



Special Press Release

Business Confidence in Pakistan: SCIENTIFIC TOOL TO MEASURE WHAT BUSINESS COMMUNITY THINKS IN PAKISTAN

Majority (60%) business owners think Pakistan is headed in the wrong direction; deteriorating economy and uncooperative government cited as major hurdles: Gallup Pakistan Business Confidence Index

Islamabad, January 28, 2020

According to a Gallup Pakistan Survey with business owners at the end of the year 2019, 3 in 5 respondents (60%) say they are pessimistic about the direction of the country, but more are hopeful (43%) that the coming year will be better for their business. The survey is the first of a Quarterly Business Confidence Survey that Gallup Pakistan aims to do in Pakistan. Business Confidence Index is an important barometer capturing the sentiments of business community in any country and used across the world by policy makers. The survey was conducted in the last Quarter of 2019 with around 500 businesses across Pakistan.

THREE KEY QUESTIONS ANSWERED BY GALLUP BUSINESS CONFIDENCE INDEX:

The Business Confidence Index answers 3 key questions: What do businesses think with respect to direction of the country, are they hopeful or pessimistic about upcoming year, what is the biggest hurdle faced by the businesses.

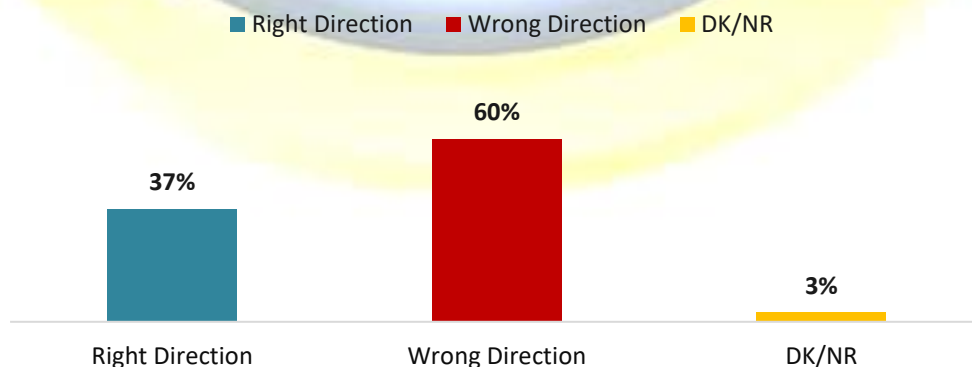
FULL REPORT: The business confidence Index report can be accessed [here](#).

QUESTION 1: Direction of the country: a sweeping 60% of businesses feel things are not headed in the right direction

A sample of around 500 business owners and managers across Pakistan were asked the following question, “In your opinion, is the country currently headed in the right direction or the wrong direction?” In response to this question, 37% Pakistanis said that the country is headed in the right direction, while 60% said it is headed in the wrong direction. 3% did not know or did not wish to respond.

Gallup Pakistan also calculates a net Direction of the country which for the end Quarter of year 2019 is a negative **-23%**. The figure reflects significant gloom within the business community.

Question: “In your opinion, is the country currently headed in the right direction or the wrong direction?”



Source: Gallup Pakistan Business Confidence Survey

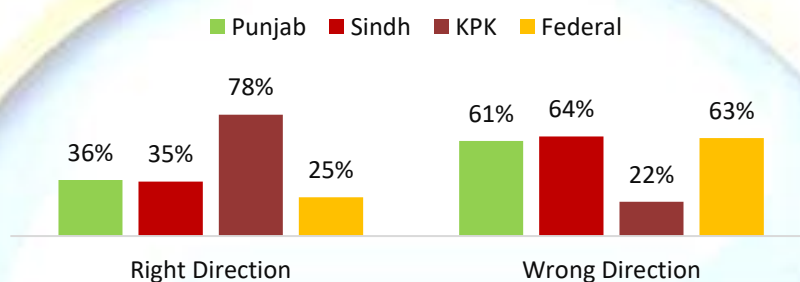


Net Direction of Country Rating = %Right Direction – %Wrong Direction

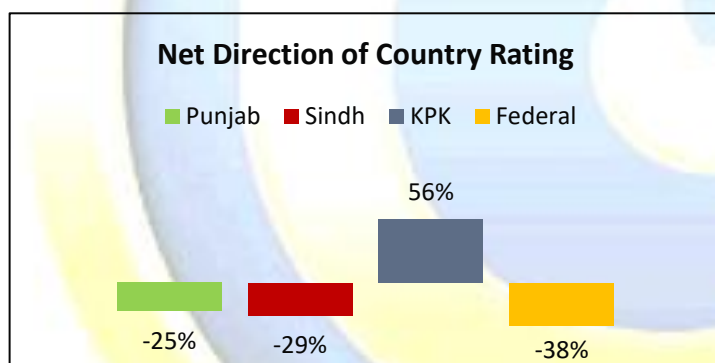
-23%

Provincial Breakdown: Optimism about direction of the country lowest in Federal capital businesses and highest in KPK businessmen and businesswomen.

