are located in mining (two firms), hotels (one), food products (one), construction (one), and banking (two). Because of their size, they dominate some of the sub-sector averages. When the performance of these very large firms swamps the trends of smaller firms, we break down the data to distinguish between the two trends.

### By Ownership Structure

We classify firms into three categories: citizen-owned, joint ventures, and foreign-owned.<sup>3</sup> Table 1-4 shows the distribution of ownership for the sample as a whole.

Foreign investors have played and continue to play an important role in the Botswana private sector. More than half of the firms surveyed were either completely foreign owned or joint ventures. Among the sub-set of firms founded since 1992, that share has increased to 64%, but most foreign investment has been in the form of a joint venture.

*Table 1-4: Ownership Structure of the Full Sample*

Ownership Structure	Number of Firms	Percent of Firms
Citizen-Owned	71	44%
Joint Venture	36	22%
Foreign-Owned	54	34%

Over the past decade, citizen entrepreneurs have made substantial progress in increasing their presence in industry. 57% of the firms in the sample founded during the boom years of 1985-1991 are citizen-owned. Unfortunately, that trend has not survived the recent economic slowdown and the rise in domestic interest rates. Of the firms founded between 1992 and 1994, just 36% are citizen-owned. But foreign investors over the same period seemed more inclined to bring in a citizen partner. Prior to 1992 joint ventures accounted for just 18% of firms in the sample. That share rose to 36% of the firms started between 1992 and 1994.

Nearly half (46%) of citizen-owned firms are clustered in the Wholesale and Retail sector. But citizen-owned firms are particularly important in manufacturing, where they comprise more than half of the sample. In addition, more than three-fourths of sample firms that had received FAP grants or an NDB loan are citizen-owned.

There are 54 foreign-owned firms in the sample. Foreign-owned firms are less likely to be very small. The Wholesale and Retail sector is the largest single sector for foreign-owned firms -- accounting for 38% of the total -- but foreign-owned firms are particularly important in the Construction sector, where they account for 52% of firms.

Of the 36 joint ventures, 19 (53%) have more than 25 employees and 39% have been founded since 1992. Manufacturing and construction together account for 40% of the joint venture activities identified.

<sup>3</sup> Parastatals are classified as citizen-owned.

## Exporters

Only 26 firms in the sample (16%) report any exporting at all. These firms include 25% of the manufacturers, 15% of the retailers, and 20% of the finance and business service providers. Among the manufacturers, FAP recipients are only a third as likely to export as others (13% versus 44%).

Exporting is most often done by firms with foreign ownership. 77% of the exporters are foreign-owned or joint ventures. Six of the 14 firms with more than 100 employees export, but nine of the exporters are very small (ten or fewer employees).

## Sector Distribution

Table 1-5 compares the distribution of the BOCCIM survey responses with CSO data.

**Table 1-5: Sectoral Distribution**

(BOCCIM sample of 161 firms vs. most recent CSO data)

Sector	FIRMS				EMPLOYMENT			
	BOCCIM		CSO (a)		BOCCIM (b)		CSO (c)	
- Agriculture	2	(1%)	566	(4%)	80	(1%)	5,302	(4%)
- Mining and Quarrying	2	(1%)	59	(0%)	10,008	(d)	7,917	(5%)
- Manufacturing	24	(15%)	1,326	(9%)	1,091	(14%)	21,721	(14%)
- Construction	21	(13%)	1,519	(10%)	1,452	(19%)	26,747	(18%)
- Wholesale and Retail	60	(37%)	6,518	(44%)	1,986	(26%)	45,870	(31%)
- Transport	7	(4%)	1,144	(8%)	148	(2%)	8,972	(6%)
- Finance, Business Services	26	(16%)	2,484	(17%)	2,743	(35%)	17,637	(12%)
- Social, Personal Services	15	(9%)	1,018	(7%)	206	(3%)	9,627	(6%)
- Non Profit Services	4	(2%)	162	(1%)	67	(1%)	3,109	(2%)

(a) data from March 1992 CSO Survey of Employment and Employees

(b) Employment totals differ from totals in the sector chapters that follow because this table uses the full 1994 data set. The sector chapters show employment figures only for the sub-set of firms with three years of data

(c) data from March 1994 CSO Survey of Employment and Employees

(d) Because the two mining firms in the sample comprise 59% of the total employment for the BOCCIM survey, the sectoral distribution of employment is calculated as a percent of non-mining employment. We note for the record that the two firms in the Mining sector for which we have data show (confirmed) employment greater than the CSO's total for the sector.

Simple regression analysis indicates that the distribution of the final BOCCIM survey sample is statistically representative of the distribution of firms and employees shown by the CSO.<sup>4</sup>

### Age of Firm

Table 1-6 summarises the distribution of sample firms by age. The median start date for firms in the sample was 1988. Manufacturers show a somewhat later median start date of 1990. If the manufacturers are excluded from the overall total, the median for the rest of the sample falls to 1987. Our sample indicates that new enterprise creation continues at a fairly high rate. The table shows that 24% of the firms studied had been founded since 1992.

*Table 1-6: Age of Firms in the Sample*

Age	Percent of Firms
3 Years or Less	24%
4-10 Years	36%
More than 10 Years	40%

As noted above, the sample shows a surge in citizen investment during the 1985-1991 period (firms that are four to ten years old). The result of this surge is seen in the age structure of the sample. Citizen-owned firms have an average start date of 1986 and a median start date of 1989, as compared to the rest of the sample with an average start date of 1984 and a median of 1987.

### Location

The BOCCIM survey makes no claims to being geographically representative. Resource constraints meant that some regions, and some rural areas within regions, had to be neglected. Table 1-7 shows the final sample distribution.

The geographical distribution of the sample is probably not very biased. Although we could not find data on the location of enterprises from government sources, CSO has published data on the location of private

*Table 1-7: Enterprise Location*

Location	Percent of Firms
<b>Gaborone</b>	<b>49%</b>
<b>Other Urban Areas</b>	<b>29%</b>
- Francistown	(16%)
- Selebi-Phikwe	(7%)
- Lobatse	(4%)
<b>Peri-Urban/Rural</b>	<b>22%</b>
- Kanye	(4%)
- Tlokweng	(3%)

<sup>4</sup> Regressing the unweighted distribution of firms in the final sample against the CSO distribution yields an  $R^2$  of 0.93 and a t-statistic of 9.60. The 'sample-weighted' distribution yields an  $R^2$  of 0.95 and a t-statistic of 11.3. Regressing the distribution of the sample's non-mining employment against CSO data yields an  $R^2$  of 0.49 and a t-statistic of 2.42 (about 95% probability of a non-zero relationship). When employment is weighted to adjust for the low representation from non-BOCCIM firms, the regression yields an  $R^2$  of 0.80 and a t-statistic of 4.9.

and parastatal employees by location.<sup>5</sup> September 1992 data show 39% of employees in Gaborone, 13% in Francistown, 8% in Selebi-Phikwe, and 4% in Lobatse. CSO data for March 1992 show 44% of employment in Gaborone.

The sample firms that have started up since 1992 are more concentrated in Gaborone than are older firms, particularly firms started in the boom years of 1985-1991. 62% of firms started since 1992 are located in Gaborone, as compared to 34% of those started between 1985 and 1991 and 55% of those started before 1985. During 1985-1991, sample firms started in 'other urban' areas surged to 41% of firm starts.

Citizen-owned firms in the sample are more widely dispersed than are firms with foreign ownership. Just 35% of citizen-owned firms in the sample are located in Gaborone, as compared to 61% of joint venture firms and 59% of foreign-owned firms.

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<sup>5</sup> 'CSO Labour Statistics, 1991/92', Tables 1.17b and 1.18b. The tables show the following disclaimer: 'These data should be used with caution as the sample design was not intended to provide estimates by location.'

## CHAPTER 2

### MAJOR FINDINGS

This chapter presents the major findings of the survey in summary form. Supplementary data tables are in Annexes C and D. Areas of focus include employment, wages, investment, productivity, sales, costs of production, and major problems. Differences found between sectors or between citizen-owned and foreign-owned firms are highlighted.

#### EMPLOYMENT

##### Trends

Total employment in the sample firms declined by 2.6% over the study period, 1992-1994.<sup>6</sup> Our finding corresponds with CSO data showing a 3.8% drop in private and parastatal employment between March 1992 and March 1994.

Table 2-1 shows that the sector most adversely affected by the economic downturn appears to have been the Manufacturing sector. Construction shows the largest single year drop, between 1993 and 1994. The other major sectors -- Mining, Wholesale and Retail Trade, and Finance and Business Services -- have had stagnant or slightly declining employment. Although Mining

sector employment certainly drives the overall statistics, the trend for non-mining employment is similar, showing an average decline of 2.8% within the 1992-1994 period. Overall, we find a total of 449 jobs lost within the sample over the three year period.

**Table 2-1: Industrial Sector Employment Trends (a)**  
(1992-1994)

Sub-Sector	No. of Firms	1992	1993	1994	Percent Change 1992-'94
Agriculture	(1)	88	81	74	-15.9%
Mining	(2)	10,255	9,978	10,008	-2.4%
Manufacturing	(19)	1,186	1,004	962	-18.9%
Construction	(16)	1,313	1,695	1,320	0.5%
Wholesale/Retail	(40)	1,724	1,673	1,686	-2.2%
Transport	(4)	104	97	102	-1.9%
Finance/Business Serv	(19)	2,583	2,549	2,567	-0.6%
Social/Personal Serv.	(7)	118	148	184	55.9%
Non-Profit Services	(4)	48	59	67	39.6%
<b>TOTAL</b>	<b>(112)</b>	<b>17,419</b>	<b>17,284</b>	<b>16,970</b>	<b>-2.6%</b>

(a) for the subset of 112 firms with three years of employment data

<sup>6</sup> All trend analysis in the survey is for firms in operation for the full 1992-1994 period. Therefore, this analysis does not capture the impact on employment of new firms entering the market or company closures.

Closer analysis of the data shows that it is the Construction sector and, within Manufacturing, the Building Materials sub-sector, that have experienced the biggest reductions in employment within the 1992-1994 period. As noted in Chapter 4 on construction, the gyrations the employment data in that sector show are due to one large firm. If employment data from that firm are held from the average, the rest of the sector shows a decline in employment of 38%. In the Construction sector, the decline is widespread -- 11 of the 16 firms with data decreased their workforce during the period under study. The decline in employment in building construction is troubling since CSO data indicate that that activity is the leading private sector employer in Botswana. Below we see that building construction firms expect to lay off additional workers this year.

In manufacturing, the decrease in employment can be traced to layoffs in the Building Materials sub-sector, an activity heavily reliant on the Construction sector. Outside of the Building Materials sub-sector, the general trend in manufacturing is good. Overall, only six firms decreased employment and eleven firms increased their workforce over the surveyed period. Among the six firms that laid off workers are the two largest. Their action drives the sectoral decline shown in Table 2-1.

The surge in employment that the table shows for the Social and Personal Services sector can be traced to one firm, where employment tripled. That firm is relatively large in the sector and its performance masks the two firms with declining employment and the three firms with unchanged employment.

## Trend by Labour Category

We classified labour into three categories: management, technical and production or unskilled. Table 2-2, below, shows how employment trends differ between labour categories.

**Table 2-2: Employment by Labour Category (a), (b)**

(Share of total 1994 employment and percent change in employment between 1992 and 1994 by labour category)

Sub-Sector	No. of Firms	Total Empt. 1994	Mgt. Share	Perc. Change Mgt.	Tech. Share	Perc. Change Tech.	Prod. Share	Perc. Change Prod.
Agriculture	(1)	74	15%	0%	11%	-27%	74%	-17%
Mining	(2)	10,008	13%	2%	20%	2%	67%	-4%
Manufacturing	(19)	962	8%	-17%	12%	-8%	80%	-21%
Construction	(16)	1,320	6%	-8%	10%	-22%	84%	5%
Wholesale/Retail	(40)	1,686	13%	-1%	53%	-5%	33%	3%
Transport	(4)	102	15%	15%	7%	-22%	78%	-2%
Finance/Business Serv	(19)	2,567	9%	9%	74%	-5%	17%	14%
Social/Personal Serv.	(7)	184	12%	5%	28%	8%	59%	127%
Non-Profit Services	(4)	67	13%	0%	82%	49%	4%	50%
<b>TOTAL</b>	<b>(112)</b>	<b>16,970</b>	<b>12%</b>	<b>1%</b>	<b>30%</b>	<b>-3%</b>	<b>58%</b>	<b>-3%</b>

(a) for the subset of 112 firms with three years of employment data

(b) Labour categories are: Mgt = Management; Tech = Technical; Prod = Production/Unskilled

Sample sizes get relatively small once data are disaggregated to this level, but a few cautious remarks can be made. Because of the small number of employees in the sample for the Agricultural, Transport, Social and Personal Services, and Non-Profit sectors, they are held out of the discussion below.

First, on the structure of employment. The Government of Botswana is emphasising the importance of finding jobs for unskilled labour. The data show that unskilled jobs make up two-thirds or more of total employment in the Mining, Manufacturing, and Construction sectors. Growth in these sectors will likely have the most direct impact on unskilled labour employment. The Finance and Business Services sector does employ some unskilled labour, but is most important as an employer of trained labour.

Second, on the trends by labour category. Table 2-2 indicates that, in general, layoffs have been concentrated in the technical and production worker level. It appears from the table that the drop in employment observed in the Mining sector has been concentrated in the lower echelons while management and technical employment has risen slightly. In Manufacturing, layoffs have been seen across labour categories but they have been greatest at the production level. Finance and Business Services shows good growth in jobs for unskilled labour.

## Distinguishing Characteristics of Firms with Rising Employment and those with Falling Employment

Table 2-3 shows that younger firms, larger firms, and manufacturers more often than not increased employment between 1992 and 1994. Exporters were more likely to increase employment than were firms that did not export.

For this analysis, we split the data into firms in which employment increased by more than 5% between 1992 and 1994, firms in which employment decreased by more than 5%, and firms with relatively stable employment (those in between).

The sectoral data indicate that most manufacturing firms increased employment and most construction firms decreased employment, while the performance for firms in wholesale and retail trade and in finance and business services was mixed.<sup>7</sup>

The data show that the larger firms -- those with more than 25 employees -- were more likely than the smaller ones to increase their employment by more than 5% (49% versus 32%).

There is no clear trend by ownership.

### Major Sources of Employment

There are two ways to look at the question of which activities create the most employment. One is to identify which activities tend to have **high employment per firm**. By that criterion, mining is clearly the leading job creator in Botswana. A major new mine brings a massive number of new jobs. Other activities have a lesser, but still relatively large impact per firm. For instance, building construction firms, hotels, some manufacturing activities,

**Table 2-3: Firms with Rising Employment versus Firms with Falling Employment (a)**  
(1992-1994)

Characteristics	Employment Down by >5%	Employment Up by >5%
<b>Age:</b>		
Median Start Date	1983	1989
Average Start Date	1982	1986
<b>Sector</b>		
Manufacturing	25%	60%
Construction	62%	31%
Wholesale/Retail	33%	33%
Finance/Business Services	32%	36%
<b>Size</b>		
25 or fewer employees	38%	32%
More than 25 employees	34%	49%
<b>Exporters?</b>		
Yes	30%	55%
No	40%	33%

(a) for a total of 115 firms with data, 42 with a decrease in employment greater than 5% and 44 with an increase greater than 5%

<sup>7</sup> Because of the large number of firm starts since 1992 in the Finance and Business Services sector, we expect the overall employment picture in that sector to be more positive than is indicated in the time series data.

and banks can all create many jobs for each new investment. With the exception of the banks, the jobs created in these large firms are predominantly for unskilled or semi-skilled labour.

The other way to look at the issue of leading sources of employment is to assess which activities show **high total employment**, irrespective of individual firm size. In this respect, CSO data indicate that, nation-wide, building construction is the leading private employer in Botswana, followed closely by retail activities. Again, the jobs here are largely for unskilled or semi-skilled labour.

Using either of the above criteria, manufacturing in Botswana cannot yet be considered a major source of employment. The main exception to date has been some very large textile and garment activities, all of which are now experiencing difficulties. This is not to say that manufacturing cannot be a major employer. But at this time other sectors are generating more jobs for Botswana's unskilled and semi-skilled workers.

### **Female Employment**

In a 'sample-weighted' average,<sup>8</sup> women represent 41% of non-mining employment and are a substantial portion of the workforce in all sectors except Mining, Agriculture, and Construction.<sup>9</sup> Women average more than 50% of the workforce in the Wholesale and Retail Trade, Finance and Business Services, Social and Personal Services, and Non-Profit sectors. They are more than 45% of the workforce in the average Manufacturing firm sampled, but their overall share of employment in the sector is just 23%. Within the sectors, certain activities are particularly reliant on female employees. For instance, in this sample, 86% of textile and garment workers are female as are 72% of hotel workers.

On the other hand, women account for only 10% and 13% of the workforce in mines and in construction, respectively. Because of the magnitude of mine employment, women's share of total employment in this sample is just 25%, rising to 41% when mine employment is held out of the average.

The data collected do not allow us to assess the types of jobs held by women. We do know that wages in the Textiles sub-sector -- the activity most dominated by women in this sample -- are the lowest in manufacturing and among the lowest in the sample.

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<sup>8</sup> Weighted to adjust for the over-representation of BOCCIM member firms in the sample.

<sup>9</sup> CSO data for September 1992 show non-mining female employment averaging 35% of the private and parastatal labour force.

## Non-Citizen Employment

Foreigners comprise 6.6% of the total workforce studied and are 7.7% of total employment in a 'sample-weighted' average.<sup>10</sup> We did not classify non-citizen labour by skill, but CSO data indicate a full range of positions are held by non-citizens.

Joint ventures and foreign-owned firms rely more heavily on non-citizen employment than do citizen-owned firms. Non-citizens are 5.4% of the workforce in the citizen-owned firms studied. They are 6.4% of the workforce in the joint ventures surveyed and 8.3% in the foreign-owned firms. Dependence on foreign workers is relatively higher in smaller firms.

Table 2-4 shows that while, on average, firms with foreign ownership hire more non-citizen labour than do citizen-owned firms, they also hire more citizens than do citizen-owned firms, simply because they are bigger.

The sectors that rely the most heavily on non-citizen employment in this sample are the Non-Profit, Transport, and Social and Personal Services sectors where non-citizens were more than 10% of total employment.<sup>11</sup>

**Table 2-4: Non-Citizen and Citizen Jobs per Firm by Ownership**  
(average)

Jobs Held by	Citizen -Owned	Joint Venture (a)	Foreign -Owned
Citizens	24	360	36
Non-Citizens	1	25	3
Total	25	385	39

(a) If mines are removed from average, average citizen employment falls to 109 and non-citizen employment falls to 4.

Non-citizen employment in all of the other sectors varies between 0.0% and 7.5%.

## Expectations

Table 2-5 shows how sharply expectations differ for firms of different ages. Older firms are far more likely to expect to reduce their workforces in 1994/1995. Firms founded in 1990 or later most often expect to hire more workers.

Overall, 32% of firms expect to increase employment in 1994/1995 while 22% of firms expect to lay off

**Table 2-5: Employment Expectations by Age of Firm**  
(percent)

Employment will:	Rise	Fall	Same
<b>Age of Firm:</b>			
5 Years or Less	50%	6%	44%
6-10 Years	26%	29%	45%
More than 10 Years	16%	35%	48%

<sup>10</sup> CSO data for September 1992 show non-citizen employment averaging 7.1% of formal sector private and parastatal employment.

<sup>11</sup> An ordinary least squares regression of sample data on non-citizens' share of employment by sector with CSO data yields an R<sup>2</sup> of 0.50 and a t-statistic of 2.68.

workers. Expectations of layoffs are most prevalent in the Construction sector where 40% of firms anticipate some additional workforce reduction this year. Other activities that anticipate shedding labour include hotels and restaurants.

The firms that expect to hire new workers in 1994/1995 are spread evenly across the sectors, with the exception of construction.

## WAGES<sup>12</sup>

Wages in Botswana are high. They average 32% of the cost of production for the sample as a whole and 30% in the Manufacturing sector.<sup>13</sup> Wage comparisons across countries are fraught with uncertainty, but to offer an idea of standards in other African countries, we note that recent survey data for manufacturers in Rwanda and Morocco show wages averaging 19% and 17% of the costs of production as defined in this BOCCIM survey.

Overall we find that average wages are higher in Gaborone than they are in other urban areas and they are lowest of all in peri-urban or rural areas. We also find that average wages in firms started before 1985 are higher than those in firms started more recently.<sup>14</sup>

### Differences by Sector

It is perhaps not news that the highest average annual wages are found in the Mining sector. In our sample, mining wages averaged P28,600 per employee in 1994.

Two other sectors show average wages that are nearly as high. Non-profit organisations show surprisingly high wage levels, averaging P27,900 per employee. High average wages may be a result of above-average dependence upon foreign workers and relatively small workforce. The Finance and Business Services sector reports the third highest average wage, roughly P21,600 per employee in 1994. Within Finance and Business Services, the joint venture firms show the highest average, P33,000 per employee.

The lowest average annual wage levels are in the Agriculture, Manufacturing, and Wholesale and Retail Trade sectors. They show earnings per employee averaging P7,100, P8,400 and P9,800, respectively.

Wages for workers in unskilled/semi-skilled labour category can be quite low, particularly in the Construction, Agriculture, Manufacturing, and Social and Personal Services sectors where they averaged less than P6,000 per employee per annum in 1994.

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<sup>12</sup> 'Wages' is used as shorthand for the value of total compensation to employees, both wage and non-wage.

<sup>13</sup> The cost of production is the sum of the costs of wages, materials, energy, rent, transport, and postage and telecommunications. Rent is imputed from sub-sectoral averages for those firms that have no rental charges.

<sup>14</sup> A simple regression with 'pre-1985 start date' as a dummy variable yields a t-statistic of 3.0 on management wages and 2.67 on production wages. See table C-1a in Annex C.

## Differences by Ownership

Firms with some foreign ownership pay substantially higher wages, on average, than do citizen-owned firms. Table 2-6 shows that higher wages are found across-the-board.

Irrespective of labour category -- management, technical staff, or unskilled/semi-skilled labour -- citizen-owned firms report average wages that are just 70-75% of wages paid by foreign

firms. In 1994, average annual earnings per employee in a citizen-owned firm were P10,100 as compared to about P15,000 for joint ventures and foreign-owned firms. Foreign-owned firms show the highest average annual wages in the Construction, Wholesale and Retail Trade, Transport, Social and Personal Services, and Non-Profit sectors. Joint ventures show the highest average wages in Mining, Manufacturing, and Finance and Business Services. The only sectors in which in citizen-owned firms show average annual wages comparable to those paid by firms with foreign ownership were Manufacturing and Social and Personal Services.

**Table 2-6: 1994 Wage Structure by Ownership**  
(average annual wages per employee in pula)

Ownership	Management	Technical	Labour
Citizen-Owned	24,000	15,700	5,200
Joint Venture	35,400	23,300	8,200
Foreign-Owned	29,300	24,100	8,300
<b>AVERAGE</b>	<b>28,300</b>	<b>20,200</b>	<b>7,000</b>

## Wages in Female-Dominated Firms

Those firms in the sample that relied the most heavily on female labour had a lower average wage bill than did other firms. Although the survey did not collect data on female wage levels, per se, the data do permit analysis of which firms report the highest levels of female employment. Firms in which female employment accounts for 70% or more of total employment show an average wage of P8,200 per employee. Firms in which female employment is less important, that is under 70%, show an average wage level of P14,400 per employee.

## Wages in Firms Dependent upon Non-Citizen Labour

Firms with a high percentage of non-citizen employees face average wage costs that are twice as high as firms with less non-citizen employment. Of the sample firms, those in which foreign workers accounted for 33% or more of employment report average wages per worker of P22,900 in 1994. For firms with a lower share of non-citizen employment, average wages were P11,100. Some of the gap can no doubt be traced to the richer benefit packages negotiated by skilled expatriate labour.

## **Wage Trends**

Since 1992, wage increases have lagged behind inflation. For the 104 firms with complete wage data for 1992-1994, the value of the average wage per employee declined by 6.3% in inflation-adjusted terms.<sup>15</sup> When the data are disaggregated by skill level, the hardest hit group is management which saw a 7.9% erosion in the real value of wages between 1992 and 1994. Wages for the lowest echelon of workers -- production workers, clerical staff, unskilled and semi-skilled labour -- declined by 5.9% in real terms. Technical workers were the closest to keeping pace with inflation; their real wages eroded by just 2.5%.

For unskilled and semi-skilled labour, wages eroded most in the Wholesale and Retail Trade, Manufacturing, and Finance and Business Services sectors (falling by 5%, 13%, and 38%, respectively).<sup>16</sup> With respect to ownership, citizen-owned firms showed the biggest real drop in wages for unskilled and semi-skilled labour (9.4%) as well as the biggest real increase in management wages (1.9%).

The World Bank in its 1993 report "Opportunities for Industrial Development in Botswana: An Economy in Transition" argued that minimum wages should be eliminated, or, as a second best solution, allowed to erode through inflation. Minimum wage adjustments have been below inflation and the erosion of the real value of the minimum wage may be having some impact on real wage levels.

Management wages that outstripped inflation were the exception and not the rule during this difficult economic period. The only sectors that saw real increases in management wages were the Manufacturing and the Non-Profit sectors, where they grew by 2% and 6%, respectively.

## **Wage Expectations**

59% of the firms surveyed expected to increase their average wages this year. For those firms that expect to increase wages, the average expected rate of increase is 9%. These expectations, collected prior to the 1995 Budget Speech, fairly accurately anticipate Government's wage increase for the new year.

In a country in which inflation has run at over 10% per year for some time now, expecting a wage increase is a fairly safe bet. Perhaps more surprising are the firms that expect their average wages to fall this year -- about 8% of the sample overall and 24% of the sample of construction firms. The average expected rate of wage decrease is 13%.

As of last October, one in three firms surveyed expected no change in its average wages this year.

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<sup>15</sup> All trend data in this report are deflated by CSO December year on year inflation estimates of 14.4% for 1993 and 10.6% for 1994.

