Commentary on the Contemporary Issues of the Business Environment in Botswana

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Abstract

This paper reviews the contemporary issues in the business environment of Botswana. Government being the most active player in the economy of the country, most of the issues revolve around government activities with significant implications for the private sector of the economy. The management issues that the paper focuses on are productivity improvement; entrepreneurial development; citizens empowerment and localisation; gender equity and fairness; employee assistance programmes (EAP) especially HIV/AIDS related assistance; corporate wellness programmes; value added tax (VAT) and Vision 2016. Suggestions were offered for assuaging the various impediments of the practices as well as their implementations.

Overview

Botswana has a good record of stable, rapid and progressive economic growth and prudent macroeconomic policies, coupled with political and social stability. This does not suggest a utopian society where all things are right and perfect. However, with an average GDP growth rate of about 9% annually, a good balance of trade, substantial foreign reserves and minimal debt, the country is doing quite well. The purpose of this paper is to review some of the core management issues that have been prominent in the Botswana business environment in the last few years and perhaps reflect on why they have remained relevant and topical. In addition the paper makes some suggestions of what may be done to advance some of the stumbling blocks that may have been experienced.

Some the most important issues that have remained topical, critical and relevant are:

- Productivity improvement issues
- Entrepreneurial development schemes
- Citizens empowerment and localisation programmes
- Gender equity and fairness in management/leadership positions
- Employee assistance programmes (EAP) (especially HIV/AIDS related assistance)
Productivity Improvement Issues

The emphasis on productivity improvement in Botswana is best illustrated in the commitment of Government to the two issues of:

- Performance management systems (PMS)
- Work improvement teams (WITs)

As a commitment, the Botswana Government has embarked on comprehensive programmes to enhance both the quality of work life and productivity specifically in the public sector and generally in the country. The Botswana National Productivity Centre (BNPC) is a Government parastatal solely targeted at ensuring that issues of productivity enhancement in the country are taken seriously. The outcry of the political leadership, political opposition as well as the public over poor performance and low levels of productivity geared Government, through the Directorate of Public Service Management (DPSM), to embark upon comprehensive and long-term programmes to complement existing initiatives. Indeed, the Botswana National Productivity Centre (BNPC) is central to the introduction and whatever minimal successes of work improvement teams (WITs) and the performance management systems (PMS) programme launched by the Government.

Performance Management Systems (PMS)

The three main purposes of performance management are; to provide feedback on performance; to manage and plan employee development and to collect and compile documentation. PMS has become important recently as a means of providing a more integrated and continuous approach to the management of performance and to improve on what was considered the inadequacies of the merit rating and performance appraisal schemes.

Performance Management is defined as “...a strategic and integrated approach to delivering sustained success to organisations by improving the performance of people who work in them and by developing the capabilities of teams and individual contributors” (Armstrong and Baron 1998). Performance Management is based on the principle of management by agreement or contract rather than management by command. It emphasises development and
the initiation of self-managed learning plans as well as integration of individual and corporate objectives. Thus, it can provide the kind of organisational support that can invariably enhance organisational effectiveness (Armstrong 1999).

PMS being a relatively new concept in Botswana is at various stages of implementation in organisations across the private and public sector of the economy. The government parastatals are taking the lead in its implementation especially the Water Utilities Corporation and Air Botswana. Government ministries and agencies are also at various stages of its implementation and some are implementing it piecemeal by incorporating aspects of the PMS into their existing performance appraisal systems. In all, many organisations are still a long shot away from full PMS implementation and hence have not began to reap some of the associated benefits. The real and potential limitations of its implementation are worthy of consideration hence the cautious take-off is understandable. Bringing about changes and transformations in organisations is never an easy task.

PMS is a continuous and flexible process involving managers and those whom they manage acting as partners within a framework that sets out how they can best work together to achieve results. It focuses on future performance planning and improvement rather than retrospective appraisal of performance. It thus provides a regular basis for dialogue between managers and individuals or teams about performance and development needs.

