



BUSINESSBOTSWANA

Survey Report:

Business' Views on the Government's Proposed P4000/month Minimum Wage

Prepared by

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February 2025

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CONTENTS

Executive Summary	3
1 Introduction.....	5
2 Survey Results	6
2.1 Demographics.....	6
2.1.1 Membership Representation	6
2.1.2 Sector Distribution	7
2.1.3 Business Age Distribution	8
2.1.4 Business Size.....	9
2.1.5 Geographic Distribution.....	9
2.2 Private Sector Awareness and Acceptability of the Proposed Minimum Wage Policy	10
2.3 Business/Employers' Preparedness	12
2.4 Issues with Implementation of P4000/month Minimum Wage Needing Attention	13
2.4.1 Micro/Firm-Level Key Issues Raised by Businesses	13
2.4.2 Effects on the economy, generally Macro-Economic Implications.....	17
3 Conclusions and Recommendations	17
Annex I – Survey	20

EXECUTIVE SUMMARY

1. While there is a consensus of the need to move towards a decent wage, Government see a P4000 Minimum Wage as the policy option, employers see that as somewhat on the steep end and consequential.
2. A survey of businesses BB Members and non-BB Members was conducted during the months of December 2024 and January 2025. A call for participation was extended to all enterprises/businesses in the BB database and Statistics Botswana Statistics Business Register (SBR) through various means including WhatsApp, SMS, social media, website and email. Participation was voluntary, the survey was implemented online, and respondents were ensured confidentiality.
3. A total of 1835 businesses responded and 1635 completed the full survey. 75% were SMMEs and 25% were large enterprises. Non-Business Botswana members represented the highest number of respondents. Additionally, there was diversity in sector respondents, with two-thirds (68%) of respondents were within labour-intensive sectors. Well-established respondents were most represented and emerging businesses were low.
4. Descriptive statistics were tabulated for each item's importance and satisfaction ratings, and these are displayed in Table 4 below. Respondents and discussions with major stakeholders revealed that:
 - The survey reveals a complex landscape of business views on awareness, acceptance and preparedness, highlighting both support and significant concerns about the proposed minimum wage increase. Respondents expressed mixed views, but generally required time to adjust to the proposed P4000. This awareness may well result in adaptation to meet member expectations.
 - These results vary across sectors and business sizes – likely SMMEs & labour-intensive sectors not fully supportive as lack preparedness.
 - Clearly there are notable issues Costs and Risks associated with implementation, too important to ignore.
 - The results shows that the main issue for the businesses is to have proper consideration of competitiveness, future investment plans, growth and employment.

- Multipliers or adequacy important but were not assessed in this survey due lack of disaggregated economic data.

Recommendations:

- Respondents preferred a Gradual/phased approach - structured over a 2–4-year period at an agreed rate following extensive consultation and research - in absolute terms: Year 1: P 2,500.00; Year 2: P 3,000.00; Year 3: P 3,500.00; and Year 4: P 4,000.00. on the one hand, some respondents proposed an annual range (5% - 10%) increment of the minimum wage.
- Considering the sector differences, respondents encourage those able and willing to offer P4000 to do so, that way manage possible consequences/sharp rise in inflation.
- Some respondents proposed consideration of options based on wage models following extensive consultation and research.
- Other considerations:
 - Implementation issues (regulatory reform/the business environment) are also too important to ignore and needing attention for competitiveness.
 - Sector-specific Approaches: Tailor implementation to the unique characteristics of different industries, considering their profitability and capacity to absorb wage increases.
 - Stakeholder Engagement: Regular consultations with the Minimum Wage Advisory Board to incorporate expert insights and address concerns.
 - Clear Guidance: Simplify compliance processes to reduce bureaucratic hurdles for businesses.

1 INTRODUCTION

Following its election into office, the New Government has made pronouncements on its intent to implement the P4000 minimum wage. A general objective is to ensure that all workers in Botswana are protected by fair minimum wages, allowing for a decent living wherever they work. According to the Government, ensuring adequate wages for all workers in Botswana is even more relevant in the preparation for recovery of COVID-19 crisis.

Business Botswana recently surveyed businesses (BB members and non-BB members) to assess their views on the proposed P4000/month minimum wage. The primary goal of the survey is to identify employers' views on the proposed Minimum. Based on the above analysis, the intent is to develop a position paper on proposals for action. Specifically, the survey sought to explore four fundamental questions:

1. What is the level of identified issues for implementation **Awareness, acceptance** on businesses of varying sizes (micro, small, medium and large)?
2. How **prepared are the employers** to respond to the proposal?
3. What are the critical **issues** with implementation that need attention?
4. What needs to be done to ensure decent wages and business sustainability?

This report summarizes the results of the survey and presents conclusions and recommendations based on those results.

The survey was conducted online using the in-house Focus Survey Platform (due easy to organize, can be easy to get large amounts of data at once, digital responses that are easy to analyse) between 20th December 2024 and 20th January 2025, and took approximately ten minutes for the average respondent to complete. It focused on collecting the views of the employers – BB members and BB non-members Database 2500; & SBR Database 25,000. 1,835 responses, with 1,346 (73%) respondents fully responded.

A structured questionnaire was used covering various aspects. The data were cross-tabulated and analysed to identify any significant differences in attitudes and awareness among various subgroups of the sample. Survey challenges included respondents not attempting all questions. Further, Survey results are estimates of population values and always contain some error because they are based on samples and not the entire population.

The following sections contain a more detailed analysis of survey results, with recommendations.

2 SURVEY RESULTS

This section of the report contains details of the survey results. It is structured according to the objectives of the study/ themes: Demographics; Awareness and Acceptance; Preparedness; implementation issues; and proposals.

The survey reveals a complex landscape of business perspectives, highlighting mixed feelings both support and significant concerns about the proposed minimum wage increase. The results show that the main issue for businesses is to have proper consideration of competitiveness, future investment plans, growth and employment. Clear need for further disaggregated economic data – to determine the effects on firms – multiplier effect.

