

Zambian Public Holidays and Business Growth- Exploring Linkages for Economic Growth.

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ABSTRACT

This study aims at determining the impact abruptly announced public holidays in Zambia have on dimensions of business growth and its linkage to sustainable economic growth and development. The research paper discusses the impact that designated and abruptly announced public holidays have on business and the economy. The research focused on the financial, hospitality, manufacturing and retailing. The purpose of the research was to determine if there was a link between public holidays and business growth. The stoppages in the business activities may have a bearing on the core reason of setting up a business which is to meet the needs of the clientele. The design for the study was descriptive which involved the systematic collection and presentation of data in order to have a very clear picture of a given situation because this emphasizes on a greater degree of generalization and description. Further, the respondents were from the 4 sectors namely financial, manufacturing, retailing and hospitality picked based on significant contribution to the Zambian economy. Secondary data was collected mostly through literature reviews that showed that public holidays have both positive and negative impacts on businesses in various sectors. Findings were that there was lost day of production and employees received an extra paid day off work. Public holidays increased tourism and entertainment related expenditure. Hospitality and entertainment industries recorded more revenue as people had more leisure time thus spent more money. Further, it is likely that the additional expenditure by consumers on these days was partly offset by reduced consumption during normal working days. Additional public holidays will result in a cost to Zambia's economic output in the form of foregone production. The research recommended a policy review of the public holidays as they impact on business growth and subsequently economic growth. The research further recommended sensitization to the general citizenry on the challenges associated with stoppages in the chain of production.

Key words: Public holiday, Business, Entrepreneur, Economic Growth, Linkages

1. Introduction

A vital area to foster development and contribute to the attainment of the MDGs is employment creation, to which private sector development is essential. According to the World Bank's Doing Business index (2016), sub-Saharan Africa is the region with the least business-friendly environment. Zambia, however, has experienced a dramatic improvement in the last few years. At present, Zambia ranks 76th in the world and 6th in Africa in terms of ease of doing business (PWR, 2015). Within the different dimensions that comprise the Doing Business index, important reforms were undertaken in Zambia in 2010 with regards to 'Starting a Business', 'Trading across Borders' and 'Enforcing Contracts'.

Thus, Zambia eased business start-up by eliminating the minimum capital requirement. Additionally, the country eased trade by implementing a one-stop border post with Zimbabwe, launching web-based submission of customs declarations and scanning machines at border posts (Gondwe, 2016). Finally, Zambia improved contract enforcement by introducing an electronic case management system in the courts that provides electronic referencing of

cases, a database of laws, real-time court reporting and public access to court records.

Zambia is ranked 115th out of 139 countries in terms of competitiveness. Policies should be targeted at easing supply-side constraints in transportation, storage, communications and local entrepreneurs' easy access to open markets, particularly for agricultural produce (JCTR, 2017). Efforts to expand the domestic revenue base through effective taxation policy and its full administration is a must, as ODA,(2015) shows greater volatility and even decline in the coming years. The use of the fiscal space for an increase in investments in human development is a strategy used effectively by countries that show significant progress on human development. The easing of regional and global trade barriers through common agreements will be key to a more robust and open trading regime that spurs balanced growth.

Economists have long focused attention on work stoppages and delays as classic examples of a beginning of slow in growth of a business. Work stoppages and delays can be viewed as an investment as there is the giving up of current resources in the hope of gaining larger returns in the future. Misheck (2016) showed that work stoppages tend to be good investments for

revamping employee morale and poor investments for businesses. If work stoppages are negative corporate investments, a reduction in business' value should be reflected in negative share return during the period of production stoppages.

A considerable amount of research has focused on the antecedents of work stoppages (Chilufya, 2013). Other research have focused on the results of work stoppages from an economy-wide point of view (Christen, 2009; Nomad & Reder, 2014).

Still other studies have focused on the costs of production stoppages at the micro or firm level. Ronald (2008) divided production stoppages costs into three categories. First are pre-stoppage costs, including productivity lost because employees are discontented and revenues lost because customers who are faced with the likelihood of stoppages diversify their suppliers. Second are stoppage costs that include profits lost because of a decline in revenue and executive time lost when executive attempt to operate a firm themselves. Third are long-term costs, which include lost employees, post-stoppages overtime wages, and potential loss of business. Gandz, Dubout and Andrew (1999) pointed that that production stoppages and delays are generally costly to businesses.

