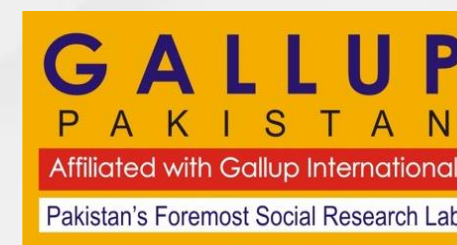


GALLUP PAKISTAN **BUSINESS CONFIDENCE INDEX** **(BCI)** **3rd Quarter 2023 Report**

**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 **530 businesses** across Pakistan from 5th December to 13th December 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 11th report of the recently 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	Q1 2023 (CLICK HERE)
Q2 2023	April-May-June	Q2 2023 (CLICK HERE)
Q3 2023	July-August-September	RELEASED NOW



WHAT IS COVERED IN THE REPORT



1. 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



2. Problems faced by Businesses in Pakistan (with special questions covering impact on business revenues & downsizing)

- High Inflation
- High utility bills
- Political Instability

Apart from the usual topics covered in the Business Confidence Report, this year Gallup Pakistan is also looking at business community's confidence in the interim government



3 KEY FINDINGS – Q3 2023 REPORT



KEY FINDING 1: 2 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, while 1 strand has become positive

KEY FINDING 2: Having improved since the previous quarter, the Current Business Situation Score indicates **Poor Confidence**. Future Business Situation Score has shot up to indicate **Fair Confidence**, and Direction of the Country Score has improved and indicates **Negative Confidence**. The trend lines for each indicator are declining on average but have become flatter due to increased confidence in the third quarter

KEY FINDING 3: The BCI has seen a drastic drop over the last couple of years. Post-pandemic economic recovery has been hampered by a rapidly changing political landscape, which contributed to keeping business confidence in the red. In 2023 however, scores appear to be improving

Strand 1: Current Business Situation Score

- Q2 2023: -26%
- Q3 2023: -1%



Strand 2: Future Business Situation Score

- Q2 2023: -20%
- Q3 2023: 22%



Strand 3: Direction of the Country Score

- Q2 2023: -77%
- Q3 2023: -47%



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 Assessment (trend over previous quarters)

Gallup Pakistan Business Confidence Index	Q4 2021 Score	Q1 2022 Score	Q4 2022 Score	Q1 2023 Score	Q2 2023 Score	Q3 2023 Score	Assessment
Strand 1 Current Business Situation Score	+8%	32%	-31%	-32%	-26%	-1%	Poor Confidence
Strand 2 Future Business Situation Score	+22%	40%	-10%	-22%	-20%	22%	Fair Confidence
Strand 3 Direction of the Country Score	-18%	-12%	-75%	-79%	-77%	-47%	Negative Confidence

LEGEND

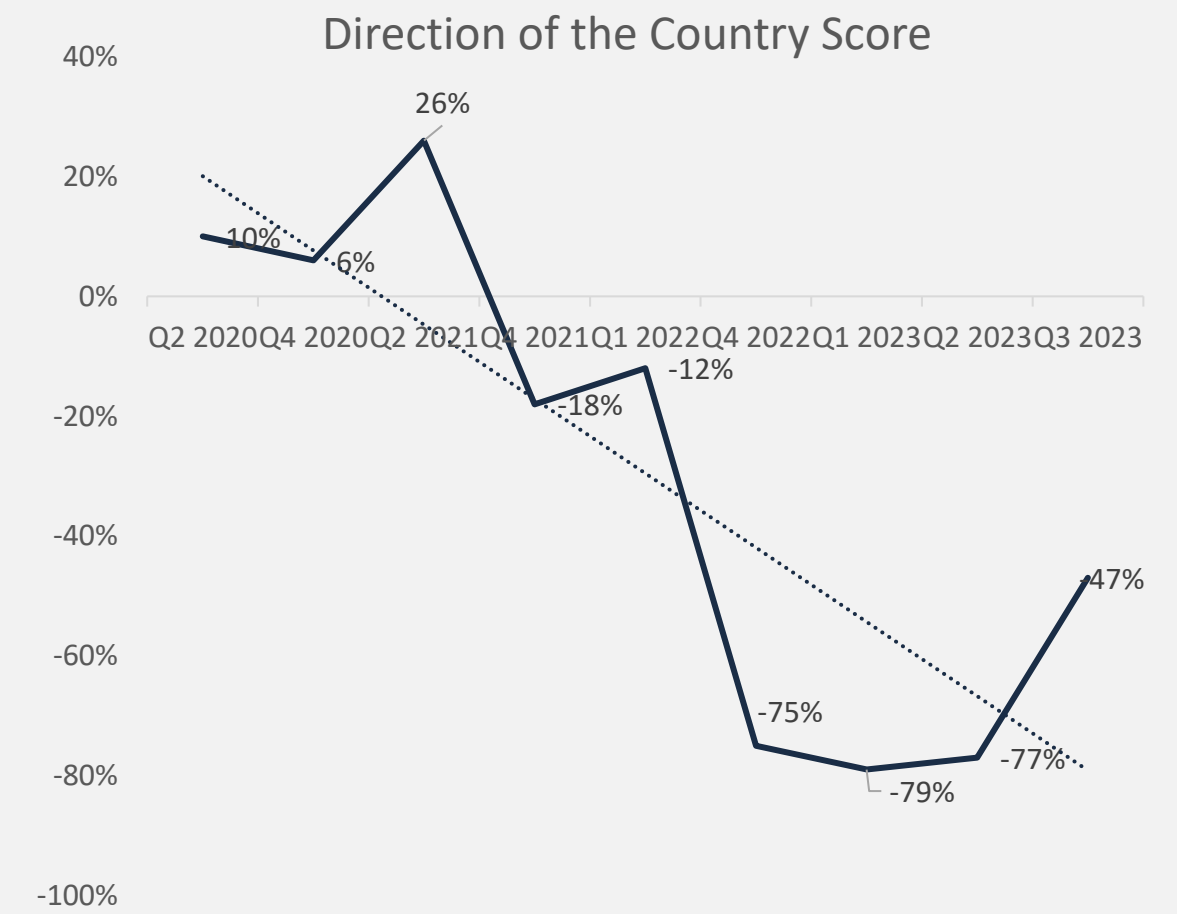
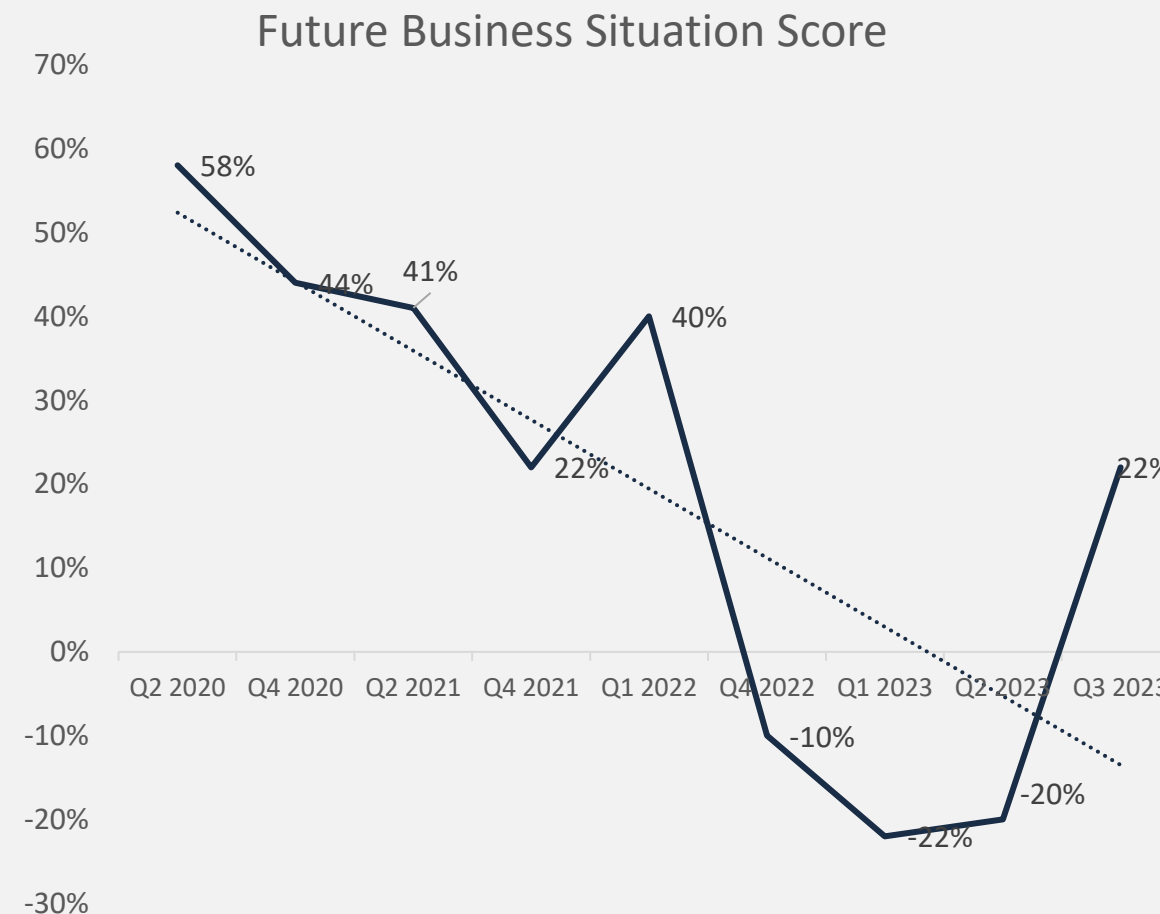
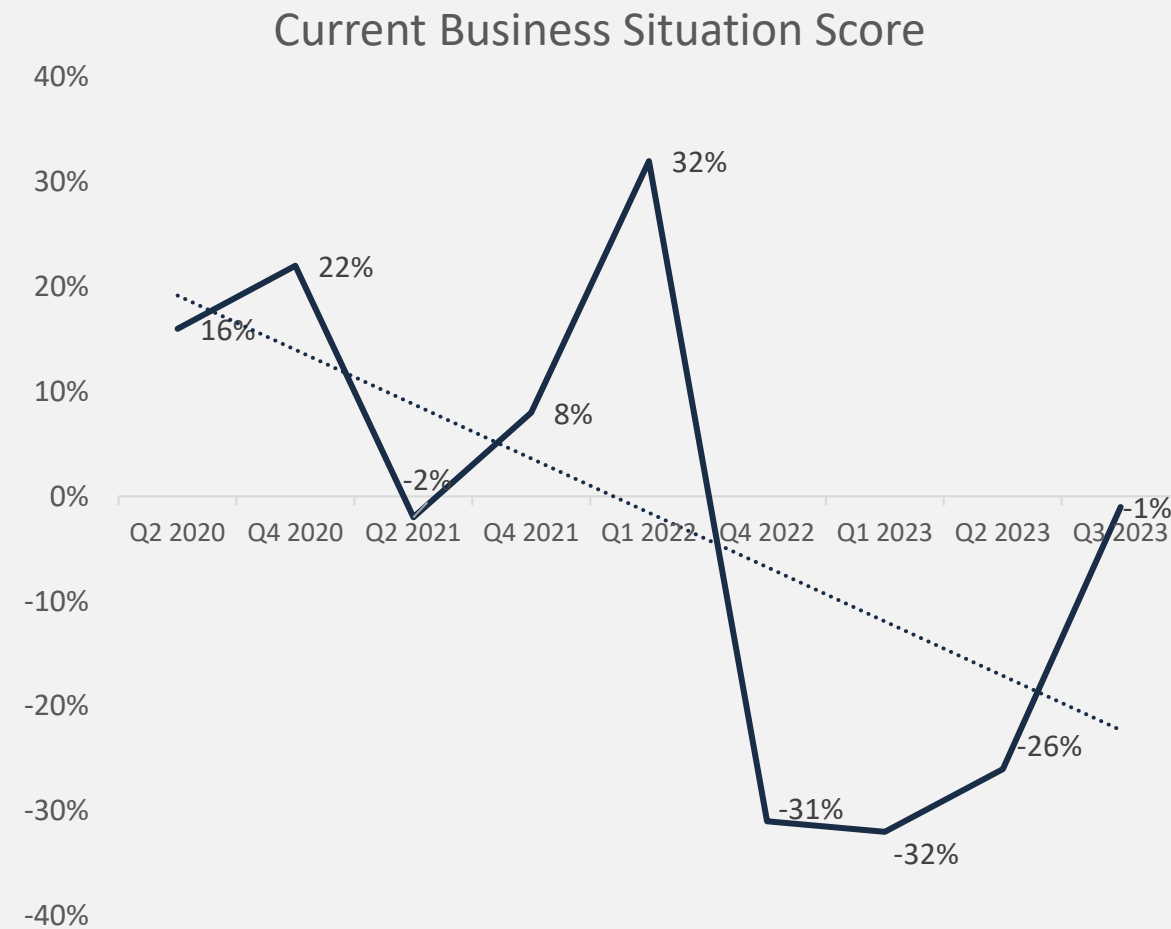
+1% to 25% = Fair Confidence
 +26 to 75% = Great Confidence
 +75% to 100% = Excellent Confidence