2.1 DEMOGRAPHICS

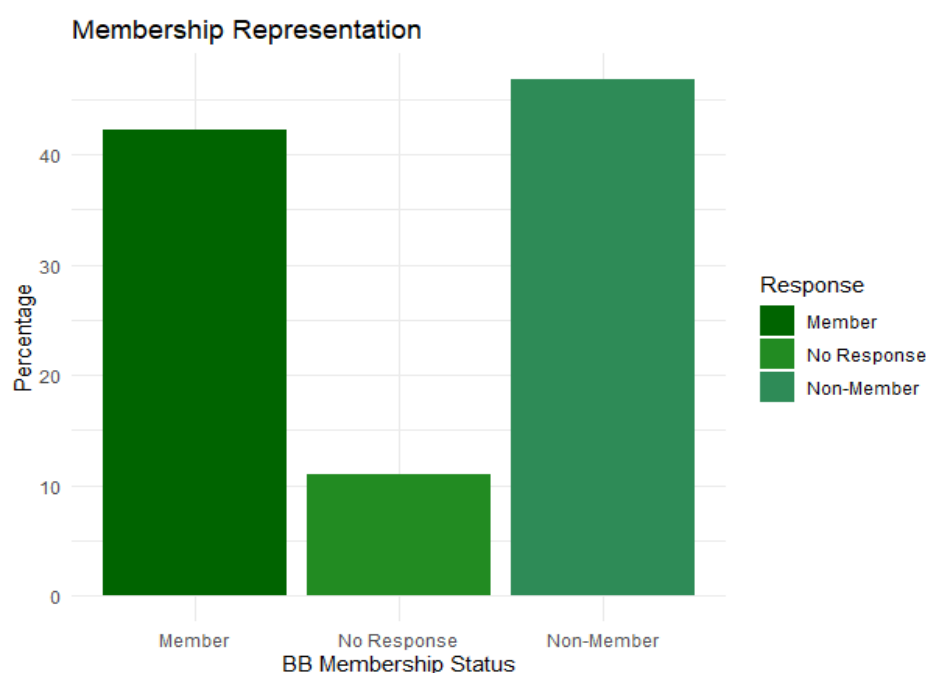
The study surveyed 1,835 businesses, with 1,346 (73%) respondents providing comprehensive data across multiple dimensions. It classified the respondents according to:

- i. Business Membership status
- ii. Sector Distribution
- iii. Business Age
- iv. Business Size
- v. Geographic location Distribution

2.1.1 Membership Representation

Non-Business Botswana members dominate the responses. 46.8% responded in the negative while 42.2% responded in the affirmative. The survey revealed a nuanced picture of Business Botswana membership. This distribution suggests an opportunity for Business Botswana to expand its membership base by engaging with non-member businesses.

Figure 1: Membership Representation Status



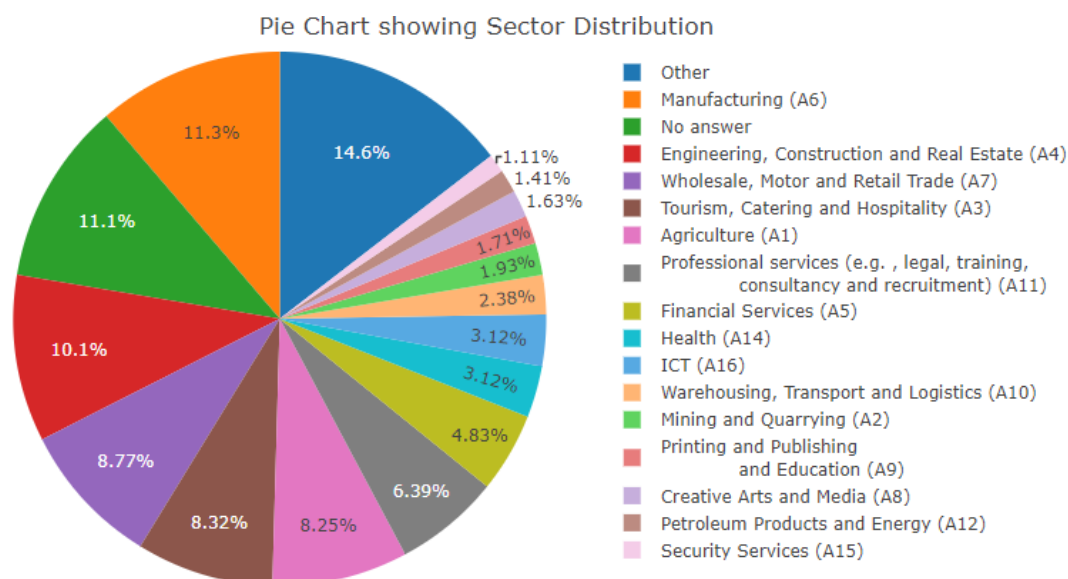
Source: Survey data, Business Botswana, 2025.

2.1.2 Sector Distribution

The statistics show diversity in sector representation in the survey. Labour-intensive industries dominate the survey. The manufacturing and construction sectors tended to have the largest representation than other sectors. This could be because they are among the largest employers¹ including Agriculture, Forestry and Fishing; Wholesale, Retail & Sale of Motor Vehicles; Accommodation and Food Service. A significant "Other" category indicates potential underrepresented sectors.

¹ See Table 1.11c: Formal Sector Employment by Industry, QMTS 2019 – 2024, Quarterly Multi-Topic Survey: Labour Force Module Quarter 1, 2024, Statistics Botswana.
<https://www.statsbots.org.bw/sites/default/files/publications/Quarterly%20Multi%20Topic%20Survey%20Labour%20Force%20Module%20Quarter%201%202024.pdf>

