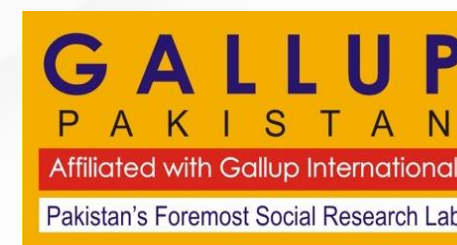


GALLUP PAKISTAN

BUSINESS CONFIDENCE INDEX (BCI)

1st Quarter 2023 Report

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



DISCLAIMER: Gallup Pakistan is not related to Gallup Inc. headquartered in Washington D.C. USA. We require that our surveys be credited fully as Gallup Pakistan (not Gallup or Gallup Poll). We disclaim any responsibility for surveys pertaining to Pakistani public opinion except those carried out by Gallup Pakistan, the Pakistani affiliate of Gallup International Association. For details on Gallup International Association see website: www.gallup-international.com



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 **518 BUSINESSES ACROSS** PAKISTAN from 14th March to 29th March 2023 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 9th report of the newly launched Gallup Pakistan Business Confidence Index

*Business Confidence Survey in Pakistan is produced also by State Bank of Pakistan in collaboration with IBA, Karachi. The reports are available at [State Bank of Pakistan \(sbp.org.pk\)](https://sbp.org.pk). The Gallup Pakistan Business Confidence Survey covers a broader range of the business community, including registered and non-registered businesses, and small, medium, and large enterprises. The SBP survey covers SECP registered businesses (there are approximately 6 million businesses in Pakistan and only 100,000 are registered with the SECP) and prioritizes large businesses from among them. Hence, the results between Gallup Pakistan and SBP surveys might not necessarily match.



GALLUP PAKISTAN BUSINESS CONFIDENCE SURVEYS OVER TIME



QUARTER	TIMELINE	LINK
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	Q4 2021 (CLICK HERE)
Q1 2022	January-February-March	Q1 2022 (CLICK HERE)
Q2 2022	April-May-June	Survey not conducted
Q3 2022	July-August-September	Survey not conducted
Q4 2022	October-November-December	Q4 2022 (CLICK HERE)
Q1 2023	January-February-March	Released now



WHAT IS COVERED IN THE REPORT



1. Special Section on Businesses covering two main questions – impact on business revenues & if businesses have downsized

2. Business Confidence Index

Gallup Pakistan 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

- Prevalence of Load-shedding
- Inflation
- Sovereign default

Apart from the usual topics covered in the Business Confidence Report, Gallup Pakistan is also looking at what impact inflation has had on the cost of doing business.



3 KEY FINDINGS – Q1 2023 REPORT



KEY FINDING 1: All 3 strands of the **Gallup Pakistan Business Confidence Index (BCI)** are in **Red territory**, pointing towards the reality that more businesses lack confidence in the business environment than those who have it. Business confidence, which was at record low in Gallup Pakistan's history last quarter, has continued to fall even lower this quarter

Key Finding 2: Same as last quarter, the Current Business Situation Score indicates **Negative Confidence**, Future Business Situation Score indicates **Poor Confidence**, and Direction of the Country Score indicates **Deep Negative Confidence**. The trend lines for each indicator are declining but this decline is steeper in the case of the 2nd and 3rd strands

Key Finding 3: The business community has continued to lose the confidence that built up in 2020 and 2021, with hope for the future declining speedily; expectations for the future of business conditions have fallen more sharply than those for the current business situation or direction of the country

Strand 1: Current Business Situation Score

- Q4 2022: -31%
- Q1 2023: -32%



Strand 2: Future Business Situation Score

- Q4 2022: -10%
- Q1 2023: -22%



Strand 3: Direction of the Country Score

- Q4 2022: -75%
- Q1 2023: -79%



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 Pakistan Business Confidence 2020-22 Assessment

Gallup Pakistan Business Confidence Index	Q2 2021 Score	Q4 2021 Score	Q1 2022 Score	Q4 2022 Score	Q1 2023 Score	Assessment
Strand 1 Current Business Situation Score	-2%	+8%	32%	-31%	-32%	Negative Confidence
Strand 2 Future Business Situation Score	+41%	+22%	40%	-10%	-22%	Poor Confidence
Strand 3 Direction of the Country Score	+26%	-18%	-12%	-75%	-79%	Deep Negative Confidence

Legend

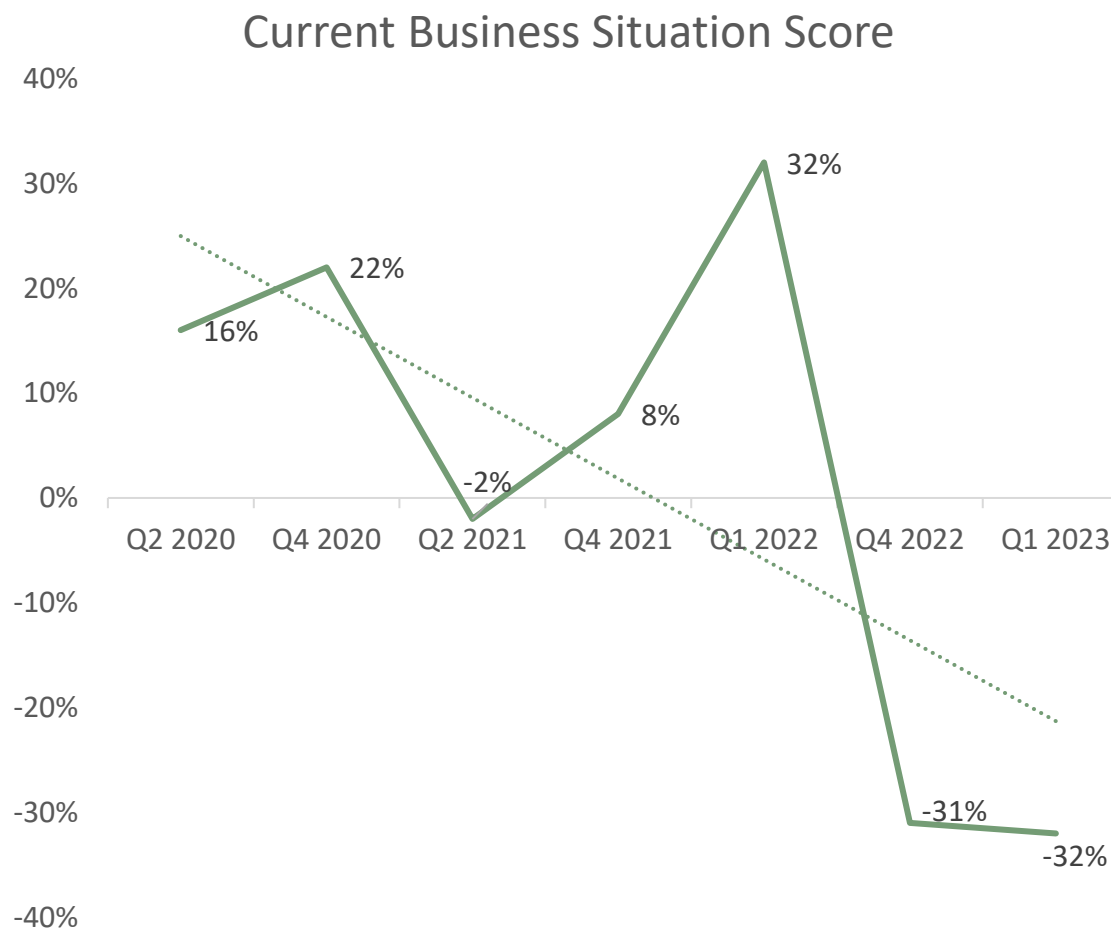
+1% to 25% = Fair Confidence
 +26 to 75% = Great Confidence
 +75% to 100% = Excellent Confidence

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



THREE STRANDS OF Gallup Pakistan Business Confidence 2020-23

Assessment – Q1 2023 SNAPSHOT



ALL THREE STRANDS OF GALLUP PAKISTAN BCI EXHIBIT A NEGATIVE TREND OVER THE YEAR OF 2022 AND INTO 2023. ALL SCORES ARE AT THE LOWEST IN THE HISTORY OF GALLUP PAKISTAN'S BCI



EXECUTIVE SUMMARY



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EXECUTIVE SUMMARY



Finding 1: 66% of businesses perceive themselves facing bad or worse conditions; there is a 7% increase in those businesses reporting very bad business conditions. Slight fall observed in Gallup Pakistan Business Situation Net score this quarter. Around 70% of businesses perceive bad conditions in Sindh and KPK, and 64% in Punjab. Businesses in Punjab are expressing the least pessimism in business conditions this quarter. Most business types reported the business being in a bad state. In the construction, cosmetics, and industrial machines/equipment sector there was a 50-50 split between good and bad conditions

Finding 2: More than three quarters of the businesses surveyed have not established a digital presence for themselves; 76% do not have WhatsApp for business, 86% do not have a website, and 85% do not have a Facebook account

Finding 3: This quarter, 7% more businesses than in the previous quarter think that their business will be worse off in the future; 61% in Q1 2023 said future expectations are negative, while only 38% expect things to improve at all. The Net Future Business Confidence score has worsened by 11% since the previous quarter and is now at -22%. 61% of construction sector businesses surveyed expect that future business conditions will be positive. More than half of cloth and garment shops, electrical items stores, and restaurant/food businesses have negative future expectations



EXECUTIVE SUMMARY



Finding 4: Business community perceptions regarding the direction of the country remain consistent with the previous quarter; negative perceptions are at an all time high, with 90% of businesses surveyed opining that the country is headed in the wrong direction

Finding 5: Similar to Q4 2022, inflation is the most cited problem in this quarter that businesses (45%) would like the government to solve. Compared to last quarter, 10% more want government to help with currency depreciation but 7% fewer believe the government should provide relief on utility prices

Finding 6: More than half (57%) of businesses surveyed have not undergone layoffs in the last quarter, but 38% do report a decrease in their workforce during this time. 58% of businesses surveyed said that they raised average output prices in the last quarter. Of these, 45% raised those prices between 20% and 50%.

Finding 7: The majority (72%) of businesses surveyed are concerned by Pakistan's potential default. Of these, nearly half (49%) express significantly high concern. 17% of survey respondents are not concerned at all



EXECUTIVE SUMMARY



Finding 8: 44% of businesses surveyed said ‘yes’ to daily loadshedding this quarter, which is 28% less than the previous quarter. Of those businesses that said yes to loadshedding, nearly 3 out of 4 (73%) this quarter report facing 4 hours or less of loadshedding every day, compared to the previous quarter when a similar proportion of businesses (77%) reported getting 5-6 hours or less





SECTION 1:

Gallup Pakistan Business Confidence Index



Gallup Pakistan Business Confidence Index Yardstick

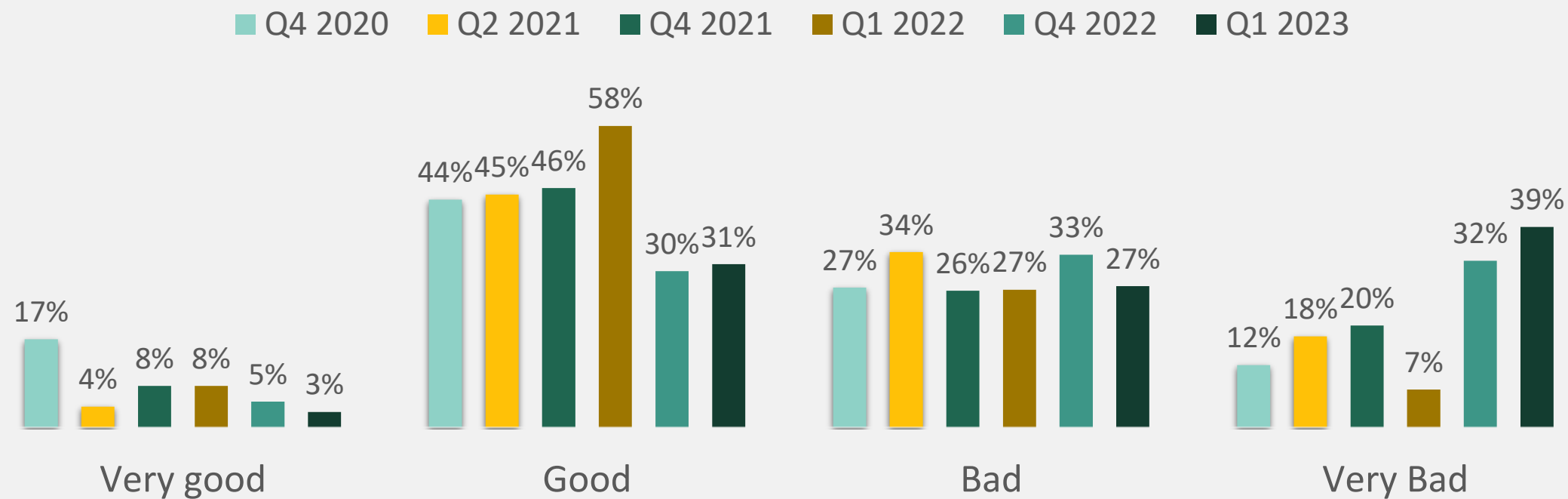
1:

Current Business Conditions Score

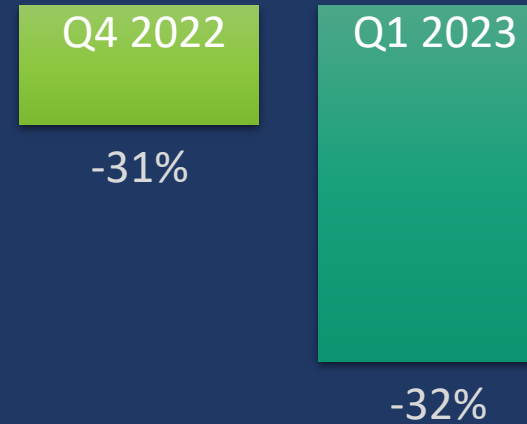


66% of businesses perceive themselves facing bad or worse conditions; there is a 7% increase in those businesses reporting very bad business conditions. Slight fall observed in Gallup Pakistan Business Situation Net score this quarter

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

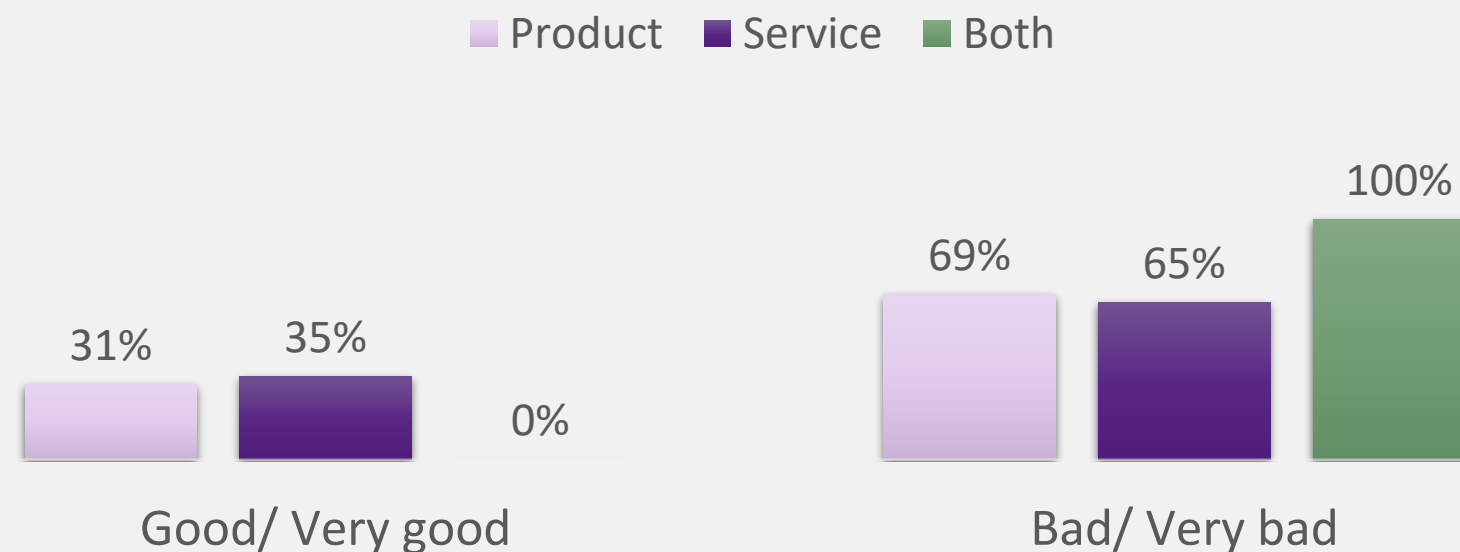


Gallup Pakistan Business Situation Net Score 2023



Since Q4 2022, the current business assessment has remained consistently negative, with a 1% decrease in people claiming their business situation to be good.

Breakdown by Business Type

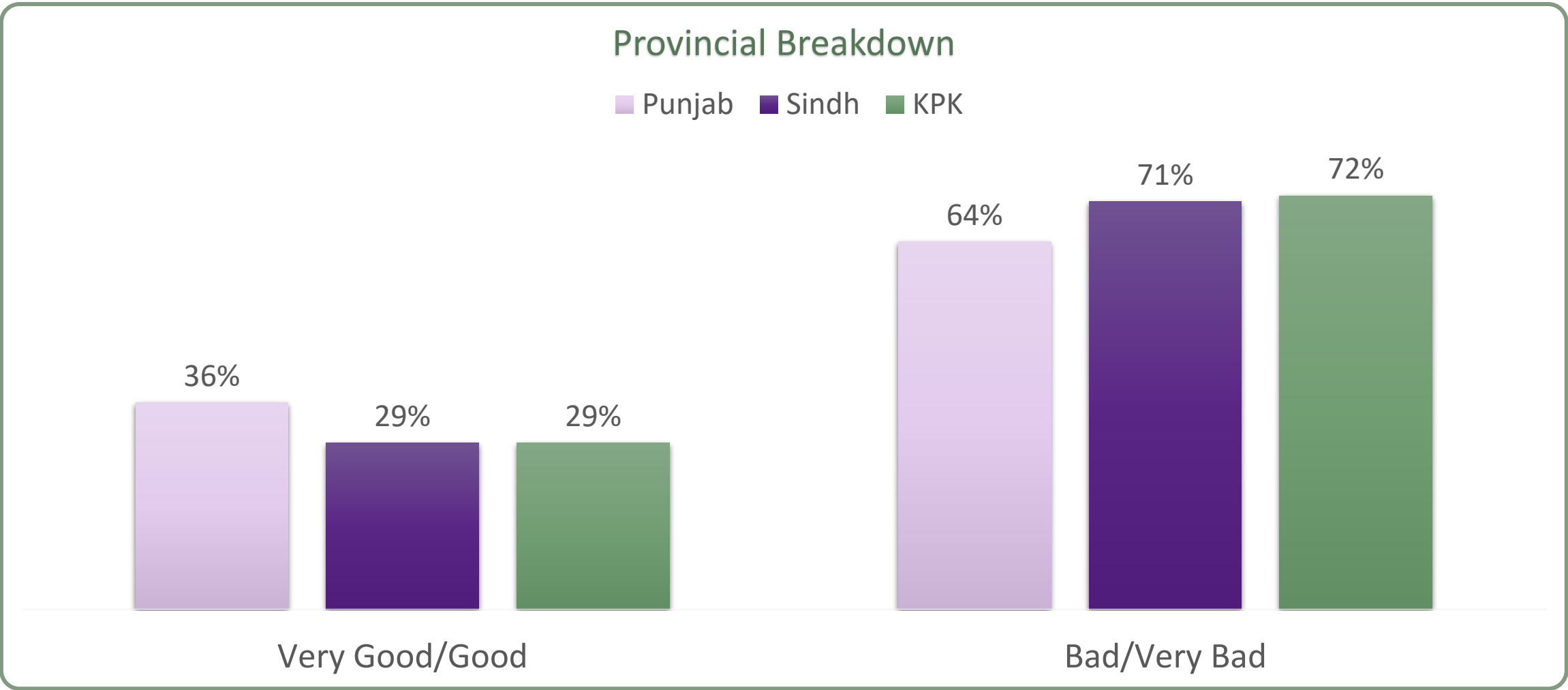


65% of service businesses and 69% of manufacturing businesses reported their current business conditions to be doing badly.

Disclaimer: sample of businesses that offer both products and services was very small therefore results must be interpreted with caution

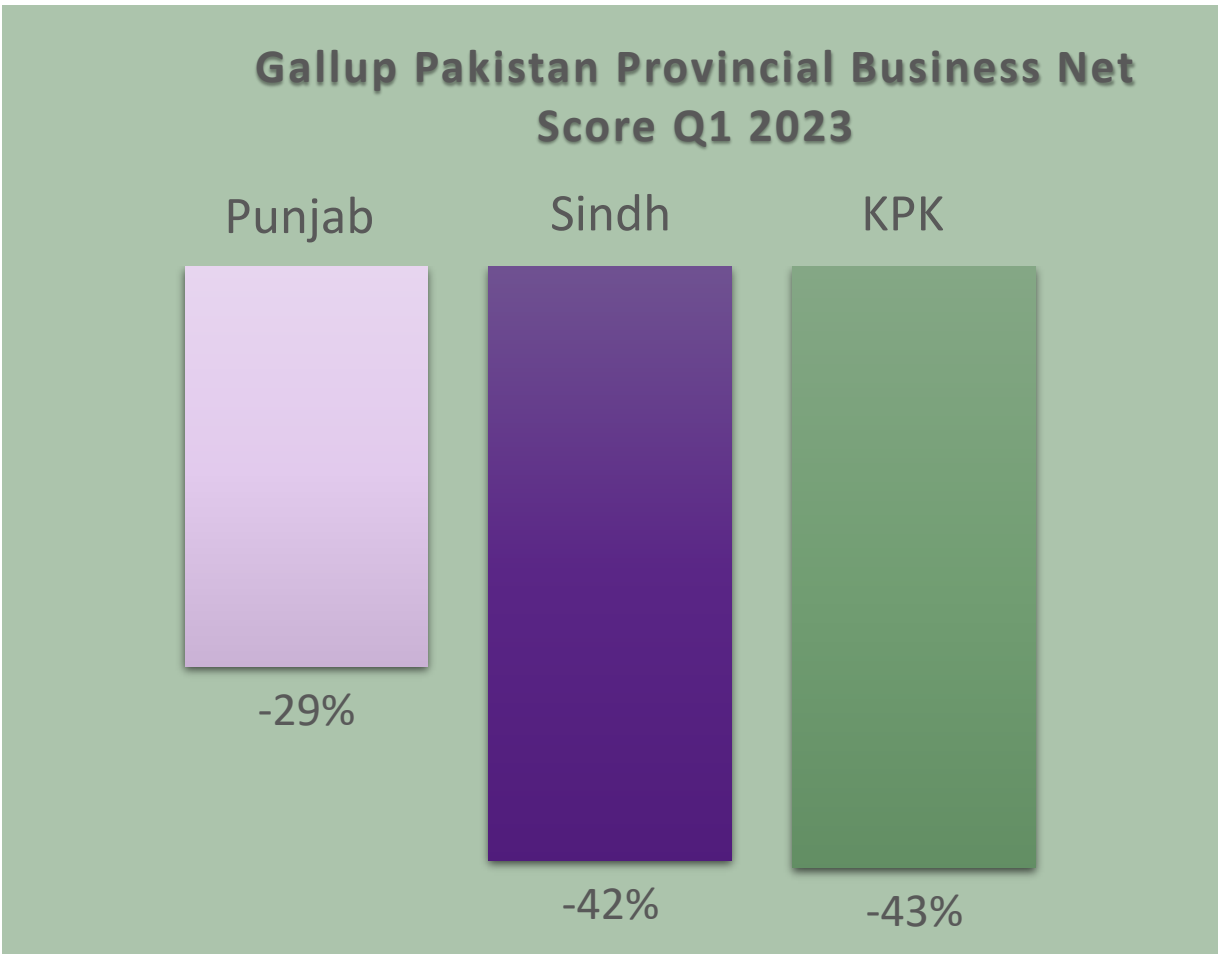
Around 70% of businesses perceive bad conditions in Sindh and KPK, and 64% in Punjab. Businesses in Punjab are expressing the least pessimism in business conditions this quarter