<sup>16</sup> The sharp decline in wages for clerical and semi-skilled staff in the Finance and Business Services sector may be misleading. Only five of the firms in the sample with three years of data report employees in that class.

## INVESTMENT

One of the major findings of this survey is the surge in investment in the Finance and Business Services and the Social and Personal Services sectors since 1992. Both citizen and foreign investors appear to have judged these sectors to show the most promise in the current business environment. Despite the Financial Assistance Policy (FAP), manufacturing appears to have been relatively less attractive to investors during the 1992-1994 period.

### Citizen Investment

Of the firms studied in this sample, the boom years for citizen investment began in 1985 and continued through 1991. 1985 also seems to mark a strong shift in the composition of citizen investment. Table 2-7 illustrates how prior to 1984 citizen investment was heavily concentrated in the Wholesale and Retail Trade sector.

From 1985 onwards, citizen investment diversified. For firms in our sample, 27% of citizen-owned firms founded between 1985 and 1991 are in manufacturing while commercial activities declined to 36%. Since 1992, the process of diversification has continued. Whereas finance and business services accounted for just 7% of citizen investment prior to 1992, it accounts for 29% of investment since 1992. Manufacturing has declined to just 14% and wholesale and retail trade stands at 36%.

*Table 2-7: Composition of Citizen Investment*

Sector	1950-84	1985-91	1992-94
Wholesale/Retail	62%	36%	36%
Manufacturing	12%	27%	14%
Finance/Business Serv.	8%	6%	29%
Other	18%	31%	21%
<b>TOTAL FIRMS:</b>	<b>24</b>	<b>33</b>	<b>14</b>

### Foreign Investment

Table 2-8 shows how the composition of all foreign investment -- both joint venture and foreign-owned -- has evolved over time. In comparison to the pattern of citizen investment, foreign investors in general show a more diversified range of investments. As with the citizen investors, foreign investors prior to 1985 were concentrated in the Wholesale and Retail Trade sector. At the same time, a substantial

*Table 2-8: Composition of Foreign Investment*

Sector	1950-84	1985-91	1992-94
Wholesale/Retail	40%	32%	12%
Manufacturing	2%	12%	24%
Construction	22%	20%	16%
Finance/Business Servs	22%	20%	16%
Social/Personal Servs	2%	12%	16%
Other	12%	4%	16%
<b>TOTAL FIRMS:</b>	<b>40</b>	<b>25</b>	<b>25</b>

amount of investment went into the Construction and Finance and Business Services sectors. Since 1985, there has been a decline in the share of investment going into commercial activities, compensated by an increase in the share of investment in manufacturing. The Construction and Finance and Business Services sectors still attract foreign investment, but now social and personal services are an equally attractive target.

Since 1992, foreign investment has tended to be in the form of a joint venture rather than as full foreign ownership and joint venture investments have tended to be in different sectors than foreign-owned investments. The biggest target for joint ventures during this period was the Manufacturing sector. 27% of joint ventures formed between 1992 and 1994 were in manufacturing as compared to 18% of foreign-owned investments. The second choice for joint ventures was Social and Personal Services (21% of investments). The largest single sector for investment by fully foreign-owned capital was the Finance and Business Services sector, which attracted 28% of the total.

### **Financial Assistance Policy**

The Financial Assistance Policy (FAP) is Government's leading programme to promote the development of manufacturing activities in Botswana. The programme for medium and large-scale enterprises rewards manufacturers for creating jobs for unskilled or low skilled workers by reimbursing some part of their wage expenses over a five-year period. Its small scale component targets citizen entrepreneurs exclusively.

15 of the 24 manufacturers studied in this survey had received or were receiving benefits from the FAP. Their performance shows both the strengths and the weaknesses of the programme.

On the positive side, 12 of the 15 sample firms that had received FAP benefits were citizen-owned. The FAP seems to have offered a positive incentive to local entrepreneurs to enter into manufacturing. Another positive finding is that women made up a larger share of the workforce in the FAP firms than in the non-FAP firms. Finally, the data indicate that the FAP is meeting its job creation goals: a high percentage of the jobs in the FAP firms are low skill and low wage.

On the negative side, the 15 FAP firms distinguished themselves from the other manufacturers by showing extremely low value added per worker -- averaging P11,900 in 1994, it was just 18% of the levels of the non-FAP firms. Low value added is likely a function of some combination of low wages, over-staffing at the production level and low capital investment. In addition, the FAP firms in the sample were less likely to export than were the non-FAP manufacturers. Setting aside firms too small to export, the data show that just two of seven FAP firms is exporting, as compared to four of six of the non-FAP firms.

The FAP appears to be achieving its goals of attracting citizens to manufacturing and providing a powerful incentive to hire low skilled labour. But the dismal export performance of the FAP firms combined with extremely low value added per employee and what appear to be distorted hiring patterns as compared to the non-FAP firms, lend credence to the concern

that the FAP subsidies are encouraging business strategies that run counter to the long term viability of the Botswana manufacturing base.

## LABOUR PRODUCTIVITY

Value added per employee -- our proxy measurement of productivity, in particular labour productivity -- is higher in foreign-owned firms than in other types of ownership.<sup>17</sup> This finding holds in every sector except for manufacturing and mining. For the sample as a whole, annual value added per employee averages P75,000 for the foreign-owned firms, P52,100 for joint ventures, and P23,100 for citizen-owned firms. The average for joint venture firms falls by about P20,000 when mining data are held out of the average.

Higher average wages do not explain the high levels of value added found in foreign-owned firms since average wages in joint ventures are about the same. As noted above, average wages per employee are P14,900 for foreign-owned firms in the sample. They are P15,100 for joint ventures and P10,100 for citizen-owned firms.

Alternate explanations for the differing performance could be that foreign-owned firms tend to be more capital intensive than others, or that they are in some way more 'efficient'.

Table 2-9 illustrates that value added per employee not only varies by ownership but also by sector. Mining has by far the highest rate of value added per employee. A distant second and third are the capital-intensive Transport sector and the skills-intensive Finance and Business Services sector. The bottom end of the scale is taken up by the Agriculture and the Non-Profit sectors. Manufacturing, Wholesale and Retail Trade, and Construction all have relatively similar, relatively low, levels of this productivity measure. That value added per employee in the Wholesale and Retail Trade sector exceeds that seen in Manufacturing is unusual and indicates the low labour productivity of local manufacturing.

**Table 2-9: Average Value Added per Employee**  
(annual average in pula)

Sector	Average
Agriculture	9,500
Mining	312,200
Manufacturing	32,100
Construction	37,400
Wholesale and Retail Trade	34,800
Transport	105,600
Finance & Business Services	70,000
Social & Personal Services	41,000
Non-Profit Services	19,900

The median figure for value added per employee in 1994 was P21,000. Older firms are more likely to show levels of value added per employee above the median than are the younger

<sup>17</sup> For this study we use a rough measure of value added, defining it as the difference between total sales and the sum of the costs of materials and stocks, energy, transport, and postage and telecommunications. A more refined definition would deduct taxes paid on inputs and on final sales, and would also deduct depreciation costs and the tradable components of overhead.

firms. The median start date for firms with productivity levels below the median is 1989. That for firms with productivity levels above the median is 1985. At least some of the difference is due to the higher average wages seen in the firms that started before 1985.

The trend in value added per employee has generally been negative since 1992. The 106 firms with data in this sample show an average reduction in inflation-adjusted value added per employee of 13%. Of the major sectors, the drop has been most sharp in the Wholesale and Retail Trade sector, where inflation-adjusted value added per employee fell by 27%.

### SALES/PROFITABILITY

In line with the relatively small size of firms in Botswana, sales are also relatively low. The one outstanding exception to the low sales norm is the Mining sector. Earnings for one of the mines studied is literally more than 1000 times the average per-firm earnings in the Agriculture, Construction, Transport, Social and Personal Services, and Non-Profit sectors. Slightly larger are the firms in the Manufacturing, Wholesale and Retail Trade, and Finance and Business Services sectors. For industry as a whole, after excluding mining revenue, average revenue per firm in 1994 was P3,430,000 and median revenue per firm was P670,000.

Table 2-10 illustrates how average sales varied by enterprise ownership in 1994. The joint ventures, even after excluding the mines, had the highest average annual revenue figure. It appears that for major investments, joint ventures are the preferred mechanism. Recall from the productivity discussion above that joint ventures do not show the highest levels of average labour productivity. Again, it seems possible that the typical foreign-owned firm is more capital intensive than is the typical joint venture.

*Table 2-10: Average 1994 Sales by Ownership*  
(pula)

<b>Ownership</b>	<b>Average Sales</b>
Citizen-owned	1,900,000
Joint venture (a)	6,500,000
Foreign-owned	3,600,000

(a) excludes mining data

In light of the discussion in sections above, it is not surprising that citizen-owned firms tend to be smaller than firms with some foreign ownership.

## Profitability

Table 2-11 shows that in 1994 average pre-tax 'profits' -- operating surpluses as a percent of sales revenue -- outside of the Mining sector, appear to be highest, on average, in the Construction and the Finance and Business Services sectors.<sup>18</sup> They are moderate in the Transport, Manufacturing, and Wholesale and Retail Trade sectors, and negative, on average, in the Social and Personal Services sectors. The profit data shown are inflated as not all expenses were accounted for by the survey. The most notable expense that is missing is depreciation. We would expect average profits to decline in all sectors once depreciation was accounted for, but especially in the relatively more capital intensive sectors of Manufacturing, Construction, and Transport.

Average profits are higher in foreign-owned and joint venture firms. Citizen-owned firms show an average pre-tax profit of 7% on their 1994 sales. For the same year, non-mining joint venture firms showed an average profit of 25% of the value of sales while foreign-owned firms showed an average 35% profit. To the extent that foreign investors are more concentrated in the more capital intensive activities, the relative gap in profitability would likely decline once depreciation were taken into account.

## Exports

Exporting remains relatively rare in Botswana; just 26 (16%) of the firms studied are exporting. One in four manufacturers exports. As noted above, just 13% of the FAP manufacturers are exporting as compared to 44% of the non-FAP group.

Those exports that occur appear to be largely targeted to the regional market, especially South Africa, Zimbabwe, and Zambia. 16 (62%) of the firms that export identified South Africa as their market. Three (12%) identified Zimbabwe as their market and another three were selling to Zambia. The remaining four firms (15%) were selling to Europe and to the rest of the world.

The survey also asked firms if they planned to export. 22 firms reported that they are planning to export for the first time or that they are planning to diversify their export markets. The distribution of export markets is similar to that for the established exporters. Again,

**Table 2-11: Average Profit Shares by Sector**  
(operating surplus as a percent of sales)

Sector (a)	Share
Manufacturing	12%
Construction	23%
Wholesale/Retail	4%
Transport	17%
Finance & Business Service	29%
Social & Personal Services	-11%

(a) Major Sectors only

<sup>18</sup> We use a proxy value for profit that differs from a strict accounting definition. Due to data limitations, we have defined profit as the difference between sales and the sum of the costs of wages, materials and stocks, energy, rent, transport, postage and telecommunications, and building maintenance.

South Africa is the market of choice. Eleven (50%) of the firms identify South Africa as their target. Again there are three firms (14%) that hope to export to Zimbabwe and another three firms with designs on the Zambia market. The remaining five target markets are spread throughout Africa and the rest of the world.

### Trends in Sales

Of the 109 firms with sales data for 1992-1994, 55% show a decline in the inflation-adjusted value of their sales over the period. Table 2-12 indicates how the average performance of the major sectors varies. The negative sectoral averages mask the strong growth rates found in some of the young firms in the Manufacturing and the Finance and Business Services sectors.

*Table 2-12: Inflation-Adjusted Sales Growth (1992-1994)*

Sector (a)	Average Growth by Sector
Mining	-1%
Manufacturing	-15%
Construction	-17%
Wholesale/Retail	-6%
Transport	-35%
Finance & Business Servs	-6%
Social & Personal Servs	26%

Firms that saw a drop in the real value of sales are generally older. Their average start date was 1982, and the median was 1983. Firms that saw real growth in the value of sales have an average start date of 1986 and a median of 1989. It appears that the older firms have suffered more in the current economic difficulties

(a) Major Sectors Only

### Expectations

Expectations for sales in 1994/1995 are mixed, but do not indicate much confidence that the worst of the recession is over. 28% of the firms surveyed expect to see a drop in the value of their sales this year. Another 23% expect no change.

Nearly half the firms do expect to see sales increase this year. Their judgement is based on expectations of rising demand, expansion, or new contracts. The average estimated rate of sales increase was 19%. Fewer than half of the firms expecting to increase their sales expect an increase that exceeds 10%, a rough inflation estimate.

Expectations seem to vary strongly with the age of the firm. Two-thirds of firms that are five years old or younger expect sales to increase this year, as compared to 38% of firms started more than five years ago. 35% of firms over five years old expect sales to fall, as compared to just 17% of firms in operation for five years or less.

Expectations also vary by sector. One of the most (relatively) upbeat sectors studied is the Manufacturing sector. Only 17% of manufacturers expect sales to decline this year. Firms that anticipate rising sales are heavily concentrated in the Food Products and the Textile sub-sectors. Another activity that is upbeat about this year is the Wholesale Trade sub-sector. 80% of firms in that sector are expecting sales to rise this year.

The most pessimistic sector is Construction, where 48% of firms expect sales to fall this year. Other activities that are nervous include Restaurants (60% expect sales to decrease). Firms that are anticipating a drop in sales explain it as a result of the recession (50%), competition from local firms (18%), and competition from overseas (12%). The average expected rate of decrease of sales is 17%.

Of firms expecting stagnant sales levels this year, 64% cite the recession as the principal cause.

## COST OF PRODUCTION

Table 2-13 illustrates the average cost structure of the firms surveyed.

**Table 2-13: Average Cost Structure of Surveyed Firms**

*(unweighted averages by sector)*

Sector	(No. of Firms)	(a) Wages /COP	Materials /COP	Energy /COP	(b) Rent /COP	Transport /COP	Telep. /COP	Avg. Cost of Prod. (pula)
Manufacturing	(23)	29.0%	54.9%	3.8%	6.9%	3.5%	2.2%	2,788,100
Construction	(21)	32.7%	50.0%	1.3%	7.1%	5.8%	3.1%	1,521,800
Whole/Retail	(59)	14.5%	72.9%	2.3%	6.1%	2.3%	2.0%	3,991,100
Transport	(7)	33.4%	42.8%	1.8%	7.9%	8.1%	6.1%	1,191,200
Fin/Bus Serv.	(26)	57.3%	14.2%	1.7%	12.6%	7.9%	6.7%	5,148,000
Soc/Pers Serv	(15)	43.5%	30.1%	5.5%	13.4%	2.5%	5.4%	477,100
Non-Profit	(4)	57.3%	21.1%	1.4%	9.4%	6.2%	4.5%	1,400,000
<b>Average (c):</b>	<b>(159)</b>	<b>31.5%</b>	<b>50.2%</b>	<b>2.7%</b>	<b>8.1%</b>	<b>4.2%</b>	<b>3.5%</b>	<b>6,667,200</b>

(a) COP = Cost of Production: the sum of wages, materials, energy, rent, transport, and postage and telecommunications. FAP grants are not taken into account.

(b) 40 of the firms own their premises or pay no rent. Their rent is imputed based on sectoral averages in this data base and data on manufacturing from MCI.

(c) Average for the whole sample, including firms in the Mining and Agriculture sectors

As noted above, **wages** are a substantial part of the costs of production in Botswana. They are particularly important in the Finance and Business Services and the Non-Profit sectors.

The structure of the cost of production presented in the table above points up how the costs of utilities impact on the bottom line of local businesses. **Energy**, at 2.7% of the average cost of production, exceeds 5% of the cost of production for 14 of the firms in the sample. Of the sectors shown above, energy costs are particularly high in the Manufacturing and the Social

and Personal Services sectors.<sup>19</sup> In the Finance and Business Services and Transport sectors, **telecommunications** services are more essential to operations and the resulting charges are substantial. They exceed 10% of the cost of production in nine firms.

## MAJOR PROBLEMS

BOCCIM asked survey respondents to identify their three biggest problems in 1994. Firms were provided with a list of 13 issues and then encouraged to include other items if desired. Findings for the sample as a whole are listed in Table 2-14.

A depressed market -- as measured by low turnover or the poor economic climate -- was by far the most widely cited problem for Botswana firms in 1994. The Wholesale and Retail sector is the hardest hit. Nearly half of firms in that sector cite low turnover as an issue and 63% cite the poor performance of the economy. Citizen-owned firms cited the weak economy more often than did firms with foreign ownership (61% versus 44%). Exporters were far less likely to cite the poor performance of the economy than were firms that did not export (31% versus 56%).

*Table 2-14: Leading Problems Affecting Botswana Business in 1994*

Issue	Votes	Percent
<b>LOW DEMAND:</b>	<b>145</b>	<b>31%</b>
Poor performance of Economy	83	18%
Low Turnover	62	13%
<b>HIGH COMPETITION:</b>	<b>51</b>	<b>11%</b>
Insufficient gross margin	17	4%
Competition from neighbours	34	7%
<b>POOR LABOUR PRODUCTIVITY:</b>	<b>79</b>	<b>17%</b>
High labour costs	12	3%
Unproductive labour	42	9%
Unqualified labour	25	5%
<b>HIGH INPUT COSTS/LOW AVAILABILITY:</b>	<b>73</b>	<b>16%</b>
High utility costs	51	11%
High raw material costs	17	4%
Poor raw material supply	5	1%
<b>FINANCING PROBLEMS:</b>	<b>70</b>	<b>15%</b>
Lack of financing	31	7%
Poor debt collection	39	8%
<b>LACK OF GOVERNMENT SUPPORT:</b>	<b>40</b>	<b>9%</b>
<b>OTHER:</b>	<b>8</b>	<b>2%</b>
<b>TOTAL CITATIONS:</b>	<b>466</b>	<b>100%</b>

<sup>19</sup> One of the high energy consumers in the Social and Personal Services sector is a dry-cleaner.

The second most cited problem was linked to the costs and productivity of the workforce. Firms with foreign ownership were more likely to cite unproductive labour as a major problem than were citizen-owned firms: 31% versus 20%. Unproductive or unqualified labour was most often cited as a major concern by manufacturers, finance and business service firms, and exporters. High labour costs were cited as a major problem by the mining enterprises in the sample. Firms outside of Gaborone were particularly likely to cite dissatisfaction with the quality of their workforce.

High utility costs were cited across the board as one of the top three problems faced by business in Botswana. Exporters were particularly negative about this cost (46% cite it). Citizen-owned firms were four times more likely to cite the high costs of raw materials as a major problem than were firms with foreign ownership.

More than one in four firms with foreign ownership judged competition from neighbouring countries to be a major problem. Only one in eight citizen-owned firms agreed.

Access to finance is far more frequently cited as an issue by citizen-owned firms than by foreign-owned firms: 31% as compared to 10%. Debt collection, on the other hand, is a problem shared equally by both types of firm. Overall, one in four firms cite debt collection as a major problem.

Ten of the 21 construction firms in the sample cite a lack of Government support as one of their top three problems. Three of the seven transport operators also cite this issue. Aside from these two sectors, whose disputes with Government are well documented, the issue was of secondary importance to firms in this sample.

## CHAPTER 3

### MANUFACTURING SECTOR

#### OVERVIEW

There were 24 manufacturers in the final sample, making up 15% of the total. The manufacturers as a group show a younger age profile than the rest of the sample and are larger than average in size.

Citizen-owned firms predominate and are concentrated in the low technology activities of garment making and food processing. Citizen-owned firms tend to be the smaller firms in the sector, while the larger firms are typically joint ventures. Value-added per employee is highest in the joint venture firms.

One in four of the manufacturers exports. Firms with foreign ownership are far more likely to export than the citizen-owned firms. Five of the ten firms with some foreign ownership export, while just one of the 14 citizen-owned firms is an exporter. Another six firms report that they intend to export in 1995.

Fifteen of the firms studied had benefited from the Financial Assistance Policy (FAP) at some time. FAP recipients have some characteristics that distinguish them from their peers. As intended, these firms show, on average, a labour mix that is biased heavily towards unskilled and semi-skilled production workers. Wages paid to those workers are lower than average and the value added per worker is low. Both wages and value added per worker are among the lowest found in any category in any of the sectors studied in detail. FAP firms appear to target the local market -- only two of 15 are exporting.

Manufacturers appear to be relatively optimistic about prospects for the coming year. Firms in the Food Products and the Textiles sectors -- the two sub-sectors most dominated by citizen-owned firms in this sample -- are particularly up-beat. One in three firms surveyed is expecting to increase employment this year.

Below we discuss characteristics of the manufacturing sample, the production strategy and structure of the firms studied, and the expectations and difficulties they expressed.

#### CHARACTERISTICS OF THE SAMPLE

##### Activity

Of the 24 manufacturers studied, seven were in the Textiles sub-sector, producing garments. The only other relatively large cluster of firms produced building materials. 'Other

Manufactured Products', indicated in Table 3-1, includes wood products; paper products; metal products; and other products that are not readily classified.

**Table 3-1: Distribution of Manufacturing Sample**

Activity (a)	Firms
Food Products	3
Textiles	7
Petroleum, Chemical, & Rubber Products	2
Building Materials	5
Other Manufactured Products	7

(a) Activities are derived from Central Statistics Office (CSO) classifications. 'Food Products' combines sections 301-304. 'Textiles' corresponds to section 305, 'Chemicals' to section 307, 'Building Materials' to a subset of products in section 311, and 'Other Manufactured Products' to sections 308-311.

### Age

The manufacturers sampled fairly reflect the relative infancy of the sector in Botswana. As shown in Table 3-2, the average manufacturer has been in business for six years, while the average for firms in the rest of the sample is ten years.

**Table 3-2: Start Date of Operations**

Sector	Average	Median
Manufacturing	1988	1990
Rest of Sample	1984	1987

### Ownership of Firms

As shown in Table 3-3, 58% of surveyed manufacturers are citizen-owned. No other sector studied shows such a high rate of citizen participation.<sup>20</sup> This high rate of participation may be partially explained by the FAP. Of the 15 FAP recipients in the sample of manufacturers, 12 are citizen-owned. Another factor explaining the high concentration of citizen entrepreneurship in

**Table 3-3: Capital Structure of Manufacturers**  
(number of firms (percent))

Ownership	Manufacturers	Rest of Sample
Citizen-owned	14 (58%)	57 (42%)
Joint Venture	6 (25%)	30 (22%)
Foreign-owned	4 (17%)	50 (36%)
TOTAL	24 (100%)	137 (100%)

manufacturing is the Government policy of reserving some activities for citizens. Some of the citizen-owned firms surveyed are engaged in the reserved activities of bread baking and uniform sewing. Between the FAP and the Citizen Reservation Scheme, it appears that Government has succeeded in attracting local entrepreneurs to manufacturing.

<sup>20</sup> Citizen ownership ranges from 55% of Commerce sector enterprises to 14% of Construction sector firms, and averages 42% for the rest of the sample.

Citizen-owned firms predominate in the low technology sub-sectors of Food Products (three of three firms) and in Textiles (six of seven firms). The Building Materials, Chemicals, and Other Manufactures sub-sectors show roughly equal numbers of citizen-owned firms, joint ventures, and foreign-owned firms.

Only 17% of the manufacturers surveyed are foreign-owned, compared to 36% of the rest of the sample. It seems that foreign investors are looking to other sectors when they invest in Botswana.

One in four manufacturers exports, but the breakdown differs strikingly between FAP firms and the rest of the manufacturers. Only 13% (2 of 15) of FAP firms exports, as compared to 44% (4 of 9) of non-FAP firms. Size alone does not explain the difference (see Sales/Profitability, below). One important factor may be the high degree of overlap between FAP firms and firms that are citizen-owned. Ownership appears to be directly linked to where a firm markets its product. Only one of the citizen-owned firms exports, and it is a parastatal.<sup>21</sup> Of the four foreign-owned manufacturers in the sample, three export. Two of the six joint venture firms export. Exports are spread through the Food Products, Building Materials, and Other Manufactured Products sub-sectors.

Exporters are not looking far for their markets. They have established their manufacturing base in Botswana to serve the regional market, particularly South Africa.

### Size of Firm

Table 3-4 shows that the manufacturers sampled for this survey are only rarely large, but are less likely than is the rest of the sample to have ten or fewer employees. This characteristic of the manufacturers may reflect the minimum scale requirements of some manufacturing processes. The average firm size for the sector was 45 employees, and the median was 22. FAP firms averaged just 32 employees as compared to 67 employees per firm in the non-FAP companies.

*Table 3-4: 1994 Firm Size  
(employees per firm (percent))*

Size	Manufacturing		Rest of Sample	
Very Small (1-10)	7	(29%)	68	(50%)
Small (11-25)	6	(25%)	32	(23%)
Medium (26-100)	9	(38%)	25	(18%)
Large (> 100)	2	(8%)	12	(9%)

The majority of the very small and small firms in the sample are in the Textiles sub-sector (where average employment per firm was 12 and the largest firm studied employed just 22 workers). Unfortunately, none of the large textile plants in Botswana is in the final sample. 'Textiles', as referred to in this study, are generally small garment assembly workshops. The

<sup>21</sup> Three of the citizen-owned firms indicated their intention to start exporting this year.

largest firms in the sample were in the Food Products, Building Materials, and Other Manufactures sub-sectors.

## PRODUCTION STRATEGY AND STRUCTURE

### Source of Inputs

The manufacturers sampled appear to be more linked to Botswana suppliers than is sometimes argued. Fully 71% of the firms obtain some of their materials locally. South Africa is the other favoured source of materials. Again, 71% of the firms get some of their materials from there. 9% reported sourcing some materials from Zimbabwe, while 17% obtained materials from some other source, generally in Europe.

Expatriate workers are relatively rare in manufacturing. Only 58% (14) of the manufacturing firms reported any expatriate labour, as compared to 72% of firms in the rest of the sample. For those manufacturers with foreign workers, most report just one or two. The leading country of origin is South Africa.

### Employment

The manufacturers in the sample show a substantial decline in overall employment between 1992 and 1994.<sup>22</sup> The detailed presentation in Table 3-5 indicates that the decline is concentrated in the Building Materials sub-sector. All other sectors show roughly stable or slightly improving employment over the three year period. Table 3-5 also shows that the rate of decrease in employment slows between 1993 and 1994 to just 4.2%. In fact, only six of the 19 firms with data decreased their employment over the study period.