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



THREE STRANDS OF Gallup Pakistan Business Confidence Index

Assessment – 2020-23 SNAPSHOT



ALL THREE STRANDS OF GALLUP PAKISTAN BCI EXHIBIT A NEGATIVE TREND ON AVERAGE BETWEEN 2020 AND 2023. BETWEEN Q2-Q3 2023, HOWEVER, THEY SHOW IMPROVEMENT BY A SIGNIFICANT MAGNITUDE



EXECUTIVE SUMMARY



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EXECUTIVE SUMMARY



Finding 1: 50% of businesses in the past quarter perceive themselves to be facing bad or worse conditions – a 13% decrease from last year. Slight improvement is observed in Gallup Pakistan Business Situation Net score in Q3 2023 as the negative net score improves by 25%. Over half of businesses selling commodities, pharmacies, and electronic appliance shops reported their business doing well. Clothes, garments, and shoes sellers, along with construction materials suppliers, are among the most pessimistic about their current business conditions

Finding 2: This quarter, 21% more businesses than in the previous quarter think that their business will be better off in the future; 61% in Q3 2023 said expectations for the future are positive, while 38% expect things to get worse. The Net Future Business Confidence score has increased by 42%. Optimistic expectations for future business conditions were prevalent in the majority of businesses during the last quarter, particularly those business types from among whose ranks more pessimism for the current conditions were reported

Finding 3: 15% more businesses in quarter 3 of 2023, as compared to the previous quarter, think that the country is heading in the right direction. Overall trend for the past few quarters is consistently negative, however. Net Direction of Country score improves by 30%



EXECUTIVE SUMMARY



Finding 4: While the majority (73%) of businesses surveyed this wave expressed hopelessness in the new caretaker government's ability to solve the business community's problems. 25% reported being hopeful, which is 8% more than in Quarter 2

Finding 5: Similar to Q2 2023, inflation is the most cited problem in this Quarter that more than 1 in 4 businesses would like the government to solve. Proportion of those who want government to solve loadshedding, taxes, and political instability, has increased

Finding 6: Around half (48%) of businesses surveyed said that their workforce remained the same in the last quarter, a decrease of 11% from the previous quarter. More service-providing businesses than product manufacturers increased their workforce

Finding 7: 54% of businesses surveyed said that they raised average output prices in the past quarter. Of these, more than a quarter (28%) raised those prices by 41% to 100%

Finding 8: Quarter-to-Quarter reports of loadshedding decrease: 62% of businesses surveyed said 'no' to loadshedding in the past quarter, while 38% said yes (31% less than in the previous Quarter)



EXECUTIVE SUMMARY



Finding 9: For nearly half (46%) of businesses, electricity costs comprise between 21% and 50% of their total cost of business

Finding 10: Over half (63%) of businesses surveyed for this wave reported that they were not part of any business association, chamber of commerce, or other smaller committee, etc.



SECTION 1:

Gallup Pakistan Business Confidence Index



Gallup Pakistan Business Confidence Index Yardstick

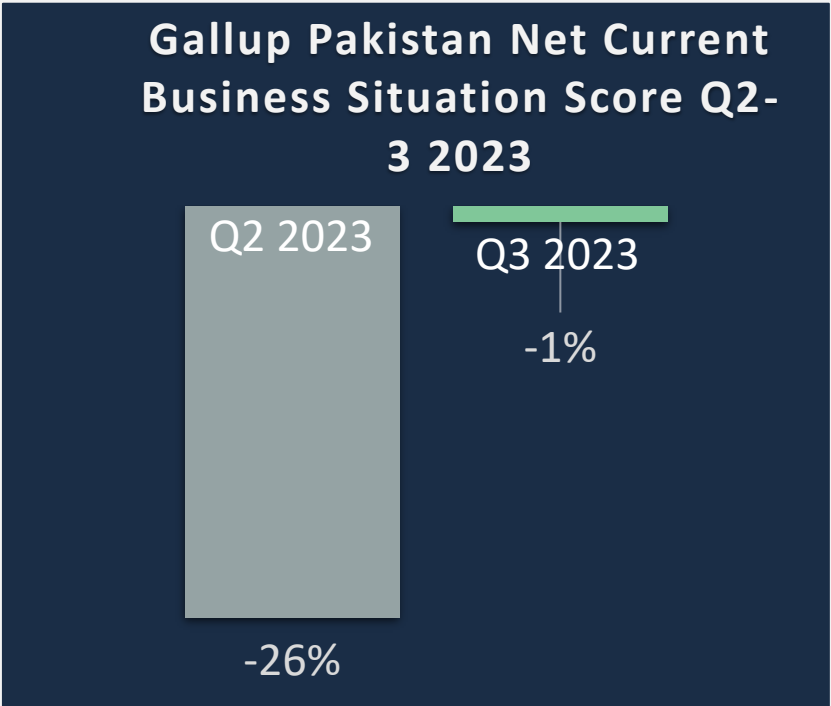
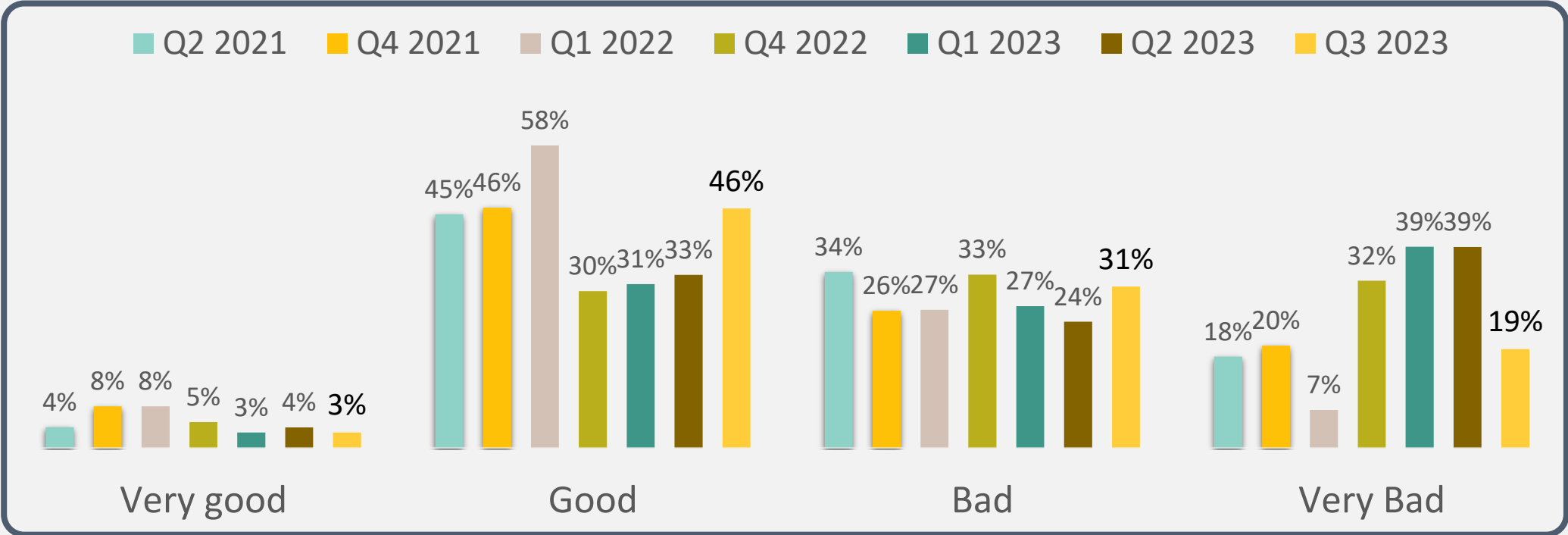
1:

Current Business Conditions Score

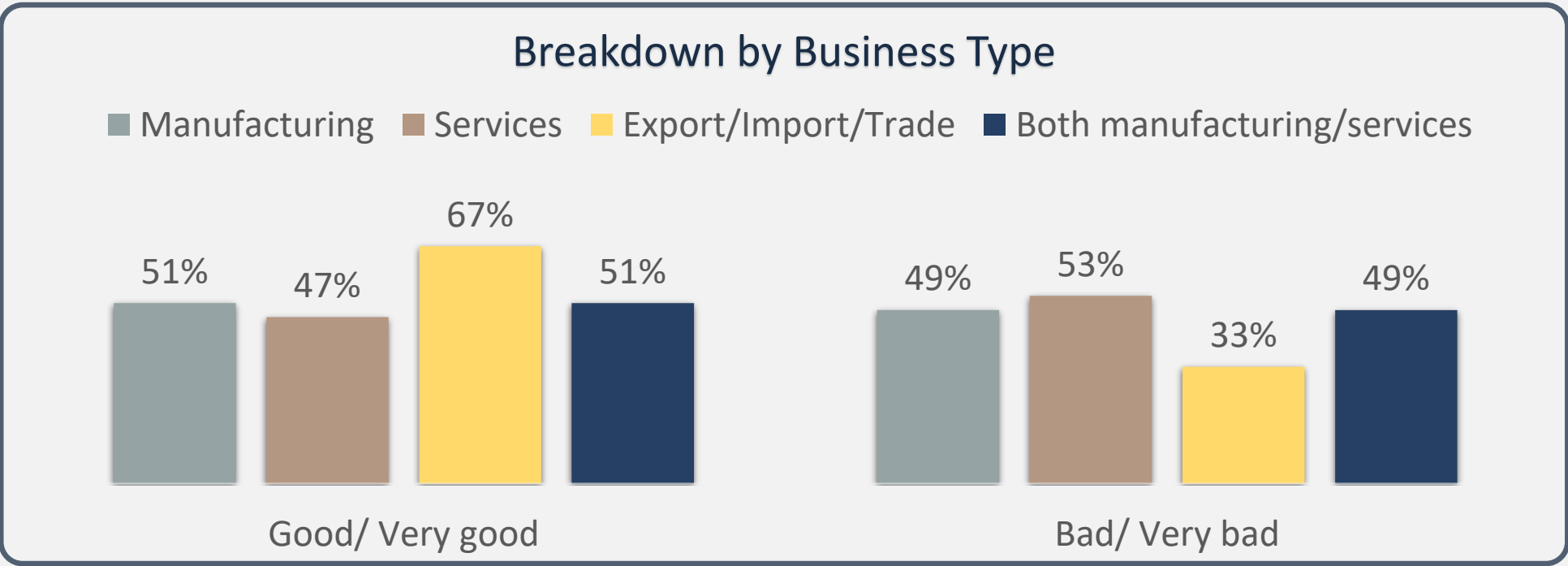


50% of businesses in the past quarter perceive themselves to be facing bad or worse conditions – a 13% decrease from last year. Slight improvement is observed in Gallup Pakistan Business Situation Net score in Q3 2023 as the negative net score improves by 25%

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



Since Q2 2023, the current business assessment improved by a significant percentage, with a 25% increase in the net proportion of people claiming their business situation to be good.