At the provincial level, a significantly higher proportion of business owners from KPK (78%) were of the opinion that the country is headed in the right direction. Only a quarter (25%) from the Federal Capital were optimistic about the direction of the country.



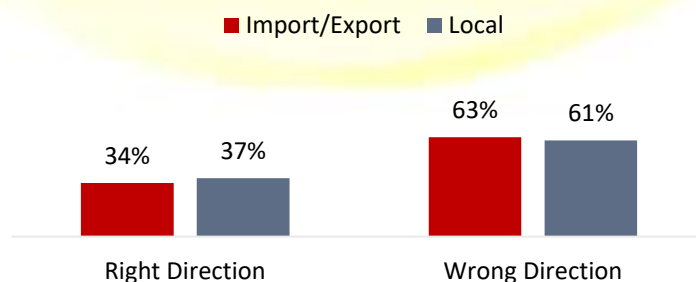
Source: Gallup Pakistan Business Confidence Survey
Survey was not conducted in Balochistan due to logistical reasons. Gallup Pakistan plans to add this important province in next round



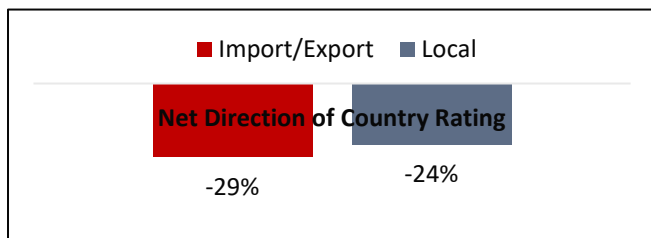
KPK is the most optimistic province, with a net Direction of Country Rating of 56% - the only province with a positive rating.

Business Type: No significant difference in opinion of those businesses selling to Pakistani consumers and those exporting/importing to other markets

Almost an equal proportion (>60%) of business owners running Import/Export and Local business were of the opinion that the country is headed in the wrong direction.



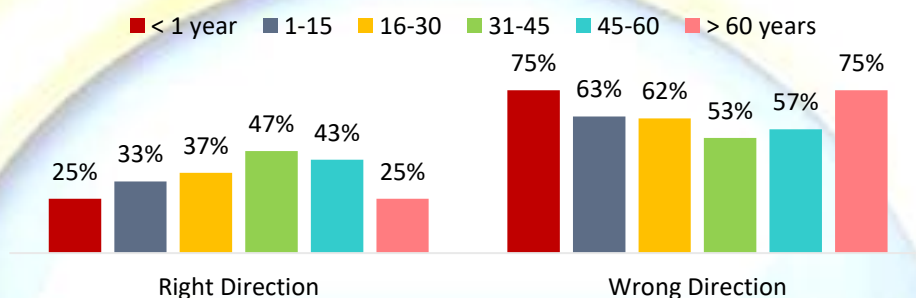
Source: Gallup Pakistan Business Confidence Survey



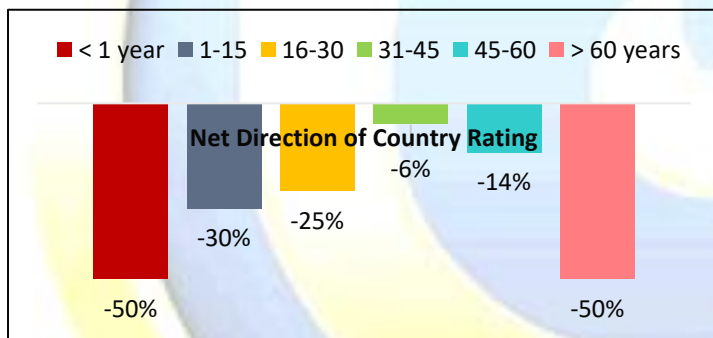
Respondents with business in both the Import/Export and local sectors were almost equally pessimistic about the direction of the country – both had a negative Net Direction of Country Rating.

Years of Experience: New business owners significantly more likely to report pessimism

Pessimism highest among business owners with less than 1 year, or more than 60 years of experience - 75% each said the country is headed in the wrong direction.



