

GALLUP PAKISTAN

BUSINESS CONFIDENCE INDEX (BCI)

4th Quarter 2021 Report

*Measuring the sentiments of the
business community in Pakistan
through a statistically accurate
method*



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Pakistan's Foremost Social Research Lab



Gallup Pakistan Business Confidence Index (BCI) – An Introduction

Business Confidence Index is a crucial and globally used indicator for forecasting economic activity as particularly suitable for monitoring short-term changes in the economy.

Why measure? Business activity indicators, if timely available, give policy makers the chance to analyze the current situation & take appropriate policy actions to avert financial and other economic crises.

Business Confidence Index offers opportunity for businesses to contribute directly to the **policy formulation process** by sharing their perceptions of current and future economic and business conditions.

Another use of **Business Confidence Index** is that forward-looking monetary policy requires input on expectations of different agents and stakeholders of the economy.

This survey was conducted with around **490 BUSINESSES ACROSS PAKISTAN** from 4th June 2021 to 1st July 2021 by Gallup Pakistan which specialized in Data analytics and data creation

Surveyed firms include manufacturing, services, construction, wholesale and retail trade and financial services sector spread across the country to seek their opinions on production, employment, and economic conditions etc.

This is the 6th report of the newly launched Gallup Pakistan Business Confidence Index



BUSINESS CONFIDENCE SURVEYS OVER TIME



QUARTER	TIMELINE	LINK
Q4 2019	October-November-December	Q4 2019 (CLICK HERE)
Q1 2020	January-February-March	Q1 2020 (CLICK HERE)
Q2 2020	April-May-June	Q2 2020 (CLICK HERE)
Q3 2020	July-August-September	Survey not conducted
Q4 2020	October-November-December	Q4 2020 (CLICK HERE)
Q1 2021	January-February-March	Survey not conducted
Q2 2021	April-May-June	Q2 2021 (CLICK HERE)
Q3 2021	July-August-September	Survey not conducted
Q4 2021	October-November-December	Released now



WHAT IS COVERED IN THE REPORT



1. Special Section on Businesses & Corona covering two main questions – effect of Corona on business revenue & if the Businesses have downsized

2. Business Confidence Index

Gallup Business Confidence Index is composed of three strands



a. **Current Business Conditions Score** – The score represents the net value of the **positive – negative**.

A positive Current Business confidence score means more businesses are confident/positive about current business conditions than those who are **not** confident/positive.



b. **Future Business Condition Score** – The score represents the net value of the **positive-negative**

A positive Future Business Score represents that more businesses are confident/optimistic about the future than those who are **not** confident/optimistic



c. **Direction of the Country Score** – The score represents the net value of the **positive –negative**

A positive Direction of the country Score represents that more businesses are optimistic about the Direction of the country being Right vs those who think it is **not** right

3. Problems faced by Businesses in Pakistan

4. Level of Satisfaction with Human Resources in Businesses in Pakistan



3 KEY FINDINGS – Q4 2021 REPORT



KEY FINDING 1: 2 strands of the **Gallup Business Confidence Index (BCI)** are in **Green territory** pointing that businesses are now posing confidence in current business situation and optimistic about future business situation. However, one strand (direction of the country score) is negative indicating poor confidence in the direction of the country.

Key Finding 2: Two strands of Gallup Business Confidence Index (BCI) on the forecast stand at fair confidence and one stands at poor confidence.

Key Finding 3: We see that business community is slightly more upbeat about the current business situation vis a vis earlier report based on Q2 2021. However, with respect to future business situation score, we see that there has been a decline as compared to Q2 2021 report.

Strand 1: Current Business Situation Score

- Q4 2021: +8%
- Q2 2021: -2%



Strand 2: Future Business Situation Score

- Q4 2021: +22%
- Q2 2021: +41%



Strand 3: Direction of the Country Score

- Q4 2021: -18%
- Q2 2021: +26%



Interpretation of the Score

A positive score means more businesses are feeling positive/confident/ optimistic

A negative score means more businesses are feeling negative /pessimistic

Legend

+1% to 25% = Fair Confidence

+26 to 75% = Great Confidence

+75% to 100% = Excellent Confidence

-1% to -25% = Poor Confidence

-26 to -75% = Negative Confidence

-75% to -100% = Deep Negative Confidence



Gallup Business Confidence 2021 Assessment

Gallup Business Confidence Index	Q2 2020 Score	Q4 2020 Score	Q2 2021 Score	Q4 2021 Score	Assessment
Strand 1 Current Business Situation Score	+16%	+22%	-2%	+8%	Fair Confidence
Strand 2 Future Business Situation Score	+58%	+44%	+41%	+22%	Fair Confidence
Strand 3 Direction of the Country Score	+10%	+6%	+26%	-18%	Poor Confidence

Legend

+1% to 25% = Fair Confidence
+26 to 75% = Great Confidence
+75% to 100% = Excellent Confidence

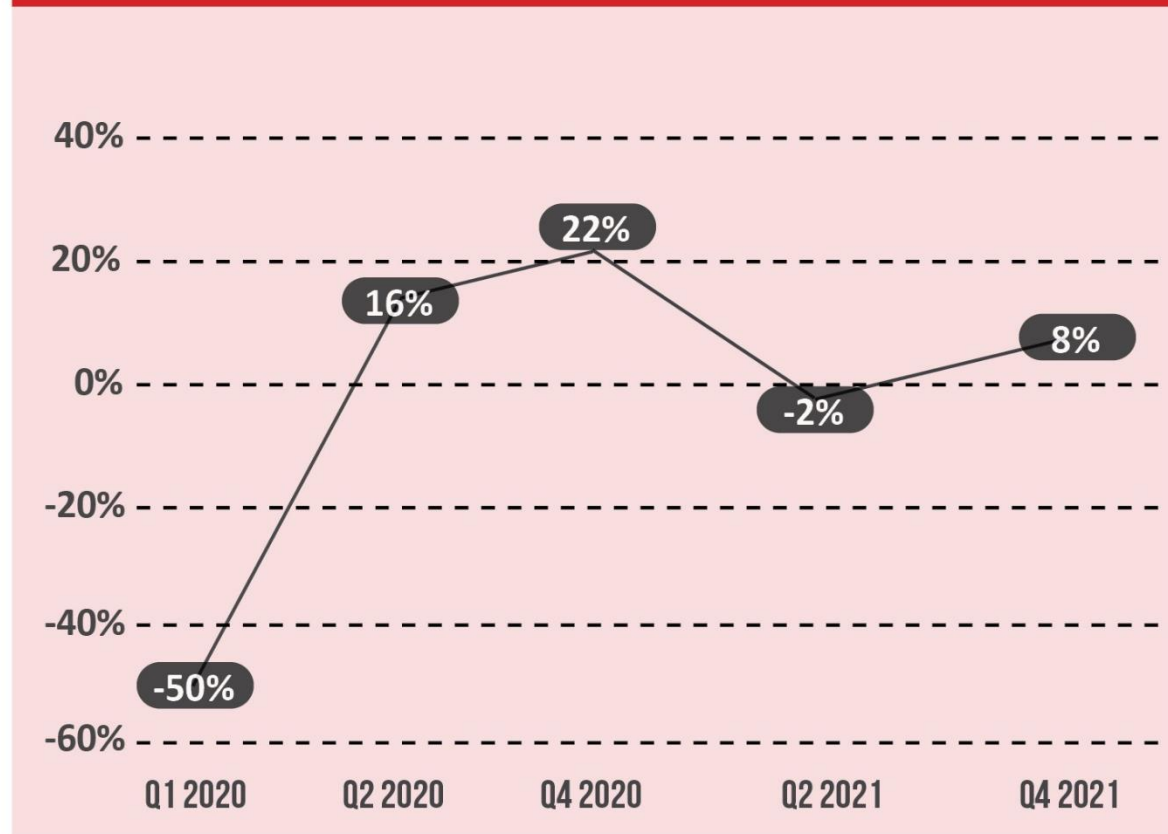
-1% to -25% = Poor Confidence
-26 to -75% = Negative Confidence
-75% to -100% = Deep Negative Confidence



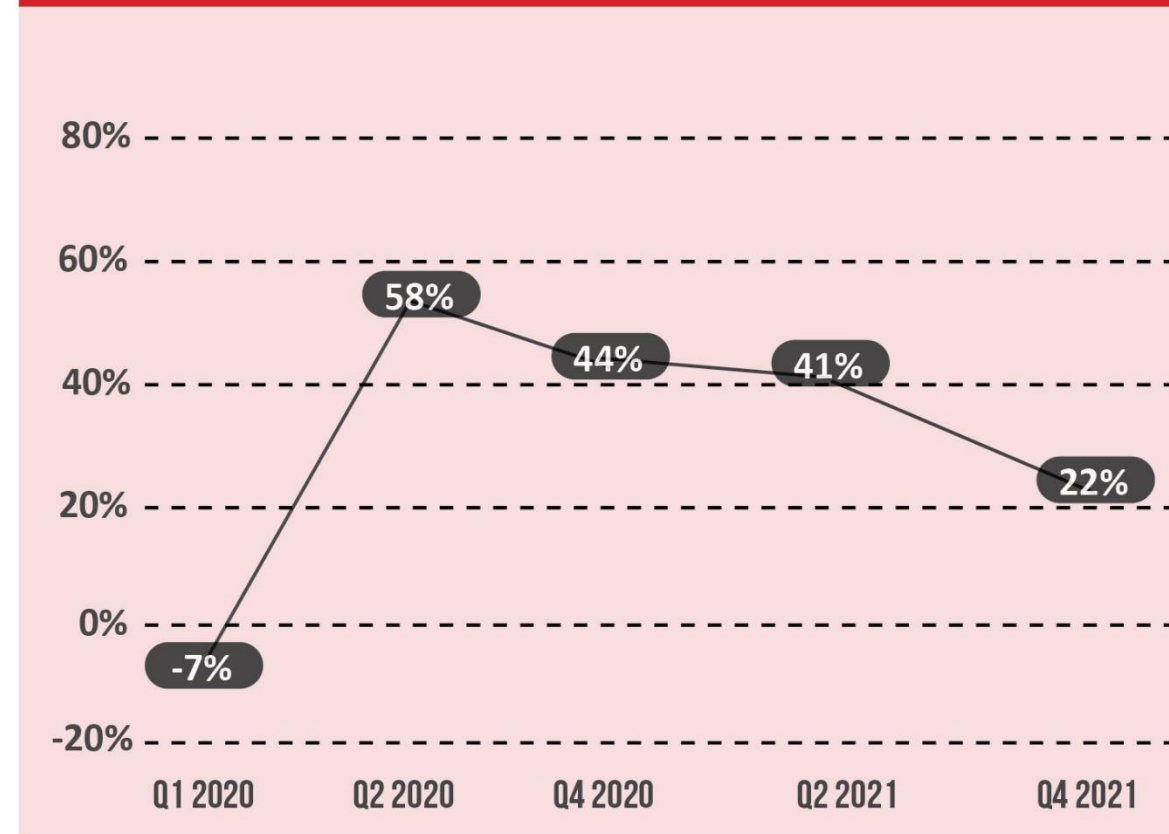
THREE STRANDS OF Gallup Business Confidence 2021 Assessment – Q4 2021 SNAPSHOT



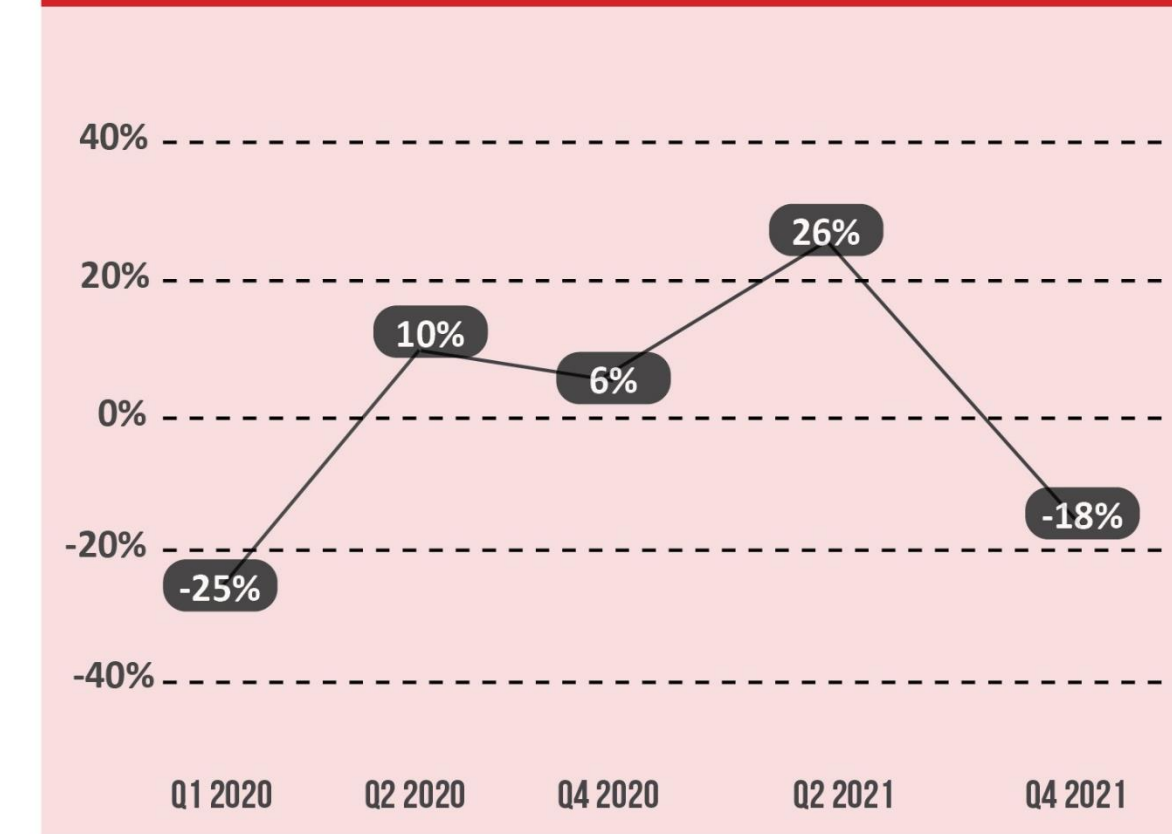
CURRENT BUSINESS SITUATION



FUTURE BUSINESS SCORE



DIRECTION OF THE COUNTRY SCORE



OUT OF ALL THREE STRANDS OF GALLUP BCI, ONLY TWO ARE IN POSITIVE AND ONE IS IN NEGATIVE. THERE IS A DECLINE IN FUTURE BUSINESS AND DIRECTION OF THE COUNTRY SCORE IN Q4 2021.



EXECUTIVE SUMMARY



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EXECUTIVE SUMMARY



6 in 10 businesses report having less revenue this month than 12 months ago:

- For 59% of the businesses, sales have decreased during the past year. 1 in 5 businesses report the same number of sales as before
- Highest decline in sales over the past year was reported to be experienced by those in the business of fertilizers and pesticides, followed by 78% of books and stationery businesses reporting a decline in sales as well

An average business witnesses an average of 60% drop in revenue:

- 33% businesses reported a decrease of 40% - 60%, followed by 24% of businesses reporting a decrease of 20% - 40% while 19% businesses reported a 60% - 80% decrease and 8% reporting more than 80% decrease in sales over the past year
- Nearly 4 in 10 (39%) businesses reported an increase in sales of up to 20%, followed by 21% businesses reporting a 20% - 40% increase. Only 1% of businesses reported an increase in sales of more than 100%

Large scale lay offs reported by businesses in Pakistan:

- 40% of businesses reported having the same number of employees while 45% of businesses reported laying off/having fewer number of employees compared to 12 months ago
- Businesses which had to lay off the most employees are those related fertilizers and pesticides (67%) and those involved in the sale of medical equipment (60%)



EXECUTIVE SUMMARY



Overall businesses report improvement in business conditions:

- 54% of businesses report their current business condition to be either good or very good
- 55% businesses each from Punjab and Sindh reported good business conditions nowadays while 51% businesses in KPK/Balochistan/GB/Islamabad/AJK combined reported bad business conditions
- 81% of trade businesses reported poor business conditions while 68% of those businesses involved in the sale of medical equipment reported good business conditions currently

Future business situation witnesses a declined confidence compared to previous quarter:

- 6 in 10 businesses are confident that the future will be better. However, the Net Future Business Confidence score decreased by 19% (falling from 41% to 22%) since Quarter 2, 2021
- Businesses across all provinces were found to be almost equally optimistic about the future of their business
- 91% of businesses related to the sale of electrical items and spare parts are optimistic regarding their future business conditions while businesses related to fertilizers and pesticides are least optimistic as compared to the others



EXECUTIVE SUMMARY



Poor confidence reported in direction of the country:

- As compared to Q2 2021, there has been a 22% decrease in the number of businesses that opine that the country is heading in the right direction
- 42% businesses from Punjab believe the country is heading in the right direction

Problems faced by businesses in Pakistan:

- Inflation (48%) is the most commonly cited problem that businesses would like the government to solve, followed by the problems caused by the devaluation of the Pakistani Rupee
- 44% of businesses reported experiencing load shedding within a day, with most of them experiencing it for 2 hours

Level of Satisfaction with Human Resources in businesses in Pakistan:

- 26% businesses claimed that they were not at all satisfied with the quality of human resource available to them or their businesses
- 77% businesses in Sindh are satisfied with the quality of human resource available to them followed by 72% businesses in Punjab reporting the same