Figure 2: Sector Distribution

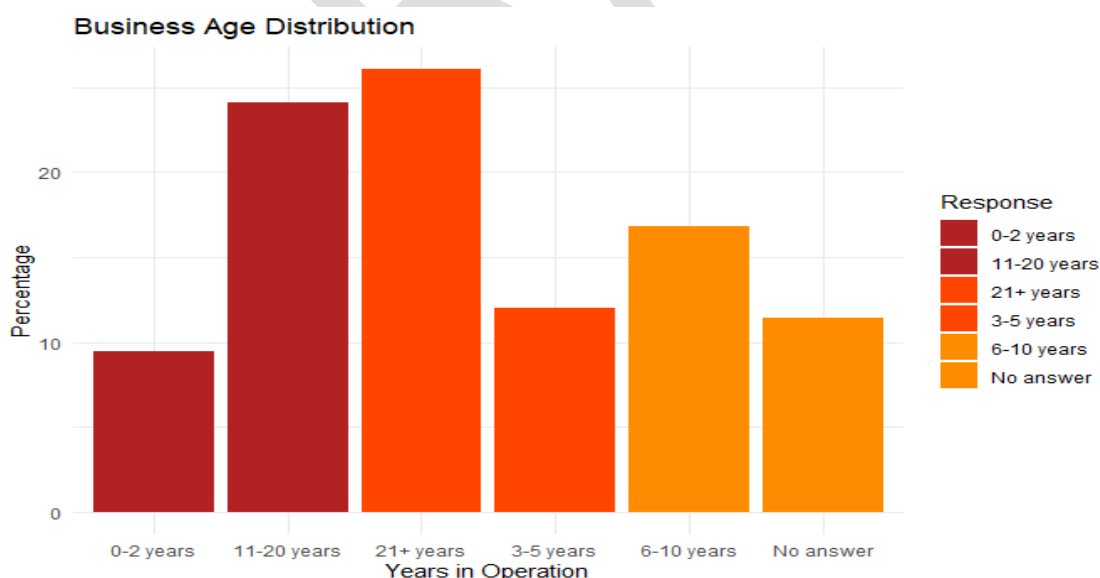


Source: Survey data, Business Botswana, 2025.

2.1.3 Business Age Distribution

In terms of business age, the majority of respondents are well-established businesses. Significant representation of businesses with over a decade of operation with emerging businesses (0-5 years) represent about 22% of respondents.

Figure 3: Business Age Distribution

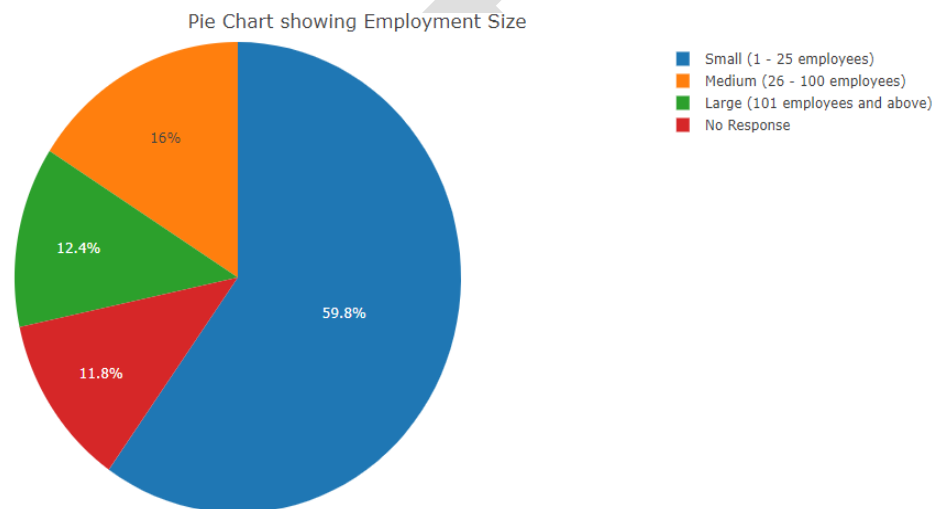


Source: Survey, Business Botswana, 2025.

2.1.4 Business Size

The chart below shows a sizeable representation of both large and SMMEs. As categorized by employee count, Small Businesses (1-25 employees): 59.81% Medium Businesses (26-100 employees): 15.97% Large Businesses (101+ employees): 12.41%. this could be because predominantly small businesses may be more sensitive to minimum wage changes. Medium and large businesses may have more resources to absorb potential wage increases. The 1,168 businesses indicated that they collectively employ approximately 127,741 people. This 127,741 comprises volunteers temporary (seasonal) and permanent employees.

Figure 4: Business Size Distribution

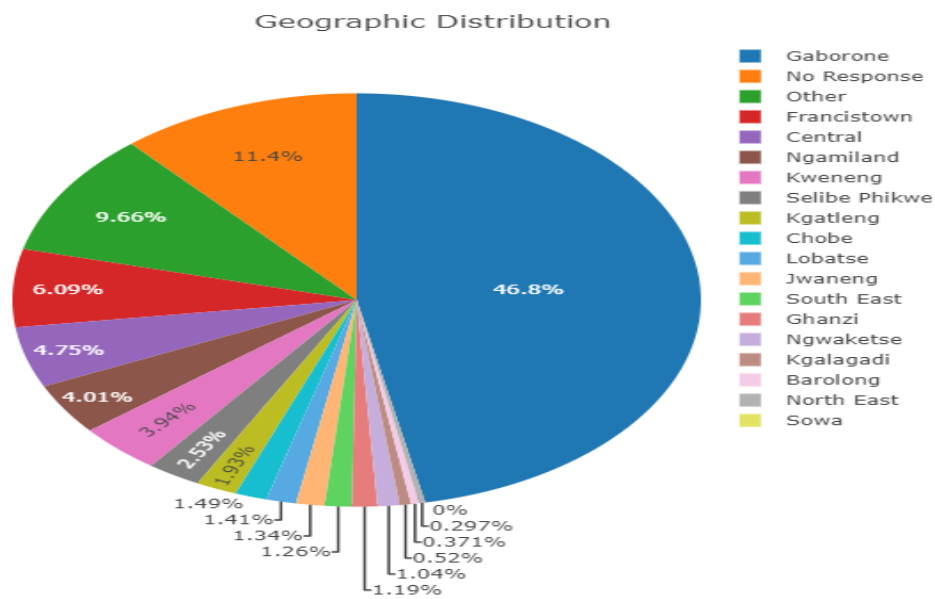


Source: Survey, Business Botswana, 2025.

2.1.5 Geographic Distribution

From a regional perspective, Gaborone dominates the responses: 46.81%; Francistown: 6.09% whereas Other Regions: Varying representation between 1-4%. Show skewed/ strong centralization of business activity in the capital. It appears this presents Potential challenges for businesses in less economically developed regions.

