



Technical Report:

**Current Human Resource Availability
in Botswana As it Relates to the
Business Process Outsourcing Industry**

**Submitted by:
The Services Group Inc.**

**Submitted to:
Regional Center for Southern Africa,
U.S. Agency for International Development**

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Introduction

Key components of the economic objectives of the Government of Botswana are to “improve Botswana’s competitiveness in global markets, to contribute to sustainable economic diversification, increase employment opportunities for local people (Batswana), develop financial skills and generate revenue.” (IFSC Brochure, page 5)

The International Financial Services Center (IFSC) was established in 2003 to contribute to these goals by facilitating the delivery of cross-border financial services to clients in other countries and offering tax and other incentives to financial and non-financial institutions.

In the course of serving its clients who are seeking to establish business process services in Botswana, the IFSC has had to confront a lack of information on the available labor pool in Botswana, especially in the areas of business administration, finance and information technology. With more accurate information on the availability of qualified personnel in Botswana, the IFSC could (a) provide better orientation to their clients with respect to what to expect when they are recruiting employees, (b) identify clear gaps in the supply and demand of labor, and thus (c) be better equipped to lobby the government on reforms that will increase the supply and quality of available human resources.

In response to a request by the IFSC, the Southern Africa Global Competitiveness Hub has undertaken this labor supply study for the purpose of (1) assessing the current human resource availability, specifically the fields of business administration, finance and information technology, and (2) providing information that will serve as a basis for subsequent stages of the study.

The findings of the study are presented in the following pages.

Definition of Terms

Business Administration—Any course of study that provides basic training in accounting, finance, planning, marketing, insurance and / or human resources, regardless of the context, for example, construction management (but *not* “construction engineering”), hotel management, tourism management (but *not* simply “tourism”), industrial psychology, and risk management (this takes into account that many such programs, especially in the industrialized countries, offer a substantially similar course of study to that of business administration)

Finance—Any financial course of study, whether privately or publicly-oriented.

Information Technology—Any computer-related course of study including computer engineering, information science, information systems, computer graphics, systems analysis, etc.

Interviews¹

- 29 June 2005, Botswana Institute for Development Policy Analysis (BIDPA), Dr. Jay Salkin, Senior Research Fellow
- 6 July 2005, Botswana Training Authority (BOTA), Bashi Raleru, Registration and Accreditation Coordinator
- 7 July 2005, University of Botswana, Richard Neil, Director of Institutional Research, and Onalenna Silas, Assistant Director
- 12 July 2005, National Institute of Information Technology (NIIT), Ravi Srinivasan, Manager
- 12 July 2005, Gaborone Institute of Professional Studies (GIPS), Manager
- 12 July 2005, Institute of Development Management (IDM), Registrar
- 14 July 2005, Damelin, Michael D'Souza, Campus Manager
- 18 July 2005, Department of Economic Affairs, Dr Nyamadzabo, Deputy Secretary
- 20 July 2005, Ministry of Education, Cosmetic Molebatsi, IT Coordinator
- 21 July 2005, Tertiary Education Council, Dr Molutsi, Executive Secretary
- 22 July 2005, Botswana Accountancy College, Prinah Setlogelo, Registrar
- 27 July 2005, Debswana, Mrs. Kgosiemang, Assistant Human Resource Manager

Interim Deliverables (August 4, 2005)

- This report of general findings
- Three spreadsheets which present statistics from the Ministry of Education, categorized by discipline², on the number of Botswana graduates from institutions of higher education:
 - (a) Abroad
 - (b) In Botswana
 - (c) Both Abroad and Botswana (combined)
- Three spreadsheets which present statistics from the Ministry of Education, categorized by level of degree or certification, on the number of Botswana graduates from institutions of higher education:
 - (a) Abroad
 - (b) In Botswana
 - (c) Both Abroad and Botswana (combined)
- A table of "Predicted Future Graduation Trends"
- A table which attempts to capture the most accurate information on graduates from the major institutions of higher education in Botswana for 2004 / 2005 (some information is still being gathered).

¹ The Ministry of Finance and Development, Employment Policy Unit was contacted on numerous occasions, but the consultants were unable to obtain an interview. Other institutions not listed here were interviewed by telephone.

² The spreadsheets subtotal accounting, marketing, economics, and other individual disciplines in the business field, as they are sufficiently different in nature that a client investor would be interested in knowing what potential labor pool exists for each one. On the other hand, the differences in courses of study for Information Technology (IT) are more subtle, therefore individual IT courses of study—computer engineering, information systems, management information systems—are not subtotaled.