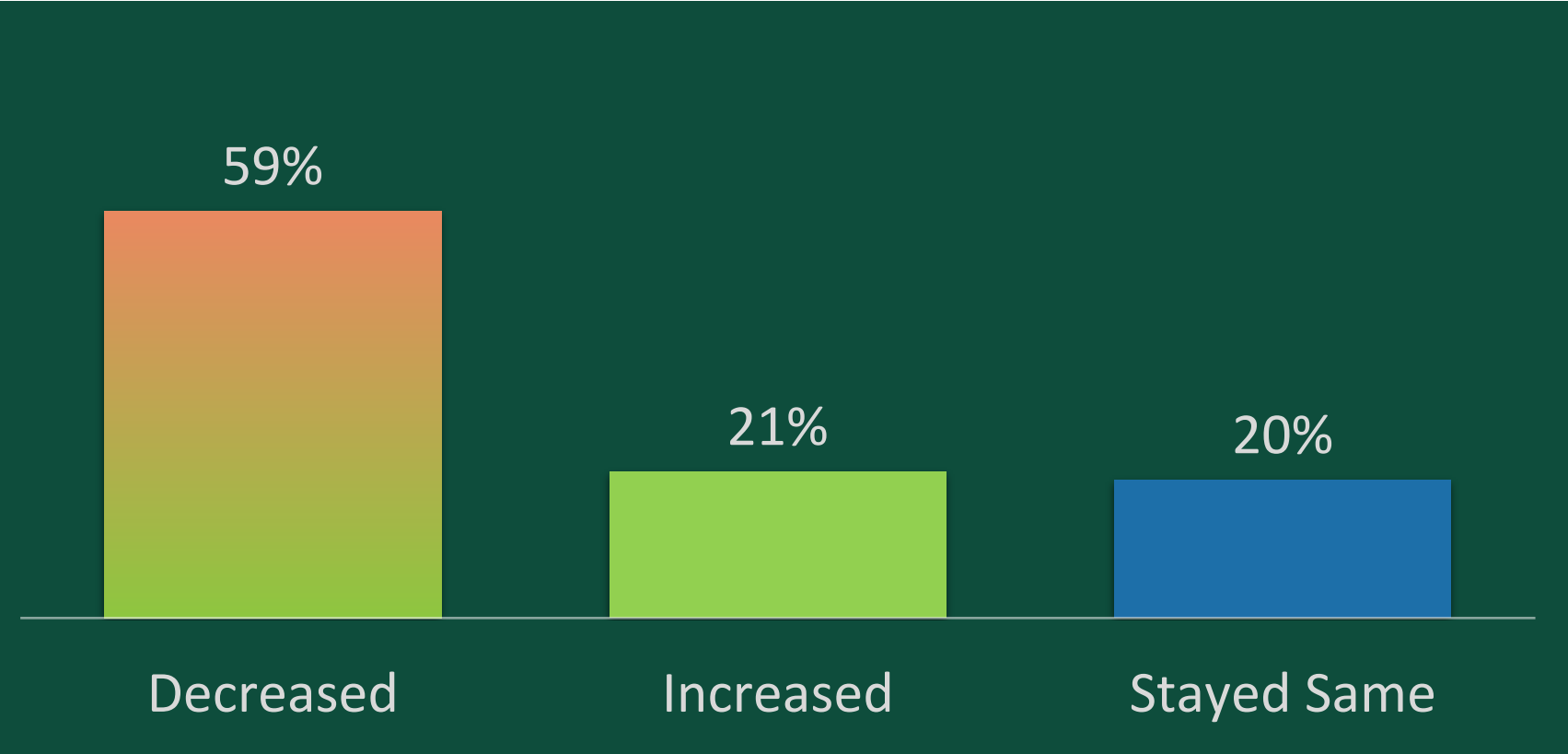
SECTION 1:

Corona & Lockdown and its Impact on Businesses in Pakistan

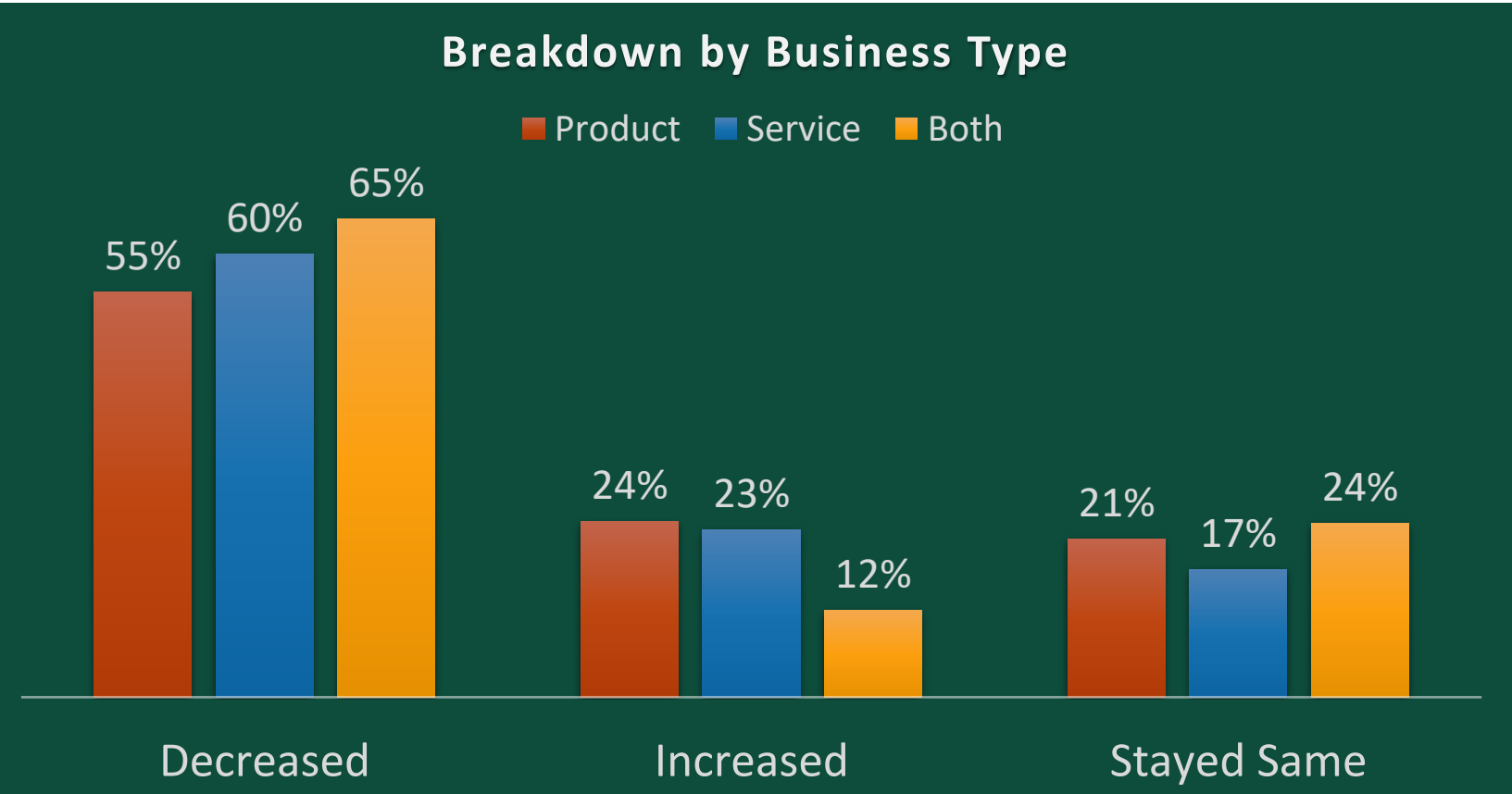


For 59% of the businesses, sales have decreased during the past year. 1 in 5 businesses report the same number of sales as before

Question: Some people say their sales have decreased, increased or stayed same when they compare themselves now as opposed to 12 months ago. How have your sales been?

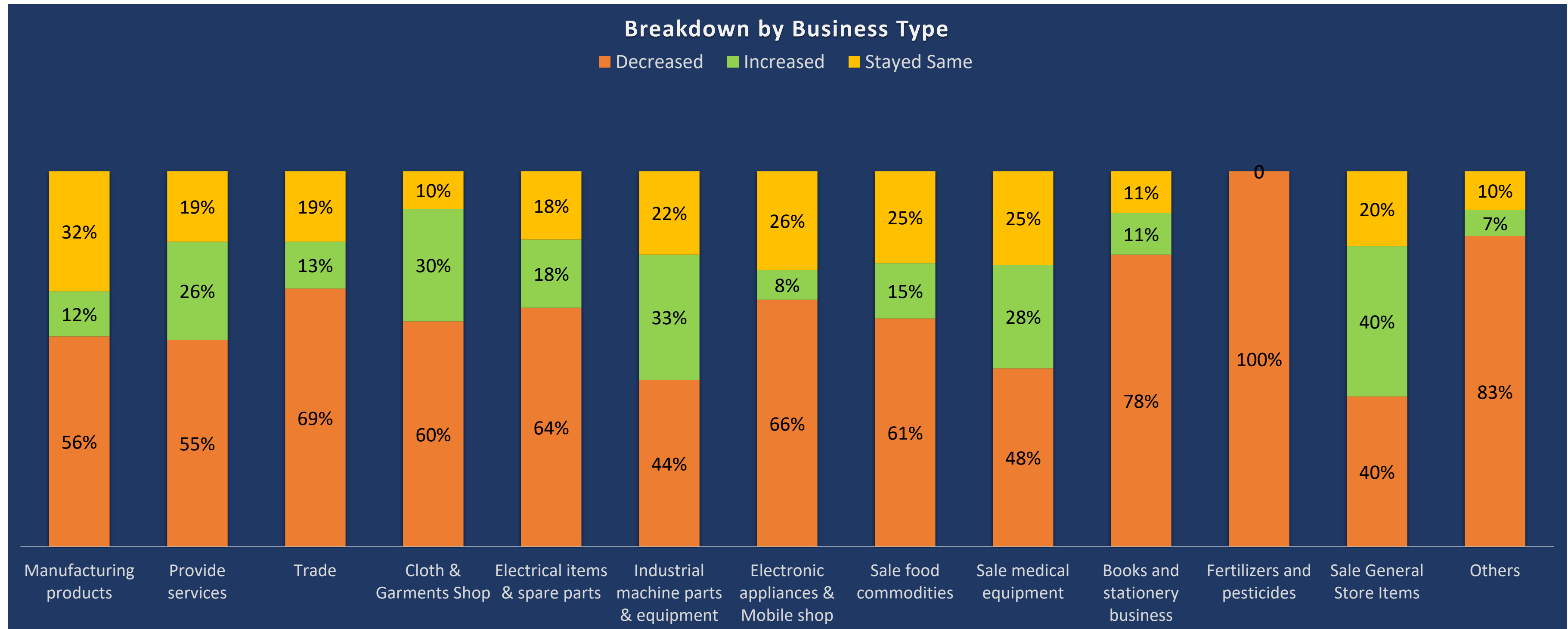


6 in 10 service businesses reported a decline in sales, closely followed by 55% of manufacturing businesses reporting a decline.



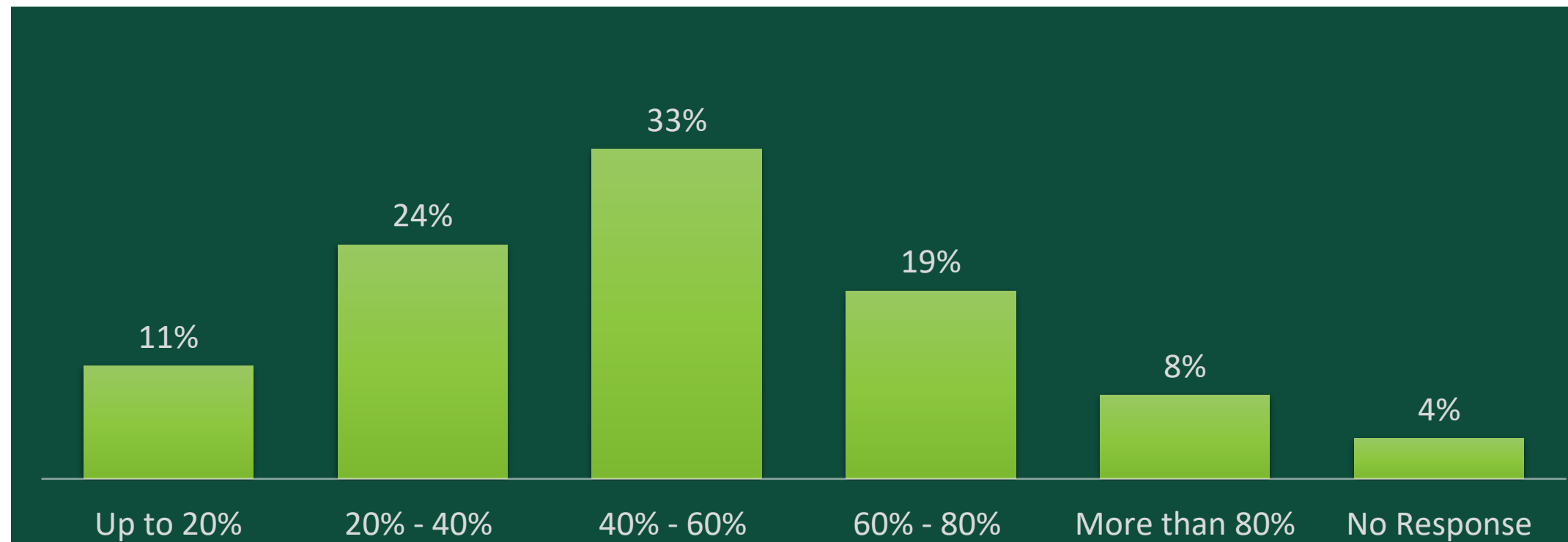
Highest decline in sales over the past year was reported to be experienced by those in the business of fertilizers and pesticides, followed by 78% of books and stationery businesses reporting a decline in sales as well

Question: Some people say their sales have decreased, increased or stayed same when they compare themselves now as opposed to 12 months ago. How have your sales been?



33% businesses reported a decrease of 40% - 60%, followed by 24% of businesses reporting a decrease of 20% - 40% while 19% businesses reported a 60% - 80% decrease and 8% reporting more than 80% decrease in sales over the past year

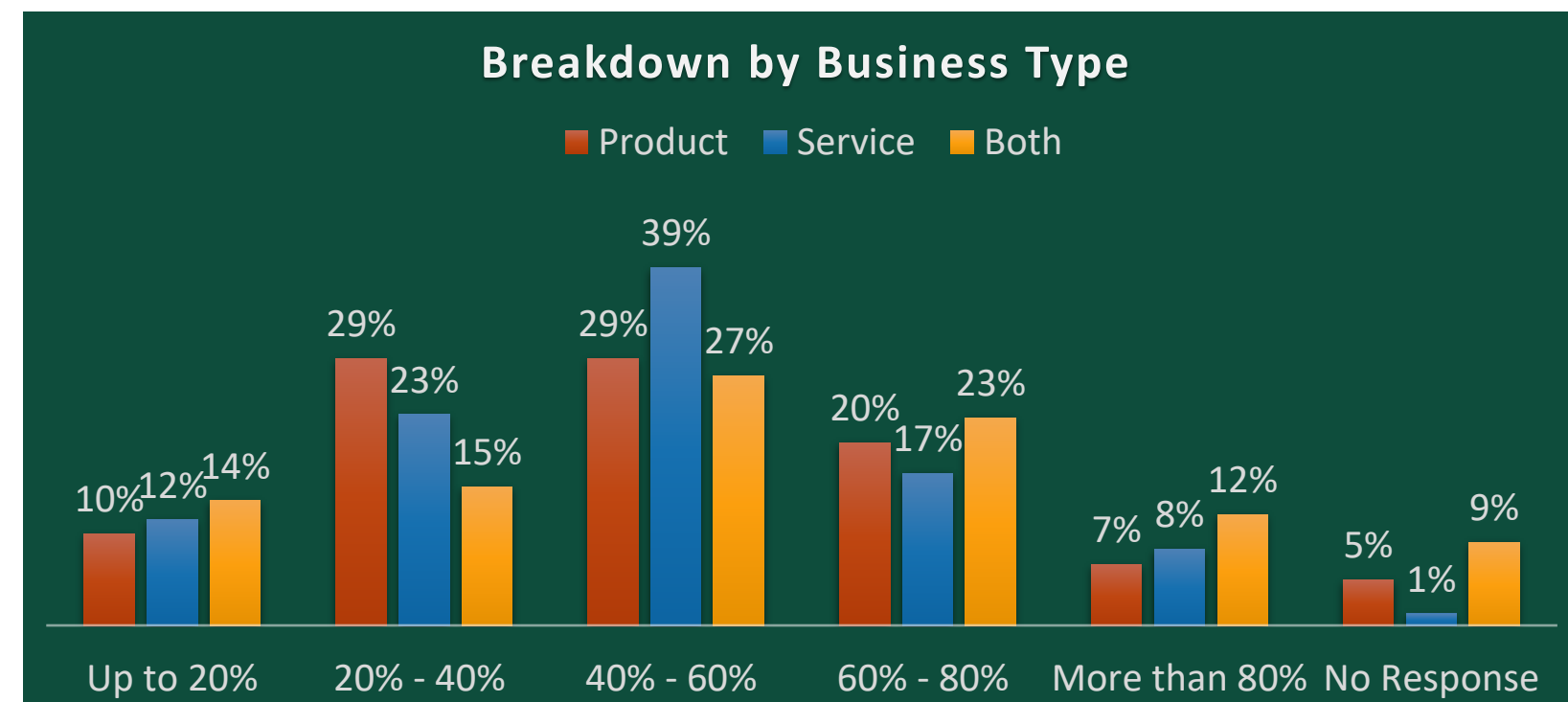
Question: What has been the percentage decrease in your sales? Imagine your sales were Rs.100
12 months ago, what are they now?