Figure 5: Geographic Distribution

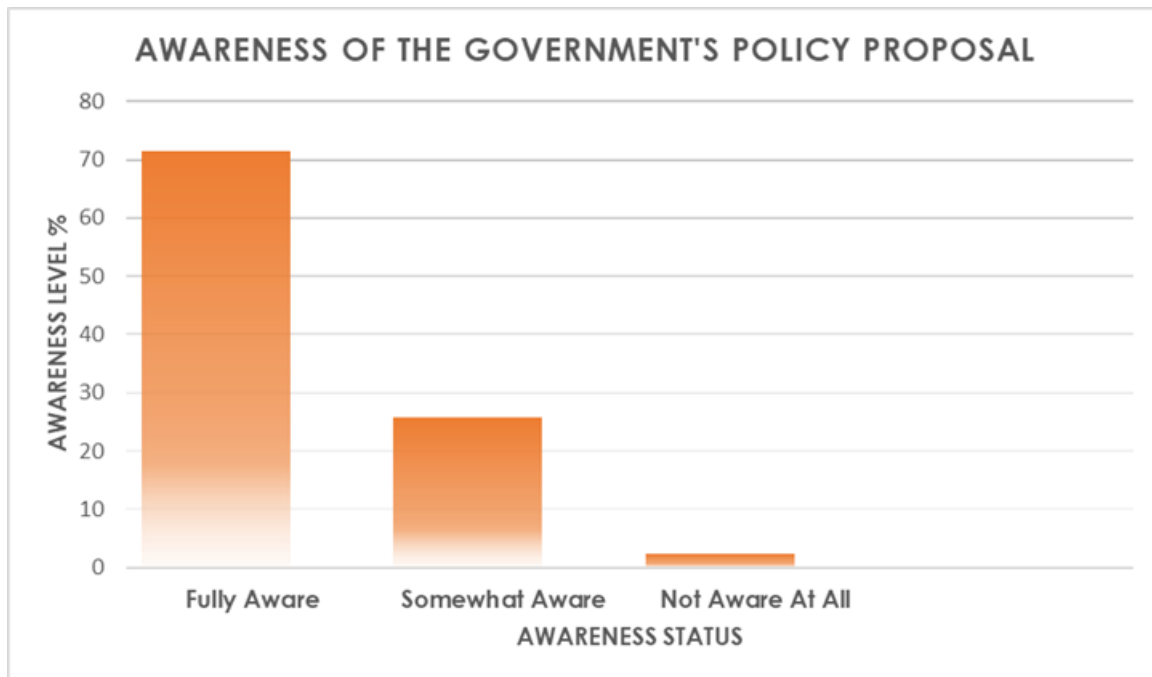


Source: Survey data, Business Botswana, 2025.

2.2 PRIVATE SECTOR AWARENESS AND ACCEPTABILITY OF THE PROPOSED MINIMUM WAGE POLICY

The following two sections deal with employer's awareness and acceptability of the proposed minimum wage. The statistics on whether the respondents reported being aware/know the proposed P4000/month MW paint a positive picture of high awareness among businesses. While most (71.4%) of respondents reported being fully aware of the proposed P4000 MW only 2.4% reported being unaware. This awareness may well result in adaptation to meet proposed MW expectations.

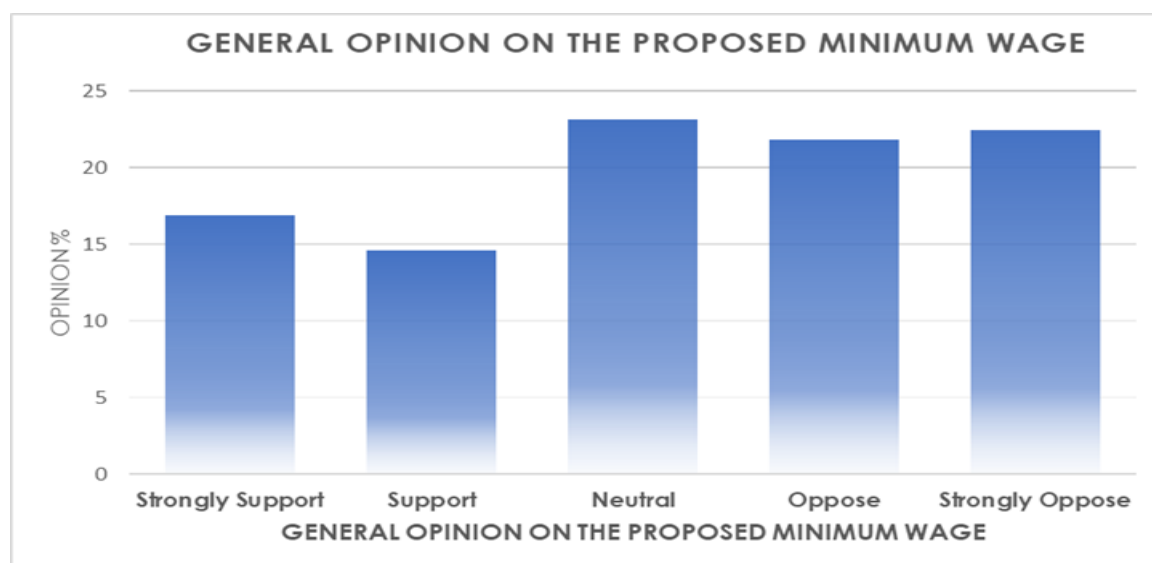
Figure 6: Awareness of the Proposed P4000/month Minimum Wage



Source: Survey data, Business Botswana, 2025.

However, opinions on acceptability are largely divided. It is interesting to note that 31.5% of the respondents support the proposal. In fact, 16.9% expressed they strongly supported the proposal. On the one hand, 44.3% oppose it, with 22.4% expressing strong opposition. These mixed views could be because of the differentiation in sectors as per the diversity of sector representation. SMMEs for instance, realise cashflow problems; margins low; productivity and efficiency low; market access challenges e.g. mostly price takers than price maker. Disaggregating this information into categories of membership provides a better idea of where this acceptability membership growth is coming from.