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



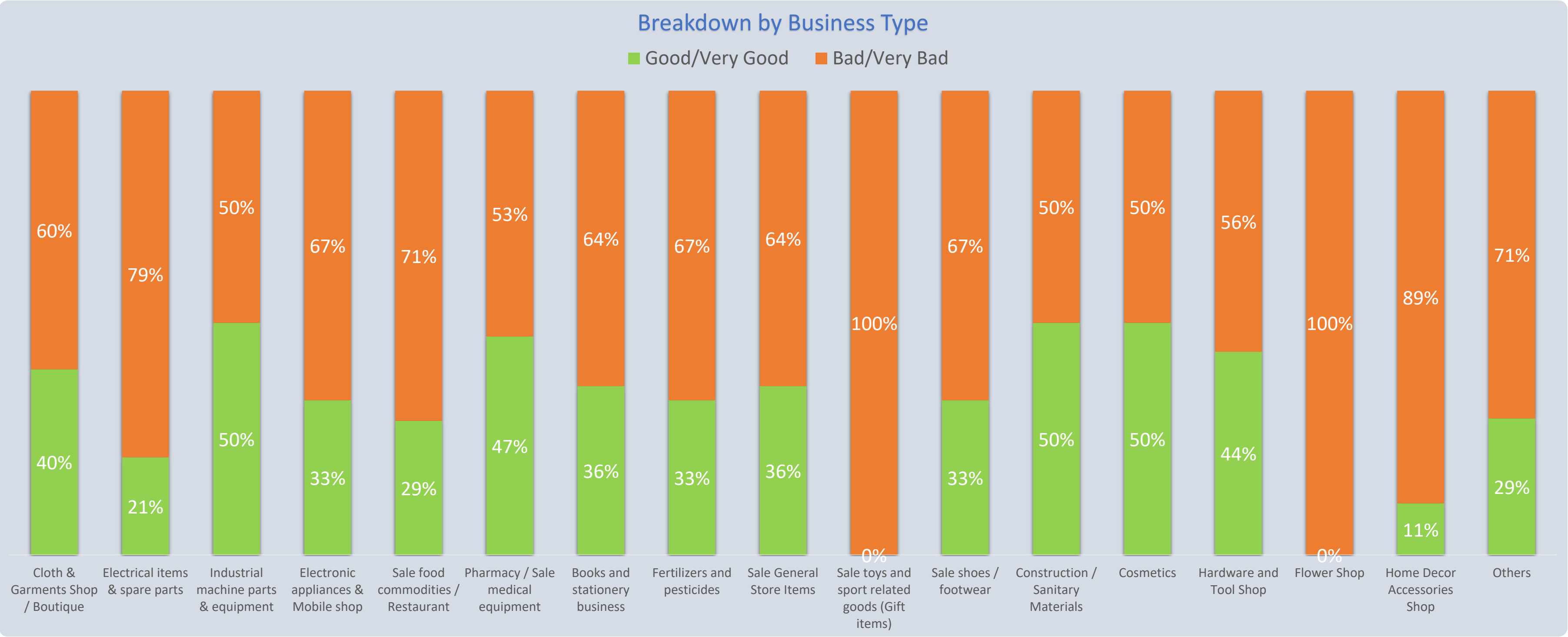
Disclaimer: Province-wise results are not representative due to lower sample size and results must be interpreted with caution

The current state of business is least pessimistic in Punjab, while things are the worst in KPK



Most business types reported the business being in a bad state. In the construction, cosmetics, and industrial machines/equipment sector there was a 50-50 split between good and bad conditions

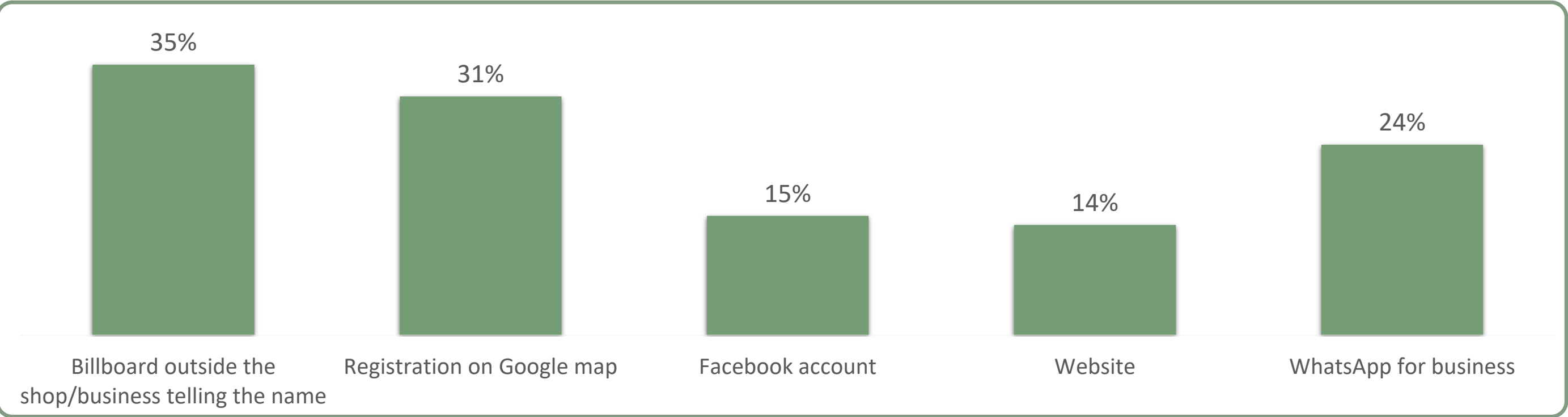
Question: How well is your business doing nowadays? Would you say it is very good, good, bad, or very bad?



Source: Gallup Pakistan Business Confidence Survey with N 518 businesses in Pakistan (Report 9, Quarter 1 2023)

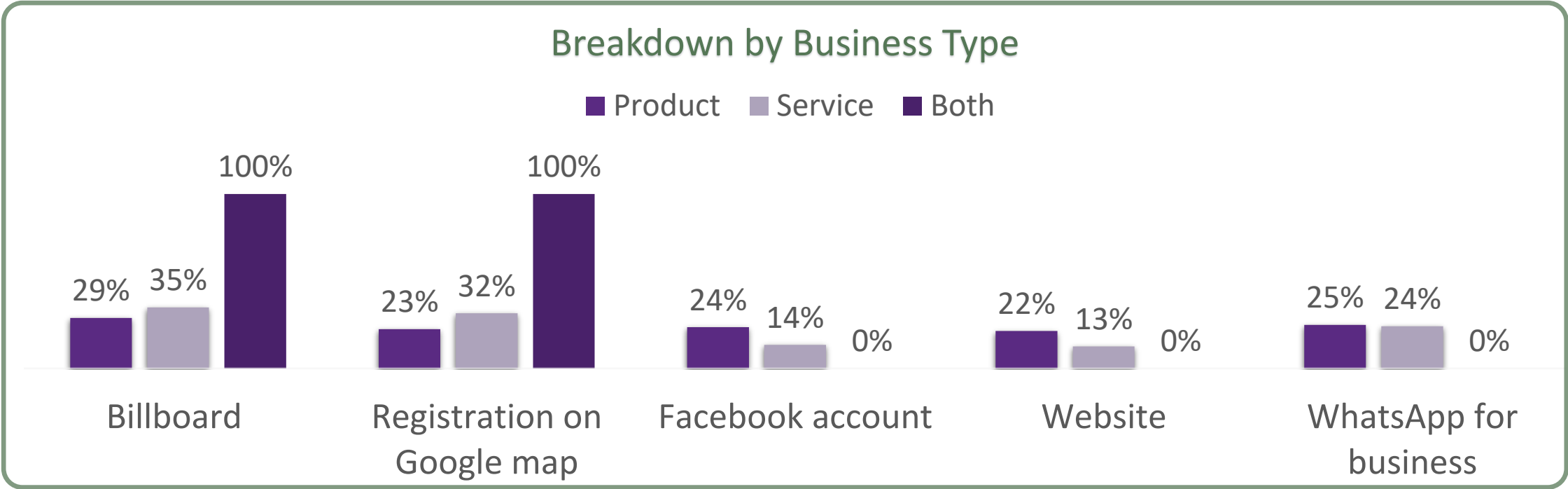
More than three quarters of the businesses surveyed have not established a digital presence for themselves; 76% do not have WhatsApp for business, 86% do not have a website, and 85% do not have a Facebook account

Question: Does your business have any of the following:



76% of respondents do not have WhatsApp for business, 86% don't have a website, 85% don't have a Facebook account, and 69% aren't registered on Google Maps

Disclaimer: sample of businesses that offer both products and services was very small therefore results must be interpreted with caution





Gallup Pakistan Business Confidence Index Yardstick

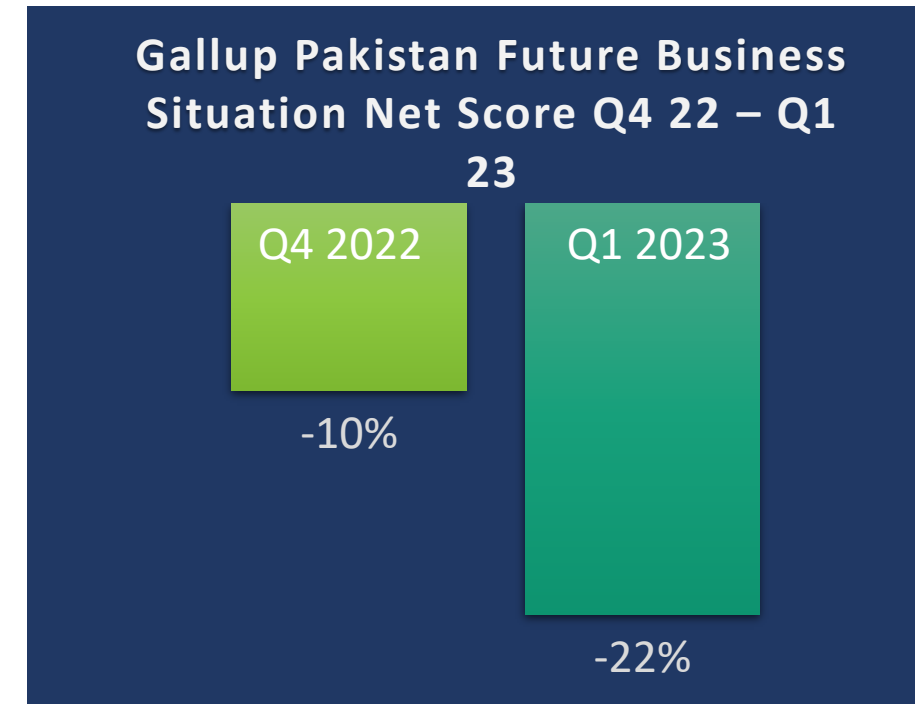
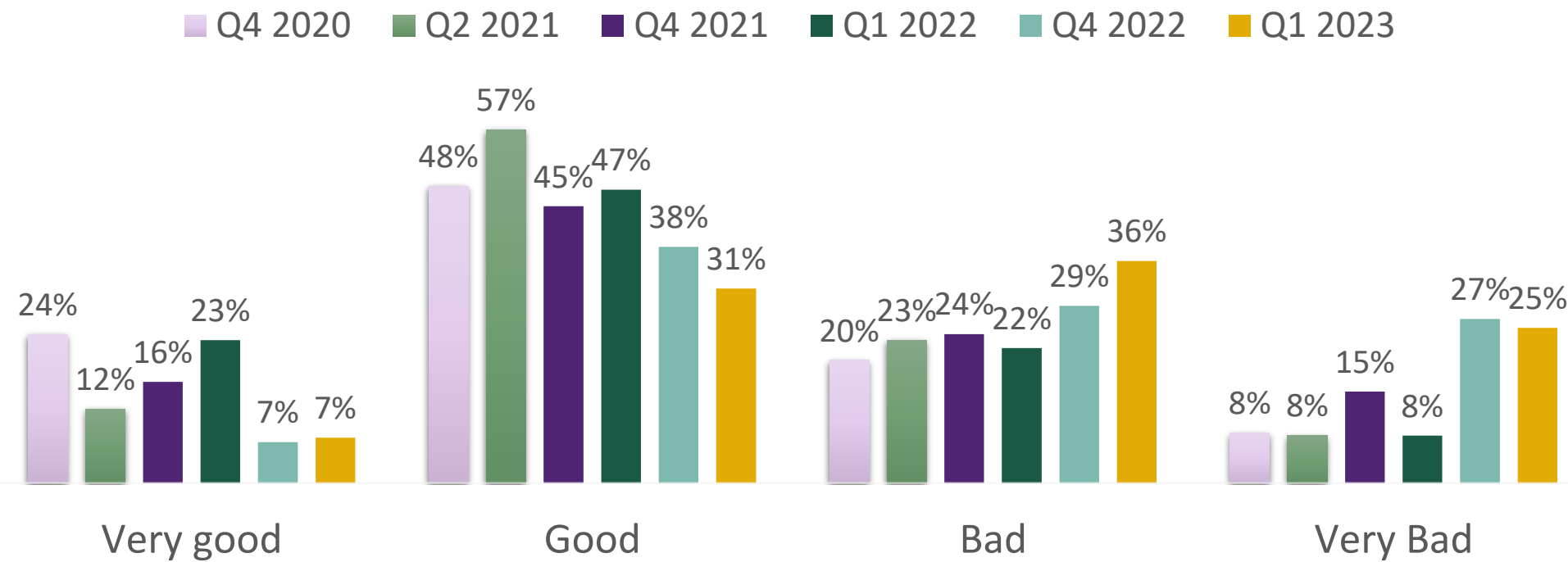
2:

Future Business Conditions Score



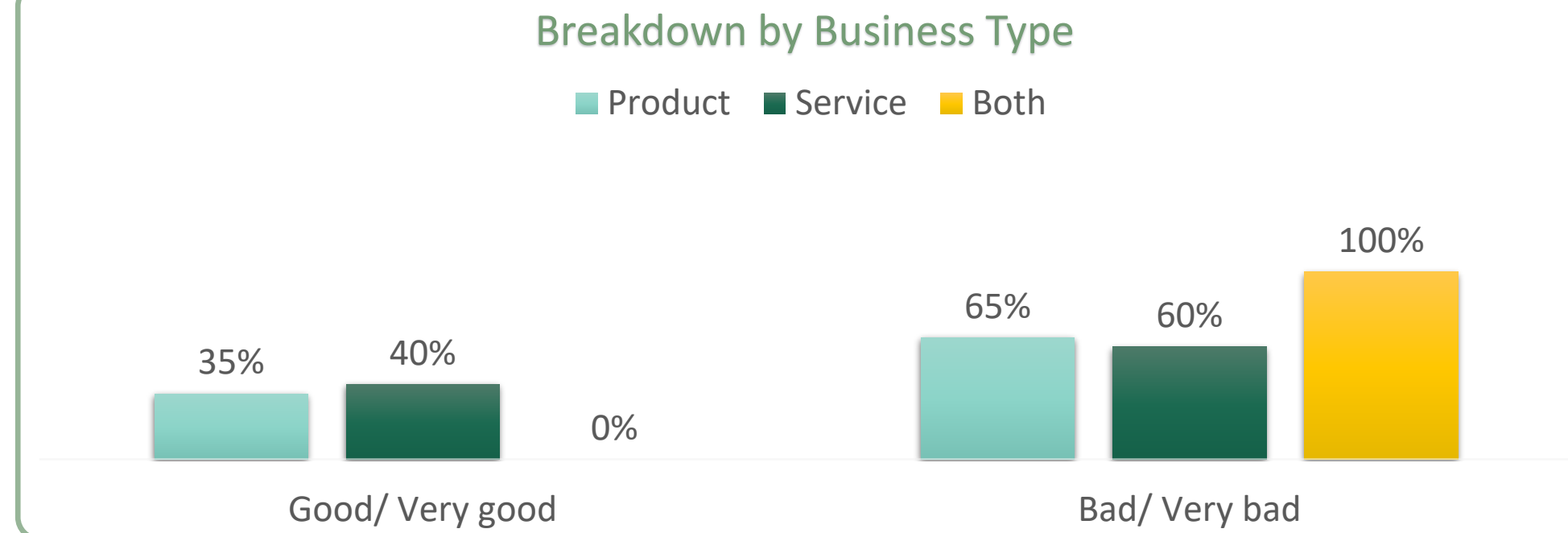
This quarter, 7% more businesses than in the previous quarter think that their business will be worse off in the future; 61% in Q1 2023 said future expectations are negative, while only 38% expect things to improve at all. The Net Future Business Confidence score has worsened by 11% since the previous quarter and is now at -22%.

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



Overall, Net Business Situation Score has deteriorated by 11% since the previous quarter

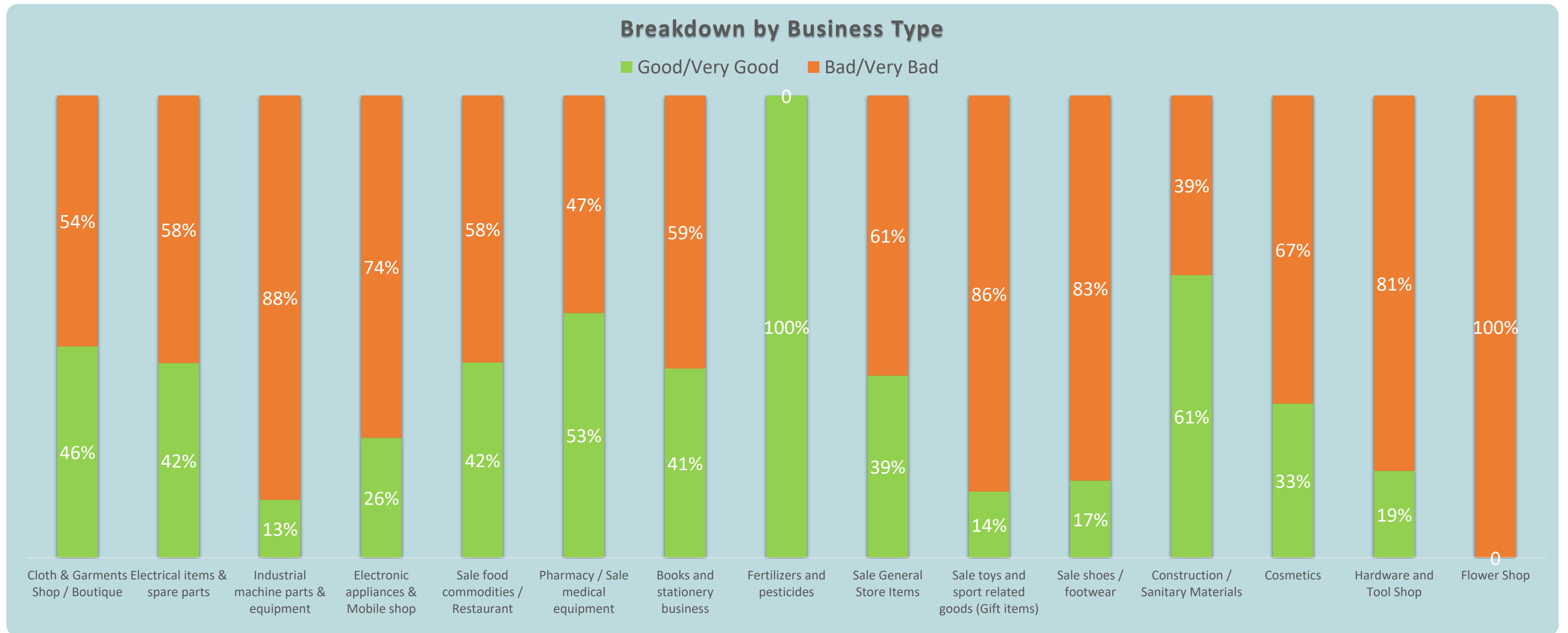
Manufacturers and service providers each have similar primarily negative expectations for the future.



Disclaimer: sample of businesses that offer both products and services was very small therefore results must be interpreted with caution

61% of construction sector businesses surveyed expect that future business conditions will be positive. More than half of cloth and garment shops, electrical items stores, and restaurant/food businesses have negative future expectations

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



Source: Gallup Pakistan Business Confidence Survey with N 518 businesses in Pakistan (Report 9, Quarter 1 2023)



Gallup Pakistan Business Confidence Index Yardstick

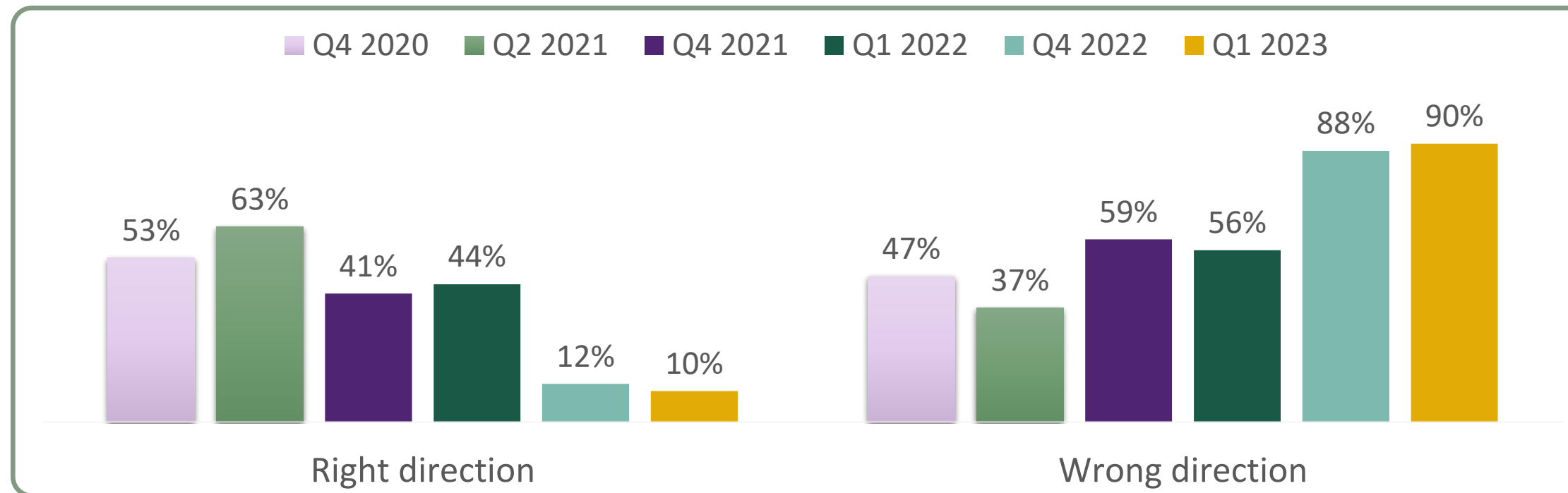
3:

