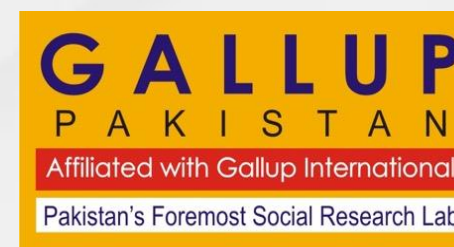


GALLUP PAKISTAN **BUSINESS CONFIDENCE INDEX** **(BCI)** **1st Quarter 2024 Report**

**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 **535 businesses** across Pakistan from 27th March till 1st April, 2024, 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 12th 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	Q3 2023 (CLICK HERE)
Q1 2024	January-February-March	RELEASING 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
- Devaluation of currency



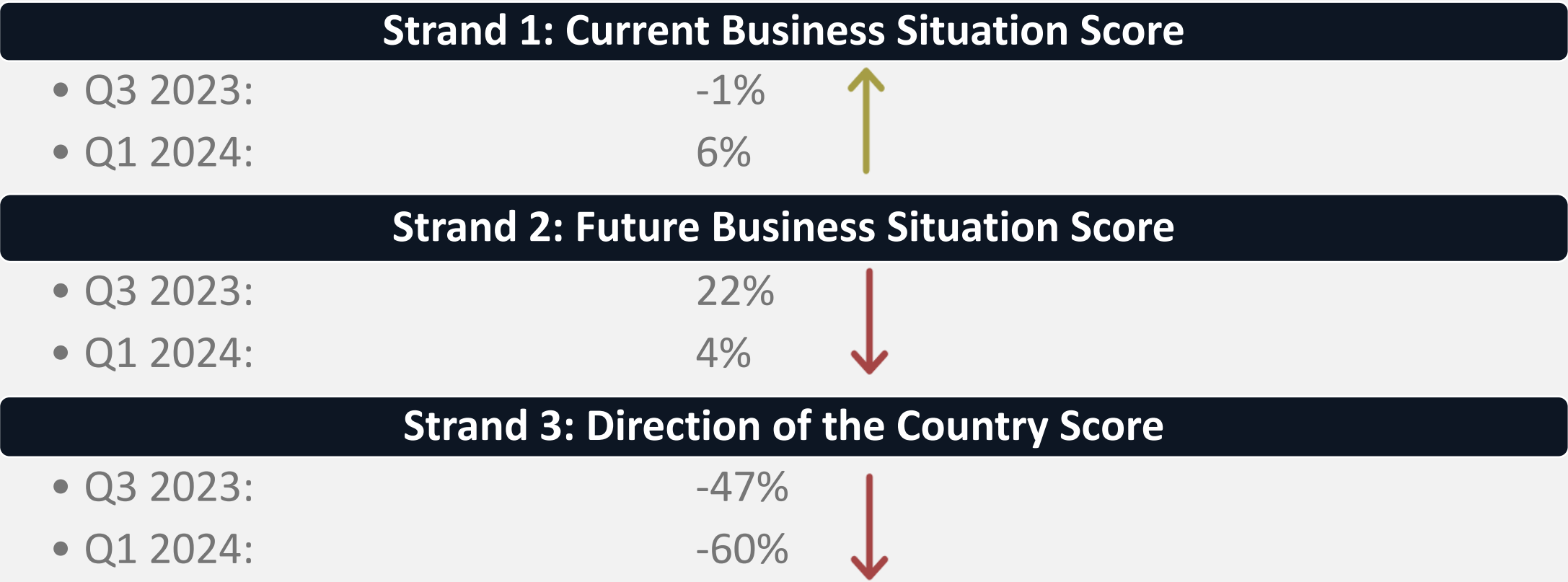
3 KEY FINDINGS – Q1 2024 REPORT



KEY FINDING 1: 2 strands of the **Gallup Pakistan Business Confidence Index (BCI)** are in **Green territory**, pointing towards the reality that more businesses are confident in the business environment than those who are not, while 1 strand has remained negative.

KEY FINDING 2: Having improved since the previous quarter, the Current Business Situation Score indicates **Fair Confidence**. Future Business Situation Score has declined but still indicates **Fair Confidence**, and Direction of the Country Score has worsened, continuing to indicate **Negative Confidence**. The trend lines for each indicator are declining on average but have become flatter due to increased confidence in the first quarter, apart from the third strand, which has declined steeply.

KEY FINDING 3: The BCI seems to be on the road to slow recovery. Despite the rapidly changing political landscape, which contributed to keeping business confidence in the red in the past, the start of 2024 sees a cautious improvement in business confidence.



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	Q1 2022 Score	Q4 2022 Score	Q1 2023 Score	Q2 2023 Score	Q3 2023 Score	Q1 2024 Score	Assessment
Strand 1 Current Business Situation Score	32%	-31%	-32%	-26%	-1%	6%	Poor Confidence
Strand 2 Future Business Situation Score	40%	-10%	-22%	-20%	22%	4%	Fair Confidence
Strand 3 Direction of the Country Score	-12%	-75%	-79%	-77%	-47%	-60%	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