Figure 7: Acceptability of the Proposed P4000/month



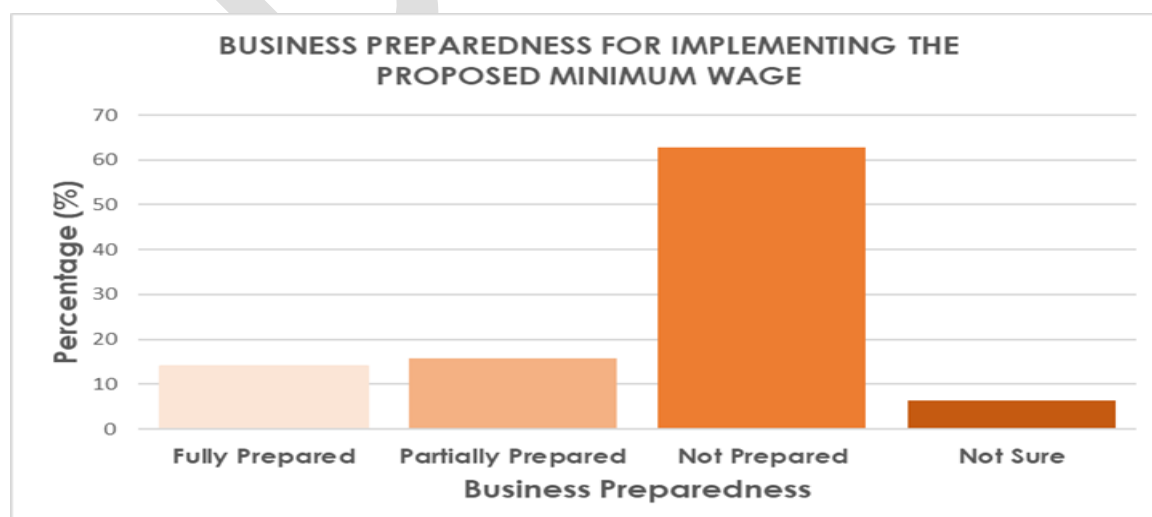
Source: Survey Business Botswana

At the same time, while the responses to the question on employers' awareness and acceptability appear too varied to draw many conclusions, small businesses appear to be the most significantly apprehension.

2.3 BUSINESS/EMPLOYERS' PREPAREDNESS

The statistics on employers' preparedness to adopt the proposed P4000/month minimum wage policy paint a very gloomy/mixed picture across respondents. Expectedly, the response came back nearly split right down the middle. About two-thirds (62.7%) of respondents reported being unprepared, compared to almost 25% who felt prepared. This may be explained by the observed high number of responses from SMMEs within labour intensive sectors.

Figure 8: Business Preparedness for Implementing the Proposed P4000/month Minimum Wage



Source: Survey data, Business Botswana, 2025.

Labour-intensive sectors, and highly employing and employment generation potential², such as agriculture, predict significant adjustments, including staff reductions and investments in automation, to offset the increased costs.

2.4 ISSUES WITH IMPLEMENTATION OF P4000/MONTH MINIMUM WAGE NEEDING ATTENTION

The chart below identifies which micro-level/ firm level and macro-level issues highlighted by respondents as most significant constraints on the ability of employers to respond to the proposed minimum wage expectations and needs. The chart is organized according to how many businesses responded to each issue acting as a constraint or not.

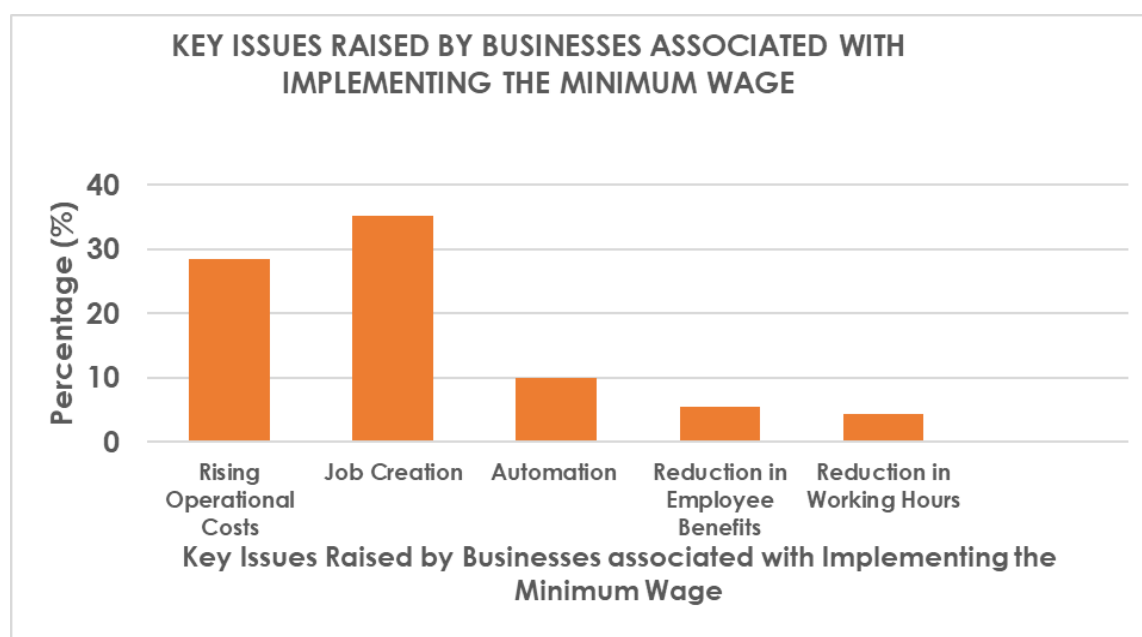
2.4.1 Micro/Firm-Level Key Issues Raised by Businesses

The most significant issues, according to the responses, are job reductions and rising operational costs. Respondents highlighted several significant challenges associated with implementing the proposed wage increase:

1. Rising operational costs: 28.5% of businesses would likely raise prices to cope with the higher wages.
2. Job reductions: 35.1% anticipate layoffs to manage costs.
3. Automation investments: 10% would turn to automation to reduce reliance on labour.
4. Reduction in employee benefits: 5.5% of businesses indicated this as a potential adjustment.
5. Reduced working hours: 4.4% consider cutting employee hours to manage budgets.

² See the Table 1.11c: Formal Sector Employment by Industry, QMTS 2019 – 2024, Statistics Botswana, 2024.