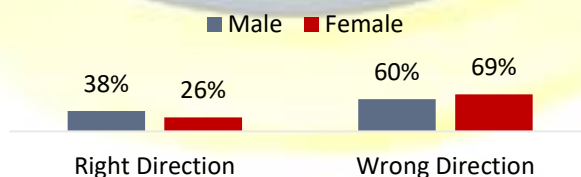
Source: Gallup Pakistan Business Confidence Survey



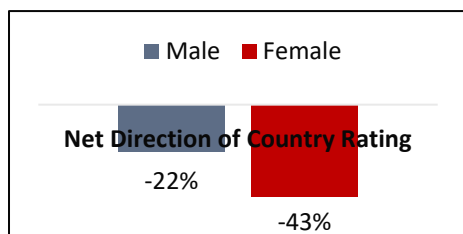
Pessimism about the direction of country highest in business owners with less than 1 year, or more than 60 years of experience; both with a -50% net Direction of Country Rating. Among respondents with 31-45 years of experience, the direction of country rating is lowest, indicating a higher optimism about the direction of the country.

Gender breakdown: Female business owners more pessimistic than male business owners

When broken down by gender, an almost equal proportion of business owners (>55%) were of the opinion that the country is headed in the wrong direction. Male respondents were slightly more optimistic than female.



Source: Gallup Pakistan Business Confidence Survey

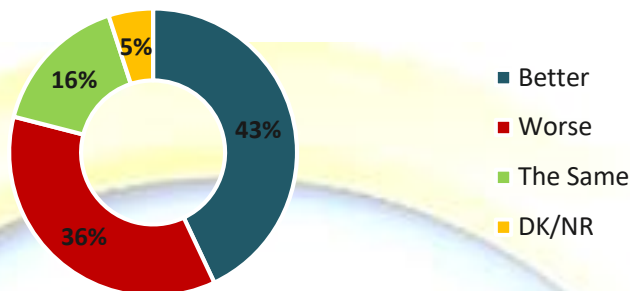


The Net Direction of Country rating is significantly lower in female business owners, compared to male business owners. This indicates that overall, women are less optimistic about the direction of the country than men.



QUESTION 2: Hope for the Coming Year: Hope for the coming 12 months significantly better than direction of the country

Business owners were further asked, “When thinking about your business, please tell whether the coming year will be better, worse, or the same for your business”? More than 2 in 5 (43%) respondents were of the opinion that the coming year will be better for their business than the one that passed. 36% said that the coming year will be worse, while 16% said it will be the same.



Source: Gallup Pakistan Business Confidence Survey

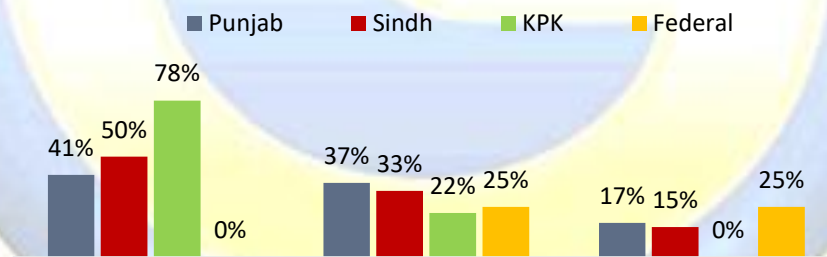
Net Optimism = Optimism – Pessimism

7%

Overall, net optimism for the coming year was 7% among the respondents.

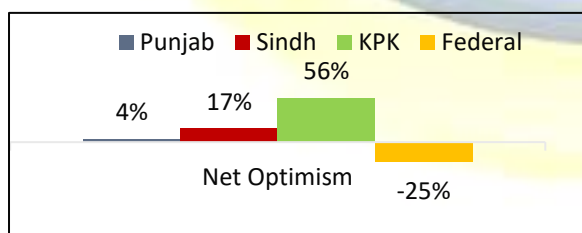
Provincial Breakdown: OPTIMISM ABOUT THE UPCOMING YEAR HIGHEST IN KPK AND LOWEST AMONG ISLAMABAD BUSINESSES

In comparison to other provinces, a larger proportion of business owners (78%) from KPK were of the opinion that the coming year will be better for their business than the previous year, and only 22% said it will be worse.



Source Gallup Pakistan Business Confidence Survey

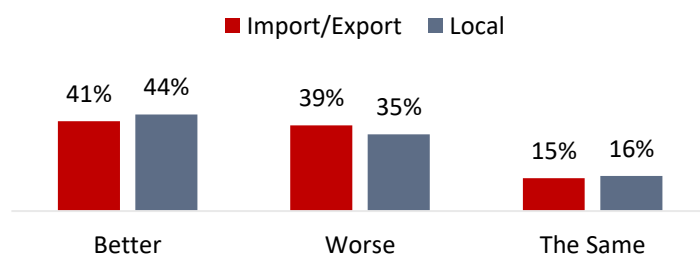
Survey was not conducted in Balochistan due to logistical reasons. Gallup Pakistan plans to add this important province in next round