Final Deliverables (August 12, 2005)

- The Interim Deliverables mentioned above
- Report for the Tertiary Education Council from February 2005 entitled “Tertiary Education Policy for Botswana: Challenges and Choices”
- Department of Institutional Planning report entitled “2003 Graduation Destination Survey”
- University of Botswana *Factbook 2004 / 2005* published by the Department of Institutional Planning
- Curricular and course listings from many of the interviewed institutions
- List of required procedures for registering a Training Institution with BOTA
- A list of all the institutions interviewed with contact information
- A CD-ROM of all the electronic information obtained from the institutions as well as the Trade Hub’s reports and spreadsheets

Findings

The top ten disciplines studied by Botswana in foreign educational institutions are:

Rank	Discipline	Total Botswana Graduating 2000-2004
1	Business Administration	599
2	Education and Related	249
3	Information Technology	243
4	Engineering	186
5	Media	186
6	Health Courses	134
7	Medicine	110
8	Arts	86
9	Graphic Design	59
10	Music	54

Breaking “Business Administration” down into its individual courses of study, the top ten list appears somewhat different:

Rank	Discipline	Total Botswana Graduating 2000-2004
1	Education and Related	249
2	Information Technology	243
3	Engineering	186
4	Media	186
5	Hotel Management	167
6	Health Courses	134
7	Human Resources Management	119
8	Medicine	110
9	Arts	86
10	Tourism Management	75

- A private sector remunerative study conducted by Tsa Badiri Consultancy revealed that **most businesses are reluctant to hire recent graduates** because their level of skills is perceived to be too low to function effectively in a work environment. According to the study, businesses prefer to hire people with at least two to three years of practical work experience.
- The same study revealed that upon entering the work force, a **recent graduate entering can expect an average of about P. 52,000 per annum in a government position and P. 60,000 – 66,000** (with a range of about P. 51,600 – 72,000) **in a private industry position.**³
- A 2003 survey by the Department of Institutional Planning of the University of Botswana presents even more detailed information that seems to corroborate the Tsa Badiri report (see recommendations). Some of the findings of the survey were:
 - (a) For all disciplines, **80% of new graduates (all disciplines) find employment in the government**, 11% in private industry and 9% in parastatal organizations. The high government employment is likely due to the large number of students in the education field.
 - (b) **A recent graduate with a masters degree can actually earn slightly less than an undergraduate** and in some cases even less than a graduate with a Certificate.⁴
 - (c) For business majors (marketing, accounting, manufacturing), **55% of survey respondents had not found work four months after graduation.** Of those that had, 46% had found employment in private industry, 33% in government and 20% in parastatal organizations. A salary range P. 43,848 and P. 52,800 per annum was the most prevalent.
- According to the University of Botswana, approximately **90% of the degree graduates in Botswana matriculate from their institution**, although this varies from discipline to discipline.⁵
- The Excel spreadsheet “Predicted Future Graduate Trends” presents certain predicted trends for the immediate future as to whether the number of graduates in each field will increase, decrease or remain stable. The data observed were obtained from the Ministry of Education, Department of Student Placement and

³ These data were obtained by telephone interview with Mr. Peter Oleson of Tsa Badiri Consultancy, however under normal circumstances more detailed information from the study is available only at a cost which is somewhat high. Tsa Badiri is located at 1 Kgale Millennium Park, Plot 125. The telephone number is 391-4164 and the e-mail address is tbc@tbc.co.bw.

⁴ See Page 3 of the report. This phenomenon may be due to the large number of students matriculating with postgraduate degrees in education who would naturally earn less, say, that a student with an undergraduate degree in engineering or business.

⁵ A new university is in the planning stages which will be located near Polapye, but even with the most accelerated scenario this will not have a significant impact on the number of graduates entering the work force for years to come.

Welfare, and only represented the students who were sponsored by this Department.

On the basis of sheer observation of these data, **overall numbers of students graduating in business administration, finance, and computer science should remain stable**, except for graduates in Computer Science from Botswana institutions which seems to be decreasing. Furthermore, if the trends demonstrated by the data are correct, the **number of students graduating with a bachelor or masters-level degree is stable while most of the certificate, diploma, national diploma (ND), and advanced diploma programs are losing ground**.