Figure 9: Key Issues Associated with Implementing the Proposed P4000/month Minimum Wage



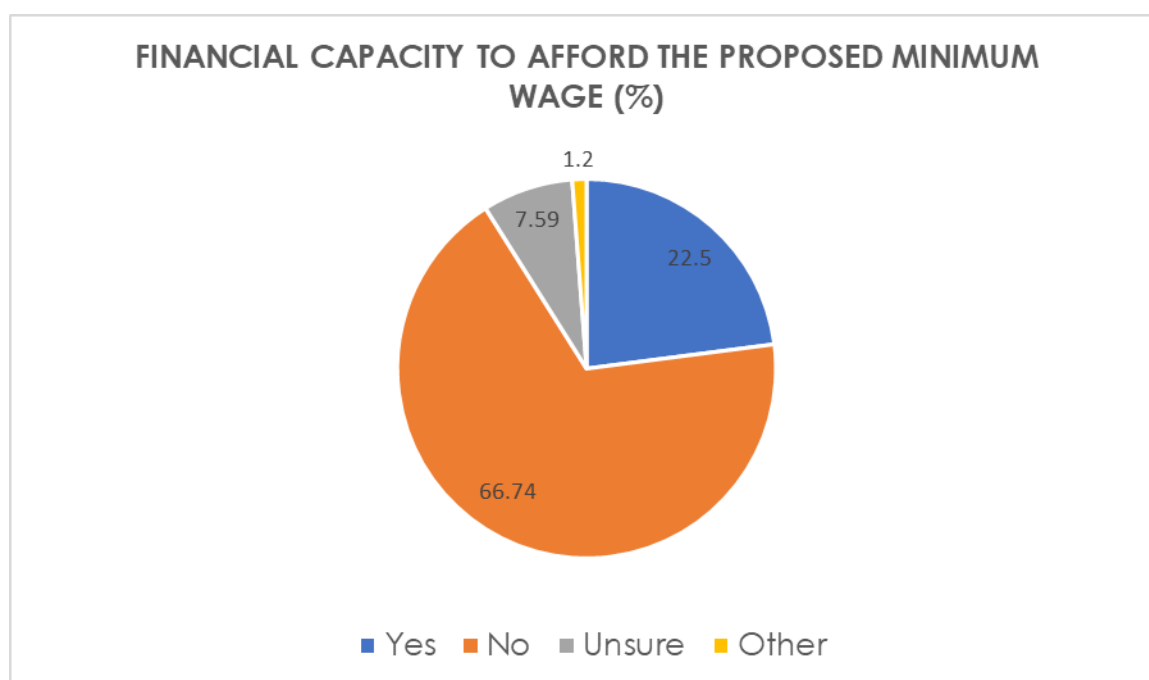
Source: Survey data, Business Botswana, 2025.

Financial issues appear to be significant relative to other issues. Regarding sector exposures, SMMEs and labour-intensive sectors appear to be the most significant. It should also be noted that several of the respondent businesses are significant non-minimum wages themselves, and hence, their response to that question.

2.4.1.1 Financial Capacity to Absorb the Minimum Wage Increase

Most businesses expressed concern about their financial capacity to meet the proposed minimum wage without operational disruptions. Only 22.6% believe they can afford the wage hike without compromising business operations or employee benefits. Over two-thirds (66.7%) indicated they lack the financial resources to absorb the increase whereas only 7.6% remain uncertain.

Figure 10: Financial Capacity to Afford the Proposed P4000/month



Source: Survey, Business Botswana, 2025.

The key financial concerns cited by respondents were increased operational costs. Highlighted by 37.4% of businesses. Challenges in meeting wage expectations identified by 30.7%. According to the respondents, the Covid-19 crisis that began in 2020 had a significant impact across the globe, and in many cases that impact is still felt today. These findings underscore the private sector's financial vulnerability to the proposed minimum wage.

It is interesting to note that about wage bill effects, 36% responded that they were planning to offer the proposed minimum wage provided the Government assisted them.

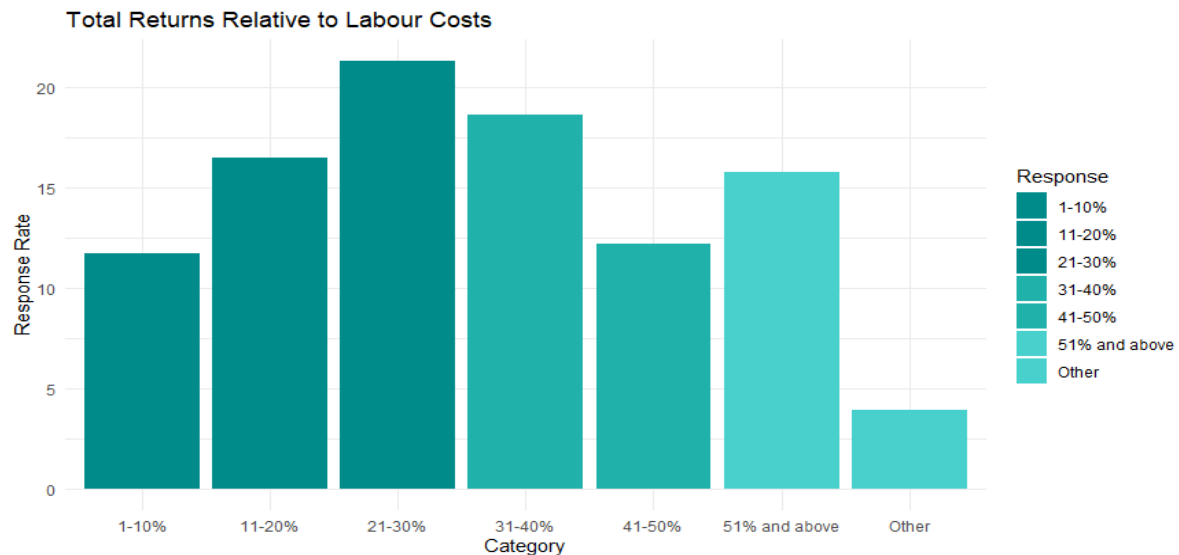
2.4.1.2 Impact on Wage Bill Effects

To understand how the wage bill effect on industries response came back so balanced, it helps to take a look at the proportion of the labour costs to company returns. The chart below shows that when the data on businesses making changes in response to the proposed minimum wage is grouped according to proportions, it is evident that employers will realise the most significant impact³. It shows that the P4000/month minimum wage proposal effects are high. Most (over 25% compared to 19% before increase) reported that they fear their wage bills increase from average 21-30% to 51%+.

³ ILO Study on the Comprehensive Review Towards a reform of the minimum wage system in Botswana. The National Minimum Wage System in Botswana: a feasibility study, ILO 2024-2025.