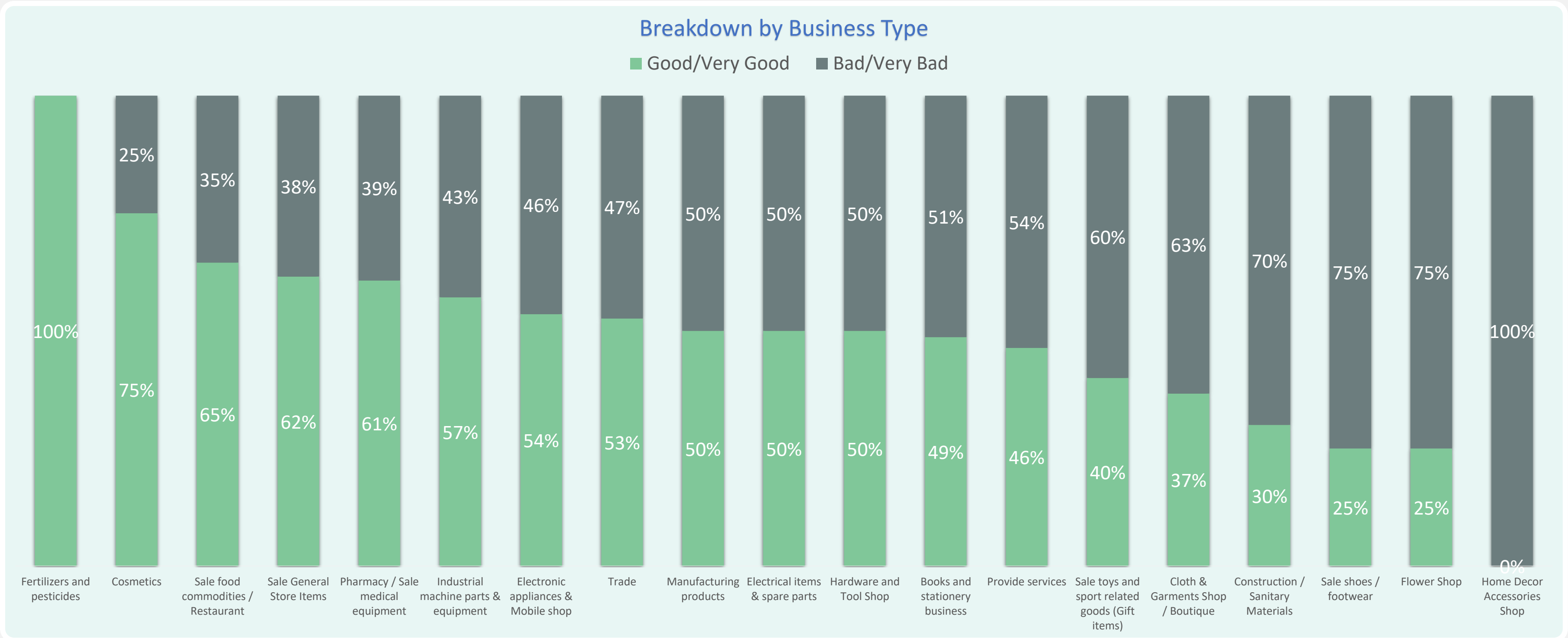


53% of service businesses and 49% of manufacturing businesses reported their current business conditions to be doing badly.

Disclaimer: sample of businesses that export/import goods was very small and therefore results must be interpreted with caution

Over half of businesses selling commodities, pharmacies, and electronic appliance shops reported their business doing well. Clothes, garments, and shoes sellers, along with construction materials suppliers, are among the most pessimistic about their current business 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 531 businesses in Pakistan (Report 11, Quarter 3 2023)

Gallup Pakistan Business Confidence Index Yardstick

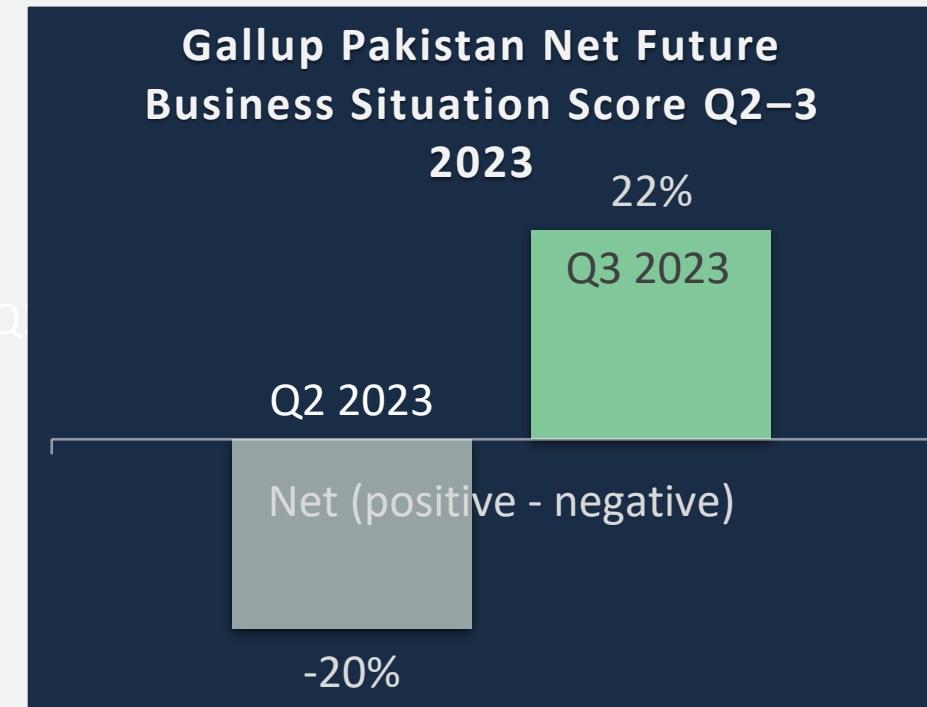
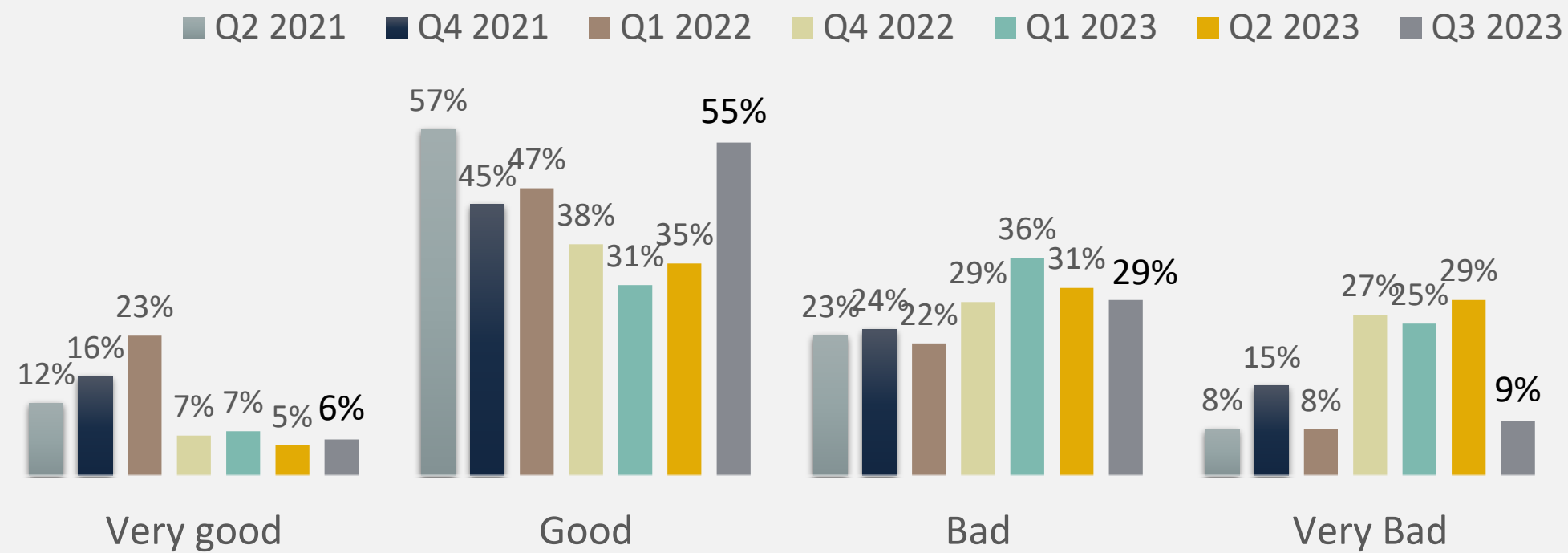
2:

Future Business Conditions Score



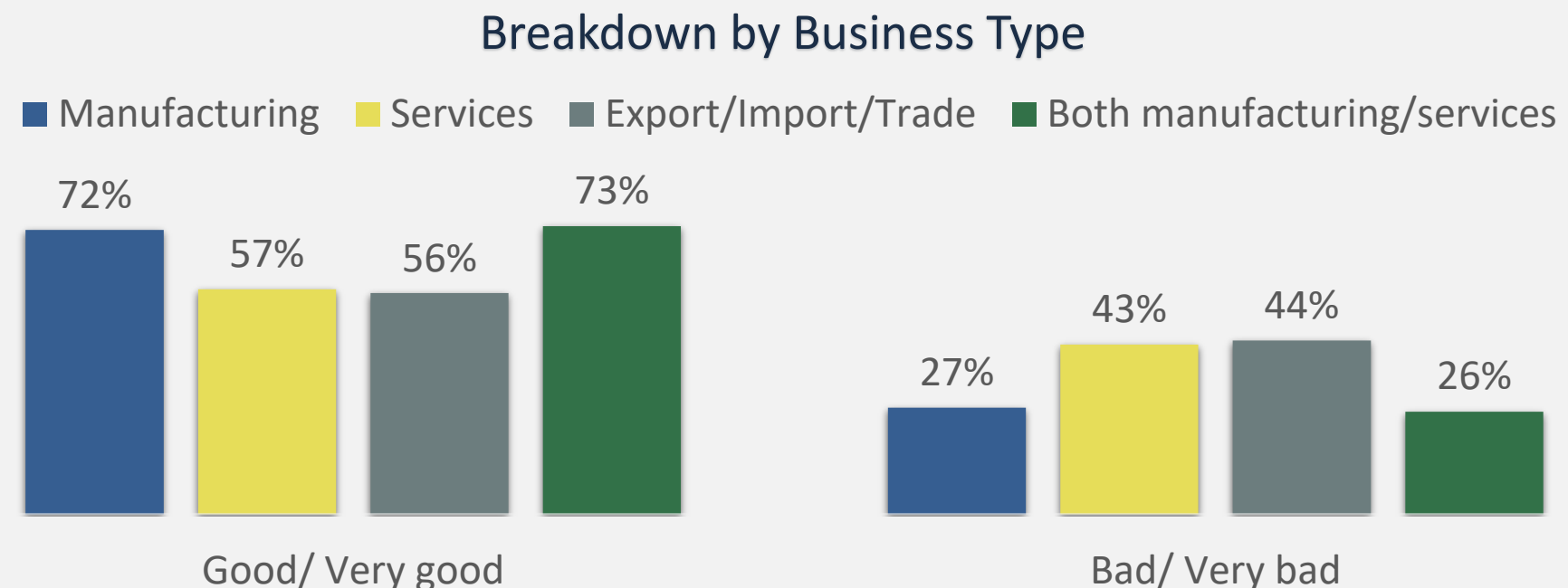
This quarter, 21% more businesses than in the previous quarter think that their business will be better off in the future; 61% in Q3 2023 said expectations for the future are positive, while 38% expect things to get worse. The Net Future Business Confidence score has increased by 42%.

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



Net Future Business Situation Score has significantly improved, increasing by 42% from the previous quarter

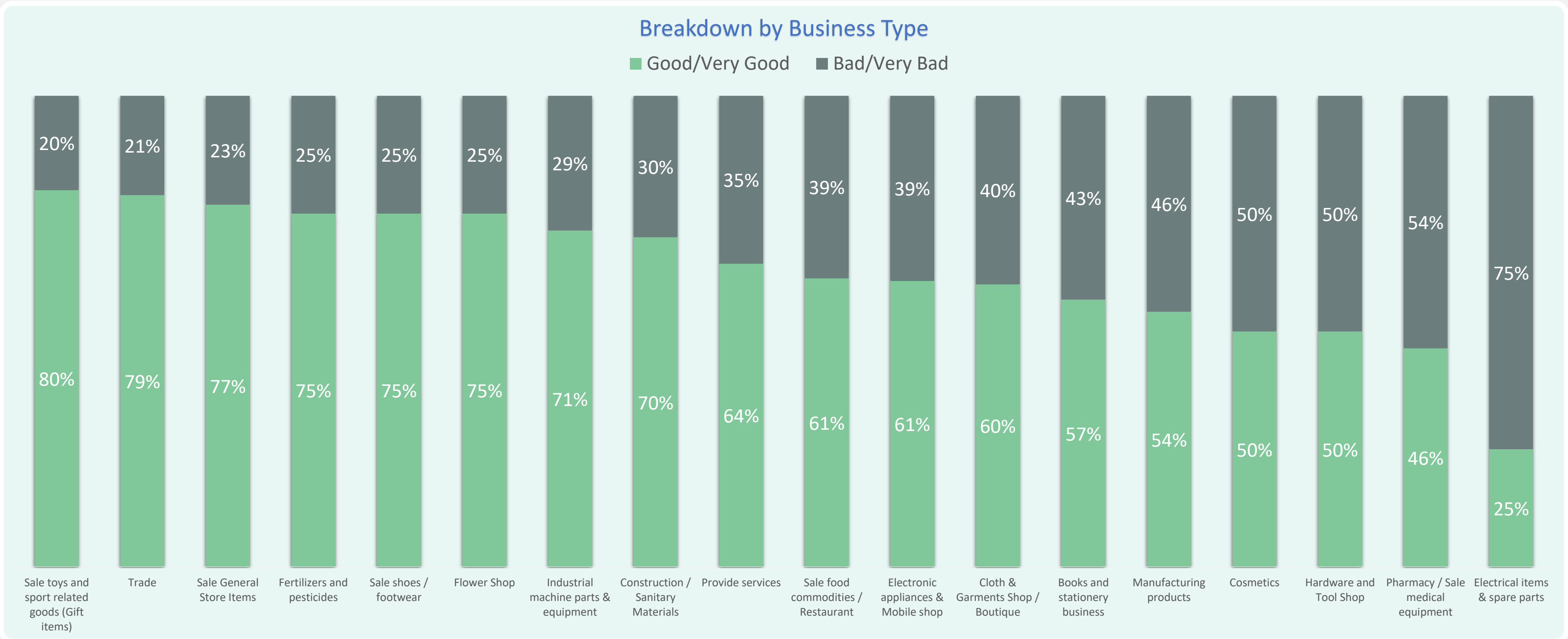
Optimistic outlook for future business prospects dominates the landscape, regardless of the type of business.