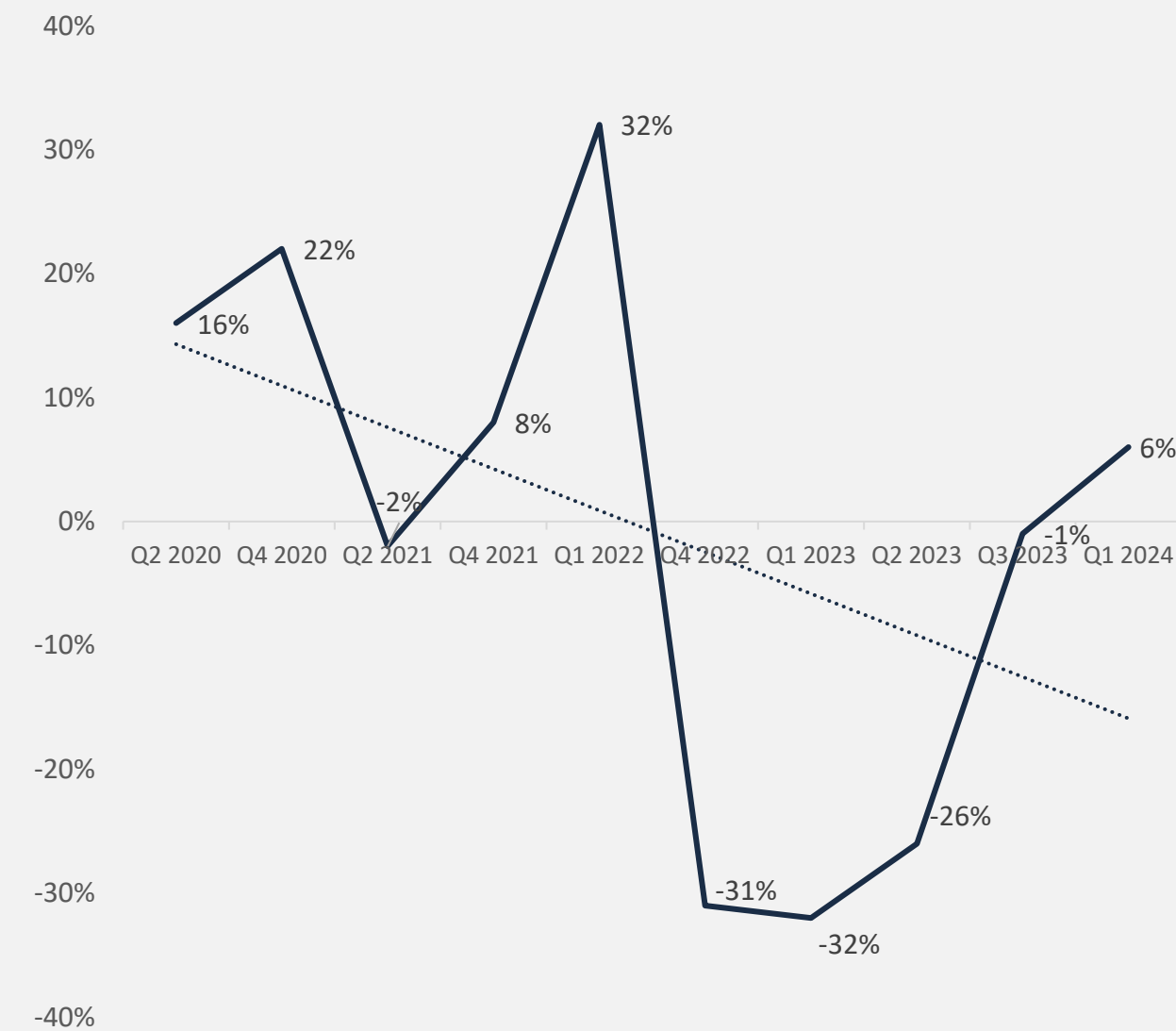


THREE STRANDS of Gallup Pakistan Business Confidence Index

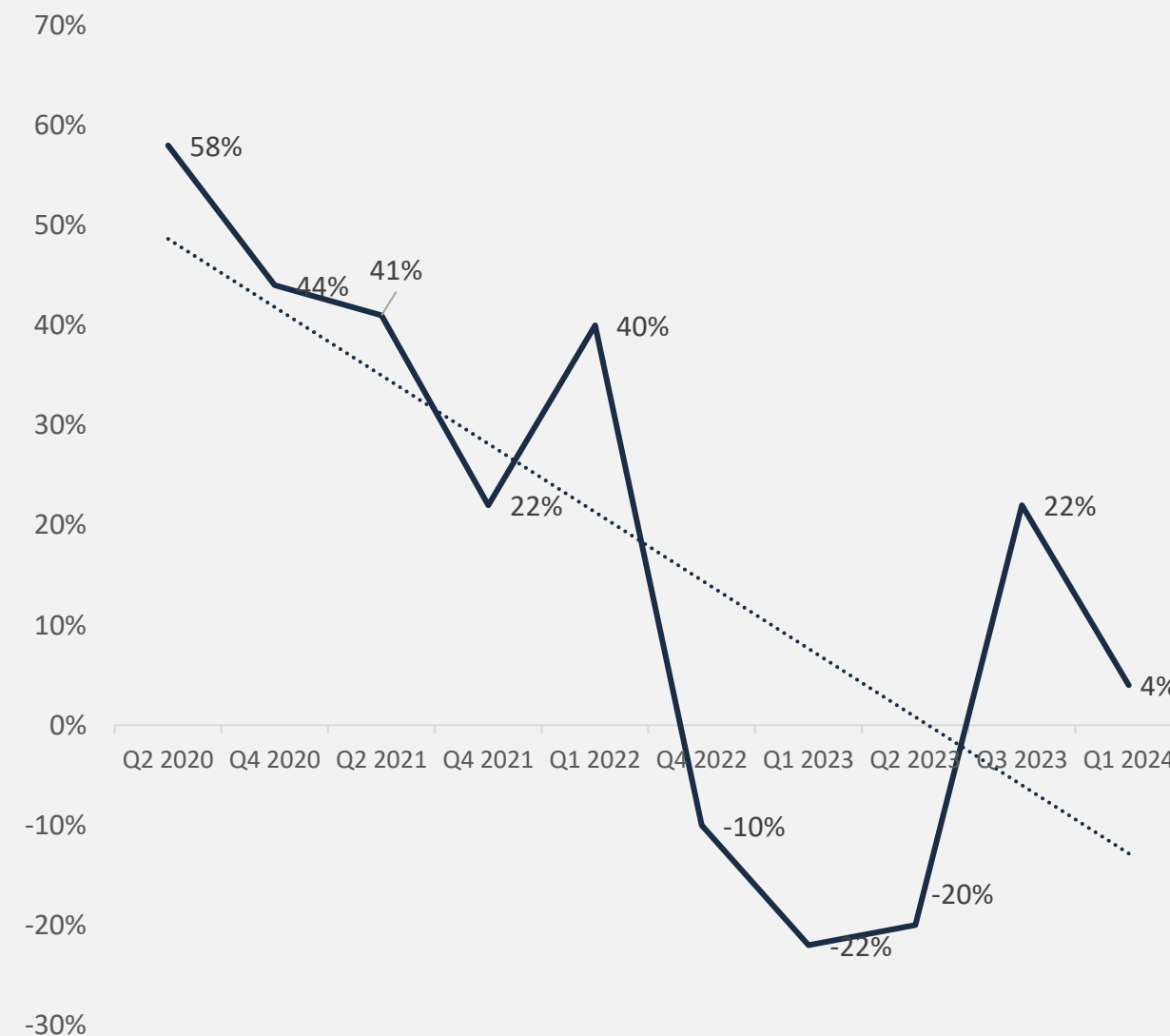
Assessment – 2020-24 SNAPSHOT



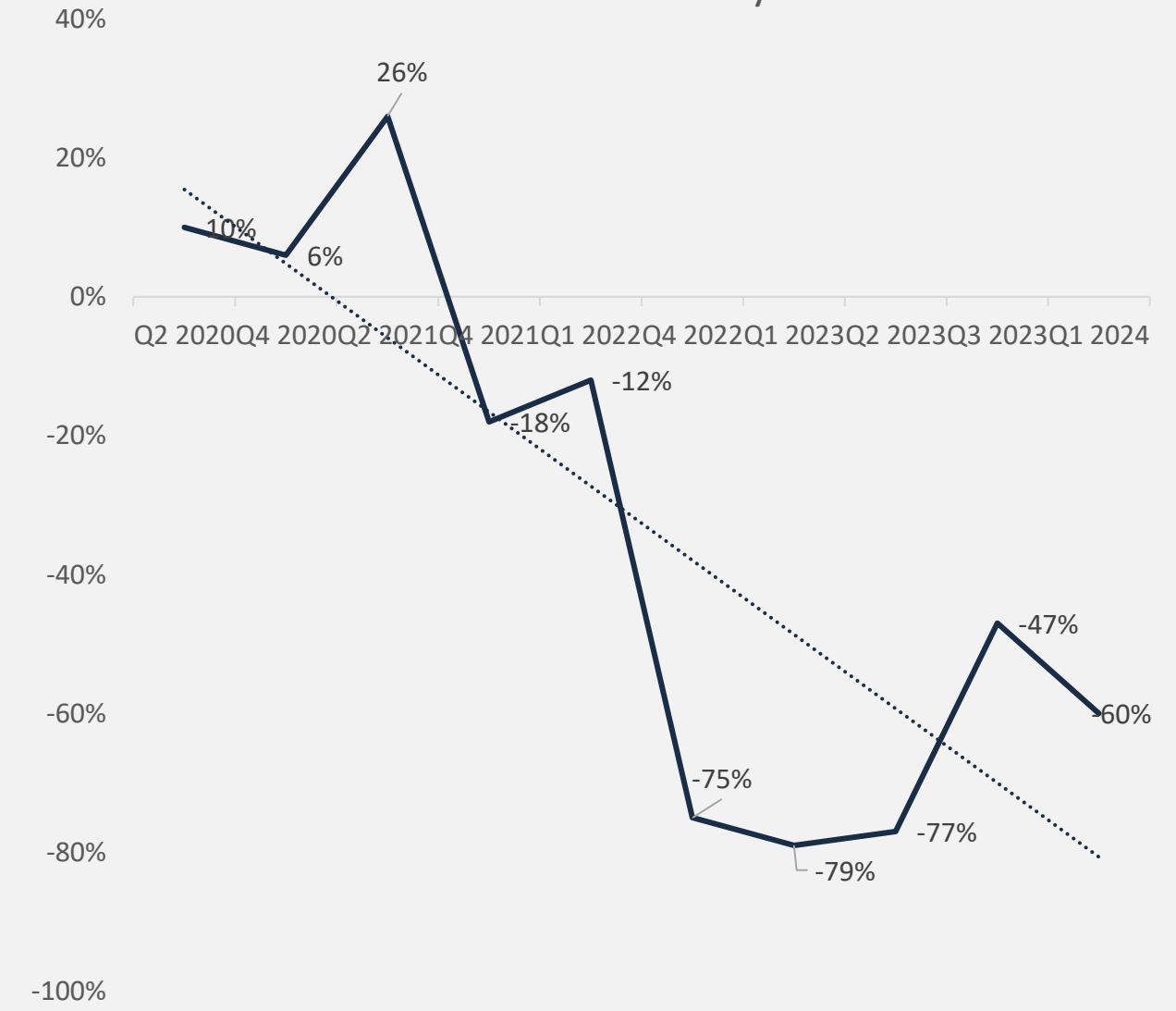
Current Business Situation Score



Future Business Situation Score



Direction of the Country Score



All three strands of Gallup Pakistan BCI exhibit a negative trend on average between 2020 and 2024. Between Q3 2023 and Q1 2024, however, there is an overall decline in the future business and direction of country scores, with the current business score recording an increase



EXECUTIVE SUMMARY



GALLUP
P A K I S T A N
Affiliated with Gallup International
Pakistan's Foremost Social Research Lab

EXECUTIVE SUMMARY



Finding 1: 47% of businesses in the past quarter perceive themselves to be facing bad or worse conditions – a 3% decrease from last year. Slight improvement is observed in Gallup Pakistan Business Situation Net score in Q1 2024 as the net score improves by 7%. Over half of businesses selling garments, commodities, stationery and gift items reported their business doing well. Sellers of electrical items , industrial machine parts, electronic appliances and medical equipment are among the most pessimistic about their current business conditions

Finding 2: This quarter, 9% fewer businesses than in the previous quarter think that their business will be better off in the future; 52% in Q1 2024 said expectations for the future are positive, while 48% expect things to get worse. The Net Future Business Confidence score has decreased by 16%. Optimistic expectations for future business conditions were still prevalent in most businesses during the first quarter, particularly those that sell food commodities, books, and pharmacy equipment.

Finding 3: 6% fewer businesses in quarter 1 of 2024, 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 worsens by 13%.



EXECUTIVE SUMMARY



Finding 4: While the majority (56%) of businesses surveyed this wave expressed hopelessness in the new government's ability to solve the business community's problems, 44% reported being hopeful.

Finding 5: Similar to Q3 2023, inflation is the most cited problem in this Quarter that more than 2 in 4 businesses would like the government to solve. Proportion of those who want government to solve devaluation of currency has increased.

Finding 6: More than half (60%) of businesses surveyed said that their workforce remained the same in the last quarter, an increase of 12% from the previous quarter. More manufacturing businesses than service providers increased their workforce.

Finding 7: 54% of businesses surveyed said that their sales this Ramadan were worse compared to Ramadan last year. Only 18% said they were better.

Finding 8: Quarter-to-Quarter reports of loadshedding increase: 55% of businesses surveyed said 'no' to loadshedding in the past quarter, while 45% said yes (7% more than in the previous Quarter)



EXECUTIVE SUMMARY



Finding 9: Nearly one third (74%) businesses reported not paying bribes to run their business in the past six months. More service providers report having to pay a bribe (26%) than manufacturers (10%).

Finding 10: Over half (66%) of businesses surveyed for this wave reported that they were not part of any business association, chamber of commerce, or other smaller committee, etc. Of the 34% that were, more than half (58%) were satisfied with the performance of the association.

Finding 11: Almost half (45%) businesses report the government being irrelevant for their business, while 23% say it is a facilitator and 33% consider it a hurdle.

Finding 12: Almost 7 in 10 (68%) businesses have the end consumer as their primary client, while other businesses are the clientele of 23% businesses.



SECTION 1:

Gallup Pakistan Business Confidence Index



Gallup Pakistan Business Confidence Index Yardstick

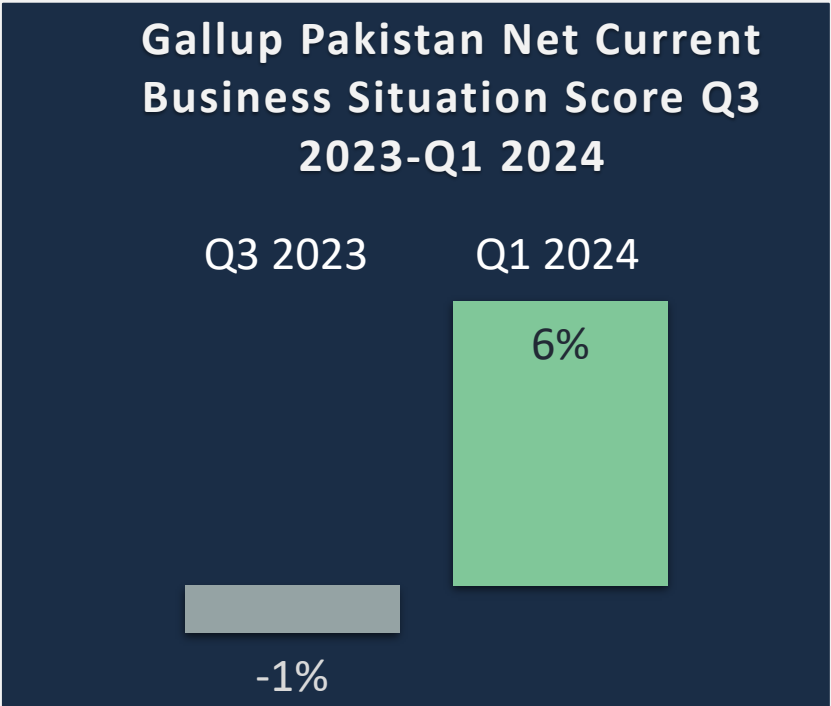
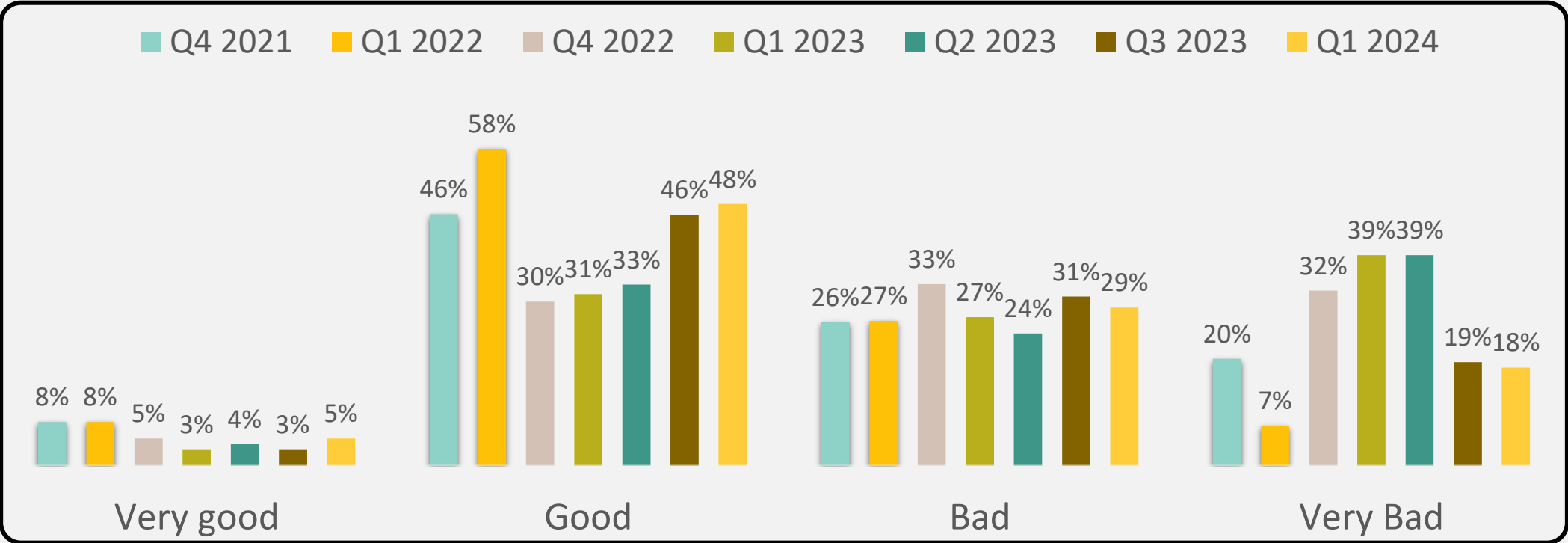
1:

Current Business Conditions Score

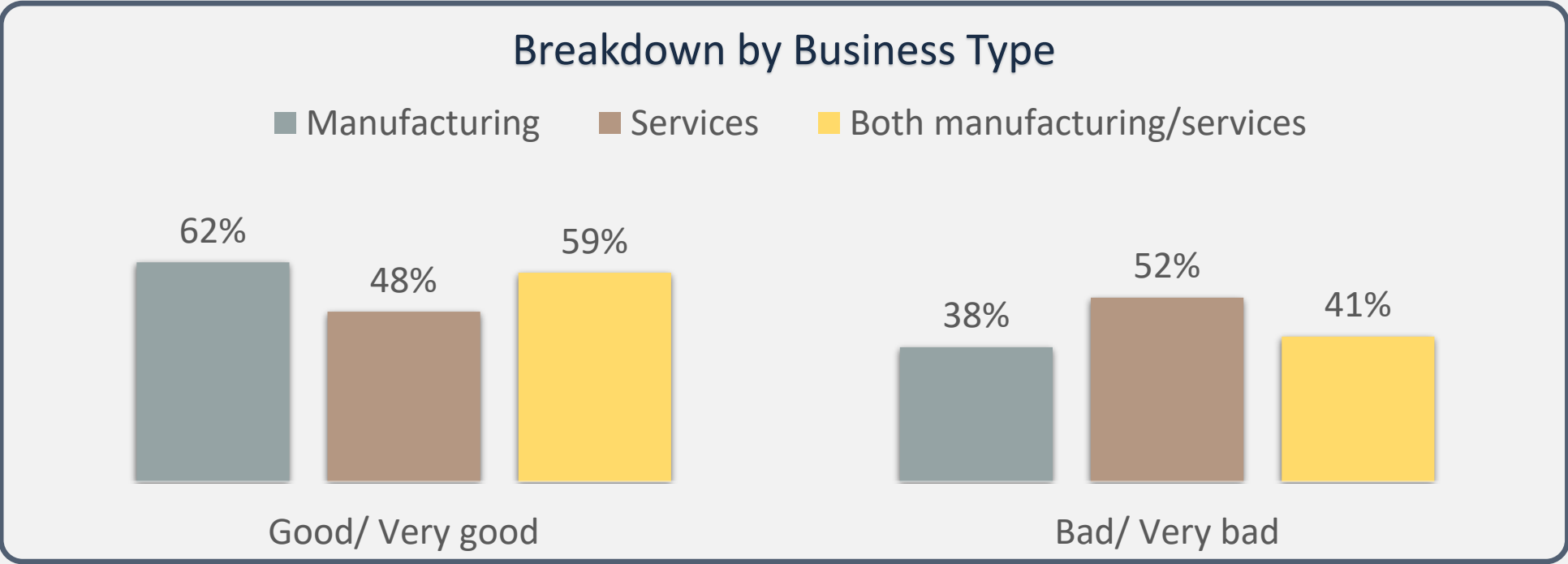


47% of businesses in the past quarter perceive themselves to be facing bad or worse conditions – a 23% decrease from last year. Slight improvement is observed in Gallup Pakistan Business Situation Net score in Q3 2023 as the negative net score improves to 6%

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



Since Q3 2023, the current business assessment improved by a significant percentage, with a 7% increase in the net proportion of people claiming their business situation to be good.



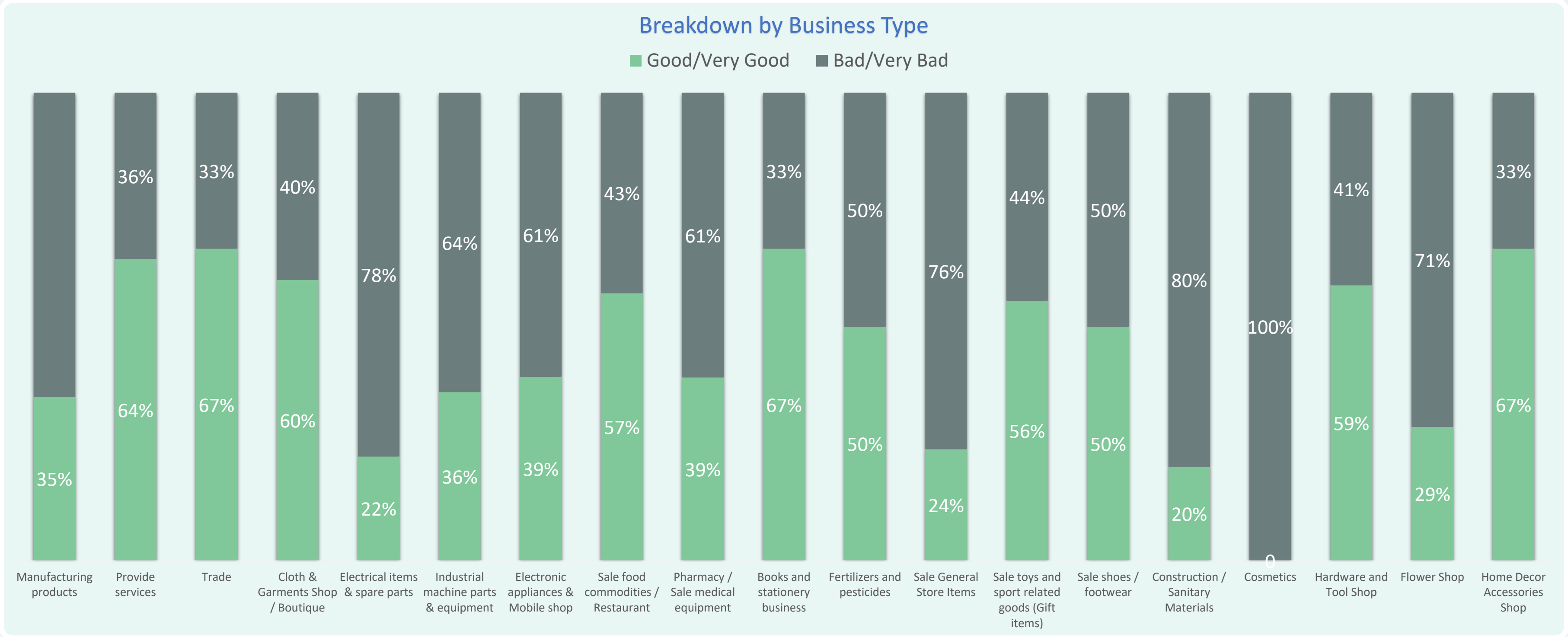
52% of service businesses and 38% of manufacturing businesses reported their current business conditions to be doing badly.

Source: Gallup Pakistan Business Confidence Survey with N 535 businesses in Pakistan (Report 12, Quarter 1 2024)



Optimistic expectations for future business conditions were still prevalent in most businesses during the first quarter, particularly those that sell food commodities, books, and pharmacy equipment. Those selling electrical items, construction material, and general store items among the most pessimistic.

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 535 businesses in Pakistan (Report 12, Quarter 1 2024)

Gallup Pakistan Business Confidence Index Yardstick

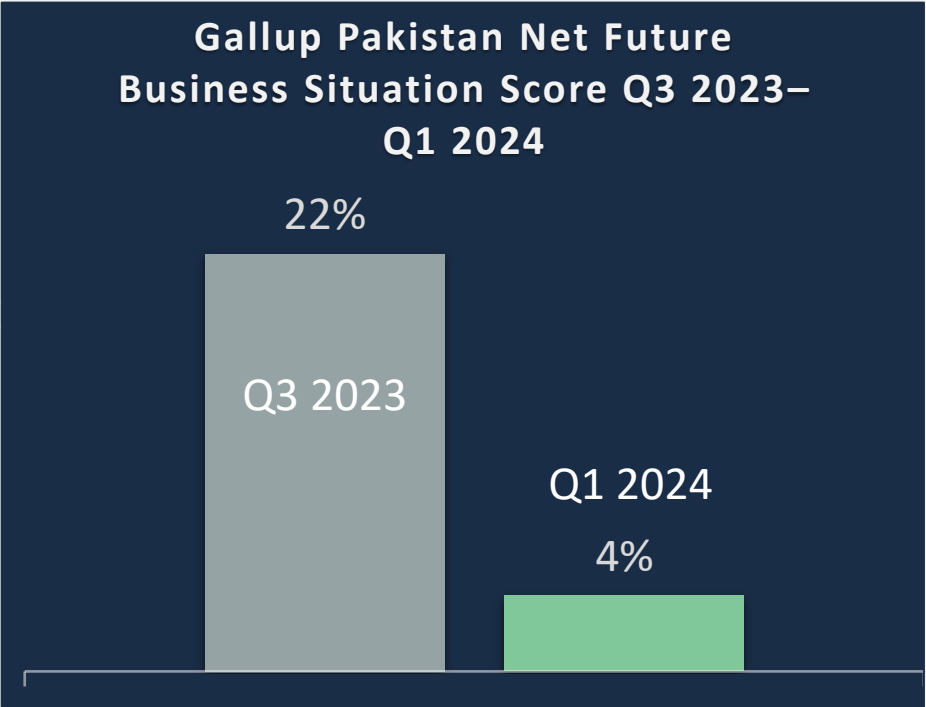
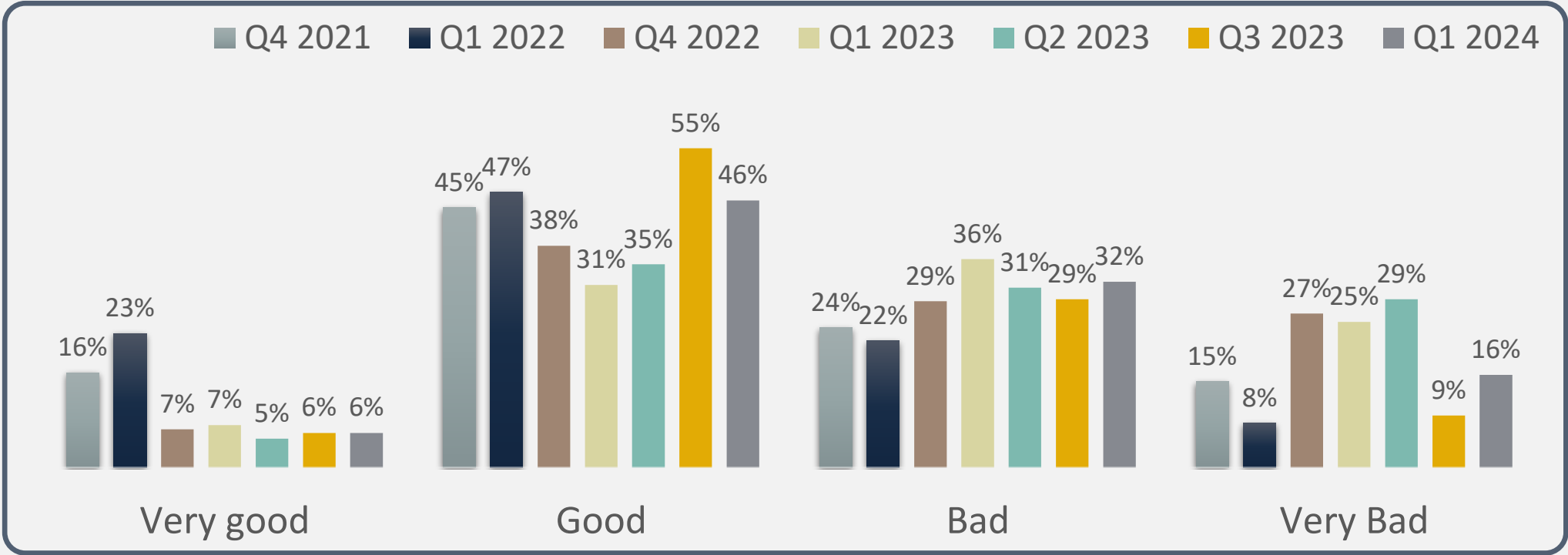
2:

Future Business Conditions Score



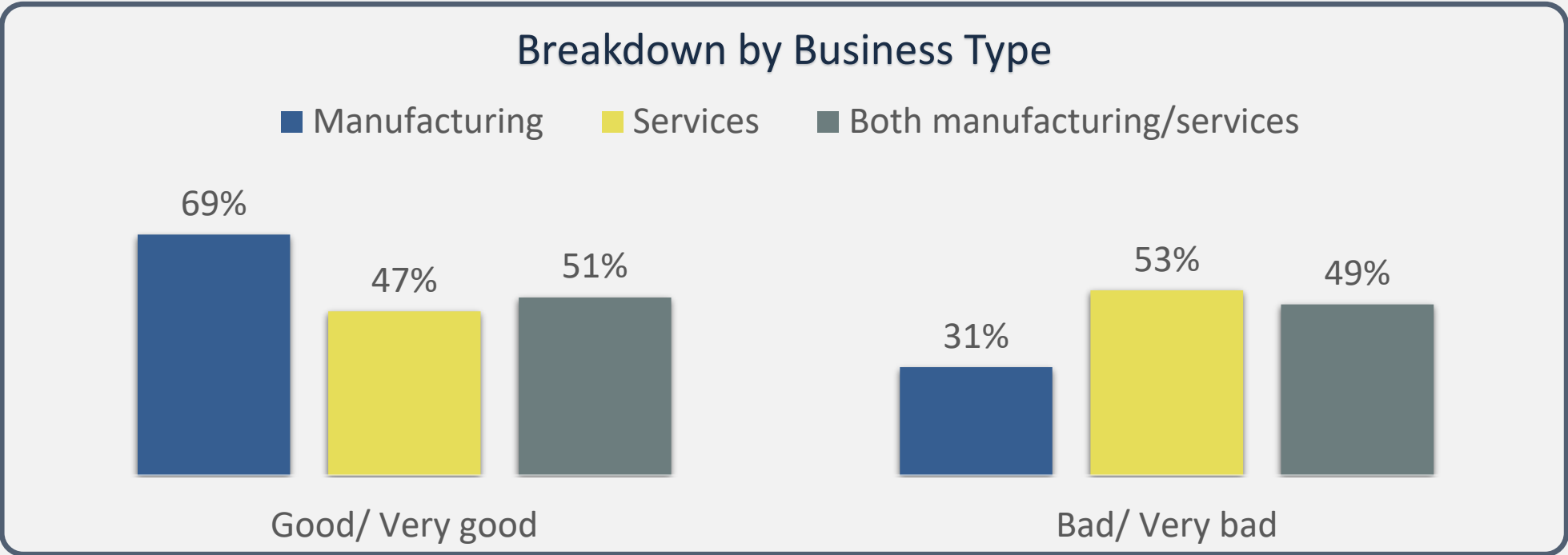
This quarter, 9% fewer businesses than in the previous quarter think that their business will be better off in the future; 52% in Q1 2024 said expectations for the future are positive, while 48% expect things to get worse. The Net Future Business Confidence score has decreased by 16%.

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



Net Future Business Situation Score has significantly worsened, decreasing by 18% from the previous quarter

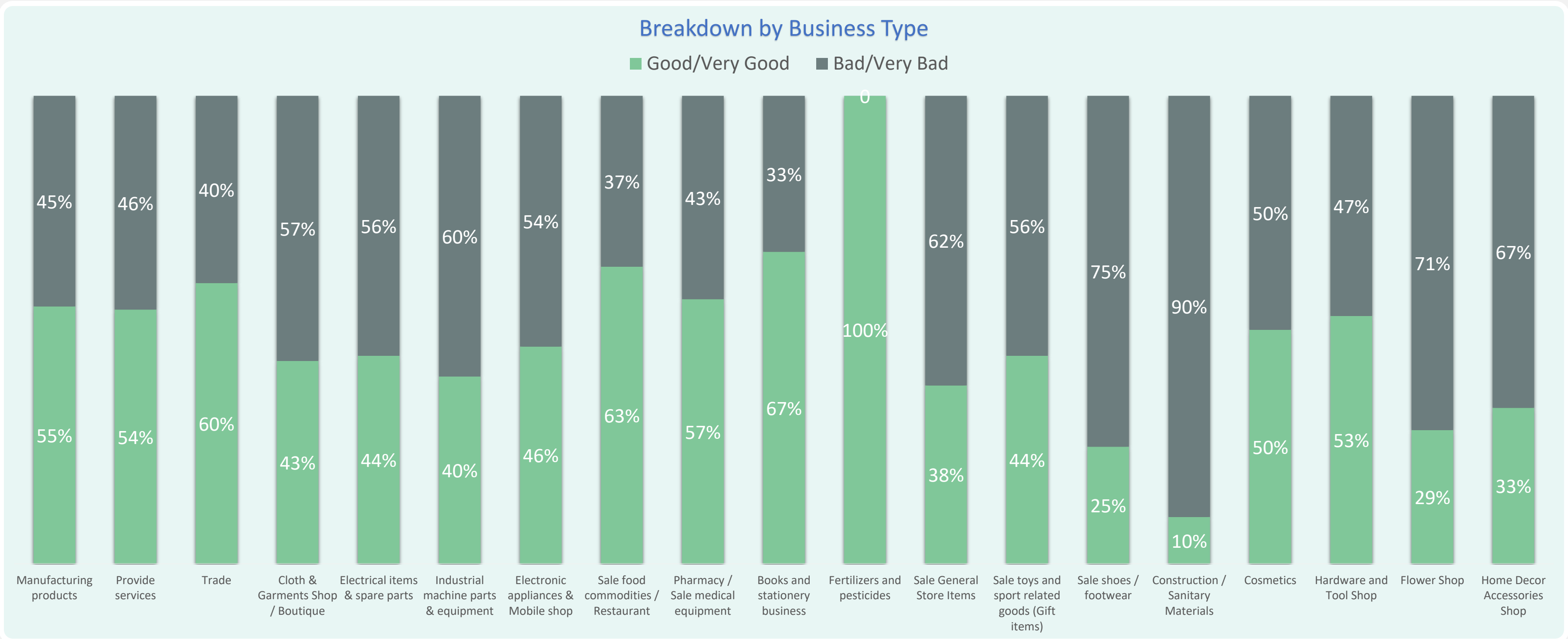
Optimistic outlook for future business prospects dominates the landscape for manufacturing-centric businesses



Source: Gallup Pakistan Business Confidence Survey with N 535 businesses in Pakistan (Report 12, Quarter 1 2024)

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

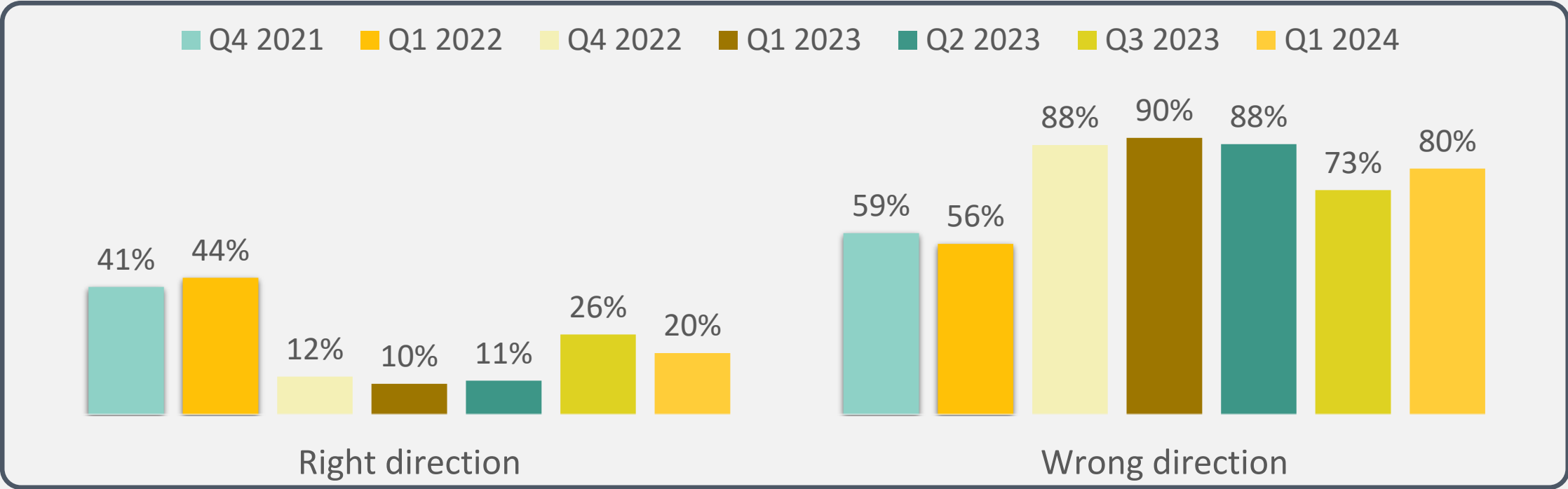
3:

Direction of the Country Score

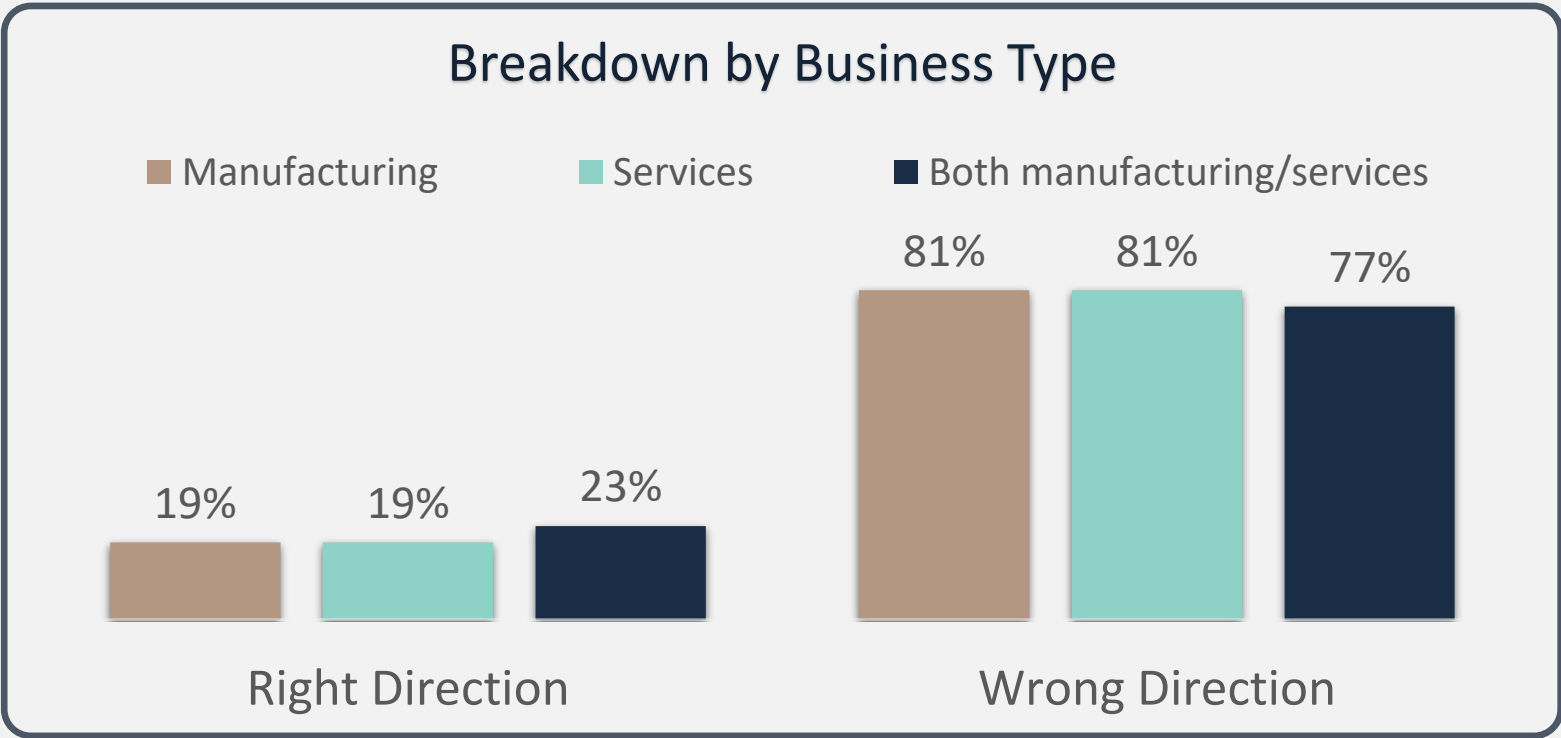
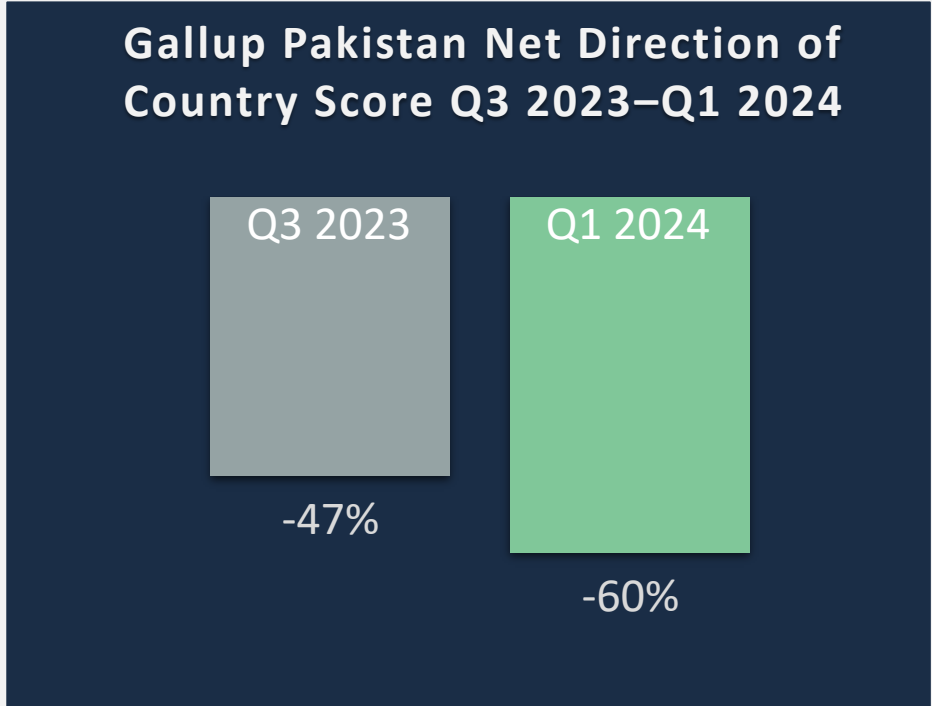


6% fewer businesses in quarter 1 of 2024, as compared to the previous quarter, think that the country is heading in the right direction. Overall trend for the past few quarters is consistently negative, however. Net Direction of Country score worsens by 13%.

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 worsened by 13% since the last quarter



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

Source: Gallup Pakistan Business Confidence Survey with N 535 businesses in Pakistan (Report 12, Quarter 1 2024)

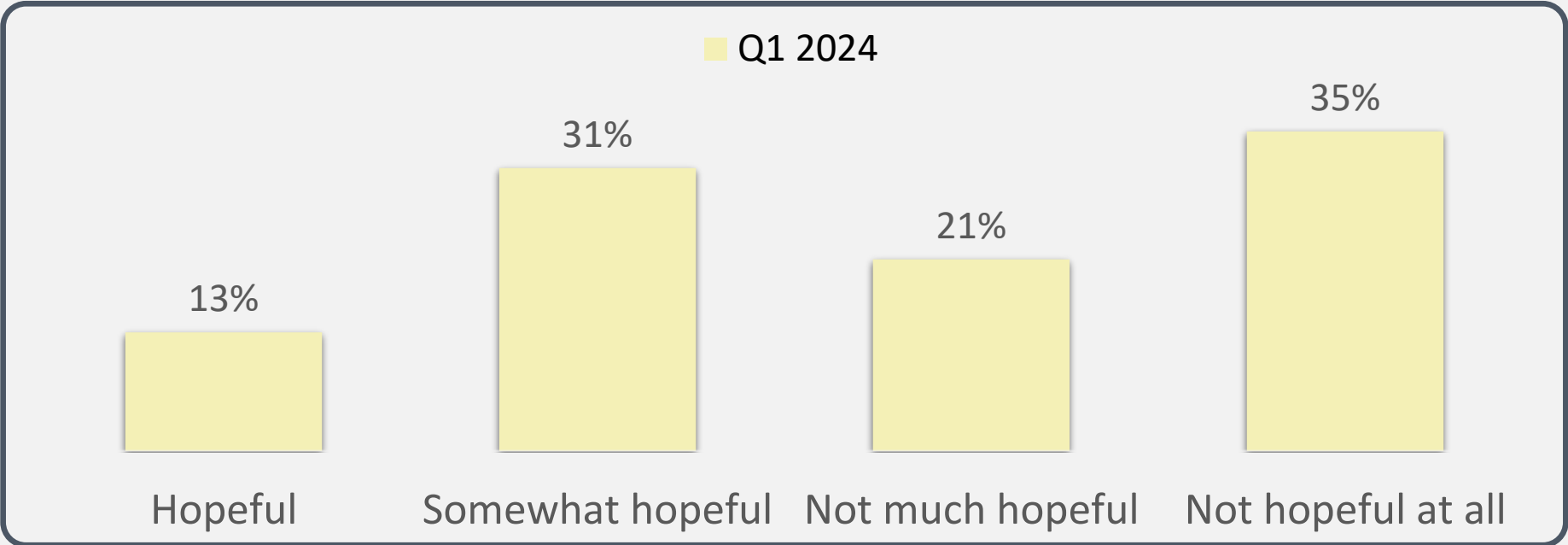
SECTION 4:

Problems Affecting Businesses in Pakistan

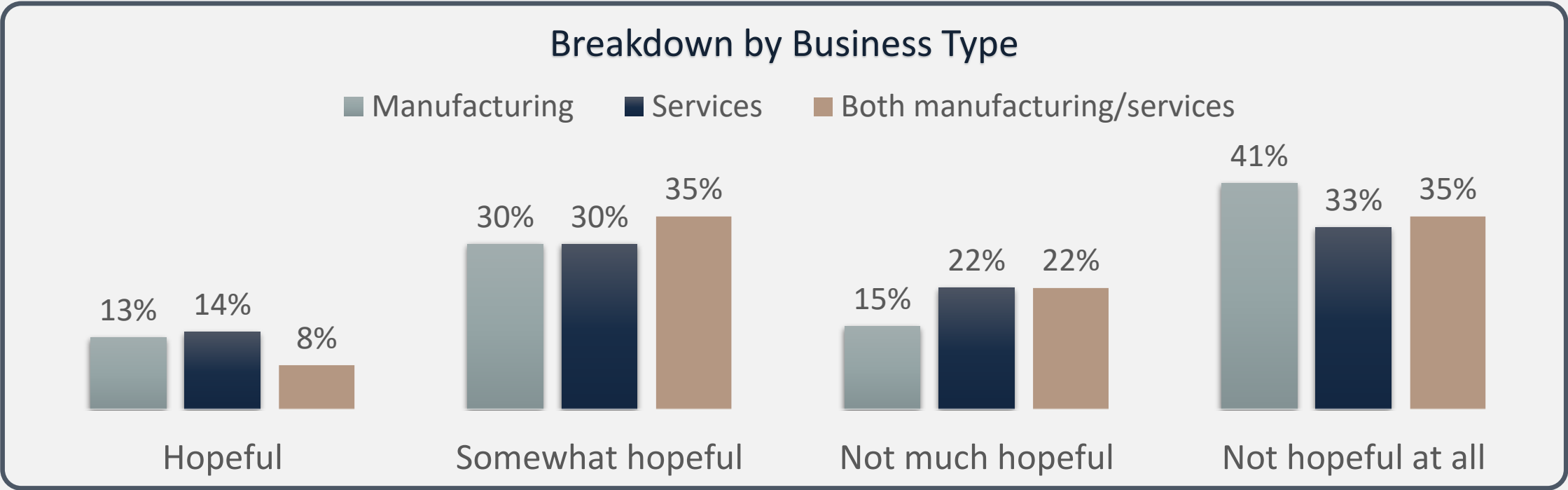


While the majority (56%) of businesses surveyed this wave expressed hopelessness in the new government’s ability to solve the business community’s problems, 44% reported being hopeful.