*Table 3-5: Manufacturing Employment Trends  
(1992-1994)*

Sub-Sector	No. of Firms	1992	1993	1994	Avg. Change 1992-1994
Food Products	(2)	440	440	436	-0.9%
Textiles	(7)	83	91	88	6.0%
Chemical Prods	(1)	32	35	35	9.4%
Building Mats.	(4)	423	238	186	-56.0%
Other	(5)	208	200	217	4.3%
<b>TOTAL</b>	<b>(19)</b>	<b>1,186</b>	<b>1,004</b>	<b>962</b>	<b>-18.9%</b>

The decline in building materials employment -- and output (see below) -- corresponds to the decline in construction activity described in Chapter 4.

<sup>22</sup> The substance of this finding is confirmed by CSO data which show a 15% decrease in manufacturing employment between March 1992 and March 1994.

Firms that have received or are receiving FAP assistance appear to have been particularly hard hit by the recent economic slowdown. When the data are classified into FAP recipients and non-FAP firms, most of the layoffs are traceable to the FAP firms. Whereas employment in non-FAP firms fell by 2% (from 522 to 509 employees) between 1992 and 1994, it fell by 32% in the FAP firms (from 664 to 454).

Within the category of FAP recipients, the two firms with the most significant reductions in staff (by 14% and 69%) were founded in 1985 and 1983. One received its last FAP payment in 1988, the other at the start of 1995. There is little to indicate that FAP firms shed 'excess' labour when their FAP benefits are exhausted. Of the eight FAP firms with start dates prior to 1989 -- that is, those firms most likely to have exhausted their initial start-up FAP -- only two show a reduction in staff between 1992 and 1994. Three show stable employment and three show an increase in employment.

### Labour Mix

The labour mix -- that is, the distribution between management, technical workers, and production workers -- varies quite strikingly between FAP and non-FAP manufacturers. This variation is statistically significant.<sup>23</sup>

Table 3-6 illustrates that FAP manufacturers tend to be structured with a small management team and an even smaller technical staff.

Production workers account for 82% of the average FAP firm's workforce. Eight of the 15 FAP recipients reported no technical staff and the average number of technical staff was two. This compares to a median of one technical worker and an average of 12 in the non-FAP firms. The median number of production workers was 21 for the FAP firms and 16 for the non-FAP firms, while the average was 28 for the FAP firms and 50 for the non-FAP firms. Because the non-FAP firms in the sample are larger, on average, than the FAP firms, they are actually creating more jobs for unskilled workers than are the FAP firms.

Breaking the data down by sub-sector shows no clear tendency in labour mix. Only the Food Products and Textiles sub-sectors rely on production workers as highly as do the FAP firms as a group.<sup>24</sup> Those two sub-sectors are the same two that are almost entirely composed of citizen-owned firms

**Women** are an important part of the manufacturing labour force, particularly in the smaller firms. Overall, they represent 47% of the average firm's employment. The data indicate that

*Table 3-6: 1994 Workforce Distribution*

Labour Category	FAP firms	non-FAP firms
Management	13%	18%
Technical	6%	22%
Production	82%	59%

<sup>23</sup> A simple regression run on a dummy variable distinguishing FAP and non-FAP firms found that production workers' and technical workers' shares of the manufacturers' workforces differed significantly between FAP and non-FAP firms. For production workers the R<sup>2</sup> was 0.17 and the t-statistic was 2.09 and for technical workers there was an R<sup>2</sup> of 0.17 and a t-statistic of 2.12.

<sup>24</sup> Seven of the 15 FAP firms are from those two sub-sectors.

FAP recipients hire more women than do firms that have not received FAP assistance. Women made up 53% of the employees in the average FAP firm as compared to 34% of the workforce of the average non-FAP manufacturing firm. The importance of women in the FAP recipient workforce may be linked to the relatively low wage levels reported by that group of firms (see below).

## Wages

While the average wage per employee does not differ markedly between FAP firms and other manufacturers -- the annual average is P7,700 for the former and P9,400 for the latter -- average wages by labour category differ strikingly. On average, the management and technical staffs of FAP recipients earn higher wages and the production workers lower wages

than their counterparts in the non-FAP firms. Table 3-7 shows the average annual wage per labour category. The high management and technical staff salaries in the FAP firms may be linked to the small size of those cadres in each firm.

*Table 3-7: Average 1994 Wages by Labour Category*  
(pula)

Labour Category	FAP firms	non-FAP firms
Management	P27,400	P18,000
Technical	P28,700	P16,900
Production	P5,000	P6,500

Two factors may contribute to the gap seen between wages for production workers in FAP firms and those in firms that have not benefited from the FAP. First, the average wage for a production worker in an FAP firm approximates twice the minimum wage. It is perhaps not a coincidence that that amount is the cut-off point for labour cost reimbursement through the FAP. Second, as noted above, FAP firms are relatively more reliant on female labour than are non-FAP firms. High female employment and low wages tend to go hand in hand, although the causality needs to be studied.

Unlike other sectors where citizen-owned firms showed a lower wage structure than firms with foreign ownership, wages in manufacturing are roughly similar for all types of ownership. It seems likely that the FAP explains at least some of the boost in wages.

Textile workers are the lowest paid in the manufacturing sample. Depending on the skill category, textile wages range from 37% to 69% of the average for the rest of the sector. As an example, wages for production workers in the Building Materials and Chemicals sub-sectors fall into the P8,000-8,500 range, while in the Textile sub-sector they average just P3,600 per annum.

Overall, earnings lost ground to inflation over the 1992-1994 period.<sup>25</sup> Performance varied by labour category and by sub-sector. After adjusting for inflation, management wages grew

<sup>25</sup> Data are deflated using CSO December year on year inflation estimates of 14.4% for 1993 and 10.6% for 1994.

by 2.3% for the sector as a whole while technical wages fell by 10% and production wages declined by 12.9%. In textiles, wages outpaced inflation by 13% for management but lost 20% of their value for technical staff and 11% of their value for production workers.

For the sector as a whole, wages account for 30% of the cost of production<sup>26</sup> and 24% of the value of sales for firms in the sector.<sup>27</sup> The Textiles sub-sector reports wages averaging 40% of the cost of production, while wages in the Food Products and Chemical sub-sectors average about 20%.

### Labour Productivity

Value added per employee is generally low in Botswana's manufacturing sector. For the firms surveyed it averaged P32,100, with a median level of about P9,400 in 1994. And productivity, as measured by this indicator, appears to be declining. Between 1992 and 1994, inflation-adjusted value added per employee shrank by 12%.

Individual firm performance showed some promise. Eleven of the 18 firms with data for 1992-1994 show an increase in value added per worker that outpaces inflation. As shown in Table 3-8, relatively high levels of value added per employee are found in the Building Materials and the Chemicals sub-sectors. At the same time, the Food Products, Textiles, and Other Manufactured Products sub-sectors suffer from low labour productivity.

Over the 1992-1994 period, improvement has been most rapid in Building Materials. After adjusting for inflation, value added per employee rose by a robust 78% in the Building Materials sub-sector between 1992 and 1994. The reduction in employment in this sub-sector appears to have sharper than the reduction in sales. The slowdown in construction activity may have been seized upon as an opportunity to improve competitiveness. In contrast, the Textiles sub-sector saw a 37% drop in value added per employee over the same period.

The most glaring gap in productivity performance is between the firms that had benefited from the FAP and those that had not. The FAP recipients surveyed show average levels of

*Table 3-8: Value Added per Employee in the Manufacturing Sector (by sub-sector in 1994)*

Sub-Sector	No. of Firms	VA per Employee (pula)
Food Products	(3)	23,600
Textiles	(7)	22,400
Chemicals	(2)	62,300
Building Materials	(5)	67,800
Other	(6)	14,400

<sup>26</sup> The cost of production is the sum of wages, materials, energy, rent, transport, and postage and telecommunications.

<sup>27</sup> As noted in Chapter 1, the share of wages in manufacturers' costs of production is higher in Botswana than in other developing countries for which BOCCIM has data. Recent surveys of manufacturers conducted in Rwanda and in Morocco found wages averaging 19% of the cost of production in Rwanda and 17% of the cost of production in Morocco (using a standardised definition of the cost of production for the three data bases). Rwanda's manufacturing sector is (was) smaller and less sophisticated than Botswana's while Morocco's is far more developed (survey data collected by the BOCCIM Policy Advisor and available at BOCCIM).

value added per employee that are just 18% of the average for firms that have not received an FAP grant. In addition, they are the lowest levels of value added per employee found in any of the major sub-sectors studied in this survey.<sup>28</sup> In 1994, FAP firms averaged about P11,900 in value added per employee, as compared to P65,800 per employee for the non-FAP firms. On the plus side, the productivity of the FAP firms appeared to be improving at a rapid pace. After adjusting for inflation, the rate of improvement in value added per employee between 1992 and 1994 averaged 74% for the FAP firms and -32% for the non-FAP firms.

The data indicate that the ownership structure with the highest value added per employee is a joint venture. Five of the six joint ventures studied show value added per employee above the median. Only five of 14 citizen-owned and two of four foreign-owned firms are above the median. There seemed to be no link between the rate of change of value added per employee and ownership.

### Sales/Profitability

1994 sales in the sector averaged P4,500,000 (falling to P2,500,000 when the largest firm is held out of the average). This average masks a tremendous diversity. For the 24 firms studied, sales varied between P74,000 and P50,000,000, with a median value of P670,000. On average, the firms in the Textiles sub-sector were the smallest, with average sales of P380,000. The Building Materials sub-sector showed the largest average sales per firm, averaging P7,500,000 in 1994.

The 19 firms with data show an average real rate of growth of -15% between 1992 and 1994. The overall average masks considerable diversity. Twelve of the 19 firms report positive growth. Textiles saw a rapid increase in sales value from 1992 to 1994, averaging 57% in inflation-adjusted terms.<sup>29</sup> The four Building Materials firms with data show an inflation adjusted decline in revenue of 23% over the 1992-1994 period. Given the rapid increase in value added per employee over the same period, it appears that layoffs in the sector were more dramatic than the sales decreases.

The small size of many FAP firms does not, on its own, explain their dismal export performance. Table 3-9 shows the relative sizes of the FAP and the non-FAP firms. None of the manufacturers in the sample with an income below P400,000 were exporters. But four of the six non-FAP firms with sales greater than P400,000 export as compared to two of the seven FAP firms.

**Table 3-9: Sales Distribution**  
(number of firms)

Sales	FAP firm	Non-FAP firm
> P400,000	7	6
< P400,000	8	3

<sup>28</sup> The difference is statistically significant. A simple regression yields an R<sup>2</sup> of 0.19 and a t-statistic of 2.24.

<sup>29</sup> The rise in sales, drop in value added per employee, and steady employment levels seen in Textiles are explained by two factors: a rate of increase in value added per employee that has lagged behind growth in sales as well as a redistribution of employment from firms with decreasing sales to firms with increasing sales.

In the manufacturing sector, there seems to be a link between value added per employee and sales. With just two exceptions, firms with sales exceeding P1,000,000 in 1994 had levels of value added per employee above the median. Fixed production costs -- that lower the value added per employee of firms with low sales -- or adoption by small firms of less capital intensive manufacturing processes seem like likely possible explanations.

Firms that have participated in the FAP were more likely to show an operating deficit. This survey did not collect data on all expenditures, but after subtracting the costs of wages, materials, energy, rent, transportation, telecommunications, and building maintenance from sales, seven of the 24 firms studied showed operating deficits. Of the seven, six were firms that have received or are receiving FAP grants.<sup>30</sup> Only one of the eight firms that had never received an FAP showed an operating deficit. That particular firm opened its doors in 1993 and is most likely suffering start-up pains.

### Cost Structure

Table 3-10 illustrates the average structure of the manufacturing firms surveyed.

*Table 3-10: Average Structure of Surveyed Manufacturing Firms  
(unweighted averages by sub-sector)*

Sub-Sector	(No. of Firms)	(a) Wages /COP	Materials /COP	Energy /COP	(b) Rent /COP	Transport /COP	Telep. /COP	Avg. Cost of Prod. (pula)
Food Products	(3)	19.6%	70.9%	4.9%	2.2%	1.8%	0.6%	10,876,332
Textiles	(7)	37.8%	47.0%	2.1%	9.5%	1.0%	2.8%	226,864
Chemicals	(2)	21.0%	57.7%	4.7%	7.8%	5.0%	3.8%	1,997,215
Building Mats.	(5)	27.9%	54.3%	2.0%	6.4%	6.9%	3.3%	3,593,179
Other	(6)	27.0%	55.8%	6.1%	6.3%	3.9%	0.9%	1,324,767
<b>Average:</b>	<b>(23)</b>	<b>29.0%</b>	<b>54.9%</b>	<b>3.8%</b>	<b>6.9%</b>	<b>3.5%</b>	<b>2.2%</b>	<b>2,788,085</b>
<b>Percentage of sales value:</b>		<b>24.4%</b>	<b>47.4%</b>	<b>3.1%</b>	<b>5.9%</b>	<b>2.6%</b>	<b>2.0%</b>	<b>Avg. Sales 4,498,761</b>

(a) COP = Cost of Production: the sum of wages, materials, energy, rent, transport, and postage and telecommunications charges. FAP grants are not taken into account

(b) Ten of the firms own their premises or pay no rent. Rental charges have been imputed based on sub-sectoral averages and, in the case of Building Materials where only one firm had data, audited data from the Ministry of Commerce and Industry.

Table 3-10 indicates that **energy costs** are a legitimate issue of concern for local manufacturers. Utility rates are higher in Botswana than in the other countries in the region.

<sup>30</sup> No data on subsidy revenue were collected. Some of the operating deficits may be balanced once subsidy payments are taken into account.

Those high rates are reflected in the relatively large share of costs accounted for by energy expenditures in Table 3-10.<sup>31</sup> Those high rates, considered on their own, under-represent the impact of power costs on Botswana manufacturing. More difficult is to know the cost to the nation of the energy-intensive production processes that are discouraged from setting up in Botswana due to the high costs. Of the 24 firms in the manufacturing sample, five show energy costs that exceed 5% of production costs. They are found in the Food Products sub-sector and in Other Manufactures (particularly hard hit is a local producer of ice). Garment makers and building materials producers are generally low users of energy. Their average consumption rates are just 2.2% and 1.7% of their cost of production.

As is to be expected with a labour intensive industry, **value added** in the garment industry is far higher than in the other firms studied. Using the same definition of value added used to assess productivity, value added averaged 63% for firms in the garment industry and 38% for the remaining firms in the sample.

## EXPECTATIONS AND OBSTACLES

### Major Problems

We asked the manufacturers to identify their three biggest problems from a list of 13 issues. Table 3-11 summarises the responses. The most frequently cited issues were those of the weak economy, low labour productivity, and high input costs (utilities and raw materials).

An unusually large number of the building materials manufacturers (three of six) cited competition from neighbouring countries as one of their prime concerns.

Unqualified labour was most often cited by firms in the Food Products and the Textiles sub-sectors (two of three and three of seven respectively).

When we look at the responses by location, we find that five of the

*Table 3-11: Leading Problems Affecting Manufacturers*

Issue	Votes	Percent (a)
<b>Weak Economy</b>	<b>18</b>	<b>25%</b>
Poor Performance of Economy	(8)	(11%)
Low Turnover	(10)	(14%)
<b>Competition from Neighbours</b>	<b>7</b>	<b>10%</b>
<b>Low Labour Productivity</b>	<b>17</b>	<b>24%</b>
Unproductive Labour	(9)	(13%)
Unqualified Labour	(8)	(11%)
<b>Input Costs/Supplies</b>	<b>15</b>	<b>21%</b>
High Utility Costs	(7)	(10%)
High Costs of Raw Materials	(4)	(6%)
Poor Supply of Raw Materials	(4)	(6%)
<b>Lack of Government Support</b>	<b>6</b>	<b>8%</b>
<b>Other (financing, low margins)</b>	<b>9</b>	<b>13%</b>
<b>TOTAL</b>	<b>72</b>	<b>100%</b>

(a) Figures may not sum to 100 due to rounding.

<sup>31</sup> The data show energy costs, combining electricity and fuel charges. To the extent that high electrical rates push firms to seek alternative energy sources, the combined data are preferred.

nine rural area firms cite unqualified labour as a major problem. Firms located in urban areas outside of Gaborone tended to cite difficulties in obtaining and paying for inputs. Five of the eight Gaborone firms cited competition from neighbouring countries as a major difficulty.

### Expectations for 1994/1995

Table 3-12 presents the major findings stemming from the survey's questions on expectations.

**Table 3-12: Manufacturing Firms' Expectations for Employment, Average Wages, Sales and Production**

(number of firms (percent))

	Increase		Decrease		Same		TOTAL	
	Manuf.	ROS (1)	Manuf.	ROS (1)	Manuf.	ROS (1)	Manuf.	ROS (1)
Employment	8 (33)	42 (32)	2 (8)	33 (24)	14 (58)	58 (44)	24 (100)	133(100)
Avg. Wages	17 (71)	78 (57)	0 (0)	13 (10)	7 (29)	45 (33)	24 (100)	136(100)
Sales	13 (54)	66 (49)	4 (17)	40 (30)	7 (29)	29 (21)	24 (100)	135(100)
Production	15 (63)	21 (46)	4 (17)	9 (20)	5 (21)	16 (35)	24 (100)	46(100)

(1) ROS: Rest of Sample

The manufacturers seem relatively sanguine about their future. Still, 17% of firms surveyed expect their sales to decrease in nominal terms this year (by roughly 5% on average). 54% expect to see their sales increase, at an average rate of 18.4%. The most optimistic firms are those in the Textiles and the Food Products sub-sectors. Expectations are also strong for increases in average wages and in capital expenditures (not shown). Average wages are anticipated to rise by 9.9% for the sector. Firms in the Textiles and the Building Materials sub-sectors expect wages to rise by more than 11%.

A third of the firms are expecting to increase their employment this year, while just 8% are expecting to lay off workers. In comparison, 24% of the rest of the sample expects to lay off workers this year.

## CHAPTER 4

### CONSTRUCTION SECTOR

#### OVERVIEW

The construction sector is made up of construction firms and engineering firms. Together, there are 21 firms in the sector, comprising 13% of the total sample. The construction and engineering firms show significant differences in size and structure. In general, the construction firms, particularly those engaged in building and housing construction, are substantially larger than the engineering firms. While construction firms employ mainly unskilled and semi-skilled labour, the engineering firms classify most of their employees as technical staff.

Of the sector's studied in depth, construction is the most dominated by firms with foreign ownership -- both foreign-owned and joint venture. The small number of citizen-owned firms surveyed in this sector had all been in business for five years or less and were far smaller than the other firms studied.

Although earnings have not kept pace with inflation over the past three years, firms in this sector are less likely to show an operating deficit than are firms in other sectors. They appear to have acted aggressively to shed excess labour when demand slowed. Firms are not optimistic that their market will improve. This sector -- in particular firms in the Building Construction sub-sector -- has the most negative expectations of any sector in the sample. 40% of the firms are expecting to lay off workers this year, while nearly half are expecting their sales to fall.

Below we look at this important sector, paying particular attention to differences found between construction firms and engineering firms.

#### CHARACTERISTICS OF THE SAMPLE

##### Activity

Table 4-1 illustrates that the 21 firms in the construction sector sample are split about evenly between construction-oriented activities and engineering activities. Within construction, we distinguish between the Building Construction sub-sector and Other Construction -- which includes firms in road construction, electrical construction, dams and pipelines, and

construction services -- because the Building Construction firms studied are larger than and show a cost structure different from that of the other construction firms.

Eleven of the 21 firms list a secondary activity, often some sort of repair service or a light manufacturing process.

**Table 4-1: Distribution of Construction Sector Sample**

Activity (a)	Firms
Building Construction	3
Other Construction & Construction Services	8
Engineering & Engineering Services	10

(a) Activities are derived from Central Statistics Office (CSO) classifications. 'Building Construction' is section 501; 'Other Construction and Construction Services' combines sections 502-505; and 'Engineering and Engineering Services' combines 506 and 507.

### Age

The average start date for the firms surveyed was 1983. The median start date was 1987. The older firms in the sample are concentrated in construction activities, particularly building construction.

### Ownership of Firms

Table 4-2 shows the extent to which the sector is dominated by foreign-owned and joint venture firms. Only three of the 21 firms in the sample are citizen-owned. Those three are relatively new, the oldest having started up in 1989. More than half of the firms in this sector are completely foreign owned and 33% are joint ventures.

**Table 4-2: Capital Structure of Firms**  
(number of firms (percent))

Ownership	Construction	Rest of Sample
Citizen-owned	3 (14%)	68 (49%)
Joint Venture	7 (33%)	29 (21%)
Foreign-owned	11 (52%)	43 (31%)
<b>TOTAL</b>	<b>21 (100%)</b>	<b>140 (100%)</b>

No other sector studied in detail in this survey is as dominated by foreign capital. Table 4-2 shows that for the rest of the sample, 31% are foreign-owned and 21% are joint ventures.

## Size of Firm

Table 4-3 illustrates that, overall, firms in the construction sector are no more often large than in the rest of the sample, but that they are less likely to be very small.

*Table 4-3: 1994 Firm Size  
(employees per firm (percent))*

Size	Construction	Rest of Sample
Very Small (1-10)	5 (24%)	70 (50%)
Small (11-25)	10 (48%)	28 (20%)
Medium (26-100)	4 (19%)	30 (21%)
Large (> 100)	2 (10%)	12 (9%)

Because of the very large size of the Building Construction firms, average firm size in the sample for this sector gives an impression of much bigger firms than is generally the case. For

the sector as a whole, per firm employment averaged 69 in 1994. The three building construction firms had a workforce averaging 370 employees, while the average for the rest of the sector was 19. The median size for firms in the Construction sector is 14 -- 20 for the construction firms and 12 for engineering firms -- compared to 11 for the rest of the sample.

## PRODUCTION STRATEGY AND STRUCTURE

### Source of Inputs

The Botswana construction industry appears to be fairly well linked to local suppliers. Of the firms in the sample, 81% report buying some of their materials locally and 29% buy all of their materials locally. The three citizen-owned firms report that they buy exclusively from local sources. The only other major source of materials is South Africa. Two-thirds of the firms sampled purchase some of their materials from there. Only two firms listed any other country as a source for materials.

South Africa is also the preferred source for capital among the firms surveyed. Other sources of foreign capital were Zimbabwe, Kenya, and some of the European countries.

Foreign labour is common in this sector. 18 of the 21 firms in the sample (86%) have some.<sup>32</sup> The biggest source of foreign labour is Zimbabwe, followed again by South Africa. Other sources of labour were in Africa and in Europe. This use of foreign labour is above average: only 68% of firms outside of construction employ foreign labour. The average number of foreign workers in the construction sector was just over three per firm.

<sup>32</sup> Two of the three firms with no foreign labour are citizen-owned. The other is foreign-owned.

## Employment

Table 4-4 illustrates how dominant the Building Construction sub-sector is in terms of employment in the sample for this sector.

The Building Construction data need to be interpreted carefully. During the period under study, one large firm doubled its employment between 1992 and 1993. In 1994, it laid off close to 20% of its payroll. Its size in such a small sample means that its actions have a tremendous impact on both sub-sector averages and overall averages. If that firm is held out of the analysis, average employment between 1992 and 1994 decreases by 46% in the Building Construction sub-sector and total employment in the sector falls by 38%. That finding would make the construction sector the most hard hit of those studied by the recent economic slowdown. CSO data show a 21% decrease in employment in the sector between March 1992 and March 1994, similar to the averages for the Other Construction and the Engineering sub-sectors in this sample.

*Table 4-4: Construction Sector Employment Trends (a)  
(1992-1994)*

Sub-Sector	No. of Firms	1992	1993	1994	Avg. Change 1992-1994
Building (b)	(3)	1,045	1,446	1,111	6.3%
Other Const.	(6)	116	108	89	-23.2%
Engineering	(7)	152	141	120	-21.1%
<b>TOTAL</b>	<b>(16)</b>	<b>1,313</b>	<b>1,695</b>	<b>1,320</b>	<b>0.5%</b>

(a) for a subset of 16 firms with three years of employment data

(b) If one large firm is excluded, data for the Building Construction sub-sector are 1992: 560; 1993: 479; and 1994: 302

## Labour Mix

Table 4-5 shows how the mix of employees differs between the construction firms and the engineering firms. Firms in the Building Construction and Other Construction sub-sectors keep only a small technical and management staff. Unskilled and semi-skilled labour accounts for 91% of the workforce. The situation is reversed for firms in the Engineering sub-sector. There, only 16% of the workforce is classified as unskilled or semi-skilled while 68% is classified as technical staff, and another 16% is management.

*Table 4-5: Work Force Distribution in the Construction Sector*

Labour Category	Construction	Engineering
Management	4%	16%
Technical	5%	68%
Unskilled/Semi-skilled	91%	16%

**Women** are barely present in this sector. They comprise 9% of the workforce in the construction firms and 22% in the engineering firms.

## Wages

Wages in the construction sector are on the low side for the sample as a whole. Despite the different structures of the engineering and the construction firms, their wage scales do not much vary. Only in the technical employee category is there any real difference. Technical workers in the construction firms earn a higher average income than the management team, averaging about P30,000 per annum. In the engineering firms, workers classified as technical bring home about P15,000 per annum.

Table 4-6 shows that citizen-owned firms are working with a lower wage structure than are the foreign-owned and joint venture firms.

Irrespective of ownership, there is consensus on wages for labourers and they are low. In fact, the only activities in which we found average wages for unskilled

labour as low were manufacturing activities that had benefited from the Financial Assistance Policy.

Between 1992 and 1994, the inflation-adjusted value of wages shrank for technical staff by 14.8% and for management by 6.0%. As employment dropped, real wages for production labour rose by 8.8%.<sup>33</sup>

Wages average about 34% of the cost of production and 25% of sales value.<sup>34</sup> They are 44% of the cost of production of the Other Construction sub-sector.