Direction of the Country Score

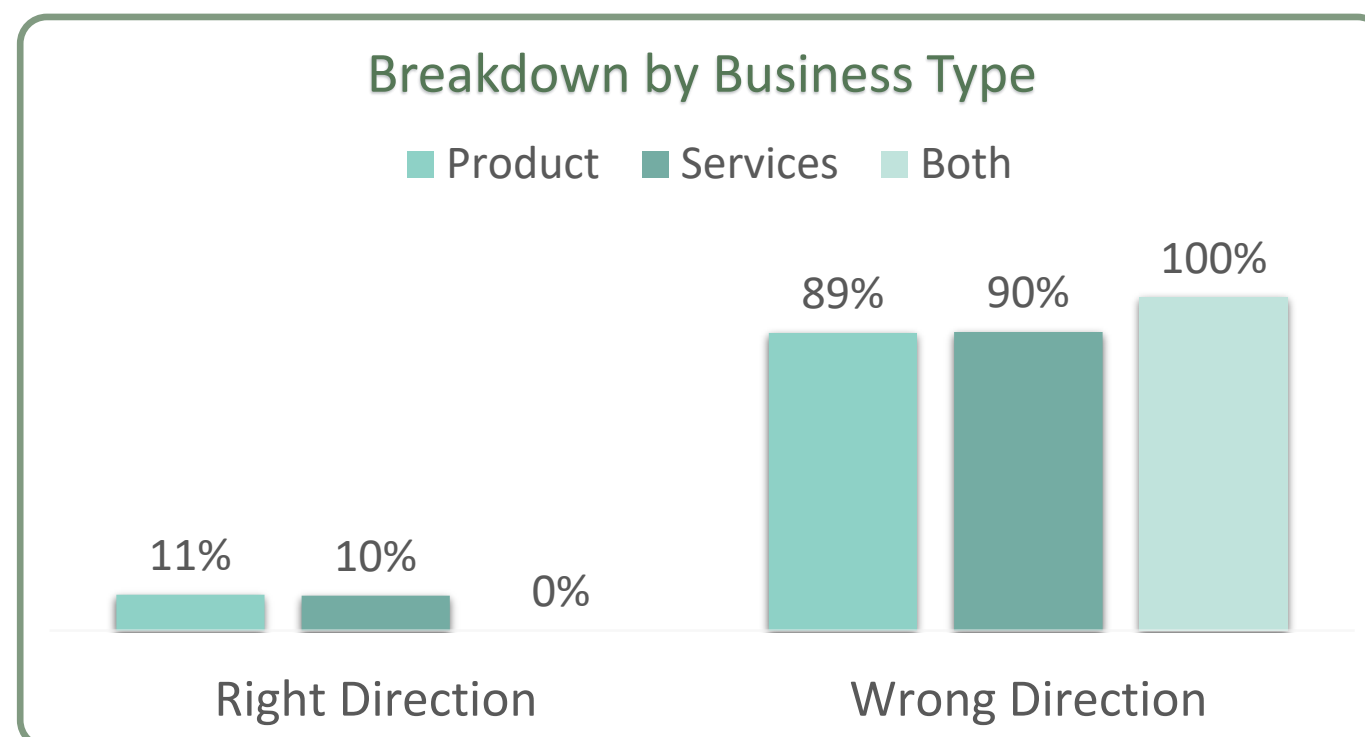
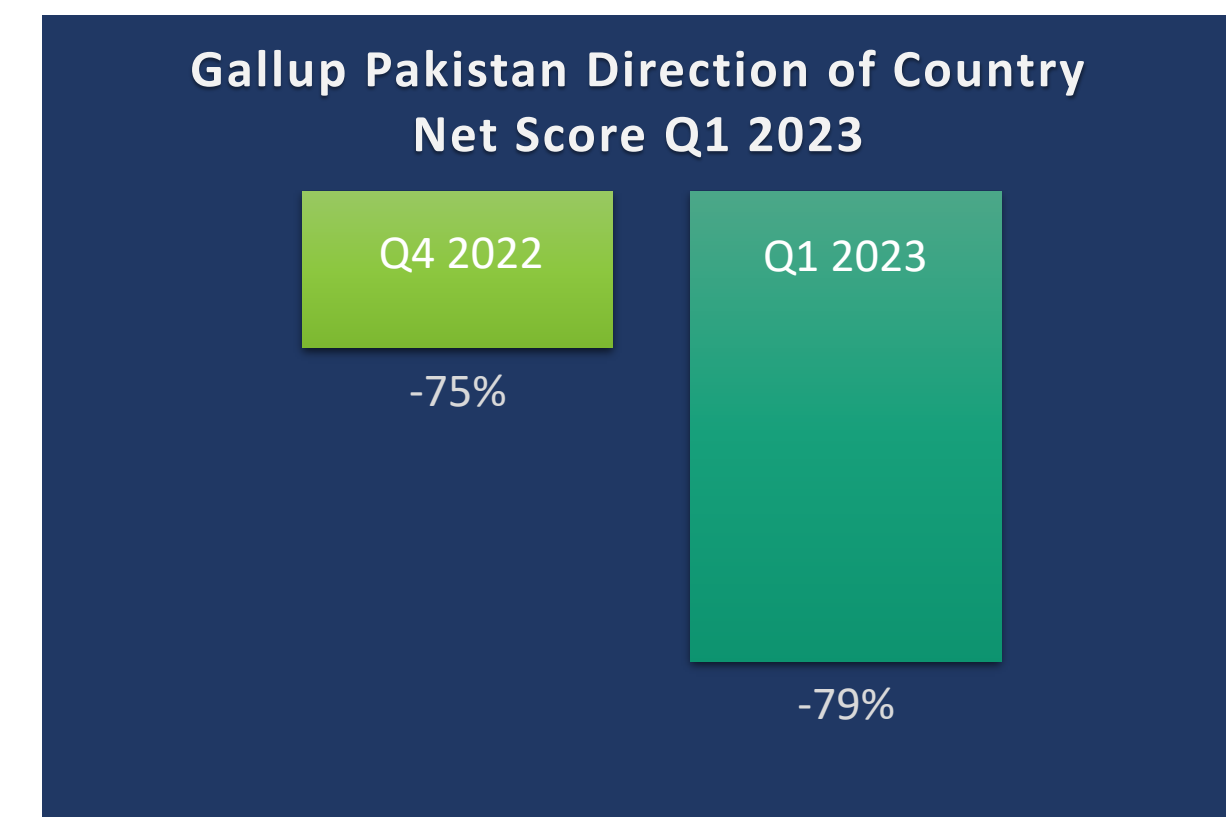


Business community perceptions regarding the direction of the country remain consistent with the previous quarter; negative perceptions are at an all time high, with 90% of businesses surveyed opining that the country is headed in the wrong direction

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 deteriorated by 4% since the last quarter



Around 90% each of manufacturers and service providers are pessimistic about the direction the country is headed in

Disclaimer: sample of businesses that offer both products and services was very small therefore results must be interpreted with caution

Source: Gallup Pakistan Business Confidence Survey with N 518 businesses in Pakistan (Report 9, Quarter 1 2023)

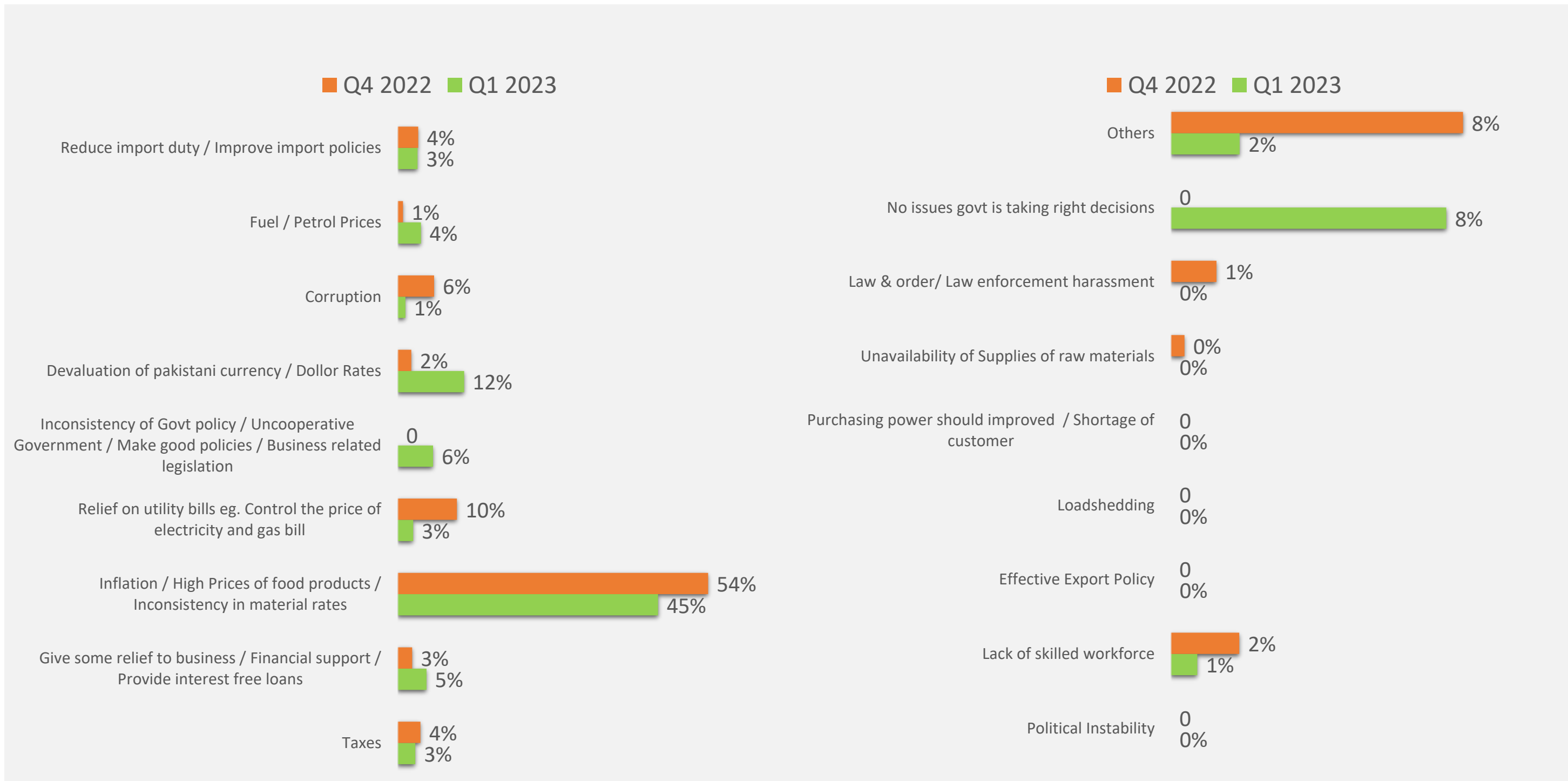
SECTION 4:

Problems Affecting Businesses in Pakistan



Similar to Q4 2022, inflation is the most cited problem in this quarter that businesses (45%) would like the government to solve. Compared to last quarter, 10% more want government to help with currency depreciation but 7% fewer believe the government should provide relief on utility prices

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

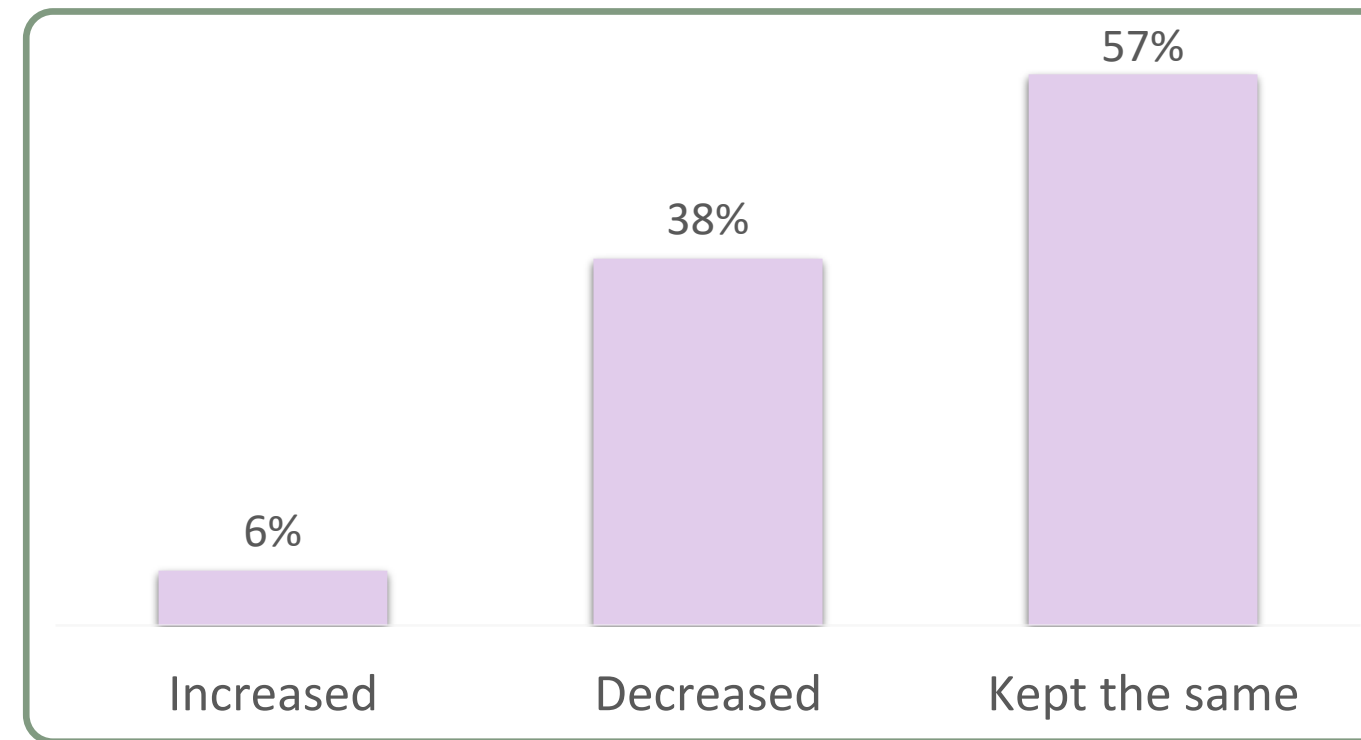


The most popular issue businesses wanted the government to solve in Q1 2023 was inflation (45% of businesses) and currency devaluation against the dollar (12% of businesses). Proportion of businesses that believed government is taking the right decisions rose to 8% since the last quarter



