

News release

Botswana business owners optimistic on the country's economic performance in 2011.

Business optimism/pessimism for 2011 by individual country

Percentage balance of businesses indicating optimism against those indicating pessimism

	Chile	95
	India	93
	Philippines	87
	Switzerland	85
	Brazil	79
	United Arab Emirates	78
	Sweden	76
	Germany	75
	Georgia	72
	Argentina	70
	Canada	66
	Botswana	66
	Singapore	65
	Mexico	64
	South Africa	64
	Vietnam	62
	Hong Kong	57
	Finland	57
	Malaysia	50
	Armenia	48
	Turkey	47
	Belgium	45
	Taiwan	44
	Mainland China	42
	Denmark	40
	Thailand	39
	Australia	37
	New Zealand	35
	Russia	35
	Poland	34
	United States of America	23
	Netherlands	19
	Italy	13
	France	10
	United Kingdom	8
	Greece	-44
	Ireland	-45
	Spain	-50
	Japan	-71

Source: Grant Thornton IBR 2011

Confidence levels over economic performance have increased amongst the business owners when compared to last year. Grant Thornton International Business Report (IBR). 2011 ranks Botswana 12th on the Optimism/Pessimism scale amongst the other 39 participating countries in the world.

The business sentiment remains positive in spite of the difficult times the country has seen in 2010. The 2011 index proves that the “optimism balance” has increased from 62% in 2010 to 66% in 2011. This is against a global optimism balance of +23% for 2011, compared to +24% for 2010.

Factors leading to business confidence:

The survey results show that Business owners in Botswana are positive about increase in turnover from 65% (in 2010) to 70% in 2011.

Another positive trend is the expected increase in selling price to 56% (2011) when compared to 43% (2010). Business owners expect an increase of investments in buildings and plant and machinery this year contributing to their optimism factor.

As per the survey results growth in Research and Development also seems optimistic to 35% in 2011 when compared to 24% in 2010.

However they envisage a dip in employment levels from 50% in 2010 to 35% in 2011.

Jay Ramesh Managing Partner of Grant Thornton in Botswana comments:

“The entrepreneurs in Botswana have shown confidence in economic growth in the country for the year ahead. We hope that this transforms into positive business results across all businesses thereby spreading a feeling of well being. This will turn out to be even better if all the good initiatives of the government to bring about better discipline and increased productivity bear fruit”.

Global trends

Across Latin America, a balance of +75% of privately held business owners are optimistic about their region's economic performance in 2011. Elsewhere, optimism in the Asia Pacific region (excluding Japan) is at +50%, whilst in North America it is just +26%, with Europe the least optimistic region at +22%. Japan, the most pessimistic (-71%) of all the economies surveyed, maintains its levels of pessimism from 2010 (-72%).

The 2011 IBR reveals some big swings in optimism levels in key economies. Businesses in Germany are the most optimistic in the Euro zone at +75% – an optimism which has surged over the past year (2010: +38%). In addition Finland (+57%), Belgium (+45%) and the Netherlands (+19%) are all experiencing high levels of business confidence going into 2011.

However, going into 2011 confidence is understandably low throughout those Euro zone economies experiencing sovereign debt troubles with Ireland (-45%), Spain (-50%) and Greece (-44%) at the bottom of the global league table.

Ed Nusbaum, CEO of Grant Thornton International said:

“With soaring levels of business optimism across the region, driven by the economic growth of Brazil and Argentina, Latin America could be the economic story of the next decade. However, despite a waning of confidence in mainland China it should certainly not be written off. Capital investment across R&D and plant and machinery means that the economic progress of China looks set to continue.”

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Notes to editors

The Grant Thornton International Business Report (IBR) provides insight into the views and expectations of over 11,000 businesses per year across 39 economies. This unique survey draws upon 19 years of trend data for most European participants and nine years for many non-European economies.

Data collection

The research is carried out primarily by telephone interview lasting approximately 15 minutes with the exception of Japan (postal), Philippines and Armenia (face to face), mainland China and India (mixture of face-to-face and telephone) where cultural differences dictate a tailored approach. Telephone interviews enable Grant Thornton International to conduct the exact number of recommended interviews and to be certain that the most appropriate individuals are interviewed in an organisation which meets the profile criteria.

Data collection is managed by Grant Thornton International's core research partner - Experian Business Strategies. Questionnaires are translated into local languages with each participating country having the option to ask a small number of country specific questions in addition to the core questionnaire. Q4-2010 fieldwork took place in November/December 2010.

Sample

IBR is a survey of medium to large privately held businesses, researching the opinions of over 5,700 businesses in Q42010, and over 11,000 on an annual basis. The target respondents are chief executive officers, managing directors, chairmen or other senior executives (title dependent on what is most appropriate for the individual country) from 39 economies primarily across five industries: manufacturing (25 per cent), services (25 per cent), retail (15 per cent and construction (ten per cent) with the remaining 25 per cent spread across all industries.

Locally, the sample tends to cover the industries mentioned previously, with some countries being able to have local valid data for specific sectors or regions when the sample size is large enough.

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Grant Thornton in Botswana employs 120 people with 12 Partners/Directors. There is a branch office in Francistown to cater to the Northern clientele. This firm has a key presence in the sub Saharan network of Grant Thornton offices in South Africa, Namibia, Zimbabwe, Kenya, Mozambique, Mauritius, Uganda, Zambia.

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