**Work Improvement Teams (WITs)**

Thirty years ago, work teams probably made news because no one else was doing it. Today, it’s the organisation that doesn’t use teams that has become newsworthy. The current popularity of teams stems from the evidence that teams typically outperform individuals especially when the tasks to be done requires multiple skills, judgment, and experience – and this is the case in most work setting. The work improvement teams (WITs) as being implemented in the public sector presently is an outfall of the Directorate of Public Service Management’s (DPSM) visit to several countries to “borrow” a good leaf from those countries – especially Singapore, where it has worked well. The WITs programme is predicated upon improving productivity and quality mainly through a bottom-up approach and identifying problems and solutions as a team (DPMS 1993). The programme was conceived as a productivity drive initiative of Government.
The World Bank (1996) observed that in Botswana WITs could be "...a potentially effective tool for productivity improvement by helping to establish a mind-set that seeks: optimum performance, participative leadership and teamwork, innovative work styles, strong client orientation and empowerment of people". The World Bank, however, predicted that it would take an estimated 5-10 years to witness a significant impact on productivity, with employees themselves, rather than their management seeking to actively improve efficiency and quality of work-life.

There is no doubt that WITs ushered a new lease of life in the public sector since its introduction. Much as some may still be sceptical, it appears that WITs is positively and significantly impacting performance in the public sector. There are, however, obvious rooms for improvement especially in the commitment of top management and other participants. Nevertheless, since this is an ongoing effort, there are indications to remain hopeful of more positive impact and developments.

Entrepreneurial Development Schemes

The free market principles govern the running of Botswana's economy. A country is however as strong at its citizens. Consequently, much as the Government has always striven to encourage free enterprise initiatives, it simultaneously encourages citizens to own upcoming businesses and buy up foreign-owned ones seeking divesture. The aim of Government among others is, to empower citizens for socio-economic development, raise their standards of living as well as diversify the economy from the heavy reliance on the mining sector. Citizens have however, always complained of lack of financial means to own businesses.

Government over the years has implemented various financial assistance programmes; the Financial Assistance Policy (FAP), commenced in 1982, and has experienced various impediments in its operations. Financial assistance to Small Medium and Micro Enterprises (SMME) commenced in 2000 as a possible replacement to FAP. There was also the Micro Business Finance Scheme (MBF). The Citizens Entrepreneurial Development Agency (CEDA) was created in 2001, as an umbrella to all the others. These government assistance programmes seem to be gaining a strong foothold in the country. CEDA is expected to coordinate and manage existing financial and technical citizens empowerment programmes including the FAP, SMME, MBF and other such Government financial assistance programmes aimed to empower citizens-owned businesses.
The strong point of CEDA is that it goes beyond just financial assistance to include ensuring success of all entrepreneurial venture that has or will have Government part-funding by engaging local private sector business consultants to train, monitor, and mentor citizens businesses on management and marketing skills. It is hoped that this will redirect efforts to deal with the numerous constraints affecting the development of citizen businesses and their participation in the economy. Obviously, this is to ensure sustained and sustainable entrepreneurial development in the country. Since the commencement of its operations, CEDA, which experienced initial start-up hiccups, has grown stronger with a new leadership in place and is being transformed to a credible lending institution.

**Citizens Empowerment and Localisation Programmes**

In Botswana’s official policy context, citizen economic empowerment has been understood to mean a set of policies or programmes designed to benefit a broad spectrum of society and to enable Batswana to participate meaningfully in every aspect of the economy in the fulfilment of social justice (Gaolathe 2001). The diversity in the understanding and interpretation of what citizens empowerment is among citizens does not help matters, with views ranging from those who believe it is the creation of indigenous businesses to rival the more successful foreign business interest; to those who see it as the acquisition of certain exemptions from certain business rules or obligations; and yet others who believe it is an effort to encourage citizens to get shares in Government-owned businesses or a public asset. Some of the specific Government efforts to empower citizens include the following:

- Universal access to education for all citizens
- Free or subsidised medical services
- Localisation policy in employment
- CEDA (including the FAP, SMME, MBF and Credit Guarantee Scheme)
- Privatisation policy
- Reservation policy (some business being reserved strictly for Batswana)
- Central Tenders Board Preferences (now Public Procurement and Asset Disposal Board – PPADB)
- Local procurement programme – channelling up to 30% of Government budget to procurement from locally based firms
• The Economic Promotion Fund (EPF)
• Community projects programme – encouraging productive and employment generating activities in rural communities through grants.