*Table 4-6: Average 1994 Wages by Ownership (pula)*

Category	Citizen-owned	Joint venture	Foreign-owned	AVERAGE
Management	10,200	23,300	23,200	21,400
Technical	6,400	34,000	20,100	22,500
Labour	5,400	5,700	4,900	5,200

## Labour Productivity

Using value added per employee as a proxy for labour productivity indicates that productivity in the construction sub-sectors is at about the same low level as that seen in manufacturing. Table 4-7 shows value added per employee by sub-sector and indicates that the engineering firms in the sample have a much higher level of productivity. In 1994, the average level of

*Table 4-7: Value Added per Employee in the Construction Sector (by sub-sector in 1994)*

Sub-Sector	No. of Firms	VA per Employee (pula)
Building Const.	(2)	15,600
Other Construction	(8)	28,700
Engineering	(10)	47,100

<sup>33</sup> Data are deflated with CSO December year on year inflation estimates of 14.4% for 1993 and 10.6% for 1994.

<sup>34</sup> The cost of production is the sum of expenditures on wages, materials, energy, rent, transport, and postage and telecommunications.

value added per employee for the sector as a whole was P37,400 and the median was P17,800.

The foreign-owned firms show value added per employee that is more than triple the average for either citizen-owned or joint venture firms. Value added per employee averages P58,400 in the foreign-owned firms and just P14,500 in the citizen-owned firms and P17,100 in the joint ventures.

Value added per employee has declined since 1992. For the 15 firms with three years of data, the average level shrank by 13% after adjusting for inflation.

There is considerable variation in the rate of change by sub-sector. Firms in the Building Construction sub-sector saw an inflation-adjusted increase of 88% from 1992-1994. That increase is due to reductions in the workforce combined with some increase in value added. Much of the improvement occurs between 1993 and 1994, the period during which employment was cut sharply in the sub-sector. Value added per employee declined in both the Engineering and the Other Construction sub-sectors. For the seven engineering firms with data, three saw a real decline in value added per employee. Three of the six firms in the Other Construction sub-sector saw a real decline.

### **Sales/Profitability**

Sales revenue averaged P1,600,000 in the Construction sector in 1994, varying from P71,000 to P16,000,000 with a median of P725,000. While average sales in the Other Construction and the Engineering sub-sectors were just over P1,000,000 per firm, they were P9,900,000 in the Building Construction sub-sector. In the Manufacturing sector, we found a positive correspondence between sales and value added per employee. When sales were high so was the productivity measure. Not so in the Construction sector. Building Construction has the highest sales and the lowest value added per worker.

After adjusting for inflation, average sales per firm declined by 17% between 1992 and 1994. Seven of the 15 firms with data show a real decline in revenue. The decline is seen in every sub-sector, but is most pronounced in the construction sub-sectors, five of eight of which saw sales decline in real terms.

Average earnings for foreign-owned firms are more than 16 times those for the three citizen-owned firms. In 1994, the foreign-owned firms studied earned P3,500,000 on average, as compared to P210,000 for the citizen-owned firms. Joint ventures showed average earnings of P1,250,000.

Despite the erosion in earnings, only four of the 21 firms with data showed an operating deficit in 1994.<sup>35</sup>

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<sup>35</sup> We define an operating deficit as the difference between sales and the costs of wages, materials, rent, energy, transport, postage and telecommunications, and building maintenance. Depreciation is not included.

## Cost Structure

Table 4-8 illustrates the average cost structure of the construction sector firms surveyed.

**Table 4-8: Average Structure of Surveyed Construction Sector Firms**

(unweighted averages by sub-sector)

Sub-sector	(No. of Firms)	(a) Wages /COP	Materials /COP	Energy /COP	(b) Rent /COP	Transport /COP	Telep. /COP	Avg. Cost of Prod. (pula)
Building Con	(3)	20.9%	69.5%	0.6%	1.8%	6.1%	1.1%	6,810,611
Other Const.	(8)	42.1%	37.7%	1.0%	9.9%	6.5%	2.9%	829,807
Engineering	(10)	28.7%	54.1%	1.7%	6.5%	5.2%	3.9%	488,705
Average	(21)	32.7%	50.0%	1.3%	7.1%	5.8%	3.1%	1,521,778
Percentage of sales value		25.1%	37.4%	1.2%	5.3%	4.2%	2.2%	Avg. Sales 2,421,550

(a) COP = Cost of Production: the sum of wages, materials, energy, rent, transport, and postage and telecommunications.

(b) Six of the firms own their premises or pay no rent. Their rent is imputed using sub-sectoral averages.

Of the sectors studied in detail, the structure of construction firms most closely resembles that of manufacturers. As is to be expected from a labour intensive activity, **value added** is quite high -- averaging 55% overall and varying little between the sub-sectors. Table shows that **wages** make up an unusually large share of the cost of production in the Other Construction sub-sector.

The sub-sector that relies most on **materials** is Building Construction.

Firms in the sector are relatively light users of **utilities**. Only one firm shows energy costs exceeding 5% of the cost of production. Four of the 21 firms show telephone costs that exceed 5% of the cost of production.

**Transport** is a significant cost for nearly all the firms in this sector.

## EXPECTATIONS AND OBSTACLES

### Major Problems

We asked the firms in the Construction sector to identify their three biggest problems from a list of 13 issues. Table 4-9 summarises the responses. The most frequently cited issues were the weak economy, lack of Government support, and low labour productivity.

Firms in the Building Construction sub-sector tended to agree in their assessments of major problems. Two of the three firms studied cited a lack of Government support, competition from neighbouring countries, and low gross margins. Competition from neighbouring countries was also cited by five of the eight 'Other Construction' firms.

Firms in the Engineering sub-sector were dissatisfied with Government and with their workforces. They listed the lack of Government support (six firms), unproductive labour (five firms), and unqualified labour (three firms).

Three of the four rural firms in this sector cite unproductive labour as a major problem. Three of six urban firms outside of Gaborone cite unproductive labour and competition from neighbouring countries. Seven of the eleven Gaborone firms cite a lack of Government support to business.

*Table 4-9: Leading Problems Affecting Construction Sector Businesses*

Issue	Votes	Percent
<b>Weak Economy</b>	14	23%
Poor Performance of Economy	(8)	(13%)
Low Turnover	(6)	(10%)
<b>Competition from Neighbours</b>	7	11%
<b>Low Labour Productivity</b>	12	19%
High Costs of Labour	(1)	(2%)
Unproductive Labour	(8)	(13%)
Unqualified Labour	(3)	(5%)
<b>Input Costs/Supply</b>	5	8%
High Utility Costs	(2)	(3%)
High Costs of Raw Materials	(3)	(5%)
<b>Financing</b>	9	15%
Debt Collection	(5)	(8%)
Lack of Financing	(4)	(6%)
<b>Lack of Government Support</b>	10	16%
<b>Other</b>	5	8%
<b>TOTAL</b>	<b>62</b>	<b>100%</b>

## Expectations

Table 4-10 presents the major findings stemming from the survey's questions to the Construction sector on its expectations.

**Table 4-10: Construction Firms' Expectations for Employment, Average Wages, Sales and Production**

(number of firms (percent))

	Increase		Decrease		Same		TOTAL	
	Const.	ROS (1)	Const.	ROS (1)	Const.	ROS (1)	Const.	ROS (1)
Employment	5 (25)	45 (33)	8 (40)	27 (20)	7 (35)	65 (47)	20 (100)	137(100)
Avg. Wages	9 (43)	86 (62)	5 (24)	8 (6)	7 (33)	45 (32)	21 (100)	139(100)
Sales	7 (33)	72 (52)	10 (48)	34 (25)	4 (19)	32 (23)	21 (100)	138(100)

(1) ROS: Rest of Sample

The table shows that the expectations of firms in the Construction sector are quite negative. As noted above, 7 of the 15 firms in the sector with data saw the real value of their sales decline between 1992 and 1994. Now 10 of 21 firms are expecting the nominal value of their sales to fall this year, the average rate of decrease is expected to be 15%. The firms in the construction sub-sectors have been particularly hard hit and theirs are the most negative expectations. Seven of 11 expect their sales to fall.

At the same time, seven firms do expect their sales to increase, and quite substantially, by 36% on average. When asked why, those firms cite business expansion or a better sales strategy. It seems there may be some consolidation occurring in the sector.

In anticipation of the drop in sales, 40% of the firms surveyed are planning on laying off some of their workers. The engineering firms are as likely as the construction firms to anticipate reductions in their workforces.

Finally, firms in this sector are four times more likely to expect to see a drop in average wages than are firms in the rest of the sample. The average rate of decrease for the four firms expecting wages to fall is 11.7%. For the nine firms expecting average wages to increase, the average expected increase is 12%.

## CHAPTER 5

### WHOLESALE AND RETAIL SECTOR

#### OVERVIEW

The Wholesale and Retail sector is made up of wholesale and retail activities, the hospitality services (hotels and restaurants), and a mixed bag of other commercial activities including bottle stores, motor vehicles dealers, and petrol stations. For ease of discourse we refer to it in this chapter as the Commerce sector. The sector is Botswana's largest private employer outside of traditional agriculture and is the largest in this sample. The 60 firms studied comprise 37% of the total sample.

With some notable exceptions, firms in this sector are small and wages are relatively low. The value of the stock turned over far outstrips value added. But value added per employee in this sector, on average, still exceeds that found in manufacturing.

The data show that the last few years have been difficult for this sector. Employment has fallen, as has productivity. The major problems cited by businesses in the sector are the weak economy, high utility costs, and debt collection. Debt collection and generalised financing problems are concentrated almost exclusively in very small, citizen-owned firms.

Expectations reflect these trends. 30% of firms in this sector expect their sales to decline in 1994/1995. Another 27% expect to reduce their workforce somewhat. Within the Commerce sector, the Hotel and the Restaurant sub-sectors are particularly negative

Detailed findings on the sector are presented below.

#### CHARACTERISTICS OF THE SAMPLE

##### Activity

Table 5-1 shows that the largest activity by far in this sector is retail (import/export) trade. The next largest grouping is wholesale trade, accounting for 10% of the total. The remaining

14 firms (23%) are spread relatively evenly in hotels, restaurants, petrol stations, motor vehicle dealerships, bottle stores, and commission agents.

A third of the firms report a secondary activity, most often also in the Commerce sector, or else in the Social and Personal Services sector.

**Table 5-1: Distribution of Commerce Sector Sample**

Activity (a)	Firms
Wholesale Trade	6
Retail Trade	40
Hotels	3
Restaurants	5
Other Commerce	6

(a) Activities are derived from Central Statistics Office (CSO) classifications. 'Wholesale Trade' is section 601; 'Retail Trade' is section 602; 'Hotels' is section 603; 'Restaurants' is section 604; and 'Other Commerce' is sections 605-610.

**Age**

The Commerce sector is the oldest sector studied in this sample. Table 5-2 shows that the average start date for firms in the sector was 1983, with a median start date of 1984. Unlike other sectors, where citizen owners are relatively recent arrivals, citizen-owned firms in the commerce sector have the same average age as the rest of the firms, but a more recent median, 1986.

**Table 5-2: Start Date of Operations**

Sector	Average	Median
Commerce	1983	1984
Rest of Sample	1985	1989

The **rate of entry** of new firms into the sector is half that seen in other sectors. Only 15% of the sample commercial firms had been founded in 1992 or later, as compared to 30% of the firms in the rest of the sample.

**Ownership of Firms**

Table 5-3 shows that the Commerce sector is dominated by citizen-owned firms. Citizen-owned firms account for 55% of the total in the sector, as compared to 38% of the rest of the sample. Foreign-owned firms are about one-third of the total and joint ventures are just 13%.

**Table 5-3: Capital Structure of Firms**  
(number of firms (percent))

Ownership	Commerce	Rest of Sample
Citizen-Owned	33 (55%)	38 (38%)
Joint Venture	8 (13%)	28 (28%)
Foreign-Owned	19 (32%)	35 (35%)
<b>TOTAL</b>	<b>60 (100%)</b>	<b>101 (100%)</b>

Citizen-owned firms and firms with foreign ownership are fairly evenly spread through the sub-sectors.

## Size of Firms

Enterprises in the Commerce sector are relatively small. Table 5-4 shows the large number of very small firms in this sector. They are spread roughly proportionately through the sector. For instance, the Retail sub-sector, which accounts for 67% of firms, accounts for 62% of very small firms. The Hotel sub-sector is made up of medium-sized and large firms, while the Restaurant sub-sector contains firms that are all either small or very small.

*Table 5-4: 1994 Firm Size  
(employees per firm (percent))*

Size	Commerce	Rest of Sample
Very small (1-10)	32 (53%)	43 (43%)
Small (11-25)	14 (23%)	24 (24%)
Medium (26-100)	10 (17%)	24 (24%)
Large (> 100)	4 (7%)	10 (10%)

While the overall average employment per firm in the sector is 33, the exclusion of one large firm in the Hotel sub-sector brings average employment in the sector down to 23. The comparable average for the rest of the sample (excluding the mining firms) is 60 employees. The median firm size was just ten employees, as compared to 13 for the rest of the sample.

## PRODUCTION STRATEGY AND STRUCTURE

### Source of Inputs

Weak purchasing of locally produced products by the local commerce sector is well known and confirmed by this survey. BOCCIM found that two of the six wholesalers bought nothing from Botswana, while five of six bought at least something from South Africa. 23 of the 38 retail enterprises bought some of their goods locally, while 28 of 38 bought some of their goods from the RSA. Ten sourced 100% of their goods from RSA and just ten sourced 100% from Botswana.

Forty percent of firms in the Commerce sector employ no foreign labour. Those firms that do employ foreigners tend to recruit in the region. South Africa was the leading source, followed closely by Zimbabwe, and then by a grab-bag of other African nationalities. Five of the 60 firms report some Asian nationals as employees.

Sources of capital were quite far-flung. But South Africa and Zimbabwe were again the leading sources, followed closely by the U.K.

## Employment

Table 5-5 illustrates the slight contraction in employment experienced by the Commerce sector since 1992.<sup>36</sup> But the detailed data show that performance was mixed. The one strong area of growth is the Retail sub-sector, which saw a 10% increase in employment from 1992 to 1994. Counterbalancing that growth was the loss of Wholesale and Hotel sub-sector jobs.

*Table 5-5: Commerce Sector Employment Trends (a)  
(1992-1994)*

Sub-Sector	No. of Firms	1992	1993	1994	Avg. Change 1992-1994
Wholesale	(4)	140	130	119	-15.0%
Retail	(23)	585	591	644	10.0%
Hotels	(2)	777	721	694	-10.7%
Restaurants	(5)	66	71	68	3.0%
Other	(6)	158	163	165	3.2%
<b>TOTAL</b>	<b>(40)</b>	<b>1,724</b>	<b>1,673</b>	<b>1,686</b>	<b>-2.2%</b>

(a) for the subset of 40 firms with three years of employment data

Faults in the data collection effort meant that time series data do not exist for 20 firms, one-third of the total in this sector. 1994 data, which are complete, show total employment in our full sample of the sector at 1,987 -- 18% greater than the total shown above.

## Labour Mix

The smaller size of the firms in this sector yields a flatter hierarchy. About 26% of staff are listed as management; 42% as technical staff; and 32% as unskilled and semi-skilled labour. The Hotel and Restaurant sub-sectors have just two categories of workers: management and everybody else. None of the restaurants in the sample lists any unskilled labour. And the hotels with data class all their non-management staff as one of either technical or unskilled personnel. The low wages paid to the non-management staff in these two sub-sectors (see below) make it appear that the positions filled by non-management staff are not highly skilled. Rather than make a lot of assumptions, we simply present the data as it was collected.

**Women** are a major part of the Commerce sector workforce. They represent 61% of the sector's workforce, as compared to 40% in the firms in the rest of the sample. Women are 77% of the workforce at the hotels studied. The next highest levels of female participation are found in restaurants and in retail trade. The lowest rate of female participation, 33%, is found in the Wholesale sub-sector.

<sup>36</sup> For this sector, our data do not correspond with the CSO which shows employment in the Commerce sector increasing by 12% between March 1992 and March 1994.

## Wages

In 1994, Commerce sector wages at the management level averaged P24,500 per annum. At the technical level, they averaged P12,300 per annum and at the unskilled and semi-skilled labour level they averaged P6,300.

After adjusting for inflation, wages declined by 7% and 5%, on average, for the sector's management and labour employees respectively between 1992 and 1994.<sup>37</sup> Wages for technical staff rose by 3% on average over the same period.

Table 5-6 shows very low wages for technical staff in the Retail, Hotel, and Restaurant sub-sectors. Low wages combined with the generally low technical requirements in these sectors, indicate that there may be a misclassification of staff in these sub-sectors. As noted above, many of the firms in these sub-sectors classify their workers into two categories, not three. So the distinction between technical and unskilled/semi-skilled labour may

be somewhat arbitrary. The table clearly shows that fairly low wages are the order of the day in this sector. The sole exception is the Wholesale sub-sector, which shows a higher overall structure than the other sub-sectors. Also, management wages in the Hotel sub-sector are uniquely high.

Foreign-owned firms appear to pay higher wages than joint ventures, which pay higher wages than citizen-owned firms. Because of the confusion in employee classification in this sector, we took total wages per firm and divided by total employment per firm and found that the average wage per employee was about 33% higher in foreign-owned firms than in citizen-owned firms.

For the sector as a whole, wages average just 15% of the cost of production, varying by sub-sector from 26% for Hotels to 4% for Other Commerce.<sup>38</sup>

## Labour Productivity

In 1994, value added per employee -- our proxy for labour productivity -- did not vary much between sub-sectors. That convergence masks recent trends in which value added per employee has declined sharply in the Retail and Other Commerce sub-sectors while

*Table 5-6: Commerce Sector Wages in 1994 (pula)*

Sub-Sector	Management	Technical	Labour
Wholesale	25,100	31,100	8,300
Retail	23,300	10,800	6,100
Hotels	53,800	4,700	4,800
Restaurants	14,800	4,300	N/A
Other	24,900	12,300	6,800
<b>AVERAGE</b>	<b>24,500</b>	<b>12,300</b>	<b>6,300</b>

<sup>37</sup> Deflated with CSO December year on year inflation estimates of 14.4% in 1993 and 10.6% in 1994.

<sup>38</sup> The cost of production is the sum of wages, materials, energy, rent, transport, and postage and telecommunications.

increasing in the Hotel and Restaurant sub-sectors. These findings must be interpreted with care since stocks can be large and stock purchases can be lumpy in the Commerce sector. We do not have data on variations in stock levels to adjust for stocks carried over or consumed from one year to the next. Without this adjustment, value added varies from year to year in this sector more than is usual.

This sample of firms shows an average level of value added per employee in 1994 of P34,800 and a median of P20,400. Table 5-7 shows that the sub-sector averages uniformly exceed the median. Value added per employee is uniquely high in the Wholesale sub-sector, and fairly tightly clustered for the rest of the sub-sectors.

*Table 5-7: Value Added per Employee in the Commerce Sector (by sub-sector in 1994)*

Sub Sector	No. of Firms	VA per Employee (pula)
Wholesale	(6)	75,800
Retail	(40)	30,800
Hotels	(3)	28,300
Restaurants	(5)	36,000
Other Commerce	(6)	34,400

Real value added per employee for the sector as a whole declined by 27% between 1992 and 1994. The sharpest drop was experienced by the Other Commerce sub-sector, which saw real value added per worker decline by 58% in one year. The Retail sub-sector saw an inflation-adjusted drop in value added per worker of 32%. This drop coincides with the increase in employment noted above and anticipates the findings, below, that per-firm revenue decreased over the study period.

Healthy improvement was seen in the Hotel and the Restaurant sub-sectors. In these sub-sectors, real value added per employee grew by 13% and 30%, respectively, between 1992 and 1994.

Value added per employee is much higher for foreign-owned firms in this sector than for citizen-owned or joint venture firms. In 1994, this proxy for labour productivity averaged P50,000 for foreign-owned firms, and P28,600 and P24,300 for citizen-owned and joint venture firms, respectively.

### **Sales/Profitability**

This highly diverse sector is hard to define by averages. Its average 1994 sales were P4,800,000. But the firms in the sample report revenue ranging from P24,000 to P44,000,000. The median revenue level was P750,000.

Firms in the Wholesale, Hotel, and Other Commerce sub-sectors all average more than P10,000,000 in sales per firm in 1994. Restaurants have the lowest average sales, P830,000 per year. Given the low median revenue level in the sector, it appears that the very large firms are swamping the more numerous low-revenue firms in the averages. Low-revenue firms are particularly common in the Retail sub-sector.

For the 41 firms with data, inflation-adjusted sales declined by 6% on average between 1992 and 1994. The overall decline was driven by a 14% reduction in the Retail sub-sector.

The Commerce sector is the only one studied in detail in which citizen-owned firms boast a higher average annual sales level than do firms with foreign ownership: P6,600,000 as compared to P4,600,000 and P720,000 for foreign-owned and joint venture firms, respectively.

Even without a full accounting of all expenditures, 22 of the 59 firms with data show operating deficits in 1994.<sup>39</sup> 17 of those firms are in the Retail sub-sector. In other words, 44% of the retailers surveyed showed operating deficits. Again, the data are not accounting data. Some of the deficits may be due to 'lumpy' stock purchases destined to be carried forward into a new year. Two of the five restaurant owners also report operating deficits.

### Cost Structure

Table 5-8 illustrates the average structure of the Commerce sector firms surveyed.

*Table 5-8: Average Structure of Surveyed Commerce Sector Firms  
(unweighted averages by sub-sector)*

Sub-sector	(No. of Firms)	(a)			(b)			Avg. Cost of Prod. (pula)
		Wages /COP	Materials /COP	Energy /COP	Rent /COP	Transport /COP	Telep. /COP	
Wholesale	(6)	10.1%	83.5%	1.0%	2.4%	1.8%	1.6%	11,786,186
Retail	(39)	16.1%	70.6%	2.0%	6.7%	2.7%	2.1%	1,960,008
Hotel	(3)	24.4%	45.2%	11.7%	11.0%	2.8%	5.7%	7,873,609
Restaurant	(5)	13.7%	72.3%	2.4%	8.9%	1.4%	1.4%	569,623
Other	(6)	4.2%	92.0%	0.9%	1.4%	0.6%	0.9%	10,307,731
<b>Average</b>	<b>(59)</b>	<b>14.5%</b>	<b>72.9%</b>	<b>2.3%</b>	<b>6.1%</b>	<b>2.3%</b>	<b>2.0%</b>	<b>3,991,064</b>
<b>Percentage of sales value</b>		<b>14.2%</b>	<b>68.7%</b>	<b>2.0%</b>	<b>5.6%</b>	<b>2.3%</b>	<b>1.9%</b>	<b>Avg. Sales 4,876,281</b>

(a) COP = Cost of Production: the sum of wages, materials, energy, rent, transport, and postage and telecommunications charges.

(b) 17 of the firms own their premises or pay no rent. Rent charges are imputed from sub-sector averages.

As is to be expected for commercial activities, **materials** (stock) costs dominate the total cost of production. Materials account for more than 80% of costs for 24 of the 60 firms surveyed. Consequently, **value added** is fairly low in this sector. Using the definition of value added employed in the productivity measure above yields an average value added rate for the sector

<sup>39</sup> The operating deficit is the difference between revenue and the sum of wages, stocks, rent, transport, energy, postage and telecommunications, and building maintenance.

of just 26% of the value of sales. Value added is lowest (in percent terms) in the Other Commerce sub-sector (6%) and highest in the Hotel sub-sector (66%).

Property ownership is not particularly high in this sector. 43 of the 60 firms **rent** their business site. Of the 17 firms that do not pay rent, 11 are in the Retail sub-sector and the rest are scattered through the other sub-sectors.

**Energy, rent, and telephone** charges are high in the Hotel sub-sector. The shares of these costs resemble those seen in the Finance and Business Services sector and reflect the mix of inputs required to run a hotel efficiently.

## EXPECTATIONS AND OBSTACLES

### Major Problems

We asked the Commerce sector firms to identify their three biggest problems from a list of 13 issues. Table 5-9 summarises the responses. Far and away the most significant issue is the weak economy. Also frequently cited were high utility costs and difficulties in debt collection and financing.

Breaking the data down by sub-sectors provides greater insights on the sector. The Retail and the Restaurant sub-sectors account for the vast majority of the citations of the poor performance of the economy and low turnover (overtrading). The Wholesale sub-sector was troubled by the state of the economy but also by competition from neighbouring countries.

In the Hotel sub-sector, all three hotels cited unproductive labour as one of their biggest problems.

*Table 5-9: Leading Problems Affecting Commerce Sector Businesses*

<b>Issue</b>	<b>Votes</b>	<b>Percent</b>
<b>Weak Economy</b>	<b>67</b>	<b>39%</b>
Poor Performance of Economy	(38)	(22%)
Low Turnover	(29)	(17%)
<b>Competition from Neighbours</b>	<b>12</b>	<b>7%</b>
<b>Low Labour Productivity</b>	<b>20</b>	<b>12%</b>
Unproductive Labour	(15)	(9%)
Unqualified Labour	(4)	(2%)
High Cost of Labour	(1)	(1%)
<b>Input Costs</b>	<b>27</b>	<b>16%</b>
High Utility Costs	(22)	(13%)
High Costs of Raw Materials	(5)	(3%)
<b>Financing</b>	<b>27</b>	<b>16%</b>
Debt Collection	(14)	(8%)
Lack of Financing	(13)	(8%)
<b>Lack of Government Support</b>	<b>12</b>	<b>7%</b>
<b>Other</b>	<b>7</b>	<b>4%</b>
<b>TOTAL</b>	<b>172</b>	<b>100%</b>

Financing difficulties were concentrated in citizen-owned firms or very small firms and were most commonly mentioned by firms in the Retail and the Other Commerce sub-sectors. Eleven of the 13 firms citing a lack of financing are citizen-owned and the same share are

very small (ten or fewer employees). Ten of the 14 firms citing debt collection as a problem are citizen-owned, and six of the 14 are very small.

Firms in rural areas are more likely to cite debt collection as a major problem than are other firms.

### Expectations

Table 5-10 presents the major findings stemming from the survey's questions to the Commerce sector on its expectations.