Disclaimer: sample of businesses that export/import goods was very small and therefore results must be interpreted with caution

Optimistic expectations for future business conditions were prevalent in the majority of businesses during the last quarter, particularly those business types from among whose ranks more pessimism for the current conditions were reported

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



Gallup Pakistan Business Confidence Index Yardstick

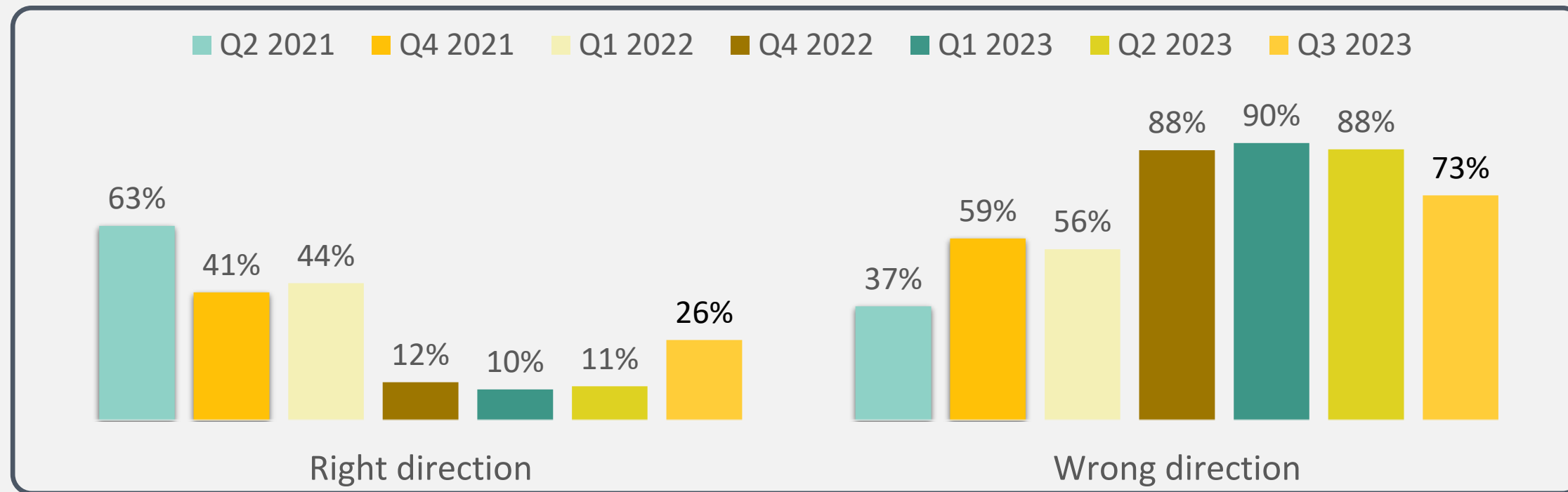
3:

Direction of the Country Score

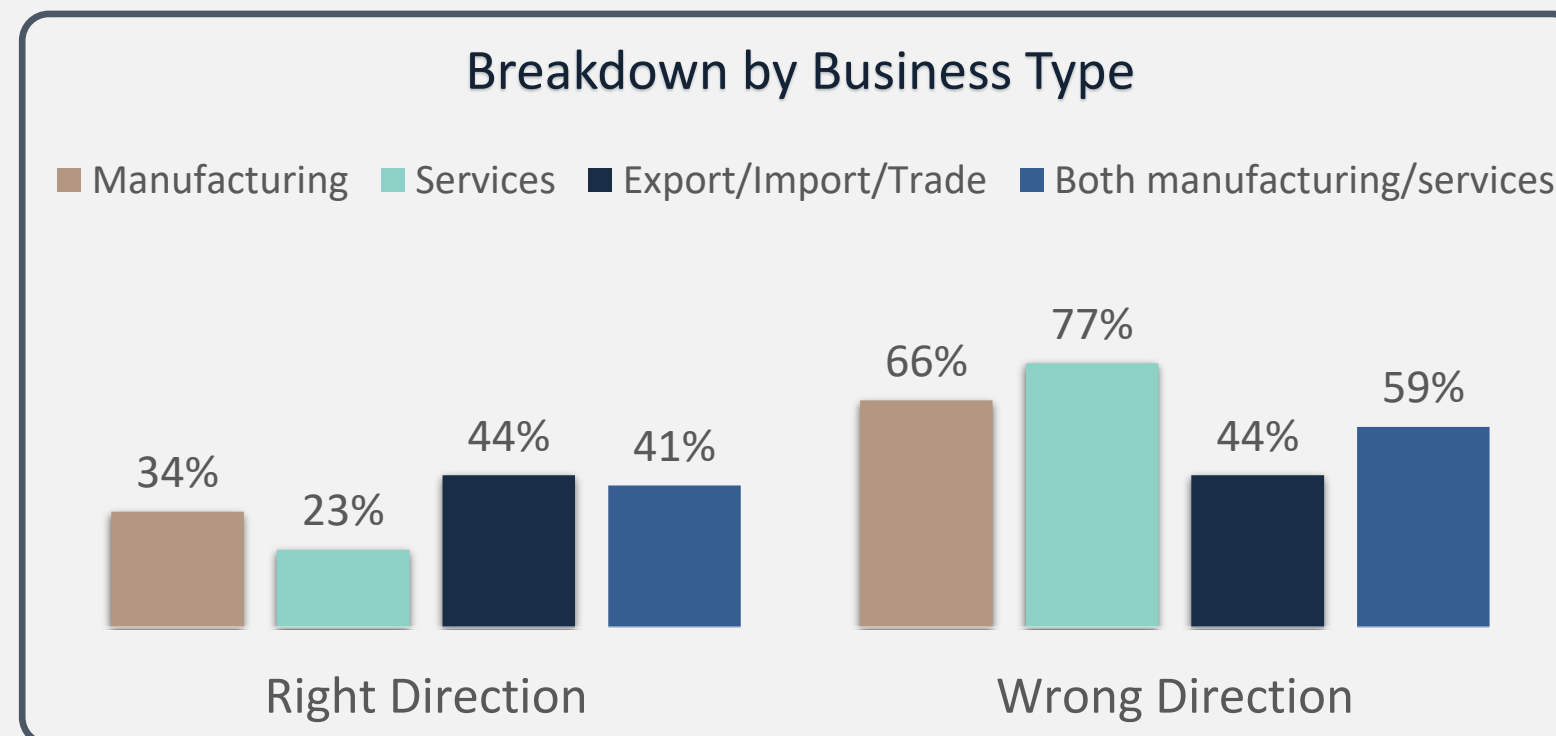
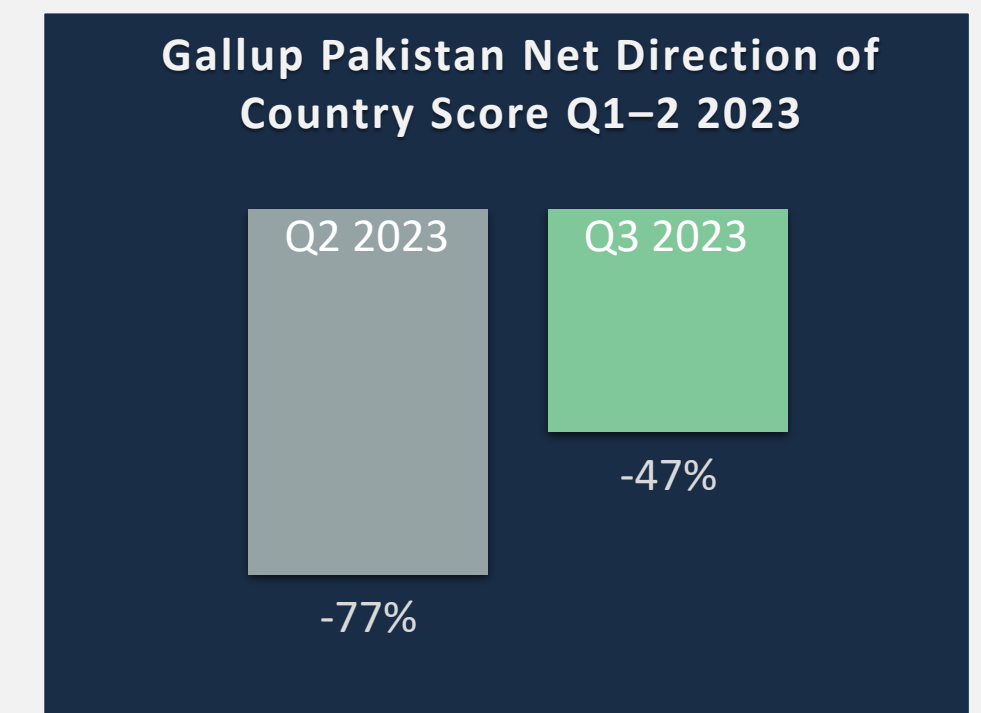


15% more businesses in quarter 3 of 2023, as compared to the previous quarter, think that the country is heading in the right direction.
Overall trend for the past few quarters is consistently negative, however. Net Direction of Country score improves by 30%

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



Net Direction of Country Score has improved by 30% since the last quarter



Between half and three-quarters of manufacturers and service providers are pessimistic about the direction the country is headed in

Disclaimer: sample of businesses that export/import goods was very small and therefore results must be interpreted with caution

Source: Gallup Pakistan Business Confidence Survey with N 531 businesses in Pakistan (Report 11, Quarter 3 2023)

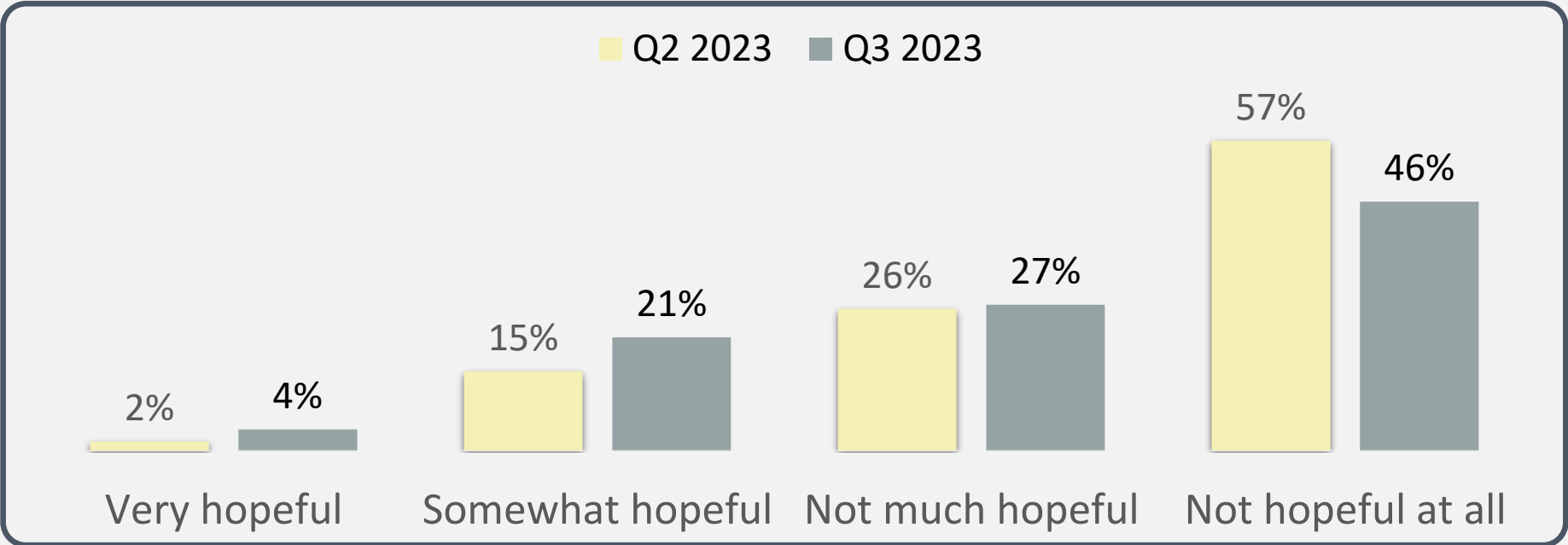
SECTION 4:

Problems Affecting Businesses in Pakistan

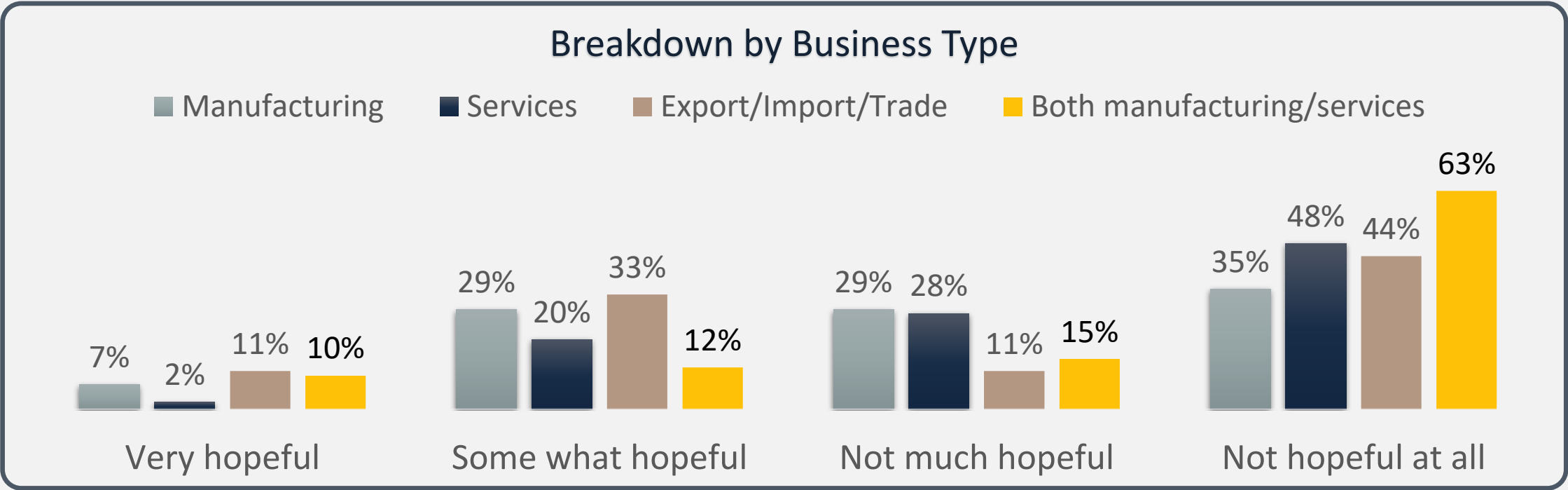


While the majority (73%) of businesses surveyed this wave expressed hopelessness in the new caretaker government’s ability to solve the business community’s problems. 25% reported being hopeful, which is 8% more than in Quarter 2

Question: A new caretaker government has come in. Are you hopeful that the new caretaker governments would be able to solve the problems of the business community. Would you say you are very hopeful, somewhat hopeful, not hopeful, or not hopeful at all?



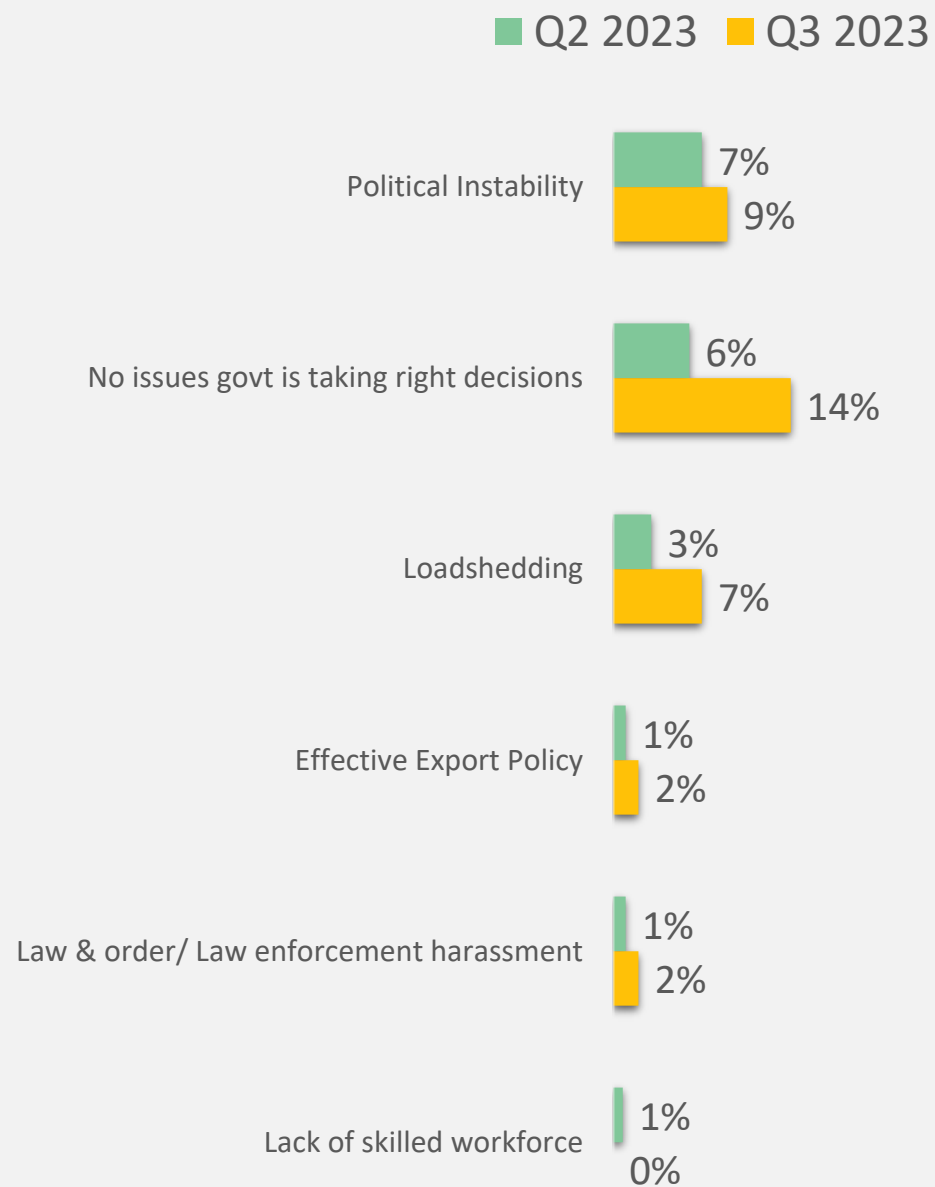
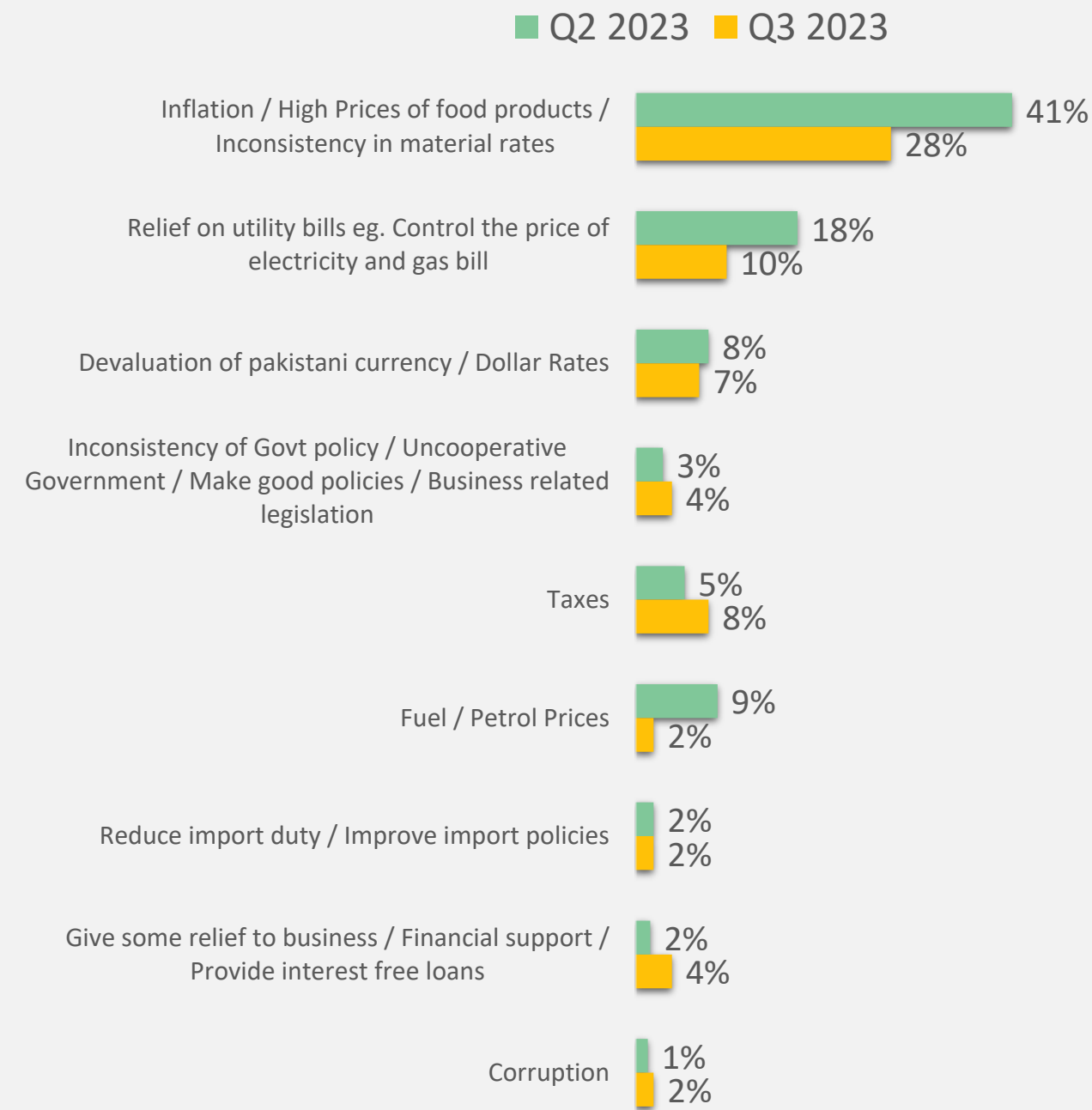
73% of businesses expressed a lack of confidence in the caretaker government’s ability to solve the problems that plague the business community



Disclaimer: sample of businesses that exports/imports goods was very small and therefore results must be interpreted with caution

Similar to Q2 2023, inflation is the most cited problem in this Quarter that more than 1 in 4 businesses would like the government to solve. Proportion of those who want government to solve loadshedding, taxes, and political instability, has increased

