



RETAILING AS A CATALYST TOWARDS POVERTY ERADICATION & CITIZEN ECONOMIC EMPOWERMENT IN BOTSWANA

Godfrey Themba^{1*}, Rina Makgosa², Catherine Phambuka-Nsimbi³, Olukunle Iyanda⁴

¹Senior Lecturer, University of Botswana, Department of Marketing, Private Bag 00701, Gaborone, Botswana

²Associate Professor, University of Botswana, Department of Marketing, Private Bag 00701, Gaborone, Botswana

³Senior Lecturer, University of Botswana, Department of Marketing, Private Bag 00701, Gaborone, Botswana

⁴Professor, Caleb University, Nigeria

* Corresponding author

Abstract

According to Botswana's 20 year national vision, by 2016 the nation of Botswana will have eradicated absolute poverty and Botswana will be at the forefront of economic development. To realize this vision, the Government of Botswana identified Manufacturing, Agriculture, Tourism and Financial Services as focal points for economic growth. To that end, these sectors have taken centre stage in development policy to the near exclusion of other sectors of the economy and in particular retailing. This paper addresses such marginalization of retailing and argues that retailing is an important economic activity that has the potential to contribute significantly towards poverty eradication and citizen economic empowerment. The paper concludes by making policy recommendations that could further enhance the contribution of retailing towards poverty eradication and citizen economic empowerment.

Key words: Botswana, Retailing, Poverty Eradication, Citizen Economic Empowerment.

1. Introduction

Since the last few decades, retailing which is the sale of goods and services to the ultimate consumer for personal or household use (Berman and Evans, 2004) has experienced considerable growth and changes in terms of store size, format and types in developing countries. In countries such as India, China and Malaysia for example, although retailing is still dominated by small scale operators, modern large-scale formats such as supermarkets, specialty stores, chain stores, department stores, hypermarkets, factory outlets and discounters, have now become a common sight (Kaliappan et. al. 2009; Srivastava, 2008; A. T. Kearney report, 2006). Similarly, in Africa retailing has experienced tremendous transformation in recent decades with countries such as South Africa, Kenya and Nigeria leading the pack (Weatherspoon and Reardon, 2003). Moreover, modern shopping malls have mushroomed in major cities, towns and major villages as part of the development of retail outlets. These shopping malls have not only revolutionised the shopping experience of consumers but have also revitalized local economies as they have become a Mecca for shopping and other economic activities (Williams, 1997, Gibson et al. 2003). For instance, modern shopping malls such as Game City, River Walk, Kagiso, Western Gate, Galo and others which have been established in Botswana's major cities have brought with them associated services such as banks, restaurants and filling stations amongst others, and infrastructural developments including roads, office space, parking space and others. These developments in retailing have played a role in attracting foreign direct investment. As of December 2000, Retailing in Botswana accounted for almost 8 percent of the stock of foreign direct investment and employed a third of total employed persons (Government of Botswana, 2003). In India, retailing contributes 14 per cent towards Gross Domestic Product and employs 7 percent of the total workforce (Centre for Policy Alternatives report, Undated).

Despite its growth and contribution, retailing continues to be widely regarded by policy makers as a "less productive" sector with a low potential for economic development (Williams, 1997; Akin-George, 1980). Similarly researchers have paid relatively little attention on retailing issues focusing instead on sectors such as Manufacturing and Tourism which are deemed critical for economic development. Moreover much of the literature on retailing is focused on retailing trends including the rise of supermarkets and other retail formats in Europe (e.g. Dawson, 1995), Asia (e.g. Alexander and Myers, 1999; Liu, 2006), North America (e.g. Bianchi and Mena, 2004; Swinyard, 1997), Latin America (e.g. Reardon and Berdegue, 2002) and Africa (e.g. Weatherspoon and Reardon, 2003). However, the role of retailing in poverty eradication and citizen economic empowerment remains understudied.

The purpose of this paper is to highlight the potential of retailing to contribute towards Botswana's Vision 2016 objectives of poverty eradication and citizen economic empowerment. The paper is divided as follows: After the introduction, an overview of Botswana's Vision 2016 is presented followed by a discussion of poverty eradication and citizen economic empowerment in the context of Botswana's Vision 2016. These are followed by the methodology, findings and conclusions including policy implications in that order.

2. Botswana's Vision 2016

At independence in 1966, Botswana was considered amongst the poorest countries in the world with very little prospects for economic development (Osei-Hwedie, 2004). However, owing to the discovery of diamonds in the late 1970s and the prudent management of the mining revenues Botswana's economy grew rapidly to the point where the country has now reached middle income status. Despite the remarkable economic growth, Botswana still faces a number

of challenges such as over-dependence on diamond exports, a growing army of unemployed citizens, high rates of poverty and the HIV& AIDS epidemic among others (Republic of Botswana, 2010). In order to address these challenges, in 1997 the Government of Botswana in consultation with its citizens came up with a set of goals and strategies for transforming the nation over a period of 20 years. These set of goals and strategies or Vision 2016, as they have come to be known, states that by 2016 Botswana will be “an educated and informed nation; prosperous, productive and innovative; safe and secure; open, democratic and accountable; compassionate, just and caring; moral and tolerant; and a united and proud nation” (Presidential Task Group, 1997; p.1). Vision 2016 also challenges all stakeholders including the business community, individuals, and nongovernmental organizations to make a significant contribution towards nation building and the creation of “prosperity for all” (Presidential Task Group, 1997; p.1).