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



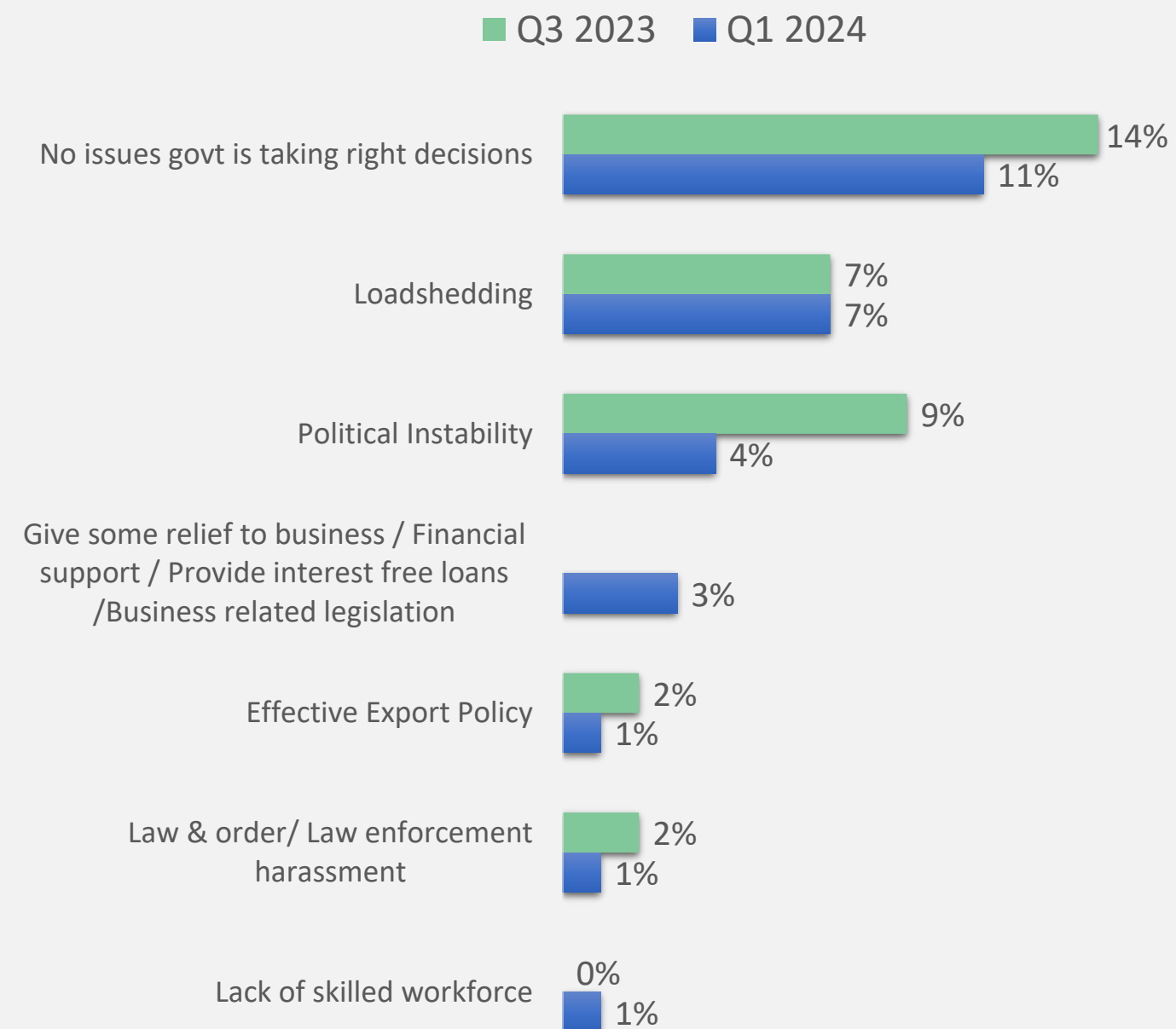
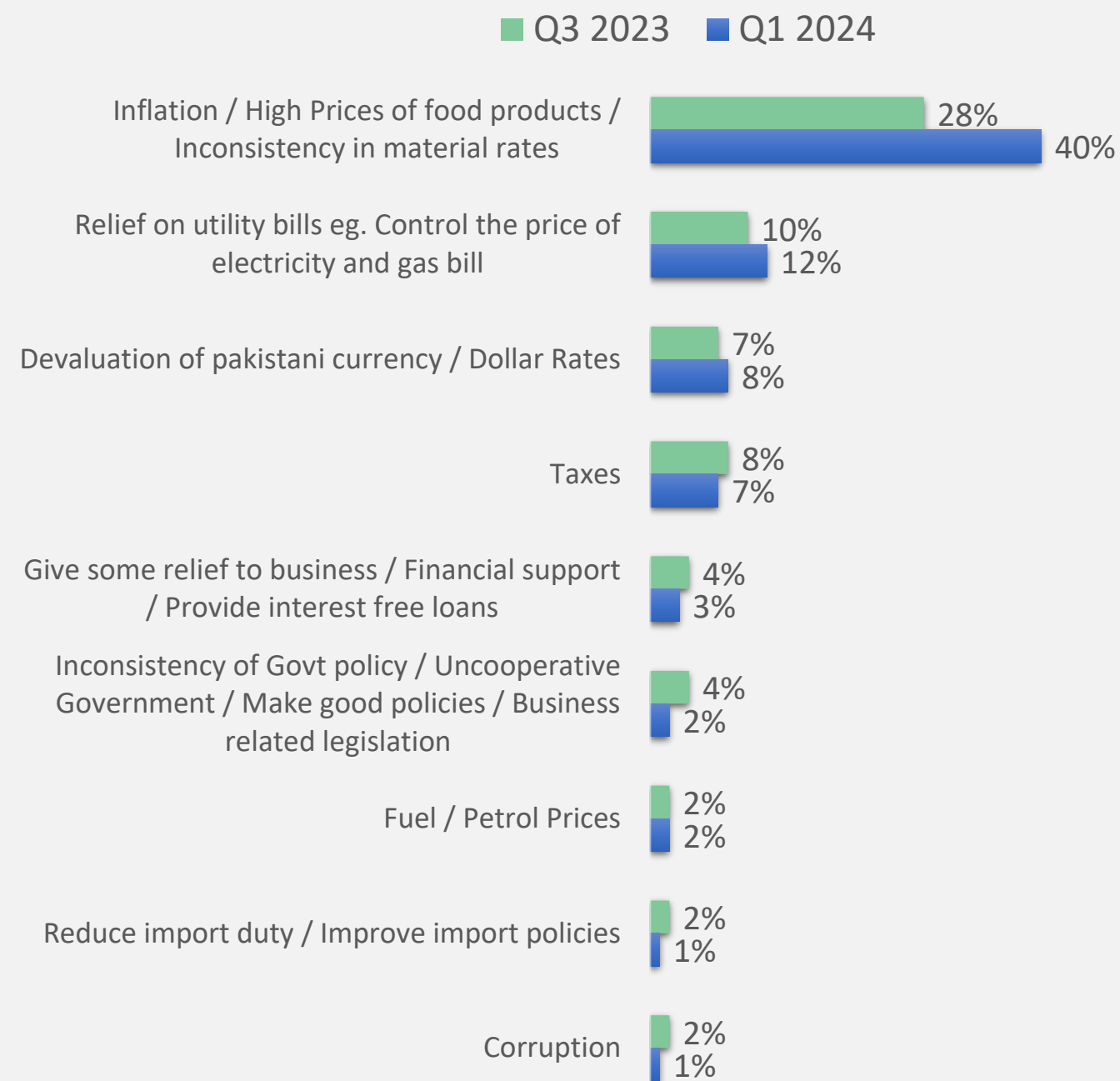
45% of businesses expressed a lack of confidence in the government’s ability to solve the problems that plague the business community



Source: Gallup Pakistan Business Confidence Survey with N 535 businesses in Pakistan (Report 12, Quarter 1 2024)

Similar to Q3 2023, inflation is the most cited problem in this Quarter that more than 2 in 4 businesses would like the government to solve. Proportion of those who want government to solve devaluation of currency has increased.

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

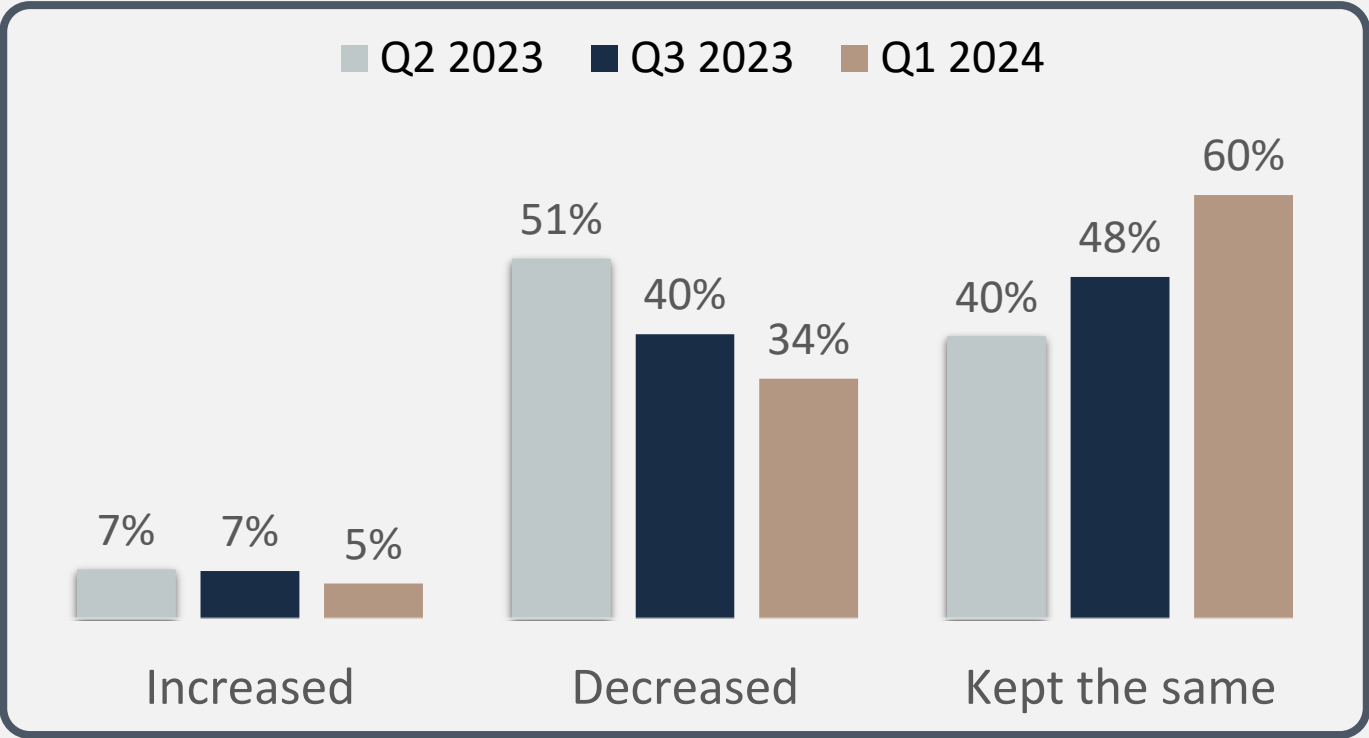


The most common issue businesses wanted the government to solve in Quarter 1 2024 was inflation (40% of businesses) and utility bills relief (12% of businesses). Proportion of businesses that believed government is taking the right decision decreased by 3% since Quarter 3 2023

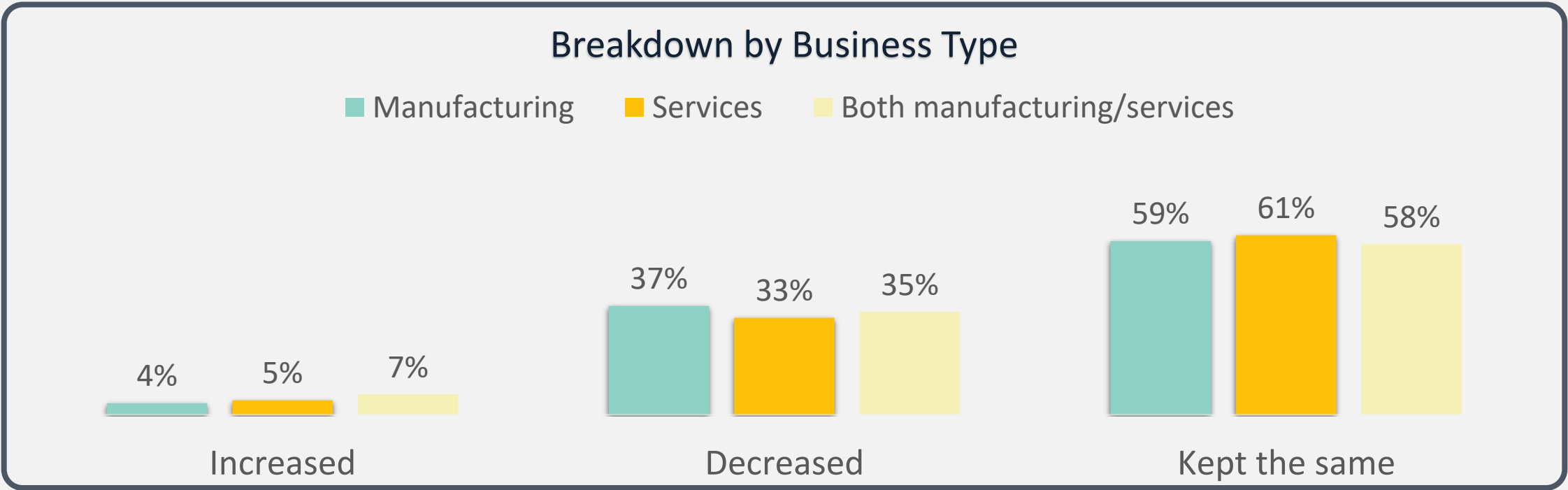


More than half (60%) of businesses surveyed said that their workforce remained the same in the last quarter, a an increase of 12% from the previous quarter. More manufacturing businesses than service providers increased their workforce.