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



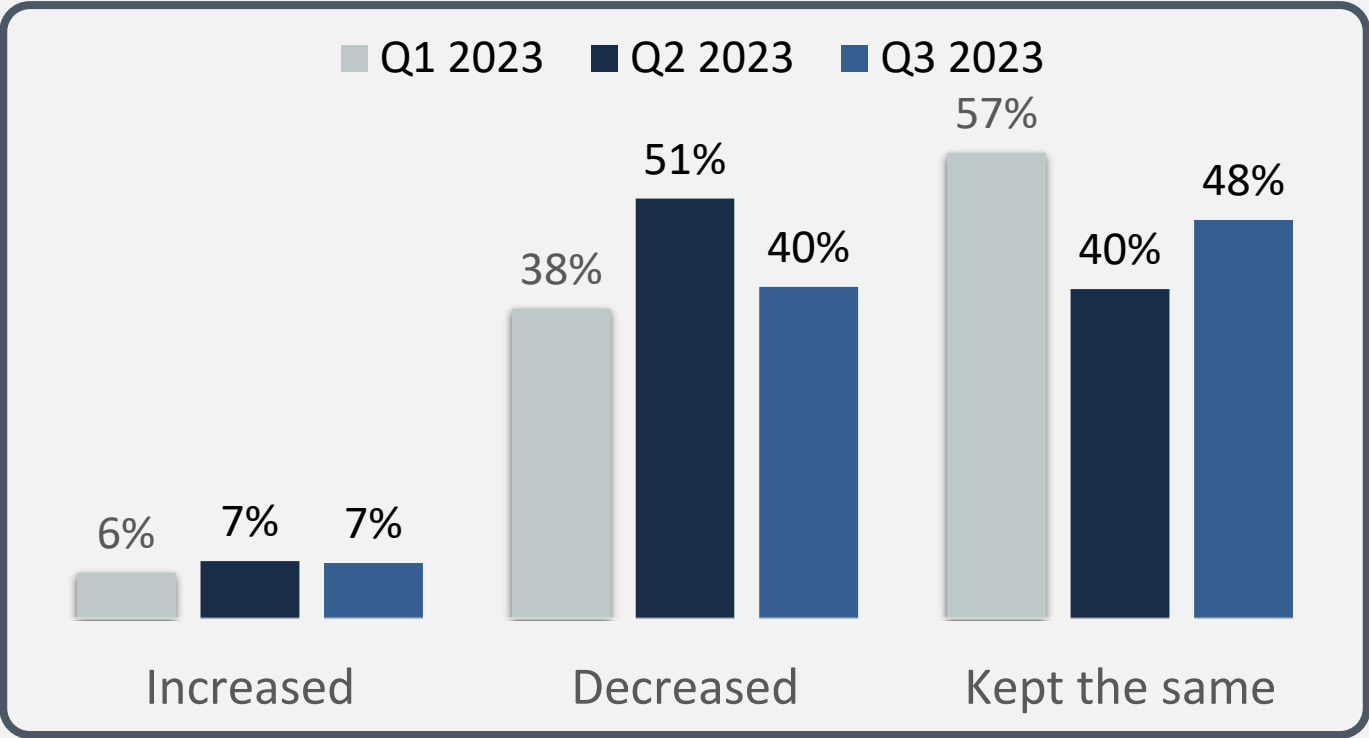
The most common issue businesses wanted the government to solve in Quarter 3 2023 was inflation (41% of businesses) and utility bills relief (10% of businesses). Proportion of businesses that believed government is taking the right decision increased 8% since Quarter 2 2023



Around half (48%) of businesses surveyed said that their workforce remained the same in the last quarter, an increase of 8% from the previous quarter. More service-providing businesses than product manufacturers increased their workforce

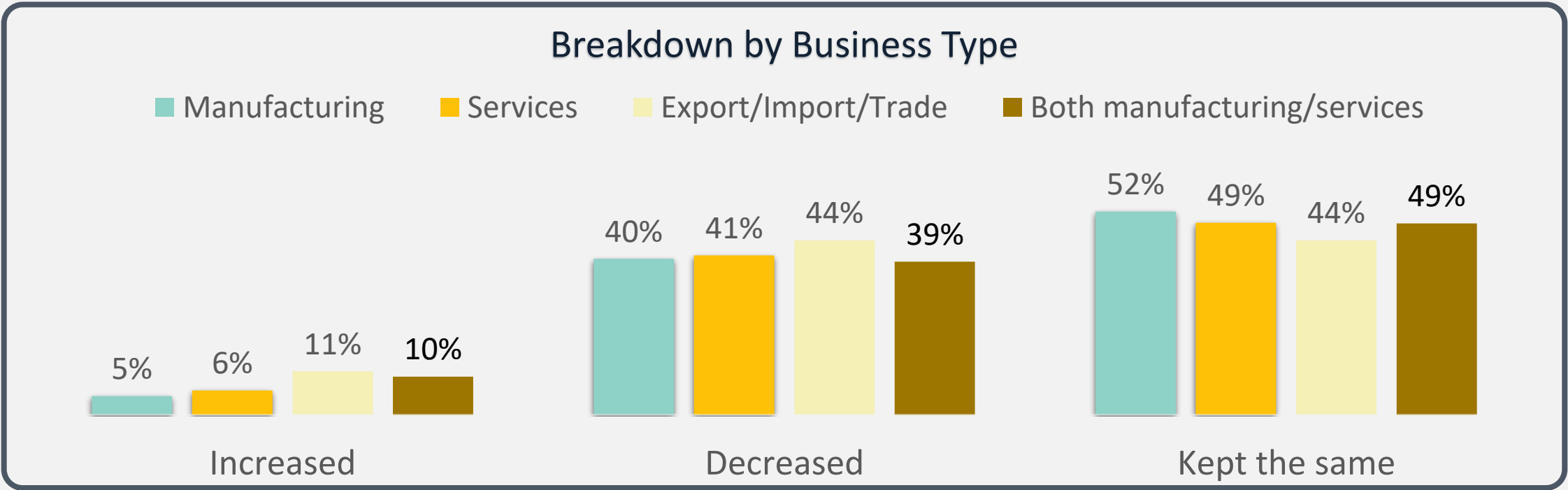
Question: In the past 3 months has your business reduced its workforce, increased it, or kept it same?

Disclaimer: may not sum to 100% as “Don’t Know” category is excluded due to small base



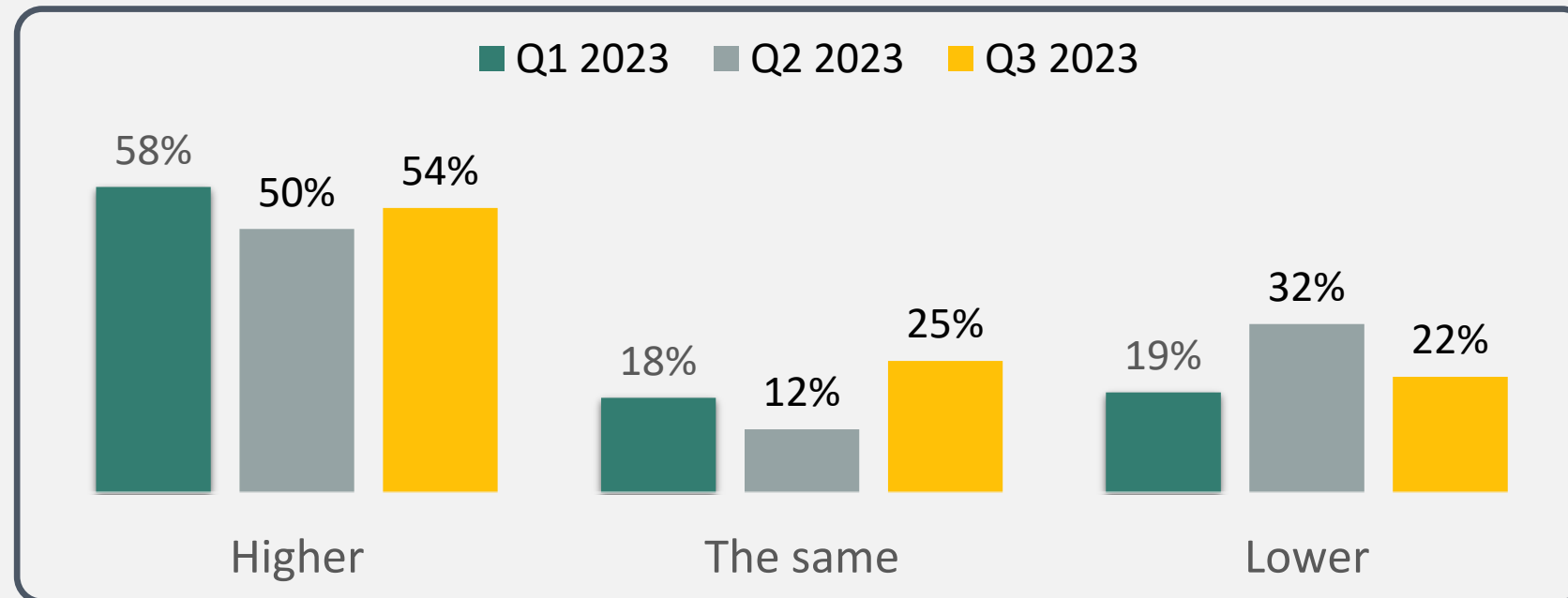
40% of respondents reported a decrease in their workforce over the quarter, while only 7% reported an increase

Disclaimer: sample of businesses that exports/imports goods was very small and therefore results must be interpreted with caution



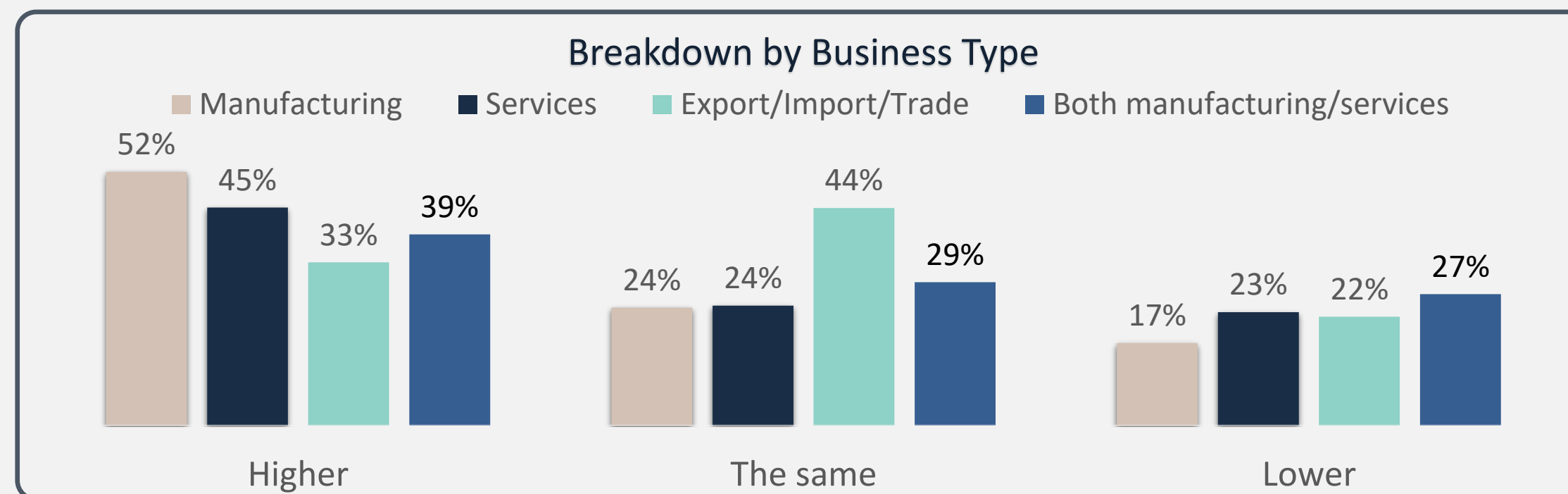
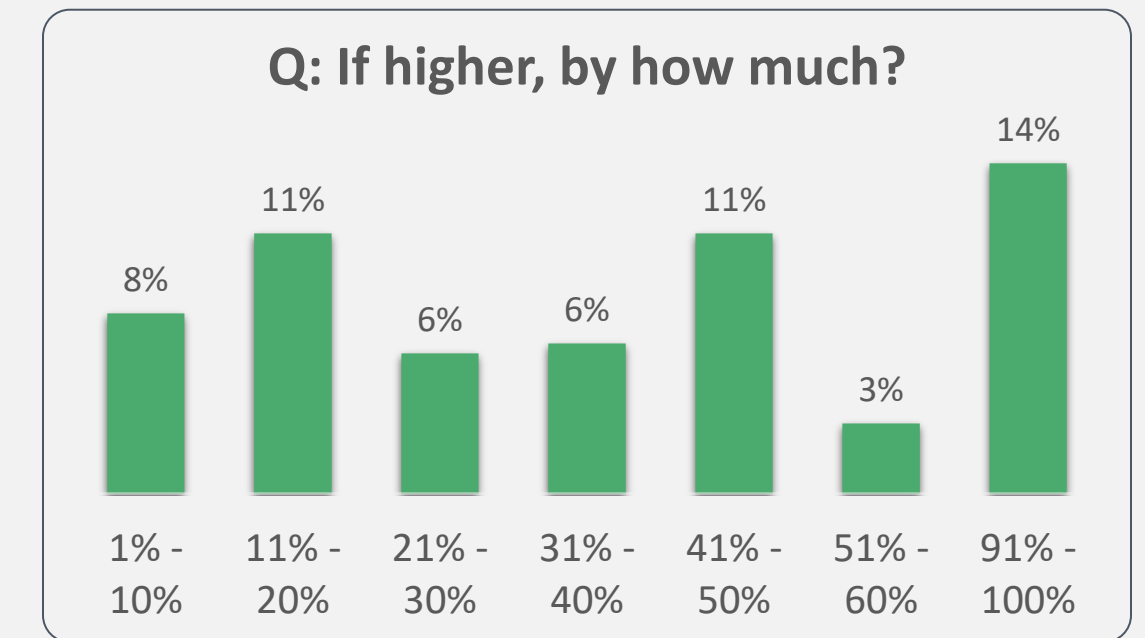
54% of businesses surveyed said that they raised average output prices in the past quarter. Of these, more than a quarter (28%) raised those prices by 41% to 100%

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?



