

PRESS RELEASE

SPECIAL PRESS RELEASE

Business Confidence in Pakistan

Wave 8

Business community significantly impacted by political and economic instability; Gallup Business Confidence Index falls to the worst ever recorded level in Q4 2022

Inflation , loadshedding , general lack of confidence in direction of country cause concern among the business community

Gallup Pakistan Business Confidence Index Q4 2022 Report released.

Islamabad, October 26, 2022

According to a Gallup Pakistan Survey with business owners in the last quarter of 2022 for the Gallup Business Confidence Index reporting, business owners are increasingly pessimistic about the conditions of their businesses – ostensibly due to the political and economic situation of the country over the last few months.

The survey is the eighth 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 2022 with around 750 businesses across Pakistan.

KEY QUESTIONS ANSWERED BY GALLUP BUSINESS CONFIDENCE INDEX: The Business Confidence Index answers the following key questions:

1. What do businesses think with respect to current and future state of their business and the country?
2. Are they hopeful or pessimistic about business prospects?
3. What is the biggest hurdle faced by the businesses?

In addition, the survey also looks at differences across provinces and business types in Pakistan.

Gallup Business Confidence Index Pakistan is comprised of 3 strands: Current Business Situation, Future Business Situation, and Direction of the Country.

On all 3 strands the value was negative which meant that more businesses had lack of confidence in the Business situation of Pakistan. The number fell significantly during the current time-period eating away some healthy gains made between last Quarter of 2020 and first quarter of 2022.

Strand 1: Current Business Situation Score

- Q4 2022: -31%
- Q1 2022: +32%

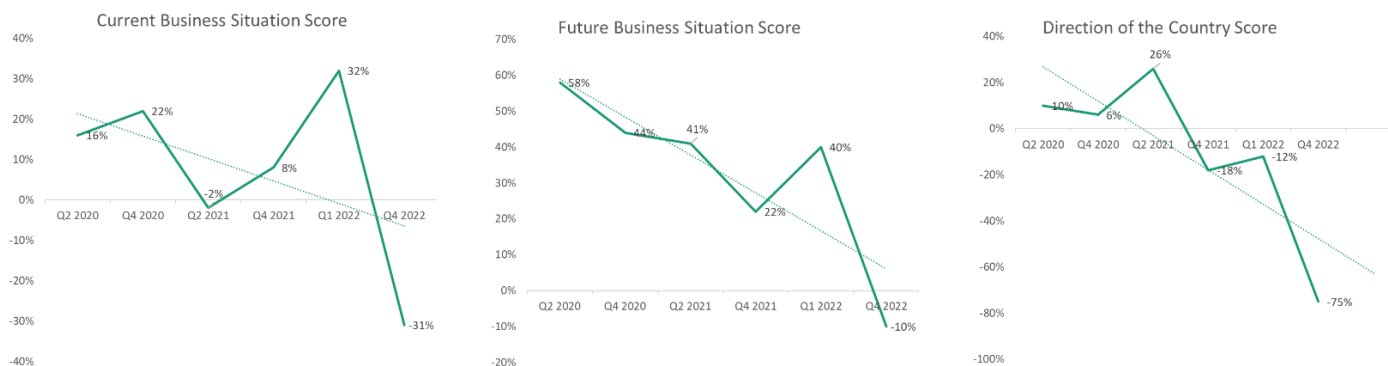
Strand 2: Future Business Situation Score

- Q4 2022: -10%
- Q1 2022: +40%

Strand 3: Direction of the Country Score

- Q4 2022: -75%
- Q1 2022: -12%

ALL THREE STRANDS OF GALLUP PAKISTAN BCI EXHIBIT A NEGATIVE TREND OVER THE YEAR OF 2022. NOT ONLY HAS PRESENT AND FUTURE BUSINESS CONFIDENCE DETERIORATED GREATLY IN A SHORT SPAN OF TIME, BUT IT IS ALSO AT THE LOWEST IN THE HISTORY OF GALLUP PAKISTAN'S BCI.