In order to ensure that Vision 2016 is realized, a number of specific objectives have been identified which include poverty eradication and citizen economic empowerment. Thus it is envisaged that by the year 2016, Botswana will have eradicated absolute poverty so that no part of the country would have people living below the poverty datum. It is also envisaged that by the year 2016, through citizen economic empowerment efforts, citizens will be at the driving seat of economic development. Although all sectors of the economy are expected to play a part in making Vision 2016 a reality, the role of retailing has been underplayed by policy makers in favour of sectors such as agriculture, financial services and tourism, which are viewed as critical for economic diversification. This paper seeks to address such marginalization of retailing and argues that retailing has the potential to contribute towards Vision 2016 objectives of poverty eradication and citizen economic empowerment, if given the necessary support and attention by the government.

3. Poverty in Botswana, Causes and Eradication Efforts

The term poverty has been variously defined in the literature (Osei-Hwedie, 2004, Mukras, 2003). However, in this study poverty is defined as “a state of long-term deprivation of well-being where an individual’s or household standard of living is below a minimum acceptable level of income or consumption of basic goods and services” (Kapunda, 2003, p.52). This definition is consistent with Vision 2016 which seeks to eradicate absolute poverty and ensure that no part of the country has people living below the poverty datum.

Poverty levels in Botswana remain high and the effects of poverty continue to be severe despite policy initiatives and programs designed to address the problem (Government of Botswana, 2010). According to a study of income poverty in Botswana by the Botswana Institute of Development Policy Analysis (BIDPA), 47 percent of Botswana or 38 percent of all households lived under the income poverty datum in 1993/94 (BIDPA, 1997). Although this represents an improvement from the 1985/1986 census, which showed that 59 percent of Botswana were living below the poverty datum, the level of poverty is still unacceptably high (Siphambe, 2003). Recent statistics also show that in Botswana rural dwellers, women, and the youth are the most affected by poverty (Republic of Botswana, 2004).

Unemployment is invariably the main cause of poverty in most developing countries including Botswana (Osei-Hwedie, 2004). In Botswana the high level of unemployment is associated with the country’s narrow economic base, limited employment opportunities and a small domestic market (Siphambe, 2003). The country’s dependence on capital intensive mining, coupled with a relatively small private sector also limits its capacity for job creation (Osei-Hwedie, 2004). The problem of poverty in Botswana is further compounded by low paying jobs, which according to Siphambe (2003) trap many people in poverty despite being employed. Other causes of poverty in Botswana have to do with the problems of the education system which does not adequately prepare candidates for self-employment, the failed social welfare policies and natural causes such as droughts.

Poverty eradication is the latest of the range of strategies that the Government of Botswana has used to try and deal with the problem of poverty (Republic of Botswana, 2010a). The strategy, which is part of Vision 2016, aims to find lasting solutions to the problem by empowering those who are prone to poverty through education, training and provision of financial and other resources needed to create and operate successful businesses. This is a radical departure from the previous poverty alleviation strategy which included schemes and programs designed to create employment and serve as safety nets. Many of these schemes and programs have had a limited impact on poverty reduction (Siphambe, 2003, Mukras, 2003; Republic of Botswana, 2010b). In fact, some of these schemes and programs have been criticized for perpetuating poverty by creating a “dependency syndrome” on the state and thus failing to get people out of the poverty trap (Siphambe, 2003).

4. Citizen Economic Empowerment (CEE) in Botswana

There are divergent views regarding the meaning of Citizen Economic Empowerment (Gergis, 1992). However, in Botswana the concept is generally understood to mean policies and or programs designed to give Botswana more economic power relative to foreign residents who are perceived to be in command of the economy. In the context of Vision 2016 objectives, citizen economic empowerment has to do with policy initiatives designed to create an environment in which citizens of Botswana can make full use of their creative potentials and available resources to improve their livelihoods and those of others. According to Gergis (1992), citizen economic empowerment should include: (1) Providing financial assistance to citizen businesses through increased access to credit; (2) Developing citizen enterprise by increasing access to skills, business and management training and improved production technologies; (3) Enhancing marketing strategies for locally produced goods and services; (3) Enhancing bargaining strategies (for higher wages, better working conditions, etc.) for citizen employees; (4) Job creation or promotion of labour intensive projects; and (5) Providing training and education that is responsive to skills requirements in the local economy.

In response to the recommendations of the National Conference on Citizen Economic Empowerment (NCCEE) held in July 1999 and the 4th Evaluation of the Financial Assistance Policy (FAP) which was completed in 2000, the Government of Botswana established the Citizen Entrepreneurial Development Agency (CEDA) in 2001. The reports of both NCCEE and FAP evaluation called for the promotion of citizen entrepreneurship, which was found to be lacking

amongst the majority of citizens. The reports further recommended that citizen economic empowerment schemes be consolidated and the financial assistance provided in the form of loans rather than grants. The main objective of CEDA is to promote citizen economic empowerment through the provision of financial assistance and mentoring to citizen owned companies. This was followed in 2008 with the establishment of the Local Enterprise Agency (LEA) to provide entrepreneurship training to citizen owned businesses and to help local entrepreneurs expand their businesses by identifying foreign markets and partners.