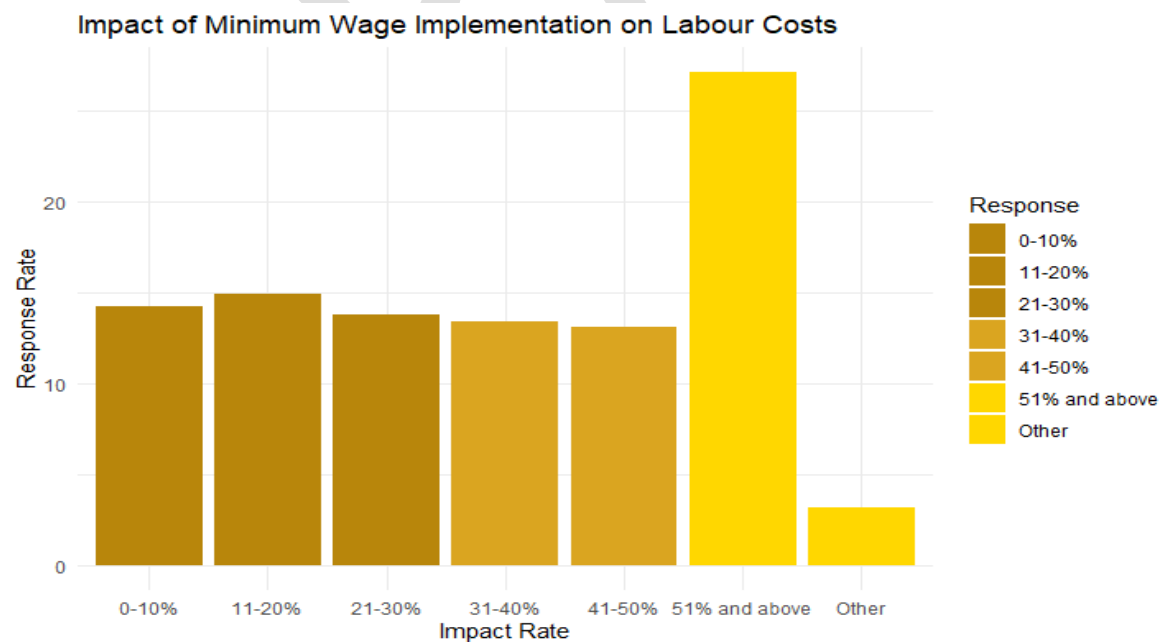
According to the ILO study 2024, in the case of the P4000/month, using the two adequacy determination scenarios, the impact on the wage bill in the whole economy would be more sizeable (+11.1%) and the impact on the wage bill for industries with minima would be +30.9%.

Figure 11: Proportional Rise of Wage Bill Required to Normalize Effects of the Proposed P4000/month MW



Source: Survey data, Business Botswana, 2025.

Figure 12: Impact of Proposed P4000/month Minimum Wage Implementation on Labour Costs



Source: Business Botswana Survey Data, 2025.

Wage bill effects provide an average of 60% of the operational costs across all respondents. This may in part be explained by the fact that the respondents were all significant employers of non-minimum wage-earning employees, and they tend to be more exposed to the minimum wage increase, but the survey did not examine that aspect. SMMEs & Sectors such as Security Services an input to most of the services reported likely face exposure to the MW increase – measured as the proportional rise in the wage bill required to normalize. Unsurprisingly, 64.4% of respondents anticipate a reduction & reallocation in workforce levels due to this wage bill effects.

2.4.2 Effects on the economy, generally Macro-Economic Implications

The assessment of the broader economic impact of the P4000/month minimum wage proposal has elicited mixed reactions. The results show that a quarter (25.9%) of businesses foresee positive outcomes, including increased purchasing power and higher tax revenues.

Conversely, 51.6% anticipate negative effects, such as inflation and reduced employment levels. Whereas 18.5% remain uncertain about the economic implications. Concerns about inflation were particularly pronounced 31.88% of respondents fear that rising goods and service prices could erode the benefits of increased purchasing power.

It is also interesting to note the difference in inflation effects, with respondents from SMMEs and labour-intensive sectors reporting most likely reduced profit. Many businesses expressed apprehension that higher operational costs could diminish profitability, outweighing potential economic benefits. The sharp increase in wages—over 150%—is a major concern, with businesses fearing inflation, reduced profitability, and long-term operational instability.

While macro-economic such as inflation may not act directly as a concern, it should be noted that in many ways, considering these in the implementation of the proposed P4000/month minimum wage could serve as part of a solution to overcoming the top 3 concerns.

3 CONCLUSIONS AND RECOMMENDATIONS

Returning to the four fundamental questions asked in the introduction to this report:

On the awareness, and acceptability of employers' views business/employers:

In the view of respondents, recognize the necessity of moving towards a decent wage – and recognize at some point will have to reach the P4000. But views the proposed P4,000/month level as steep and this awareness may well result in adaptation to meet proposed minimum wage expectations. There is

high awareness of the proposal but mixed reactions when it comes to acceptability.

On the preparedness of the employers:

There does appear to be some preparedness to implement the proposed minimum wage, citing readiness, but the most of responses indicated very little change. On the other hand, the majority of respondents also expect increases in employee motivation, and purchasing power, these are outweighed by concerns over wage bill effects, inflation, reduced employment opportunities, and diminished profitability, and this may result in challenges with implementation.

On critical implementation issues to consider and what needs to be done in terms of vision and approach:

The implementation of a minimum wage policy is a complex economic and social initiative that demands a well-structured approach to balance the needs of workers, businesses, and the broader economy. Based on the analysis conducted, a phased and gradual strategy is recommended to ensure economic stability, minimize disruptions, and enhance worker welfare. The recommended minimum wage implementation strategies represent a balanced, comprehensive approach that combines economic pragmatism with social responsibility. By emphasizing gradual progression, sector-specific focus, and extensive stakeholder engagement, the framework sets the foundation for sustainable economic transformation and improved worker welfare. This approach ensures that the minimum wage serves as a tool for inclusive growth, benefiting both employees and the broader economy.

- 1. Progressively increase and avoid rapid increase to address consequences.** The majority of respondents advocate for a phased approach, recommending a structured plan over a 2–4-year period. The proposed increments are as follows in absolute terms: Year 1: P 2,500.00; Year 2: P 3,000.00; Year 3: P 3,500.00; and Year 4: P 4,000.00. On the one hand, some respondents proposed a **5% - 10%** annual increment of the minimum wage. It appears the reason is that the incremental strategy aims to balance economic sustainability with worker welfare while allowing businesses to adjust their financial and operational plans.
- 2. Focus Sectors for Implementation.** Respondents identified specific sectors that are better positioned to implement minimum wage adjustments without significant disruption:
 - a. Government and Parastatal Organizations:** These entities, with stable funding, can implement wage increases with minimal economic impact.