54% of respondents reported higher output prices being charged by their businesses, while 22% said prices had decreased, over a one-month period

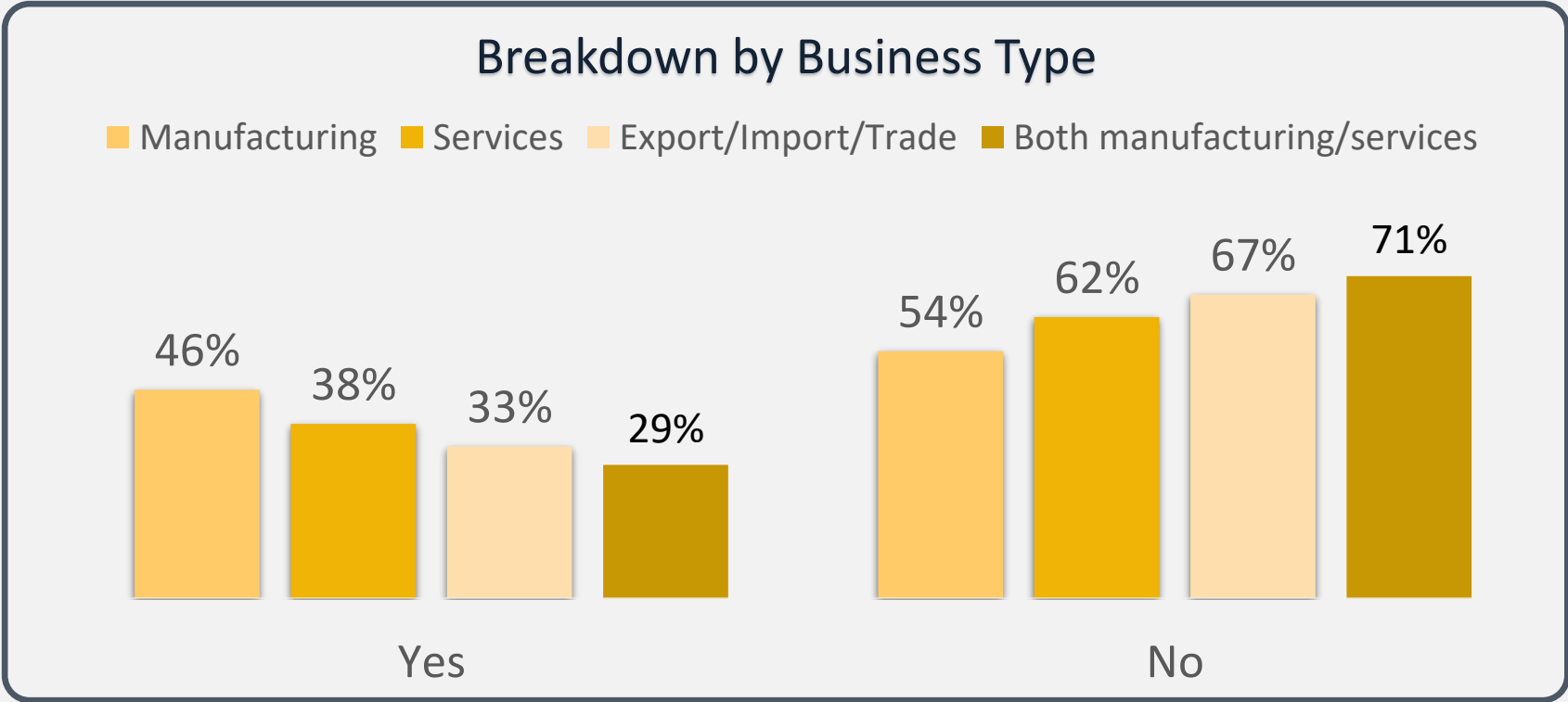
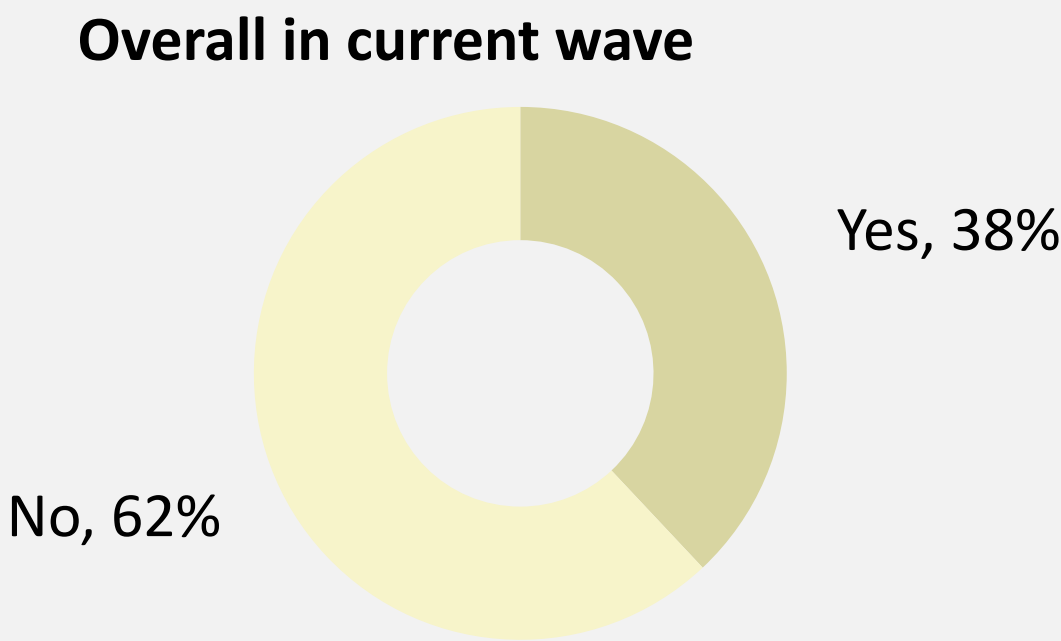
Disclaimer: may not sum to 100% as "Don't Know" category is excluded due to small base



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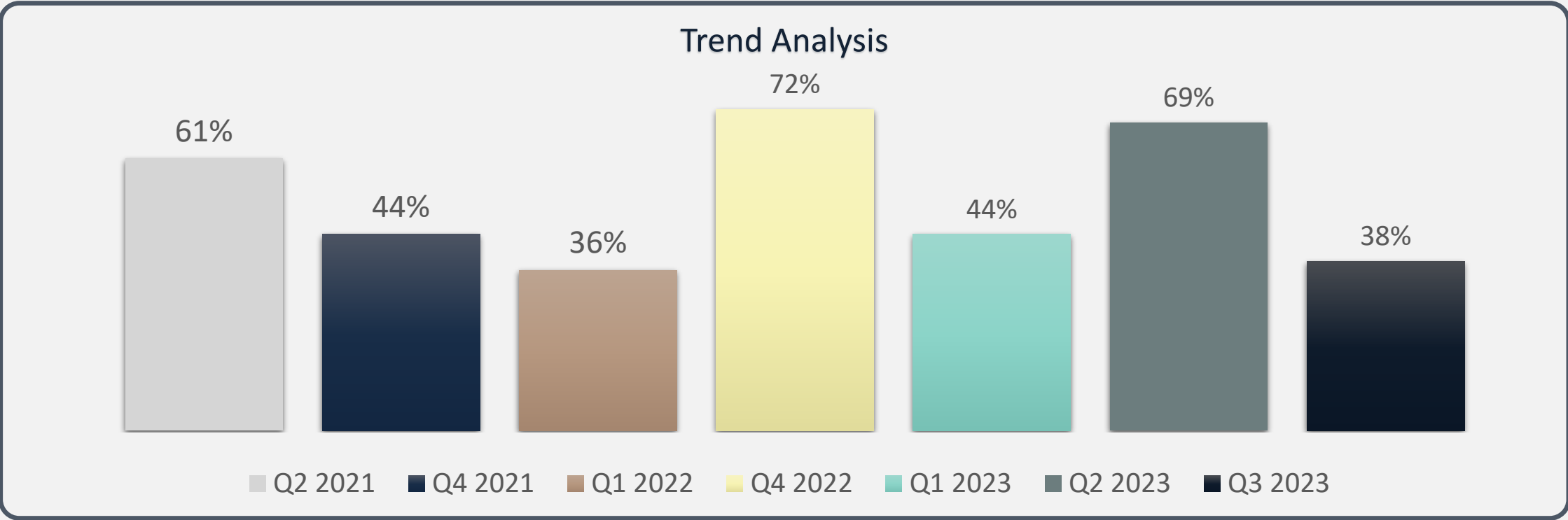
Quarter-to-Quarter reports of loadshedding decrease: 62% of businesses surveyed said ‘no’ to loadshedding in the past quarter, while 38% said yes (31% less than in the previous Quarter)

Question: Was there load shedding in your business today?



54% of product manufacturers reported not experiencing loadshedding in the past quarter

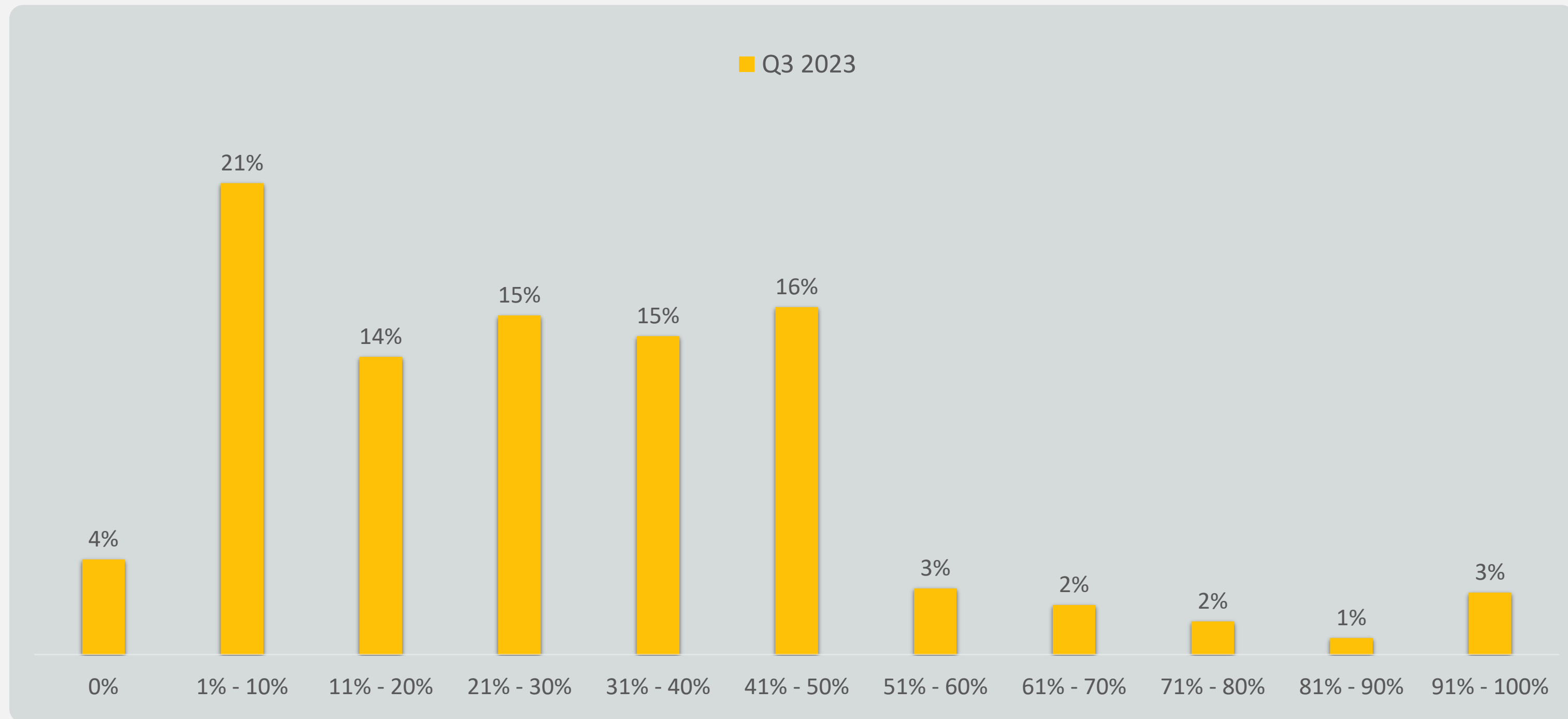
Disclaimer: sample of businesses that exports/imports goods was very small and therefore results must be interpreted with caution



In Q3, the proportion of businesses that experienced load-shedding within a day decreased 31% since Q2

For nearly half (46%) of businesses, electricity costs comprise between 21% and 50% of their total cost of business

Question: In your total cost of business for a month, what percentage is the electricity cost?