Trend of Modal Decrease across Waves

Wave	Modal Decrease
Q2 2021	40% - 60%
Q4 2021	40% - 60%

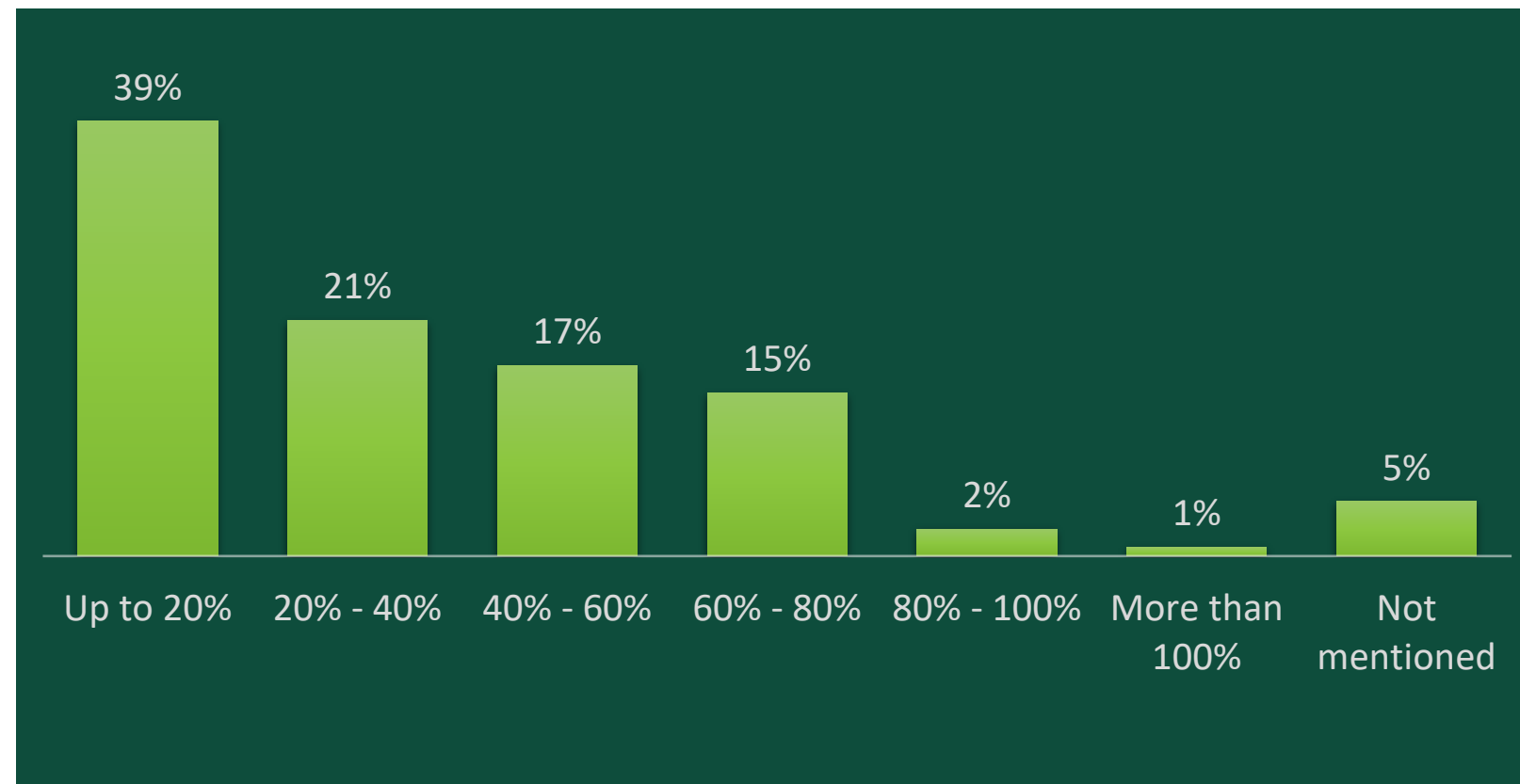
29% product businesses reported a decline of 20% - 40% in sales. 39% service businesses reported between 40% - 60% decline.



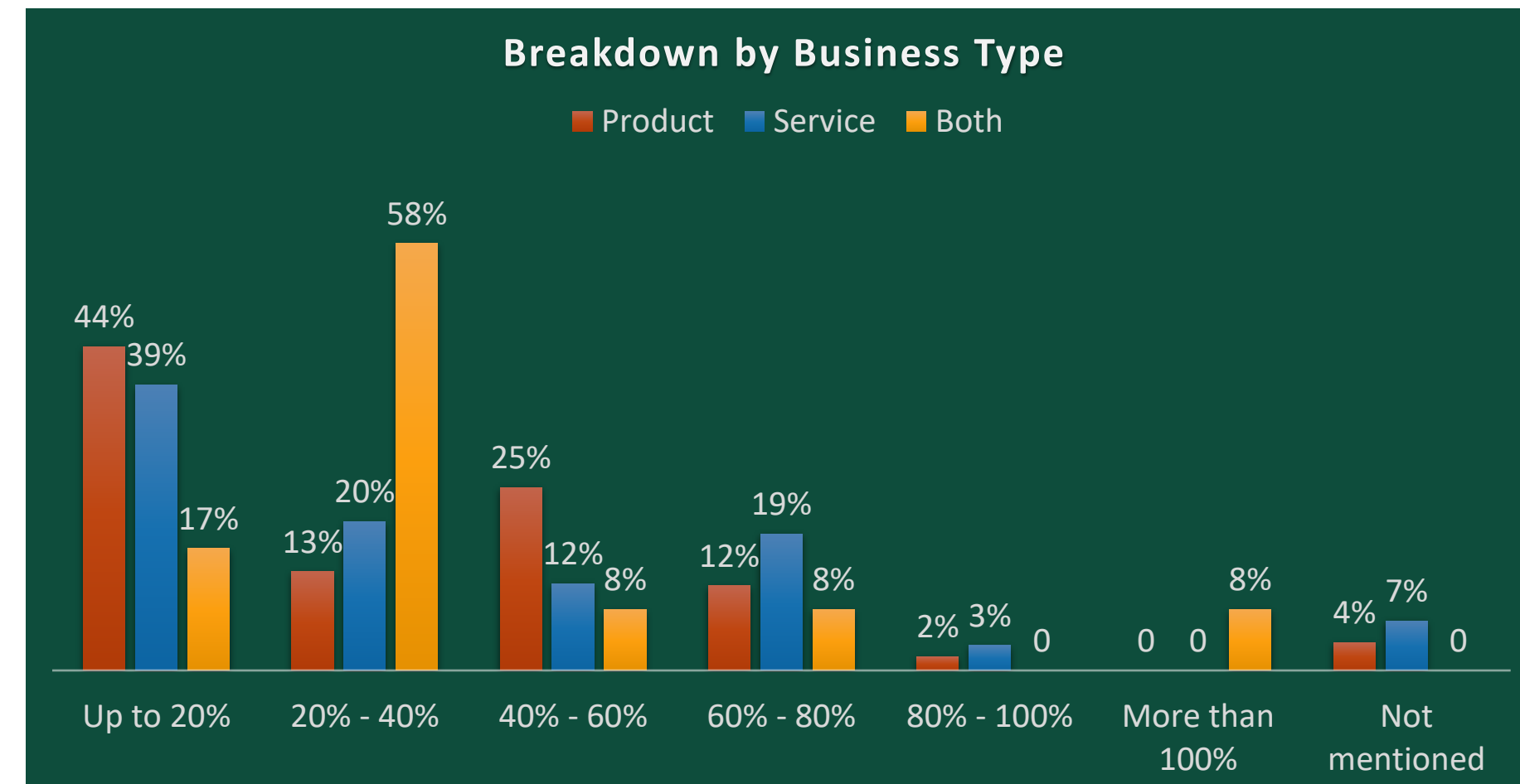
Mode decrease
40% - 60%

Nearly 4 in 10 (39%) businesses reported an increase in sales of up to 20%, followed by 21% businesses reporting a 20% - 40% increase. Only 1% of businesses reported an increase in sales of more than 100%

Question: What has been the percentage increase in your sales? Imagine your sales were Rs. 100 12 months ago, what are they now?



58% of both business types reported an increase between 20% - 40% in sales over the past year. Only 8% of both business types reported an increase of more than 100%.



Trend of Modal Increase across Waves

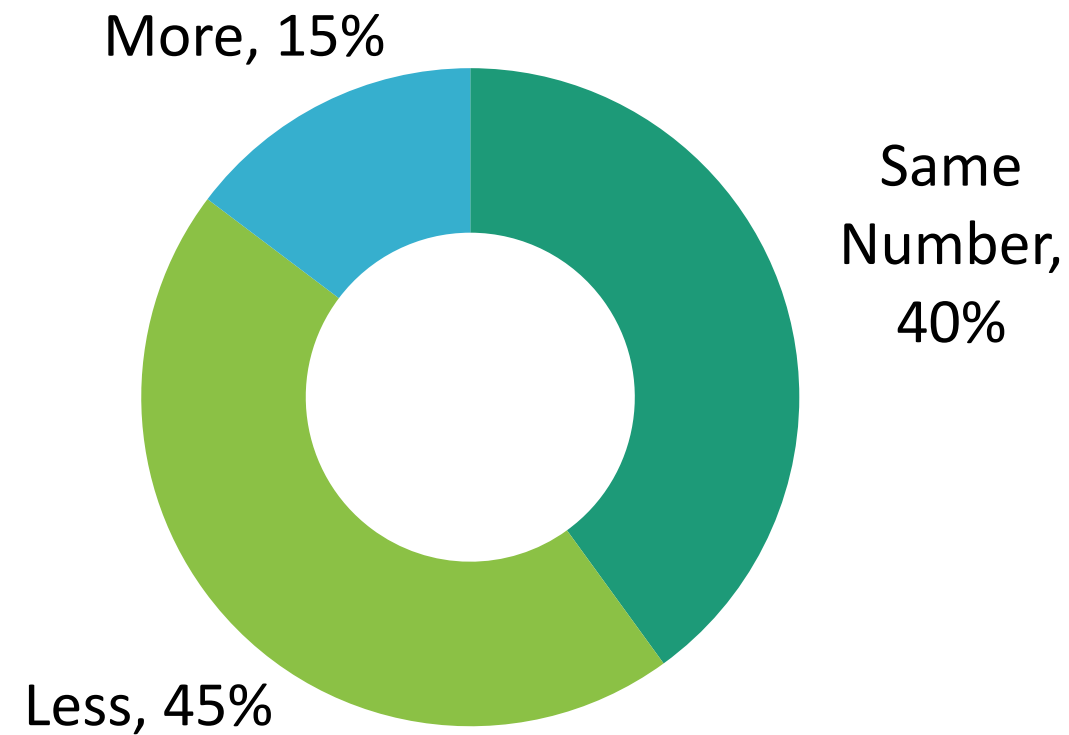
Wave	Modal Increase
Q2 2021	<20%
Q4 2021	<20%

40% of businesses reported having the same number of employees while 45% of businesses reported laying off/having fewer number of employees compared to 12 months ago

Question: As opposed to 12 months ago, do you have same, less or more people working for you?

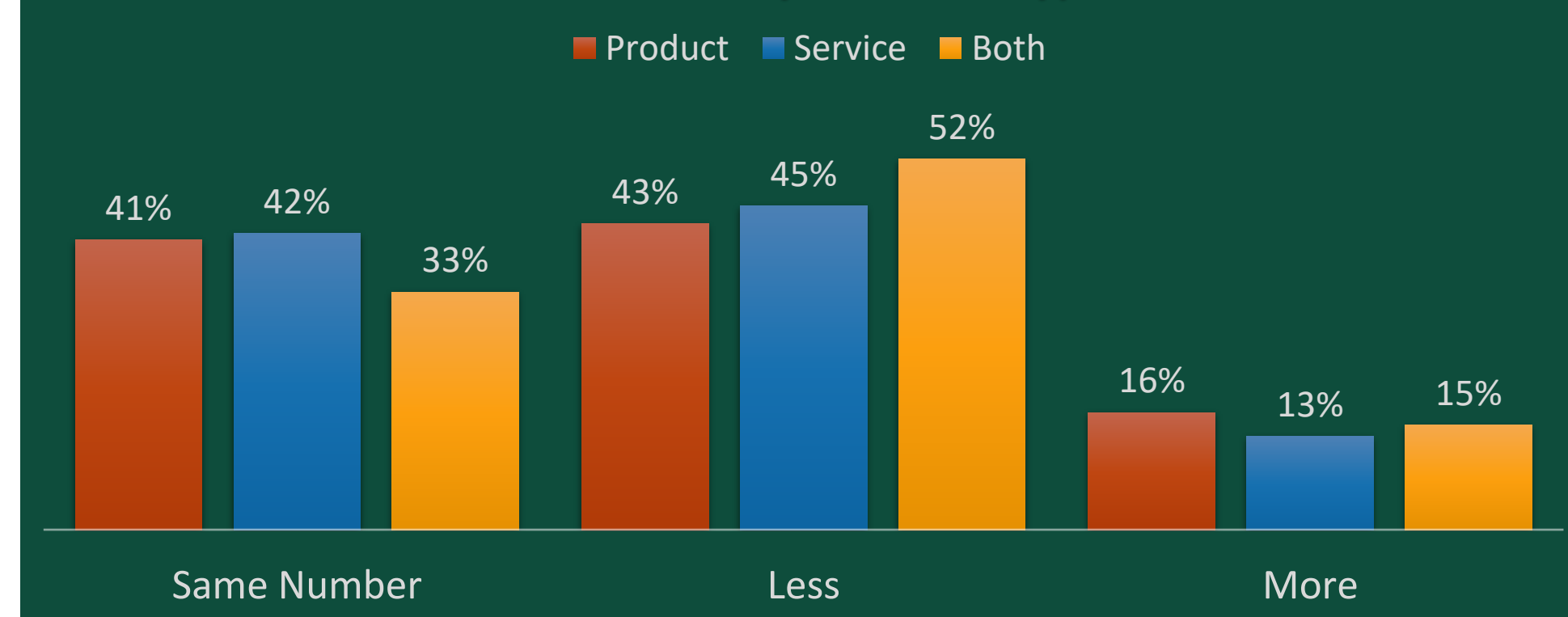


All

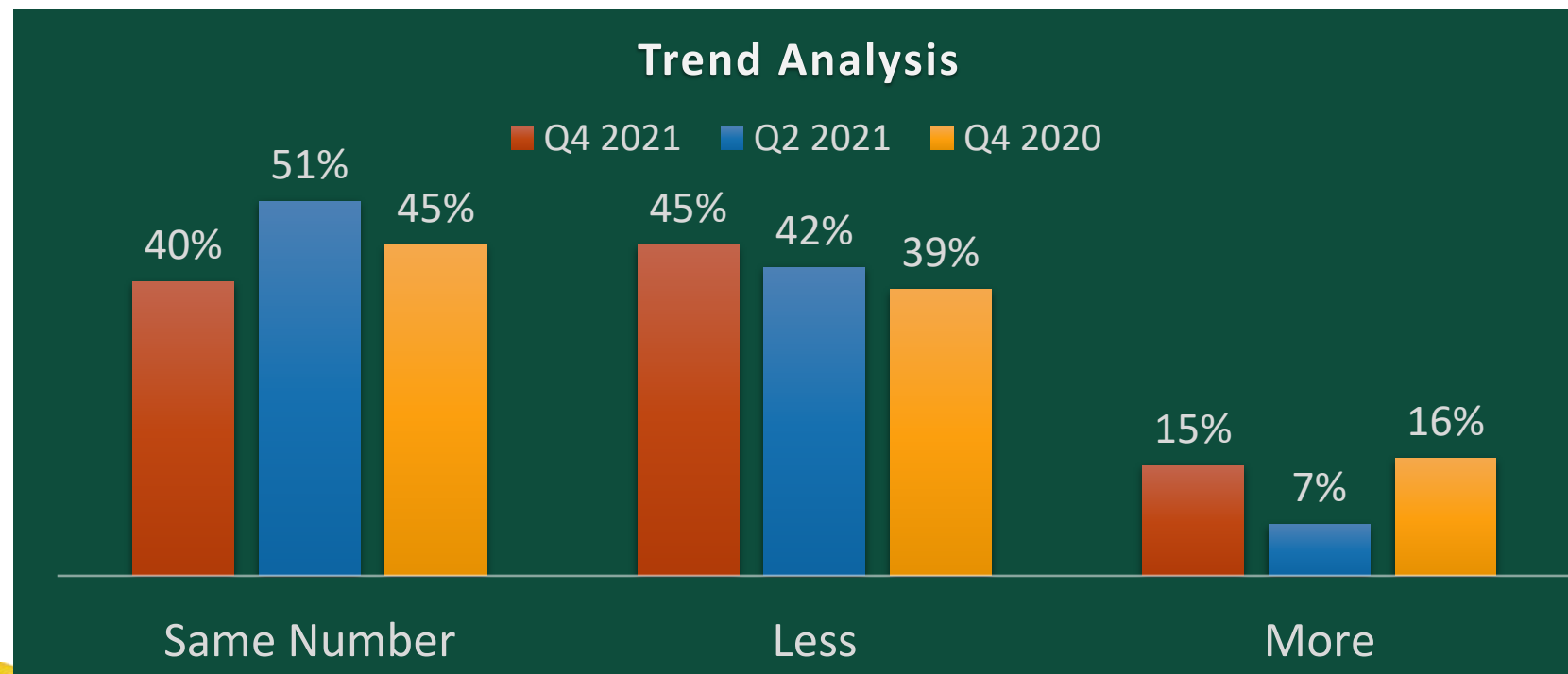


Businesses in the services sector had to reduce a greater number of employees compared to product businesses, though the differences were not too stark.

