

Small Car Wash Business in Botswana and the Desperate Youth: Entrepreneurs or Employment Seekers? A case study of Gaborone

Motsomi Ndala Marobela

University of Botswana

E-mail: marobela@mopipi.ub.bw

Hanna Mebratu-Beyene

University of Botswana

E-mail: hanicameb@gmail.com

John Peter Waziri Shunda

University of Botswana

E-mail: John.Shunda@mopipi.ub.bw

Received: Oct. 18, 2016 Accepted: Nov. 15, 2016 Published: Dec. 12, 2016

doi:10.5296/csbn.v3i2.10452 URL: <http://dx.doi.org/10.5296/csbn.v3i2.10452>

Abstract

In recent years Botswana has witnessed an unprecedented boom in small business informal car washers. This paper explores the emergence and spread of this phenomenon, with specific attention to the capital city, Gaborone, where there is a high concentration of small car washers. Relying on critical realist philosophy and the entrepreneurial ecosystem conceptual model, we explore the issue of youth self-entrepreneurship against the critical factor of employability. Our findings reveal a number of pointers to socio-economic needs and vulnerable livelihoods. While Botswana economy has been largely characterised by growth, however the economy is not creating jobs, hence the unemployment crisis, which pushes many young people to seek alternative means of survival. In this context car wash entrepreneurship becomes appealing as it is relatively simple to start and requires little start-up capital. Car wash businesses provide hope to desperate youth in search for jobs, as

well as contributing to the economy. However, in the long term this option is not sustainable and profitable in its present form. This calls for robust policy intervention to formalise it to SMME status.

Keywords: Entrepreneurship, Youth Unemployment, Botswana, Car Wash Business

1. Introduction

This research explores the proliferation of small/informal car wash businesses in Botswana, with particular focus on the capital city, Gaborone. In recent years, Botswana has seen a huge increase in imports of second-hand cars, thanks to former President Festus Mogae, for liberalizing trade and opening up the importation of cheap Japanese second-hand cars. Now many people, who hitherto could not afford to buy a car, are now driving these cheap imported cars. Not only the working class can afford to buy them, but also even students can save and buy them from their allowances. This research set out to investigate if the proliferation of small scale car wash businesses in Botswana is a response to the high youth unemployment rate in the country or whether it is a sign of growth in entrepreneurship and entrepreneurial orientation of the youth. It attempts to explore if the businesses under research contribute to the economic development of the country by way of addressing youth unemployment concerns. It also analyses the challenges and opportunities that exist within the business structure as well as their enabling environment that affect the sustainability and potential growth of these businesses for car washers, as there is a substantial spill over effect as they are now able to get more customers who want their cars washed.

2. Background and Context

When she gained independence on 30th September 1966 from Britain, Botswana was “one of the poorest countries in Africa with a per capita gross domestic product (GDP) of about \$70 (Note 1). However, the discovery of diamonds became a game changer which turned the country around from poverty into affluence. Since independence, the mining industry has played a pivotal role in the development of the Botswana economy, catapulting Botswana to the status of an upper middle income country, with per capita GDP in 2013 at constant 2006 prices of Pula 37,119.70 and real annual GDP growth rate of 5.9% in 2013 (Statistics Botswana Annual Report 2013/14, p. 28). This remarkable economic growth is however paradoxical as it has not translated development into the creation of employment and significantly improved the welfare of the populace. For example, recent IMF consultation mission to Botswana emphasised that “despite major progress in poverty reduction, unemployment remains high at nearly 20 percent” IMF (2015) (See Note1). In light of the recent string of retrenchments of workers in the mining sector and foreclosures, the situation could get worse than better. More significantly the hasty closure of the copper and nickel mine in the northern town of Selibi-Pikwe has spelled doom to over 5000 miners and their families who have depended on working in the mine for survival for decades. Hence they will add to the mass of unemployed statistics. Even when the governments comes with measures such as the economic stimulus package (ESP) (Note 2) to ameliorate the situation, the crisis of unemployment is deepening as populist programmes do not really address the problem and provide a solution—creation of jobs with sustainable benefit.

As Marobela (2011) has contended the main reason for high unemployment is because mining, which a major revenue earner for the economy is a capital and not labour-intensive industry, thus it creates little employment. Jefferis (2009, p. 72) also maintains that “while mining has a substantial impact on GDP growth, the balance of payments and government

finances, its direct impact on employment is smaller, ...mining activities employ only about 9200 people, around 3% of the employed labour force.” Although the mining industry currently contributes the largest share of 20% to Botswana’s GDP, diamond production, for example, contributes “less than five per cent of total employment....Modest employment of about 3,000 has however been created from current efforts to further processing of diamonds in the country in terms of cutting and polishing (<http://www.sundaystandard.info/high-unemployment-botswana-despite-economic-growth>, retrieved 4th June 2016).

In contrast, the agricultural sector, which is “among the lowest contributors to the country’s GDP at less than five per cent, is the biggest employer with a 30 per cent contribution” (<http://www.sundaystandard.info/high-unemployment-botswana-despite-economic-growth>, retrieved 4th June 2016). Therefore, despite its low contribution to Botswana’s GDP as compared to the mining industry’s contribution, the agricultural industry is creating more jobs than the mining industry, which is largely capital intensive.

With a population of just over 2 million, unemployment is a source of concern for Botswana, with the youth significantly affected. In 2013 unemployment rate was estimated at 20%, and was concentrated “among the youths of age group of 18 to 34” (Botswana AIDS Impact Survey IV, 2013). As noted above, youth unemployment is an issue of great concern to policy makers, and the Government of Botswana has introduced a number of schemes to address the problem of “youth unemployment” (Youth Empowerment Scheme, Out of School Youth Grant, Young Farmers Fund, and Youth Development Fund) and “job-shadowing and experience-gaining schemes” (National Internship Program, and National Service Program), and the Graduate Volunteer Scheme, “intended to facilitate skills development and transfer to young graduates” (<http://www.mmegi.bw/index.php?aid=50575>, accessed 4th June 2016).