Research Issues

Australia has 11, United Kingdom has 8, Canada has 10 and United States of America has 10. Botswana has 17 public holidays, South Africa has 13 and Kenya 13 and Rwanda has 14 public holidays. Zambia has 19 gazetted public holidays and as at August, 2018 it has observed 16 public holidays so far. With a comparatively high number of work stoppages as a result of public holidays the pre- and post-public holiday morale of employees and other stakeholders. Do they have an effect on business growth and what could be the linkage to economic growth?

2. Research Objectives

- 2.1. To explore the linkages between public holidays and business growth
- 2.2. To find out effect that public holidays have on business growth
- 2.3. To discuss challenges and opportunities businesses are exposed to during public holidays.
- 2.4. To critique prior understanding of public holidays' impact on business growth.

Hypothesis:

Hypothesis one;

H0: There is a relationship between public holidays and business growth

Hypothesis two;

H0: there is relationship between operational stoppages and business growth

2.5. Significance of the study

The research paper adds value to already obtaining knowledge on public holidays and business growth, the study also furnishes businesses with knowledge on the effect that public holidays have on the growth of businesses especially the focus sectors namely finance, manufacturing, retailing and the hospitality. The research went on to detail the sectors that are positively affected by public holiday and those that are negatively affected.

2.6. Purpose of the study

The purpose of the study is to bring out the linkage between public holidays and business growth and further connection to economic growth. For any enterprise to grow there is need to avoid operational stoppages which could come in form of both announced and legal public holidays.

2.7. Scope of the Study

The study focusses on the Zambian Public Holidays and Business Growth and exploring linkages for Economic Growth. With most of the public holidays being abrupt the study went on

to find out what effect they have business growth and the linkage to economic growth.

The study is indigenous to Zambia and geographically covers the southern region of Africa but the knowledge is globally applicable and relevant. Main focus is on four sectors namely manufacturing, retailing, hospitality and banking.

2.8. Theoretical Framework

Theories of economy and work stoppages

Before starting the estimation, a clear distinction between the concept of the private costs and the public costs of a work stoppage needs to be made. The private costs of a work stoppage are the costs incurred by those who are directly affected by the work stoppage, i.e. workers and employers, who respectively lose their wages and profits. The public or economic costs, on the other hand, concern the global impact of this work stoppage on the national economy as a whole. For example, while a work stoppage can be very expensive for the owner of a single company and its employees, one or many other companies could offset the loss of production and thus ensure that the loss for the industry and for society as a whole is zero (Neumann and Reder 1984).

According to economic theory, companies and their employees do all that they can to minimize

losses due to work stoppages? If, for example, a company sees that collective agreement bargaining might lead to a work stoppage, it can build-up inventories of finished products to compensate for production fall or production shutdown, or it can ask also managers to do part of the work in order to replace their employees. The members of the bargaining unit, can, for their part, compensate for their reduced incomes by drawing on their personal savings or on strike funds, or even by finding other jobs. Still according to economic theory, the national economy will almost never be affected by work stoppages in the long-run. Neumann and Reder (1984), for example, have estimated that the economic costs of work stoppages were zero for 44 out of 63 US manufacturing industries studied over the period between 1955 and 1977 and quite low for the rest of them. Such estimates make a great sense from a purely theoretical point of view. In fact, work stoppages do not lead to long-run economic net costs in competitive industries, because companies who do not experience the work stoppages can always compensate systematically for any losses in the production or the employment.

3.0. Literature Review

Global economic growth and outlook

“World Economic Outlook (WEO), in April 2017, reported that global economic growth is expected to rise from 3.1% in 2016 to 3.5% in 2017 and 3.6% in 2018”. According to the International Monetary Fund (“IMF”), reported that the growth in the global economy anticipated in the April 2017 World Economic Outlook remains on track, with global output projected to increase by 3.5% in 2017 and 3.6% in 2018.

The performance of major economies varied during the year. On one hand, China and Japan’s growth have been revised upwards reflecting a stronger first quarter that has been driven by continued fiscal support. On the other hand, the forecasted growth rate of the UK has been revised downwards on account of weaker than expected first quarter activity in 2017. However, on the contrary, growth in other EU economies outperformed expectations. Emerging and developing economies are projected to have sustained improvement activity, with growth rising from 4.3% in 2016 to 4.6% in 2017 and 4.8% in 2018.