Breakdown by Business Type



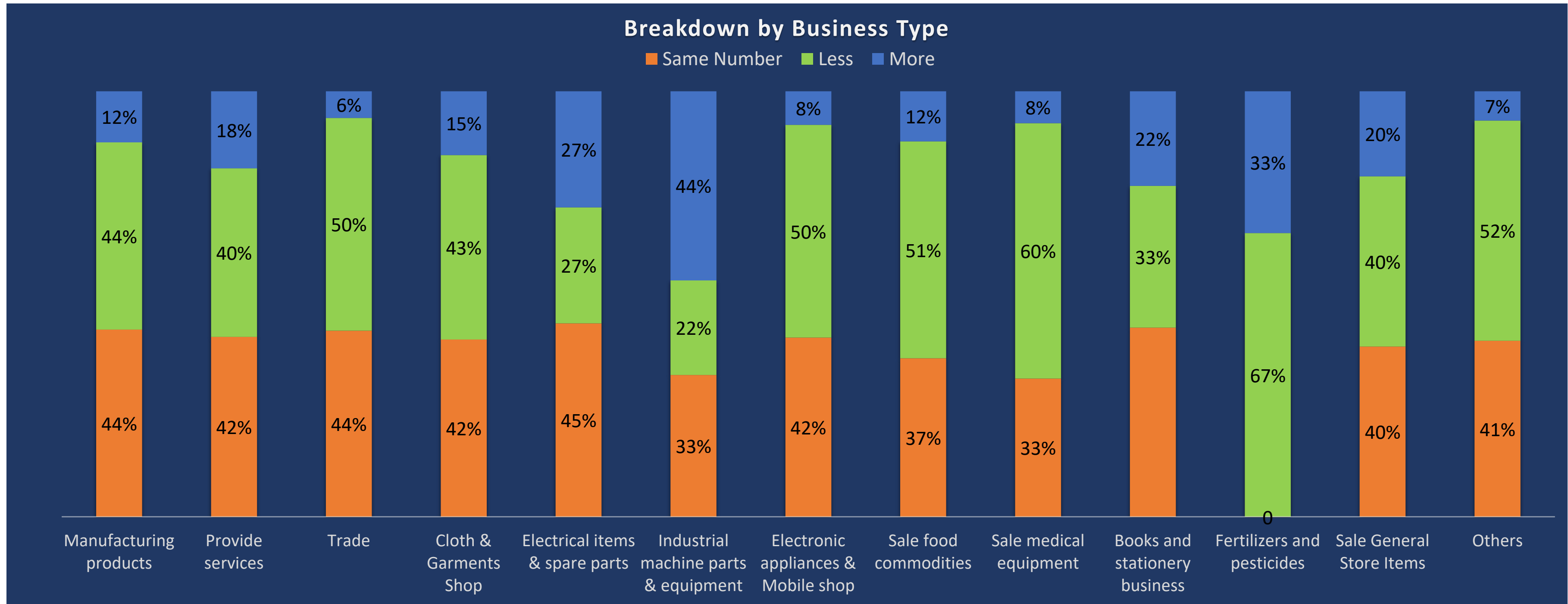
Trend Analysis



Source: Gallup Pakistan Business Confidence Survey with N 581 businesses in Pakistan (Report 6, Quarter 4 2021)

Businesses which had to lay off the most employees are those related to fertilizers and pesticides (67%) and those involved in the sale of medical equipment (60%)

Question: As opposed to 12 months ago, do you have same, less or more people working for you, less or same number?



Source: Gallup Pakistan Business Confidence Survey with N 581 businesses in Pakistan (Report 6, Quarter 4 2021)



SECTION 2:

Gallup Business Confidence Index



Gallup Pakistan Business Confidence Index Yardstick

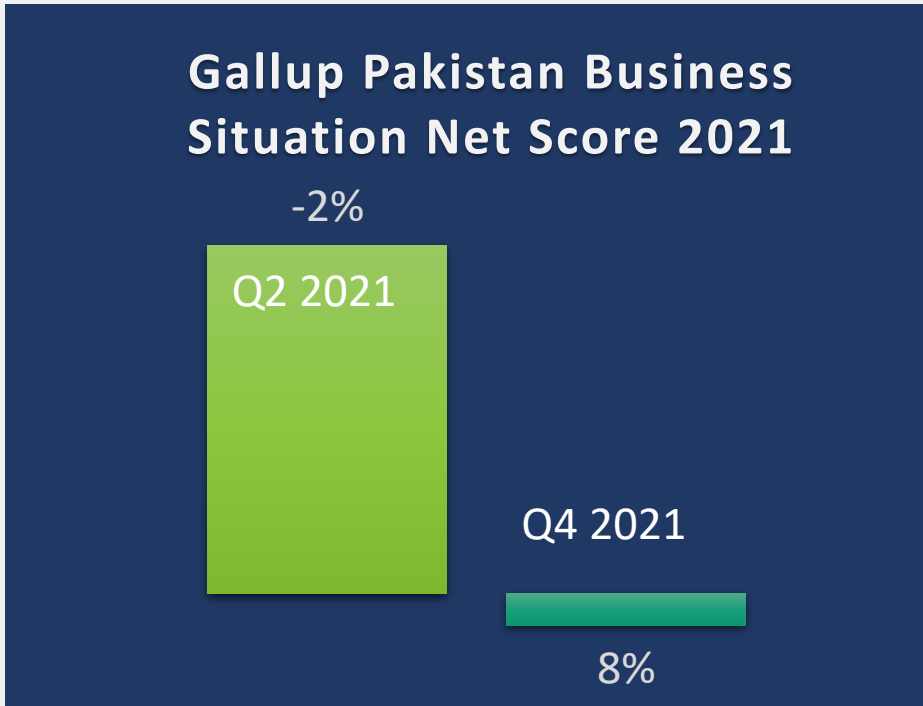
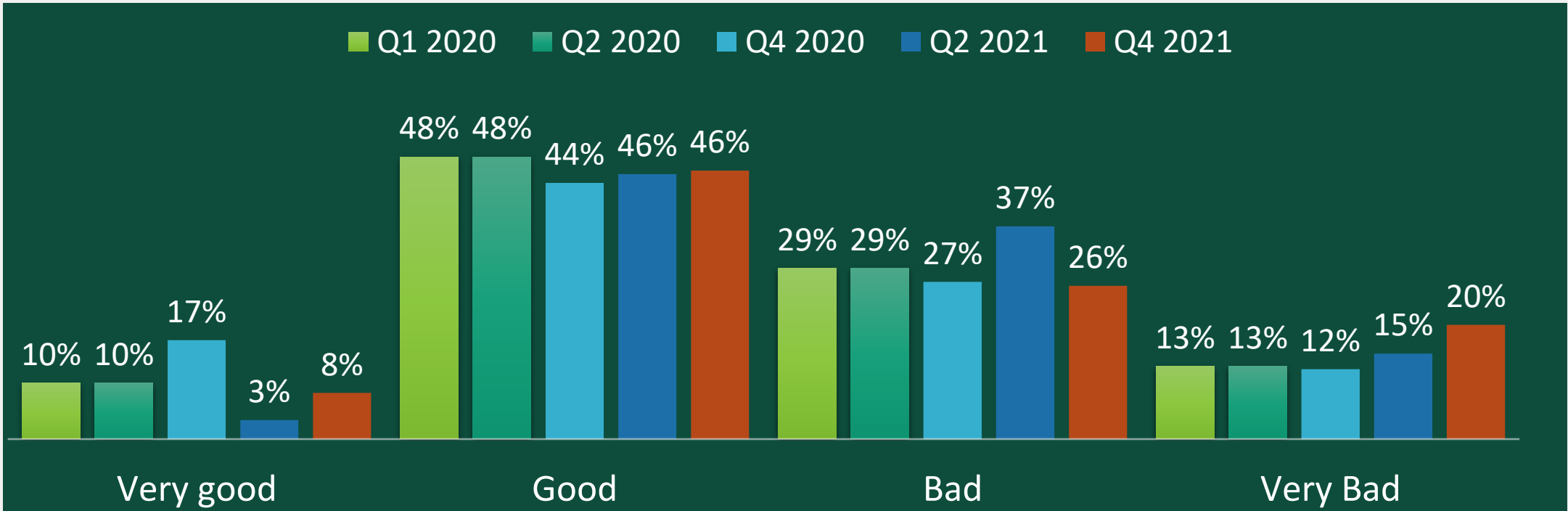
1:

Current Business Conditions Score

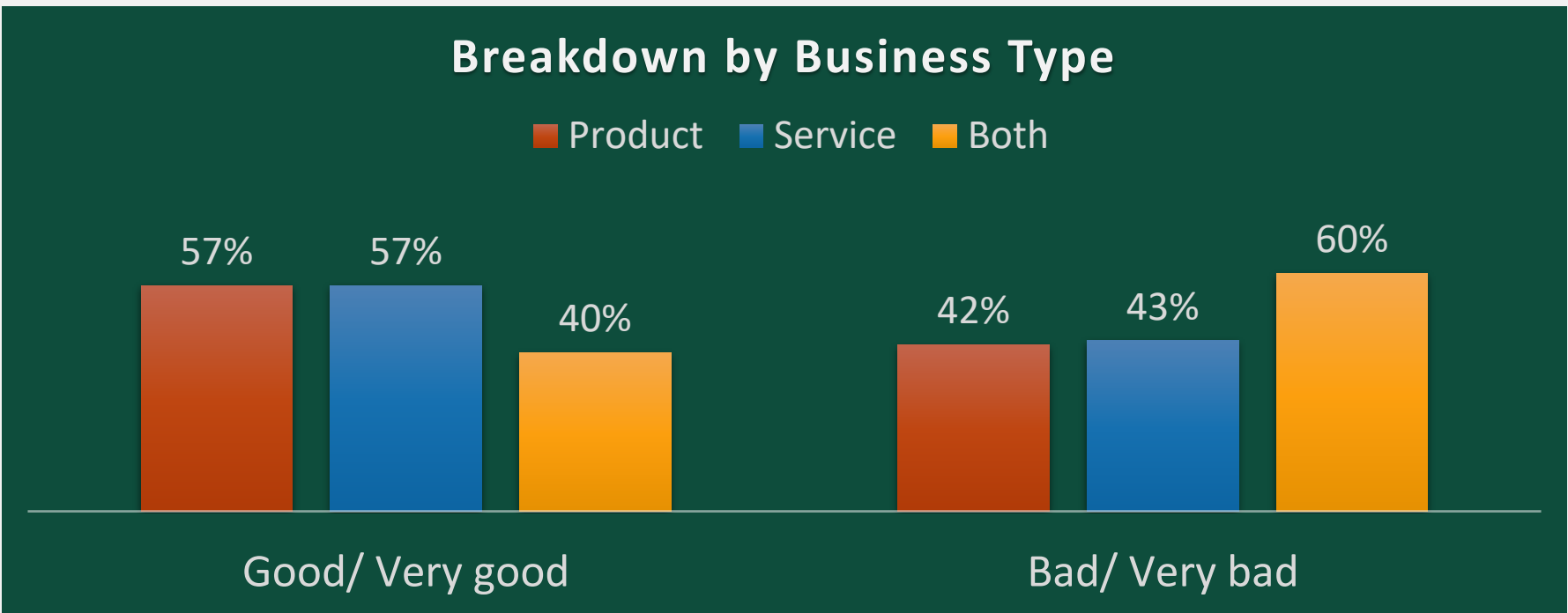


54% of businesses report their current business condition to be either good or very good

Question: How well is your business doing nowadays. Would you say it is very good, good, bad, or very bad?



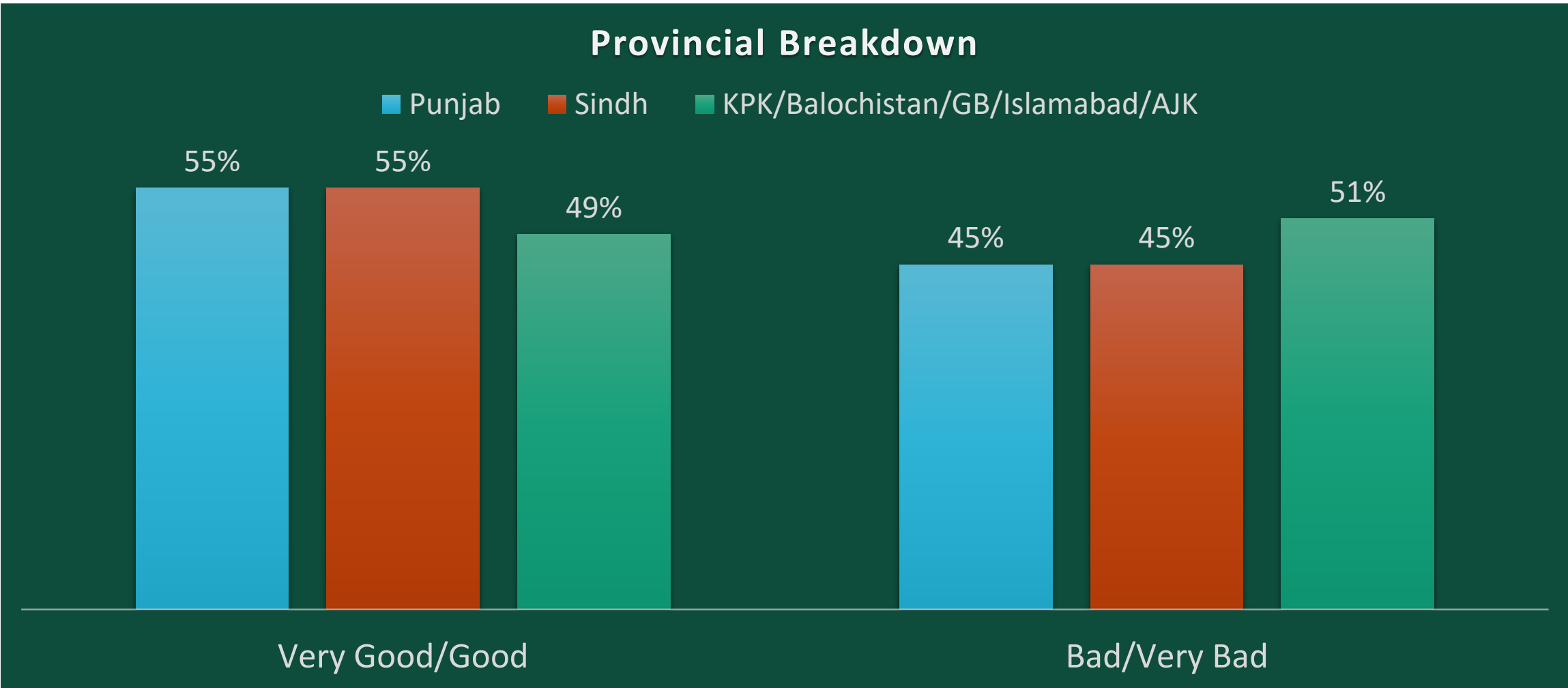
Since Q2 2021, the current business assessment has improved with an 10% increase in people claiming their business situation to be good.



60% of both business types reported their current business conditions to be bad.

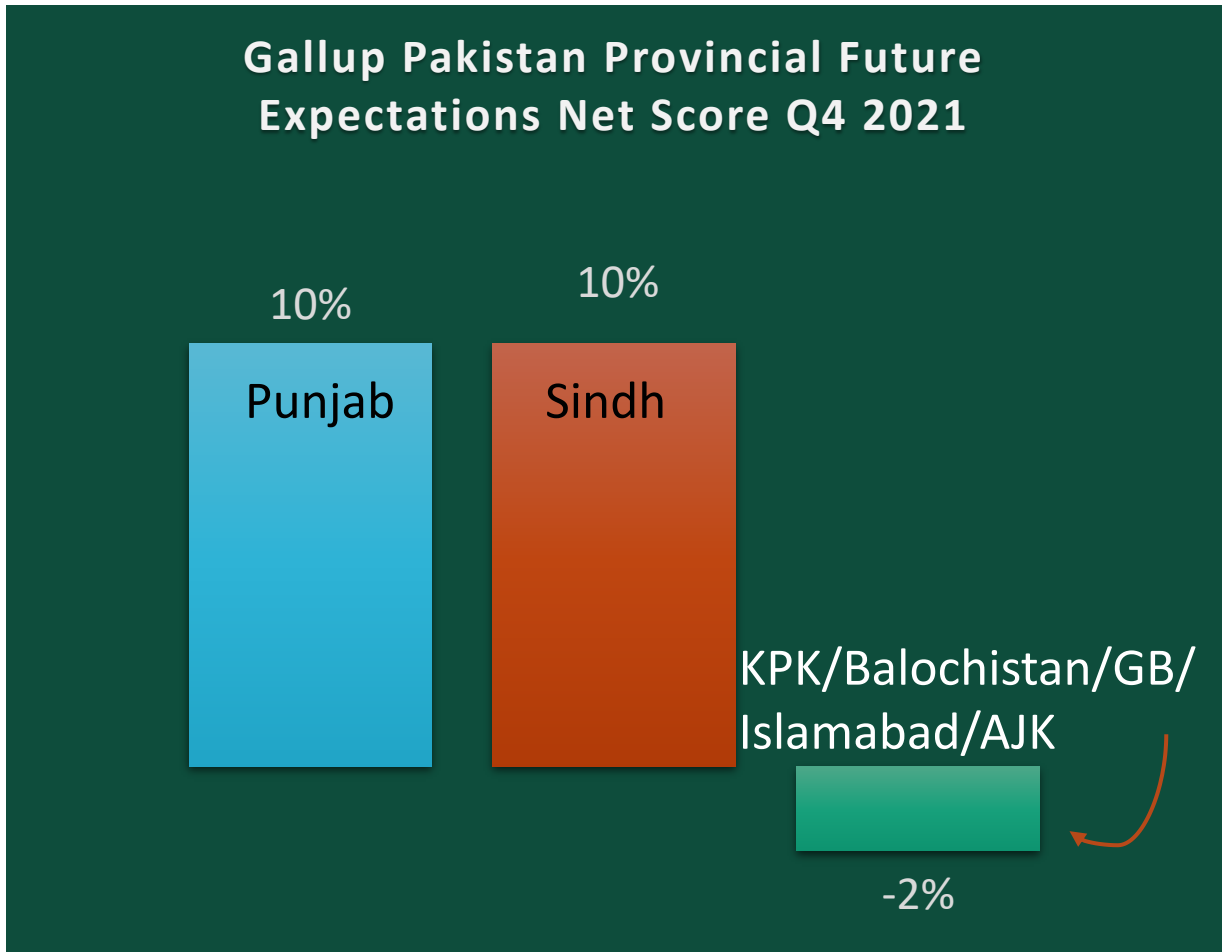
55% businesses each from Punjab and Sindh reported good business conditions while 51% of businesses in KPK/Balochistan/GB/Islamabad/AJK combined reported bad business conditions

Question: How well is your business doing nowadays. Would you say it is very good, good, bad, or very bad?