While a study has to be carried out to evaluate the extent to which these schemes and programs have contributed to the development of an entrepreneurial spirit among the youth in Botswana, the findings of a Botswana Institute for Development Policy Analysis (BIDPA) investigation into another Government of Botswana program, a labor intensive public works program called Ipelegeng, are instructive. The majority of the respondents (82%) felt that “the program had assisted them improve their welfare,” but the “notion that Ipelegeng could be used as a vehicle for entrepreneurial skills and small business development was rejected by 62.6 per cent of the respondents and endorsed by only 37.4 per cent,” prompting BIDPA researchers to conclude that “Ipelegeng is weak as an Entrepreneurial vehicle” (http://www.bidpa.bw/news_event/ndetails.php?id=8, retrieved June, 5. 2016).

Another initiative to create employment among the youth in Botswana is the subject matter of this research: car wash business. Recognizing the potentiality of the car wash business to generate employment among the youth, the Ministry of Youth, Sport and Culture, through the Youth Empowerment Scheme (YES) Program, hosted a Car Wash Symposium in October 2013, targeting young people in the car wash business or those interested in the car wash business. The Ministry noted that the symposium came “in the wake of the water rationing, regulatory/licensing instruments, land allocation, zoning and other challenges and

opportunities” and that the objective of the symposium was to “come up with innovative strategies for sustaining the Car Wash Industry” (Note1) Car wash licence and licence fee are provided for under the Trade Act, and car wash is one of the activities reserved exclusively for citizens of Botswana (<http://www.bitc.co.bw/trading-licence>, accessed June, 5. 2016). Legal regulation of the car wash industry is a clear indication of the importance the Government of Botswana attaches to this industry in helping to reduce unemployment among the youth.

Okorie et al. (2009) investigated youth’s involvement in car wash activities (CWA) as a pull on agricultural labor. They found that, although CWAs brought daily earnings to the youth, 82.2% of the respondents indicated that their involvement with CWAs barely met their basic needs, while, furthermore, 93% of the respondents could not see any future in CWAs (Okorie, et al., 2009, p. 87). With respect to job satisfaction, the majority (84.1%) of the respondents were not satisfied with the level of job satisfaction in CWAs, and the researchers concluded that “lack of skills for alternative livelihood strategies among the respondents, and also the daily earning which their engagement in CWAs guarantees” kept the respondents still involved in CWAs (Okorie et al., 2009, p. 87). These two factors apparently acted as exit barriers from the car wash industry for the respondents. This is an interesting scenario because often it is barriers to entry that keep new entrants from entering an industry (Shunda, Marobela, & Ganamotse, 2015).

While Government’s effort to reduce unemployment among the youth is a laudable goal, a prologue to such an effort should be training the entrepreneurs before they started their businesses. A National Experts’ Survey (NES) carried out in Botswana indicated that “education and training were not good enough to support entrepreneurship development in Botswana” (Global Entrepreneurship Monitor, Botswana National Report, 2013, p. 7). This view is sustained by Shunda, Marobela, & Ganamotse (2015), who found that only a small proportion of respondents (12%) received some form of training before or after starting their businesses in retailing in Botswana.

In addition, NES identified the following as constraining factors to entrepreneurship development in Botswana (Global Entrepreneurship Monitor, Botswana National Report, 2013, pp. 7-8). Firstly, research and development transfer “was considered the most constraining factor, as there was limited support for engineers and scientists to commercialize their ideas through growing firms”. Secondly, government programs “were considered a key constraining factor, as the experts were not quite satisfied with the support from these programs” in the form of finance, education, and mentoring (through CEDA and LEA). The third constraint identified by NES was government policies, as “the experts perceived government bureaucracy, regulations, and licensing requirements to be too prohibitive thus constraining entrepreneurship development in Botswana.” While the Government of Botswana has provided an enabling environment to promote entrepreneurship in the country, there is still a host of factors which acts as constraints to entrepreneurship in Botswana.

3. Literature Review

Entrepreneurship has long been recognised as a catalyst for economic growth; hence Schumpeter (1934), in his book, “*Theory of Economic Development*,” (See Herbert & Link, 1988, p. 43) described entrepreneurship as the “persona causa” of economic development. Hodgets & Kuratko (1995), cited by Hill & McGowan (1999) also recognised this contribution when they emphasized that not only do small businesses create employment, they are also the drivers of economies globally. Arguably this is why there is a strong relationship between entrepreneurship, economic progress and employment creation. For example, some researchers have argued that entrepreneurship is a panacea for unemployment (Oladele, Akeke, & Oladunjoye, 2011). However, it remains to be seen if indeed entrepreneurship can be the answer to the challenges of capitalism. In Africa it still remains a daunting challenge to harness the power ascribed to entrepreneurship as leverage for economic performance and employment creation. Despite the development of the private sector, governments still grapple with the mass of people still in search of elusive jobs. Therefore, it follows that an examination of the economic structure is fundamental in analysing the root cause of lack of jobs, the associated consequences and why young people are eager to venture into entrepreneurship against all odds.

The economic progress of a country is reflected by the quality of life of the people. In Botswana and many African countries, including the so-called developed countries, which have a higher standard of living, people still struggle to put bread on the table because opportunities for employment are limited. In particular, the youth who complete secondary and tertiary education with the hope of getting jobs are the most affected.

It is in this context that youth unemployment is linked to entrepreneurial informal business ventures, which have emerged more recently. This employment insecurity sometimes leads to negative anti-social outcomes such as crime (Anho, 2014) and engagement in drugs. When young people are left out from the mainstream political and economic sphere there is general apathy and alienation. As observed by Durham (2004), young people in Botswana were economically disaffected, and complained of lack of participation and jobs, and identifying them as “unemployed or out of school problems, and a new entrant into the modern labor economy”, which is already saturated in terms of providing new job offers.