Economic outlook

According to the EIU, Zambia’s economic growth trajectory is expected to continue at a robust annual rate c.7% over the period 2013 to 2016. The growth will be led by increasing

investments in mining, agriculture, power and construction: Growth in mining is expected to accelerate in 2014-15 as investments at the Kansanshi, Lumwana and Konkola mines, as well as First Quantum's new Trident mine, approach completion. - Agricultural production, especially of the country's staple food, maize, looks set to be strong in 2012-13 supported by Government's continued efforts to assist the sector yield results.

Zambia' Financial sector

The Zambian financial sector remains dominated by banks. Zambia counts 18 commercial banks; the four largest hold 54% of commercial bank assets. Eleven banks are 100% foreign-owned, while only one is fully Zambian-owned. The remaining banks have mixed ownership structures. Credit to the private sector declined from early 2016, contracted throughout much of 2017 and started a return to positive growth in November 2017.

The financial sector faced considerable pressure and heightened risk after the kwacha depreciated in mid-2015 and macroeconomic fundamentals weakened in 2015 and 2016. The Global Competitiveness Report reduced Zambia's rating for the 'financial market development' category from 4.5 in 2017-2018 to 3.7 in 2013-2014.

Average non-performing loans (NPLs) reported by the banking sector reached 11.6% in 2017 compared to 6.6% in 2015. This upward trend mainly reflects a worsened macro-economic environment caused by growing arrears to Government suppliers, higher interest rates, extensive power cuts and poor rainfall. Since June 2017, NPLs have slowly declined as macroeconomic fundamentals have shown signs of improvement.

While real lending rates remain high (above 12% in 2017 in the commercial banking sector and more than 25% in the microfinance sector), and equity markets subdued, Zambian businesses have few choices to fund investment projects. Meanwhile, Government credit growth averaged 52% in 2017. The highest shares of lending are to agriculture (20%), wholesale and retail trade (11%), and manufacturing (8%). To some extent Government borrowing has crowded out private sector borrowing.

Zambia's Manufacturing Sector

Manufacturing continues to be a focus area for the country in the medium and long term. This is borne out of the fact that a buoyant manufacturing sector is key to building a strong export-oriented economy that can create resilience to both external and domestic shocks in the economy (JCTR, 2015). In the medium

term, manufacturing's contribution to GDP is expected to increase to 8% compared to the average of 7.5% for the period 2011-2016.

In order to grow the contribution to GDP the following will be implemented first was the establishment of industrial clusters in each district that will provide industrial workshops for the manufacture of various products.

Struck business

If a single struck firm experiences disruptions in output because of a holiday or a strike, will the struck firm's competitors reap abnormal returns? Neumann and Reder (1984) examined output disruptions caused by strikes over the period 1955-77. They found that production stoppages in manufacturing industries had little or no discernible effect on industry output. Becker and Olson (1986) and Neumann (1980) found that production stoppages had a statistically significant negative effect on the value of the struck firm. If we put those two findings together-no significant effect on industry output, but disruptions to the output of the struck firm-an implication is that the struck firm's competitors may be reaping abnormal returns. If that is indeed the case, then the null hypothesis that struck firms' competitors do not reap abnormal returns is rejected.

Zambia's Tourism Sector

Tourism is key to diversification

The Government is still committed, "to be among the top five (5) tourist destinations of choice in Africa by 2030". The country continues to struggle due to strong competition from well-established countries. Challenges have also arisen such as lack of a comprehensive national tourism plan; underdeveloped tourism-related infrastructure; limited investment in the tourism sector by both local and foreign investors; limited tourism product offering range and scope; inadequate tourism promotion and marketing; low participation by locals in direct and indirect tourism development; and Zambia being perceived as high cost.

There is hope over the horizon as the Government has recognized these challenges faced and has prioritized the tourism sector as one of the key areas to achieve diversification in the economy.

The number of tourists visiting Zambia increased by 23.6% in the first half of 2017 compared to similar period in 2016. The Government anticipates this number to increase further with the completion of the Copperbelt and Lusaka International Airports.

Additionally, the Government through an integrated approach will prioritize the

development of major roads, bridges and airstrips leading to tourist sites, rehabilitation sites and strengthen wildlife protection. To fund the development of tourism infrastructure, marketing, product development, training and research, a tourism levy, was introduced in March this year which has generated K3.4 million as at 31st August 2017 through the Tourism Development Fund.