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



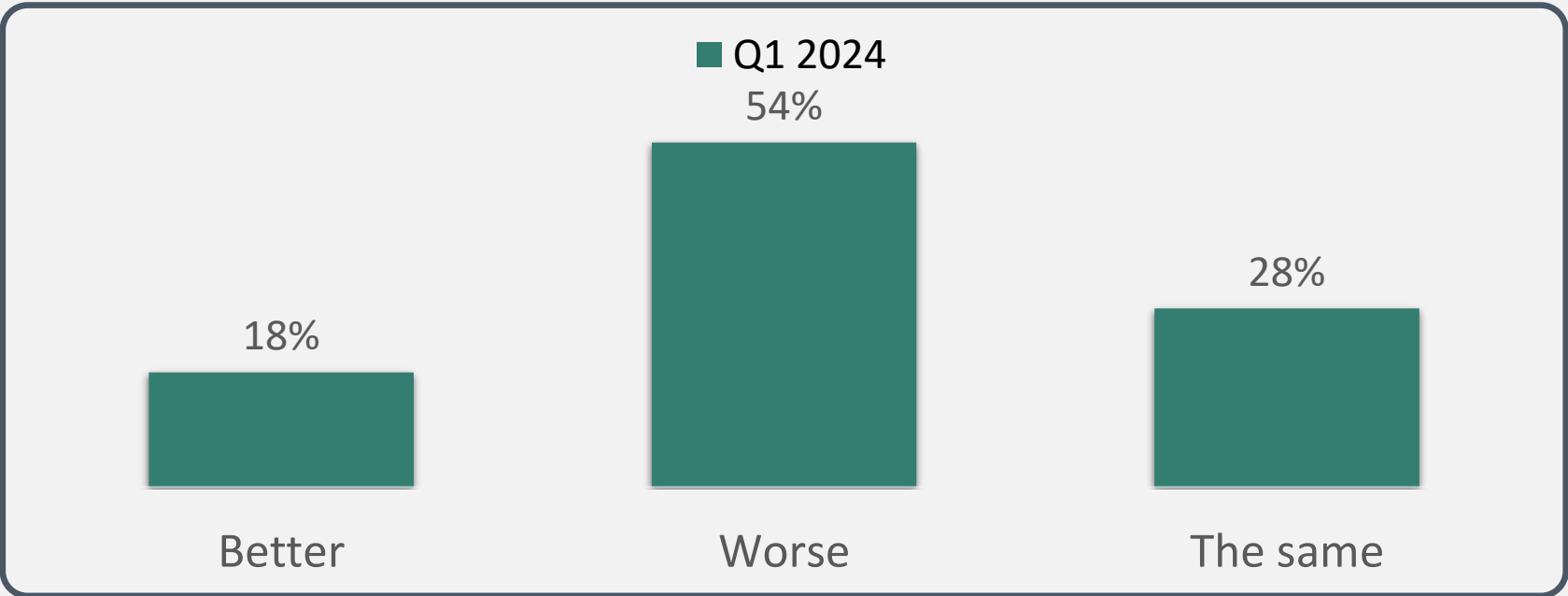
34% of respondents reported a decrease in their workforce over the quarter, while only 5% reported an increase



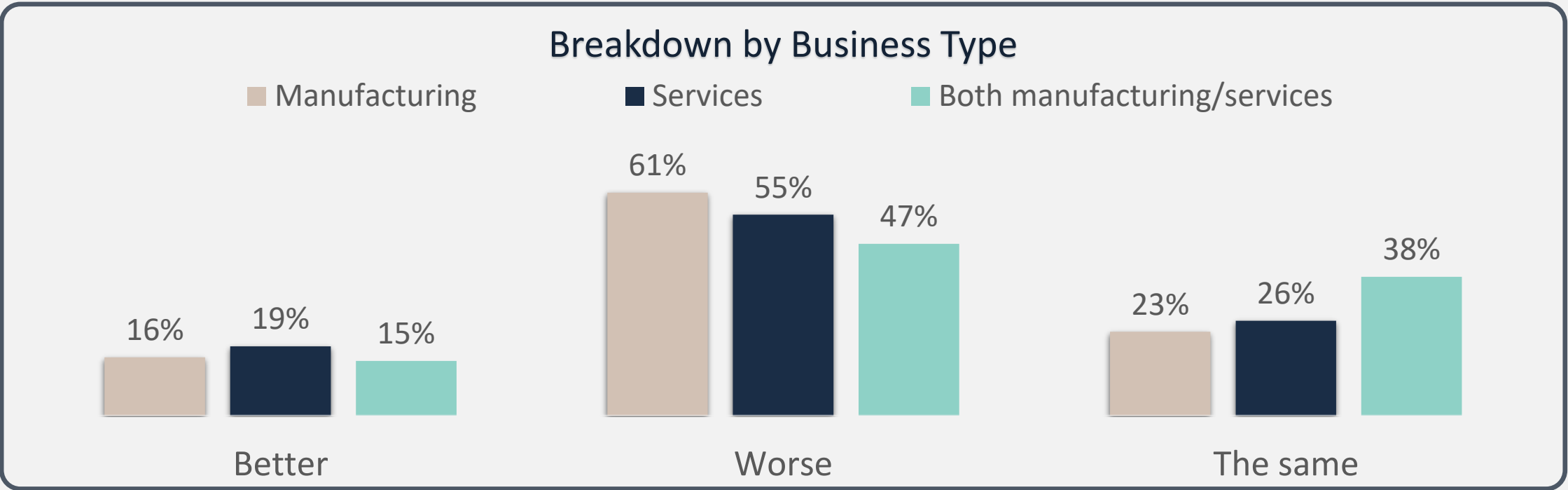
Source: Gallup Pakistan Business Confidence Survey with N 535 businesses in Pakistan (Report 12, Quarter 1 2024)

54% of businesses surveyed said that their sales this Ramadan were worse compared to Ramadan last year. Only 18% said they were better

Question: How are your sales this year as compared to previous Ramadan last year? Are they better, worse, or the same?



54% of respondents reported worse sales this Ramadan compared to Ramadan last year, while 18% said their sales had improved.

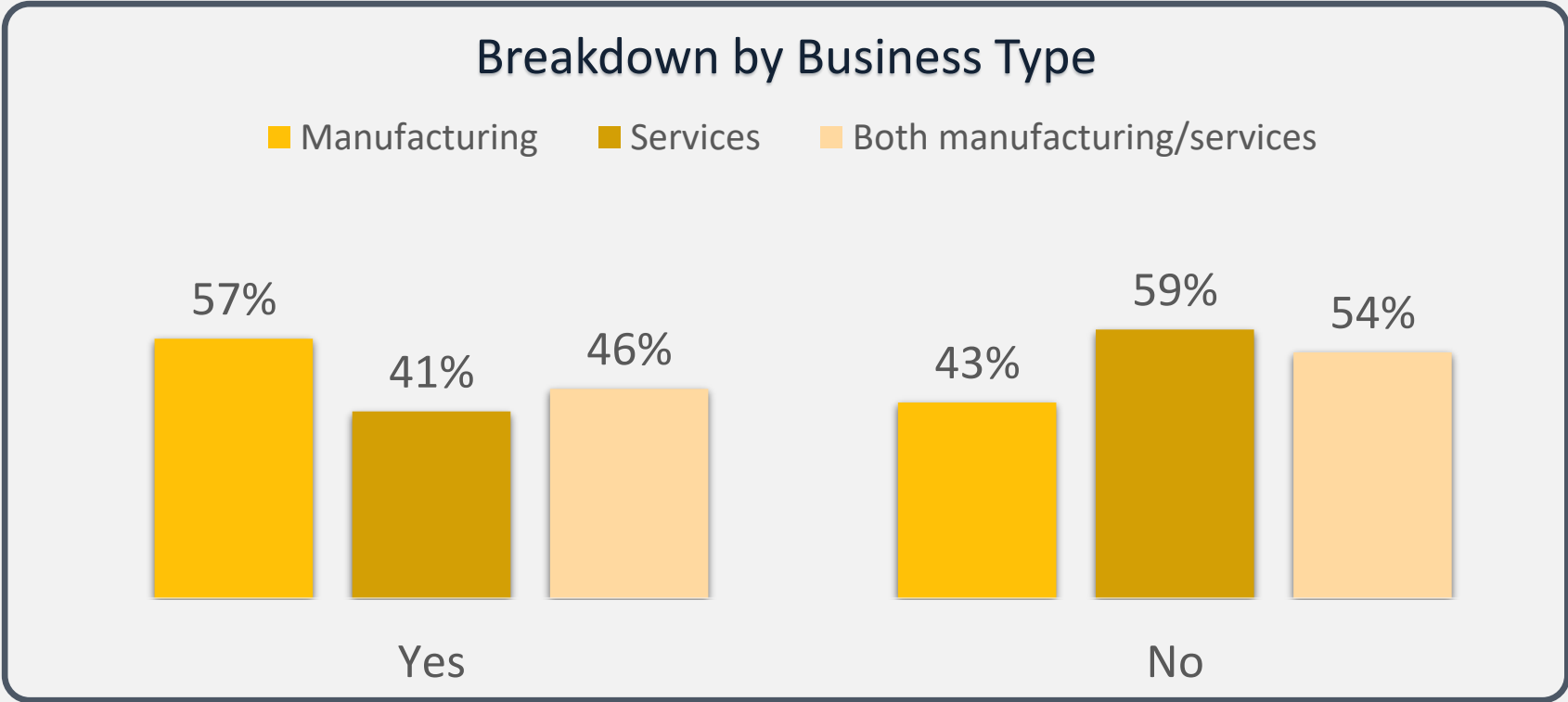
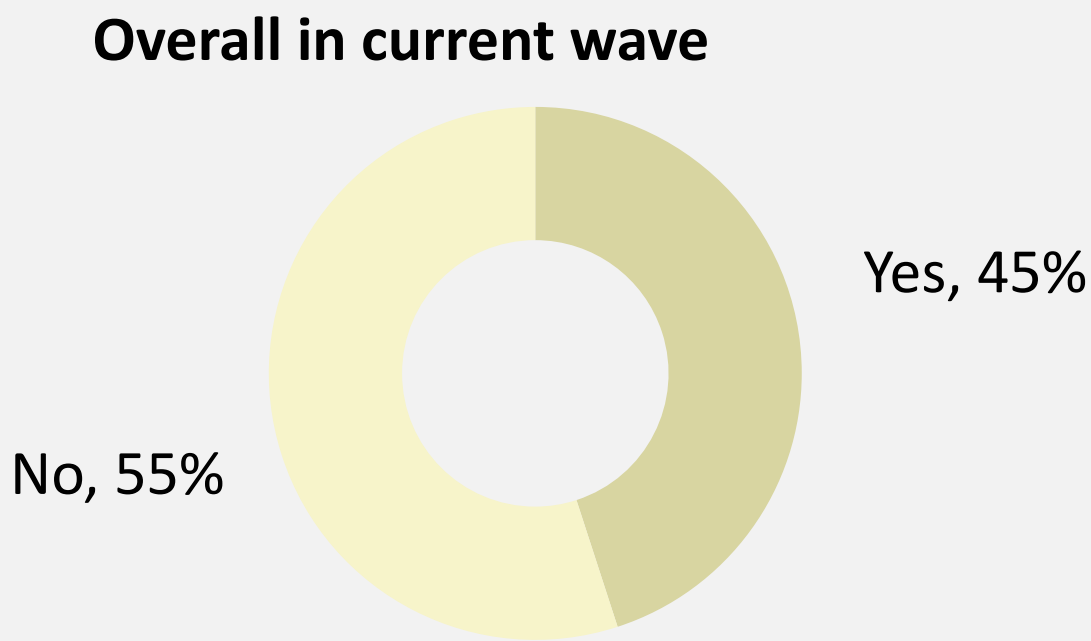


Source: Gallup Pakistan Business Confidence Survey with N 535 businesses in Pakistan (Report 12, Quarter 1 2024)

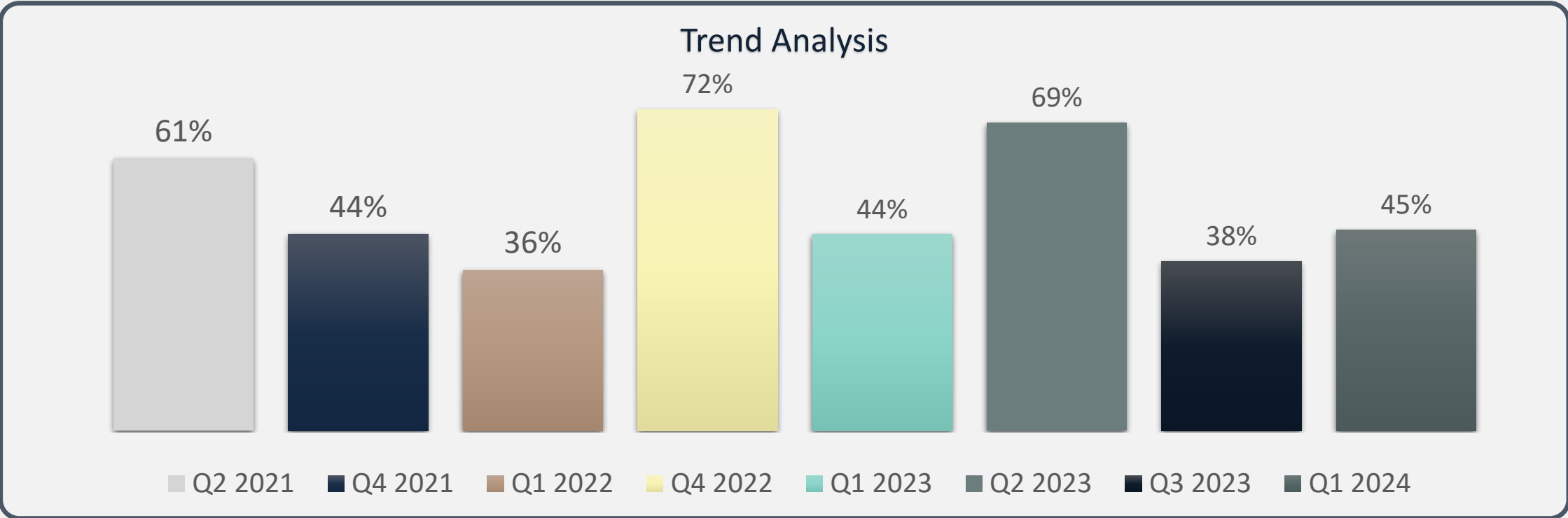


Quarter-to-Quarter reports of loadshedding increase: 55% of businesses surveyed said ‘no’ to loadshedding in the past quarter, while 45% said yes (7% more than in the previous Quarter)

Question: Was there load shedding in your business today?