Most literature on African economics widely recognises Botswana’s outstanding economic performance. Unlike other African governments which have witnessed what economists have termed resource curse, Botswana has used its vast cash inflow from diamonds to invest in infrastructural development and social development, such as education, roads, schools, and health. However, these projects are not income generators but consumers, which continue to tap from an economy which has not diversified beyond diamond mining and struggles from harnessing the power of agricultural industry, which has potential of creating jobs. The urgency for diversification and its link with the development of entrepreneurship has been well captured by a visiting U.S. professor to Botswana, Michael Goldberg, with his call for the “replacing diamonds with start-ups” (http://www.huffingtonpost.com/michaelgoldberg/replacing-diamonds-with-s_b_7849812.ht

ml, accessed on 1 June 2016). Other poignant observation (see Laing, 2015), such as, diamonds are not forever, has been drummed up to show the criticality and calamity that can befall the nation as result of failure to diversify. This is a genuine concern, given the anticipated decline in diamonds revenue, the sources of income streams remain constricted to one sector which is highly vulnerable to global economic and market fluctuations as evidenced by the current downturn (see Marobela, 2008).

The continual dependence on diamond mining poses a great danger to economic sustainability and social stability of Botswana. Considering the rate of poverty, unemployment and income disparities, entrepreneurship has become a critical imperative (see Makgosa & Ongori, 2012) to Botswana policy makers. In the light of these socio-economic hardships and challenges, the Government of Botswana has long recognised the need to support entrepreneurial development to mitigate the scourge of unemployment especially amongst the youth who constitute the majority of the population.

Botswana has a long history of support for small, medium, and micro enterprises (SMMEs) which dates back to the 1970s (BIDPA, World Bank, 2011). In 1982, the Financial Assistance Policy (FAP) was introduced to give out financial grants to local entrepreneurs. Accordingly the 1998 SMMEs policy was developed to provide a framework in which small entrepreneurs could be helped boost their competitiveness and sustainability. This was followed by the creation of the new entrepreneurial mechanisms and initiatives like Citizen Entrepreneurial Development Agency (CEDA), and Local Enterprise Authority (LEA) in 2001 and 2004, respectively, as statutory bodies to empower and promote local entrepreneurship development and growth (Sekwati, 2010). These programs attest to the fact that government is committed to promoting entrepreneurship (Themba & Josiah, 2015), with the hope of creating jobs, especially for the youth who are affected by the scourge of unemployment. However, despite such laudable effort, there are challenges and hindrances which make it difficult for young entrepreneurs to access finance, land and training opportunities. Unlike young farmers who are given substantial grants, it seems small informal non-conventional ventures are neglected. As one young entrepreneur has complained, “We can’t all be farmers as government thinks”.

4. Conceptual Model

According to Welter (2010), in order to understand entrepreneurship, it is essential to contextualize it, that is, locate phenomenon in the context in which it operates. Such contextualization necessarily appreciates the social, economic and political factors which shape the micro level (Marobela, 2009) and gives a glimpse of the environment in which entrepreneurial ecosystem is structured. In this sense, one is in position to appreciate both the opportunities open to and barriers faced by youth entrepreneurs.

We find the below framework developed by Welter (2010) relevant to this study since it situates the study of entrepreneurship in a bigger picture. For example the phase at which Botswana economy is may be a signal to the emergence of car wash business. As argued earlier unemployment is a big problem. The social issues faced by young people are linked to the household and family support systems. The role of institutions in terms of policy support

and providing necessary enabling supportive environment for financing, land acquisition, the legal and training services are all important mechanisms which give context to classification of entrepreneurship.

Table 1. Classifying “Where” contexts for entrepreneurship

Dimensions Type of Context	Omnibus	Discrete (examples)
Business	Industry; market	Stage of life-cycles of industries and markets, number and nature of competitors
Social	Networks; household and family	Structure of networks, density, frequency of network relations; composition and roles of household/family
Spatial	Geographical environments, e.g., countries, communities and neighbourhoods; industrial districts and clusters	Characteristics of physical business location; business support infrastructure; characteristics of local communities and regions
Institutional	Culture and society; political and economic system	Societal attitudes and norms; legal and regulatory regulations; policy and support measures

Source: Welter, 2010.

Many young people in Botswana remain unemployed and those who try self-employment are on the margins, and forced into entrepreneurship for subsistence. One such business venture which has sprouted from the harsh economic reality of lack of employment opportunities is the car-wash sector. Botswana’s liberal policy of allowing its citizens to import used Japanese cars has seen an implosion of a secondary market which is much more affordable than previously when people were at the mercy of expensive car dealers like Toyota, which virtually dominated the market. Now cars are affordable and they come cheap in line with your pocket. It this opening that has seen young people, mainly males, setting up temporary makeshift structures to serve as car wash stations.

One of the notable things peculiar to small car wash business is that many of them were not registered formally, and did not have trading licences. This is not surprising as a study conducted by BIDPA-World Bank (2011) found that “The most common reasons that respondents gave for not registering their businesses included the desire to avoid four things: paying taxes, compliance with labour laws, prohibitive registration fees, and the cost of compliance with other aspects of business regulation.”

It appears formal marketing is not taken seriously by car washers, for they only approach the customer on noticing a car approaching, though some try to make their services as convenient as possible by providing chairs and seats. Only one car washer tried to use the notion on bundling services (Guiltinan, 1987) by availing customers current newspapers to read and pass time productively while waiting for their cars to be finished. Bundling of services is a

potential opportunity which car washers in Botswana have not explored, yet it has a potential of growing their businesses. For example, car washing can easily fit with minor car repairs, which are not hazardous to the environment, such as auto-electrical repairs.

5. Philosophy, Methodology and Methods

This study draws from interpretivist paradigm to understand reality from the standpoint of the respondent. According to Travis, cited by VanWynsberghe & Kan (2007, p. 8), interpretivism “focuses on meaningful social action and an in depth understanding of how meaning is created in everyday life and real world”. Thus the intention is not only to interpret, but to explore the respondent’s perceptions about a phenomenon. In that respect, a paradigm helps to understand phenomena (Creswell, 1994). Because the scholarship goes beyond simple interpretation, our approach is closer to what Doolin & McLeod (2005) have termed “critical interpretivism” as we sought also to critique issues instead of taking things as given.