Source: Gallup Pakistan Business Confidence Survey (Report 8, Quarter 4 2022)

Bilal Ijaz Gilani, Executive Director Gallup Pakistan and Chief architect of the Gallup Pakistan Business Confidence Index Pakistan notes: “Gallup Business Confidence Report for Q4 2022 paints a bleak picture showing that business community comprised of over 6 million small, medium, and large businesses is worried about the direction of the country as well as the state of their own business now and in future. The index values are the worst since Gallup started the project in 2019, which includes Covid 19 times. There are three main issues that business community cites: inflation which is eating the purchasing power of consumers, loadshedding which is crippling the production capacity, and a general lack of direction of the country. The report comes after Pakistan faced worst floods in decades and some of the anxiety about the future also comes from sustainability of food chain given dwindled crops. Pakistani business community awaits strong and decisive steps by the government of the time.”

FULL REPORT: The Business Confidence Index report can be accessed [HERE](#).

7 Key findings from Gallup Business Confidence Index Report Q4 2022 Report

Finding 1: 65% of businesses perceive themselves facing bad or worse conditions

There is a considerable increase in those businesses reporting very bad business conditions, and a steep fall in Gallup Pakistan Business Situation Net score this year. Industrial machines businesses are doing the best out of all business types, at 75% expressing good conditions. Cloth and garment shops are experiencing the worst confidence, with 81% citing bad business conditions

Finding 2: Businesses have been growing increasingly pessimistic about the future

The Net Future Business Confidence score has worsened by 50% since the beginning of the year and is now at -10%

Finding 3: Compared to earlier in the year, 32% more businesses opine that the country is going in the wrong direction

Less than 15% of businesses in Punjab, Sindh, and KPK believe that the country is headed in the right direction, while only a quarter of businesses in Balochistan believe the same

Finding 4: Similar to Q1 2022, inflation is the most cited problem that businesses would like the government to solve by the end of 2022

Finding 5: 72% of businesses reported experiencing load shedding within a day

Considerable increase in businesses reporting loadshedding as compared to past quarters- At 72%, businesses saying 'yes' to loadshedding in Q4 are 44% more than in the previous wave, and 11% more than the first year this question was asked. From amongst those businesses that reported experiencing load shedding within a day, 19% of them experienced it for 2 hours

Finding 6: 81% businesses do not believe that the court system of Pakistan is fair, impartial, and uncorrupted, 7% more than in Q1 2022 (the last wave in which this question was asked)

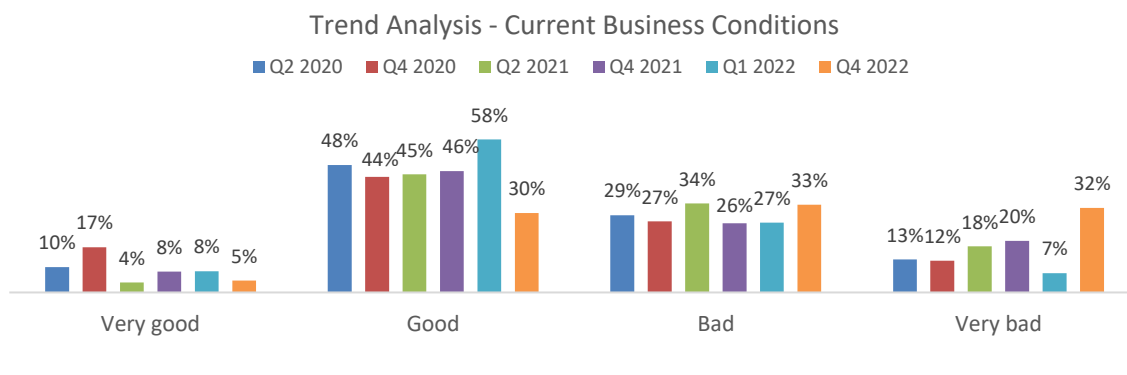
More businesses from Balochistan disagree with the idea that the court system is fair, impartial, and uncorrupted as than from any other province, and the overall level of distrust is high across all provinces

Finding 7: Nearly a quarter (26%) of businesses reported that their establishment was not visited or inspected by tax officials or that they met with them.