**Table 5-10: Commerce Sector's Expectations for Employment, Average Wages, Sales and Production**

(number of firms (percent))

	Increase		Decrease		Same		TOTAL	
	Comm.	ROS (1)	Comm.	ROS (1)	Comm.	ROS (1)	Comm.	ROS (1)
Employment	17 (29)	33 (34)	16 (27)	19 (19)	26 (44)	46 (47)	59 (100)	98(100)
Avg. Wages	35 (59)	60 (59)	4 (7)	9 (9)	20 (34)	32 (32)	59 (100)	101(100)
Sales	31 (51)	48 (49)	18 (30)	26 (26)	11 (18)	25 (25)	60 (100)	99(100)

(1) ROS: Rest of Sample

In line with their reduced sales over the past few years, businesses in this sector are slightly less likely than others to expect to increase their employment this year and slightly more likely to instead reduce their workforce.

Expectations of employment reduction are concentrated in just a few sub-sectors. Half of the firms in the Hotel and the Restaurant sub-sectors intend to lay off workers this year as compared to one in four firms in the rest of the sector. Two of the five restaurants in the sample are also expecting to reduce the average wage paid. For the 59% of firms in the sector that expect average wages to rise this year, the expected increase is 9%.

The most optimistic class of firms in this sector are the wholesalers. 80% of them expect sales to rise this year -- by 14% on average -- and two thirds of the firms expect average wages to increase, by 9% on average.

## CHAPTER 6

### FINANCIAL, INSURANCE, REAL ESTATE AND BUSINESS SERVICES SECTOR

#### OVERVIEW

For ease of discourse, in this chapter we refer to this sector as the Business Services sector. The final survey sample includes 26 firms in this sector -- engaged in banking, insurance, real estate, printing and publishing, consulting, accounting, and other business services. Enterprises in the sector are most often foreign-owned and are often relatively young. More than a third have been in business for three years or less. Five of the firms export their service.<sup>40</sup> Another three plan to start exporting this year.

The business services are people intensive. They usually require little in the way of materials or capital investment, but they demand a mix of highly skilled and administrative support personnel. The data show that revenue generated in business services is nearly pure value added. Value added averages 78% of the value of sales, of which wages are nearly half. The median level of value added per employee is more than four times that seen in the manufacturing sector.

The Business Services sector does not anticipate any major changes this year. More firms expect wages, employment and sales to increase than to decrease but the most common expectation is for no change.

Detailed findings on the sector are presented below. Throughout this section, the banks are set somewhat apart. Their size and structure make them quite different from the other firms in the sector.

#### CHARACTERISTICS OF THE SAMPLE

##### Activity

Table 6-1 shows that half the firms in the sector can be classified as 'Other Business Services'. Included in this group are accounting firms, management consulting firms, computer advisory services, a security company, a moving company, and a prospecting firm. The other big grouping is Printing and Publishing, with seven firms. The remaining firms are

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<sup>40</sup> Services are exported when foreign exchange is earned in their execution. A typical example would be a freight forwarder paid in South African rand by his client in Durban.

**Table 6-1: Distribution of the Business Services Sample**

evenly distributed in banking, insurance, and real estate. There are five firms that **export** in the sector -- two in consulting, two in printing, and one in moving services.

Twelve of the 26 firms list a secondary activity, most often another business service.

#### Age

Of the sectors studied in this survey, the Business Services sector has been the most dynamic in Botswana over the past few years. While the average and median ages of firms are similar to those in the rest of the sample, the rate of entry of new firms is quite high. 35% of firms were founded in 1992 or later, as compared to 22% of firms in the rest of the sample. Citizen-owned firms in particular are likely to be recently formed.

#### Ownership of Firms

Due perhaps to the relatively high degree of technical expertise required in many of the business services, this sector sees an unusually high proportion of foreign-owned firms and a below average representation by citizen-owned firms. As shown in Table 6-2, 46% of firms in the sector are foreign-owned as compared to 31% of firms outside the sector. Citizen-owned firms are just 31% of the Business Services sector sample as compared to 47% for the rest of the sample.

**Table 6-2: Capital Structure of Business Services Firms**  
*number of firms (percent)*

Ownership	Business Servs.		Rest of Sample	
Citizen-owned	8	(31%)	63	(47%)
Joint Venture	6	(23%)	30	(22%)
Foreign-owned	12	(46%)	42	(31%)
<b>TOTAL</b>	<b>26</b>	<b>(100%)</b>	<b>135</b>	<b>(100%)</b>

As was found in the manufacturing sector, foreign capital and exporting are quite closely linked. Only one of the eight citizen-owned firms exports, while four of the 18 firms with some foreign ownership are exporters. Again as in manufacturing, citizen-owned firms appear to be interested in exporting. Two of the three firms that stated their intention to begin to export this year were citizen-owned. The exports that have occurred to date have been mostly to South Africa.

## Size of Firm

The Business Services sector is characterised by quite small firms, but the banks overwhelm the more typical firms in the averages. If banks are included, the average size of firms in the sector is 104. When banks are held out of the average, the average falls to 26. Median firm size is 8 employees, as compared to a median of 12 for the rest of the sample.

**Table 6-3: 1994 Firm Size**  
(employees per firm (percent))

Size	Business Servs.		Rest of Sample	
Very Small (1-10)	13	(50%)	62	(46%)
Small (11-25)	5	(19%)	33	(24%)
Medium (26-100)	4	(15%)	30	(22%)
Large (> 100)	4	(15%)	10	(7%)

Table 6-3 shows that the size distribution of sampled enterprises in the Business Services sector is quite similar to that for the remainder of the sample.

## PRODUCTION STRATEGY AND STRUCTURE

### Source of Inputs

Due to continuing shortages of citizens with business service skills, non-citizen employment is unusually high in this sector. Banks are an exception; only 1.7% of their workforce is foreign. But 20% of the workforce in the average non-bank business service is non-citizen. 77% of firms in the sector employs at least some foreign labour. The average rises to 89% if Printing and Publishing firms are withheld from the average. The biggest single source of foreign labour is South Africa (31% of firms), followed closely by Zimbabwe (27% of firms). The U.K. takes third place with 12% of firms reporting some U.K.-origin labour.

As noted above, a high number of the firms in the sector are foreign-owned. The biggest source of foreign capital is South Africa, followed by the U.K.

The nature of business services dictates that these firms are relatively low consumers of materials. Of those firms that reported some materials consumed, two-thirds purchased some or all of their materials from Botswana suppliers. The same percent sourced some or all materials from South Africa. There were no other sources identified.

### Employment

Table 6-4 indicates that employment in the Business Services sector has been fairly stable since 1992. This finding confirms CSO data on employment.<sup>41</sup> The trend data do not

<sup>41</sup> CSO statistics show total employment increasing in the business services sector by 0.2% (from 17,600 to 17,637) between March 1992 and March 1994.

include firms with no data for 1992 or later. As a result, Table 6-4 does not capture the impact of the surge of investment in this sector since 1992.

For the firms with three years of data, the survey found that the only sub-sector experiencing strong growth since 1992 is 'Other Business Services'. The fastest growing firm in that sub-sector provides security services.

*Table 6-4: Business Service Employment Trends (a)  
(1992-1994)*

Sub-Sector	No. of Firms	1992	1993	1994	Avg. Change 1992-1994
Banking	(2)	2,178	2,119	2,088	-4.1%
Insurance	(0)	N/A	N/A	N/A	N/A
Real Estate	(2)	10	9	9	-10.0%
Printing	(5)	59	52	59	0.0%
Other	(10)	336	369	411	22.3%
<b>TOTAL</b>	<b>(19)</b>	<b>2,583</b>	<b>2,549</b>	<b>2,567</b>	<b>-0.6%</b>

(a) for the subset of 19 firms with three years of employment data

### Labour Mix

Table 6-5 illustrates the divergence in staffing patterns between the banks and the rest of the firms in the sector. The vast majority of the labour force in the banks provides services that are technical in nature. In addition, there is a small clerical group and management staff. The other firms in the sector show a more classic pyramid with unskilled labour outnumbering technical labour which outnumbers management.

*Table 6-5: Workforce Distribution in the Business Services Sector*

Labour Category	Banks	Other
Management	8%	13%
Technical	84%	39%
Unskilled/Semi-skilled	8%	48%

There is an impression that Business Services do not use unskilled/semi-skilled labour. Not all do, but some use quite a lot, including businesses in Printing and Publishing, and some of the Other Business Services such as firms providing security services or moving and storage.

The banking sector appears to be a good opportunity for female professionals. Women are 64% of bank staff, as compared to 35% of staff in the rest of the sector.

## Wages

As shown in Table 6-6, wages in the Business Services sector are among the highest in Botswana industry. Banking wages are similar to those reported by the other firms in the sector with the exception of management wages. When bank management staff are excluded from the average for management wages, that average falls to P30,000.

*Table 6-6: 1994 Annual Wages by Labour Category (pula)*

<b>Labour Category</b>	<b>Business Services</b>	<b>Rest of Sample</b>
Management	P44,000	P25,400
Technical	P28,400	P18,400
Unskilled/Semi-Skilled	P8,700	P6,800

After adjusting for inflation, average earnings fell by 7% for management staff and 38% for unskilled and clerical staff between 1992 and 1994. They increased by 10% for technical staff.<sup>42</sup>

Wages appear to vary by ownership structure, with the highest wages paid by the joint venture companies, followed closely by the foreign-owned firms. Citizen-owned firms in this sector pay wages that average about three-quarters of those paid by their counterparts. The gap is most pronounced in the management category. There may be some link between the lower average management wages in the citizen-owned firms and the relatively low reliance on foreign labour in those firms, but the survey data are not sufficiently detailed to say. Only 50% of citizen-owned firms in the sector have foreign workers, compared to 83% of joint ventures and 91% of foreign-owned firms.

Business services depend more on people than on materials. Wages as a percent of the cost of production average 58%, and as a percent of sales average 39%. Wages range from 83% of the cost of production in the Banking sub-sector to 46% in the Printing and Publishing sub-sector.

## Labour Productivity

Value added per employee is quite high in the Business Services sector, averaging P70,000 in 1994 with a median value of P39,300, more than four times the median in the Manufacturing sector.

<sup>42</sup> Data are deflated by CSO inflation estimates of 14.4% for 1993 and 10.6% for 1994. Trend data for unskilled and clerical labour are derived from only five firms.

Table 6-7 shows the breakdown by sub-sector. Insurance shows by far the highest value added per employee, followed by Banking and then Printing and Publishing. Real Estate and Other Business Services show a lower but similar average.<sup>43</sup>

The Business Services sector is one of only three sectors studied in which value added per employee has risen since 1992. For the 17 firms with three years of data this proxy for labour productivity rose by 0.3% in inflation-adjusted terms. Within Other Business Services there were some strong improvements, most notably in a consulting firm and in a prospecting firm.

Average value added per employee in foreign-owned firms is more than double levels in other firms. Foreign-owned firms showed value added per employee that averaged P106,200 in 1994. Two-thirds of the foreign-owned firms show productivity levels above the median. Joint ventures have a higher average value added per employee than do citizen-owned firms -- P48,100 versus P29,500. Fewer than 40% of firms in these two categories show value added per employee greater than the median.

### Revenue/Profitability

In 1994, revenue in the sector averaged P3,176,900 per firm. Annual revenue varied from P50,000 to more than P30,000,000. Median revenue was P400,000. The smallest firms were in the Real Estate sub-sector, with average annual earnings of P239,000. The largest firms are in banking, insurance, and accounting services.

Despite the improvement in value added per employee, the real value of earnings declined between 1992 and 1994 by 6% on average. Only the Insurance sub-sector saw positive real growth in sales, managing to expand revenue by 23% in inflation-adjusted terms. Printing and Publishing was hard hit, with the value of sales dropping by 22% in real terms.

Sales for joint venture firms far outstrip those for either citizen-owned or foreign-owned firms. Annual sales in the joint venture firms studied averaged P6,050,000 in 1994. The average for foreign-owned firms was P3,770,000, while that for citizen-owned firms was P500,000.

The foreign-owned firms are far less likely to show an operating deficit than are the other firms in this sector. Although the survey did not collect complete cost data for the firms studied, seven of the 26 firms in the sector show an operating deficit even when only those

**Table 6-7: Value Added per Employee in the Business Services Sector**  
(by sub-sector in 1994)

Sub-Sector	No. of Firms	VA per Employee (pula)
Banking (a)	(2)	48,100
Insurance	(2)	273,700
Real Estate	(2)	40,500
Printing	(7)	69,700
Other	(13)	48,800

(a) Banking data are from 1993.

<sup>43</sup> We use 1993 data for banking because one of the two firms in that sub-sector did not have complete cost data for 1994.

costs that were collected are subtracted from revenue figures.<sup>44</sup> Only one of these firms is foreign-owned, out of the twelve foreign-owned firms in the sector. Two of the six joint venture firms show substantial operating deficits. There are also three (of eight) citizen-owned firms with operating deficits, but they are far more modest (in percent terms) than are those seen in the joint venture firms.

### Cost Structure

Table 6-8 illustrates the average cost structure of the business services firms surveyed.

*Table 6-8: Average Structure of Surveyed Business Services Firms*  
(unweighted averages by sub-sector)

Sub-sector	(No. of Firms)	(a)			(b)			Avg. Cost of Prod. (pula)
		Wages /COP	Materials /COP	Energy /COP	Rent /COP	Transport /COP	Telep. /COP	
Banking	(2)	82.8%	1.8%	N/A	8.9%	1.6%	4.9%	58,927,787
Insurance	(2)	64.2%	4.5%	2.2%	17.6%	5.6%	6.0%	1,311,797
Real Estate	(2)	63.3%	0.6%	1.4%	12.2%	14.3%	8.9%	146,760
Printing/Publ.	(7)	45.8%	23.9%	1.9%	11.9%	9.1%	7.7%	280,686
Other	(13)	57.5%	14.5%	1.7%	12.8%	7.5%	6.3%	854,637
<b>Average</b>	<b>(26)</b>	<b>57.3%</b>	<b>14.2%</b>	<b>1.7%</b>	<b>12.6%</b>	<b>7.9%</b>	<b>6.7%</b>	<b>5,147,991</b>
<b>Percentage of sales value</b>		<b>38.5%</b>	<b>11.7%</b>	<b>1.1%</b>	<b>9.3%</b>	<b>4.3%</b>	<b>4.1%</b>	<b>9,601,702</b>

(a) COP = Cost of Production: the sum of wages, materials, energy, rent, transport, and postage and telecommunications.

(b) 25 firms have rent data. Rental costs are imputed for one firm.

**Value added** is tremendously high in this sector. Using a rough definition of value added as the difference between revenue and the sum of the costs of materials, energy, transport, and telephone, it averages 78% for the sector as whole, of which wages are more than half. Value added exceeds 90% for eight of the 26 firms studied. As is evident from Table 6-8, wages are overwhelmingly important in the Banking sub-sector

Table 6-8 also shows that the only sub-sector in which **materials** costs are important is Printing and Publishing.

Due to the nature of the activities in this sector, the costs of **telecommunications** services have a far greater impact on the bottom line than do energy costs. The data above show that

<sup>44</sup> The survey collected data on the costs of wages, materials, energy, rent, transport, postage and telecommunications, and building maintenance.

telecommunications charges account for 6.7% of the cost of production. Of the 26 firms in the business services sample, five show telecommunications costs that exceed 10% of the cost of production. They are found in the Real Estate, Printing and Publishing, and Other Business Service sub-sectors.

## EXPECTATIONS AND OBSTACLES

### Major Problems

We asked the business service firms surveyed to identify their three biggest problems from a list of 13 issues. Table 6-9 summarises their responses.

The most frequently cited issues were those of the weak economy, low labour productivity, and difficulties in debt collection and obtaining financing.

The assessment of difficulties varies greatly by sub-sector. For Banking, the weak economy and the high cost of labour are the biggest problems. The Insurance industry cites crime. In the Printing and Publishing sub-sector, debt collection is cited as a major problem by four of the seven firms.

The Botswana labour force comes in for criticism from the

Other Business Services sub-sector. Seven of 13 firms surveyed cited unqualified labour; four firms cited unproductive labour; and two cited the high costs of labour. The other leading areas of concern in the Other Business Services sub-sector were the poor performance of the economy -- cited by nine firms -- and debt collection, cited by five firms.

Looking at data by locations indicates that only Gaborone-based firms cited debt collection as one of their major problems. Firms outside of Gaborone seem more concerned about the calibre of employee they can recruit. Four of six firms located in other urban areas cite unqualified labour as a constraint. In addition, two cite the high costs of labour and one cites unproductive labour.

*Table 6-9: Leading Problems Affecting Business Services*

Issue	Votes	Percent
<b>Weak Economy</b>	<b>22</b>	<b>31%</b>
Poor Performance of Economy	(14)	(19%)
Low Turnover	(8)	(11%)
<b>Low Labour Productivity</b>	<b>17</b>	<b>24%</b>
Expensive Labour	(5)	(7%)
Unproductive Labour	(5)	(7%)
Unqualified Labour	(7)	(10%)
<b>Input Costs/Supplies</b>	<b>9</b>	<b>12%</b>
High Utility Costs	(8)	(11%)
High Costs of Raw Materials	(1)	(1%)
<b>Financing</b>	<b>16</b>	<b>22%</b>
Debt Collection	(11)	(15%)
Lack of Financing	(5)	(7%)
<b>Lack of Government Support</b>	<b>4</b>	<b>6%</b>
<b>Other</b>	<b>4</b>	<b>6%</b>
<b>TOTAL</b>	<b>72</b>	<b>100%</b>

## Expectations

Table 6-10 presents the major findings stemming from the survey's questions to the Business Services sector on its expectations.

**Table 6-10: Business Service Firms' Expectations for Employment, Average Wages, Sales and Production**

(number of firms (percent))

	Increase		Decrease		Same		TOTAL	
	BusServ.	ROS (1)						
Employment	9 (35)	41 (31)	6 (23)	29 (22)	11 (42)	61 (47)	26 (100)	131(100)
Avg. Wages	12 (46)	83 (62)	1 (4)	12 (9)	13 (50)	39 (29)	26 (100)	134(100)
Sales	10 (40)	69 (51)	7 (28)	37 (28)	8 (32)	28 (21)	25 (100)	134(100)

(1) ROS: Rest of Sample

As the table shows, firms in this sector are not very different from the rest of the sample. More firms in Business Services expect to increase their employment than is the norm but fewer firms expect average wages or sales to rise. For the 10 firms expecting sales to increase, the average expected increase is 21%. The highest growth rates are anticipated in the Printing and Publishing sub-sector (averaging 33%). For those firms that expect wages to increase this year, the average expected rate of increase is 9.4%. Half the firms in this sector expect no change in average wages this year.

**ANNEX A**

**SURVEY QUESTIONNAIRE**



# BOTSWANA CONFEDERATION OF COMMERCE INDUSTRY AND MANPOWER

## Main Office

3rd Floor  
Debswana House  
The Mall  
P.O. Box 432  
Gaborone  
Phone: 353459  
Fax: 373142

## North Region

Haskins Building  
Blue Jacket Square  
Private Bag F/85  
Francistown  
Phone: 214622  
Fax: 214494

In reply quote: Our ref:

Your ref:

## BOCCIM INDUSTRY SURVEY 1994

(STRICTLY CONFIDENTIAL)

### GENERAL INFORMATION

*The purpose of this survey is to obtain basic data on BOCCIM members by detailed sectors to develop a data base which will be used to provide members with statistical information on changes and trends in production. The survey will also provide valuable indications of business conditions in specific sectors, as well as about the current situation and prospects in related sectors. For this survey, the economic sectors have been narrowly defined to (1) capture the essential detail of each BOCCIM member and (2) to cast the definitions in line with the Central Statistics Office's definitions for comparability reasons.*

*We appeal to you to complete the questionnaire in its entirety. If precise figures are not available, please give best estimates and indicate them as such. Please answer all questions and mark N/A if a question is not applicable and NIL or (-) if the value is zero*

[For Official Use Only (Identification Number)]

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# BOCCIM INDUSTRY SURVEY 1994

**1. Please tick your BOCCIM Sector Classification**

- |   |  |
|---|--|
| <input type="checkbox"/> 1 Construction<br><input type="checkbox"/> 2 Financial Services<br><input type="checkbox"/> 3 Manufacturing<br><input type="checkbox"/> 4 Mining<br><input type="checkbox"/> 5 Printing & Publishing<br><input type="checkbox"/> 6 Hotels & Tourism<br><input type="checkbox"/> 7 Motor Trade<br><input type="checkbox"/> 8 Textiles<br><input type="checkbox"/> 9 Petroleum & Chemicals | <input type="checkbox"/> 10 Health Services<br><input type="checkbox"/> 11 Agriculture<br><input type="checkbox"/> 12 Retail Trade<br><input type="checkbox"/> 13 Parastatals<br><input type="checkbox"/> 14 Engineering Services<br><input type="checkbox"/> 15 Professional Services<br><input type="checkbox"/> 16 Wholesale Trade<br><input type="checkbox"/> 17 Transportation<br><input type="checkbox"/> 18 Exporters & Importers |
|---|--|

**2. Now, please select from the list below, your 3-digit primary and secondary product or service offerings**

3.1 Primary \_\_\_\_\_ 3.2 Secondary \_\_\_\_\_

**1. Agriculture**

- 100 Traditional Farming
- 100.a Arable 100.b Livestock 100.c Both
- 101 Freehold Farming
- 101.a. Arable 101.b Livestock 101.c Both
- 102 Forestry
- 103 Hunting
- 104 Fishing

**5. Construction**

- 501 Houses & Building
- 502 Roads
- 503 Electrical
- 504 Dams & Pipelines
- 505 Other Const. & Const.
- 506 Engineering
- 507 Other Eng. & Eng. Services

**8. Finance, Insurance, Real Estate & Business Services**

- 801 Finance
- 802 Insurance
- 803 Real Estate
- 804 Business Services, (Engineering, Accounting, Legal, Services and Other Professional Services)
- 805 Prospecting, Legal, and Other
- 806 Ownership of Dwellings
- 807 Services Not Elsewhere Classified
- 806 Ownership of Dwelling
- 808 Printers & Publishers

**2. Mining & Quarrying**

- 201 Diamonds
- 202 Copper/Nickel
- 203 Manganese
- 204 Coal
- 205 Other Mining

**6. Wholesale & Rental**

- 601 Wholesale Trade (Import & Export)
- 602 Retail Trade (Import & Export)
- 603 Hotels
- 604 Restaurants, Cafes & Butcheries
- 605 Petrol Stations
- 606 Motor Vehicle Dealers
- 607 Hawkers
- 608 Cattle Dealers & Speculators
- 609 Bottle Stores & Bars
- 610 Commission Agents

**9. Social & Personal Services (For Profit Organizations)**

- 901 Recreational Services & Tourism
- 902 Repair Services
- 903 Bus., Prof. & Labour Organizations
- 904 Laundry, Dry Cleaning & Hair Dressing Services
- 905 Medical & Hospital Services
- 906 Educational Services
- 907 Political Organizations
- 912 Domestic Services
- 913 Other Services

**3. Manufacturing**

- 301 Meat & Meat Products
- 302 Dairy & Agro-Based Products
- 303 Beverages
- 304 Bakery Products
- 305 Textiles
- 306 Tanning & Leather
- 307 Petroleum, Chemical & Rubber
- 308 Wood & Wooden Products
- 309 Paper and Paper Products
- 310 Metal Products
- 311 Manufacturing Products Not Else Classified

**7. Road Transport**

- 701 Road Transport
- 702 Rail Transport
- 703 Air Transport
- 704 Communication
- 705 Services Allied to Transport
- 706 Other Transport
- 707 Taxis

**10. Non Profit Services**

- 001 Private Educational Services
- 002 Private Health Services
- 003 Associations & Clubs
- 004 Non Profit Services Not Elsewhere Classified

**4. Electricity & Water Supply**

- 401 Water Supply
- 402 Electricity Generation & Supply

**11. Parastatals**

# BOCCIM INDUSTRY SURVEY 1994

### 3. Demographic Information

Name of Firm \_\_\_\_\_ Year Firm Started: \_\_\_\_\_

Mailing Address \_\_\_\_\_

City/Town/Village \_\_\_\_\_ District \_\_\_\_\_

Telephone Number \_\_\_\_\_ Extension \_\_\_\_\_ Fax \_\_\_\_\_

Location: (1) Plot Number \_\_\_\_\_ (2) Extension/Area \_\_\_\_\_

Person Completing Survey \_\_\_\_\_ Title \_\_\_\_\_

On what day does your company's year start and end \_\_\_\_\_

### 4. Form of Business Organisation (Please tick appropriate description)

3.1 Form of Ownership:

Corporation                       Partnership                       Sole Proprietorship

3.2 Status of Ownership:

Citizen Owned                       Foreign Owned                       Joint Owned % Foreign Owned \_\_\_\_\_

### 5. Employment and Remuneration (include total wages, allowances, overtime, pension, bonuses and other cash payments and cash benefits paid during the year)

5.1 Number of Employees by type:	1992	1993	1994
Male	_____	_____	_____
Female	_____	_____	_____
Citizen	_____	_____	_____
Non-Citizen	_____	_____	_____
Managerial & Administrative	_____	_____	_____
Professional & Technical	_____	_____	_____
Production	_____	_____	_____

5.2 Do you expect employment to increase, decrease or remain the same next year?

Increase                       Decrease                       Remain the Same

5.3 What were the total wages paid to the following categories of employees:

	1992	1993	1994 (Year to date)
Managerial & Administrative	_____	_____	_____
Professional & Technical	_____	_____	_____
Production Workers	_____	_____	_____

5.4 Do you expect average wages to increase, decrease or remain the same next year?

Increase                       Decrease                       Remain the Same                      % up or down \_\_\_\_\_

5.5 Do you expect overtime to increase, decrease or remain the same next year?

Increase                       Decrease                       Remain the same                      % up or down \_\_\_\_\_

# BOCCIM INDUSTRY SURVEY 1994

## 6. New Capital Investment

6.1 How much in new capital expenditures did you make for the following:

	1992	1993	1994
Buildings			
Plant & Machinery			
Transportation			
Other, Specify:			

6.2 Do you expect your 1995 total expenditures on capital items in 5.1 above to increase, decrease, or remain the same? (Please tick the appropriate).