Our research design relied on survey methodology. The research targeted a sample of 50 small scale car wash businesses in different parts of Gaborone and data was collected using a questionnaire that sought information on the profile and characteristics of the people who venture into small car wash businesses, key factors that lead to start-up of these businesses, and extent to which small car wash businesses answer unemployment concerns in Botswana.

The data collection method was based on a purposive sample of select small car wash businesses in Gaborone. This entailed personal intensive interviews, conducted with car wash workers/owners/managers to understand their lived experiences, employment history, socio economic situation, and how that was infused with their entrepreneurial goals. Moreover, participants’ observations were used overtime by researchers as they interacted as real customers by taking their own cars for washing. These interactions provided useful insights into the workings, structure, and relations of small car wash businesses. For example, we realised that not all car washers are owners: some are in fact employed by other people who are engaged in full-time work elsewhere; hence the potential for exploitation is very high. Another dimension is that of co-ownership where two or three young people work together and share returns in terms of number of cars washed. In one instance, we found that a car washer doubled as a security guard to complement the meagre income: at night he would be guarding somewhere, and during the day he would be his own boss washing cars.

6. Data Analysis and Discussion

This section discusses demographic factors pertaining to car wash business owners and managers. It also analyses data related to motives for car wash start-ups and proliferation, contribution of car wash business to addressing youth unemployment and sustainability and growth of small car wash businesses.

6.1 Gender

Of the 50 car wash businesses surveyed, 96 % of them were owned by single male and only 4 % by single female revealing that car wash business venture is predominantly a male dominated business activity in Botswana. This contradicts the findings of GEM Botswana

survey, which indicates a significantly higher percentage of female participation (60%) in nascent and new entrepreneurship activities (GEM Botswana, 2012). Our finding is also asymmetrical with the findings of another survey conducted in Botswana, which highlights that the majority of businesses operating in the informal sector are managed by women, accounting for 67.6 % with most of them operating from owner's homes or along the roads (<http://allafrica.com/stories/200811241565.html>, retrieved on 28 June, 2016).

These studies contradict not only the generally held notion that women are not in most cases at par with men in venturing into business opportunities but also our finding which shows only 4% participation of women in the growing small car wash businesses in Botswana. Some researchers attribute such limited participation of women in business venturing to a combination of various factors including the stereotypical gender roles, disproportionate family responsibility that leave women with little time for business ventures, access to resources, low level of education for women, differences in personal attribute of risk taking and other related personal and socio economic factors (Caliendo et al., 2014, Langowitz & Minniti, 2007). What actually caused such a huge gender disparity in car wash business venturing in Botswana, a country with a high report of general female involvement in the informal business sector, needs to be explained but is beyond the scope of this study.

6.2 Age Distribution

Our findings show that the majority of the people who venture into small car wash business in Botswana are between the ages of 20 and 35 with only 10% of the surveyed population being 36-50 years of age.

According to Botswana Youth policy, youth is defined as a person aged between the ages of 15-35 (National Youth Policy, 2010). Applying this definition to our findings shows that car wash business in Botswana is a youth dominated business activity with 90% of the car wash business owned by youth aged between the ages of 15 and 35 years. This finding helps raise the question of understanding the relationship between increasing car wash business ventures and the rising youth unemployment, which will be addressed in subsequent sections of this paper.

6.3 Education Level

The research data also reveals that 88% of those who ventured into car wash business have attained an education level of an upper secondary or below. Table 2 below shows the age distribution and education profile of car wash business owners in Botswana.

Table 2. Respondents' age and level of education

Age Range	Female	Male	Total	%female	% male
20-25	0	16	16	0%	100%
26-30	0	19	19	0%	100%
31-35	2	8	10	20%	80%
36-40	0	3	3	0%	100%
41-50	0	2	2	0%	100%
Education					
Pre primary	0	0	0	0	0
Primary			4	0	8
Lower secondary	0	19	19	0	38
Upper secondary	0	21	21	0	42
Vocational training	1	0	1	2	0
Diploma	1	4	5	2	8

Research supports the notion that education level is one of the determinant demographic factors for accessing or limiting formal employment opportunities leading the affected to informal business ventures (Akintoye, 2008). The finding from this research supports this notion, where 88% of the sample population have attained education level of secondary education or below with more than the 50 % out of these at lower secondary education levels, thus with limited access to formal employment. This is validated by the finding that shows more than 70 % of sample population respondents have unsuccessfully searched for employment before venturing into car wash businesses. It is also important to note here that 95.2% of those who have upper secondary education attainment and 100% of those with vocational level education in the sample population have looked for a job before their car wash venture and have indicated lack of employment as the strongest reason for venturing into the car wash business.

While access and entry to such informal small scale business ventures may not be restricted by education levels, studies show that succeeding, sustaining and growing these businesses may require strong education and training background. So what does this mean to the booming car wash businesses ventured by people with limited education level?

6.4 What Motives Lurk Behind the Proliferation of Car Wash Businesses in Botswana?

Our findings show that 36% of the surveyed car wash businesses were established within the last 1 year, while 22% are 2-3 years old. This makes 58% of the sample population young businesses with less than 3 years of age. Although car wash business existed for more than 20 years in Botswana, it is evident from the data that the number of car wash business ventures is increasing at an accelerated rate. So what internal and external factors are responsible for this proliferation of the car wash business ventures in Gaborone? Is it the pressure from rising unemployment or recognition of potential business opportunity?

Entrepreneurship literature and research presents entrepreneurial motives as a dichotomy of two motivational factors referred to as: necessity versus opportunity factors (Williams & Round, 2009). Necessity entrepreneurs engage in entrepreneurship to avoid unemployment, whereas opportunity entrepreneurs pursue a recognized opportunity for profit and these are also sometimes referred to as a “pull or push” factors with market opportunities being referred to as pull factors and lack of employment opportunity as push factors (Startiene & Remeikiene, 2009).