To boost the sector awareness, the Government intends to develop and promote ethno tourism through events such as the Pamodzi Carnival, an annual event aimed at showcasing Zambian art and culture. Further, the Government is embarking on holding carving, craft affairs as centers of cultural tourism, promotion of non-traditional tourism products such as sports events, mine tours, medical tourism, meetings, conferences and events.

In an effort to further reduce unnecessary bureaucracies and cost of doing business, the Government together with the Business Regulatory Review Agency will establish and operationalise a Single Licensing System which will act as a One Stop Shop for obtaining a tourism licence.

4.0. Methodology

The research design used in this research paper was about the Zambian public holidays and

business growth and its linkages. For theory testing and in depth understanding of the subject matter the design for the study was explorative and descriptive which involved systematic collection and presentation of data in order to have a very clear picture of a given situation because this emphasizes on a greater degree of generalization and description. Explorative and descriptive design were used because the study involved exploring the linkages of business growth and abrupt stoppages of business in connection to economic growth.

The researcher used an explorative and descriptive methods which helped in getting open ended discussion. This encouraged conversation with stakeholders in the 4 sectors under study in broad areas of academic research and economic growth. The researcher also made use of online sources like google scholar and other dedicated academic sites like J-store and Emerald to sightsee the research topic. Qualitative type of research was used mostly from secondary data and also primary data was collected from colleagues in manufacturing, finance, retailing and hospitality who spoke face to face. 20 random interviews were conducted with the respondents from the mentioned sectors, and also interviewed were business managers from the 4 sectors.

5.0. Research Findings Analysis and Interpretation

Hypothesis one

H0: there is a relationship between abrupt public holidays and business growth

H1: there is no relationship between abrupt public holidays and business growth

Literature review conducted shows that public holidays have an impact on the productivity levels of employees as well as on businesses' output thus there is a linkage between business stoppages and economic growth as the contribution to GDP is reduced. A survey conducted by World Bank on enterprise development in Zambia (2007) Identified difficulties to doing business as a major impediment to investment growth in Zambia, however other research papers explored linkages that easy of doing business in Zambia and projected economic growth is positive comparatively. Chirwa (2016) the Zambian government is investing in infrastructure which is a catalyst and a good vehicle to realize economic growth and development as a nation in line with the Seventh National Development Goals' objectives.

| Test Statistics | | | |
|---|---|---|---|
| | Do public holidays affect your business positively or negatively business-wise? | Rate the levels of extra expenses by your business due to public holidays | Rate the growth of your business due to increased public holidays |
| Chi-Square | .100 ^a | 8.100 ^a | 3.600 ^b |
| df | 1 | 1 | 3 |
| Asymp. Sig. | .752 | .004 | .308 |
| a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 20.0. | | | |
| b. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 10.0. | | | |
| Pearson Chi-Square Results show that public holidays do affect businesses negatively and that financial expenses by business are increased by operational stoppages due to public holidays. Chi square = (.100, P = 0.752). With significant likely outcome slightly above 5 % (0.05), we accept the null hypothesis (H0) and reject the alternative (H1) | | | |

Hypothesis two

H0: there is relationship between abrupt business stoppages and business growth

Research shows that the declaration of a public holiday is a universal policy that is imposed on all employers equally, Naude (2015). Literature further reveals that public holidays affects all businesses operating in the state rather than

those in particular industries or sectors. There may be varying impacts however on different employers in different sectors, by size. In addition Hermes and Lensik (2016) say employers operating on different days of the week may be affected differently. This is because employers that operate on weekends are faced with two additional public holidays, while those trading Monday to Friday would be affected by only one additional holiday. It is more likely however that competition between employers occurs within industries where employer behaviour is relatively comparable. For example, it is more likely that restaurant operators open seven days a week would compete with other restaurant operators opening similar hours rather than with firms engaged in construction operating Monday to Friday.

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 13.3.

b. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 10.0.

The Pearson Chi-Square test results show that there is a positive relationship between operational stoppages due to public holidays and business growth. Chi-square = (9.800, P = 0.007). With significant likely outcome slightly less than 5 % (0.05), we reject the null hypothesis (H0) and accept the alternative (H1)

5.0 FINDINGS AND DISCUSSION

Reduced absenteeism

Public holidays have potential implications for workplace absenteeism. Where workers are not offered paid time off, the literature indicates that they may be more likely to take absence from work to get an extended break. This would reduce the overall productivity of that employee within the business. Research on worker absenteeism suggests that workers are more likely to take sick leave on a Monday or a Friday in order to achieve a longer weekend. In the financial sector, it was found that workers were three times as likely to take a sick day on a Monday compared to a Wednesday, with Fridays the next most likely after Mondays.

