Small is Not Always Beautiful: Public Enterprise in Botswana

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Abstract

Botswana's State enterprise sector has drawn praise for its small size (around ten in the mid-1980s), the government's prudence in resisting pressure to create State-owned enterprises, the apolitical choice of projects and organizations, and the effectiveness of public sector management. The present paper reexamines some of these claims. It looks at the dynamics of State enterprise establishment in Botswana, describes and analyses the managerial forms and capital structures of State enterprises and explores the issue of managerial competence and financial performance. It concludes that the sector's establishment was not apolitical, as some would like to believe, and that its smallness is more apparent than real. While some State enterprises are profitable, by no means all State enterprises have done well. Moreover, State enterprise success has had a lot to do with the State, which has played critical roles in enterprise establishment, structuring and operations, securing finance and protecting State enterprises from several market forces, amongst others through its financial and labour policies. State enterprises have also been deeply enmeshed in politics and political support has been critical to managerial success. Finally, expatriate managers and consultants are not an automatic guarantee of success.