In line with this framework our research investigates which of these factors is responsible for the growing number of car wash businesses in Botswana. Our methodology follows analysing respondents’ responses to the following four lines of questions: 1) what motivated them to venture into car wash business?, 2) which of the driving factors was the leading factor for them?, 3) whether they had any prior employment experience before venturing into car wash business?, and 4) for those with prior jobs but currently unemployed, what factors lead to loss of their jobs?

The finding to the first question shows that 52% of the sample population stated that their start-up was motivated by the desire to capture business opportunity, while 48% indicated lack of alternative employment or the need to augment their low earning part time jobs. When asked to rank the strongest reasons for venturing into car wash business, 42% indicated lack of employment as the top reason, 46% to increase personal income, while for the remaining 12% the motive was to gain greater independence. This shows that for 88 % of the respondents the main driving force was fulfilling basic economic necessities.

Furthermore the results also show that 33 respondents (70% of the sample population) did have jobs (either part-time or full-time) before venturing into car wash businesses, while 30% never had previous employment experience. Of these 33, 34% left their jobs due to layoff and end of contract by companies, 42% due to low and insufficient payment in their jobs hence in search of better alternatives, 15% to pursue business opportunity, while 9% are still holding their jobs on part-time basis, while venturing on other alternatives such as car wash to augment their low income level.

In summary, before venturing into car wash business, 30% of the sample population never had prior jobs, 20% lost their jobs due to lay off, 30% left their jobs due to low and insufficient payment in search of better alternatives, 14% to capture business opportunity, while 6% kept their jobs on a part-time basis. This shows that for 86% of the sample population (80% who did not have any other source of income to support their livelihood as well as for the 6% who have insufficient income from their part time jobs), venturing into a car wash business was clearly a matter of necessity. For the 14%, who voluntarily and purposefully quitted their jobs to venture into small car wash business, the motive appears to be more to exploit business opportunities and gain financial independence.

But is necessity the only factor involved even for the 86% who are driven by necessity? To explore the possible existence and influence of other external and internal motivating factors, respondents were asked to rate the enabling role of government as well as evaluate their own entrepreneurial characteristics/propensity.

In relation to the external enabling factor, 72% of respondents confirmed that government's enabling and encouraging policies played a strong role for their car wash start up. This could be the result of government's youth empowerment programme which particularly target and encourage the out-of-school, marginalized and unemployed youth to venture into sustainable and viable income generating projects (<http://www.gov.bw/en/Ministries--Authorities/Ministries/Ministry-of-Youth-Sport-and-Culture-MYSC/Tools--Services/Services--Forms/Youth-Development-Fund/> accessed on 5 June, 2016) as well as symposium organized by the Ministry of Youth, Sport Culture, to particularly sensitize and encourage youth groups to venture into, register and operate car wash businesses. (<http://www.gov.bw/en/Ministries--Authorities/Ministries/Ministry-of-Youth-Sport-and-Culture-mysc/mysc-news/yes-car-wash-symposium/> (Note 3))

The combined effects of policy that eased the inflow of cars into the country which created the demand from one end and the youth empowerment program that encourages income generating projects by the youth on the other hand appear to have created an opportunity and pull factor for car wash ventures to boom. This proposition is also in harmony with the finding that 80% of respondents expressed their desire to sustain their car wash business despite securing other opportunities implying that there also lies an opportunity factor that motivates respondents to engage in the car wash business.

In synthesis therefore, our findings lead to a conclusion that proliferation of car wash businesses in Botswana is largely driven by necessity factors, while opportunity factors created by market conditions and an overall enabling policy environment also work in tandem to motivate and sustain car wash business. This is consistent with the findings of a study done on entrepreneurs' motives of informal entrepreneurs in Moscow, which concluded that "...for some 80% of informal entrepreneurs, both necessity- and opportunity-drivers were co-present in their decision to start up an enterprise and there was also a clearly identifiable shift in their motives away from necessity- and towards opportunity-drivers as their ventures became more established" (Williams & Round, 2009). In line with the last point of the cited research, our finding also confirms that there is a clear distinction between entrepreneurial motives of the young, unregistered car wash businesses and the older, more established and licenced car wash businesses, where 73% of the latter group indicated opportunity as a strong motivating factor to start up and sustain their car wash business.

It is also interesting to note that 100% of the 70% sample population who expressed that they will not opt to quit their business despite securing other employment opportunities rated themselves positive for being an entrepreneur. In contrast, 54% of the 30% who expressed the desire to leave car wash businesses if they secure other employment rated themselves negative for being an entrepreneur. These findings point to the possible role that the entrepreneurial propensity of the people who venture into car wash businesses has for deciding to venture into these businesses, a dimension that also deserves a closer investigation.

6.5 Do Car Wash Businesses Address Unemployment Concerns in Botswana?

Though a contested view, there is a considerable research supporting the connection between entrepreneurship and unemployment that they are intertwined (Akintoye, 2008). Increase in unemployment and job necessity leads to more business start-up and more start-ups contribute to reducing unemployment rates (Thurik et al., 2008). The contribution of informal sector and business start-ups in addressing unemployment concerns is gauged by their ability to address the livelihood needs of those who venture into the business as well as by the number and quality of jobs they create in the economy (Desai, 2009). Consistent with this view our methodology focused on analysing responses made to the following 4 questions: 1) assessing the perception of the respondents about the impact of their business on their personal economy, 2) investigating how these feelings and perceptions have actually impacted on the job searching decision of the group, 3) reviewing the number of jobs these businesses have created for others, and 4) assessing the entrepreneurial reward for the self-employed only and the monthly salary pays these businesses provide to their employees.

With regard to the contribution of their business to their personal economy and family livelihood, 98% of respondents agree that car wash business provides them with the means of livelihoods and satisfying their basic needs, 94% agree with the statement that car wash business served them as a viable alternative to other employment opportunities. On the other hand for 72% of respondents car wash business is their sole source of income and livelihood while 26% have indicated additional income. This finding differs from the findings of a study made in Nigeria that was cited earlier in this paper, which found that, although car wash business was able to provide daily cash flows to the business owners, it was considered far from being sufficient to support the livelihood of their family, and hence the researchers' conclusion that it was not a viable alternative to employment (Okorie et al., 2009). To triangulate these widely held positive views about the economic contributions of the car wash businesses, the researchers investigated the impact of this view on the job search decision patterns of the respondents using three questions: 1) whether or not respondents looked for other employment opportunities before venturing into their car wash businesses, 2) whether or not they have stopped searching for other job opportunities after they ventured into car wash business?, and 3) whether or not they will decide to quit the car wash business if they get other better employment alternatives?

