

spotlight on...

Grant Thornton 

...Botswana



The International Business Owners Survey (IBOS) 2006 examines the attitudes, plans and trends of over 7,000 medium-sized businesses in 30 countries across six continents during Q4 2005. IBOS is now in its fourth year and builds on the European Business Survey* (EBS) which Grant Thornton International conducted between 1993 and 2002.

This year's survey reveals that businesses in most countries remain optimistic about their economic prospects for the year ahead. For the third year running, India tops the league as the most optimistic country with an optimism/pessimism balance** of +93%, whilst Taiwan is at the bottom this year with a balance of -19%. Businesses in Botswana are some of the most pessimistic out of those reported, with a negative balance of (-12%).

Botswana has sustained very vigorous economic growth averaging over 7% per annum, in recent decades, transforming itself in the process from one of the poorest countries in the world

to a middle-income country with a per capita GDP of \$10,000 in 2005. Diamond mining, which accounts for a third of GDP and around 75% of export earnings, has been the major factor underpinning this expansion. Tourism, financial services and cattle rearing are supporting growth and gradually reducing dependence on the mining sector, an important factor given an expected levelling off in diamond mining production. Despite great economic progress over several decades, unemployment remains high and HIV/AIDS has reduced life expectancy to among the lowest in the world.

* the European Business Survey charted the views and trends of small and medium-sized enterprises in Europe between 1993 and 2002.

** the balance is the proportion of companies reporting they are optimistic less those reporting they are pessimistic.

Business expectations/turnover

- Businesses in Botswana are not optimistic about increasing turnover/revenue prospects with just +20% on balance.
- However, businesses in Botswana are very optimistic about increasing selling prices, with +61% (compared with the global average of +29%).

Employment

- Employment growth is expected to increase in 2006, with +3% of firms reporting planned increases.
- In 2005 a balance of -2% of firms increased employment.

Turnover expectations (% balance *)



* the 2006 figure includes data for Mainland China who are not included in the data for IBOS 2005

Employment history (% balance *)



* the balance is the difference between the proportion of businesses indicating an increase and those indicating a decrease

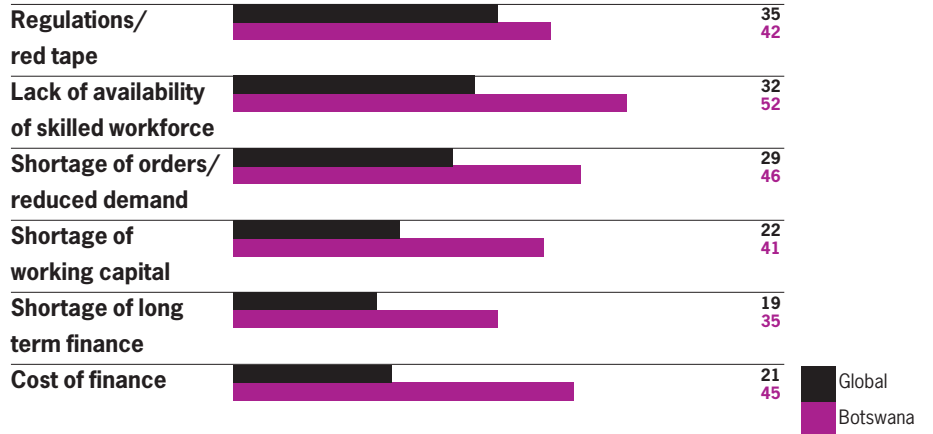
** no data available

*** 2006 data will be documented in IBOS 2007

Constraints

- Availability of skilled workforce is a major constraint on expansion for businesses in Botswana (52%). This is well above the global average of 32%.
- The cost of finance is also an issue for businesses in Botswana, with 45% reporting it as a constraint.

Constraints (%*)



* % companies rating constraint 4 or 5 on a scale of 1 to 5, when 1 is not a constraint and 5 is a major constraint

Stress levels

- 74% of business owners in Botswana reported that their stress levels had increased over the past year, much higher than the global average (57%).
- To gain an insight into how business owners manage stress, we also asked about the number of days holiday (excluding public holidays) taken. On average, business owners in Botswana take 11 days per year, marginally below the global average of 15 days.