Other citizen economic empowerment initiatives introduced by the Government include the (1) Credit Guarantee Scheme, which is designed to give Batswana businesses access to loans from commercial financial institutions; (2) the Economic Promotion Fund aimed at creating employment opportunities for Batswana; (3) the Training Levy to encourage employers to train citizens; (4) the Community Projects Programme, which provides grants for productive, employment creating activities within rural communities; (5) the Local Procurement Program which requires that a certain proportion of business supplies be sourced locally and, (6) the Reservation Policy which reserves certain types of jobs and businesses for Batswana, to mention but just a few.

Despite introduction of above initiatives, citizen economic empowerment remains far from being achieved. Relatively few Batswana are venturing into entrepreneurship and of those that do few succeed in business. A significant number of managerial positions in government institutions remain in the hands of foreigners whilst in the private sector foreigners are in the majority at the top level. Although there are many factors contributing to the failure of citizen economic empowerment efforts, the most important include the weaknesses inherent in the current measures used to empower citizens and the lack of support from the private sector. For example, some of the problems which led to the discontinuation of the FAP include lack of monitoring and fraud (BIDPA, 2000). Rather than empower people, the Communities Projects program is doing the opposite as it creates a dependency on government. According to Magang (2009), most foreign companies in Botswana source most of their products and spares from parent companies in South Africa and do not generally support local suppliers.

5. The Role of Retailing in Poverty Eradication

Previous scholars (e.g., Osei-Hwedie, 2004, Siphambe, 2003) have noted that lack of or inadequate income is one of the major causes of poverty in developing countries including Botswana. As one of the major economic activities that employs more people than manufacturing and mining in Botswana (UNCTAD, 2003), retailing contributes towards poverty eradication. Retailing accounts for 13 percent of the total 462 000 employed people in Botswana compared to 2.9 percent and 9 percent of mining and manufacturing respectively (Household and Expenditure Survey, 2002/2003). In fact, in cities, towns and urban villages, retailing is the largest employer (Household and Expenditure Survey, 2002/2003). Similarly, retailing contributes more to GDP than manufacturing (Republic of Botswana, 2010). For instance, during the period 1996/97 to 2002/03, retailing accounted for 29 percent of GDP compared to 5 percent of manufacturing (National Development Plan, 9, 2003/2008). Based on its employment record and contribution to GDP, it is safe to conclude that in Botswana retailing generates income for a broad spectrum of people and that it contributes more towards poverty eradication than some of the key economic sectors.

Researchers have also acknowledged the importance of retailing in generating income for the local economy through linkages with other economic sectors such as agriculture, tourism and real estate. For instance, in the Southern African Development Community (SADC) and other African countries the increase of large chain food retailers has provided opportunities for small scale farmers and food processors to increase their output and income (Emengor and Kirsten, 2009; Weatherspoon and Reardon, 2003), thus contributing towards poverty eradication. In the United States, modern retail shopping centres are used as a powerful tool for attracting tourists, thereby drawing income into the local economy from outside (Gibson et al. 2003). According to Millington (1996), in Australia retail property is a major investment medium for investors and it remained attractive during the depression experienced by other property markets. In Botswana, the link between retailing and other sectors particularly manufacturing and agriculture is relatively weak (Policy Brief, 2008) owing to inadequate horticulture production and absence of wholesale markets (Emongor and Kirsten, 2009). However, anecdotal evidence suggests that the growth of the retail sector has fuelled demand for associated services such as accommodation, security, cleaning, utilities, communications services, maintenance and transportation in Botswana. The role that retailing plays in generating income through linkages with other economic sectors implies that retailing indirectly contributes towards poverty reduction. Besides generating income, retailing also reduces the seepage of income out of the economy by promoting local consumption (Gibson et al., 2003; Williams, 2003).

However, the extent to which retailing contribute towards economic development and poverty eradication in particular depends to a large degree on its ability to grow and by extension its ability to employ more people, pay better wages and consume more goods and services (Gibson et al. 2003). In the case of Botswana the retail industry has experienced phenomenal growth in recent years and continues to do so. According to the 2012 A.T. Kearney Global Retail Index Botswana is the only African country ranked in the top 20 of the most attractive retail destinations in the developing world ahead of continental economic giants such as South Africa and Nigeria. In addition, within the SADC Botswana has the fourth highest concentration of retail outlets (Emongor and Kirsten, 2009). The establishment of several regional and international retail chain stores such as Pick-n-Pay, Spar, Woolworths and Wal-Mart in Botswana demonstrates the confidence investors have in the country and its retail sector in particular. The growth of the retail industry in Botswana in recent years has been attributed to a number of factors including the increased urbanisation, the growth of incomes, sustained high economic growth rates, stable political climate, favourable investment climate and an emerging middle class with appetite for global brands (Policy Brief, 2008; 2012 A.T. Kearney Global Retail Index, report, 2012).