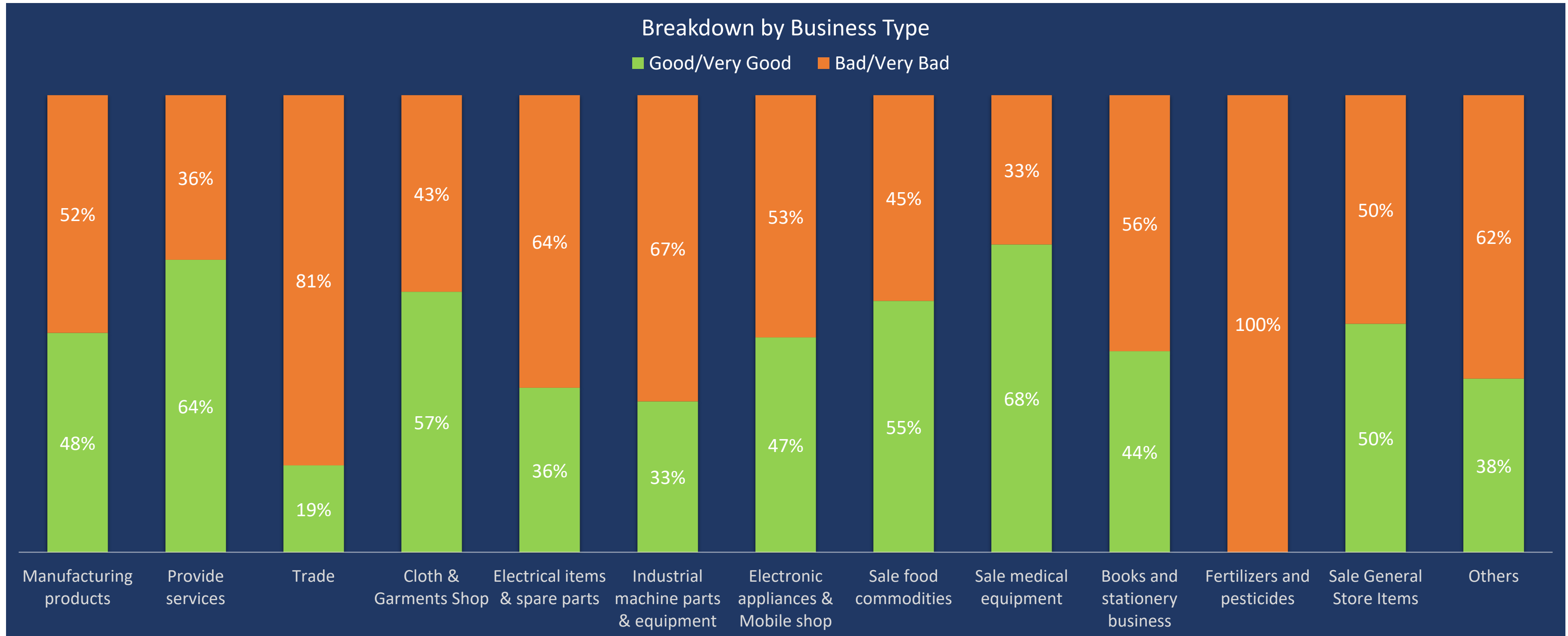
*Due to sample size being not significant at KPK, Balochistan, GB, Islamabad, and AJK level, they have been clubbed for the purpose of analysis.

Punjab and Sindh reported a positive business situation score of 10%.



81% of trade businesses reported poor business conditions while 68% of those businesses involved in the sale of medical equipment reported good business conditions currently

Question: How well is your business doing nowadays. Would you say it is very good, good, bad, or very bad?



Source: Gallup Pakistan Business Confidence Survey with N 581 businesses in Pakistan (Report 6, Quarter 4 2021)



Gallup Pakistan Business Confidence Index Yardstick

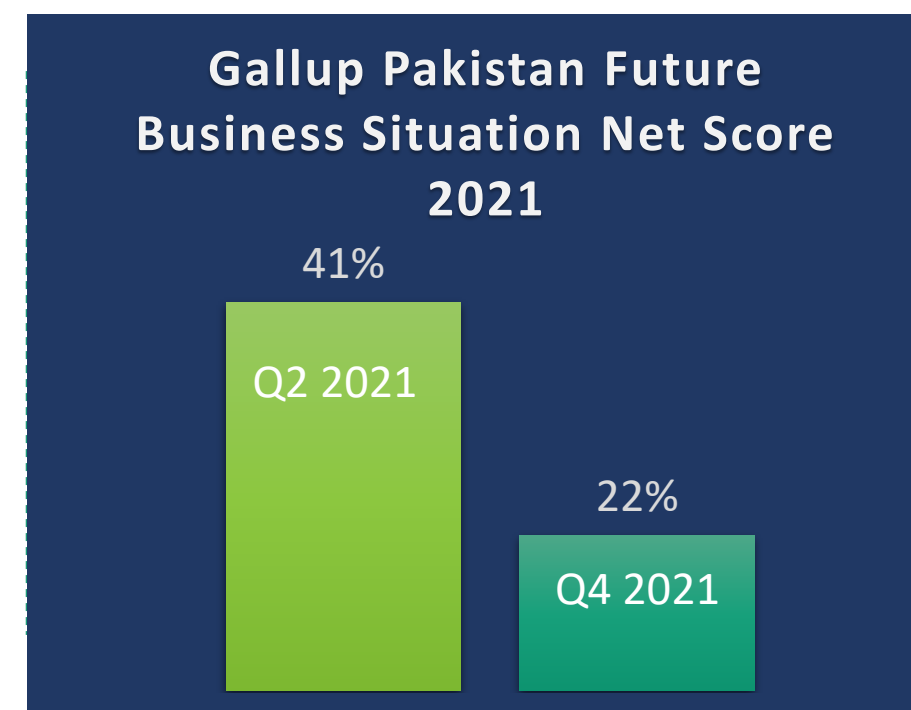
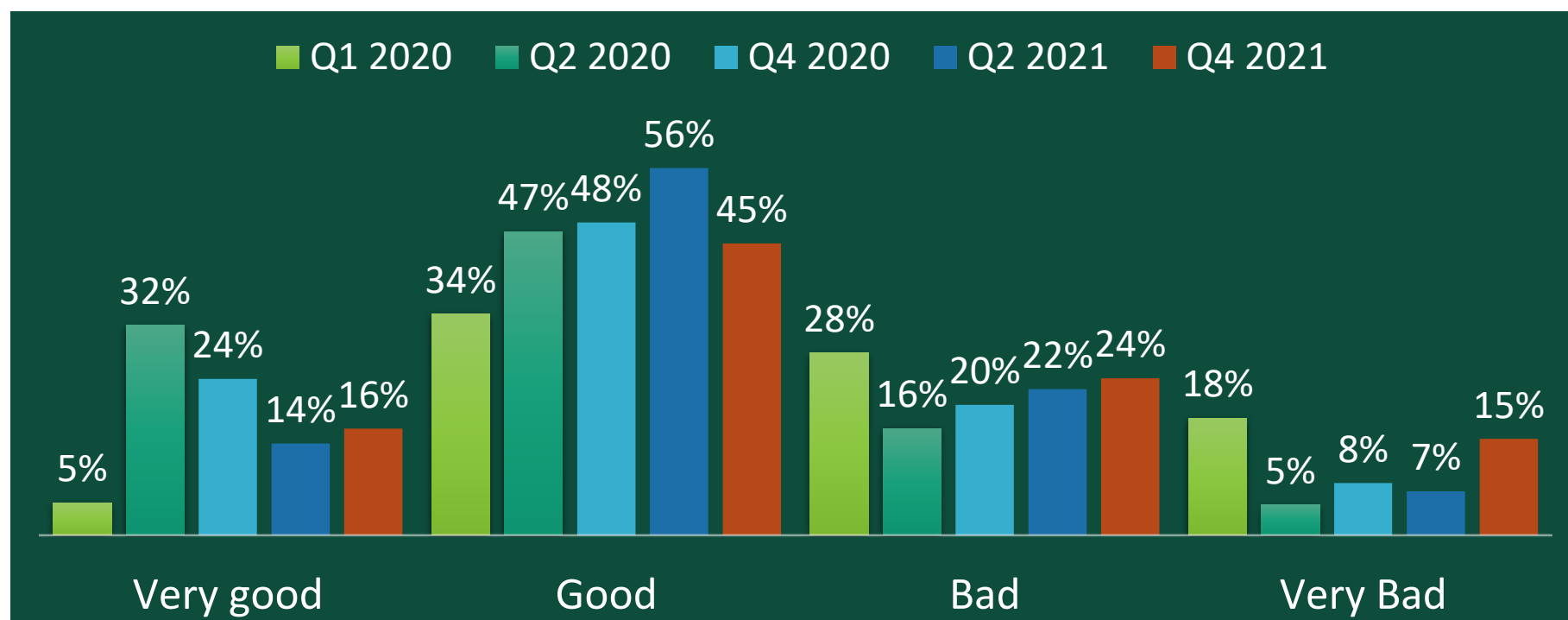
2:

Future Business Conditions Score



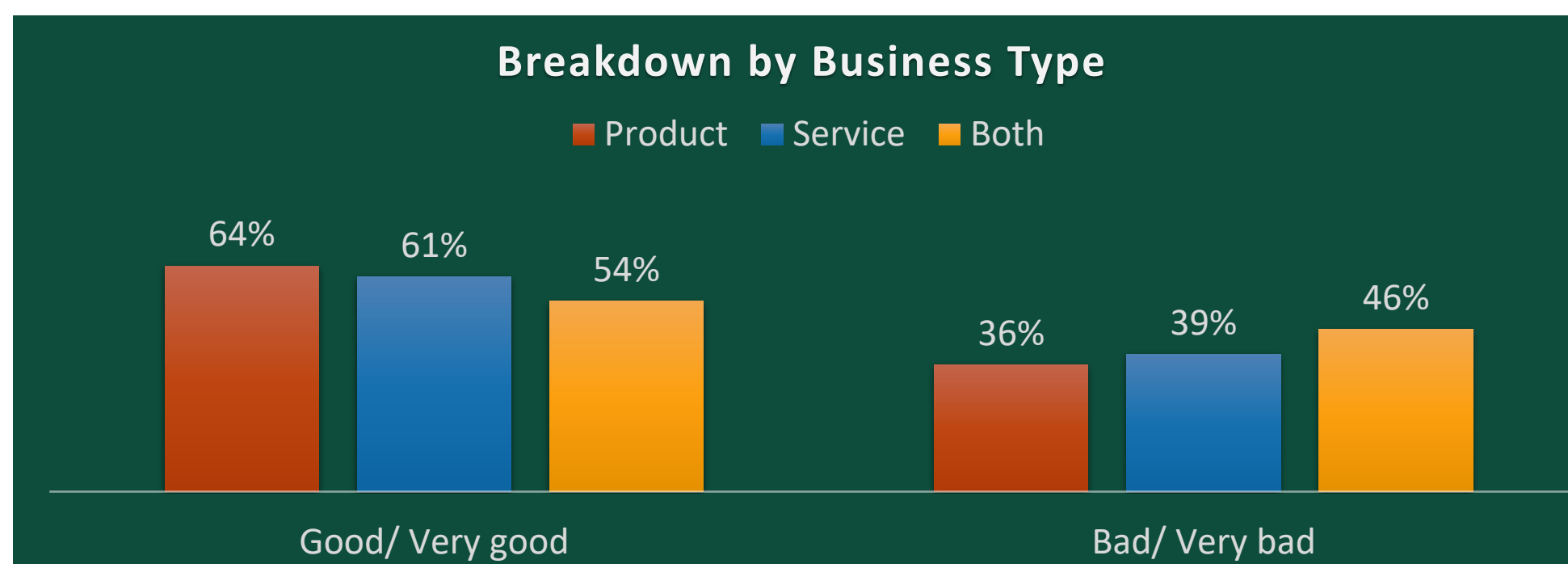
6 in 10 businesses are confident that the future will be better. However, the Net Future Business Confidence score decreased by 19% (falling from 41% to 22%) since Quarter 2, 2021

Question: What are your expectations for the future of your business compared to the past?



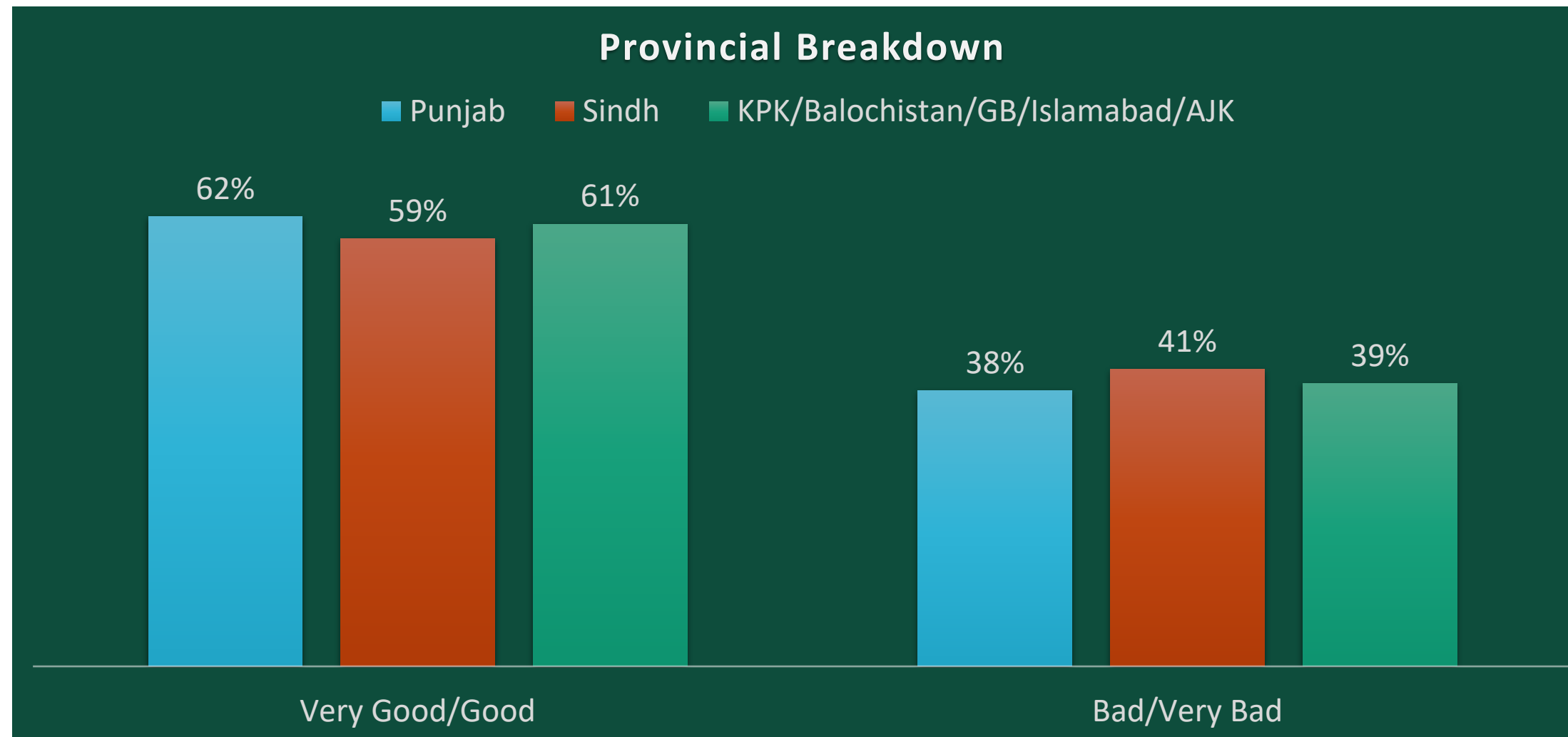
Overall Net Business Situation Score has fallen from 41% in Q2 2021 to 22% in Q4 2021.

Product businesses had slightly higher levels of optimism for the future of their businesses as compared to service businesses.



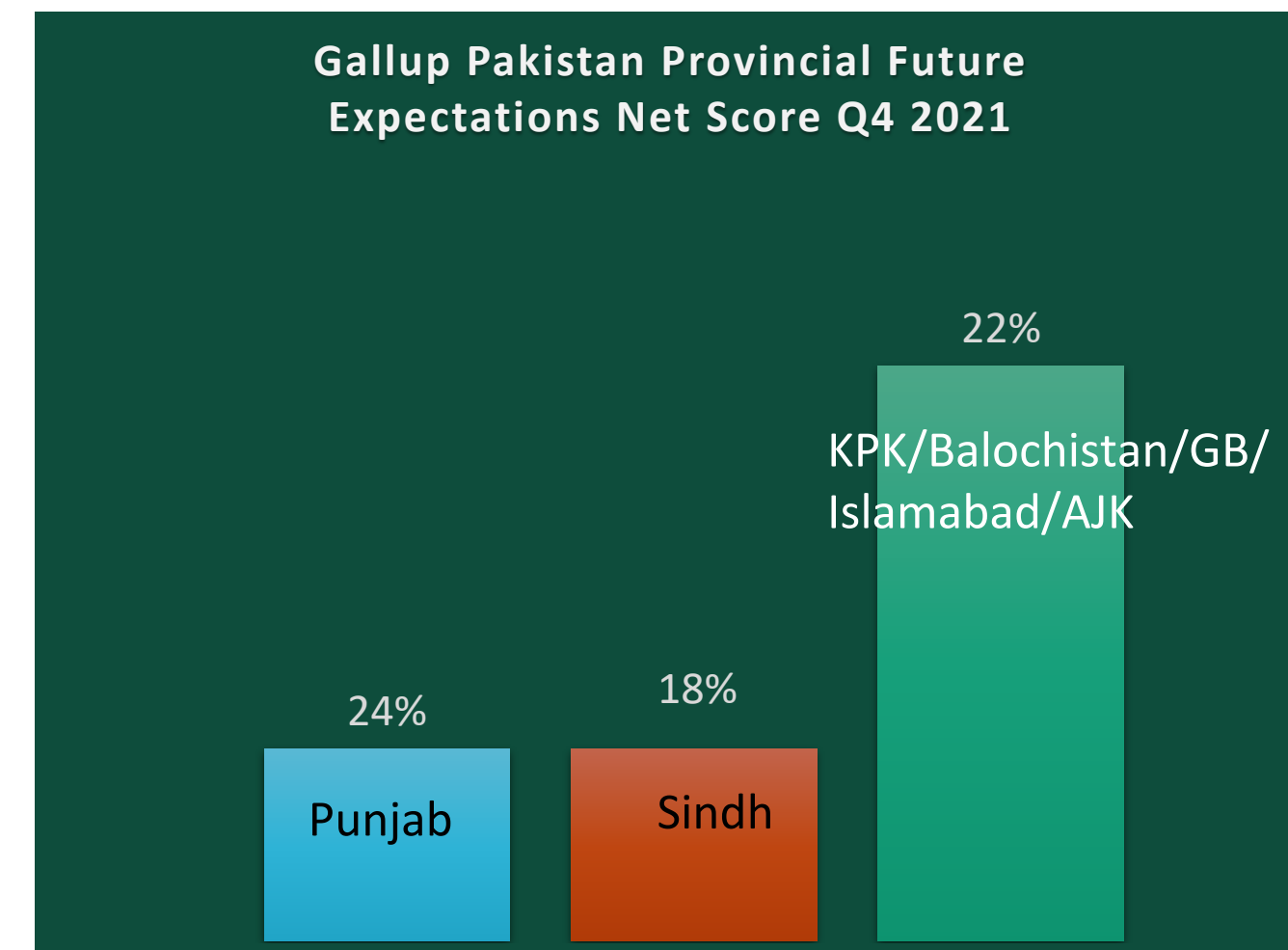
Businesses across all provinces were found to be almost equally optimistic about the future of their business

Question: What are your expectations for the future of your business compared to the past?