Gender Equity and Fairness in Management/Leadership Positions

Although the Botswana Constitution guarantees equal rights and freedom for all Batswana, some Batswana believe that there are still some laws and Acts that discriminate against women. Perhaps a plausible explanation for this is that the customary and common laws do not always accord the same rights to men and women as exemplified in the Marriage Act and the Companies Act. Attitudinal mindsets and cultural practices in the upbringing of male and female children are perhaps largely responsible for this gender inequity. The wide gap in appointments based on gender is well documented in the First National Conference on Gender and HIV/AIDS of June 2001. This, however, seem to be gradually changing.

The Government and various NGOs have made resolute efforts to facilitate the participation of women in leadership roles. Government policy instruments in this direction include the 1995 Policy on Women in Development and the 1999 National Gender Programme, following the celebrated Beijing World Women’s Conference of 1995.

The Government goals are to ensure the economic and social upliftment of women as a means towards overall development in the country. The National Gender Programme 1999 suggests various strategies to address the current problems in redressing the various imbalances. There is however, a deliberate Government policy to achieve a 30% membership target of women in cabinet by 2010 in line with the SADC initiative. This is a positive development albeit much lip service had hitherto been paid to accomplishing the objective of redressing gender inequity even though the blueprint is on the ground. A lot more could still be done, so that a significant forward leap can be accomplished on the issues of gender equity and discrimination.

Employee Assistance Programmes (EAP)

Employee Assistance Programmes (EAP) are company-sponsored programmes designed to help employees with personal problems such as
alcohol and drug abuse, depression, anxiety, domestic trauma, financial problems, and other psychiatric/medical problems. Although these programmes are aimed at assisting the individual employee, it is clear that they will invariably help the organisation by helping the individual employee. Until recently, organisations attempted to avoid employee problems that are not job-related. The belief of Human Resource Managers is that they should not interfere with employees' personal lives or that they should get rid of such “problematic” employees.

In reality however, the personal problems of the employee will remain personal only until such a time that the performance of the employee becomes affected and begins to dwindle. Thereafter, there comes a crying need to stop the waste and enhance performance as well as cut associated costs.

The human tragedy of the HIV/AIDS pandemic has also made health consciousness issues in Botswana organisations very important at this time given the statistics of the infection rate in the country. Organisational assistance to employees – especially HIV/AIDS related assistance – in minimising the escalating cost of medicare of patients is a rather strong area of EAP in Botswana. It is perhaps pertinent to point out here that the Government takes the lead in this as it has indeed resulted in a reduction of budgetary spending in a number of Government organisations and parastatals and is also a major reason why the normal cost of living adjustments were not effected in pay by Government during the year 2003.

Corporate Wellness Programmes

Corporate wellness programmes are company-implemented programmes that are designed to prevent illness and enhance employee wellness. They are developed by employers to encourage improved health and well being of employees and their families. In the recent past the cost of medical care in Botswana has escalated with employers and employees – who in most cases also have to pay a percentage of the cost – complaining. This increasing cost in medical aid provided largely through medical insurance societies like BOMAID, BPOMAS & PULA brings with it a growing need for employers to consider introducing programmes that will reduce this escalating cost.

Employee wellness in the workplace is one of the most critical aspects of organisational strategy in today’s workplace and revolves around issues which include the following: productivity enhancement, stress reduction, absenteeism reduction, employee turnover reduction, morale and job
satisfaction enhancement, health awareness promotion, healthy living consciousness and in the long run, reduction in organisational medical costs. Empirical studies especially in the USA and other developed countries have reported a very attractive return on investment for most types of wellness programmes (Ho 1997; DeMoranville & Schoenbachler 1998).

In the programmes’ most common form, companies generally invested in on-site gyms and weight-loss classes, believing that a healthier work force would help them cut their medical costs, help employees reduce stress, and boost productivity.

Companies also have in-house seminars and workshops, and other recreation facilities like swimming pools, on-site medical and dental clinics among others while encouraging employees to use these facilities during company time.

While employees generally view the establishment of a wellness programme and/or a wellness centre as a perk or benefit, organisations often view it as a health care cost reduction measure. The programme has not been popular in most of Africa. A few organisations in Botswana, however, implement various forms or aspects of corporate wellness without giving it this name like the Bank of Botswana and one of the Wireless telephone companies. The importance of employee wellness in organisational performance and effectiveness is perhaps best captured in the words of (Flynn 1995), who noted that:

...healthy employees do not just happen; they are created. One does not stumble on large groups of well conditioned, energetic, fit workers accidentally. However, such groups do exist at workplaces that have made a commitment to health. These companies focus on preventive health and a corporate culture that encourages a healthy lifestyle at all levels.
In the light of the continual rise in the cost of private medical aid schemes, it is predicted that organisations sponsored wellness programmes will grow rapidly in the future in Botswana. It is indeed the good way to go. The old adage is that “prevention is better than cure”. With the various cost saving opportunities of a wellness programme, significant losses that might be incurred from employee ill health and poor performance could be averted.