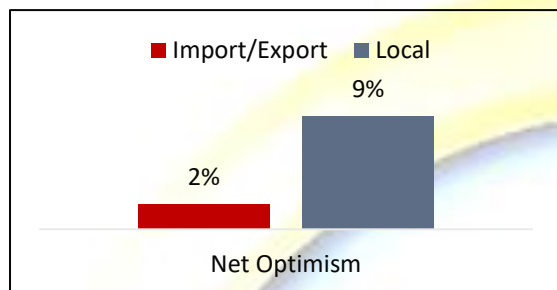
Net optimism was highest among respondents from KPK (56%), and was the lowest among respondents from the Federal Capital (25%)

Business Type: NO MAJOR DIFFERENCE IN VIEWS OF LOCAL MARKET BUSINESS AND THOSE SELLING OR BUYING FROM ABROAD

Almost an equal proportion of business owners (2 in 5) running Import/Export, or Local businesses were optimistic for the coming year. A slightly greater proportion of respondents (4%) running Import or Export business were pessimistic about the coming year.



Source: Gallup Pakistan Business Confidence Survey

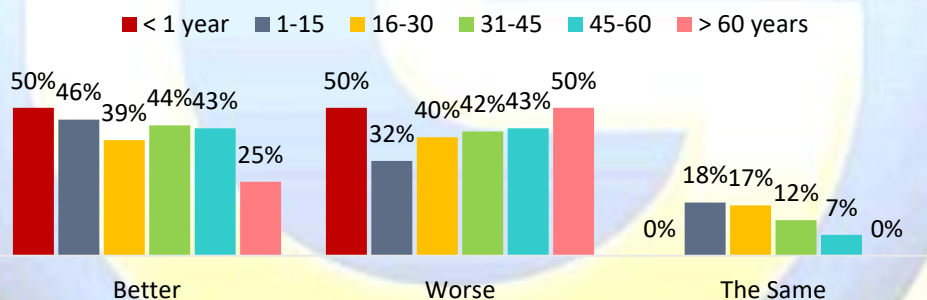


Overall, business owners running local business were more optimistic (9% net optimism) about the coming year compared to those running Import/Export businesses, with a 2% net optimism.

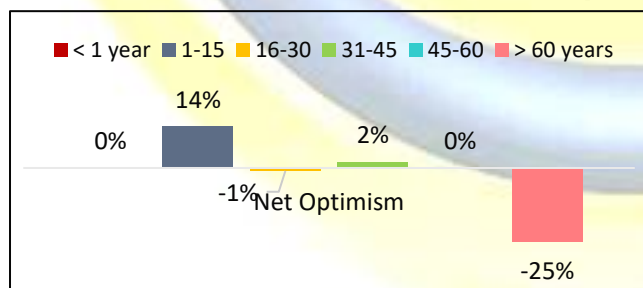
Years of Experience:

Among respondents with less than a year of experience, an equal proportion (50%) each believe the coming year will be better or will be worse for their business.

Respondents with businesses of over 60 years were the least optimistic about the coming year for their business (25%).



Source: Gallup Pakistan Business Confidence Survey



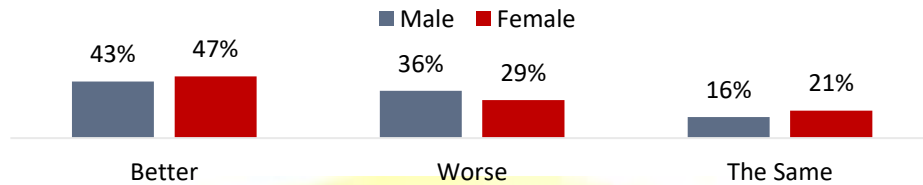
Respondents with more than 60 years of experience were the least optimistic about the coming year, with a net optimism of -25%.

In comparison, business owners with a 1-15 years of experience were the most optimistic, with a net rating of +14%.

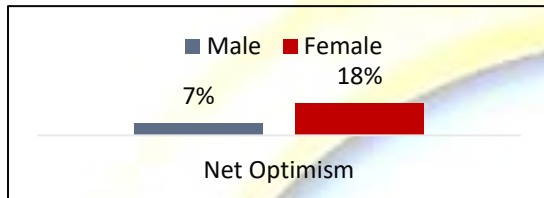


Gender breakdown: FEMALE BUSINESS OWNERS MORE LIKELY TO HAVE POLARISED VIEWS

Almost an equal proportion of male and female respondents (43% and 47% respectively) opined that the coming year will be better for their business.