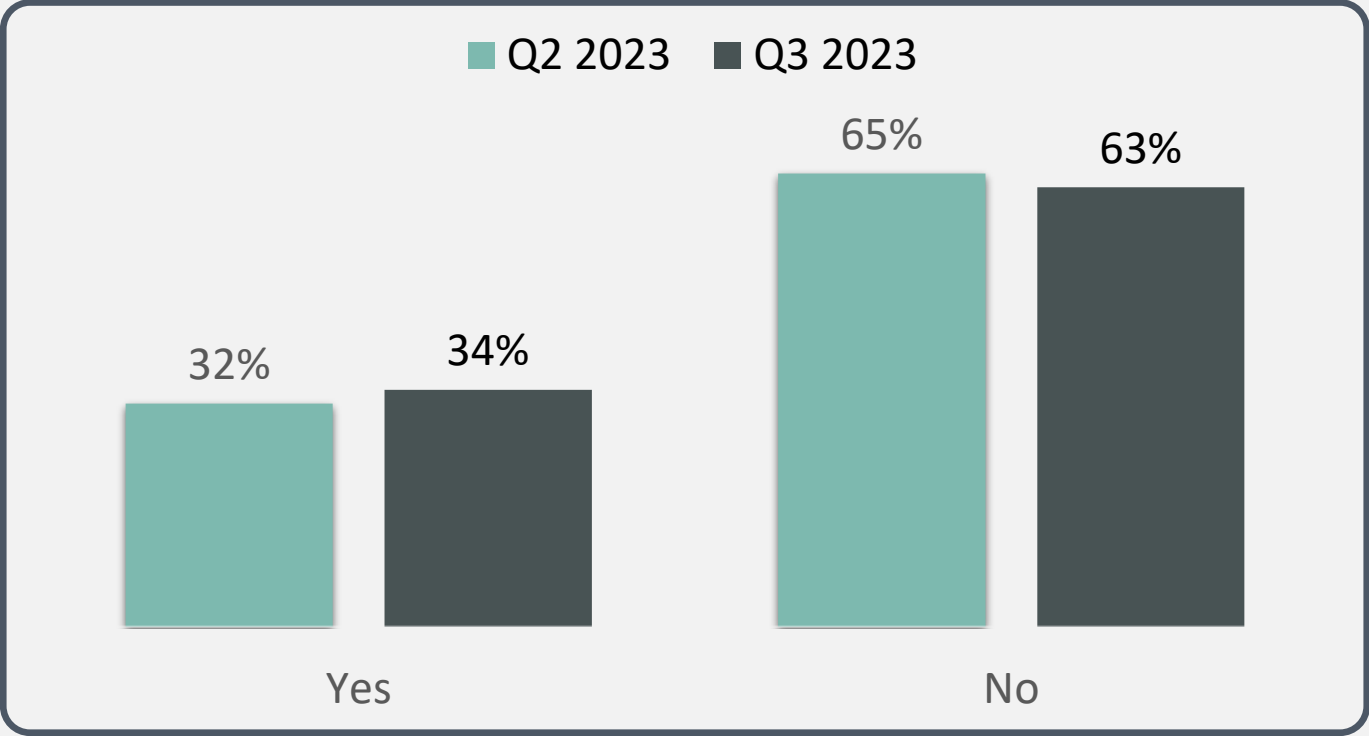
Source: Gallup Pakistan Business Confidence Survey with N 531 businesses in Pakistan (Report 11, Quarter 3 2023)

Miscellaneous

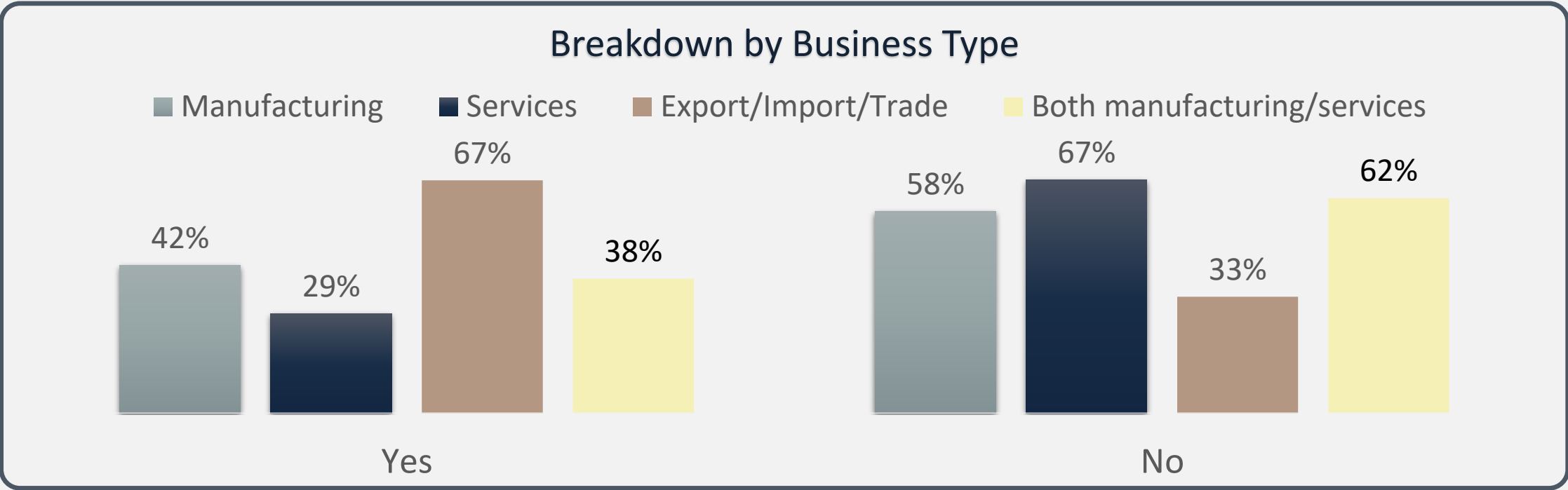


Over half (63%) of businesses surveyed for this wave reported that they were not part of any business association, chamber of commerce, or other smaller committee, etc.

Question: Are you part of any business association for example market association, chamber, committee? It could be a very small group as well?



63% of businesses surveyed were not part of any market association, chamber of commerce, etc.



Disclaimer: sample of businesses that export/import goods was very small and therefore results must be interpreted with caution

Methodology and Sample Profile

GALLUP PAKISTAN BUSINESS CONFIDENCE INDEX IN PAKISTAN



METHODOLOGY DETAILS

Sample Size:

N= 531 businesses across Pakistan

Method of Interview:

Phone surveys

Field Dates:

5th December 2023 – 13th December 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: mominah@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	16%
	Services	72%
	Trade	2%
	Both products and services	8%
	No response	3%

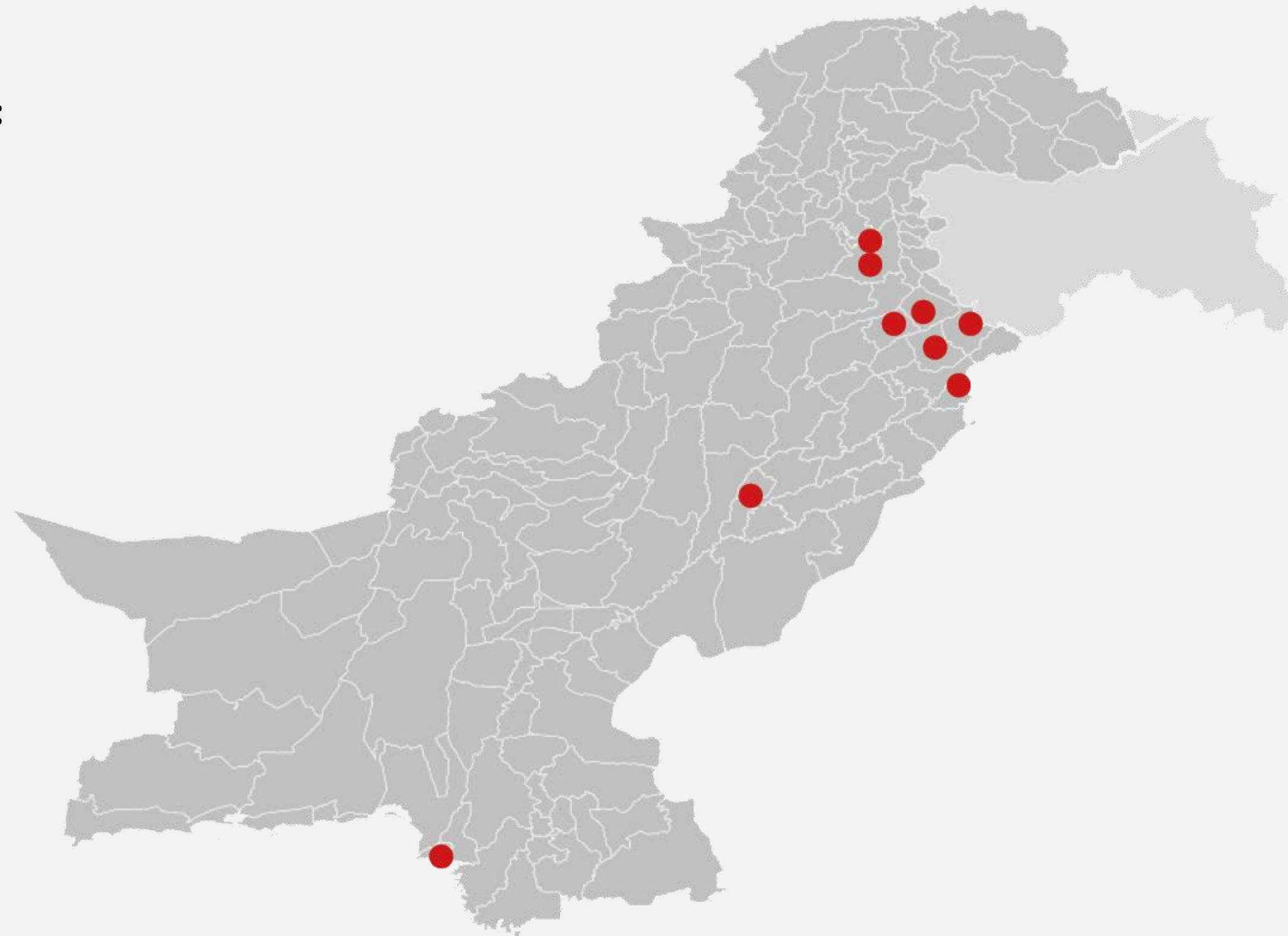


METHODOLOGY DETAILS



Districts/Cities covered:

Rawalpindi
Islamabad
Karachi
Lahore
Faisalabad
Sialkot
Gujranwala
Gujrat
Mandi Bahauddin
Multan



Source: Gallup Pakistan Business Confidence Survey with N 531 businesses in Pakistan (Report 11, Quarter 3 2023)



APPENDIX



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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) A new caretaker government has come in. Are you hopeful that the new caretaker governments would be able to solve the problems of the business community. Would you say you are very hopeful , some what hopeful, not hopeful , not hopeful at all.

Q9) Was there load shedding in your business today?

Q10) In your total cost of business for a month, what percentage is the electricity cost? (Write approximate percentage)



QUESTIONNAIRE

Q11) Does your business make products or provide services?

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

Q13) Are you part of any business association for example market association, chamber , committee ? It could be a very small group as well.

Q14) Which city are you operating your business from?

Q17) Gender



FOR MORE INFORMATION, PLEASE CONTACT

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