More than half (57%) of businesses surveyed have not undergone layoffs in the last quarter, but 38% do report a decrease in their workforce during this time

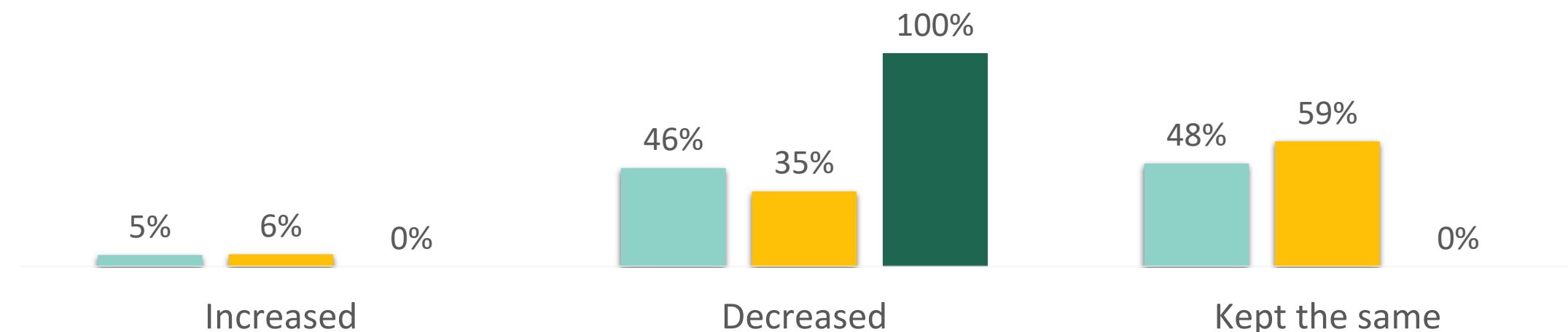
Question: In the past 3 months has your business reduced its workforce, increased it, or kept it same?



57% of respondents reported no change in their workforce over the last quarter, while 38% reported a decrease

Breakdown by Business Type

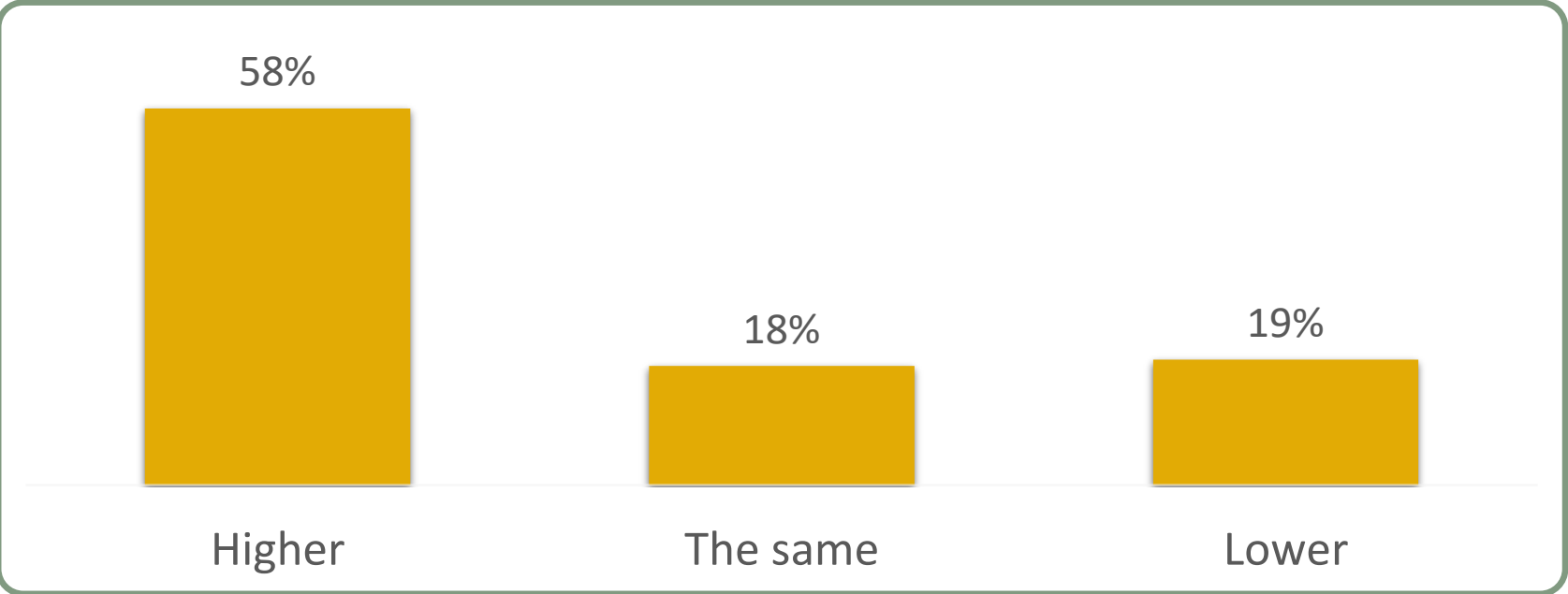
■ Product ■ Service ■ Both



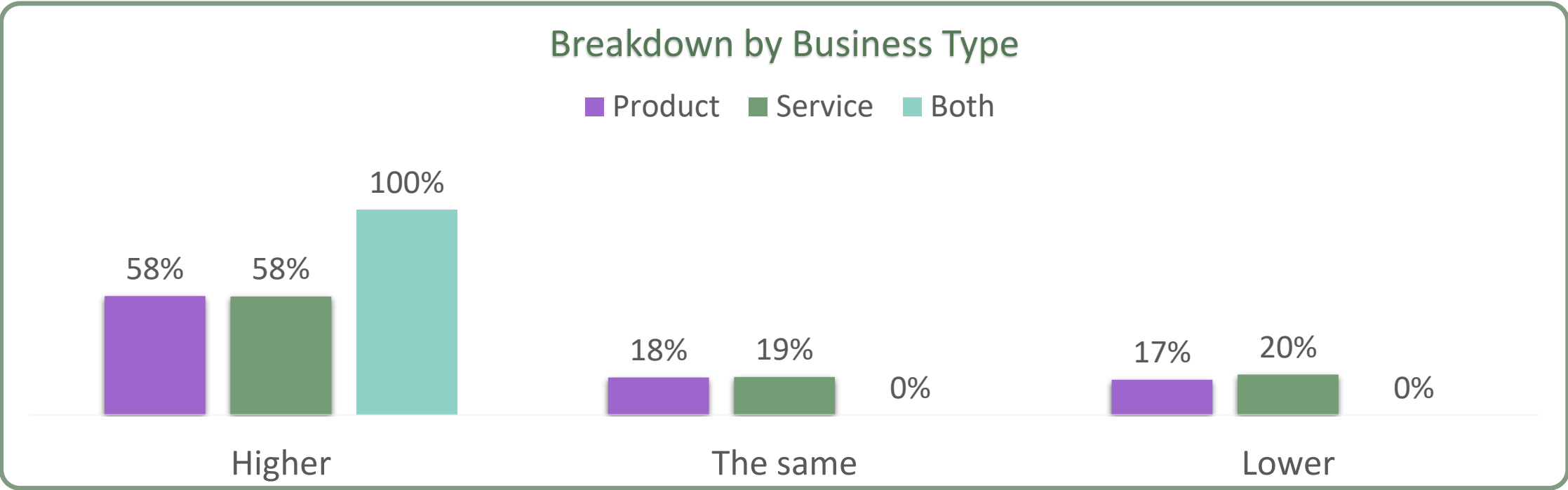
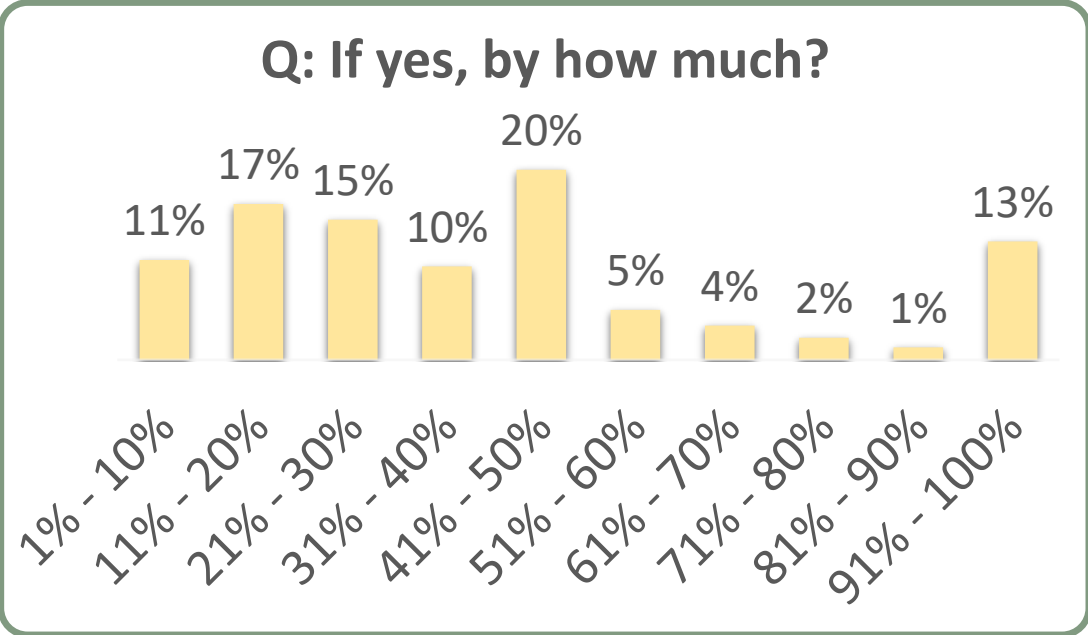
Disclaimer: sample of businesses that offer both products and services was very small therefore results must be interpreted with caution

58% of businesses surveyed said that they raised average output prices in the last quarter. Of these, 45% raised those prices between 20% and 50%

Question: I'd now like you to think about output prices or prices charged for your goods/services. Would you say the average prices you charged in this month were higher, the same or lower than last month?