Source: Gallup Pakistan Survey 2019

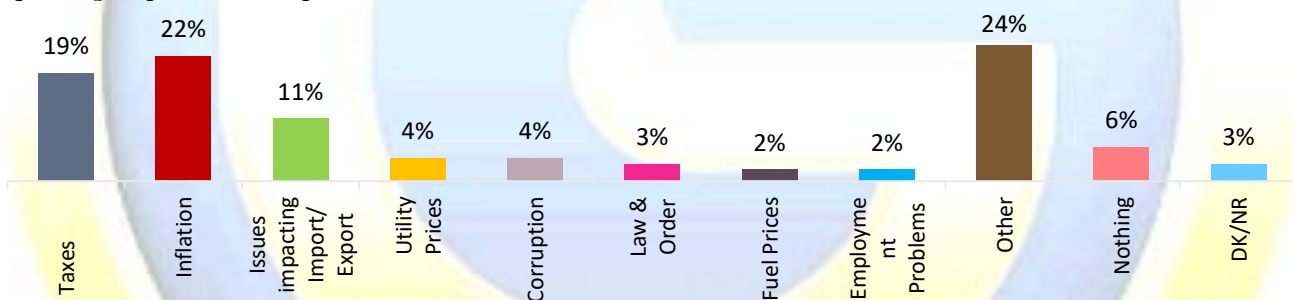


Optimism for the coming year is greater among female business owners, with a net optimism of 18%. Compared to this, male business owners had a net optimism of only 8%.

QUESTION 3: Issues affecting business that owners want government to tackle: Inflation and taxes

Business owners were then asked, “Which issue affects your business the most, for which you want a solution from the government?” 22% of the respondents say that inflation is the issue they want the government to solve.

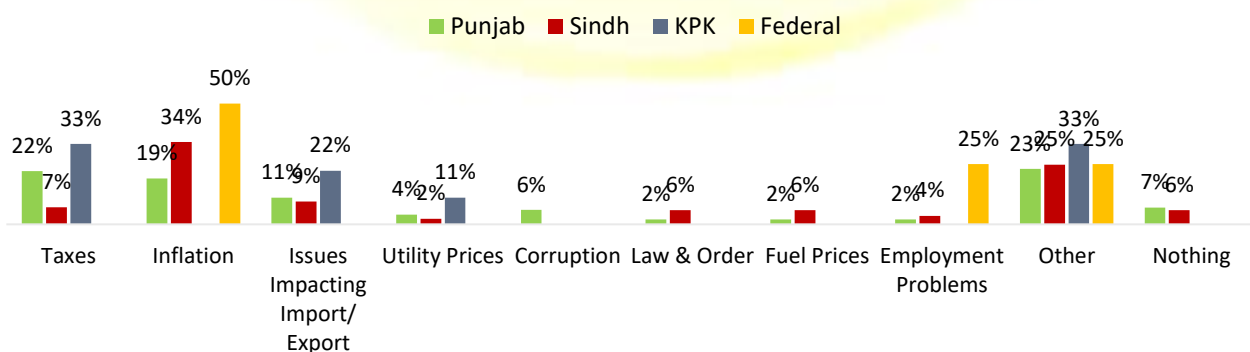
19% business owners were most impacted by taxes, followed by 11% who were most concerned with factors impacting imports and exports.



Source: Gallup Pakistan Business Confidence Survey

Provincial Breakdown: Taxes are the common woes for business owners in Punjab and KPK; those in Sindh and the Federal Capital want the government to resolve inflation.

Among business owners in Punjab and KPK, taxation was most cited as the issue impacting business requiring solutions from the government. Respondents in Sindh and the Federal Capital most commonly cited Inflation as the issue they want the government to solve.



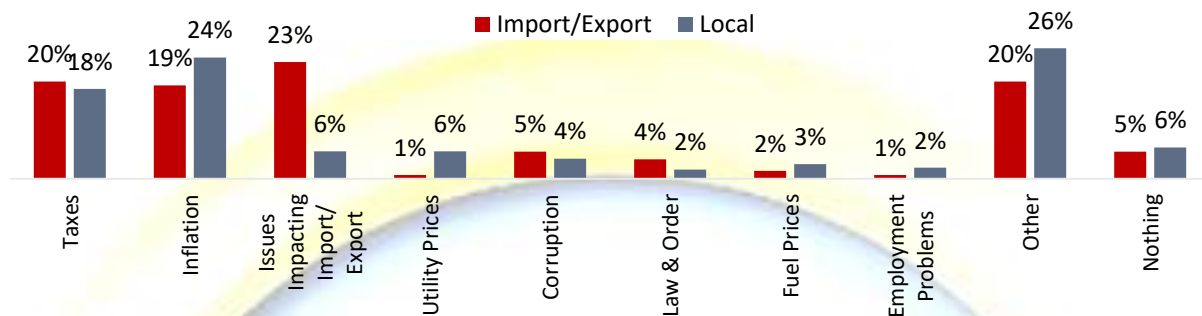
Source: Gallup Pakistan Business Confidence Survey

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Business Type: Taxes and inflation are common woes of traders and local business owners