Increase
  Decrease
  Remain the Same

6.3 For which items is the increase expected?

Buildings
  Plant & Machinery
  Transportation
  Other

## 7. Inputs

7.1 How much were your input costs for

	1992	1993	1994
Materials			
Energy			
Rental of Building			
Transportation			
Telephone & Postage			
Building Operating & Maintenance Costs			
Other, Specify:			

7.2 Which input costs do you feel will increase, decrease or remain the same in the next year? (tick where appropriate)

Materials	<input type="checkbox"/> Increase	<input type="checkbox"/> Decrease	<input type="checkbox"/> Remain the Same
Energy	<input type="checkbox"/> Increase	<input type="checkbox"/> Decrease	<input type="checkbox"/> Remain the Same
Rental of Building	<input type="checkbox"/> Increase	<input type="checkbox"/> Decrease	<input type="checkbox"/> Remain the Same
Transportation	<input type="checkbox"/> Increase	<input type="checkbox"/> Decrease	<input type="checkbox"/> Remain the Same
Telephone & Postage	<input type="checkbox"/> Increase	<input type="checkbox"/> Decrease	<input type="checkbox"/> Remain the Same
Building Operating & Maintenance Costs	<input type="checkbox"/> Increase	<input type="checkbox"/> Decrease	<input type="checkbox"/> Remain the Same
Other, Specify:	<input type="checkbox"/> Increase	<input type="checkbox"/> Decrease	<input type="checkbox"/> Remain the Same

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**8. Output**

8.1 What was the value of your output (production) for

	1992	1993	1994 (Year to Date)
Produced	_____	_____	_____
Sold	_____	_____	_____

8.2 Do you expect production to increase, decrease or remain the same next year?

Increase       Decrease       Remain the Same      % up or down \_\_\_\_\_

8.3 Do you expect sales volume to increase, decrease or remain the same next year?

Increase       Decrease       Remain the Same      % up or down \_\_\_\_\_

8.4 Explain your answers to 8.2 and 8.3 above

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**9. Production Capacity**

9.1 What percent of production capacity are you using and [what percent do you plan operating for the next 12 months?]

0 to 25% [ ]                       26 to 50% [ ]  
 51 to 75% [ ]                       76 to 100% [ ]

9.2 If you were to increase production over the next 12 months which inputs would you have to increase?

Labour       Capital       Materials       Energy       Orders

**10. Stocks of Finished Goods**

10.1 Are your desired levels of stocks of finished goods currently above normal, about normal or below normal, for the next 12 months?

Above Normal                       About Normal                       Below Normal

**11. Source of Inputs and Destination of Output**

11.1 Where is the primary destination of your exports?

South Africa                       Zimbabwe                       Other, specify \_\_\_\_\_

11.2 To which countries do you plan to export your goods (or services)?

South Africa                       Zimbabwe                       Other, specify \_\_\_\_\_

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- 11.3 What percent of your inputs (in value terms) are imported?  
 Labour \_\_\_\_%      Capital \_\_\_\_%      Materials \_\_\_\_%      Other, Specify \_\_\_\_%
- 11.4 What percent of your inputs (in volume terms) are imported?  
 Labour \_\_\_\_%      Capital \_\_\_\_%      Materials \_\_\_\_%      Other, Specify \_\_\_\_%
- 11.5 Source of your inputs
- |           |                          |          |                          |              |                          |          |                          |                      |
|-----------|--------------------------|----------|--------------------------|--------------|--------------------------|----------|--------------------------|----------------------|
| Labour    | <input type="checkbox"/> | Botswana | <input type="checkbox"/> | South Africa | <input type="checkbox"/> | Zimbabwe | <input type="checkbox"/> | Other, specify _____ |
| Capital   | <input type="checkbox"/> | Botswana | <input type="checkbox"/> | South Africa | <input type="checkbox"/> | Zimbabwe | <input type="checkbox"/> | Other, specify _____ |
| Materials | <input type="checkbox"/> | Botswana | <input type="checkbox"/> | South Africa | <input type="checkbox"/> | Zimbabwe | <input type="checkbox"/> | Other, specify _____ |
| Transport | <input type="checkbox"/> | Botswana | <input type="checkbox"/> | South Africa | <input type="checkbox"/> | Zimbabwe | <input type="checkbox"/> | Other, specify _____ |
| Services  | <input type="checkbox"/> | Botswana | <input type="checkbox"/> | South Africa | <input type="checkbox"/> | Zimbabwe | <input type="checkbox"/> | Other, specify _____ |
- 11.6 Compared to your competitors are you better off, worse off, or similar with respect to the following.
- |                       |                          |            |                          |           |                          |                |
|-----------------------|--------------------------|------------|--------------------------|-----------|--------------------------|----------------|
| Location              | <input type="checkbox"/> | Better Off | <input type="checkbox"/> | Worse Off | <input type="checkbox"/> | About the Same |
| Quality of Service    | <input type="checkbox"/> | Better Off | <input type="checkbox"/> | Worse Off | <input type="checkbox"/> | About the Same |
| Transportation        | <input type="checkbox"/> | Better Off | <input type="checkbox"/> | Worse Off | <input type="checkbox"/> | About the Same |
| Procurement of Inputs | <input type="checkbox"/> | Better Off | <input type="checkbox"/> | Worse Off | <input type="checkbox"/> | About the Same |
- 11.7 Are your major competitors domiciled in
- Botswana       Elsewhere, Specify \_\_\_\_\_

## 12. BOCCIM Services

- 12.1 During the past year, our company has benefited from or participated in the following BOCCIM services or activities:
- |  |  |  |
|--|--|--|
| <input type="checkbox"/> Training Courses                  | <input type="checkbox"/> BOCCIM committees           | <input type="checkbox"/> Representations to Government     |
| <input type="checkbox"/> Scholarships                      | <input type="checkbox"/> Annual dinners              | <input type="checkbox"/> Advice on dealing with Government |
| <input type="checkbox"/> Labour Relations Assistance       | <input type="checkbox"/> President's Forums          | <input type="checkbox"/> Newsletter                        |
| <input type="checkbox"/> Business Counselling              | <input type="checkbox"/> Northern Trade Fair         | <input type="checkbox"/> Small Business Insurance          |
| <input type="checkbox"/> B-MAP Counselling                 | <input type="checkbox"/> Business Councils           |  |
| <input type="checkbox"/> Assistance from Secretariat       | <input type="checkbox"/> Francistown Conference      |  |
| <input type="checkbox"/> Sector Groups                     | <input type="checkbox"/> Other Workshops or Seminars |  |
| <input type="checkbox"/> Meeting with Other BOCCIM Members |  |  |
| <input type="checkbox"/> Other _____                       |  |  |
- 12.2 The following BOCCIM services/activities should be discontinued:
- |  |   |  |
|--|---|--|
| <input type="checkbox"/> <u>NONE</u>                       | <input type="checkbox"/> Sector Groups            | <input type="checkbox"/> Meeting with other BOCCIM members |
| <input type="checkbox"/> Training Courses                  | <input type="checkbox"/> BOCCIM committees        | <input type="checkbox"/> Representations to Government     |
| <input type="checkbox"/> Scholarships                      | <input type="checkbox"/> Annual dinners           | <input type="checkbox"/> Advice on dealing with Government |
| <input type="checkbox"/> Labour Relations Assistance       | <input type="checkbox"/> President's Forums       | <input type="checkbox"/> Business Counselling              |
| <input type="checkbox"/> Northern Trade Fair               | <input type="checkbox"/> Newsletters              | <input type="checkbox"/> B-MAP Counselling                 |
| <input type="checkbox"/> Business Councils                 | <input type="checkbox"/> Small Business Insurance |  |
| <input type="checkbox"/> Assistance from Secretariat       | <input type="checkbox"/> Francistown Conference   | <input type="checkbox"/> Other _____                       |
| <input type="checkbox"/> Other Workshops or Seminars _____ |   |  |

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**1994**

12.3 BOCCIM should offer the following new services and/or make the following improvements:

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12.4 Other comments regarding BOCCIM

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12.5 The 3 most serious problems affecting my business are: (*possible answers are listed below*)

- |   |   |  |
|---|---|--|
| <input type="checkbox"/> insufficient turnover (sales)                                    | <input type="checkbox"/> unqualified labour           | <input type="checkbox"/> lack of Government support      |
| <input type="checkbox"/> insufficient gross margin (mark-up)                              | <input type="checkbox"/> High costs of raw materials  | <input type="checkbox"/> poor performance of the economy |
| <input type="checkbox"/> lack of financing  | <input type="checkbox"/> poor supply of raw materials | <input type="checkbox"/> high utility costs              |
| <input type="checkbox"/> unproductive labour  | <input type="checkbox"/> high costs of labour         | <input type="checkbox"/> debt collection                 |
| <input type="checkbox"/> competition from neighbouring countries (in price/quality terms) |   |  |
| Other _____   |   |  |

**13. Government and Non-Bank Financial Institutions Support Schemes**

13.1 Are you aware of Government Incentive Policies to promote private business development and exports. If no, please go to question 13.3.

Yes

No

13.2 Are you presently or have you in the past taken advantage of any government programme and/or financial services offered by non-bank financial institutions? If so, which ones? (Tick as many as may apply).

- |  |   |
|--|---|
| <input type="checkbox"/> Financial Assistance Policy (FAP) | <input type="checkbox"/> Local Preference Scheme (LPS)    |
| <input type="checkbox"/> NDB Loan                          | <input type="checkbox"/> BDC Loan and/or Equity           |
| <input type="checkbox"/> BBS Loan                          | <input type="checkbox"/> Cooperative Bank                 |
| <input type="checkbox"/> Tax Credit for Training           | <input type="checkbox"/> Development Approval Order (DAO) |
| <input type="checkbox"/> Tswelelo Small Grant              | <input type="checkbox"/> Other, Specify _____             |

13.3 If not please briefly explain why: \_\_\_\_\_

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**ANNEX B**  
**SAMPLE CHARACTERISTICS**

## ANNEX B

### LIST OF TABLES

- B-1a: Size of Firm -- By Ownership
- B-1b: Size of Firm -- By Sector
- B-1c: Size of Firm -- By Location
- B-1d: Size of Firm -- By Market
- B-1e: Size of Manufacturers -- FAP vs Non-FAP
  
- B-2a: Ownership of Firm -- By Age
- B-2b: Ownership of Firm -- By Sector
  
- B-3a: Market of Firm -- By Ownership
- B-3b: Market of Firm -- By Age
  
- B-4a: Location of Firm -- By Age
- B-4b: Location of Firm -- By Sector
- B-4c: Location of Firm -- By Ownership
  
- B-5a: Employment by Gender and by Nationality -- By Ownership
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- B-6a: Sector of Firm -- By Age
  
- B-7a: FAP vs Non-FAP Manufacturers -- By Age
- B-7b: FAP vs Non-FAP Manufacturers -- By Location
- B-7c: FAP vs Non-FAP Manufacturers -- By Ownership
- B-7d: FAP vs Non-FAP Manufacturers -- By Market

Table B-1a

SIZE OF FIRM --- BY OWNERSHIP

Ownership	Employees per Firm		Distribution of Sample Firm Sizes												Percentage Distribution																	
	(average)	(median)	1-10			11-25			26-100			>100			TOTAL			1-10			11-25			26-100			>100			TOTAL		
			Employees			Employees			Employees			Employees			Employees			Employees			Employees			Employees			Employees					
		A	B	Tot.	A	B	Tot.	A	B	Tot.	A	B	Tot.	A	B	Tot.	A	B	Tot./2	A	B	Tot.	A	B	Tot.	A	B	Tot.	A	B	Tot.	
Citizen-Owned	25	8	7	35	42	0	18	18	2	10	12	1	3	4	10	61	71	18%	29%	26%	0%	11%	8%	5%	8%	7%	3%	2%	2%	26%	50%	44%
Joint Venture /1	385	26	4	10	14	1	2	3	3	10	13	0	6	6	8	28	36	10%	8%	9%	3%	2%	2%	8%	8%	8%	0%	5%	4%	21%	23%	22%
Foreign--Owned	39	14	11	8	19	6	16	22	4	5	9	0	4	4	21	33	54	28%	7%	12%	15%	13%	14%	10%	4%	6%	0%	3%	2%	54%	27%	34%
TOTAL	110	12	22	53	75	7	31	38	9	25	34	1	13	14	39	122	161	56%	43%	47%	18%	25%	24%	23%	20%	21%	3%	11%	9%	100%	100%	100%

A = Non-BOCCIM Members; B = BOCCIM Members

/1 Includes mines, without mines average employment is 114 employees per joint venture and 49 employees per firm overall.

/2 Averages are unweighted

Table B-1b

SIZE OF FIRM --- BY SECTOR

Sector	Employees per Firm		Distribution of Sample Firm Sizes												Percentage Distribution																	
	(average)	(median)	1-10			11-25			26-100			>100			TOTAL			1-10			11-25			26-100			>100			TOTAL		
			Employees			Employees			Employees			Employees			Employees			Employees			Employees			Employees			Employees					
		A	B	Tot.	A	B	Tot.	A	B	Tot.	A	B	Tot.	A	B	Tot.	A	B	Tot./1	A	B	Tot.	A	B	Tot.	A	B	Tot.	A	B	Tot.	
Agriculture	40	8	0	1	1	0	0	0	0	1	1	0	0	0	0	2	2	0%	1%	1%	0%	0%	0%	0%	1%	1%	0%	0%	0%	0%	2%	1%
Mining	5,004	4,768	0	0	0	0	0	0	0	0	0	0	0	0	0	2	2	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	2%	1%	0%	2%	1%
Manufacturing	45	22	1	6	7	0	6	6	2	7	9	0	2	2	3	21	24	3%	5%	4%	0%	5%	4%	5%	6%	6%	0%	2%	1%	8%	17%	15%
Construction	69	14	2	3	5	4	6	10	0	4	4	0	2	2	6	15	21	5%	2%	3%	10%	5%	6%	0%	3%	2%	0%	2%	1%	15%	12%	13%
Wholesale/Retail	33	10	7	25	32	3	11	14	5	5	10	1	3	4	16	44	60	18%	20%	20%	8%	9%	9%	13%	4%	6%	3%	2%	2%	41%	36%	37%
Transport	21	9	3	1	4	0	0	0	0	3	3	0	0	0	3	4	7	8%	1%	2%	0%	0%	0%	0%	2%	2%	0%	0%	0%	8%	3%	4%
Finance/Business Services	104	8	6	7	13	0	5	5	2	2	4	0	4	4	8	18	26	15%	6%	8%	0%	4%	3%	5%	2%	2%	0%	3%	2%	21%	15%	16%
Social/Personal Services	17	7	2	8	10	0	3	3	0	2	2	0	0	0	2	13	15	5%	7%	6%	0%	2%	2%	0%	2%	1%	0%	0%	0%	5%	11%	9%
Non-Profit Services	17	9	1	2	3	0	0	0	0	1	1	0	0	0	1	3	4	3%	2%	2%	0%	0%	0%	0%	1%	1%	0%	0%	0%	3%	2%	2%
TOTAL	110	12	22	53	75	7	31	38	9	25	34	1	13	14	39	122	161	56%	43%	47%	18%	25%	24%	23%	20%	21%	3%	11%	9%	100%	100%	100%

A = Non-BOCCIM Members; B = BOCCIM Members

/1 Averages are unweighted

Table B-1c

## SIZE OF FIRM -- BY LOCATION

Location	Employees per Firm (average) (median)		Distribution of Sample Firm Sizes												Percentage Distribution																	
			1-10 Employees			11-25 Employees			26-100 Employees			>100 Employees			TOTAL			1-10 Employees			11-25 Employees			26-100 Employees			>100 Employees			TOTAL		
			A	B	Tot.	A	B	Tot.	A	B	Tot.	A	B	Tot.	A	B	Tot.	A	B	Tot./2	A	B	Tot.	A	B	Tot.	A	B	Tot.	A	B	Tot.
Gaborone	61	11	18	21	39	5	9	14	8	10	18	1	7	8	32	47	79	46%	17%	24%	13%	7%	9%	21%	8%	11%	3%	6%	5%	82%	39%	49%
Other Urban /1	150	15	3	16	19	2	14	16	0	6	6	0	5	5	5	41	46	8%	13%	12%	5%	11%	10%	0%	5%	4%	0%	4%	3%	13%	34%	29%
Peri-Urban/Rural /1	167	11	1	16	17	0	8	8	1	9	10	0	1	1	2	34	36	3%	13%	11%	0%	7%	5%	3%	7%	6%	0%	1%	1%	5%	28%	22%
TOTAL	110	12	22	53	75	7	31	38	9	25	34	1	13	14	39	122	161	56%	43%	47%	18%	25%	24%	23%	20%	21%	3%	11%	9%	100%	100%	100%

/1 Includes mines. Without mines average firm size is 48 in the Other Urban areas and 22 in the Peri-Urban/Rural areas  
/2 Averages are unweighted

Table B-1d

## SIZE OF FIRM -- BY MARKET

Market	Employees per Firm (average) (median)		Distribution of Sample Firm Sizes												Percentage Distribution																	
			1-10 Employees			11-25 Employees			26-100 Employees			>100 Employees			TOTAL			1-10 Employees			11-25 Employees			26-100 Employees			>100 Employees			TOTAL		
			A	B	Tot.	A	B	Tot.	A	B	Tot.	A	B	Tot.	A	B	Tot./2	A	B	Tot.	A	B	Tot.	A	B	Tot.	A	B	Tot.	A	B	Tot.
Export/Local Market /1	457	33	6	3	9	0	2	2	6	3	9	1	5	6	13	13	26	15%	2%	6%	0%	2%	1%	15%	2%	6%	3%	4%	4%	33%	11%	16%
Local Market Only	44	11	16	50	66	7	29	36	3	22	25	0	8	8	26	109	135	41%	41%	41%	18%	24%	22%	8%	18%	16%	0%	7%	5%	67%	89%	84%
TOTAL	110	12	22	53	75	7	31	38	9	25	34	1	13	14	39	122	161	56%	43%	47%	18%	25%	24%	23%	20%	21%	3%	11%	9%	100%	100%	100%

/1 Includes mines. Without mines average firm size for exporters is 78 employees.  
/2 Averages are unweighted

Table B-1e

## SIZE OF MANUFACTURERS -- FAP vs NON-FAP

FAP/Non-FAP	Employees per Firm (average) (median)		Distribution of Sample Firm Sizes												Percentage Distribution																	
			1-10 Employees			11-25 Employees			26-100 Employees			>100 Employees			TOTAL			1-10 Employees			11-25 Employees			26-100 Employees			>100 Employees			TOTAL		
			A	B	Tot.	A	B	Tot.	A	B	Tot.	A	B	Tot.	A	B	Tot./1	A	B	Tot.	A	B	Tot.	A	B	Tot.	A	B	Tot.	A	B	Tot.
FAP Manufacturers	32	24	0	4	4	0	4	4	0	6	6	0	1	1	0	15	15	0%	19%	17%	0%	19%	17%	0%	29%	25%	0%	5%	4%	0%	71%	63%
Non-FAP Manufacturers	67	22	1	2	3	0	2	2	2	1	3	0	1	1	3	6	9	33%	10%	13%	0%	10%	8%	67%	5%	13%	0%	5%	4%	100%	29%	38%
TOTAL	45	22	1	6	7	0	6	6	2	7	9	0	2	2	3	21	24	33%	29%	29%	0%	29%	25%	67%	33%	38%	0%	10%	8%	100%	100%	100%

/1 Averages are unweighted

Table B-2a

## OWNERSHIP OF FIRM -- BY AGE

Date of Firm's Start-up	Number of Firms									Percentage of Firms														
	Citizen -Owned			Joint Venture			Foreign -Owned			Citizen -Owned			Joint Venture			Foreign -Owned			Total			Percent		
	A	B	Tot	A	B	Tot	A	B	Tot	A	B	Tot /1	A	B	Tot	A	B	Tot	A	B	Tot	A	B	Tot
1992-1994	4	10	14	6	8	14	6	5	11	10%	8%	9%	15%	7%	9%	15%	4%	7%	16	23	39	41%	19%	24%
1985-1991	3	30	33	1	6	7	8	10	18	8%	25%	20%	3%	5%	4%	21%	8%	11%	12	46	58	31%	38%	36%
pre-1985	3	21	24	1	14	15	7	18	25	8%	17%	15%	3%	11%	9%	18%	15%	16%	11	53	64	28%	43%	40%
TOTAL	10	61	71	8	28	36	21	33	54	26%	50%	44%	21%	23%	22%	54%	27%	34%	39	122	161	100%	100%	100%

A = Non-BOCCIM Members; B = BOCCIM Members  
/1 Percentages are unweighted

Table B-2b

## OWNERSHIP OF FIRM -- BY SECTOR

Sector	Number of Firms									Percentage of Firms														
	Citizen -Owned			Joint Venture			Foreign -Owned			Citizen -Owned			Joint Venture			Foreign -Owned			Total			Percent		
	A	B	Tot	A	B	Tot	A	B	Tot	A	B	Tot /1	A	B	Tot	A	B	Tot	A	B	Tot	A	B	Tot
Agriculture	0	2	2	0	0	0	0	0	0	0%	2%	1%	0%	0%	0%	0%	0%	0%	0	2	2	0%	2%	1%
Mining	0	0	0	0	2	2	0	0	0	0%	0%	0%	0%	2%	1%	0%	0%	0%	0	2	2	0%	2%	1%
Manufacturing	0	14	14	2	4	6	1	3	4	0%	11%	9%	5%	3%	4%	3%	2%	2%	3	21	24	8%	17%	15%
Construction	0	3	3	1	6	7	5	6	11	0%	2%	2%	3%	5%	4%	13%	5%	7%	6	15	21	15%	12%	13%
Wholesale/Retail	7	26	33	3	5	8	6	13	19	18%	21%	20%	8%	4%	5%	15%	11%	12%	16	44	60	41%	36%	37%
Transport	0	1	1	1	1	2	2	2	4	0%	1%	1%	3%	1%	1%	5%	2%	2%	3	4	7	8%	3%	4%
Finance/Business Service	3	5	8	0	6	6	5	7	12	8%	4%	5%	0%	5%	4%	13%	6%	7%	8	18	26	21%	15%	16%
Social/Personal Services	0	7	7	1	4	5	1	2	3	0%	6%	4%	3%	3%	3%	3%	2%	2%	2	13	15	5%	11%	9%
Non-Profit Services	0	3	3	0	0	0	1	0	1	0%	2%	2%	0%	0%	0%	3%	0%	1%	1	3	4	3%	2%	2%
TOTAL	10	61	71	8	28	36	21	33	54	26%	50%	44%	21%	23%	22%	54%	27%	34%	39	122	161	100%	100%	100%

A = Non-BOCCIM Members; B = BOCCIM Members  
/1 Percentages are not weighted

Table B-3a

## MARKET OF FIRM -- BY OWNERSHIP

Market	Number of Firms									Percentage of Firms														
	Citizen -Owned			Joint Venture			Foreign -Owned			Citizen -Owned			Joint Venture			Foreign -Owned			Total			Percent		
	A	B	Tot	A	B	Tot	A	B	Tot	A	B	Tot /1	A	B	Tot	A	B	Tot	A	B	Tot	A	B	Tot
Local Market Only	5	60	65	6	20	26	15	29	44	13%	49%	40%	15%	16%	16%	38%	24%	27%	26	109	135	67%	89%	84%
Export/Local Market	5	1	6	2	8	10	6	4	10	13%	1%	4%	5%	7%	6%	15%	3%	6%	13	13	26	33%	11%	16%
TOTAL	10	61	71	8	28	36	21	33	54	26%	50%	44%	21%	23%	22%	54%	27%	34%	39	122	161	100%	100%	100%

A = Non-BOCCIM Members; B = BOCCIM Members  
/1 Percentages are not weighted

Table B-3b

## MARKET OF FIRM -- BY AGE

Market	Start Date:	Number of Firms									Percentage of Firms														
		1992-1994			1985-1991			prior to 1985			1992-1994			1985-1991			prior to 1985			Total			Percent		
		A	B	Tot	A	B	Tot	A	B	Tot	A	B	Tot /1	A	B	Tot	A	B	Tot	A	B	Tot	A	B	Tot
Local Market Only		10	21	31	9	41	50	7	47	54	26%	17%	19%	23%	34%	31%	18%	39%	34%	26	109	135	67%	89%	84%
Export/Local Market		6	2	8	3	5	8	4	6	10	15%	2%	5%	8%	4%	5%	10%	5%	6%	13	13	26	33%	11%	16%
TOTAL		16	23	39	12	46	58	11	53	64	41%	19%	24%	31%	38%	36%	28%	43%	40%	39	122	161	100%	100%	100%

A = Non-BOCCIM Members; B = BOCCIM Members  
/1 Percentages are not weighted

Table B-4a

## LOCATION OF FIRM --- BY AGE

Start Date of Firm	Number of Firms												Percentage of Firms												
	Gaborone			Other Urban			Peri-Urban or Rural			TOTAL			Gaborone			Other Urban			Peri-Urban or Rural			TOTAL			
	A	B	Tot	A	B	Tot	A	B	Tot	A	B	Tot	A	B	Tot /1	A	B	Tot	A	B	Tot	A	B	Tot	
Creation Date:																									
1992-1994	14	10	24	1	5	6	1	8	9	16	23	39	36%	8%	15%	3%	4%	4%	3%	7%	6%	41%	19%	24%	
1985-1991	8	12	20	3	21	24	1	13	14	12	46	58	21%	10%	12%	8%	17%	15%	3%	11%	9%	31%	38%	36%	
pre-1985	10	25	35	1	15	16	0	13	13	11	53	64	26%	20%	22%	3%	12%	10%	0%	11%	8%	28%	43%	40%	
<b>TOTAL</b>	<b>32</b>	<b>47</b>	<b>79</b>	<b>5</b>	<b>41</b>	<b>46</b>	<b>2</b>	<b>34</b>	<b>36</b>	<b>39</b>	<b>122</b>	<b>161</b>	<b>82%</b>	<b>39%</b>	<b>49%</b>	<b>13%</b>	<b>34%</b>	<b>29%</b>	<b>5%</b>	<b>28%</b>	<b>22%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	