Test Statistics

| | Rate the morale of your colleagues due to public holidays | Rate the demand for your product during public holidays | Rate levels of output by your business during public holidays. | If , rate revenue gain as a business? |
|-------------|---|---|--|---------------------------------------|
| Chi-Square | 9.800 ^a | 21.050 ^a | 12.050 ^a | 4.600 ^b |
| df | 2 | 2 | 2 | 3 |
| Asymp. Sig. | .007 | .000 | .002 | .204 |

Increased productivity due to additional leisure time It is widely acknowledged that individuals require periods of rest from work in order to achieve optimal levels of productivity. This concept is consistent with the existence of weekends and limits established on the number of consecutive hours employees may be required to work. For the employer, benefits include more productive, focused and dedicated employees. For employees, time away from work reduces stress with notable benefits to relationships and health. Most employees report coming back to work feeling renewed and refreshed, and ready to focus on work.

Reduced economic activity

For those employers who choose not to operate on a public holiday, there is a loss of economic activity or output as these employers operate for fewer days in the year than they would otherwise.

No impact expected

As financial institutions do not generally operate on public holidays, there would be no impact on their operations or their employees.

Lost day of production and employees receive an extra paid day off work. This impact occurs because most financial institutions would not operate on the public holiday. It is possible that less than a full day's production is lost as some

employees may increase their output on the adjacent work days to partly offset the impact of not working on the public holiday.

Manufacturing business

No impact expected as manufacturers do not generally operate on public holidays, there would be no impact on their operations or their employees. Lost day of production and employees receive an extra paid day off work. This impact occurs because most manufacturing businesses would not operate on the public holiday. It is possible that less than a full day's production is lost as some additional shifts or overtime may be rostered on the adjacent work days to partly offset the impact of not working on the public holiday.

Some impact to output expected. Many employees receive additional wages or an extra paid day off, though the magnitude of the impact would likely be greater on the public holiday. This is because of the additional wages are greater on a public holiday.

Recreation centres

According to the research recreational facilities like bars, play parks, lodges and hotels are impacted in terms of output and to employment expected. Many employees receive additional wages or an extra paid day off. Some facilities would close due to public holiday, representing

approximately one day's lost production. For casual employees who would otherwise have worked, this represents lower employment. Permanent employees may get an extra paid day off. Facilities that remain open would pay employees higher wages, meaning increased income for some workers. Some employers could apply public holiday supplements to help recoup some of these additional wage costs. Some employers may be able to adjust their staffing mix toward juniors and permanent staff rather than casuals in an effort to limit wage cost increases.

Some impact to output and to employment expected. Many employees receive additional wages or an extra paid day off facilities' would likely experience similar impacts on the public holiday, though the magnitude of the impact is expected to be greater on the eve of the public holiday because many facilities like bars would already close on the actual day meaning output is already lower on that day under current arrangements. On the actual public holiday however most recreational facilities would be expected to be open. This means the additional wages are greater on a public holiday.

Retailing businesses

Through consultation with stakeholders, the researcher sought to identify the extent to which employers would choose not to operate on the proposed additional public holidays. Our assumptions in this respect vary by industry and by day of the week. For example, many employers operate on Monday to Friday only and hence would not be affected by a public holiday.

Other employers operate up to seven days a week and would potentially be affected by both a weekday public holiday and a Sunday public holiday. This means that these employers could potentially close on both days. The researcher's assumptions also vary according to the proportion of employers in an industry that would potentially close on those days. While businesses in retail could be affected by both a weekday and a weekend public holiday, the proportion of retailers that would consider closing on those days could be different than other industries such as finance.

In other industries it is more common for employers to operate on any of the seven days of the week. In these industries, annual output is estimated to be spread over as many as 363 days of the year for instance excluding Christmas Day and New Years' Day. It is assumed that

employers that remain open on public holidays will produce on average the same amount as other similar trading days. It is acknowledged however that some employers will produce more and some may have fewer sales on a public holiday than they would have otherwise. Because of the varied outcomes for different employers in this respect, the model has made the simplifying assumption that on average, production for those employers who remain open would be the same as on a similar trading day absent the public holiday.