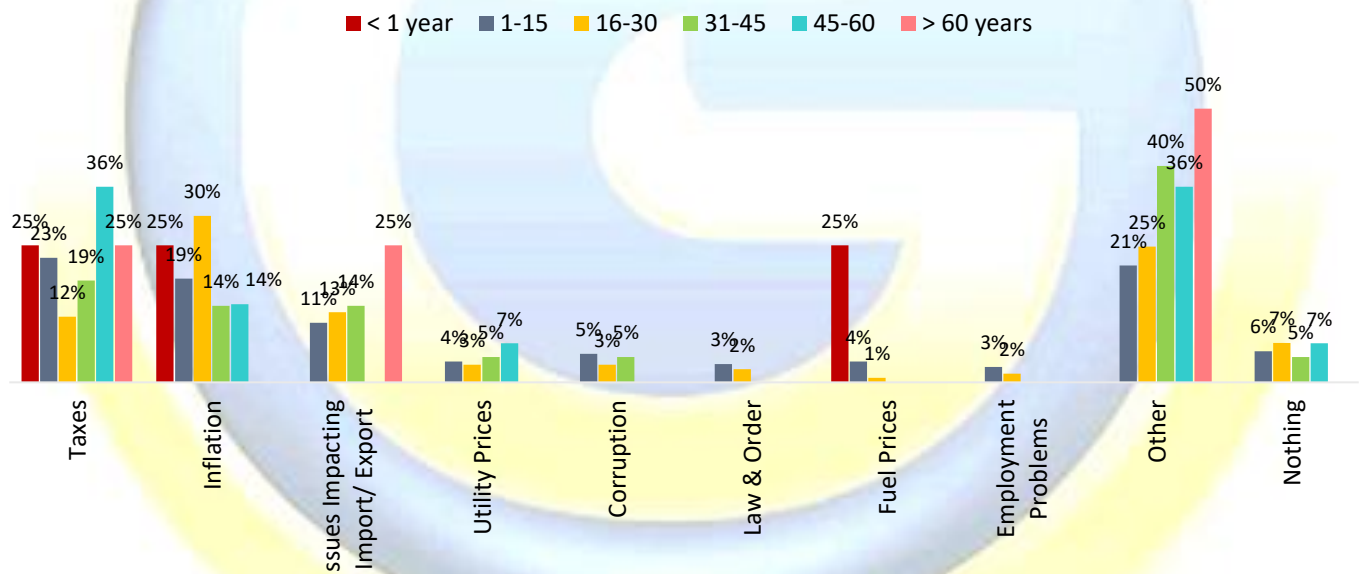
Business owners running local businesses claimed to be most affected by inflation, and taxes. Those running trading businesses were most impacted by issues relating to trade, and/or Exchange Rate. Almost an equal proportion of traders were impacted by and wanted government to resolve issues with taxes (20%) and inflation (19%)



Source: Gallup Pakistan Business Confidence Survey

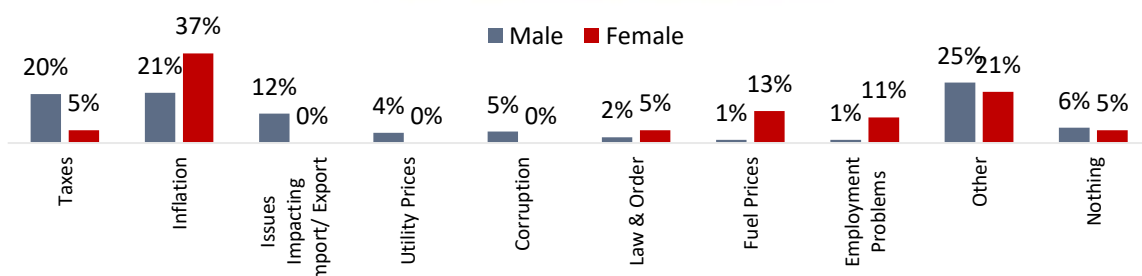
Years of Experience: Taxes, Inflation and Fuel prices the most common woes of infant businesses

Business owners with less than a year of experience were most impacted by and wanted the government to resolve issues relating to taxes (25%), inflation (25%) and fuel prices (25%). Those with over 60 years of experience were most impacted by taxes (25%) and issues impacting trading facilities in the country (25%)



Gender: Female business owners more likely to cite Inflation, Fuel Prices and Employment Problems as issues requiring solutions from the government