6. The Role of Retailing in Citizen Economic Empowerment

There is also a paucity of research on the role of retailing in citizen economic empowerment. However, in our view retailing contribute towards citizen economic empowerment by developing the entrepreneurial skills of citizens, purchasing from and providing technical advice to local producers and by engaging in joint business ventures with foreign companies. Retailing develops citizen entrepreneurial skills through training in business management and through employment in decision-making positions. The training and employment of citizen staff in decision making helps them develop entrepreneurial skills which they can use to run their own retail businesses. It has long been established in entrepreneurship literature that those employed in decision making positions and those who received training in business management are more likely to become successful entrepreneurs than those who have not (Kinsey, 1982).

Retailing also contributes towards CEE through procurement of goods and services from local producers. The procurement systems of large foreign retail chains have a direct impact on the growth and development of local producers (Policy Brief, 2008; Kaliappan et al. 2009). Not only do large foreign retail chains offer a ready and lucrative market for local producers but they also offer incentives for local producers to grow and become more competitive (Drucker, 1958; Weatherspoon and Reardon, 2003). In a case study of South African supermarket chains operating in Botswana, Namibia and Zambia, Emongor and Kirsten (2009) found that participation in the supermarkets supply chain for Fresh Fruit and Vegetables (FFV) had a positive impact on growth and profitability of local farmers. These researchers also observed that the production of Fresh Fruit and Vegetables in Botswana had increased as a result of increased accessibility of local producers to the supermarket supply chains.

It has been suggested that many of the problems that hamper developing countries and Africa in particular from operating successful businesses such as low capitalization, lack of access to lucrative foreign markets and limited business experience amongst others could be addressed through formation of joint ventures with their foreign counterparts (Watson et al., 2005). Not only do joint ventures offer significant business opportunities for citizens but they also lead to direct flow of capabilities and resources such as technology, managerial skills, finance, marketing, reputation as well as access to international markets (Alon, 2004). Thus by forming joint ventures with local entrepreneurs large foreign retail chains contribute towards economic empowerment of citizens (Alon, 2004).

7. Methodology

The current study was designed as a descriptive research of the size of the retail sector in Botswana and its potential to contribute to poverty eradication. This design was considered to be appropriate because of limited empirical research on retailing in Botswana and the fact that other related studies have utilised either descriptive (Weatherspoon and Reardon, 2003) or exploratory research (Gibson et al., 2003; Williams, 1997). Data for this study was collected from retail store managers across the country using a personally administered, semi-structured questionnaire. This method of data collection was deemed suitable for the current study as it allows the researcher to explain confusing or complex questions (Malhotra, 2009). The questionnaire collected information pertaining to the respondents' personal profile (e.g. position in the company, educational level and training), the retail outlet's demographic characteristics including location, size (measured in terms of number of employees and annual sales) and ownership, staff development (e.g. training undertaken, number of citizen staff in managerial and supervisory positions), wages paid, expenditures on goods and services consumed (e.g. security, rent, transport, telephone, internet etc.), procurement policies (the proportion of goods and services purchased from local suppliers), and other forms of assistance rendered to local suppliers. Questions relating to number of employees, wages paid and expenditures on goods and services consumed by retail outlets were used to provide information on contribution towards poverty eradication. Information regarding citizen economic empowerment was discerned from questions pertaining to retail outlet ownership, staff development, employment in managerial positions, procurement from local suppliers and assistance rendered to former employees who opened their own businesses. Retail outlets were selected on a judgement basis, with a view to have a representative sample covering three product categories, namely, clothing, food, and furniture and 13 geographic locations. Although this approach falls short of the requirements of probability sampling, it was considered necessary due to the unavailability of a suitable sampling frame. The three products selected were considered more germane to studying retailing as a catalyst towards Botswana's Vision 2016 objectives of poverty eradication and citizen economic empowerment because they are widely available and have a high potential for forward and backward linkages. The 13 geographic areas were selected in order to cover the entire country including all major cities, towns and villages. Data was coded and analysed using the Statistical Package for Social Sciences (SPSS).

8. Findings

8.1. Demographic Profile of Respondents

The most common level of educational qualification for the respondents was Ordinary Level Certificate (15 years of schooling), which suggest that the tasks performed by retail managers are relatively routine and do not require a high level of education. Although the respondents vary in terms of length of work experience, about 49 percent of the sample had more than 5 years of experience which means that the respondents were quite knowledgeable in their businesses. The distribution of the three categories of retail outlets which participated in the study was clothing (47%), furniture (26%) and food retailers (28%). Table 1 below summarizes the demographic profile of the respondents.

