

# International Business Report 2007

## Country focus

Grant Thornton 

# Botswana



**The Grant Thornton International Business Report (IBR) 2007 examines the attitudes, plans and trends of 7,200 businesses in 32 countries across six continents. IBR builds on data collected in previous surveys\* and boasts 15-year trend data for EU countries and 5-year trend data for international participants.**

This year's survey reveals that businesses in most countries remain optimistic about economic prospects for the year ahead. For the fourth consecutive year, India tops the league table as the most optimistic country with an optimism/pessimism balance\*\* of +97%, whilst Japan is at the bottom this year with a balance of -5%. Meanwhile, businesses in the UK are significantly more optimistic about 2007 (+43%) than they were about 2006 (+8%).

Botswana has achieved vigorous economic growth averaging over 7% per annum, in recent decades, transforming itself from one of the poorest countries in the world to a middle-income country. Diamond mining, which accounts for a third of GDP and around 75% of export earnings, has been the major factor underpinning this expansion. However, the sector encountered problems in 2006 and output contracted, undermining GDP growth which came in at little over 4%, the weakest performance for many years. Tourism, financial services and cattle rearing continued to expand and are gradually reducing dependence on the mining sector.

\* the European Business Survey (EBS) charted the views and trends of privately held businesses in Europe between 1993 and 2002. This was followed by the International Business Owners Survey (IBOS) which ran from 2003 to 2006.

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

**Business expectations/turnover**

- Business owners in Botswana are significantly more optimistic about turnover prospects this year than in 2006 (+70% compared to +20%).
- The optimism/pessimism balance is exactly the same as the global average.
- Businesses in Botswana are also much more optimistic regarding selling prices for the coming year (+71%) than businesses across the globe (+32%).

**Employment**

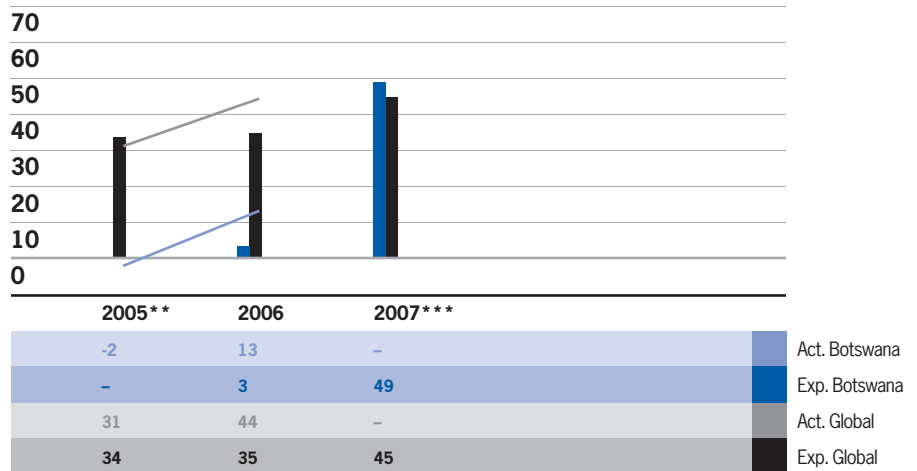
- 46% more businesses in Botswana expect an increase in the trend in employment growth this year than in 2006.
- The actual reported employment change in 2006 was +13%, higher than the expected employment change for 2006 (+3%).
- Globally, the actual reported employment change stood at +44%, 31% more than in Botswana.

**Turnover expectations (% balance \*)**



Source: Grant Thornton International Business Report 2007

**Employment history (% balance \*)**



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

\*\* 2005 expected data not available

\*\*\* 2007 actual data will be documented in IBR 2008

Source: Grant Thornton International Business Report 2007

**Constraints**

- Cost of finance is the constraint restricting expansion for more businesses in Botswana (49%) than any other factor.
- Shortage of working capital and long term finance were also more of an issue for businesses in Botswana than businesses globally.
- Only 29% of businesses cited regulations/red tape as a major constraint to growth, compared to 38% of globally.

**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  
Source: Grant Thornton International Business Report 2007

**Stress levels**

- This year, the proportion of business owners in Botswana reporting an increase in stress levels has fallen slightly since 2006.
- 70% report that they have experienced a rise in stress levels, compared to a global figure of 56%.
- In order to gain insight into how business owners manage stress, we also asked about how many hours they work a week. On average, business owners in Botswana work 56 hours per week, more than the global average of 53 hours.

**Rise in stress levels (%\*)**

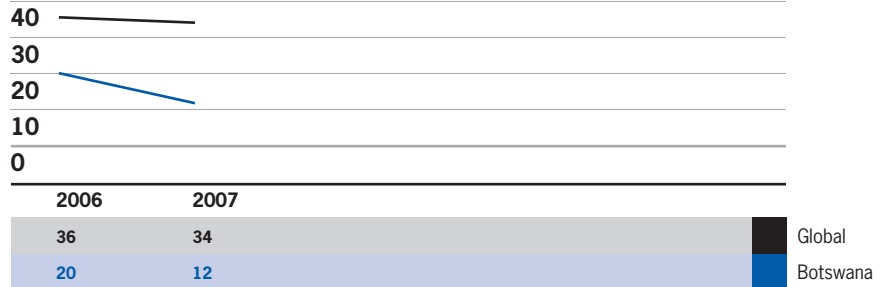


\* % of respondents indicating that stress levels had increased or increased significantly over the past year  
Source: Grant Thornton International Business Report 2007

**International trade**

- The proportion of companies in Botswana exporting has decreased in the last year from 20% in 2006 to 12% in 2007.
- This is lower than the global average of 34% which has fallen slightly since 2006.

**Proportion of businesses exporting (%)**



Source: Grant Thornton International Business Report (IBR) 2007

**Globalisation**

- Businesses in Botswana are much more likely to see globalisation as an opportunity than a threat to their business with 65% viewing it as an opportunity and 23% viewing it as a threat.
- Businesses globally are less likely to see globalisation as an opportunity (55%) compared to businesses in Botswana, however they are also less likely to see globalisation as threat (18%).

**Impact of Globalisation (%)**



Source: Grant Thornton International Business Report 2007

**Impact on cost pressures**

- Two thirds of Botswana businesses expect energy costs to have a major impact on their cost pressures over the coming year.
- The majority of Botswana businesses (over half) also expect raw material costs and transportation costs to have a major impact.
- All of these factors are expected to have more of an impact on cost pressures in Botswana than globally.

**Biggest impact on cost pressures (%)**



Source: Grant Thornton International Business Report 2007

With mining output showing signs of **recovering** from last year's setback, GDP growth should pick up from the disappointing 4.2% rate recorded in 2006. But growth is unlikely to attain the vigorous 6% plus rates typical of recent decades as expansion in the key diamond sector eases. In 2007, GDP growth of 4.5 to 5% is expected.

To find out more about the Grant Thornton International Business Report (IBR) and to obtain copies of topical supplements, including focuses on emerging markets, energy and environmental issues and European business, please visit [www.internationalbusinessreport.com](http://www.internationalbusinessreport.com).

Summaries are also available for each of the 32 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	Ireland	Russia
Armenia	Italy	Singapore
Australia	Japan	South Africa
Botswana	Luxembourg	Spain
Brazil	Mainland China	Sweden
Canada	Malaysia	Taiwan
France	Mexico	Thailand
Germany	The Netherlands	Turkey
Greece	New Zealand	UK
Hong Kong	Philippines	US
India	Poland	

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