- b. **Medium to Large Enterprises:** Larger organizations possess the financial capacity to absorb wage increases more readily than smaller enterprises.
- c. **Sectors with Higher Productivity:** High-productivity sectors are less affected by wage increases, making them suitable for early adoption.

3. Unique Perspectives on Implementation Several innovative approaches to minimum wage implementation were highlighted: **Linking Wages to GDP per Capita:** While not a guarantee of economic growth, this method could align wages with national economic performance, creating a more adaptive system; **Hourly Wage Models:** Introducing hourly rates could enhance cost predictability, improve performance alignment, and attract competitive talent; **Qualification-based Wage Categories:** Categorizing wages based on qualification levels allows for a dynamic and responsive wage structure, promoting workforce development.

4. Private Sector Support Requests – to facilitate the transition, the private sector requests the government's support in the following areas: **Time for Adjustment:** Allow businesses sufficient time to restructure operations, minimizing disruption and ensuring a smooth transition; **Subsidies and Tax Breaks:** Direct wage subsidies or payroll tax reductions for small and medium-sized enterprises (SMEs); and **Access to Financing:** Provision of low-interest loans or grants to help enterprises manage cash flow

5. Other considerations:

- a. **Sector-specific Approaches:** Tailor implementation to the unique characteristics of different industries, considering their profitability and capacity to absorb wage increases.
- b. **Stakeholder Engagement:** Regular consultations with the Minimum Wage Advisory Board to incorporate expert insights and address concerns.
- c. **Clear Guidance:** Simplify compliance processes to reduce bureaucratic hurdles for businesses.
- d. **Core Implementation Principles:** The proposed strategies are rooted in the following principles: **Economic Equilibrium:** Balancing wage increases with economic stability. **Social Justice:** Ensuring fair treatment and improved living standards for workers; **Sustainable Development:** Promoting long-term economic and social progress; **Stakeholder Inclusivity:** Engaging all relevant parties in the decision-making process; and **Dynamic Adaptability:** Allowing for responsive adjustments based on evolving economic conditions.

ANNEX I – SURVEY

Welcome to the Business Botswana survey on the proposed minimum wage increase to P4000. As a key stakeholder in the economy, your views are critical to understanding the potential effects of this policy on businesses of all sizes. This short survey will take only a few minutes to complete, and your responses will remain confidential. Thank you for contributing your valuable input.

Section A: Business Demography

A1. Is your Business a Member of Business Botswana?

Yes

No

A2. In which industry or sector does your business operate?

Agriculture

Mining, Quarrying, Petroleum Products and Energy

Tourism, Catering and Hospitality

Engineering, Construction and Real Estate

Financial Services

Manufacturing

Wholesale, Motor and Retail Trade

Creative Arts & Media and ICT

Health, Printing & Publishing and Education

Security Services, Warehousing, Transport and Logistics

Professional services (e.g., legal, training, consultancy and recruitment,)

Other

A3. How many years has your business been in operation?

0 - 2 years

3 - 5 years

6 - 10 years

10 - 20 years

21 years and above

A4. Is your business categorized as small, medium, or large?

Small

Medium

Large

A5. How many employees does your business have?

1 - 20

20 - 40

41 - 60

61 - 99

100 and above

**Section B: Private Sector Perception about the proposed Minimum Wage (MW)
of P4000**

B1. To what extent are you aware of the government's proposal to increase the minimum wage to P4000?

Fully aware

Not aware at all

B2. What is your general opinion on the proposed minimum wage

Increase?

Strongly Support

Support

Neutral

Oppose

Strongly Oppose

B3. How do you believe the proposed minimum wage increase will affect your business?

Positively

Negatively

No significant impact

Not sure

B4. How prepared is your business to implement the proposed minimum wage increase?

Fully Prepared

Partially Prepared

Not Prepared

Not Sure

B5. What impact do you anticipate the minimum wage increase will have on your employment levels?

Increase in employment

No change in employment levels

Decrease in employment due to cost cutting measures

Not sure

B6. In your opinion, which of the following is the most important factor for your business when considering wage increases?

Overall business profitability

Employee productivity and performance

Industry standards and competitive wages

Government regulations and policy

B7. Would the proposed minimum wage increase affect your pricing strategy for goods and services?

Yes

No

Not Sure

B8. How do you think the wage increase will affect the broader economy?

Positive impact, leading to increased consumer spending

Negative impact, leading to inflation and higher business costs

No impact

Not Sure

B9. What is the primary concern your business has regarding the proposed minimum wage increase?

Increased operational Costs

Reduced profitability

Difficulty in meeting wage expectations

B10. Would an increase in minimum wage lead you to make any of the

following financial adjustments? (Select all that apply)

- Increase prices
- Reduce hours for employees
- Lay off employees
- Invest in automation
- Reduce employee benefits
- Others
- Other
- Other

B11. What percentage of the total returns to your business is attributed to labour costs?

- 1 - 10 %
- 11 - 20 %
- 21 - 30 %
- 31 - 40 %
- 41 - 50 %
- 51% and above
- Other

B12. How would the implementation of the minimum wage impact the labour costs (Percentage wise)?

- 0 - 10 %
- 11 - 20 %
- 21 - 30 %
- 31 - 40 %
- 41 - 50 %
- 51% and above

Section C: Implementation Preferences and Support

C1. Do you believe the government should provide any support to businesses in implementing this wage increase?

Yes
No
Not Sure

C2. What is your preferred approach for phasing in the Minimum Wage?

C3. What support mechanism would you need from government to implement the minimum wage effectively?

C4. Following the above mentioned (Q21) support mechanisms and improvements that you would need from government to implement the minimum wage proposed, mention only three (3) in order of importance?

C5. What strategies would you suggest for ensuring smooth implementation across industries

Thank you for taking the time to complete this survey. Your feedback is vital in helping Business Botswana engage effectively with the government and advocate for policies that support a thriving private sector. Together, we can work towards solutions that balance economic growth and social well-being.