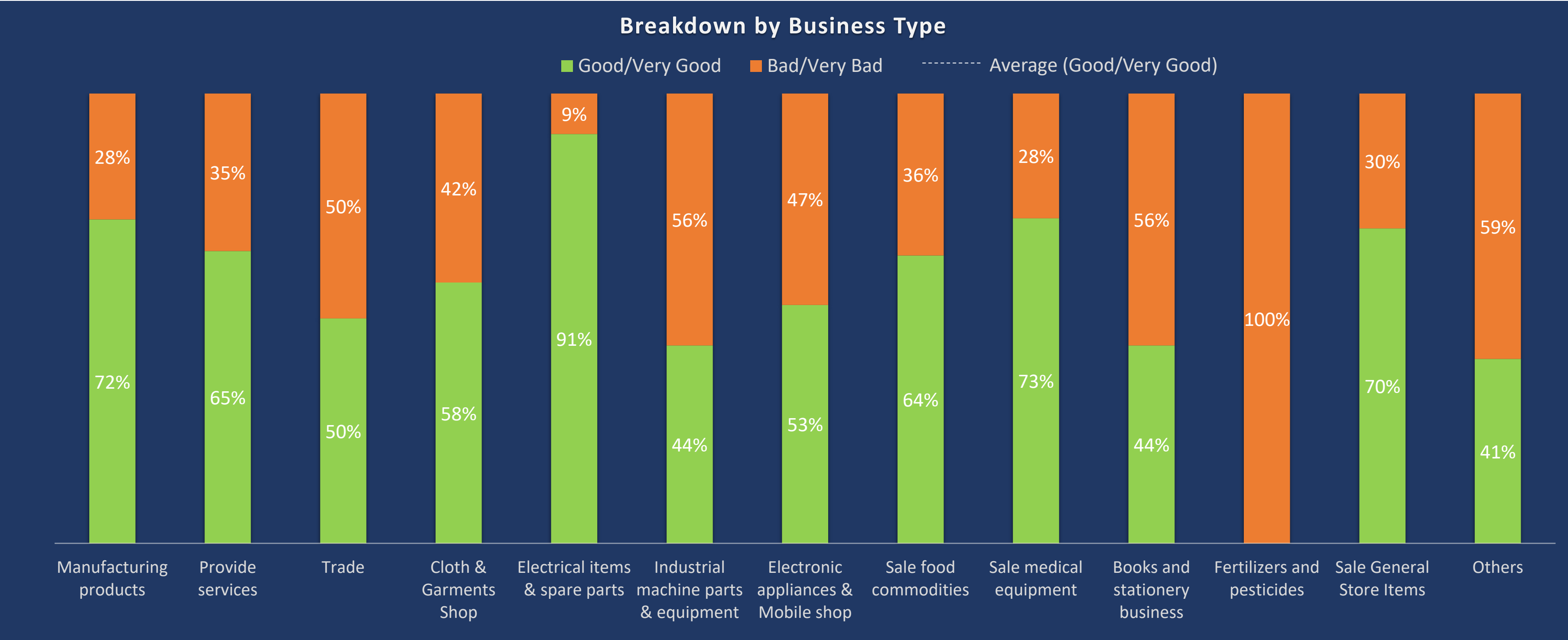
*Due to sample size being not significant at KPK, Balochistan, GB, Islamabad, and AJK level, they have been clubbed for the purpose of analysis.

Provincial future net score was found to be the highest in Punjab.



91% of businesses related to the sale of electrical items and spare parts are optimistic regarding their future business conditions while businesses related to fertilizers and pesticides are least optimistic as compared to the others

Question: What are your expectations for the future of your business compared to the past?



Source: Gallup Pakistan Business Confidence Survey with N 581 businesses in Pakistan (Report 6, Quarter 4 2021)

Gallup Pakistan Business Confidence Index Yardstick

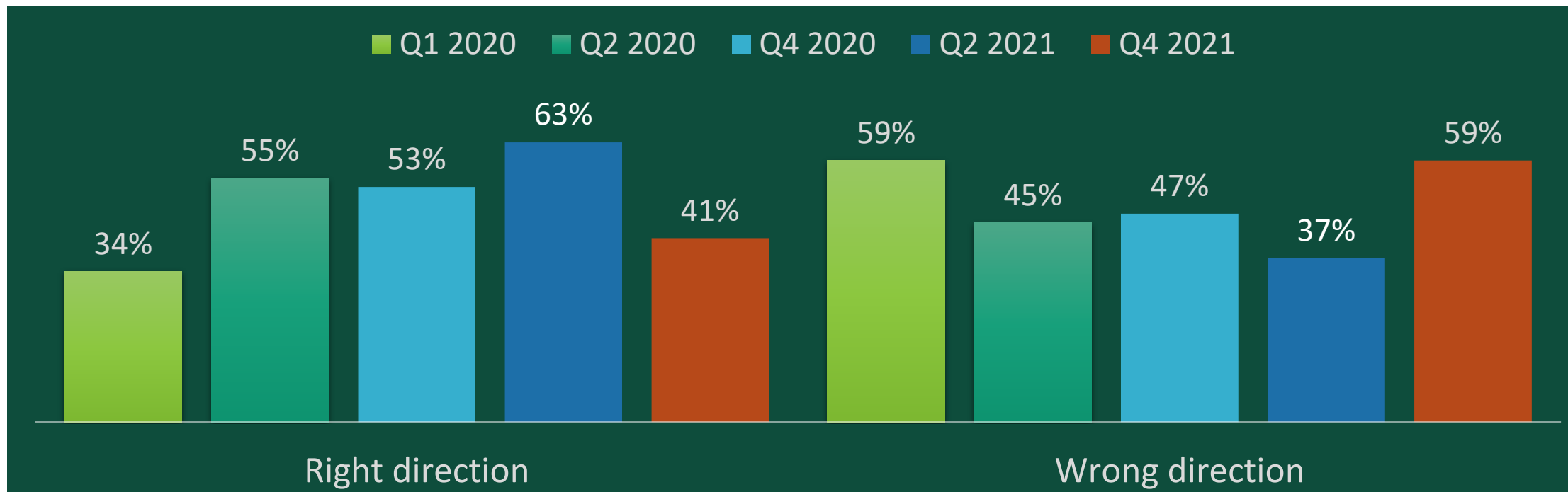
3:

Direction of the Country Score

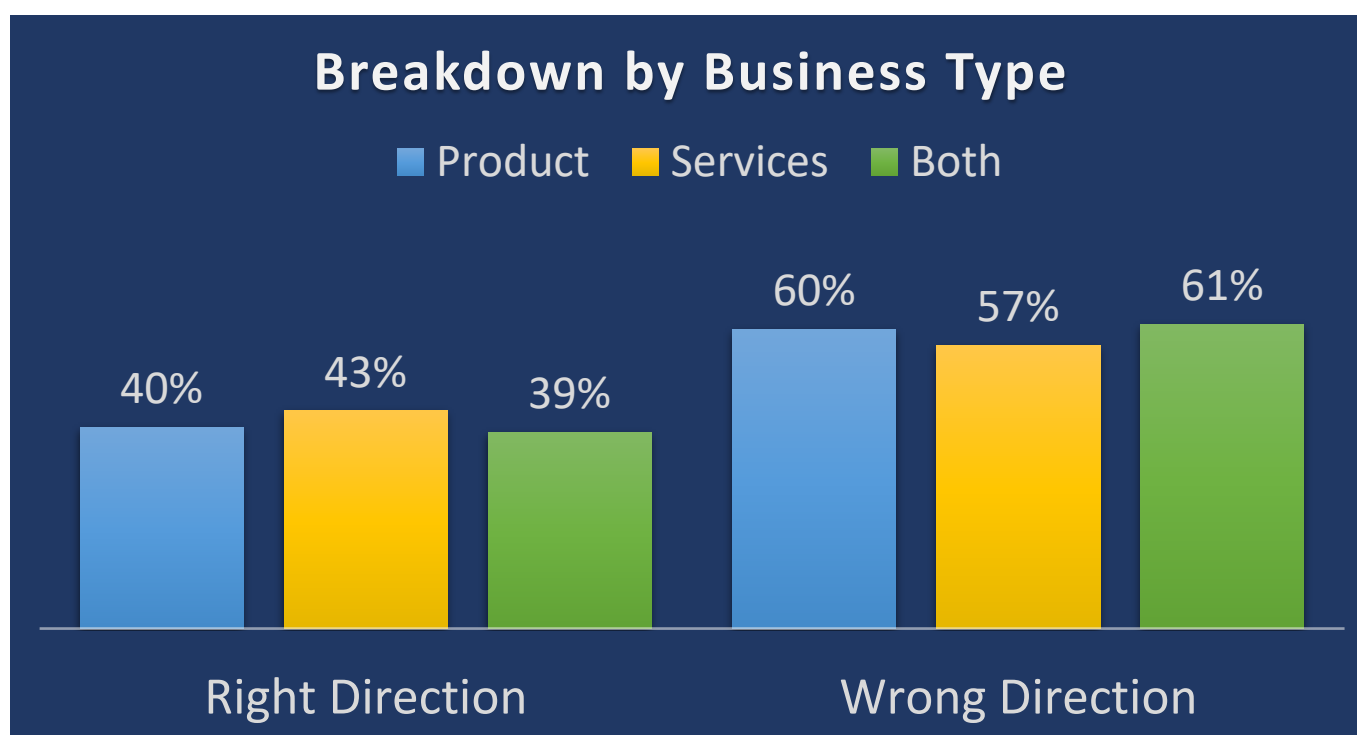


As compared to Q2 2021, there has been a 22% decrease in the number of businesses that opine that the country is heading in the right direction

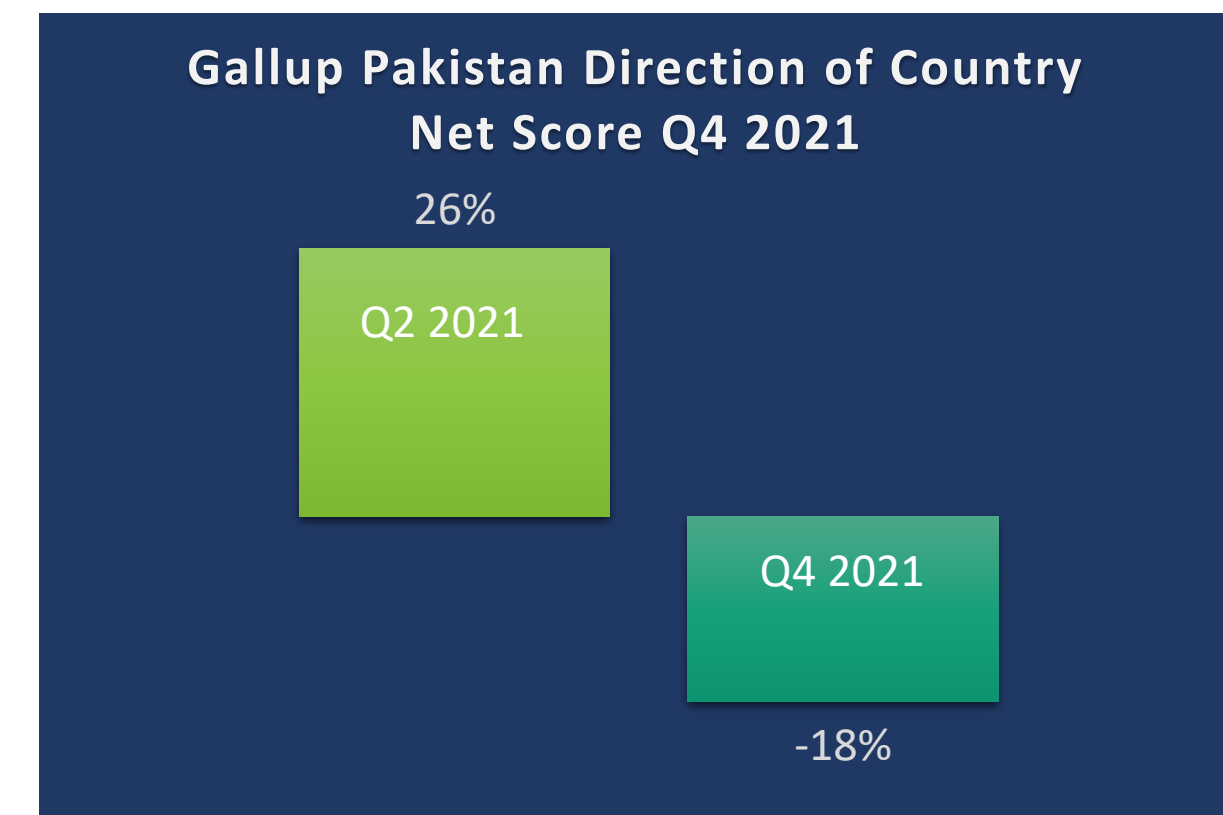
Question: What is your opinion on the direction of the country? Are we headed in the right direction or wrong direction?



Net direction of the country score has decreased from 26% in Q2 2021 to -18% in Q4 2021.

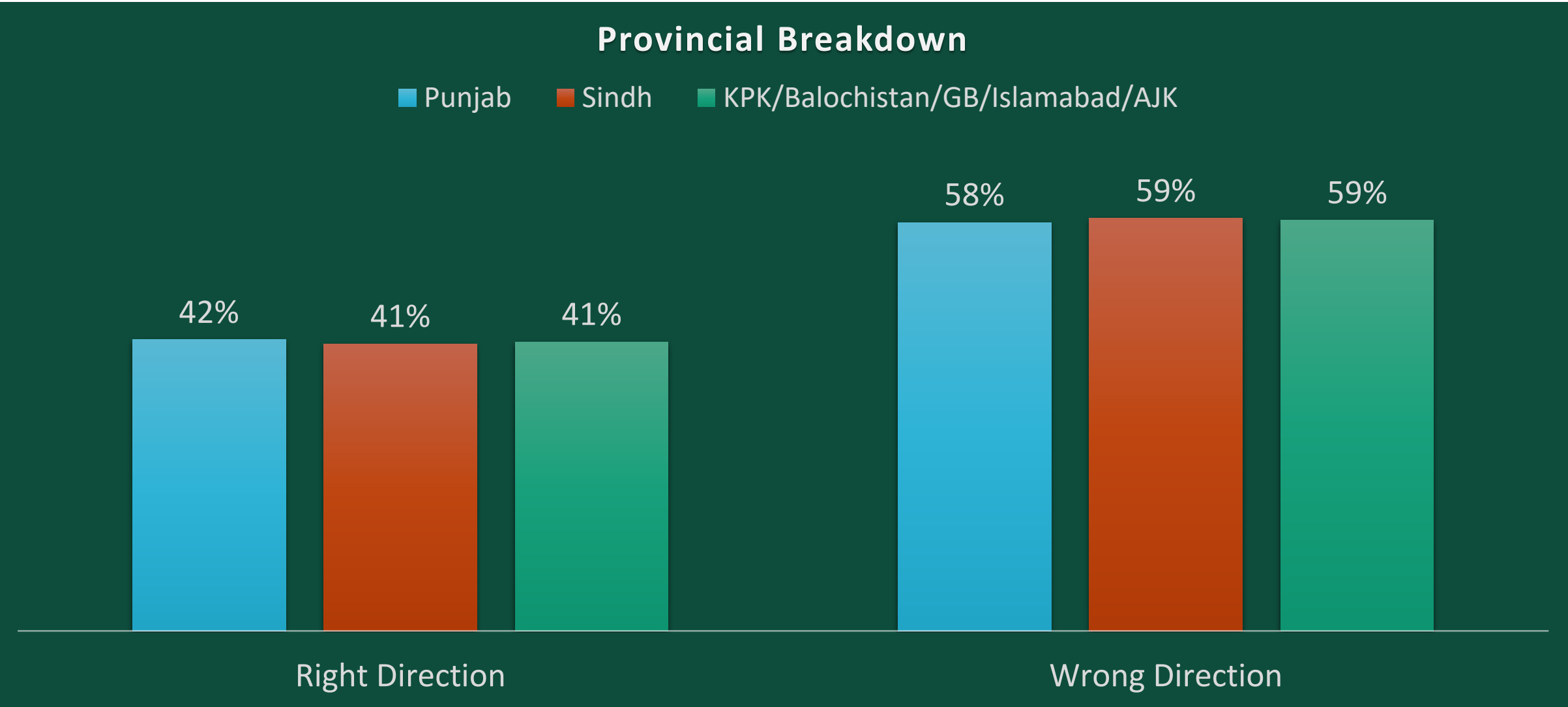


All business types majorly believed that the country was going in the wrong direction.