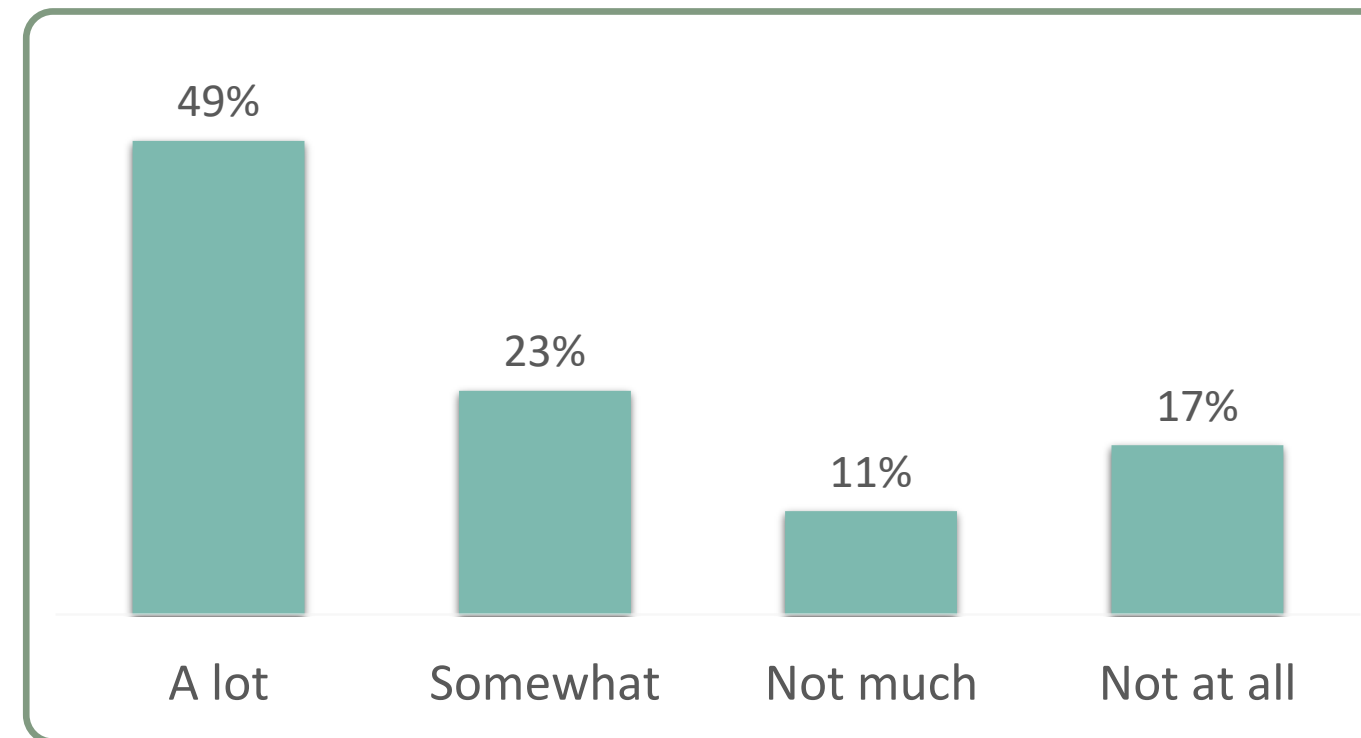
57% of respondents reported no change in their workforce over the last quarter, while 38% reported a decrease



Disclaimer: sample of businesses that offer both products and services was very small therefore results must be interpreted with caution

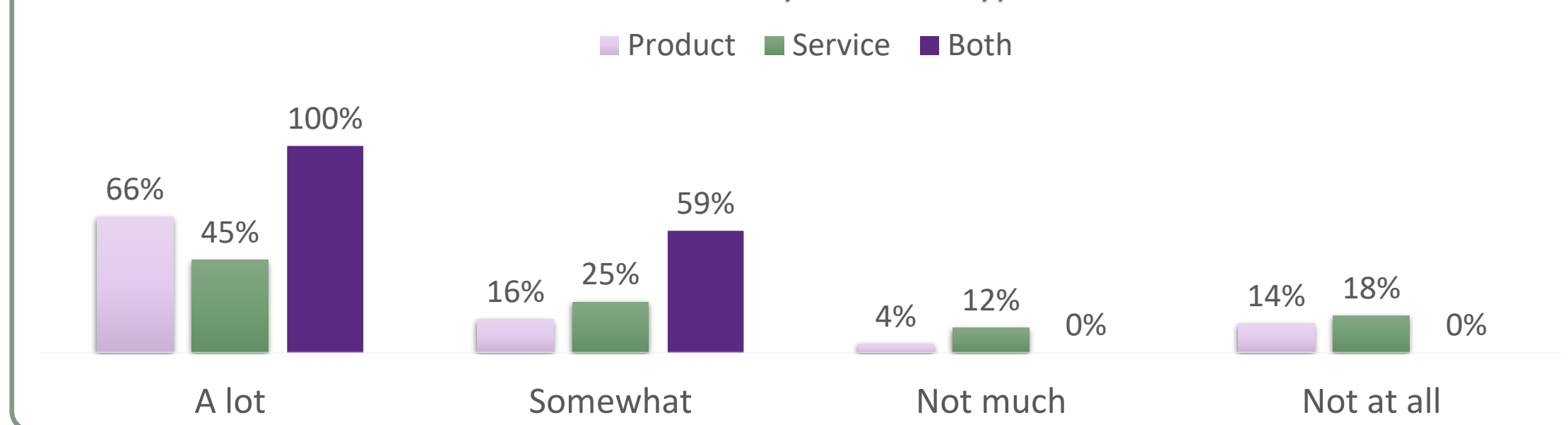
The majority (72%) of businesses surveyed are concerned by Pakistan's potential default. Of these, nearly half (49%) express significantly high concern. 17% of survey respondents are not concerned at all

Question: How concerned are you about news of Pakistan defaulting on its loans?



72% of businesses are concerned worried about news of Pakistan defaulting. 17% say they are not worried at all.

Breakdown by Business Type

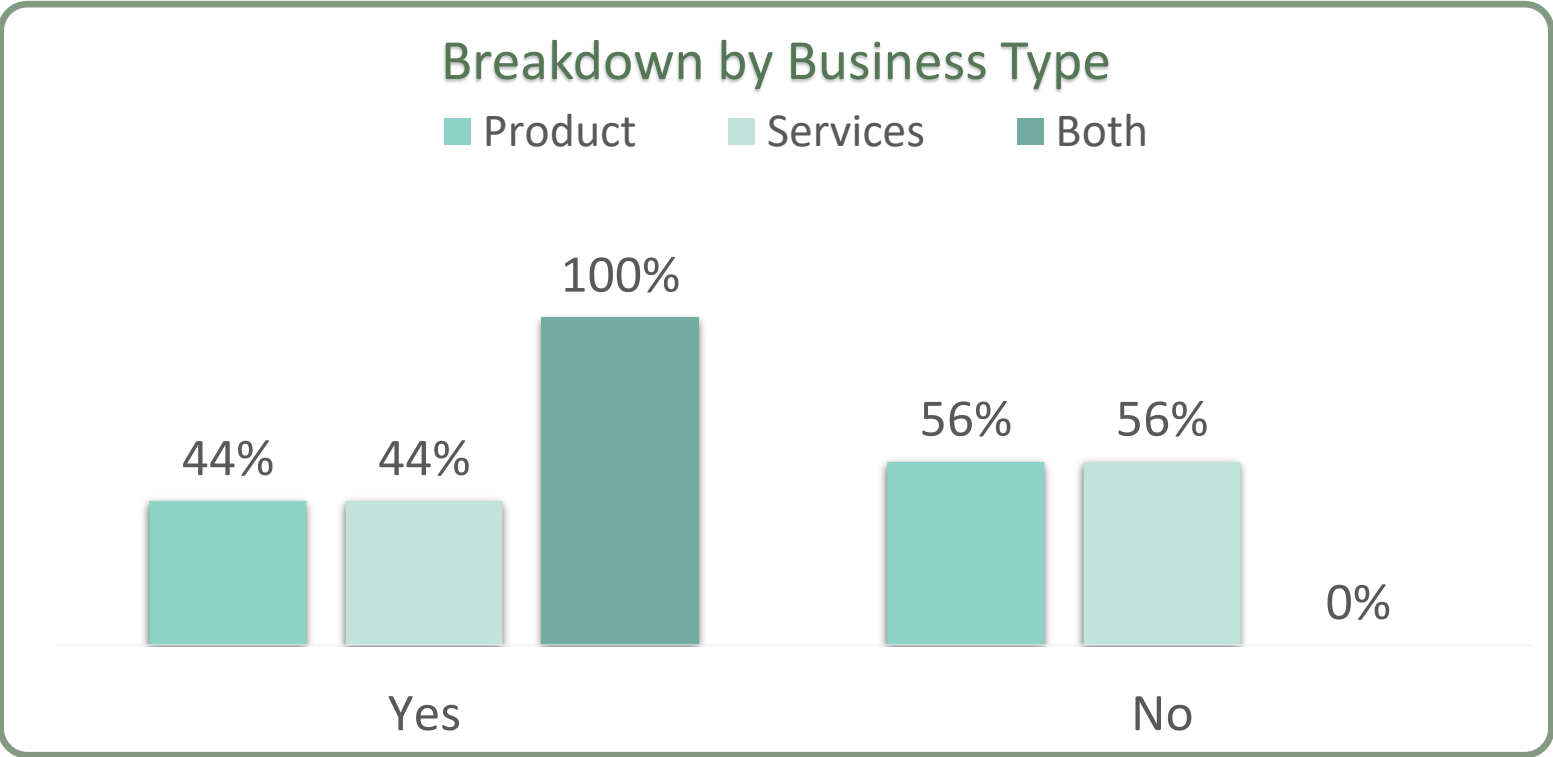
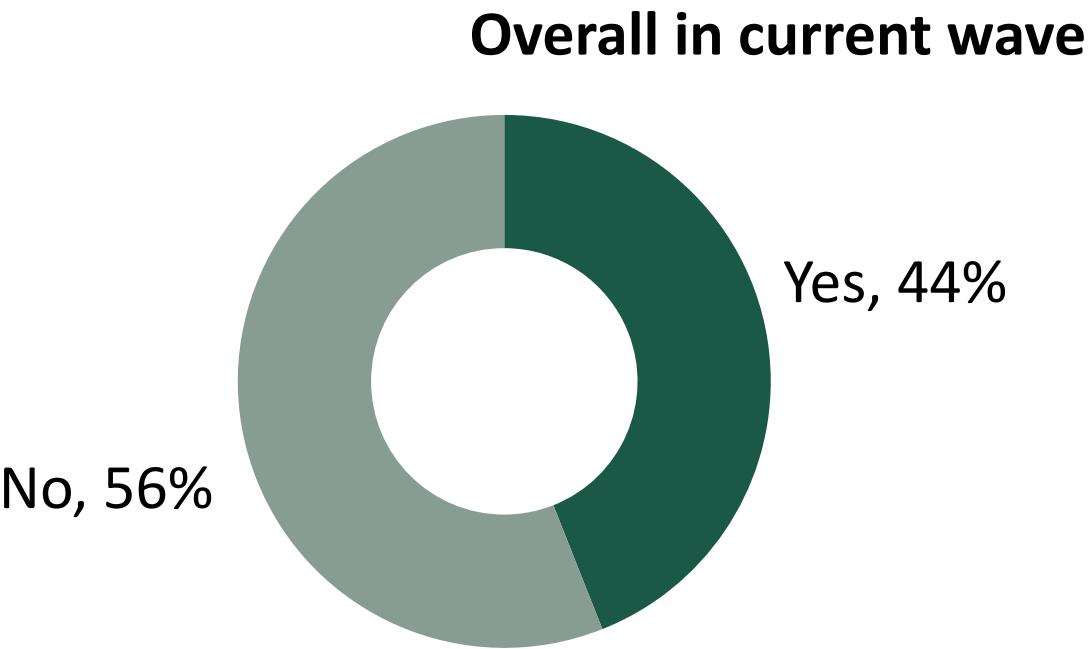


Disclaimer: sample of businesses that offer both products and services was very small therefore results must be interpreted with caution

Source: Gallup Pakistan Business Confidence Survey with N 518 businesses in Pakistan (Report 9, Quarter 1 2023)

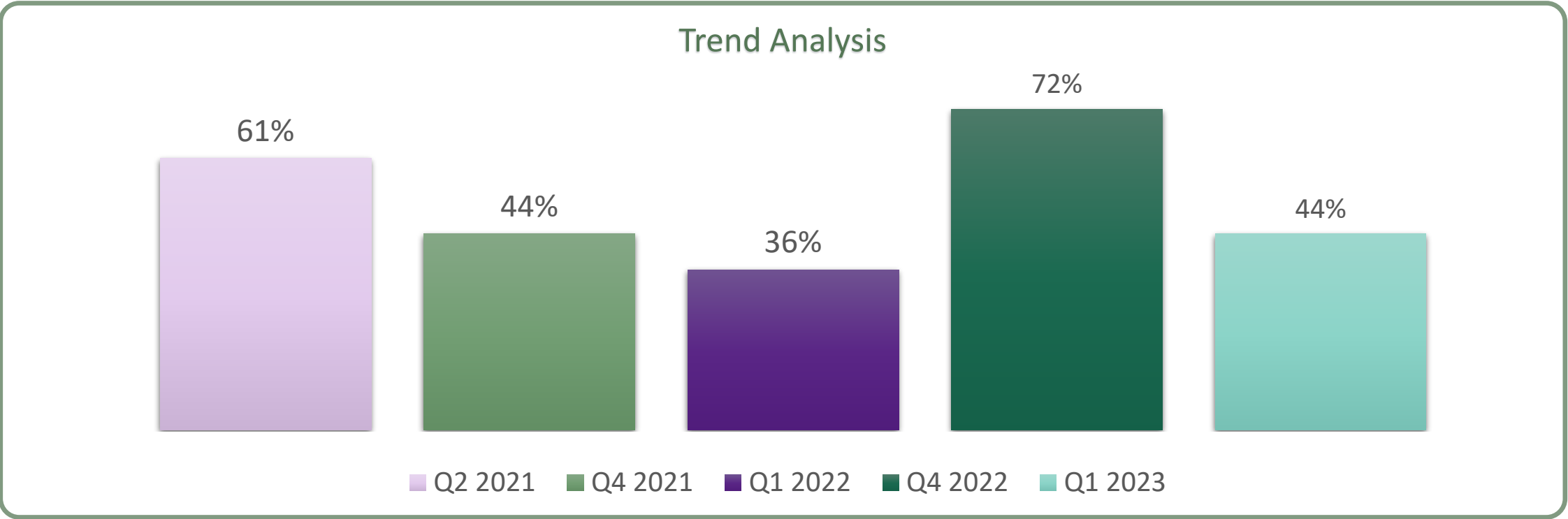
44% of businesses surveyed said 'yes' to loadshedding this quarter, which is 28% less than the previous quarter

Question: Was there load shedding in your business today?