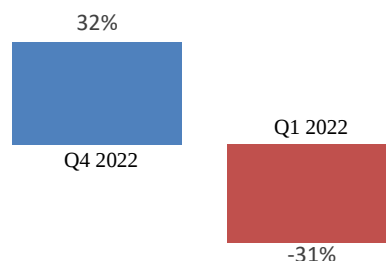
Just a quarter of businesses reported that their establishment was visited by tax officials, 12% less than the previous wave. In both quarters, tax officials failed to visit over half of businesses.

Strand 1: Current Business Conditions

A sample of more than 700 business owners and managers across Pakistan were asked the following question, “How well is your business doing nowadays? Would you say it is very good, good, bad, or very bad?” After peak covid, businesses started to express greater confidence between 2021-22, but this confidence plummeted between the beginning and end of 2022. This sudden change, and 63% fall in the Current Business Situation Score, may be due to the continuous political instability over the year.



Gallup Pakistan Current Business Situation Net Score



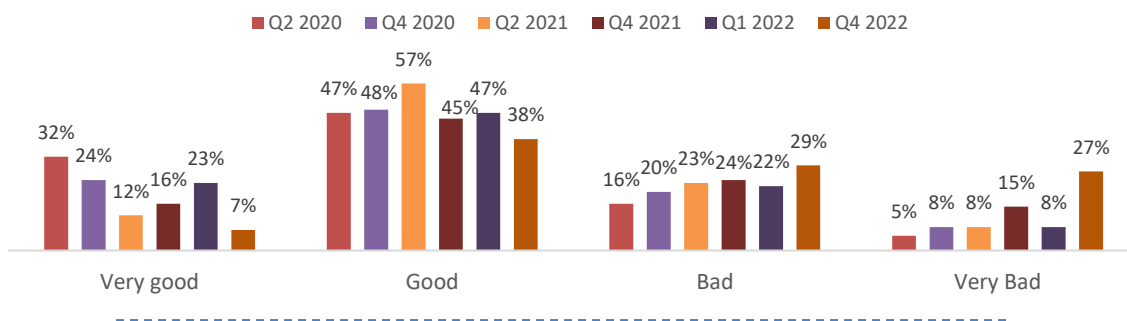
Source: Gallup Pakistan Business Confidence Survey (Report 8, Quarter 4 2022)

Strand 2: Future Expected Business Conditions

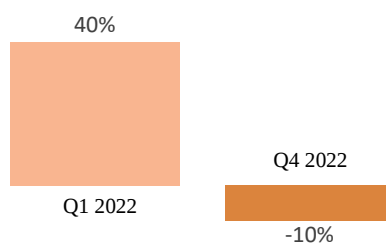
Business owners were further asked, “What are your expectations for the future of your business compared to the past?” Businesses have been growing increasingly pessimistic about the future; 56% in Q4 said future expectations are negative, while only 45% expect things to improve at all. The Net Future Business Confidence score has worsened by 50% since the beginning of the year and is now at -10%.

The current state of inflation and dollar appreciation may have caused business managers to reflect in this direction.

Trend Analysis - Future Business Conditions



Gallup Pakistan Current Business Situation Net Score



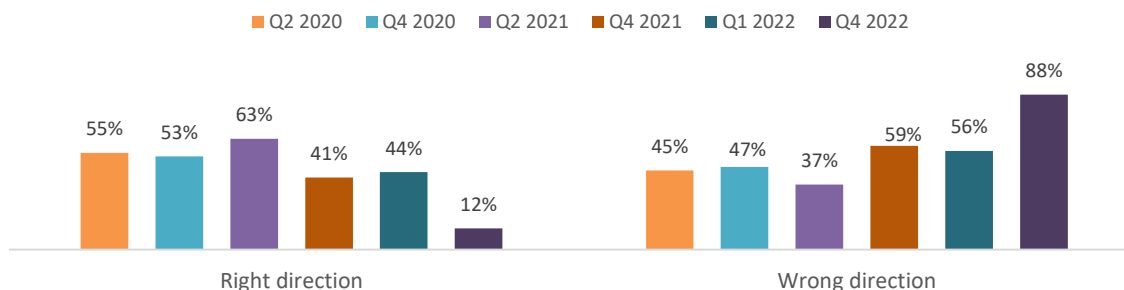
Source: Gallup Pakistan Business Confidence Survey (Report 8, Quarter 4 2022)