A = Non-BOCCIM Members; B = BOCCIM Members  
/1 Percentages are unweighted

Table B-4b

## LOCATION OF FIRM --- BY SECTOR

Sector	Number of Firms												Percentage of Firms											
	Gaborone			Other Urban			Peri-Urban or Rural			TOTAL			Gaborone			Other Urban			Peri-Urban or Rural			TOTAL		
	A	B	Tot	A	B	Tot	A	B	Tot	A	B	Tot	A	B	Tot /1	A	B	Tot	A	B	Tot	A	B	Tot
Agriculture	0	1	1	0	1	1	0	0	0	0	2	2	0%	1%	1%	0%	1%	1%	0%	0%	0%	0%	2%	1%
Mining	0	0	0	0	1	1	0	1	1	0	2	2	0%	0%	0%	0%	1%	1%	0%	1%	1%	0%	2%	1%
Manufacturing	3	5	8	0	7	7	0	9	9	3	21	24	8%	4%	5%	0%	6%	4%	0%	7%	6%	8%	17%	15%
Construction	4	7	11	1	5	6	1	3	4	6	15	21	10%	6%	7%	3%	4%	4%	3%	2%	2%	15%	12%	13%
Wholesale/Retail	12	14	26	3	15	18	1	15	16	16	44	60	31%	11%	16%	8%	12%	11%	3%	12%	10%	41%	36%	37%
Transport	3	1	4	0	2	2	0	1	1	3	4	7	8%	1%	2%	0%	2%	1%	0%	1%	1%	8%	3%	4%
Finance/Business Service	8	11	19	1	5	6	0	1	1	9	17	26	21%	9%	12%	3%	4%	4%	0%	1%	1%	23%	14%	16%
Social/Personal Service	1	6	7	0	4	4	0	4	4	1	14	15	3%	5%	4%	0%	3%	2%	0%	3%	2%	3%	11%	9%
Non-Profit Services	1	2	3	0	1	1	0	0	0	1	3	4	3%	2%	2%	0%	1%	1%	0%	0%	0%	3%	2%	2%
<b>TOTAL</b>	<b>32</b>	<b>47</b>	<b>79</b>	<b>5</b>	<b>41</b>	<b>46</b>	<b>2</b>	<b>34</b>	<b>36</b>	<b>39</b>	<b>122</b>	<b>161</b>	<b>82%</b>	<b>39%</b>	<b>49%</b>	<b>13%</b>	<b>34%</b>	<b>29%</b>	<b>5%</b>	<b>28%</b>	<b>22%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

A = Non-BOCCIM Members; B = BOCCIM Members  
/1 Percentages are unweighted

Table B-4c

## LOCATION OF FIRM -- BY OWNERSHIP

Ownership	Number of Firms												Percentage of Firms											
	Gaborone			Other Urban			Peri-Urban or Rural			TOTAL			Gaborone			Other Urban			Peri-Urban or Rural			TOTAL		
	A	B	Tot	A	B	Tot	A	B	Tot	A	B	Tot	A	B	Tot	A	B	Tot	A	B	Tot	A	B	Tot
Citizen-Owned	8	17	25	2	21	23	0	23	23	10	61	71	21%	14%	16%	5%	17%	14%	0%	19%	14%	26%	50%	44%
Joint Venture	7	15	22	0	6	6	1	7	8	8	28	36	18%	12%	14%	0%	5%	4%	3%	6%	5%	21%	23%	22%
Foreign-Owned	17	15	32	3	14	17	1	4	5	21	33	54	44%	12%	20%	8%	11%	11%	3%	3%	3%	54%	27%	34%
TOTAL	32	47	79	5	41	46	2	34	36	39	122	161	82%	39%	49%	13%	34%	29%	5%	28%	22%	100%	100%	100%

A = Non-BOCCIM Members; B = BOCCIM Members

/1 Percentages are unweighted

95

Table B-5a

**EMPLOYMENT BY GENDER AND BY NATIONALITY -- BY OWNERSHIP**  
 (Averages)

Ownership	Average No. of Employees per Firm	Median No. of Employees per Firm	Average No. of Citizens			Average No. of Non-Citizens			Average No. of Women			Average No. of Men			Citizens' Share			Non-Citizens' Share			Women's Share			Men's Share		
			A	B	Tot	A	B	Tot	A	B	Tot	A	B	Tot	A	B	Tot/2	A	B	Tot	A	B	Tot	A	B	Tot
Citizen-Owned	25	8	20	25	24	2	1	1	11	9	9	11	17	16	90.9%	96.2%	96.0%	9.1%	3.8%	4.0%	50.0%	34.6%	36.0%	50.0%	65.4%	64.0%
Joint Venture /1	114	26	29	134	109	3	5	4	7	89	70	25	50	44	90.6%	96.4%	96.5%	9.4%	3.6%	3.5%	21.9%	64.0%	61.4%	78.1%	36.0%	38.6%
Foreign-Owned	39	14	12	51	36	3	3	3	6	10	9	9	44	31	80.0%	94.4%	92.3%	20.0%	5.6%	7.7%	40.0%	18.5%	22.5%	60.0%	81.5%	77.5%
<b>AVERAGE</b>	<b>49</b>	<b>12</b>	<b>17</b>	<b>56</b>	<b>46</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>7</b>	<b>27</b>	<b>22</b>	<b>13</b>	<b>31</b>	<b>27</b>	<b>85.0%</b>	<b>94.9%</b>	<b>93.9%</b>	<b>15.0%</b>	<b>5.1%</b>	<b>6.1%</b>	<b>35.9%</b>	<b>45.8%</b>	<b>44.9%</b>	<b>64.1%</b>	<b>54.2%</b>	<b>55.1%</b>

A = Non-BOCCIM Members; B = BOCCIM Members

/1 Averages are for non-mining employment. If mines are included, averages for BOCCIM member joint ventures are 487 employees, 455 citizens, 31 non-citizens (96%/4%) 369 men, and 118 women (76%/24%)

Overall averages for BOCCIM members become 131 citizens, 9 non-citizens (94%/6%), 105 men and 34 females (76%/24%).

/2 Percentages are not weighted

Table B-5b

**EMPLOYMENT BY GENDER AND BY NATIONALITY -- BY SECTOR**  
 (Actuals)

Sector	Average No. of Employees per Firm	Median No. of Employees per Firm	Average No. of Citizens			Average No. of Non-Citizens			Average No. of Women			Average No. of Men			Citizens' Share			Non-Citizens' Share			Women's Share			Men's Share		
			A	B	Tot	A	B	Tot	A	B	Tot	A	B	Tot	A	B	Tot/2	A	B	Tot	A	B	Tot	A	B	Tot
Agriculture	40	8	NA	40	40	NA	0	0	NA	5	5	NA	36	36	NA	100.0%	100.0%	NA	0.0%	0.0%	NA	12.2%	12.2%	NA	87.8%	87.8%
Mining	5,004	4,768	NA	4631	4631	NA	373	373	NA	489	489	NA	4516	4516	NA	92.5%	92.5%	NA	7.5%	7.5%	NA	9.8%	9.8%	NA	90.2%	90.2%
Manufacturing	45	22	33	45	44	5	1	2	4	14	10	34	32	33	86.8%	97.8%	95.7%	13.2%	2.2%	4.3%	10.5%	30.4%	23.3%	89.5%	69.6%	76.7%
Construction	69	14	11	88	66	3	4	3	3	11	9	10	80	60	78.6%	95.7%	95.7%	21.4%	4.3%	4.3%	23.1%	12.1%	13.0%	76.9%	87.9%	87.0%
Wholesale/Retail	33	10	25	34	31	2	2	2	11	23	20	16	12	13	92.6%	94.4%	93.9%	7.4%	5.6%	6.1%	40.7%	65.7%	60.6%	59.3%	34.3%	39.4%
Transport	21	9	6	24	16	2	7	5	3	5	4	6	25	17	75.0%	77.4%	76.2%	25.0%	22.6%	23.8%	33.3%	16.7%	19.0%	66.7%	83.3%	81.0%
Finance/Business Services	104	8	12	139	100	3	5	4	7	83	60	7	61	44	80.0%	96.5%	96.2%	20.0%	3.5%	3.8%	50.0%	57.6%	57.7%	50.0%	42.4%	42.3%
Social/Personal Services	17	7	4	17	15	3	2	2	3	13	12	4	5	5	57.1%	89.5%	88.2%	42.9%	10.5%	11.8%	42.9%	72.2%	70.6%	57.1%	27.8%	29.4%
Non-Profit Services	17	9	5	11	10	5	8	7	4	12	10	6	7	7	50.0%	57.9%	58.8%	50.0%	42.1%	41.2%	40.0%	63.2%	58.8%	60.0%	36.8%	41.2%
<b>AVERAGE</b>	<b>110</b>	<b>12</b>	<b>17</b>	<b>131</b>	<b>103</b>	<b>3</b>	<b>9</b>	<b>7</b>	<b>7</b>	<b>34</b>	<b>28</b>	<b>13</b>	<b>105</b>	<b>83</b>	<b>85.0%</b>	<b>93.6%</b>	<b>93.6%</b>	<b>15.0%</b>	<b>6.4%</b>	<b>6.4%</b>	<b>35.0%</b>	<b>24.5%</b>	<b>25.2%</b>	<b>65.0%</b>	<b>75.5%</b>	<b>74.8%</b>

/1 Without mines, overall averages are 46 citizens, 3 non-citizens, 27 men, and 22 females.

/2 Percentages are not weighted

Table B-6a

## SECTOR OF FIRM -- BY AGE

Sector	Number of Firms									Percentage of Firms									Total			Percent		
	1992-1994			1985-1991			prior to 1985			1992-1994			1985-1991			prior to 1985								
	A	B	Tot	A	B	Tot	A	B	Tot	A	B	Tot	A	B	Tot	A	B	Tot	A	B	Tot	A	B	Tot
Agriculture	0	0	0	0	2	2	0	0	0	0%	0%	0%	0%	2%	1%	0%	0%	0%	0	2	2	0%	2%	1%
Mining	0	0	0	0	0	0	0	2	2	0%	0%	0%	0%	0%	0%	0%	2%	1%	0	2	2	0%	2%	1%
Manufacturing	2	6	8	1	11	12	0	4	4	5%	5%	5%	3%	9%	7%	0%	3%	2%	3	21	24	8%	17%	15%
Construction	1	4	5	4	3	7	1	8	9	3%	3%	3%	10%	2%	4%	3%	7%	6%	6	15	21	15%	12%	13%
Wholesale/Retail	5	4	9	4	16	20	7	24	31	13%	3%	6%	10%	13%	12%	18%	20%	19%	16	44	60	41%	36%	37%
Transport	2	0	2	1	1	2	0	3	3	5%	0%	1%	3%	1%	1%	0%	2%	2%	3	4	7	8%	3%	4%
Finance/Business Service	3	6	9	2	4	6	3	8	11	8%	5%	6%	5%	3%	4%	8%	7%	7%	8	18	26	21%	15%	16%
Social/Personal Services	2	3	5	0	7	7	0	3	3	5%	2%	3%	0%	6%	4%	0%	2%	2%	2	13	15	5%	11%	9%
Non-Profit Services	1	0	1	0	2	2	0	1	1	3%	0%	1%	0%	2%	1%	0%	1%	1%	1	3	4	3%	2%	2%
<b>TOTAL</b>	<b>16</b>	<b>23</b>	<b>39</b>	<b>12</b>	<b>46</b>	<b>58</b>	<b>11</b>	<b>53</b>	<b>64</b>	<b>41%</b>	<b>19%</b>	<b>24%</b>	<b>31%</b>	<b>38%</b>	<b>36%</b>	<b>28%</b>	<b>43%</b>	<b>40%</b>	<b>39</b>	<b>122</b>	<b>161</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

A = Non-BOCCIM Members; B = BOCCIM Members

**FAP vs. NON-FAP MANUFACTURERS -- BY AGE**  
(distribution of firms)

Start Date	FAP Firm		Non-FAP Firm		Average	
1992-1994	3	20%	5	56%	8	33%
1985-1991	10	67%	2	22%	12	50%
pre-1985	2	13%	2	22%	4	17%
<b>TOTAL</b>	<b>15</b>	<b>100%</b>	<b>9</b>	<b>100%</b>	<b>24</b>	<b>100%</b>

Table B-7b

**FAP vs. NON-FAP MANUFACTURERS -- BY LOCATION**  
(distribution of firms)

	FAP Firm		Non-FAP Firm		Average	
Gaborone	2	13%	6	67%	8	33%
Other Urban	4	27%	3	33%	7	29%
Peri-Urban/Rural	9	60%	0	0%	9	38%
<b>TOTAL</b>	<b>15</b>	<b>100%</b>	<b>9</b>	<b>100%</b>	<b>24</b>	<b>100%</b>

Table B-7c

**FAP vs. NON-FAP MANUFACTURERS -- BY OWNERSHIP**  
(distribution of firms)

Ownership	FAP Firm		Non-FAP Firm		Average	
Citizen-Owned	12	80%	2	22%	14	58%
Joint Venture	2	13%	4	44%	6	25%
Foreign-Owned	1	7%	3	33%	4	17%
<b>TOTAL</b>	<b>15</b>	<b>100%</b>	<b>9</b>	<b>100%</b>	<b>24</b>	<b>100%</b>

Table B-7d

**FAP vs. NON-FAP MANUFACTURERS -- BY MARKET**  
(distribution of firms)

Market	FAP Firm		Non-FAP Firm		Average	
Local Market	13	87%	5	56%	18	75%
Export/Local Market	2	13%	4	44%	6	25%
<b>TOTAL</b>	<b>15</b>	<b>100%</b>	<b>9</b>	<b>100%</b>	<b>24</b>	<b>100%</b>

**ANNEX C**  
**DATA TABLES**

## ANNEX C

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Table C-1a

**AVERAGE ANNUAL WAGES PER LABOUR CATEGORY -- BY AGE**  
(1994 wages in pula)

Start Date of Firm	Management Wages	Technical Wages	Unskilled Wages	Average
Creation Date:				
1992-1994	23,100	16,800	6,000	12,600
1985-1991	22,100	18,800	5,800	11,500
pre-1985	37,100	24,500	8,700	14,200
<b>AVERAGE</b>	<b>28,300</b>	<b>20,200</b>	<b>7,000</b>	<b>12,800</b>

Table C-1b

**AVERAGE ANNUAL WAGES PER LABOUR CATEGORY -- BY SECTOR**  
(1994 wages in pula)

Sector	Management Wages	Technical Wages	Unskilled Wages	Average
Agriculture	23,500	8,000	3,700	7,100
Mining	44,100	35,300	28,400	28,600
Manufacturing	23,900	22,800	5,500	8,400
Construction	21,400	22,500	5,200	11,000
Wholesale/Retail	24,500	12,300	6,300	9,800
Transport	32,700	35,700	10,500	16,400
Finance/Business Services	44,000	28,400	8,700	21,600
Social/Personal Services	30,200	16,400	5,900	12,500
Non-Profit Services	40,400	26,700	18,000	27,900
<b>TOTAL</b>	<b>28,300</b>	<b>20,200</b>	<b>7,000</b>	<b>12,800</b>

Table C-1c

**AVERAGE ANNUAL WAGES PER LABOUR CATEGORY -- BY LOCATION**  
(1994 wages in pula)

Location	Management Wages	Technical Wages	Unskilled Wages	Average
Gaborone	31,300	20,400	7,900	15,900
Other Urban	29,900	26,400	6,200	11,500
Peri-Urban/Rural	20,100	15,300	6,700	7,900
<b>AVERAGE</b>	28,300	20,200	7,000	12,800

Table C-1d

**AVERAGE ANNUAL WAGES PER LABOUR CATEGORY -- BY OWNERSHIP**  
(1994 wages in pula)

Ownership	Management Wages	Technical Wages	Unskilled Wages	Average
Citizen-Owned	24,000	15,700	5,200	10,100
Joint Venture	35,400	23,300	8,200	15,100
Foreign-Owned	29,300	24,100	8,300	14,900
<b>AVERAGE</b>	28,300	20,200	7,000	12,800

Table C-1e

**AVERAGE ANNUAL WAGES PER LABOUR CATEGORY -- BY MARKET**  
(1994 wages in pula)

Market	Management Wages	Technical Wages	Unskilled Wages	Average
Local Market	27,400	20,000	6,100	12,100
Export/Local Market	32,900	21,400	10,700	16,000
<b>AVERAGE</b>	28,300	20,200	7,000	12,800

Table C-1f

**AVERAGE ANNUAL WAGES PER LABOUR CATEGORY**  
-- FAP vs NON-FAP MANUFACTURERS

(1994 wages in pula)

FAP vs Non-FAP	Management Wages	Technical Wages	Unskilled Wages	Average
FAP Manufacturers	27,400	28,700	5,000	7,700
Non-FAP Manufacturers	18,000	16,900	6,500	9,400
<b>AVERAGE</b>	23,900	22,800	5,500	8,400

Table C-2a

**EMPLOYMENT AND PERCENT CHANGE IN EMPLOYMENT  
PER LABOUR CATEGORY -- BY AGE /1**  
(number of non-mining workers)

	Management Workers				Technical Workers				Production Workers				Average			
	1992	1993	1994	Chg.	1992	1993	1994	Chg.	1992	1993	1994	Chg.	1992	1993	1994	Chg.
Creation Date:																
1992-1994	2	2	2	-17%	2	3	3	50%	6	8	13	118%	9	13	17	88%
1985-1991	3	3	3	2%	7	8	8	5%	19	20	20	7%	29	30	31	6%
pre-1985	11	11	11	-2%	62	60	58	-7%	46	50	42	-10%	119	120	110	-8%
<b>AVERAGE</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>-0%</b>	<b>30</b>	<b>29</b>	<b>29</b>	<b>-5%</b>	<b>29</b>	<b>31</b>	<b>28</b>	<b>-1%</b>	<b>65</b>	<b>66</b>	<b>63</b>	<b>-3%</b>

/1 For the 110 non-mining firms with three complete years of employment data

Table C-2b

**EMPLOYMENT AND PERCENT CHANGE IN EMPLOYMENT  
PER LABOUR CATEGORY -- BY SECTOR /1**  
(number of workers)

	Management Workers				Technical Workers				Production Workers				Average			
	1992	1993	1994	Chg.	1992	1993	1994	Chg.	1992	1993	1994	Chg.	1992	1993	1994	Chg.
Agriculture	11	11	11	0%	11	8	8	-27%	66	62	55	-17%	88	81	74	-16%
Mining	657	640	667	2%	961	985	977	2%	3510	3365	3361	-4%	5128	4989	5004	-2%
Manufacturing	5	4	4	-17%	7	6	6	-8%	51	42	40	-21%	62	53	51	-19%
Construction	5	5	5	-8%	11	10	9	-22%	66	91	70	5%	82	106	83	1%
Wholesale/Retail	6	6	6	-1%	24	23	23	-6%	14	13	14	3%	43	42	42	-2%
Transport	3	4	4	15%	2	2	2	-22%	21	19	20	-2%	26	24	26	-2%
Finance/Business Services	11	12	12	9%	104	101	99	-5%	21	21	23	14%	136	134	135	-1%
Social/Personal Services	3	3	3	5%	7	7	7	8%	7	11	16	127%	17	21	26	56%
Non-Profit Services	2	2	2	0%	9	12	14	49%	1	1	1	50%	12	15	17	40%
<b>TOTAL</b>	<b>18</b>	<b>17</b>	<b>18</b>	<b>1%</b>	<b>47</b>	<b>47</b>	<b>46</b>	<b>-3%</b>	<b>91</b>	<b>90</b>	<b>88</b>	<b>-3%</b>	<b>156</b>	<b>154</b>	<b>152</b>	<b>-3%</b>

/1 For the 112 firms with three complete years of employment data

Table C-2c

**EMPLOYMENT AND PERCENT CHANGE IN EMPLOYMENT  
PER LABOUR CATEGORY -- BY LOCATION /1**  
(number of non-mining workers)

	Management Workers				Technical Workers				Production Workers				Average			
	1992	1993	1994	Chg.	1992	1993	1994	Chg.	1992	1993	1994	Chg.	1992	1993	1994	Chg.
Gaborone	8	8	8	0%	46	44	43	-6%	26	22	20	-23%	80	75	71	-11%
Other Urban	4	4	4	-4%	9	9	8	-6%	51	70	65	27%	64	83	77	20%
Peri-Urban/Rural	2	2	2	2%	8	9	9	17%	9	10	10	13%	20	21	22	13%
<b>AVERAGE</b>	6	6	6	-0%	30	29	29	-5%	29	31	28	-1%	65	66	63	-3%

/1 For the 110 non-mining firms with three complete years of employment data

Table C-2d

**EMPLOYMENT AND PERCENT CHANGE IN EMPLOYMENT  
PER LABOUR CATEGORY -- BY OWNERSHIP /1**  
(number of non-mining workers)

	Management Workers				Technical Workers				Production Workers				Average			
	1992	1993	1994	Chg.	1992	1993	1994	Chg.	1992	1993	1994	Chg.	1992	1993	1994	Chg.
Citizen-Owned	4	3	3	-10%	7	7	7	10%	23	21	21	-9%	33	31	32	-5%
Joint Venture	14	15	15	6%	114	108	105	-8%	28	28	29	5%	156	151	149	-5%
Foreign-Owned	4	4	4	-3%	8	8	8	4%	37	47	38	4%	49	59	50	3%
<b>AVERAGE</b>	6	6	6	-0%	30	29	29	-5%	29	31	28	-1%	65	66	63	-3%

/1 For the 110 non-mining firms with three complete years of employment data

Table C-2e

**EMPLOYMENT AND PERCENT CHANGE IN EMPLOYMENT  
PER LABOUR CATEGORY -- BY MARKET /1**  
(number of non-mining workers)

Market	Management Workers				Technical Workers				Production Workers				Average			
	1992	1993	1994	Chg.	1992	1993	1994	Chg.	1992	1993	1994	Chg.	1992	1993	1994	Chg.
Local Market	6	6	6	-2%	26	26	25	-4%	27	29	26	-3%	59	61	57	-3%
Export/Local Market	8	9	9	4%	50	47	46	-8%	39	39	42	7%	98	95	97	-1%
<b>AVERAGE</b>	6	6	6	-0%	30	29	29	-5%	29	31	28	-1%	65	66	63	-3%

/1 For the 110 non-mining firms with three complete years of employment data

Table C-2f

**EMPLOYMENT AND PERCENT CHANGE IN EMPLOYMENT  
PER LABOUR CATEGORY -- FAP vs NON-FAP MANUFACTURERS**

FAP vs Non-FAP	Management Workers				Technical Workers				Production Workers				Average			
	1992	1993	1994	Chg.	1992	1993	1994	Chg.	1992	1993	1994	Chg.	1992	1993	1994	Chg.
FAP Manufacturers	5	4	4	-26%	3	2	2	-39%	43	32	29	-32%	51	38	35	-32%
Non-FAP Manufacturers	5	5	5	3%	15	16	16	4%	67	65	64	-4%	87	86	85	-2%
<b>AVERAGE</b>	5	4	4	-17%	7	6	6	-8%	51	42	40	-21%	62	53	51	-19%

/1 For the 19 manufacturers with three complete years of employment data

Table C-3a

PERCENT CHANGE IN WAGES PER LABOUR CATEGORY -- BY AGE /1  
(constant 1992 pula)

Start Date	Management Wages	Technical Wages	Unskilled Wages	Average
1992-1994	-6.6%	-10.9%	11.0%	-0.7%
1985-1991	-8.8%	17.2%	2.0%	-1.1%
pre-1985	-7.6%	-11.6%	-13.9%	-10.0%
<b>AVERAGE</b>	<b>-7.9%</b>	<b>-2.5%</b>	<b>-5.9%</b>	<b>-6.3%</b>

/1 For the 104 firms with three complete years of wage data.

Table C-3b

PERCENT CHANGE IN WAGES PER LABOUR CATEGORY -- BY SECTOR /1  
(constant 1992 pula)

Sector	Management Wages	Technical Wages	Unskilled Wages	Average
Agriculture	-19.2%	-43.4%	0.2%	-15.4%
Mining	-10.8%	-6.5%	4.8%	-0.0%
Manufacturing	2.3%	-10.0%	-12.9%	-14.1%
Construction	-6.0%	-14.8%	8.8%	-6.1%
Wholesale/Retail	-6.7%	3.4%	-5.2%	-5.4%
Transport	-36.6%	2.2%	11.7%	-3.3%
Finance/Business Services	-7.3%	10.3%	-38.0%	-6.5%
Social/Personal Services	-26.4%	-8.7%	11.6%	-18.3%
Non-Profit Services	5.6%	-7.0%	5.4%	1.9%
<b>TOTAL</b>	<b>-7.9%</b>	<b>-2.5%</b>	<b>-5.9%</b>	<b>-6.3%</b>

/1 For the 104 firms with three complete years of wage data.

Table C-3c

**PERCENT CHANGE IN WAGES PER  
-- BY LOCATION /1**  
(constant 1992 pula)

Location	Management Wages	Technical Wages	Unskilled Wages	Average
Gaborone	-12.4%	-8.2%	-5.5%	-6.5%
Other Urban	4.9%	6.6%	-6.3%	-3.4%
Peri-Urban/Rural	-9.0%	15.3%	-6.0%	-10.6%
<b>AVERAGE</b>	<b>-7.9%</b>	<b>-2.5%</b>	<b>-5.9%</b>	<b>-6.3%</b>

/1 For the 104 firms with three complete years of wage data.

Table C-3d

**PERCENT CHANGE IN WAGES PER LABOUR CATEGORY  
-- BY OWNERSHIP /1**  
(constant 1992 pula)

Ownership	Management Wages	Technical Wages	Unskilled Wages	Average
Citizen-Owned	1.9%	10.5%	-9.4%	-1.2%
Joint Venture	-13.8%	-11.9%	-2.6%	-9.5%
Foreign-Owned	-11.4%	-3.4%	-6.1%	-6.7%
<b>AVERAGE</b>	<b>-7.9%</b>	<b>-2.5%</b>	<b>-5.9%</b>	<b>-6.3%</b>

/1 For the 104 firms with three complete years of wage data.