Over half each (56%) of manufacturers and service providers reported not experiencing loadshedding in this quarter

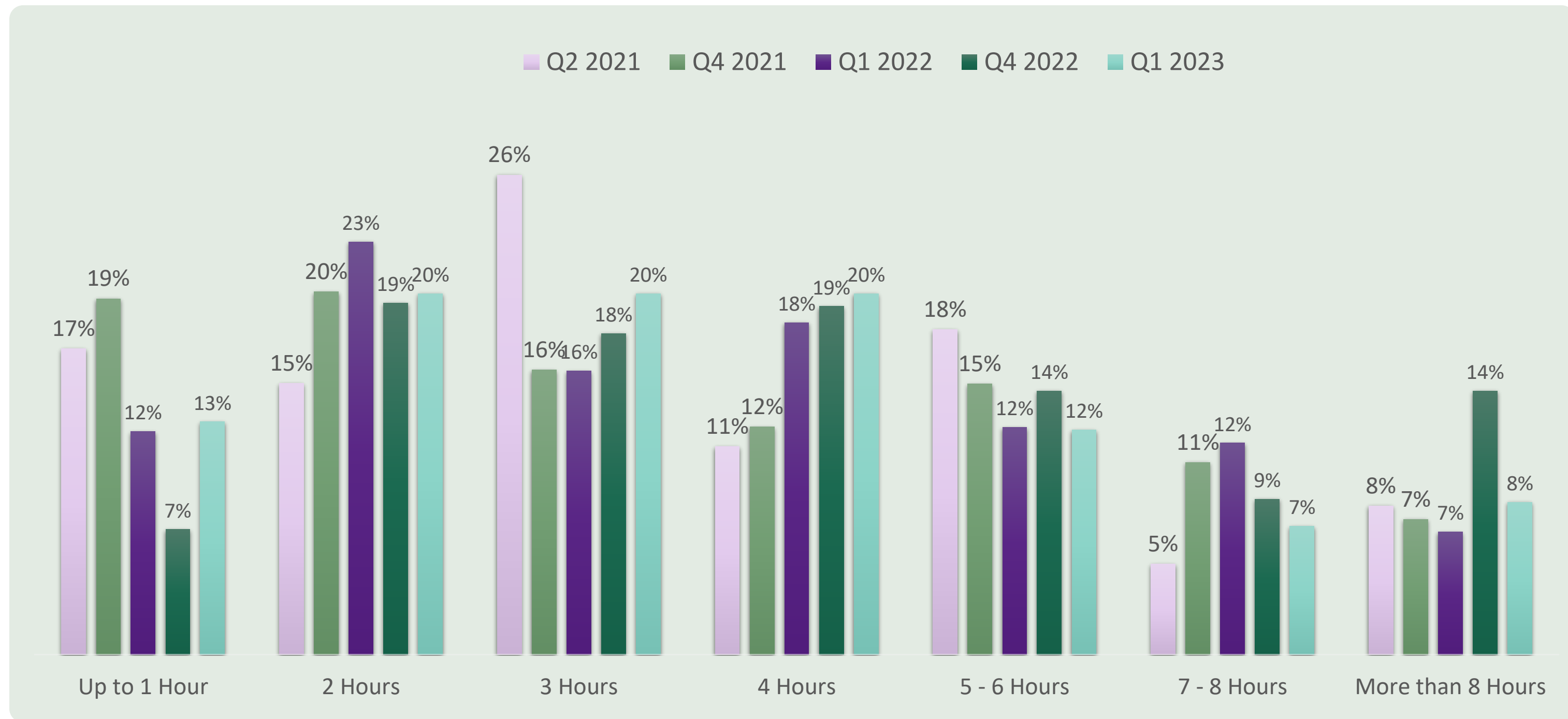
Disclaimer: sample of businesses that offer both products and services was very small therefore results must be interpreted with caution



The proportion of businesses that experienced load-shedding within a day decreased 28% since last quarter

Of those businesses that said yes to loadshedding, nearly 3 out of 4 (73%) this quarter report facing 4 hours or less of loadshedding every day, compared to the previous quarter when a similar proportion of businesses (77%) reported getting 5-6 hours or less

Question: If yes, for how many hours?



Source: Gallup Pakistan Business Confidence Survey with N 518 businesses in Pakistan (Report 9, Quarter 1 2023)



Methodology and Sample Profile

GALLUP PAKISTAN BUSINESS CONFIDENCE INDEX IN PAKISTAN



METHODOLOGY DETAILS

Sample Size:

N= 518 businesses across Pakistan

Method of Interview:

Phone surveys

Field Dates:

14th March 2023 – 29th March 2023

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@gallupakistan.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	7%
	Services	34%
	Trade	3%
	Other	56%

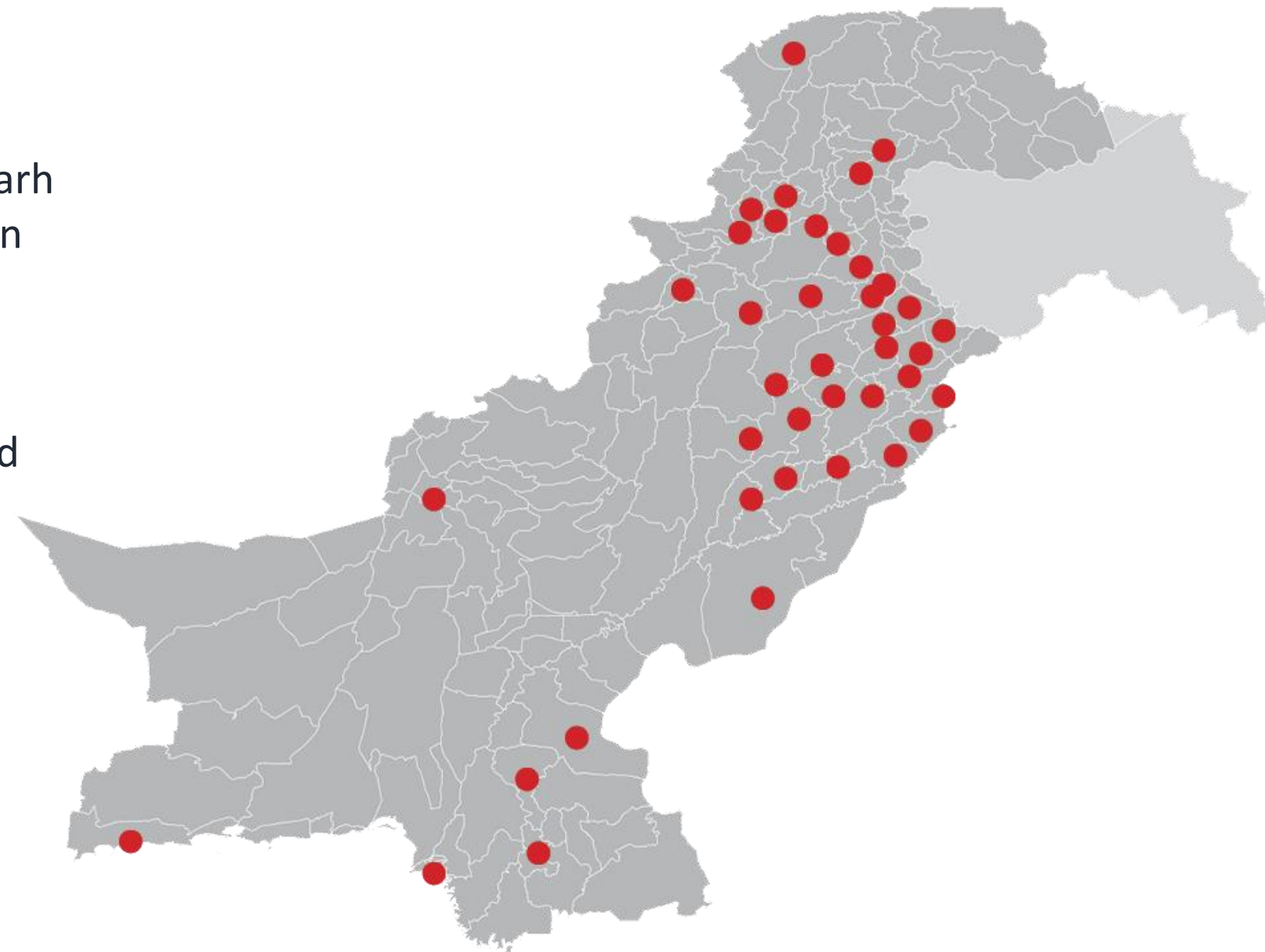


METHODOLOGY DETAILS



Districts/cities covered:

Rawalpindi	Multan
Islamabad	Sheikhupura
Karachi	Hyderabad
Lahore	Peshawar
Faisalabad	Kasur
Sialkot	Nowshera
Gujranwala	Muzaffargarh
Gujrat	Gujjar Khan
Daska	Wazirabad
Sargodha	Wah Cantt
Mandi Bahauddin	Mianwali
Chiniot	Jauharabad
Jhelum	Khairpur
Chakwal	Vehari
Lala Musa	
Quetta	
Jhang	
Bahawalpur	



Source: Gallup Pakistan Business Confidence Survey with N 518 businesses in Pakistan (Report 9, Quarter 1 2023)



APPENDIX



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Affiliated with Gallup International
Pakistan's Foremost Social Research Lab

QUESTIONNAIRE



Q1) How well is your business doing nowadays? Would you say it is very good, good, bad, or very bad?

Q2) In the past 3 months has your business reduced its workforce, increased it, or kept it same?

Q3) I'd now like you to think about output prices or prices charged for your goods/services. Would you say the average prices you charged in this month were higher, the same or lower than last month?

Q4) If higher, by how much?

Q5) What are your expectations for the future of your business compared to the past?

Q6) Which problem affecting your business considerably would you want the government to solve?

Q7) What is your opinion on the direction of the country? Are we headed in the right direction or wrong direction?

Q8) How concerned are you about news of Pakistan defaulting on its loans?

Q9) Was there load shedding in your business today?

Q10) If yes, how many hours?



QUESTIONNAIRE

Q11) Does your business make products or provide services?

Q12) Which product does your business make/ which service does your business provide?

Q13) Does your business have any of the following:

- **Billboard outside the shop/business telling the name**
- **Registration on Google map**
- **Facebook account**
- **Website**
- **WhatsApp for business**

Q14) Which city are you operating your business from?

Q16) Province

Q17) Gender



FOR MORE INFORMATION, PLEASE CONTACT

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Executive Director
Gallup Pakistan

bilal.gilani@gallup.com.pk