Table 1: Profile of the Respondents

	Frequency	Percent
Respondent Position		
Assistant branch or store manager	18	7.8
Branch or store manager	192	84.5
Sales Representatives	7	3.1
Training or administration manager	10	4.4
Total	227	100.0
Respondent Education		
Below O level Certificate (Junior and primary)	73	33.3
Ordinary Level Certificate (Cambridge)	86	39.2
Pre-First Degree (Certificate and Diploma)	34	15.5
First Degree (e.g., BBA, B Com)	17	7.8
Post graduate (e.g., MBA, MSc etc.)	9	4.1
Total	219	100.0
Respondents Experience		
Less than a year	24	10.7
Between 1 year and 5 years	91	40.4
5 years or more	110	48.9
Total	225	100.0
Retail Stores Distribution		
Clothing	105	47
Furniture	58	26
Food	62	28
Total	225	100.0

8.2. Size of Retail Businesses

Although an attempt was made to collect data on paid-up capital, most of the respondents did not have such information. As a result, annual sales and number of employees were used to measure the size of retail outlets that participated in this study (Table 2). The results of size by annual sales show that on average, retail businesses generate annual sales of BWP 7, 183, 700. This finding suggests that the majority (52 percent) of retail businesses are medium in size, described with annual sales of between P5 million and P10 million. It also does appear that an equal proportion of 24 percent of retail businesses are either small (annual sales less than BWP 5 million) or large (annual sales more than BWP 10 million).

However, the findings on the size of retail outlets as measured by current number of employees indicated that on average the retail businesses that participated in the study employ 20 people. This implies that the majority of retail businesses are small in size based on the current number of employees (25 or less employees). Specifically, a substantial majority (80 per cent) of retail businesses are small in size. Only 4 per cent of the retail businesses are large (more than 50 employees) and 16% are medium in size (between 26 and 50 employees).

Table 2: Size of Retail Businesses

	Frequency	Percent	Mean (SD)
Annual Sales in Pula			7, 183 698.42 (14, 279 149.52)
Small	45	23.7	
Medium	100	52.6	
Large	45	23.7	
Total	190	100.0	
Number of Employees			20 (28)
Small	179	79.9	
Medium	35	15.6	
Large	10	4.5	
Total	224	100.0	

Overall these findings show that small (number of employees) and medium (annual sales) retail businesses dominate the retail sector in Botswana. This could possibly mean that a majority of retail businesses tend to generate medium sales with a fewer number of employees. It is however worth noting that the correlation analysis between annual sales and number of employees showed a positive and strong association of $r = .73$ between the measures of size, which suggest that as annual sales increases so does the number of employees.

8.3. Contribution of Retailing to Poverty Eradication

8.3.1. Employment and Wages Paid

The 227 retail outlets investigated had a total of 4,483 employees with each company employing on average 20 people. The typical retail outlet however, had a much lower level of employment, with modal number of only 4 or 5. This reflects the fact that the majority of retail outlets in Botswana are small scale businesses. Retail chain stores and food supermarkets in particular are the most employment-intensive. For example, on average the food sector employed 38 employees per outlet whilst the average employment in other two sectors is 7 and 14 for clothing and furniture respectively. Whilst these may appear to be small numbers, it should be noted that this represents a small proportion of the total employment which retailing facilitates through its consumption of goods and services produced by others.

Our findings also show that on average, the 160 sample of retailers paid out wages and salaries to a total of BWP 56 million annually giving the average wage bill of BWP 353,709 per retailer. Each employee earned an annual income of BWP21, 132.71, which amounts to about US \$ 8.5 a calendar day, much above the poverty line of US\$1 per day. The food sector had the higher wage bill per establishment, paying a total of BWP26.9 million as compared with BWP19.8 million and BWP9.8 million for furniture and food respectively. However, the average wage per employee was highest in the furniture sector at BWP34, 276 per year and lowest in the Food industry at BWP 16,818. Table 3 below gives a summary of employment and wages paid by the sampled retailers.

Table 3: Number of Employees and Wages Paid by Retail Sector

Retail sector	No. of outlets	Total employment	Average no. of employment	Range	
Employment				Minimum	Maximum
Clothing	105	704	7	1	32
Furniture	58	804	14	3	32
Food	62	2, 975	48	1	203

Retail Sector	No. of outlets	No. of employees	Total wage	Average wage per employee	Range	
Wages					Minimum	Maximum
Clothing	80	498	9, 821 424	19, 721.70	3,600	90,000.00
Furniture	41	579	19, 845 704	34, 275.80	11,987	95,714.00
Food	39	1601	26, 926 276	16, 818.40	1,200	26,347.82

8.3.2. Revenue Generation

Besides providing a stream of income to its employees, retailers inject additional revenue into the economy through payment for goods and services such as office accommodation, postal services, waste collection and disposal, public utilities, and security services (Table 4). Such payments not only create revenue for suppliers but also create demand for the goods and services which in turn creates further employment thereby contributing more towards poverty eradication. The main revenue generating services used by retailers include:

Rent: The ubiquity of retail outlets makes them major consumers of commercial/office accommodation. The 136 respondents who supplied information on office/commercial accommodation pay a total of over BWP 45 million annually as rent, giving an average rent of about BWP 332, 821 per retailer. The rent paid varies widely, ranging from BWP6, 600 for small retail outlets to BWP 2, 040,000 for large retail stores or Departmental Stores.

Electricity: On average, each retail outlet paid BWP 56,607 a year. The 132 respondents to this question paid a total of BWP 7.47 million to the Botswana Electricity Supply companies. Electricity bills ranged between a paltry BWP 240 to P1.32 million annually. It is well known that electricity charges are discriminatory between domestic and business consumers, with the latter paying more than the former. Retail businesses therefore supplement domestic consumers and provide considerable revenue with which electricity suppliers could increase access to new market segment, the rural areas, for example.