Government services

Additional assumptions are made in relation to provision of government services and the proportion of foregone government revenue associated with employer closures and reduced trade on these days. Affected government services include emergency, health and essential services to the extent that these are provided by government. The researcher relied on top-down estimates of the proportion of these services delivered by government in order to estimate the overall impact on government.

Small and Medium Enterprises (SMEs) impact

SMEs are more likely to be negatively impacted by additional public holidays. This is because for many SMEs' wage costs form a greater

proportion of overall operating costs, meaning extra rates increase the costs of opening their doors by a greater amount than it does for larger firms for which staffing costs form a smaller proportion of overall operating costs. Put simply, it is likely to be harder for SMEs to absorb the costs of additional wages than it is for larger businesses. This means that it is also more likely that SMEs will choose to close on any additional public holidays, which could lead to greater economic losses for Zambia overall.

Cost management by employers

It is expected that those employers choosing to operate on a public holiday will actively seek to manage their costs, where possible. For example, SMEs may substitute paid staff with owner input and or family. In addition to this, those employers that remain open may choose to roster fewer staff relative to a normal trading day and or to only undertake core activities so that less employee input is required. It is also expected that employers may substitute toward rostering permanent staff rather than casuals to reduce wage costs.

Day-of-week productivity effects

There is some evidence to suggest that productivity could vary across the different days of the week. For instance, it is noted that workplace absenteeism is more common on

Mondays and Fridays in Zambia than on the intervening days (Wilson, P, 2012). This suggests that employer productivity on a Friday or Monday could be lower than other days of the week, and that the value of foregone economic output on a Friday public holiday could correspondingly also be lower than would apply for other days of the week. Research from the field examining the amount of time spent working by employees on different days of the week found that people spend fewer minutes working on Fridays and Mondays relative to Tuesdays, Wednesdays and Thursdays. However, the difference in minutes worked does not necessarily correspond to lower productivity on those days.

As the research paper acknowledges: “the researcher’ review of the empirical literature discovers slight direct evidence of day-of-week productivity effects”. Furthermore, if it was assumed that Friday productivity is lower than other weekdays due to it being adjacent to the weekend, it is likely that the introduction of a new public holiday on a Friday would impact not only the level of production on Friday (due to some employers not operating) but that of the preceding Thursday. This is because Thursday would become the last working day before a long weekend. In the absence of further information on these relative impacts, the analysis assumes

that the level of production foregone on a Friday public holiday is equal to the average weekday production for those businesses that close.

6.0 CONCLUSION AND RECOMMENDATION

Public holidays also provide the opportunity for families and friends to take a break from normal work or study activities and to enjoy additional leisure time. For the majority of people, leisure time spent among friends or family is preferable to leisure time spent alone, which is often only enjoyable in periods of smaller duration. This suggests that, in addition to the benefits associated with providing a break from work or study, additional public holidays could also provide community benefits in the form of increased coordinated leisure time. Indeed, it has been argued elsewhere that there are certain social capital gains from the observance of public holidays.

Social contact with friends and family and the maintenance of social contacts have been found to increase the benefits of leisure. While leisure time can be provided through other forms of leave, the provision of public holidays is associated with additional benefits due to the coordinated nature of the leave. Studies have further suggested that the benefits that flow from improved social cohesion and social capital

include faster economic growth, better health and lower social costs.

The proportion of annual output produced on a single weekday and on a single weekend day. The researcher' approach to estimating the impact of reduced economic activity is based on the extent of potential business closures, along with the amount of lost production that would be associated with those closures. This amount is calculated using information on annual production by industry in Zambia. Different levels of output are assumed to occur on weekdays relative to weekend days. This is because, for many industries, most employers operate on a Monday to Friday only basis. For these industries, the amount of annual output is estimated to be spread across approximately 250 days of production.

The size of the reduced economic activity is directly related to the number of additional public holidays that are implemented if there are more public holidays, more employers are expected to lose production days and therefore there is a greater loss from reduced economic activity. The day on which a public holiday falls if a public holiday is held on a day that employers would ordinarily close, the number of additional employer closures is reduced, as is the associated reduced economic activity. Given this, the greatest impacts in terms of reduced economic activity are generally created by those options which would implement additional public holidays.

Delaying the implementation of one of the proposed holidays reduces the impact in terms of reduced economic activity.

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