Strand 3: Direction of the Country Score

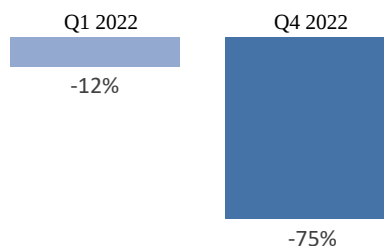
Business owners and managers were also asked, “What is your opinion on the direction of the country? Are we headed in the right direction or wrong direction?”

Compared to the previous wave, 32% more businesses opined that the country is going in the wrong direction. The business community’s view about the state of affairs in the country is the most pessimistic since Gallup Pakistan started recording this indicator, and in Q4 2022 only 12% businesses believed that Pakistan is headed in the right direction. The Direction of the Country Score has plummeted to -75%, 63% less than what it was at the beginning of the year.

Trend Analysis - Direction of the Country



Gallup Pakistan Current Business Situation Net Score

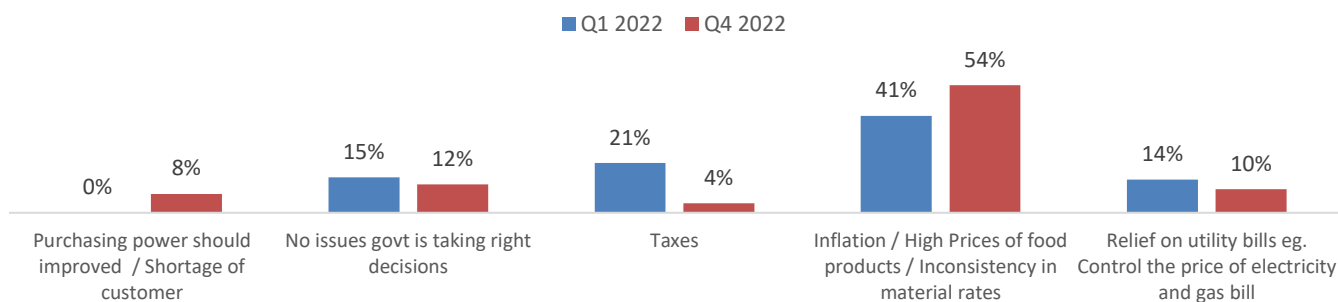


Source: Gallup Pakistan Business Confidence Survey (Report 8, Quarter 4 2022)

Problems Affecting Businesses in Pakistan

Businesses were asked, “Which problems affecting your business considerably would you want the government to solve?” Similar to Q1 2022, inflation is the most cited problem that businesses would like the government to solve by the end of 2022, with more than half saying so. Customer shortage was not a problem at the start of the year but is one now for 8% of businesses. Taxes were perceived as a problem by nearly a quarter of businesses in Q1, but 17% less in Q4.

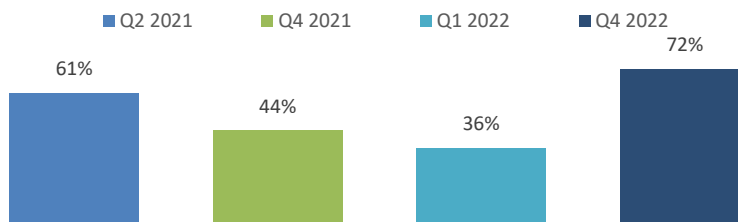
Wave Comparison - Business Problems



Source: Gallup Pakistan Business Confidence Survey (Report 8, Quarter 4 2022)

Businesses were asked, “Was there loadshedding in your business today?” At 72%, businesses saying ‘yes’ to loadshedding in Q4 are nearly double those in the previous wave, and 11% more than the first year this question was asked.