Water: Water consumption is minimal for the clothing and furniture stores, whose operations require little or no water. The major consumers of water were the supermarkets which often integrate food preparation and sales. In many cases, water consumption was often covered by the lease agreement and was therefore covered by rent paid. Water expenses ranged from BWP 106 to BWP 144,000 annually, with the average being only about BWP 9,463. The 125 companies responding to the question paid a total of BWP 1.2 million for water. This amount possibly understated the revenue contribution of the outlets covered in view of the water revenue embedded in rent payment.

Telephone: Another utility service that derives considerable income from retail businesses is the telephone service. Over 57 per cent of the respondents answered the question on their telephone expenses. Most of the managers of the non-responding stores either had no telephones or did not know how much they spent on telephones because all payments were handled at the head office. In all, the 126 responding companies spent a total of BWP 6.8 million, an average of BWP 53,610 per outlet on telephone services.

As in the case of water, waste and refuse removal was often covered by the rent. About 133 of our respondents did not know how much they spent on waste removal either because such costs were included in the rent or because they did not incur any such expenditure since they disposed of their own waste. In such cases, there was no expenditure on waste removal. The 92 stores that gave information on costs of waste removal spend an amount ranging from just BWP 60 to over BWP 43,000 annually. In all, retail stores inject a total of about BWP 446,000 on waste disposal, giving an average of BWP 4,848 per retail outlet.

Postal Services: The furniture stores were the highest users of postal services among the three types of retail outlets. While only 27 per cent of clothing stores and 35 per cent of supermarkets utilized postal services, 62 per cent of the furniture stores did. Almost two-thirds of the heavy users of postal services were furniture stores while only 10 per cent and 24 per cent were clothing and supermarkets respectively. This pattern may be closely related to the level of credit sales within each type of stores. Since furniture stores had a much higher level of credit sales, the need arises to communicate with credit customers on the status of their accounts and also to request for payment. The average expenditure on postal services for furniture stores was thus BWP 11,875, eight times that of clothing and much higher than the overall average expenditure of BWP 7512.

Other services: Other services consumed by retail outlets that were assessed include security, internet services, and vehicle repairs and maintenance. However, only a few respondents provided data on their expenditure on these services. For example, the 40 companies providing information on security expenditure spent a total of BWP 3,000,000 annually, giving an average of about BWP 75,000. While the use of human security personnel is common in Botswana, it is more prominent in the retail industry, particularly in supermarkets where shoplifting by customers and theft by staff constituted a serious challenge faced by retailers and shop managers. The retail trade is thus a major patron of security services, offering additional employment opportunities and creating additional streams of income, thereby contributing to poverty alleviation.

Table 4: Revenue Generated by Retail Outlets (BWP ‘000)

Revenue Source	N	Range (Min/Max)	Total	Average per retailer	Average				
					Location Cities/Towns	Villages	Large	Size Medium	Small
Rent	136	6.6–2,040	45,263.8	332.822	366.37	253.13	613.6	291.19	162.0
Electricity	132	0.24–1,320	7,472.1	56.607	76.99	32.89	142.2	31.82	18.98
Water	125	0.106–144	1,182.8	9.463	15.99	3.99	20.9	4.15	7.19
Telephone	126	0.12–285.8	6,754.8	53.610	58.17	45.47	56.65	69.43	23.73
Waste Removal	92	0.06–43.2	446.0	4.848	4.76	3.89	8.02	2.78	2.21
Postal Services	97	0.08–144	728.7	7.512	7.83	7.28	13.16	8.91	2.24
Security	40	1.8–960	2,979.3	74.480	110.82	23.91	147.6	99.04	9.57
Vehicle Maintenance	53	2,400–6000	5,180.3	97.742	96.64	76.22	146.15	89.53	51.29

8.4. Contribution of Retailing to Citizen Economic Empowerment (CEE)

8.4.1. Staff Training

The results on training offered to retail employees showed that 85 percent of retail businesses develops the skills of their employees informally or through in-house training programmes. Only 5 percent offer formal, external, third party training, while 10 percent do not train their employees at all. In-house training includes training employees at a central location mostly the head office either in Botswana or South Africa, teaching employees through manuals, booklets, and radio lessons and through weekly meetings and discussions at the store level. The most common area of training is a combination of administrative and operational, which was mentioned by 34 percent of respondents. Operational training only was offered by 33 percent of the respondents while 22 per cent combined the three forms of training: administrative, operational and technical. Operational training covers such issues as customer service (39%), selling (24%), safety and hygiene (8%) and merchandising (7%). Administrative training covers areas such as stock management (7%), cash management (5%), and branch management (4%). On average, each retail business trains about 19 employees annually. With such a broad definition of training including formal and informal, in-house and external, about 88 per cent of employees get trained annually.