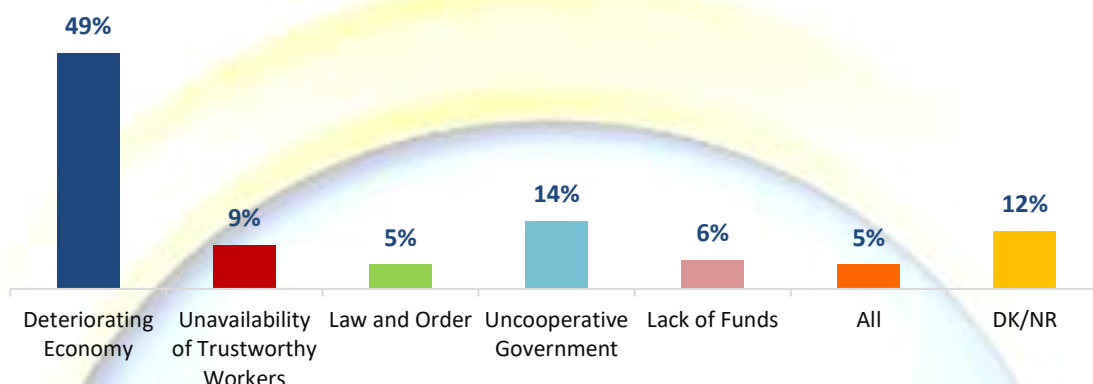
Among female business owners, inflation was most commonly cited as the issue impacting business that requires solutions from the government. Male business owners cited taxes (20%) and inflation (21%) as problems they want the government to resolve.



Source: Gallup Pakistan Business Confidence Survey

QUESTION 4: Issues affecting business the most: DETERIORATING ECONOMY BIGGEST WOE OF THE BUSINESS COMMUNITY

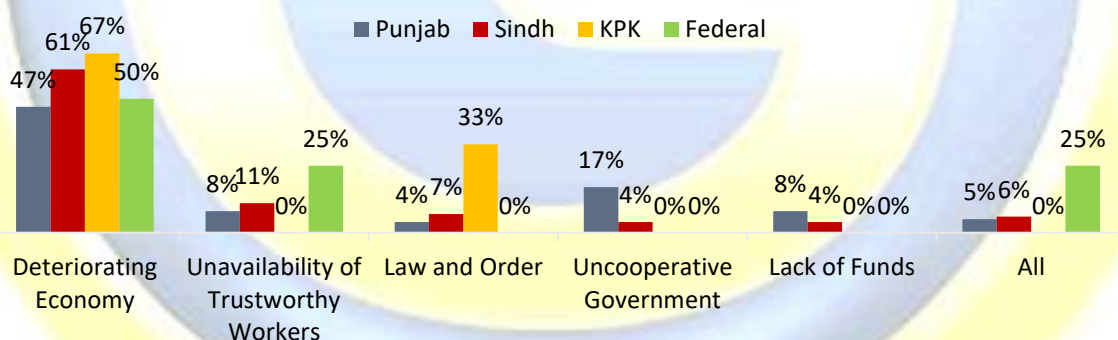
Business owners were then asked, “Of the following issues, which issue would you say affects your business the most”? 49% of the respondents say that the deteriorating economy is affecting their business the most. 14% said uncooperative government has the most significant impact, while 9% said it is the unavailability of trustworthy workers. 6% said it is the lack of funds, and 5% said the law and order situation is the major issue impacting their business.



Source: Gallup Pakistan Business Confidence Survey

Provincial Breakdown: KP business complain significantly about law and order and Trustworthy employees' shortage in Islamabad

Across all provinces, the deteriorating economy was most often cited as the issue that is affecting business the most.

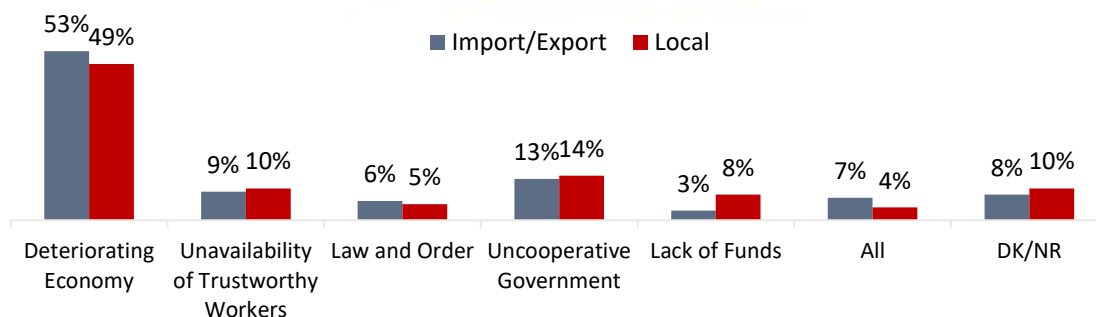


Source: Gallup Pakistan Business Confidence Survey

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Business Type: Local businesses and those selling or buying from abroad generally have similar woes

Business owners from both the Trading and Local sector business were most affected by the deteriorating economy. 14% respondents each from both these sectors said the uncooperating government was a major issue for their business.