Our finding to the above shows that 78% of respondents looked for other employment opportunities before setting up their car wash businesses and out of these only 56% continued searching for jobs after venturing into the car wash business. This shows that the number of respondents who are actively searching for jobs after car wash ventures has decreased by 28.2%, which indicates that car wash business has to a certain degree contributed to addressing unemployment concerns in this case primarily through providing self-employment opportunities to the people who venture into the business.

However, evaluating the contribution of business start-ups to addressing unemployment concerns should not only be limited to looking at self-employment opportunities but must also extend to assessing the ability of the business in creating job opportunities for others

(Desai, 2009). In line with this, our finding shows that 32% of the surveyed car wash businesses have secured only self-employment for the owners while the remaining 68% in addition to providing self-employment have provided jobs for one or more people.

According to Global Entrepreneurship Monitor, Botswana report (2012) early stage entrepreneurs in Botswana employ an average of 2 individuals with projection to grow to 7 jobs in the next 7 years. Consistent with this assertion our data also shows strong correlation between the employee size and the age of car wash businesses where the older and well established car washes have staff sizes of 5 and above, while the younger ones particularly those with less than one year have only one or two employees. This implies that if the emerging young car wash businesses can sustain and grow they will have the potential to create more jobs and contribute their share to addressing the issue of youth unemployment in the country. Furthermore, the contribution of business start-ups to addressing unemployment should not look at only the number of jobs they create but also the quality of job opportunities they provide measured in terms of the entrepreneurial reward it provides to the self-employed (Desai, 2009) as well as the level of pay they provide to their employees. In line with this view our research also reviewed the salary ranges that car wash businesses provide to their employees as well as the entrepreneurial reward for the self-employed represented by the monthly gross income of the business.

Our finding shows that car wash employee salaries range from as low as P 500 to P 2500 per month. Stratifying pay statistics along the lines of business age and registration status reveals a pattern where the older, well established and registered businesses do earn significantly higher income and provide better pay rates than those of the newly emerging ones. Without being compared to a certain point of reference, the above salary and income data will have less value to help gauge the contributions of car wash businesses in creating meaningful job opportunities and address unemployment concerns. We therefore, selected applicable Botswana minimum wage rate as well as the minimum salary level for a comparable position within the Botswana Public Service job category framework to compare these salaries to. According to the 2016 revised Botswana minimum wage law, the minimum hourly wage for Manufacturing, Service and Repair Trades, which are comparable to the car wash service is P5.46 per hour (<http://www.gov.bw/en/ministries--authorities/ministries/ministry-of-labor--home-affairs-mlha/>, accessed on June 28, 2016). Converting this rate to a full-time work arrangement provides a monthly pay of P 961. Similarly, the starting salary for posts in grade A1 of Botswana Public Service is P 22,296 per annum and a monthly allowance of P 339, which is equivalent to a monthly salary of P 1, 268 before tax. These levels are tagged for comparison considering similarity of the nature of jobs involved as well as the level of education requirements and the profile of the respondents where 80% of respondents have attained junior and senior secondary high school levels.

Therefore, our finding shows that 42% of the car wash businesses pay their employees less than the country's minimum wage, while 14% of them pay according to or better than the minimum wage rate, but less than the comparable public service scale and 28% of them pay above the minimum wage and public service rate. The remaining 16 % provide commission

based pay which makes it difficult to gauge average individual pay for comparison. Table 3 shows summary of this comparison.

Table 3.

Car wash employees salary income vs minimum Wage	No of business	%
< Minimum wage	15	42
>Minimum wage but < public service salary	5	14
Above public service salary	10	28
Commission based	6	16
Total	34	100

On the other hand, comparing the monthly gross incomes of the car wash business owners against the same pay parameters reveals that at least 80% of them earn an income level that is significantly above the minimum wage rate as well as the comparable pay within the Botswana public service pay framework.

Table 4.

Car wash monthly income in Pula	No	%
below 1000	3	6
1001-2000	6	12
2001-3000	6	12
3001-4000	7	14
4001-6000	9	18
6001-8000	4	8
8001-10000	6	12
10001-15000	4	8
above 15000	3	6
No information	2	4

However, the proposition that owner managers are getting more than the comparable public pay should be accepted with caution as the gross incomes of the business cannot be considered as being equal to the disposable personal incomes of the self-employed. In line with this, Carter (2011) strongly argues that despite the fact that determining the wage or incomes of the self-employed using the net profit of business or measures such as drawings from the business or drawings plus growth in business equity have been used, these are not reliable and can be misleading as they neglect issues of tax, income declaration and other associated complexities.

6.6 Are Car Wash Businesses Sustainable?

What internal and external enabling factors or challenges exist within car wash business structures and in their contexts preventing or enabling their sustainability and growth? According to Okpara (2011) a number of variables determine the sustainability and growth of small and medium sized businesses including the availability or lack of entrepreneurial skill and experience, capital, poor infrastructure, insufficient profits, and an enabling environment (Okpara, 2011). To understand what factors contribute to or hinder this objective for small car wash businesses under study we collected data on the registration status of these businesses, the kind of support they have received from relevant government programs, if any, what their growth aspiration is, and what challenges they encounter to sustain and grow their businesses.

Our findings show that the major source of capital for these business start-ups was personal saving and family support with none of the respondents accessing financial loan or support from any financial or government institution. Further to this our data also shows that only 29 % of car wash businesses are registered while 71 % are not, indicating possible challenges to access support from formal financial and government institutions. On the other hand, while 92% of respondents recognize that car wash business is highly competitive and succeeding and growing the business will require support in many areas including human, financial and institutional capacity building, 76% of respondents never received any form of business management or technical training before or after venturing into their business that could have assisted them in managing their business. Of the 24% who reported to have received some form of training, 95% of them reported to have received training on simple on the job car wash operation techniques by their current or previous car wash employers. Only 5% reported having received training from government on subjects related to poverty eradication and customer service training, which were considered as highly beneficial for the management of their business.