Table 5: Staff Training

	Frequency	Per cent
Type of Training		
Formal training	10	5
Informal/in house training	171	85
No training	21	10
Total	202	100
Area of Training		
Technical	1	0.5
Administrative	3	2.0
Operational	63	33.0
Technical and Administrative	1	0.5
Technical and Operational	16	8.0
Administrative and Operational	65	34.0
Technical, Administrative and Operational	43	22.0
Total	192	100.0

8.4.2. Staff Employment in Managerial and/ Supervisory Positions

Of the 4,483 employees of the sampled the retail outlets 17% (n= 750) were citizens employed in supervisory (n= 322) and managerial (n= 428) positions. Although there is an average of about 3 supervisors and 2 managers in each respondent company, the distribution was widely dispersed. Specifically, 15 out of 224 respondent retail stores had no citizen managers/supervisors while one retail store had as many as 22 managers/supervisors. However, overall most retail outlets in our sample were managed by citizen staff. Citizen staff constituted 100 percent of the managers/supervisors in over 178 of the 224 retail stores that responded to this question. While, most stores had 100 percent citizen staff, there was a significant difference between the three retail sectors and among retail outlets of various sizes, measured by the number of employees. For example, while all the furniture stores and 95 percent of the clothing stores had 100 percent citizen managers, only 53 percent of food retailers had similarly high percentage of citizen managers.

The responses to our questions however revealed that many managers were only so in name. They lacked the responsibility and authority implied by their titles. In most cases, managers were performing mainly routine clerical jobs and had little say in the real management of the company. Many managers complained about their lack of authority to order stock, or vary prices as may be suggested by local market trends or incur even a minimum expenditure for small items such as light bulbs.

8.4.3. Citizens Share of Ownership

Of the 217 respondents to this question, over 90 percent were either fully citizen- or foreign-owned. The remaining 8 percent was owned jointly between citizens and government or citizens and expatriates. One other feature of the sample was interlocking ownership. Many of the stores (77 percent) were owned by the same group. For example, Cash Bazaar stores (Clothing) have the same ownership as Taku Taku (Shoes), Topline (clothing), Homecorp (Furniture), and Furnmart (Furniture) while Choppies (Food) and OK (Food) and Fruit and Veg belong to the same family. Citizen share of ownership is reflected in **Table 6** below.

Table 6: Citizens Share of Ownership

Share of Ownership	Frequency	Percent
100% Botswana Citizen	99	45.6
50% Botswana Citizen and 50% Government agencies	2	.9
50% Botswana Citizen and 50% Non-citizens	6	2.8
Less than 50% Botswana Citizen and more than 50% Non-Citizen	8	3.7
100% Non-Citizen	102	47.0
Total	217	100.0

8.4.4. Purchase from Local Suppliers

Our findings show that on the average, only about 10 per cent of the total stocks sold by retailers in Botswana were produced locally. More than half of the 157 respondents who answered the question on procurement of “Made in Botswana” products reported a “0” level of purchase of locally manufactured products. In over 90 per cent of the respondents, “Made in Botswana” products constituted 33 per cent or less of goods sold.

Table 7: Procurement of “Made in Botswana” by Type of Retail Outlet

Retail Store Type	Number of Respondents Buying % of Stock made in Botswana			Total	Chi Square
	0%	1 – 33%	34% and over		
Clothing	82	12	1	95	
Row %	(86)	(13)	(1)	(100)	
Column %	(93)	(22)	(7)	----	
Furniture	2	18	6	26	
Row %	(8)	(69)	(23)	(100)	
Column %	(2)	(33)	(40)	-----	
Supermarket	4	24	8	36	
Row %	(11)	(67)	(22)	(100)	
Column %	(5)	(44)	(53)	-----	
Total	88	54	15	157	90.710*
	(100)	(100)	(100)		

Note: *Significant @ .01 level

The purchase of locally made products was related to the three types of retail stores covered as shown in Table 7 above. The findings show that Clothing stores stock the lowest level of “Made in Botswana” goods and constitute over 93 per cent of those who make no purchases of locally produced products at all. While 86 per cent of clothing stores in the sample do not patronize local manufacturers at all, only 1 per cent buys 34 per cent or more of their stock from local producers. The managers attributed the low level of purchase of local products to consumer preference for imported clothing and the perception that “Made in Botswana” products are either not up-to-date in fashion or poor in quality of materials used. On the other hand, furniture stores and supermarkets recorded the highest levels of patronage of local products. Almost 70 percent of both furniture stores and supermarkets buy 1 to 33% of their stock from local manufacturers. Only 15 of the 157 respondents had locally produced goods constituting 34 per cent or higher of their

total stock value. About 53 per cent of these were Supermarkets and 40 per cent were furniture stores. In the supermarkets, the locally produced goods consist of maize meals, vegetables and fruits. The existence of local bed manufacturing companies facilitated the high local procurement in the industry. A Chi-Square test confirmed that the differences in the percentages of locally produced goods bought by various sectors of retail outlets were highly significant at the 0.01 level.

In addition, to purchasing from local suppliers, retailers can help develop local suppliers by providing technical advice and feedback on product quality and how to ensure consistent and timely delivery. Of the 199 outlets responding to the question relating to this issue, only 36 percent claimed to have assisted local suppliers while 54 percent had not. The remaining 10 percent did not know if their companies provided assistance to any local suppliers. Respondents in the food and furniture sectors were more supportive of indigenous entrepreneurial efforts than the clothing retailers. In the food sector, 48 percent of respondents claimed to have given some assistance to indigenous companies while 44 percent of the furniture sector's respondents have claimed to do the same. Only 9 percent of the clothing industry respondents have given any such assistance. Local businesses that have been assisted by the retailers include local producers of beds, couches, television stands, towels, vegetables and fruits farmers, local suppliers of dairy products such as milk, cheese, local suppliers of maize and sorghum meal-meal, drinks, and other food items.