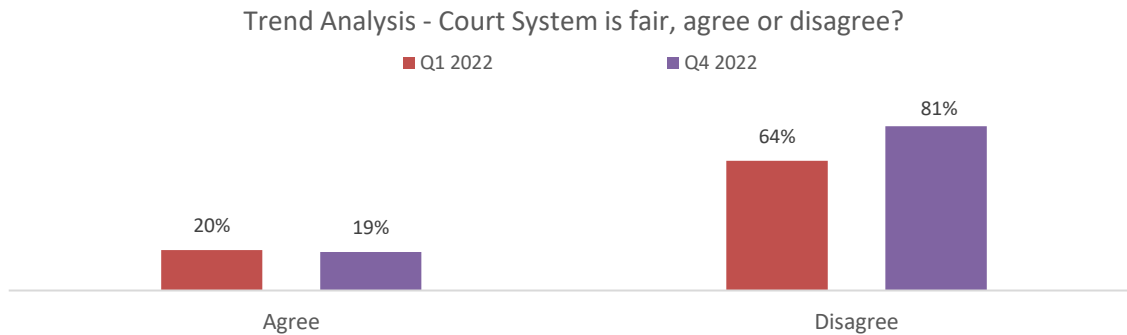
Trend Analysis - Loadshedding



Source: Gallup Pakistan Business Confidence Survey (Report 8, Quarter 4 2022)

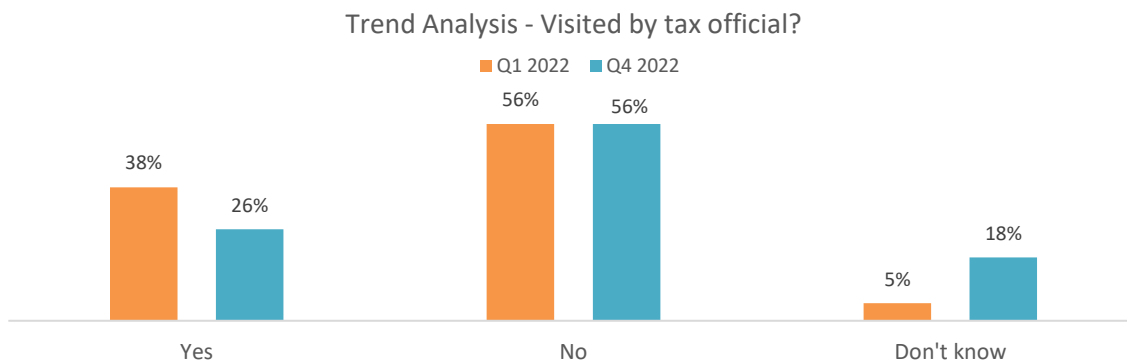
Government Regulations and Businesses in Pakistan

Businesses were asked the following: “Please tell me if you strongly disagree, tend to disagree, tend to agree, or strongly agree, with the following statement: “The court system is fair, impartial and uncorrupted.” 81% businesses do not believe that the court system of Pakistan is fair, impartial, and uncorrupted, 7% more than in Q1 2022 (the last wave in which this question was asked).



Source: Gallup Pakistan Business Confidence Survey (Report 8, Quarter 4 2022)

Businesses were asked, “Over the last year, was this establishment visited or inspected by tax officials or required to meet with them?” Nearly a quarter of businesses reported that their establishment was visited by tax officials, 12% less than the previous wave. In both quarters, tax officials failed to visit over half the businesses.



Source: Gallup Pakistan Business Confidence Survey (Report 8, Quarter 4 2022)

Methodology

For details, please see the full report on the Gallup Pakistan website/

This project is done under the guidance of Bilal I Gilani, Executive Director Gallup Pakistan. Mr. Gilani has the experience of over a decade in 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
International*



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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