With regard to human development there is mixed research result on the importance of education and training for entry and success in business start-ups. Despite this notable disagreement some researchers strongly assert that education and training is one component of human capital that assists accumulation of explicit knowledge that provides skills useful for successful entrepreneurship (Davidsson & Honig, 2003). It is this dominant notion we believe is responsible for the popular adoption of entrepreneurship training and education in education systems with a view to having an impact on the economy through promoting entrepreneurship.

Despite these challenges, 82% of respondents indicated that they see a bright future in car wash business and more than 70% of them have expressed growth aspiration in terms of having the desire to expand the areas and location of their business operation (44%), register for licence (25%), and acquire new equipment and land (25%). This indicates potential and fertile ground for growth and sustainability, if matched by other variables. Evidently then for these car wash businesses, despite the promising potential and growth and desire to enter a highly competitive business terrain with low education profile and zero prior business and financial management training, and no financial or technical support, certainly raises serious

doubts as to the sustainability and growth of these businesses, beyond serving as short term stop gap measures to pacify urgent and underlying unemployment concerns of less educated youth. In summary, the observed decline in employment searching efforts, the reflected positive views about the economic contribution of these businesses from the car wash owners' perspective, and the income level comparison made above, all point to the notable potential that car wash business can contribute towards addressing youth unemployment mainly to those with limited educational attainment by providing answers to their immediate economic concerns and serving them as a stop gap economic measure. Our finding also points to the dangers that challenge the sustainability, growth and potency of the potential that lies in these businesses unless provided with a systematic support that empowers these young entrepreneurs technically, financially and resource-wise driven by a coherent and tangible policy and action. This is consistent with the view that informal sector enterprises contribute significantly to the employment generation and output growth of developing countries such as Botswana. As argued by Akintoye (2008), given the needed support and regulatory framework, these sectors could be a major player in the combat against unemployment.

7. Conclusion

We explored and reflected the causative factors that lead the youth to venture in car wash business in Botswana. One key driving mechanism is the socio-economic conditions and their impact on young people livelihoods. Our study confirms that there is relationship between youth informal entrepreneurship, education and unemployment. Most of the respondents were out of school youth with no tertiary education at all. Prior to starting their own business they have searched for formal employment without success. Ultimately they resorted to car wash business as an alternative. It is clear this nature of entrepreneurship presently provides for livelihoods and satisfying their basic needs. In the long term however, this is not a viable option and sustainable alternative to other employment opportunities which offer decent income. Hence our original thesis: entrepreneurs or desperate employment seekers? Because this is currently their only hope, it is imperative for government to engage this youth who are predominantly male, to find ways of supporting them to be more formalized and be high income generators like car washers found in filling stations. Another intervention would be at policy level in terms of an empowerment regulatory framework that recognizes them as SMMES and thus provide incentives such as training and funding to make them attractive and sustainable ventures.

Our findings reveal that this phenomenon is more than just the pursuit for business and entrepreneurship by the youth. Behind these motives lie deep-seated socio-economic distresses. Poor education, lack of employment, and poverty, these are the driving structural factors which pressure young people to resort to car washing as a stop-gap measure for employment. It is these harsh economic realities that give birth to organize around the youth unemployment movement. Sadly, when they recently marched to parliament to protest and express their concerns, they met with police brutality as the police beat and arrested some of the activists. Going forward there is a need for a fully blown national study to appreciate the

significance and contribution of youth informal car business in Botswana and link them with entrepreneurship policy to provide an enabling environment for them to grow and flourish.

References

- Akintoye, I. R. (2008). Reducing unemployment through the informal sector: A case study of Nigeria. *European Journal of Economics, Finance and Administrative Sciences*, 11, 97-106.
- Anho, J. E. (2014) Entrepreneurship Education: A Panacea for Unemployment, Poverty Reduction and National Insecurity in Developing and Underdeveloped Countries, *American International Journal of Contemporary Research*, 4(3), 124-136.
- Audretsch, D. B., Bonte, W., & Keilbach, M. (2008) Entrepreneurship capital and its impact on knowledge diffusion and economic performance. *Journal of Business Venturing*, 23, 687-698. <https://doi.org/10.1016/j.jbusvent.2008.01.006>
- BIDPA-World Bank. (2011) Promoting Entrepreneurship in Botswana: Constraints to Micro Business Development, Report No. 59916-BW Botswana AIDS Impact Survey IV, 2013.
- Caliendo, M., Fossen, F. M., Kritikos, A., & Wetter, M. (2014). The Gender Gap in Entrepreneurship: Not just a Matter of Personality. *Economic Studies*, 61, 202-238.
- Carter, S. (2011). The Rewards of Entrepreneurship: Exploring the Incomes, Wealth, and Economic Well-Being of Entrepreneurial Households. *Entrepreneurship Theory and Practice*, 35, 39-55. <https://doi.org/10.1111/j.1540-6520.2010.00422.x>
- Davidsson, P., & Honig, B. (2003). The role of social and human capital among nascent entrepreneurs. *Journal of Business Venturing*, 18, 301-331. [https://doi.org/10.1016/S0883-9026\(02\)00097-6](https://doi.org/10.1016/S0883-9026(02)00097-6)
- Desai, S. (2009). *Measuring entrepreneurship in developing countries*. London: Palgrave Macmillan.
- Doolin, B., & McLeod, L. (2005). Towards Critical Interpretivism in IS research. *Handbook of Critical Information Systems Research*. <https://doi.org/10.4337/9781845426743.00020>
- Durham, D. (2004). Disappearing youth: Youth as a social shifter in Botswana. *American Ethnologist*, 31(4), 589-605. <https://doi.org/10.1525/ae.2004.31.4.589>
- Global Entrepreneurship Monitor. (2012). Botswana National Report.
- Global Entrepreneurship Monitor. (2013). Botswana National Report.
- Good, K. (1992). Interpreting the Exceptionality of Botswana. *Journal of Modern African Studies*, 30(1), 69-95. <https://doi.org/10.1017/S0022278X00007734>
- Guiltinan, P. J. (1987) The Price Bundling of Services: A Normative Framework. *Journal of Marketing*, 51(2), 74-85. <https://doi.org/10.2307/1251130>
- Guroly. & Atsan, N. (2006). Entrepreneurial characteristics amongst university students. *Education and Training*, 48, 25-38.