**Ethical Issues in Botswana**

Any discussion around ethical considerations or connotations could be very controversial. The reason is not far fetched; being good, bad, right, wrong, fair, or unfair could be very relative. It could be contingent on the situation; the issues involved or may be even the individual giving the judgement. In our daily transactions, we feel an obligation to consider not only our personal well being, but also that of other persons. Ethics is, therefore, a code of behaviour that a society considers moral and appropriate for guiding our relationship with one another. The issues at stake here include honesty and integrity, as well as, fair, open and straightforward dealing. It involves conforming to the golden rule “do unto others as you would have them do unto you”.

Ethical conduct will always be relevant in organisations. The Government of Botswana has taken the issue of ethics as a very important one to the long-term strategic objective of the nation hence the establishment of the Directorate on Corruption and Economic Crime (DCEC). One of the most important responsibilities of the DCEC is to promote among Government employees an understanding of ethical standards for public service (DCEC Publication 2003). On 12 June 2003, the DCEC published and launched a booklet on “Ethical Conduct in the Workplace” as a first step to ensuring proper ethical conduct in the workplace. It is heart-warming that even though the DCEC was created for the public sector, it has realised the likely futility of its efforts if the private sector is neglected in the drive towards creating a more ethical work culture in the country.

While it is true that most employees are honest, loyal and hardworking and they will do what is expected of them, indeed exceed this level in certain cases without prompting, there are yet many others who should not be taken for granted as having that strict sense of morality and uprightness required for good ethical conduct in the workplace. This is perhaps why one cannot but agree with the statement of the DCEC Director in his foreword to the booklet.
cited earlier when he stated “... the hallmark of true service is a willingness to go beyond what is legally required and to act affirmatively to honour trust”.

The standards of ethical conduct in the Botswana civil service are based on several Government documents which includes but are not limited to; the Public Service Charter; General Orders; Corruption and Economic Crime Act, 1994; and a number of ethics related guidelines.

The Office of the Ombudsman also plays a limited role in enhancing good governance and reducing maladministration. The cost of corruption is very high. They include costs to the organisation, the nation and indeed the individual involved. Consumers, to some extent, are not left out as they might pay higher prices for goods and services because the cost of corruption has been built-in. DCEC identified seventeen principles of ethical conduct for Government employees, and we may add here, should apply also to employees of the private sector and indeed all persons who reside in this country. The Office of the Ombudsman is mandated in terms of the Ombudsman Act of 1995 to investigate complaints of injustice or maladministration in the public service, including human rights violations received from the public as well as corporate bodies.

While there is a tendency for people to generally view ethical conduct as relating only to issues of financial exchange between persons to induce favours, that is, being corrupt; it is indeed an over simplistic argument and a poor understanding of the details of ethical conduct. Proper ethical conduct includes the issues of exchange of gifts, requests for loans, conflict of interest, misuse of position by abusing ones office including: misusing confidential information, Government property, and official time among others.

The 2001 Transparency International Corruption Perception Index (CPI) listed Botswana as the least corrupt country in Africa, ranking 26 in the world. The DCEC is always proud to remind all citizens, residents and visitors to the country in a conspicuous advertorial that, “Botswana has ZERO tolerance for corruption”. These are two indicators of a need to continue the fight against all forms of corrupt practices to retain this enviable position as it does not take much to damage a good reputation: restoring it when damaged becomes a much more arduous task.
Value Added Tax (VAT)

The Value added tax (VAT) is a tax regime that is being used worldwide and has been celebrated as a very efficient way of enhancing government revenue as well providing an efficient tax system. Despite efforts of the Government to prepare the citizens for the impending change, when the VAT came into operation in Botswana in July of 2002 to replace the former Sales Tax regime, it was received with a lot of scepticism. The VAT was meant to replace the Sales Tax (at least on items on which Sales tax was previously charged), however with its introduction prices of nearly all commodities took an upward jump including those on which sales tax had already been imposed. These prices were never reversed. VAT, of course, is also now being charged on some items that were originally excluded from sales tax.