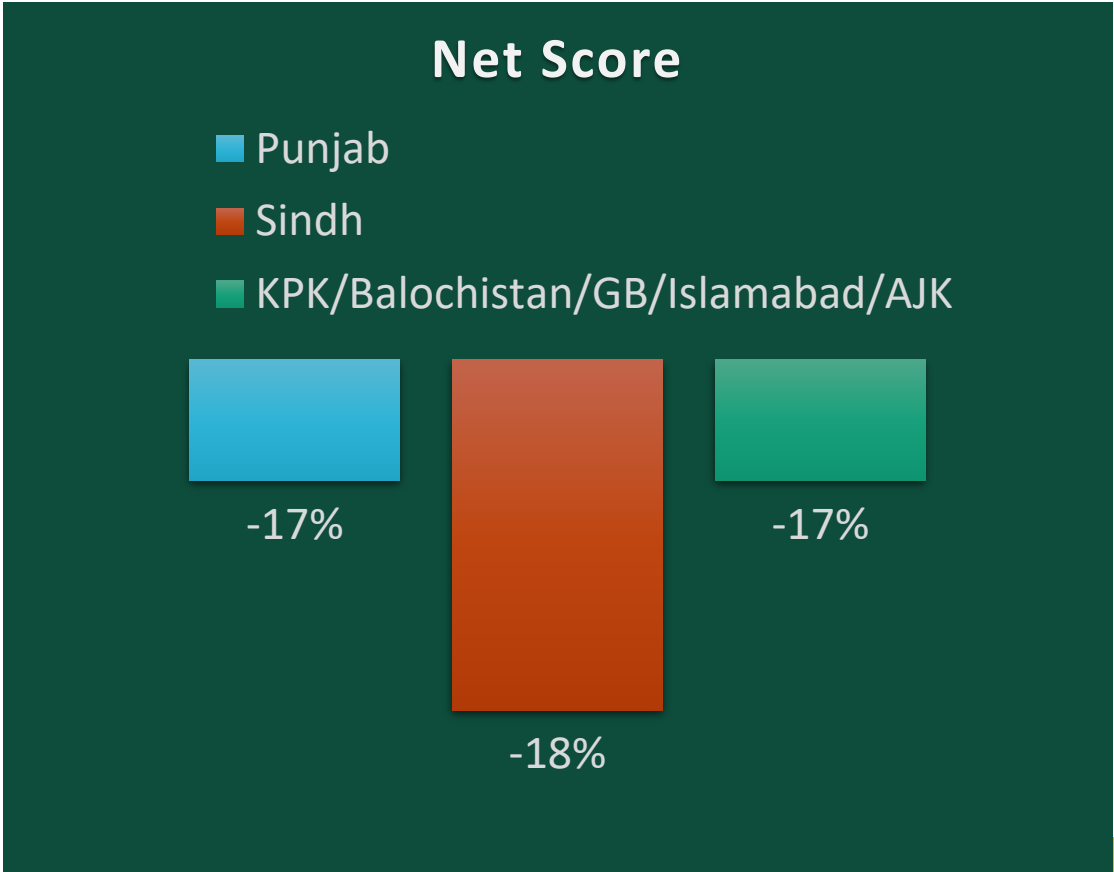
42% businesses from Punjab believe the country is heading in the right direction

Question: What is your opinion on the direction of the country? Are we headed in the right direction or wrong direction?



*Due to sample size being not significant at KPK, Balochistan, GB, Islamabad, and AJK level, they have been clubbed for the purpose of analysis.

Net score across all provinces is negative, with the province of Sindh showing the most negative score



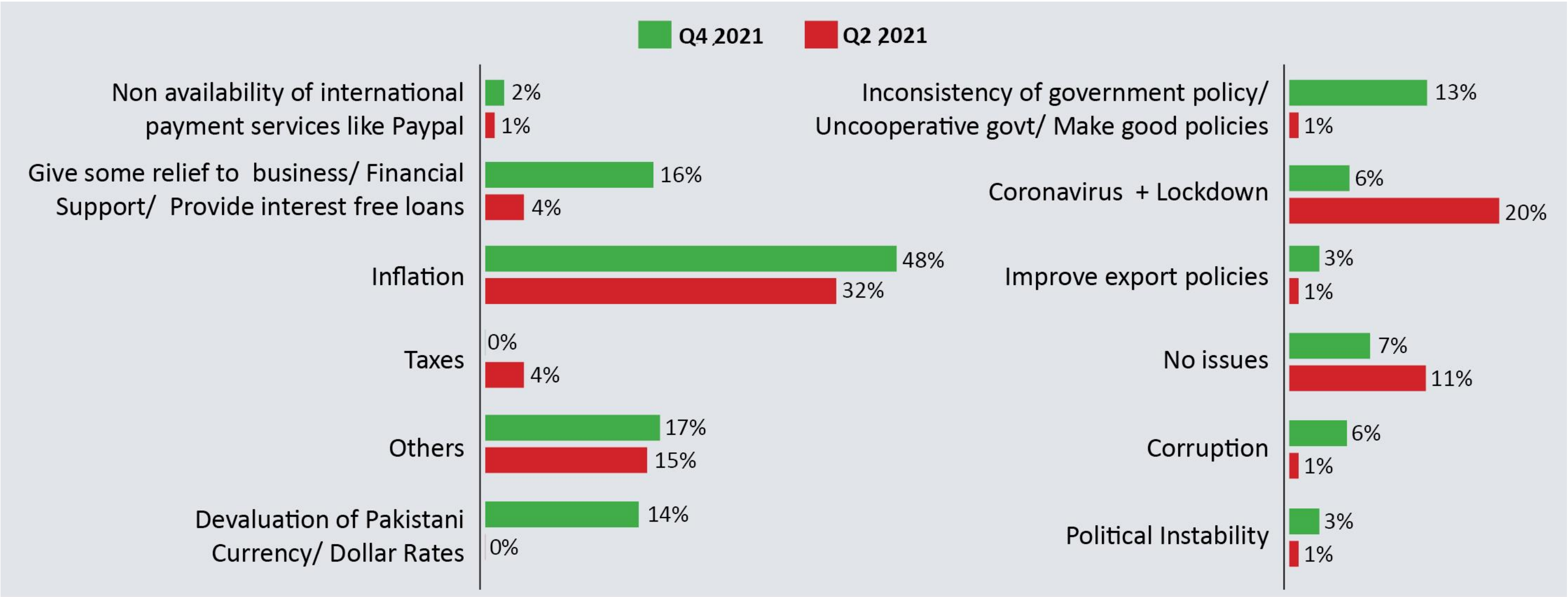
SECTION 4:

Problems Affecting Businesses in Pakistan



Inflation (48%) is the most commonly cited problem that businesses would like the government to solve, followed by the problems caused by the devaluation of the Pakistani Rupee

Question: Which problems affecting your business considerably would you want the government to solve?

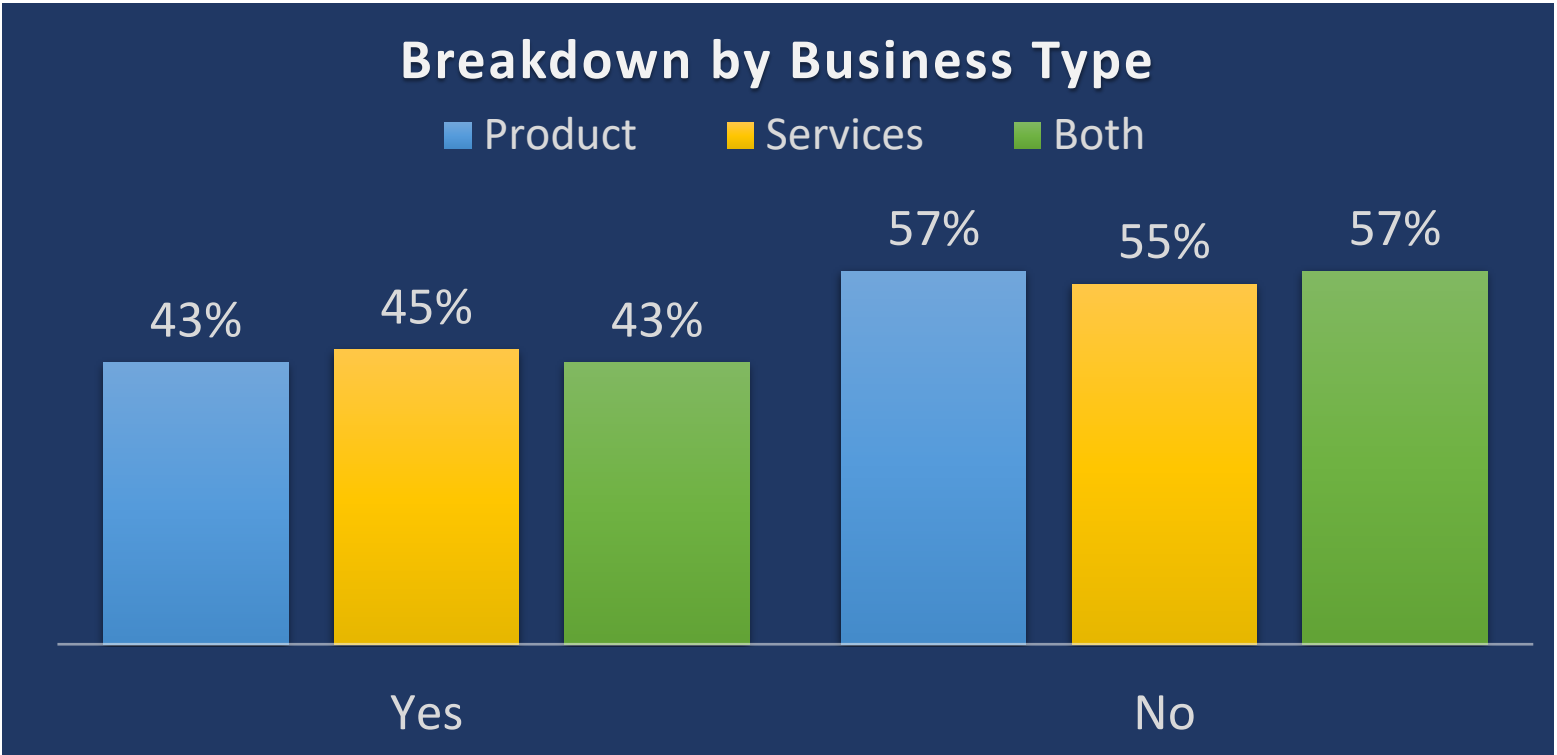
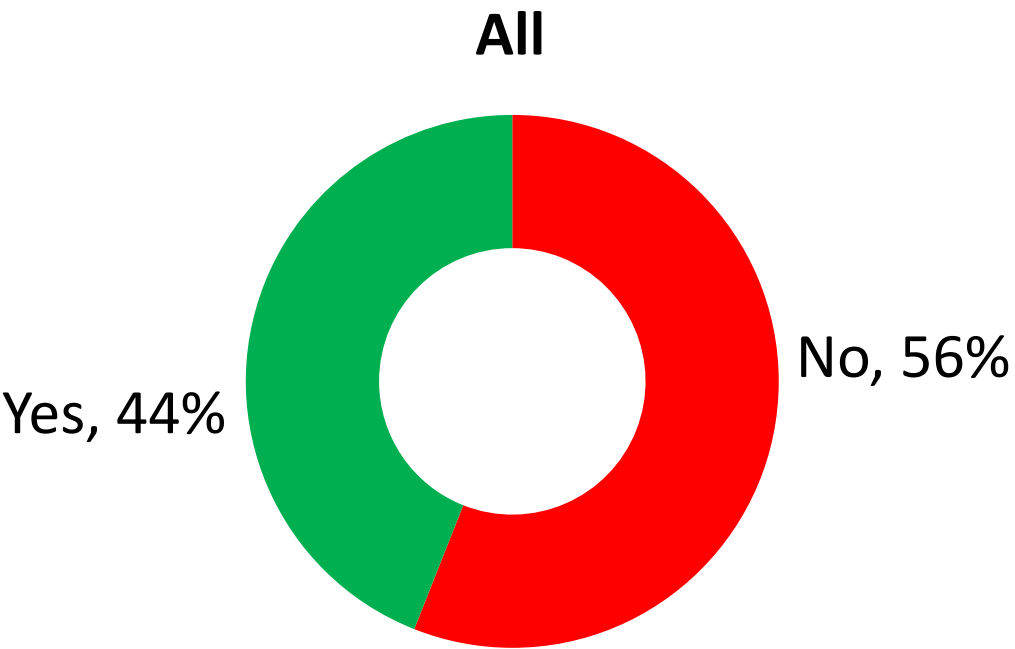


Just like in Q2 2020, the most popular issue businesses wanted the government to solve in Q4 2021 was inflation. Another pressing issue that businesses wanted to get resolved in Q4 2021 were the problems caused by the devaluation of the Pakistani rupee.

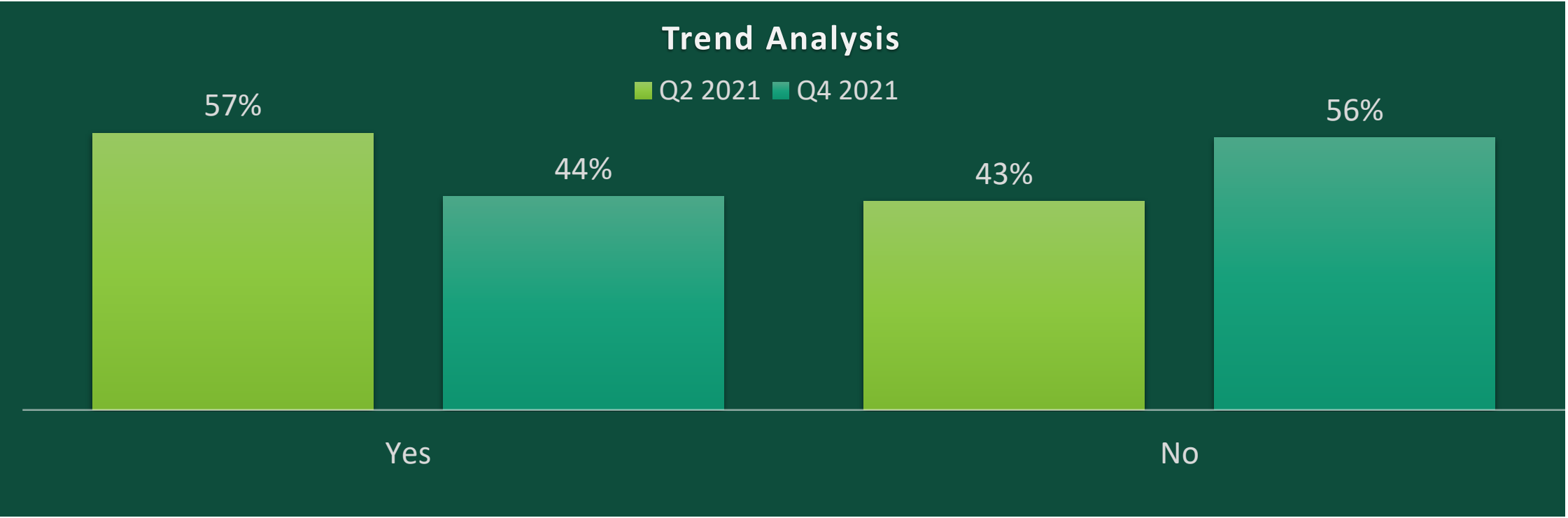


44% of businesses reported experiencing load shedding within a day

Question: Was there load shedding in your business today?



43% of both business types experienced load shedding on average within a day.

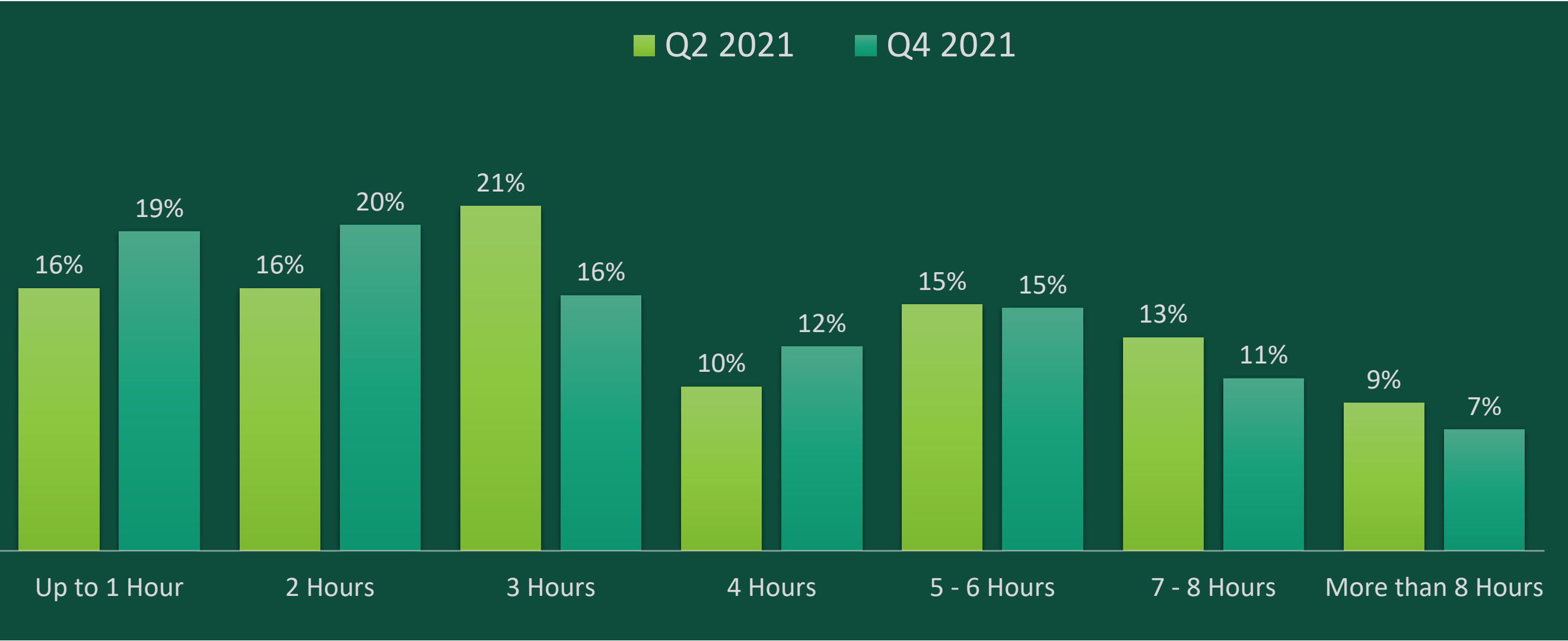


The proportion of people who experienced load-shedding within a day decreased from 57% in Q2 2021 to 44% in Q4 2021.