Table C-3e

**PERCENT CHANGE IN WAGES PER LABOUR CATEGORY -- BY MARKET**  
(constant 1992 pula)

Market	Management Wages	Technical Wages	Unskilled Wages	Average
Local Market	-2.9%	-0.4%	-10.9%	-5.1%
Export/Local Market	-21.6%	-8.3%	7.7%	-10.9%
<b>AVERAGE</b>	-7.9%	-2.5%	-5.9%	-6.3%

/1 For the 104 firms with three complete years of wage data.

Table C-4a

**VALUE ADDED PER EMPLOYEE – BY AGE**  
(in current pula)

Start Date	Full 1994 Sample	Trend Sub-Sample /1		1994	Real Percent Change /2
		1992	1993		
1992-1994 /3	30,100	41,300	34,800	30,900	-41%
1985-1991	49,100	53,900	51,300	57,900	-15%
pre-1985	55,600	53,200	64,900	64,300	-5%
<b>AVERAGE</b>	<b>46,900</b>	<b>51,600</b>	<b>55,000</b>	<b>56,500</b>	<b>-13%</b>

/1 For the sub-set of 106 firms with full data for the three years

/2 Deflated with CSO December year on year inflation rates of 14.4% for 1993, 10.6% for 1994.

/3 Only 17 of the 39 firms in this sub-set have full data for the three year period

Table C-4b

**VALUE ADDED PER EMPLOYEE – BY SECTOR**  
(in current pula)

Sector	Full 1994 Sample	Trend Sub-Sample /1		1994	Real Percent Change /2
		1992	1993		
Agriculture	9,500	4,100	3,300	2,900	-61%
Mining	312,200	245,300	279,600	312,200	1%
Manufacturing	32,100	23,400	22,100	26,100	-12%
Construction	37,400	40,900	39,000	44,800	-13%
Wholesale/Retail	34,800	43,800	47,600	40,500	-27%
Transport	105,600	192,400	169,100	175,700	-28%
Finance/Business Services	70,000	67,500	82,000	86,400	0%
Social/Personal Services	41,000	39,200	43,200	68,400	38%
Non-Profit Services	19,900	20,100	21,700	19,900	-22%
<b>TOTAL</b>	<b>46,900</b>	<b>51,600</b>	<b>55,000</b>	<b>56,500</b>	<b>-13%</b>

/1 For the sub-set of 106 firms with full data for the three years

/2 Deflated with CSO December year on year inflation rates of 14.4% for 1993, 10.6% for 1994.

**VALUE ADDED PER EMPLOYEE – BY LOCATION**  
(in current pula)

Location	Full 1994 Sample	Trend Sub–Sample /1			Real Percent Change /2
		1,992	1,993	1,994	
Gaborone	62,400	57,600	61,200	67,300	-8%
Other Urban	31,300	53,100	47,200	39,600	-41%
Peri–Urban/Rural	33,400	32,100	45,800	45,400	12%
<b>AVERAGE</b>	<b>46,900</b>	<b>51,600</b>	<b>55,000</b>	<b>56,500</b>	<b>-13%</b>

/1 For the sub–set of 106 firms with full data for the three years

/2 Deflated with CSO December year on year inflation rates of 14.4% for 1993, 10.6% for 1994.

Table C–4d

**VALUE ADDED PER EMPLOYEE – BY OWNERSHIP**  
(in current pula)

Ownership	Full 1994 Sample	Trend Sub–Sample /1			Real Percent Change /2
		1,992	1,993	1,994	
Citizen–Owned	23,100	19,900	24,700	22,600	-10%
Joint Venture	52,100	62,400	59,100	59,000	-25%
Foreign–Owned	75,000	87,000	92,700	100,200	-9%
<b>AVERAGE</b>	<b>46,900</b>	<b>51,600</b>	<b>55,000</b>	<b>56,500</b>	<b>-13%</b>

/1 For the sub–set of 106 firms with full data for the three years

/2 Deflated with CSO December year on year inflation rates of 14.4% for 1993, 10.6% for 1994.

Table C-4e

**VALUE ADDED PER EMPLOYEE – BY MARKET**  
(in current pula)

Market	Full 1994 Sample	Trend Sub-Sample /1			Real Percent Change /2
		1,992	1,993	1,994	
Local Market	38,400	41,000	46,100	46,200	-11%
Export/Local Market	90,100	97,500	94,100	101,000	-18%
<b>AVERAGE</b>	<b>46,900</b>	<b>51,600</b>	<b>55,000</b>	<b>56,500</b>	<b>-13%</b>

/1 For the sub-set of 106 firms with full data for the three years

/2 Deflated with CSO December year on year inflation rates of 14.4% for 1993, 10.6% for 1994.

Table C-4f

**VALUE ADDED PER EMPLOYEE – FAP vs NON-FAP MANUFACTURERS**  
(in current pula)

FAP vs Non-FAP	Full 1994 Sample	Trend Sub-Sample /1			Real Percent Change /2
		1,992	1,993	1,994	
FAP Manufacturer	11,900	6,800	12,100	15,000	74%
Non-FAP Manufacturer	65,800	56,500	42,200	48,300	-32%
<b>AVERAGE</b>	<b>32,100</b>	<b>23,400</b>	<b>22,100</b>	<b>26,100</b>	<b>-12%</b>

/1 For the sub-set of 18 manufacturers with full data for the three years

/2 Deflated with CSO December year on year inflation rates of 14.4% for 1993, 10.6% for 1994.

**ANNUAL SALES REVENUE – BY AGE**  
(in current pula)

Start Date	Full 1994 Sample	Trend Sub-Sample /1			Real Percent Change /2
		1992	1993	1994	
Creation Date:					
1992–1994 /3	1,592,500	392,300	491,400	707,900	43%
1985–1991	2,398,400	3,003,700	2,749,200	3,159,500	-17%
pre-1985	5,624,000	5,815,000	6,117,500	6,877,700	-7%
<b>AVERAGE</b>	<b>3,430,900</b>	<b>3,817,900</b>	<b>3,869,900</b>	<b>4,403,500</b>	<b>-9%</b>

/1 For the sub-set of 107 non-mining firms with full data for the three years

/2 Deflated with CSO December year on year inflation rates of 14.4% for 1993, 10.6% for 1994.

/3 Only 18 of the 39 firms in this sub-set have full data for the three year period

Table C-5b

**ANNUAL SALES REVENUE – BY SECTOR**  
(in current pula)

Sector	Full 1994 Sample	Trend Sub-Sample /1			Real Percent Change /2
		1992	1993	1994	
Agriculture	353,200	584,900	415,000	301,900	-59%
Mining	1,771,090,500	1,412,463,500	1,601,028,000	1,771,090,500	-1%
Manufacturing	4,498,800	4,030,200	3,504,500	4,347,400	-15%
Construction	1,581,600	1,829,700	1,793,700	1,917,100	-17%
Wholesale/Retail	4,825,000	5,248,400	5,725,100	6,246,000	-6%
Transport	1,987,700	3,833,200	3,297,200	3,162,000	-35%
Finance/Business Services	3,176,900	3,604,000	3,448,400	4,282,900	-6%
Social/Personal Services	816,300	896,100	1,013,200	1,429,900	26%
Non-Profit Services	816,200	573,300	751,700	1,088,000	50%
<b>TOTAL</b>	<b>25,665,633</b>	<b>29,429,700</b>	<b>32,909,200</b>	<b>36,525,100</b>	<b>-2%</b>

/1 For the sub-set of 109 firms with full data for the three years

/2 Deflated with CSO December year on year inflation rates of 14.4% for 1993, 10.6% for 1994.

Table C-5c

**ANNUAL SALES REVENUE – BY LOCATION**  
(in current pula)

Location	Full 1994 Sample	Trend Sub-Sample /1			Real Percent Change /2
		1992	1993	1994	
Gaborone	4,974,000	4,690,000	4,967,200	5,771,000	-3%
Other Urban	2,235,300	3,902,400	3,307,100	3,568,100	-28%
Peri-Urban/Rural	1,495,300	1,141,700	1,300,300	1,360,500	-6%
<b>AVERAGE</b>	<b>3,430,900</b>	<b>3,817,900</b>	<b>3,869,900</b>	<b>4,403,500</b>	<b>-9%</b>

/1 For the sub-set of 107 non-mining firms with full data for the three years

/2 Deflated with CSO December year on year inflation rates of 14.4% for 1993, 10.6% for 1994.

Table C-5d

**ANNUAL SALES REVENUE – BY OWNERSHIP**  
(in current pula)

Ownership	Full 1994 Sample	Trend Sub-Sample /1			Real Percent Change /2
		1992	1993	1994	
Citizen-Owned	1,898,000	2,376,900	2,185,700	2,568,800	-15%
Joint Venture	6,533,600	6,152,800	6,468,100	7,700,600	-1%
Foreign-Owned	3,552,600	4,338,100	4,555,600	4,872,700	-11%
<b>AVERAGE</b>	<b>3,430,900</b>	<b>3,817,900</b>	<b>3,869,900</b>	<b>4,403,500</b>	<b>-9%</b>

/1 For the sub-set of 106 firms with full data for the three years

/2 Deflated with CSO December year on year inflation rates of 14.4% for 1993, 10.6% for 1994.

## ANNUAL SALES REVENUE – BY MARKET

(in current pula)

Market	Full 1994 Sample	1992	Trend Sub–Sample /1		Real Percent Change /2
			1993	1994	
Local Market	2,367,600	2,742,100	2,803,700	3,111,700	–10%
Export/Local Market	9,323,400	8,857,300	8,864,300	10,454,500	–7%
<b>AVERAGE</b>	<b>3,430,900</b>	<b>3,817,900</b>	<b>3,869,900</b>	<b>4,403,500</b>	<b>–9%</b>

/1 For the sub–set of 106 firms with full data for the three years

/2 Deflated with CSO December year on year inflation rates of 14.4% for 1993, 10.6% for 1994.

Table C–5f

## ANNUAL SALES REVENUE – BY FAP vs NON–FAP MANUFACTURERS

(in current pula)

FAP vs Non–FAP	Full 1994 Sample	1992	Trend Sub–Sample /1		Real Percent Change /2
			1993	1994	
FAP Manufacturer	1,566,500	1,588,800	1,731,200	1,881,500	–6%
Non–FAP Manufacturer	9,385,800	8,215,400	6,544,400	8,574,600	–18%
<b>AVERAGE</b>	<b>4,498,800</b>	<b>4,030,200</b>	<b>3,504,500</b>	<b>4,347,400</b>	<b>–15%</b>

/1 For the sub–set of 106 firms with full data for the three years

/2 Deflated with CSO December year on year inflation rates of 14.4% for 1993, 10.6% for 1994.

**ANNEX D**  
**EXPECTATIONS DATA**

## ANNEX D

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EXPECTATIONS FOR AVERAGE WAGES -- BY SECTOR

Sector	Rise	(%)	Fall	(%)	Same	(%)	Total	(%)
Agriculture	2	(100)	0	(0)	0	(0)	2	(100)
Mining	2	(100)	0	(0)	0	(0)	2	(100)
Manufacturing	17	(71)	0	(0)	7	(29)	24	(100)
Construction	9	(43)	5	(24)	7	(33)	21	(100)
Wholesale/Retail	35	(59)	4	(7)	20	(34)	59	(100)
Transport	4	(57)	1	(14)	2	(29)	7	(100)
Finance/Business Services	12	(46)	1	(4)	13	(50)	26	(100)
Social/Personal Services	11	(73)	1	(7)	3	(20)	15	(100)
Non-Profit Services	3	(75)	1	(25)	0	(0)	4	(100)
<b>TOTAL</b>	<b>95</b>	<b>(59)</b>	<b>13</b>	<b>(8)</b>	<b>52</b>	<b>(33)</b>	<b>160</b>	<b>(100)</b>

Table D-1b

EXPECTATIONS FOR AVERAGE WAGES -- BY FIRM SIZE

Firm Size	Rise	(%)	Fall	(%)	Same	(%)	Total	(%)
0-10 employees	40	(53)	7	(9)	29	(38)	76	(100)
11-25 employees	24	(69)	1	(3)	10	(29)	35	(100)
26-100 employees	23	(66)	3	(9)	9	(26)	35	(100)
over 100 employees	8	(57)	1	(7)	5	(36)	14	(100)
<b>TOTAL</b>	<b>95</b>	<b>(59)</b>	<b>12</b>	<b>(8)</b>	<b>53</b>	<b>(33)</b>	<b>160</b>	<b>(100)</b>

Table D-1c

## EXPECTATIONS FOR AVERAGE WAGES -- BY FEMALE EMPLOYMENT

%age Female Employees	Rise	(%)	Fall	(%)	Same	(%)	Total	(%)
Less than 50% of workforce	48	(59)	10	(12)	24	(29)	82	(100)
More than 50% of workforce	46	(60)	2	(3)	29	(38)	77	(100)
<b>TOTAL</b>	<b>94</b>	<b>(59)</b>	<b>12</b>	<b>(8)</b>	<b>53</b>	<b>(33)</b>	<b>159</b>	<b>(100)</b>

Table D-1d

## EXPECTATIONS FOR AVERAGE WAGES -- BY OWNERSHIP

Ownership Form	Rise	(%)	Fall	(%)	Same	(%)	Total	(%)
Citizen-owned	35	(50)	8	(11)	27	(39)	70	(100)
Foreign-owned	37	(69)	2	(4)	15	(28)	54	(100)
Joint venture	23	(64)	2	(6)	11	(31)	36	(100)
<b>TOTAL</b>	<b>95</b>	<b>(59)</b>	<b>12</b>	<b>(8)</b>	<b>53</b>	<b>(33)</b>	<b>160</b>	<b>(100)</b>

Table D-1e

## EXPECTATIONS FOR AVERAGE WAGES -- BY AGE

Year Firm Started	Rise	(%)	Fall	(%)	Same	(%)	Total	(%)
1990-1994	44	(69)	3	(5)	17	(27)	64	(100)
1985-1989	18	(55)	3	(9)	12	(36)	33	(100)
Pre 1985	33	(52)	6	(10)	24	(38)	63	(100)
<b>TOTAL</b>	<b>95</b>	<b>(59)</b>	<b>12</b>	<b>(8)</b>	<b>53</b>	<b>(33)</b>	<b>160</b>	<b>(100)</b>

PERCENTAGES FOR AVERAGE WAGES -- BY LOCATION

Location	Rise	(%)	Fall	(%)	Same	(%)	Total	(%)
Urban Areas								
Francistown	17	(65)	2	(8)	7	(27)	26	(100)
Gaborone	44	(55)	8	(10)	28	(35)	80	(100)
Lobatse	3	(43)	0	(0)	4	(57)	7	(100)
Jwaneng	1	(100)	0	(0)	0	(0)	1	(100)
Selebi-Phikwe	8	(67)	1	(8)	3	(25)	12	(100)
Sub-Total	73	(58)	11	(9)	42	(33)	126	(100)
Peri-Urban/Rural Areas								
Kanye	5	(83)	0	(0)	1	(17)	6	(100)
Kasane	1	(33)	0	(0)	2	(67)	3	(100)
Mahalapye	1	(33)	0	(0)	2	(67)	3	(100)
Maun	0	(0)	0	(0)	1	(100)	1	(100)
Mochudi	2	(67)	0	(0)	1	(33)	3	(100)
Mogoditshane	2	(67)	1	(33)	0	(0)	3	(100)
Molepolole	3	(100)	0	(0)	0	(0)	3	(100)
Palapye	3	(75)	0	(0)	1	(25)	4	(100)
Serowe	1	(33)	0	(0)	2	(67)	3	(100)
Tlokweng	4	(80)	0	(0)	1	(20)	5	(100)
Sub-Total	22	(65)	1	(3)	11	(32)	34	(100)
GRAND TOTAL	95	(59)	12	(8)	53	(33)	160	(100)

Table D-2a

## EXPECTATIONS FOR SALES/TURNOVER -- BY SECTOR

Sector	Rise	(%)	Fall	(%)	Same	(%)	Total	(%)
Agriculture	2	(100)	0	(0)	0	(0)	2	(100)
Mining	1	(50)	0	(0)	1	(50)	2	(100)
Manufacturing	13	(54)	4	(17)	7	(29)	24	(100)
Construction	7	(33)	10	(48)	4	(19)	21	(100)
Wholesale/Retail	31	(52)	18	(30)	11	(18)	60	(100)
Transport	3	(42)	2	(29)	2	(29)	7	(100)
Finance/Business Services	10	(40)	7	(28)	8	(32)	25	(100)
Social/Personal Services	9	(60)	3	(20)	3	(20)	15	(100)
Non-Profit Services	3	(100)	0	(0)	0	(0)	3	(100)
<b>TOTAL</b>	<b>79</b>	<b>(50)</b>	<b>44</b>	<b>(28)</b>	<b>36</b>	<b>(23)</b>	<b>159</b>	<b>(100)</b>

Table D-2b

## EXPECTATIONS FOR SALES/TURNOVER -- BY FIRM SIZE

Firm Size	Rise	(%)	Fall	(%)	Same	(%)	Total	(%)
0-10 employees	35	(46)	25	(33)	16	(21)	76	(100)
11-25 employees	17	(49)	7	(20)	11	(31)	35	(100)
26-100 employees	21	(60)	8	(23)	6	(17)	35	(100)
over 100 employees	6	(46)	4	(31)	3	(23)	13	(100)
<b>TOTAL</b>	<b>79</b>	<b>(50)</b>	<b>44</b>	<b>(28)</b>	<b>36</b>	<b>(23)</b>	<b>159</b>	<b>(100)</b>

EXPECTATIONS FOR SALES/TURNOVER -- BY FEMALE EMPLOYMENT

%age Female Employees	Rise	(%)	Fall	(%)	Same	(%)	Total	(%)
Less than 50% of workforce	39	(48)	26	(32)	17	(21)	82	(100)
More than 50% of workforce	40	(53)	18	(24)	18	(24)	76	(100)
<b>TOTAL</b>	<b>79</b>	<b>(50)</b>	<b>44</b>	<b>(28)</b>	<b>35</b>	<b>(22)</b>	<b>158</b>	<b>(100)</b>

Table D-2d

EXPECTATIONS FOR SALES/TURNOVER -- BY OWNERSHIP

Ownership Form	Rise	(%)	Fall	(%)	Same	(%)	Total	(%)
Citizen-owned	36	(51)	22	(31)	12	(17)	70	(100)
Foreign-owned	24	(44)	14	(26)	16	(30)	54	(100)
Joint venture	19	(54)	8	(23)	8	(23)	35	(100)
<b>TOTAL</b>	<b>79</b>	<b>(50)</b>	<b>44</b>	<b>(28)</b>	<b>36</b>	<b>(23)</b>	<b>159</b>	<b>(100)</b>

Table D-2e

EXPECTATIONS FOR SALES/TURNOVER -- BY AGE

Year Firm Started	Rise	(%)	Fall	(%)	Same	(%)	Total	(%)
1990-1994	43	(67)	11	(17)	10	(16)	64	(100)
1985-1989	12	(38)	11	(34)	9	(28)	32	(100)
Pre 1985	24	(38)	22	(35)	17	(27)	63	(100)
<b>TOTAL</b>	<b>79</b>	<b>(50)</b>	<b>44</b>	<b>(28)</b>	<b>36</b>	<b>(23)</b>	<b>159</b>	<b>(100)</b>

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Table D-2f

## EXPECTATIONS FOR SALES/TURNOVER -- BY LOCATION

Location	Rise	(%)	Fall	(%)	Same	(%)	Total	(%)
<b>Urban Areas</b>								
Francistown	10	(38)	9	(35)	7	(27)	26	(100)
Gaborone	40	(51)	25	(32)	14	(18)	79	(100)
Lobatse	3	(43)	1	(14)	3	(43)	7	(100)
Jwaneng	1	(100)	0	(0)	0	(0)	1	(100)
Selebi-Phikwe	6	(50)	4	(33)	2	(17)	12	(100)
<b>Sub-Total</b>	<b>60</b>	<b>(48)</b>	<b>39</b>	<b>(31)</b>	<b>26</b>	<b>(21)</b>	<b>125</b>	<b>(100)</b>
<b>Peri-Urban/Rural Areas</b>								
Kanye	5	(83)	0	(0)	1	(17)	6	(100)
Kasane	1	(33)	1	(33)	1	(33)	3	(100)
Mahalapye	1	(33)	1	(33)	1	(33)	3	(100)
Maun	0	(0)	0	(0)	1	(100)	1	(100)
Mochudi	3	(100)	0	(0)	0	(0)	3	(100)
Mogoditshane	2	(67)	1	(33)	0	(0)	3	(100)
Molepolole	2	(67)	1	(33)	0	(0)	3	(100)
Palapye	2	(50)	0	(0)	2	(50)	4	(100)
Serowe	0	(0)	0	(0)	3	(100)	3	(100)
Tlokweng	3	(60)	1	(20)	1	(20)	5	(100)
<b>Sub-Total</b>	<b>19</b>	<b>(56)</b>	<b>5</b>	<b>(15)</b>	<b>10</b>	<b>(29)</b>	<b>34</b>	<b>(100)</b>
<b>GRAND TOTAL</b>	<b>79</b>	<b>(50)</b>	<b>44</b>	<b>(28)</b>	<b>36</b>	<b>(23)</b>	<b>159</b>	<b>(100)</b>

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EXPECTATIONS FOR EMPLOYMENT -- BY SECTOR

Sector	Rise	(%)	Fall	(%)	Same	(%)	Total	(%)
Agriculture	1	(50)	0	(0)	1	(50)	2	(100)
Mining	0	(0)	0	(0)	2	(100)	2	(100)
Manufacturing	8	(33)	2	(8)	14	(58)	24	(100)
Construction	5	(25)	8	(40)	7	(35)	20	(100)
Wholesale/Retail	17	(29)	16	(27)	26	(44)	59	(100)
Transport	2	(33)	1	(17)	3	(50)	6	(100)
Finance/Business Services	9	(35)	6	(23)	11	(42)	26	(100)
Social/Personal Services	5	(36)	2	(14)	7	(50)	14	(100)
Non-Profit Services	3	(75)	0	(0)	1	(25)	4	(100)
<b>TOTAL</b>	<b>50</b>	<b>(32)</b>	<b>35</b>	<b>(22)</b>	<b>72</b>	<b>(46)</b>	<b>157</b>	<b>(100)</b>

Table D-3b

EXPECTATIONS FOR EMPLOYMENT -- BY FIRM SIZE

Firm Size	Rise	(%)	Fall	(%)	Same	(%)	Total	(%)
0-10 employees	29	(38)	17	(22)	30	(39)	76	(100)
11-25 employees	11	(32)	5	(15)	18	(53)	34	(100)
26-100 employees	7	(21)	9	(27)	17	(52)	33	(100)
over 100 employees	3	(21)	4	(29)	7	(50)	14	(100)
<b>TOTAL</b>	<b>50</b>	<b>(32)</b>	<b>35</b>	<b>(22)</b>	<b>72</b>	<b>(46)</b>	<b>157</b>	<b>(100)</b>

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Table D-3c

## EXPECTATIONS FOR EMPLOYMENT -- BY FEMALE EMPLOYMENT

%age Female Employees	Rise	(%)	Fall	(%)	Same	(%)	Total	(%)
Less than 50% of workforce	23	(29)	22	(28)	35	(44)	80	(100)
More than 50% of workforce	26	(34)	13	(17)	37	(49)	76	(100)
<b>TOTAL</b>	<b>49</b>	<b>(31)</b>	<b>35</b>	<b>(22)</b>	<b>72</b>	<b>(46)</b>	<b>156</b>	<b>(100)</b>

Table D-3d

## EXPECTATIONS FOR EMPLOYMENT -- BY OWNERSHIP

Ownership Form	Rise	(%)	Fall	(%)	Same	(%)	Total	(%)
Citizen-owned	18	(26)	19	(28)	32	(46)	69	(100)
Foreign-owned	19	(37)	10	(19)	23	(44)	52	(100)
Joint venture	13	(36)	6	(17)	17	(47)	36	(100)
<b>TOTAL</b>	<b>50</b>	<b>(32)</b>	<b>35</b>	<b>(22)</b>	<b>72</b>	<b>(46)</b>	<b>157</b>	<b>(100)</b>

Table D-3e

## EXPECTATIONS FOR EMPLOYMENT -- BY AGE

Year Firm Started	Rise	(%)	Fall	(%)	Same	(%)	Total	(%)
1990-1994	32	(50)	4	(6)	28	(44)	64	(100)
1985-1989	8	(26)	9	(29)	14	(45)	31	(100)
Pre 1985	10	(16)	22	(35)	30	(48)	62	(100)
<b>TOTAL</b>	<b>50</b>	<b>(32)</b>	<b>35</b>	<b>(22)</b>	<b>72</b>	<b>(46)</b>	<b>157</b>	<b>(100)</b>

EXPECTATIONS FOR EMPLOYMENT -- BY LOCATION

Location	Rise	(%)	Fall	(%)	Same	(%)	Total	(%)
Urban Areas								
Francistown	8	(33)	7	(29)	9	(38)	24	(100)
Gaborone	25	(31)	19	(24)	36	(45)	80	(100)
Lobatse	1	(14)	3	(43)	3	(43)	7	(100)
Jwaneng	0	(0)	0	(0)	1	(100)	1	(100)
Selebi-Phikwe	5	(42)	1	(8)	6	(50)	12	(100)
Sub-Total	39	(31)	30	(24)	55	(44)	124	(100)
Peri-Urban/Rural Areas								
Kanye	2	(33)	2	(33)	2	(33)	6	(100)
Kasane	1	(33)	0	(0)	2	(67)	3	(100)
Mahalapye	1	(33)	0	(0)	2	(67)	3	(100)
Maun	0	(0)	1	(100)	0	(0)	1	(100)
Mochudi	2	(100)	0	(0)	0	(0)	2	(100)
Mogoditshane	1	(33)	0	(0)	2	(67)	3	(100)
Molepolole	0	(0)	1	(33)	2	(67)	3	(100)
Palapye	2	(50)	0	(0)	2	(50)	4	(100)
Serowe	0	(0)	1	(33)	2	(67)	3	(100)
Tlokweng	2	(40)	0	(0)	3	(60)	5	(100)
Sub-Total	11	(33)	5	(15)	17	(52)	33	(100)
GRAND TOTAL	50	(32)	35	(22)	72	(46)	157	(100)