Many MPs have expressed concerns recently about the impact of VAT and are calling on the Government to convene a forum to thrash the issue. Their view is that the issue needs to be revisited with a view to reviewing some of the charges (Mmegi Online, 26 September – 2 October 2003). Specifically, the possibility of exempting some goods such as medicines and food from VAT is advocated as a way of helping the poor in the society. The purchasing power of the citizens has obviously declined since the introduction of VAT as prices of commodities have increased. This is further compounded by the fact that no general wage increases or cost of living adjustment has been effected since the introduction of VAT.

After more than a full year of its operation, many citizens have called for a review of the provisions of the VAT in a way that will both enhance its effectiveness as well as ensure some measure of fairness for the citizens. There is probably a need for a comprehensive review of the provisions of the VAT Act. It would be useful to investigate if all concerned parties are properly implementing the law; for example, are consumers being double charged? Are all the businesses presently collecting VAT entitled to do so by virtue of their turnover? Do people appreciate the essence of the VAT? Do all those collecting VAT make full remittance to Government?

More efforts should also be geared at providing public education for the concerned organisations and citizens. Finally, there is a need to revisit the cost of living adjustment even though the Consumer Price Index has now incorporated the VAT.
Vision 2016

The Vision 2016 document is a national strategic document. The document identifies challenges that will need to be met in order for the country to realise this vision and proposes a set of strategies that need to be adopted (Vision 2016; 1997). Vision 2016 looks towards a healthy, educated and prosperous nation.

The Vision 2016 document acknowledges that skill-development has lagged behind economic development and that the productivity of labour remains low; it therefore advocates for institutional reforms both in the public and private sector to address productivity. It particularly notes that “…the performance of the public service in the implementation of policies has become a matter of concern, and the reform of the public service is a major challenge to the nation. The mindset of public employees must be transformed”.

The Botswana Gazette (1 October 2003) reported that the Gaborone City councillors claimed ignorance of Vision 2016: they were reported to have said that they do not know what the Vision contains. The Permanent Secretary in the Ministry of Agriculture, Mmapula Modise, was also reported to have said that the majority of Batswana do not know their roles and obligations regarding Vision 2016. These are indicators of the need for public education on this issue of significant national importance. In order to address this need, the Government recently set aside a commemorative week to sensitise the general citizenry (Mmegi Online, 26 September – 2 October 2003).

During this week, various activities were undertaken to publicise the challenges and goals set in Vision 2016, including radio talk shows.

Where do we go from here?

One of the main objectives of this paper was to generate thoughts and deeper reflection on these issues rather than a detailed assessment of their success or failures. It is likely that the issues of productivity improvement; entrepreneurial development; citizens’ empowerment; localisation; gender equity and fairness; employee assistance; HIV/AIDS related problems; employee wellness and Vision 2016 will remain topical in the next decade in Botswana.
The success of the effort to diversify the economy from an over-reliance on mining (diamonds) is strategic and critical. This economic reform, which must include an acceleration of the Industrial development policy, is very timely and urgent. In the same vein, the ongoing efforts and launch of the International Financial Services Centre should be vigorously pursued as an effort in ensuring the well-talked about economic diversification. The creation of the Public Procurement and Asset Disposal Board (PPADB) must also be seen as another reform that should improve efficiency and transparency in the public service system.

However, the liberalisation of the economy must be handled with caution and must be gradual as some of the suggested policies, especially those emanating from the International monetary agencies, are never fully beneficial as they are sometimes a time bomb. The experiences of many developing countries (e.g. Ghana and Kenya) have shown this to be the case.

It is also vital that the ongoing privatisation efforts strive towards the upliftment of citizens by ensuring the promotion of shareholding by citizens in the public enterprises to be privatised. While Government is always eager to portray a below 20% level of unemployment in the country, the perception of citizens and perhaps what they see on ground shows a likelihood of significantly higher unemployment figures which call for concerted efforts in the drive toward alleviating poverty in the country.

The various issues we have discussed in this paper are all issues of national importance that are of significant value towards realising the Vision 2016. It is a milestone in the efforts to synthesise the diverse activities aimed at enhancing performance/productivity thus sustaining development and ultimately transforming the nation in this globalisation age.

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