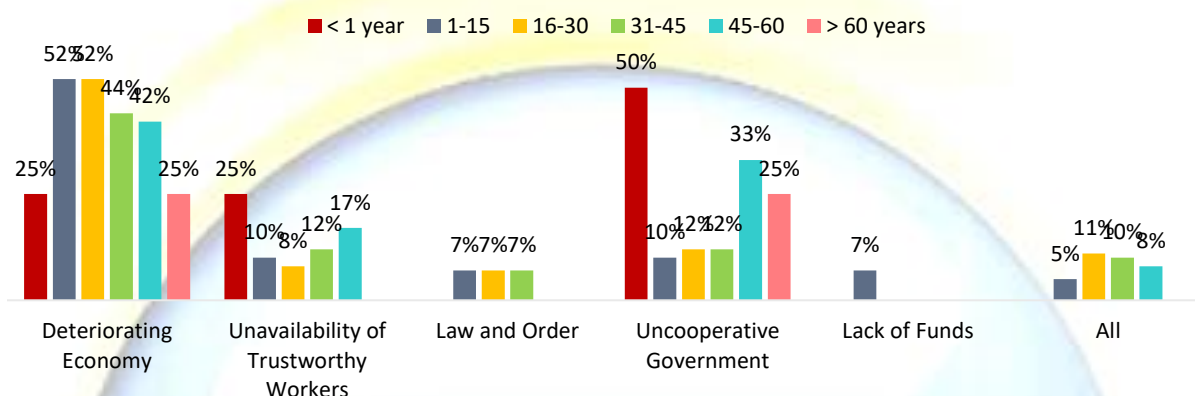
Source: Gallup Pakistan Business Confidence Survey



Years of Experience: Infant businesses significantly more likely to say uncooperative government as a big hurdle

For business owners with less than a year of experience, the uncooperative government was most commonly cited as a major issue affecting businesses, followed by the deteriorating economy, and the unavailability of trustworthy workers.

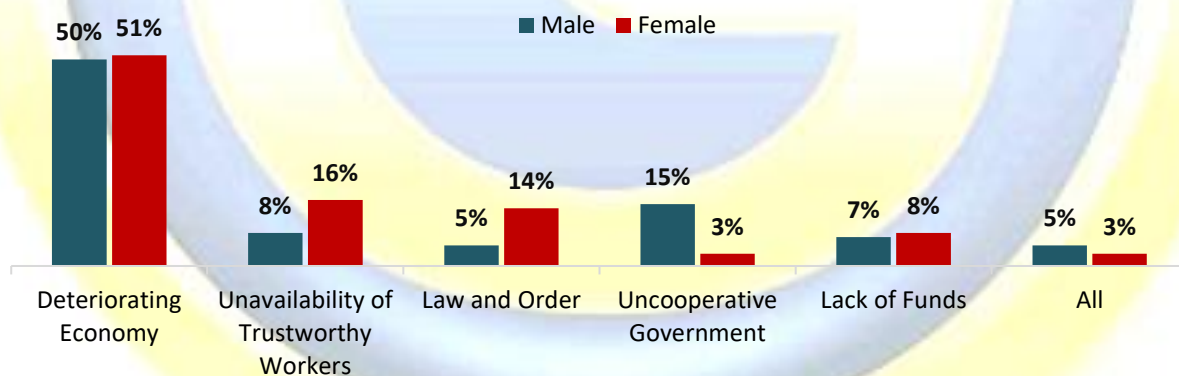
Respondents with more experience in their business more commonly cited the deteriorating economy as the main issue affecting their business.



Source: Gallup Pakistan Business Confidence Survey

Gender breakdown: Women Business owner or managers more likely to cite law and order and lack of trustworthy workers than their male counterparts.

The deteriorating economy was the most significant issue for businesses for both male and female respondents – 1 in 2 cited it as the top issue affecting their business.



Source: Gallup Pakistan Business Confidence Survey

METHODOLOGY

For details please see the detailed report on the Gallup Pakistan website.

This project is done under the guidance of Bilal I Gilani, Executive Director Gallup Pakistan. Mr. Gilani has over a decade experience of directing business surveys in Pakistan apart from spearheading over 500 research projects on behalf of Gallup Pakistan.





Opinion Poll from Gallup Pakistan
The Pakistani Affiliate of Gallup



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Gilani Research Foundation is a not for profit public service project to provide social science research to students, academia, policy makers and concerned citizens in Pakistan and across the globe.

Gilani Research Foundation is headed by Dr. Ijaz Shafi Gilani who pioneered the field of opinion polling in Pakistan and established Gallup Pakistan in 1980. Currently Dr. Gilani, who holds a PhD from the Massachusetts Institute of Technology (MIT) and has taught at leading universities in Pakistan and abroad, is Chairman of Gallup Pakistan.

If you have any further questions regarding this poll, please feel free to contact us.

Best Regards,

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of Gallup Pakistan
(1980-2019)