From amongst those businesses that reported experiencing load shedding within a day, most of them experienced it for 2 hours

Question: If yes, for how many hours?



Overall, there appears to be a decrease in businesses experiencing load shedding for longer hours in Q4 2021 as compared to Q2 2021.

Trend of Modal Frequency across Waves	
Wave	Mode
Q2 2021	3 hours
Q4 2021	2 hours

From amongst those businesses that reported to be experiencing load shedding, it can be seen that the number of hours of load-shedding on average were higher in Q2 2021 than in Q4 2021.





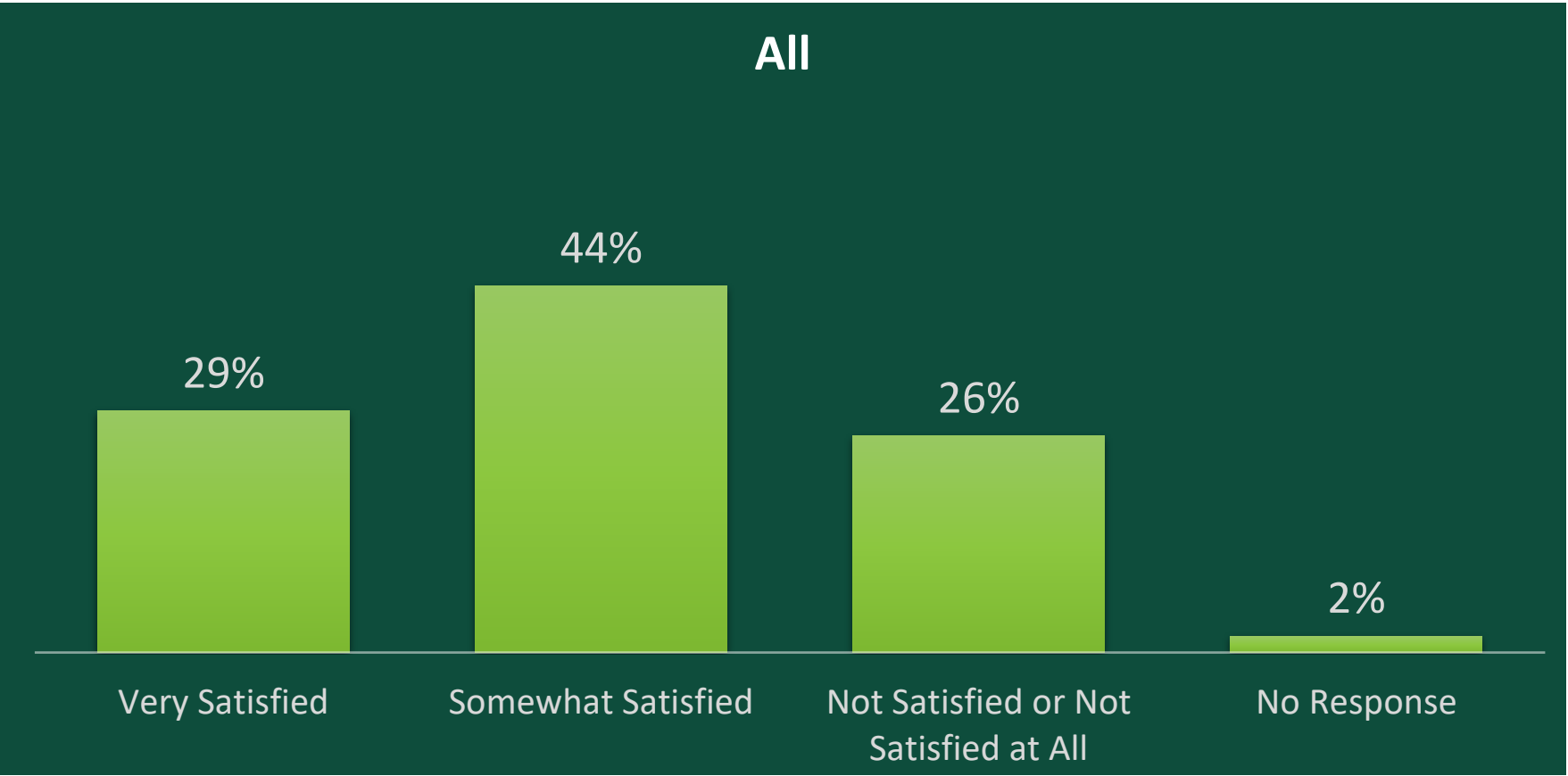
SECTION 5:

Level of Satisfaction with Human Resources in Businesses in Pakistan

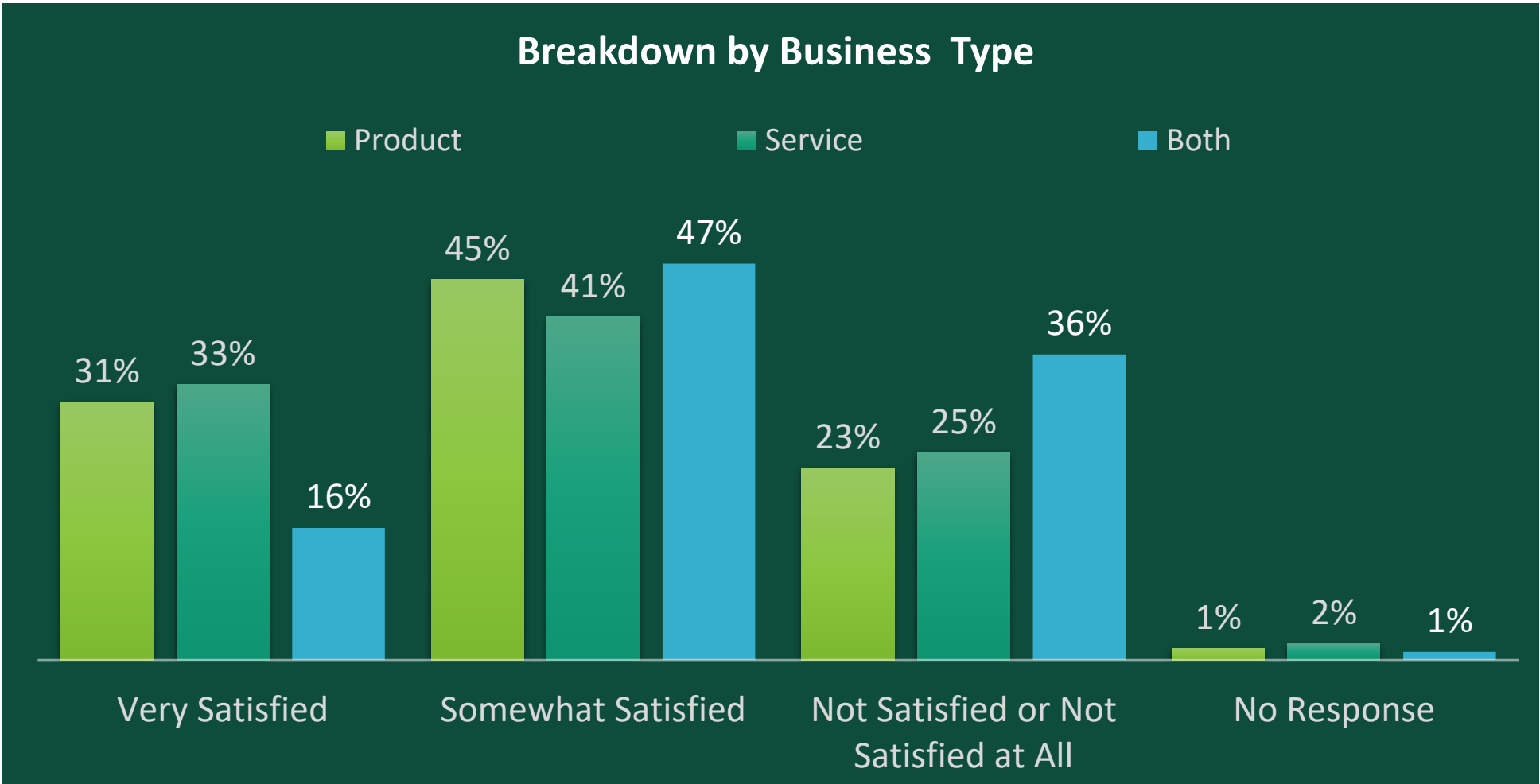


26% businesses claimed that they were not at all satisfied with the quality of human resource available to them or their businesses

Question: How satisfied you are with the quality of the human resource available to you and your business? Would you say you are very satisfied, somewhat satisfied, not satisfied or not satisfied at all?



Majority of the businesses were satisfied with the quality of human resource provided to them with 29% reporting to be very satisfied while 44% reporting to be somewhat satisfied.

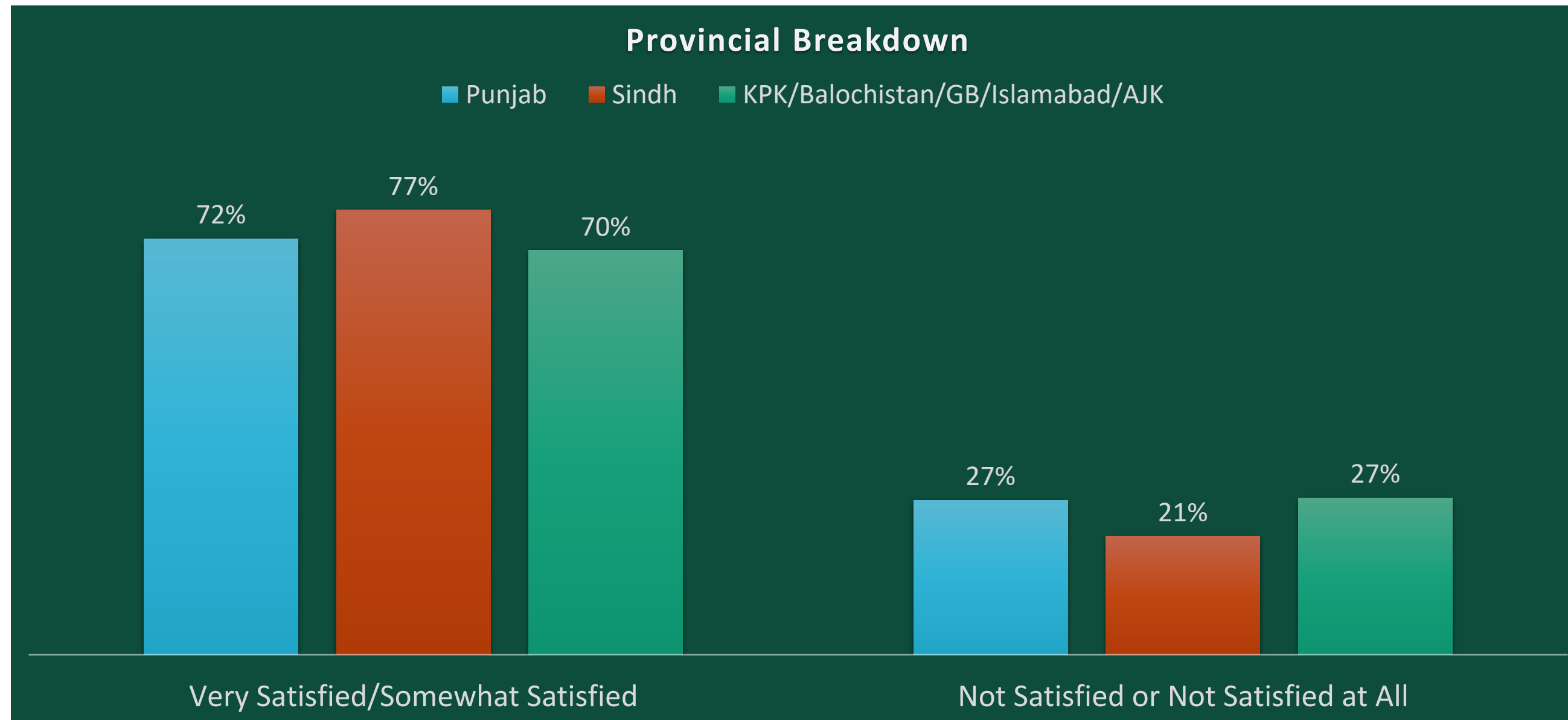


Services sector was the most satisfied (33%) with the quality of human resource provided while both service and product sectors were somewhat satisfied (47%).



77% businesses in Sindh are satisfied with the quality of human resource available to them followed by 72% businesses in Punjab reporting the same

Question: How satisfied you are with the quality of the human resource available to you and your business? Would you say you are very satisfied, somewhat satisfied, not satisfied or not satisfied at all?



*Due to sample size being not significant at KPK, Balochistan, GB, Islamabad, and AJK level, they have been clubbed for the purpose of analysis.



Methodology and Sample Profile

GALLUP BUSINESS CONFIDENCE INDEX IN PAKISTAN



METHODOLOGY DETAILS

Sample Size:

N= 581 businesses across Pakistan

Method of Interview:

Online interviews and phone surveys

Field Dates:

13 October 2021 – 28 October 2021

Field Agency:

Gallup Pakistan (*established since 1980 and member of Gallup International- www.gallup.com.pk*)

*For more information on methodology please write to:
amna@galluppakistan.com*

DISCLAIMER : This is an internally funded study by Gallup Pakistan without relying on an outside source. Although maximum care has been taken but we do not take any responsibility of error or omission. We urge care and precaution in using the statistics reported here. Gallup Pakistan is not responsible for any gain or loss arising out of the use of statistics reported here.

Sample Profile of Businesses which were interviewed

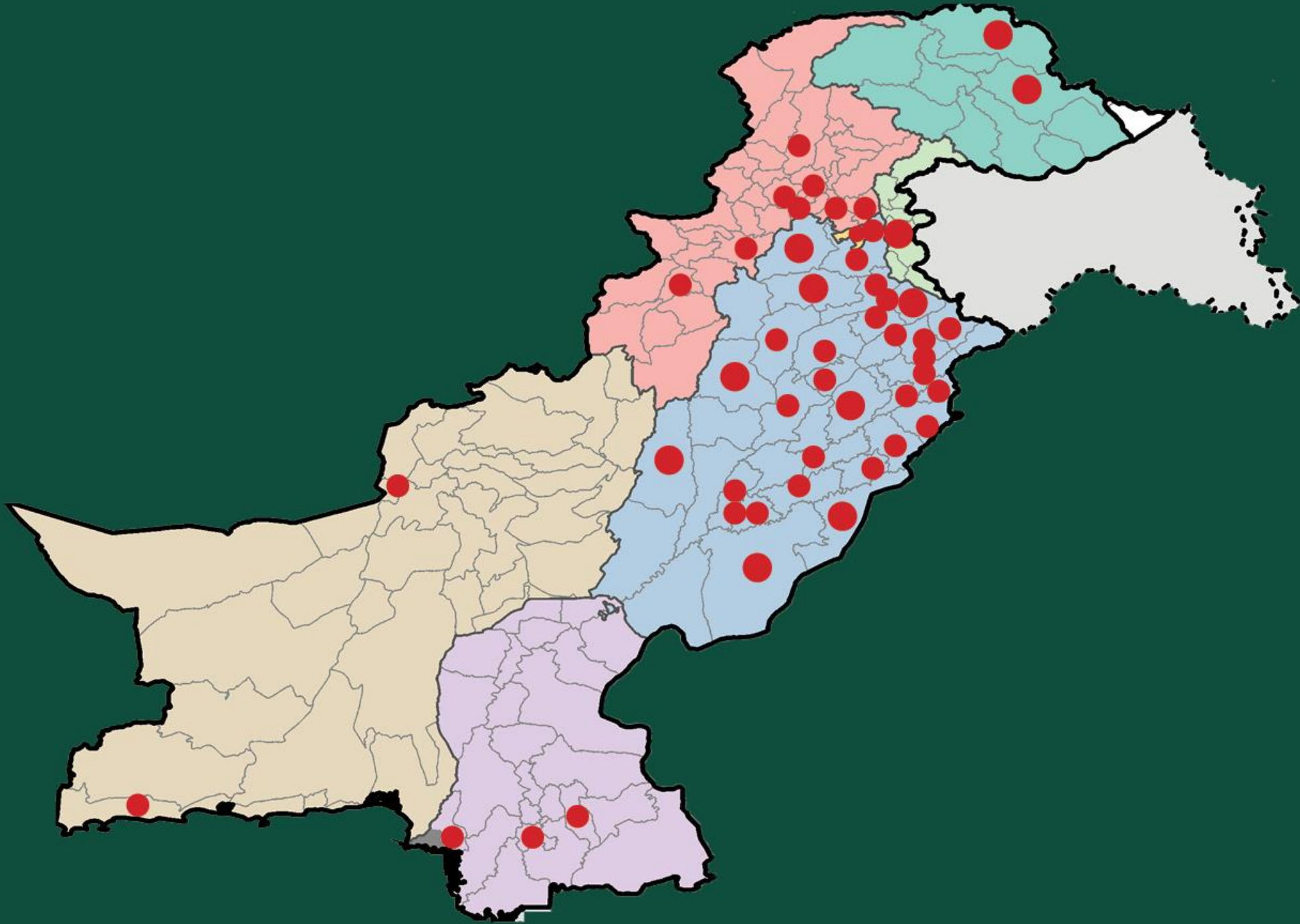
BUSINESS TYPE	Manufacturing	4%
	Services	26%
	Trade	3%
	Others	65%

Source: Gallup Pakistan Business Confidence Survey with N 581 businesses in Pakistan (Report 6, Quarter 4 2021)

LIST OF DISTRICTS

DISTRICT
AJK
Attock
Bahawalnagar
Bahawalpur
Bannu
Chakwal
Chiniot
Dera Ghazi Khan
Dina
Faisalabad
Gilgit-Baltistan
Gujranwala
Gujrat
Gwadar
Hyderabad
Islamabad
Jhang
Jhelum
Kamoke
Karachi
Kasur
Khanewal
Kharian
Khushab
Kohat
Lahore

DISTRICT
Lodhran
Mailsi
Mandi Bahauddin
Mardan
Mirpur Khas
Multan
Muridke
Muzaffargarh
Nowshera
Okara
Pattoki
Peshawar
Quetta
Rawalpindi
Sahiwal
Sargodha
Sheikhupura
Sialkot
Swabi
Swat
Vehari
Wah Cantt
Wazirabad



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