Rise in stress levels (%*)



* % of respondents indicating that stress levels had increased or increased significantly over the past year

** the 2006 figure includes data for Mainland China who are not included in the data for IBOS 2005

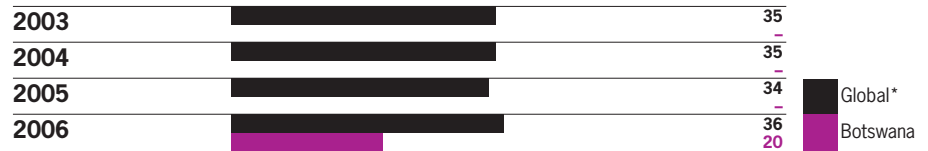
International trade

- Just 20% of reported businesses in Botswana export, well below the global average of 36%.
- With regards to barriers towards international expansion, businesses in Botswana are most restricted by bureaucracy, red tape and regulation (36%) as well as political and social instability (25%).

Impact of the 'Chinese economic boom'

- The 'Chinese economic boom' has had a devastating effect on businesses in Botswana. 41% of companies reported that it has decreased business, compared with the global average of 12%.
- Businesses in Botswana are much more likely to import from (7%) than export to Mainland China (0%).

Export constraints (%)



* the 2006 figure includes data for Mainland China who are not included in the data for IBOS 2005

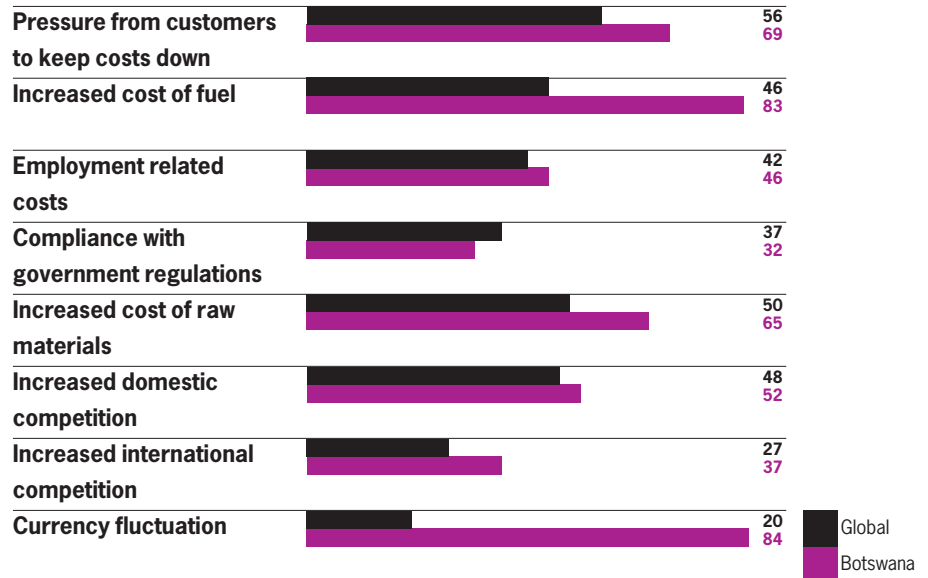
Impact on business of the 'Chinese economic boom' (%)



Profit margin pressure

- On balance, profit margin pressure has not increased that much within businesses in Botswana over the past year (+25%).
- This figure is well below the figure reported by the global average (+47%).
- Firms in Botswana reported that currency inflation places the most pressure on profit margins (84%), followed closely by the increased cost of fuel (83%).

Drivers of profit margin pressure*



* % companies rating constraint 4 or 5 on a scale of 1 to 5, when 1 is not a constraint and 5 is a major constraint

To find out more about the Grant Thornton International Business Owners Survey (IBOS) and to obtain copies of topical supplements please visit www.grantthorntonibos.com. Summaries are also available for each of the 30 participating countries, as well as regional and global summaries. You can also complete the questionnaire online and benchmark your answers against those of businesses around the world.

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Participating countries

Argentina	Italy	Russia
Australia	Japan	Singapore
Botswana	Luxembourg	South Africa
Canada	Mainland China	Spain
France	Malaysia	Sweden
Germany	Mexico	Taiwan
Greece	The Netherlands	Thailand
Hong Kong	New Zealand	Turkey
India	Philippines	UK
Ireland	Poland	US

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