- Herbert, F. R., & Link, N. A. (1998). In Search of the Meaning of Entrepreneurship. *Small Business Economics*, 1, 39-49. <https://doi.org/10.1007/BF00389915>
- Jefferis, K. (2009). The role of TNCs in the extractive industry in Botswana. *Transnational Corporations*, 18(1) 62-92.
- Laing, A. (2015). Botswana hunts alternative income as it realises diamonds are not forever. Retrieved from <http://www.telegraph.co.uk/news/worldnews/africaandindianocean/botswana/12022871/Botswana-hunts-alternative-income-as-it-realises-diamonds-are-not-forever.html>
- Langowitz N., & Minniti, M. (2007). The entrepreneurial propensity of women. *Entrepreneurship theory and practice*, 31(3), 341-364. <https://doi.org/10.1111/j.1540-6520.2007.00177.x>
- Makgosa, R., & Ongori, H. (2012). Perceptions of Entrepreneurial Behaviour in Botswana. *International Journal of Learning & Development*, 2(3), 2164-4063. <https://doi.org/10.5296/ijld.v2i3.1885>
- Marobela, M. N. (2007). The Political Economy of Botswana's Public Sector Management Reforms: imperialism; diamond dependence and vulnerability. *Globalization Journal*. Retrieved from globalization.icaap.org/content/v7.1/Marobela.html
- Marobela, M. N. (2009). Labour relations in Botswana's small business—real employment of disguised unemployment—Real Employment or Disguised Unemployment. In M. S. Gupta (Ed.), *Labour and Sustainable Development*. New Delhi: Serials Publications.
- Marobela, M. N. (2011). Tourism and Decent Work in Botswana: from private to a collectivist model. *African Journal of Hospitality, Tourism and Leisure*, 1(3), 1-9.
- Okorie, V. O., Torimiro, D. O., Ojo, T. F., & Kazim, O. K. (2009). Youth's involvement in car wash activities: A potential pull of agricultural labour in Osun State, Nigeria. *Journal of African Educational Research Network*, 9(1), 83-94.
- Okpara, J. O. (2011). Factors constraining the growth and survival of SMEs in Nigeria: Implications for poverty alleviation. *Management Research Review*, 34, 156-171. <https://doi.org/10.1108/01409171111102786>
- Oladele, P. O., Akeke, N. I., & Oladunjoye, O. (2011). Entrepreneurship Development: A panacea for Unemployment Reduction in Nigeria. *Journal of Emerging Trends in Economics and Management Sciences*, 2(4), 251-256.
- Schumpeter, J. A. (1934). The theory of economic development: an inquiry into profits, capital, credit, interest, and the business cycle. *Journal of Legal Analysis*, 25(1), 90-91. Cambridge, MA: Harvard University Press.
- Sekwati, L. (2010). Botswana: A Note on Economic Diversification. *Botswana Journal of Economics*, 7(11), 79-85. Statistics Botswana, Annual Report, 2013/14.

Shunda, J. P. W., Ganamotse, G. N., & Marobela, M. N. (2015). Large chain supermarkets competition and innovation of small retail shops in Botswana. *Business Management Dynamics*, 5(4), 16-29.

Startiene, G., & Remeikiene, R. (2009). The influence of demographical factors on the interaction between entrepreneurship and unemployment. *Inzinerine Ekonomika-Engineering Economics*, 60-70.

Themba, G., & Josiah, J. (2015). Entrepreneurship Development in Botswana Lessons for Other Developing Countries. *Botswana Journal of Business*, 8(1), 11-35.

Thurik, A. R., Carree, M. A., Van Stel, A., & Audretsch, D. B. (2008). Does self-employment reduce unemployment? *Journal of Business Venturing*, 23, 673-686. <https://doi.org/10.1016/j.jbusvent.2008.01.007>

VanWynsberghe, R., & Khan, S. (2007). Redefining case study. *International Journal of Qualitative Methods*, 6(2), 80-94.

Welter, F. (2011). Contextualizing Entrepreneurship—conceptual Challenges and Ways Forward, Entrepreneurship Theory and Practice. *Future of Entrepreneurship*, 35(1)165-184.

Williams, C. C., & Round, J. (2009). Evaluating informal entrepreneurs' motives: evidence from Moscow. *International Journal of Entrepreneurial Behavior & Research*, 15, 94-107. <https://doi.org/10.1108/13552550910934477>

Notes

Note 1. Every year the IMF conducts an economic assessment outlook of Botswana through a consultative process with relevant stakeholders, which culminates in an advisory report. See, IMF (2015) Country Report No. 16/103. Botswana, Article IV Consultation Press Release.

Note 2. Since with the 2008 global economic crisis, Botswana experienced a depression of the economy, some the mines were temporarily closed and others have permanently shut such as Discovery Metals. The country has since not recovered from this affliction as reflected with constant budget deficits. As response the government introduced the Economic Stimulus as an incentive package to inject more money into infrastructure and new projects to boost the economy to create jobs.

Note 3. Recognizing the enormity of youth unemployment in Botswana, the Ministry of Youth Sports & Culture has been at the forefront youth empowerment by advocating for exclusive reservation in tendering and special discounted benefits for youth projects. The Car Wash Symposium was one such intervention geared at helping and finding ways to support them.

Copyright Disclaimer

Copyright for this article is retained by the author(s), with first publication rights granted to the journal.

This is an open-access article distributed under the terms and conditions of the Creative Commons Attribution license (<http://creativecommons.org/licenses/by/3.0/>).