However, Trade Hub consultants reviewing these data have questioned the observed trends considering what is happening in the economy, and have flagged certain weaknesses of the Ministry's information. They believe that in spite of the trends observed in this data many of which are decreasing trends, fields such as business administration and computer science can be expected to increase in popularity in the years to come.

- **There seem to be some discrepancies between the two major sources of information used in this study: the figures provided by the University of Botswana in its Factbook 2004/5 and those provided by the Ministry of Education.** Two examples will illustrate this point: (1) both organizations report that thirty-nine students graduated in the Computer Science field in 2004, however, the Ministry indicates that only 18 of those graduated with a bachelor-level degree while the University indicates that all thirty-nine of their students in this field graduated with a bachelor's degree. (2) According to the University of Botswana, 348 students graduated with a Certificate or Diploma in Accounting in 2004, and thirty-three graduated with a Masters in Business. These numbers do not appear to be accounted for at all by the Ministry.

Both sets of information are useful for different reasons, and both demonstrate certain strengths and weaknesses which are listed below:

University of Botswana Factbook 2004/5

Strengths	Weaknesses
<ul style="list-style-type: none"> • Accurate 	<ul style="list-style-type: none"> • One-off study with no trend information
<ul style="list-style-type: none"> • Captures data from the largest institution of higher education in the country 	<ul style="list-style-type: none"> • Only captures data from one institution of higher education

Information from the Ministry of Education, Dept. of Student Placement and Welfare

Strengths	Weaknesses
• Has been tracked for ten years; shows trends	• Observed trends are questionable (accuracy?)
• Incorporates all institutions in the country	• Only takes into account MOE-sponsored students
• Good break-down by level and discipline	• No explanation of the level of foreign degrees
	• Esp. deficient with respect to graduate degree statistics

Emerging Issues

1. Existing data on tertiary education is often unreliable, contradictory, and not tracked on a regular basis.
2. There is supply data that is not being captured by any existing entity or that is captured but not related to the demand for human resources.
3. Many students, especially at the graduate school level, who fund their own education, study through foreign scholarships or are sponsored by their employer are off the radar screen.
4. Secondary school graduates constitute an important potential labor pool for call centers, banks, or insurance companies either while they are studying in an institution of higher education or in lieu of studying.

Recommendations

The IFSC has an opportunity to play an important role as a catalyst for coordinating the private and public sectors in Botswana for the purpose of narrowing gaps in supply and demand in the labor force.

Recommended Activities for IFSC:

1. Partner with private industry institutions to lobby the government for a more demand-driven educational policy (BOCCIM is a prime candidate)
2. Partner with government organizations to assist in the coordination of data collection and encourage interface with the private sector (Ministries, TEC, BEDIA)
3. Educate public and private stakeholders as to the consequences of poor labor supply statistics:

- a) Glut of graduates in certain fields and elevated unemployment for those graduates
 - b) Inability of BEDIA to “sell” a qualified labor force to potential investors
 - c) Uncertainty of private sector recruiters as to where to find degreed employees suited to their positions
 - d) Private institutions training personnel outside the country at great cost only to find qualified local personnel (case: Debswana)
4. Champion the study of certain disciplines at required levels of study using IFSC’s knowledge of the potential investor

Desired Outcomes

1. The formation of a committee (Private-Public Partnership—“PPP”) for the purpose of determining gaps in the supply and demand of labor and coordinating activities for closing this gap.

Important points:

- The BOCCIM or other organization can represent private industry (demand side).
- A few key organizations can represent the supply side such as the University of Botswana and the Ministry of Education’s Department of Student Placement and Welfare.
- The “Working Group on the Tertiary Education Policy for Botswana” established in November 2004 may serve as the basis for such a committee.

2. The establishment of an entity to collect data from all institutions of higher education to track graduation figures year to year for both domestic and foreign programs and for all levels. The entity should be vested with sufficient government authority to make the provision of such information obligatory, as some institutions of higher education, especially private ones, may be loath to supply it. This function can be performed by an existing organization such as the Tertiary Education Council or the Ministry of Education itself. It should have the following functions, among others:

Functions:

- Obtain graduation statistics from all institutions year by year
- Track Botswana studying abroad through visas
- Determine which disciplines are studied abroad and in which countries

- Track whether students return to Botswana or remain abroad
- For those returning to Botswana, track their job hunting success
- Identify any policies, regulations or laws that inhibit a healthy growth in the quantity and quality of the labor supply