9. Discussion

The findings of the current study demonstrate that retailing is a low skill activity which does not require a high level of education. As such retailing is accessible to the majority of people in Botswana who are prone to poverty especially women and the youth. The findings also show that retailing is a widespread activity which can be found in various locations in the country including rural areas where not only the vast majority of the population of Botswana lives but also where most of those prone to poverty can be found. However, further findings show that retailing activity in Botswana as in countries such as Malaysia is concentrated in major cities and towns (Kaliappan et al. 2009) and is dominated by small scale retail outlets even though large retail chains of foreign origin are continuing to make inroads. These findings reflect the growing attraction of cities and towns in Botswana in terms of business opportunities, rapid urbanization, high population densities and high incomes or levels of affluence.

The findings of the present study confirm the role of retailing as a source of employment, providing incomes to a large proportion of the population thereby helping people to escape poverty. The study also demonstrates that retailing is a notable revenue earner for suppliers of various goods and services consumed. Through payments for such goods and services retailing generates revenue and facilitates the creation of more jobs, which also contributes towards poverty eradication.

Our findings also indicate that retailing has the potential to contribute considerably towards citizen economic empowerment in Botswana by developing the entrepreneurial skills of citizen staff through training in various aspects of business administration and through employment in managerial and supervisory positions. However, for this potential to be realised there is need for local managers and supervisors to play a meaningful role in day-to-day management of these businesses. Another major finding is that the procurement systems used by the large retail chains in Botswana tend to exclude the majority of local producers due to their inability to meet the required standards in terms of quality and volumes. Past studies of fresh fruit and vegetables procurement practices of South African supermarkets in Botswana, reported similar findings (Emongor and Kirsten, 2009; Policy Brief, 2008). The small proportion of goods purchased locally by large foreign retailers in Botswana raises questions about the potential of small economies such as Botswana to leverage the benefits of large international retail chains particularly in terms of providing the market for local producers. In Malaysia, studies have shown that major foreign retailers such as Tesco, Ahold and Carrefour procure as much as 90-98 percent of their stock from within the host country (Kaliappan et al. 2009). Kaliappan et al. (2009) attributed the success of Malaysia to the stringent policy measures which requires large foreign retail chains to reserve as much as 30 percent of the shelf space for locally manufactured goods. However, in the case of Botswana given the country's small manufacturing capacity a more flexible approach could be appropriate. For instance, procurement programs in Botswana could emphasize that a certain proportion of business supplies be sourced locally depending on the availability of local produce. It is also in the interest of large retail chains to develop local suppliers so that they can grow and become reliable and loyal members of their supply chains. According to Emongor and Kirsten (2009) local suppliers may improve their capacity by working together with retailers to provide the required quality and standards.

10. Conclusions & Policy Implications

The main conclusion to be drawn from the present study is that retail trade in Botswana is an important economic activity which has the potential to contribute notable towards vision 2016 objectives of poverty eradication and citizen economic empowerment. However this potential is not being realised because of a number of factors including capacity constraints which limits the participation of citizens in the supply chains of major retail outlets, relatively low wages paid to retail employees and the lack of participation of citizens employees in key decision making processes of the major retail outlets.

It is recognised in this study that unlike in those countries where local producers have reached the size and level of sophistication necessary to meet the demands of large retail chains, in Botswana local producers are still at a developmental stage and therefore need more support from both government and the retail industry if they are to be fully integrated into the supply chains of major retail chains. The findings of the study show that retailers in Botswana and in particular large foreign retail chains continue to procure the bulk of the goods from other countries because local producers fail to meet the required standards in terms of quality and volume. This problem can be addressed by both the government and the retail industry working together to promote the growth of the local manufacturing industry. For its part the government can provide financial and logistical support to local producers. The retail industry can provide

financial and technical support. For example, Wal-Mart has invested R100 million in modern agricultural technologies in South Africa in order to ensure that farmers use sustainable and cost effective methods of production (Sundaystandard, 2012). To ensure that retailers who support local producers do not lose competitive edge at least in the short term, the government could provide them with financial cover in the form of tax rebates. The main policy implication of this study is that the Government of Botswana needs to recognize the role of retailing in socio-economic development and in particular, its contribution towards Vision 2016 objectives of poverty eradication and citizen economic empowerment.

11. Limitations of the Study and Directions for Future Research

The main limitation of this study is that due to lack of relevant data it was not possible to conduct an in-depth analysis of the linkages of retailing with the rest of the economy. In the future, a comparative investigation of retailing and other sectors of the economy can be conducted in order to contribute to the understanding of the extent of income generation through linkages. Another limitation is that the study relied mostly on store managers who are largely locals to provide information relating to the operations of the retail outlets in Botswana. In many instances, these managers were unable to provide the information because they either did not have the information or they felt they needed clearance with the owners who resided in foreign countries in some cases. Future research can explore the role of retailing in poverty eradication across the SADC countries focussing on key decision makers or owners as the sample units.

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