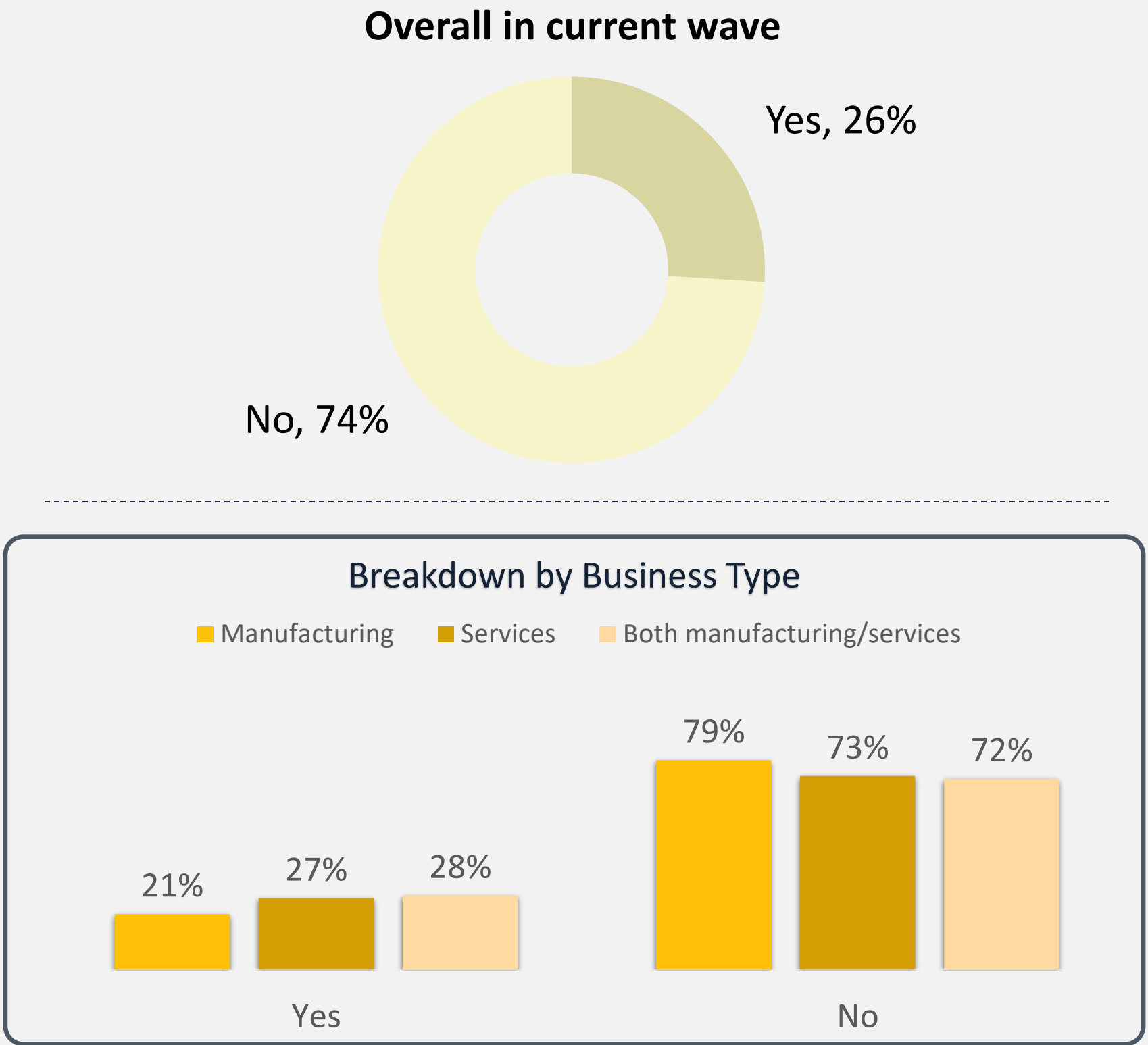
43% of product manufacturers reported not experiencing loadshedding in the past quarter



In Q1 2024, the proportion of businesses that experienced loadshedding within a day increased by 7% since Q3 2023

Nearly one third (74%) businesses reported not paying bribes to run their business in the past six months. More service providers report having to pay a bribe (26%) than manufacturers (10%).

Question: Did you have to pay bribe to anyone in past six months to run your business?



More service providers report having to pay a bribe (26%) than manufacturers (10%).

Source: Gallup Pakistan Business Confidence Survey with N 535 businesses in Pakistan (Report 12, Quarter 1 2024)

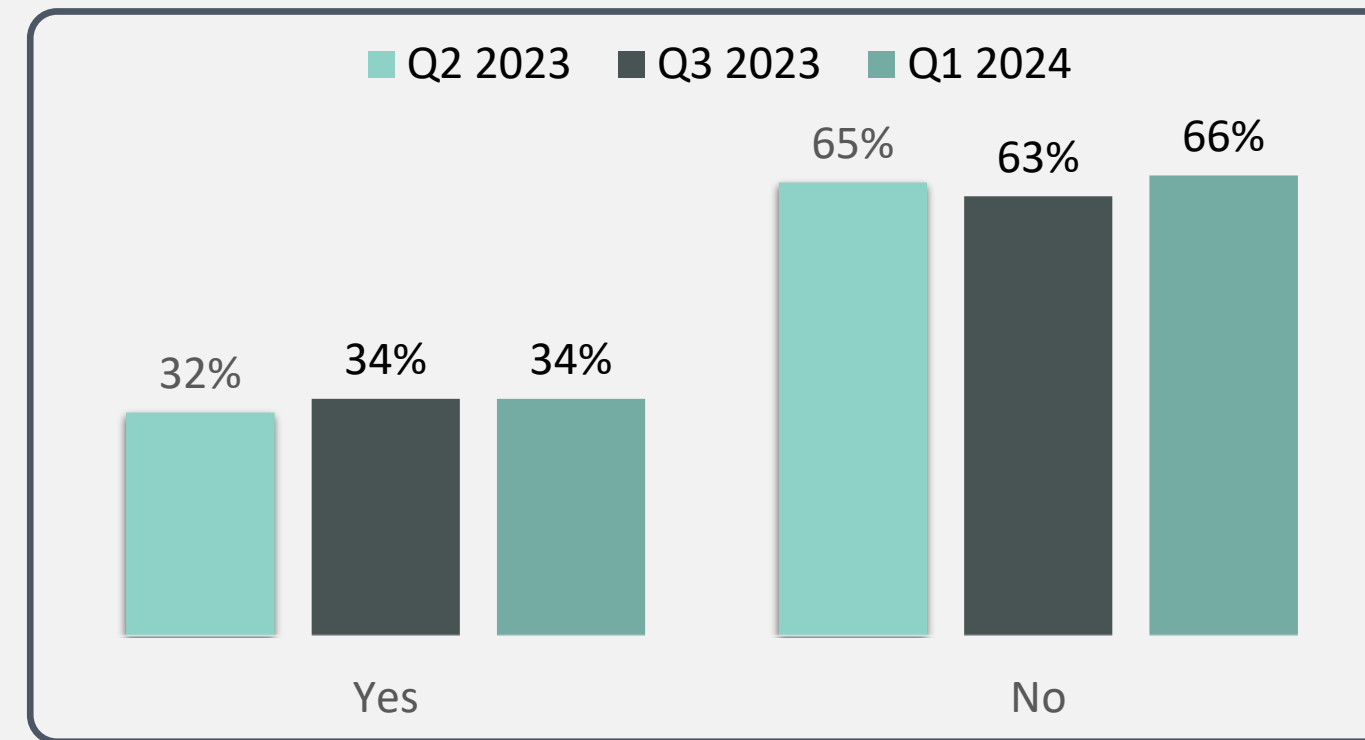


Miscellaneous

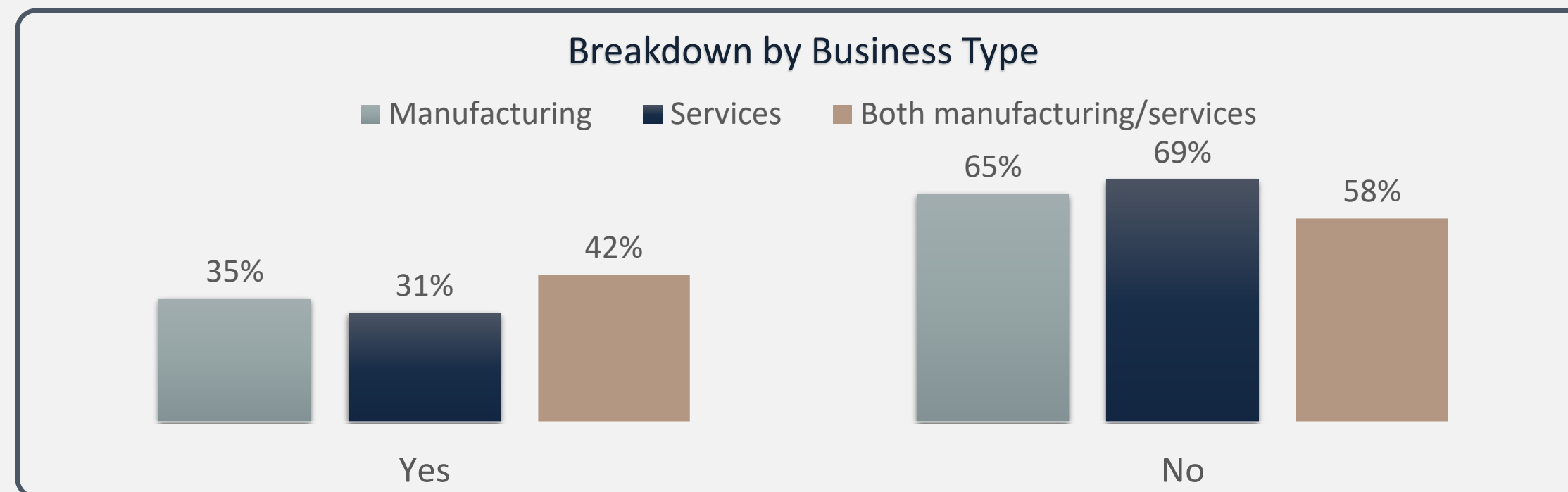


Over half (66%) of businesses surveyed for this wave reported that they were not part of any business association, chamber of commerce, or other smaller committee, etc. Of the 34% that were, more than half (58%) were satisfied with the performance of the association.

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

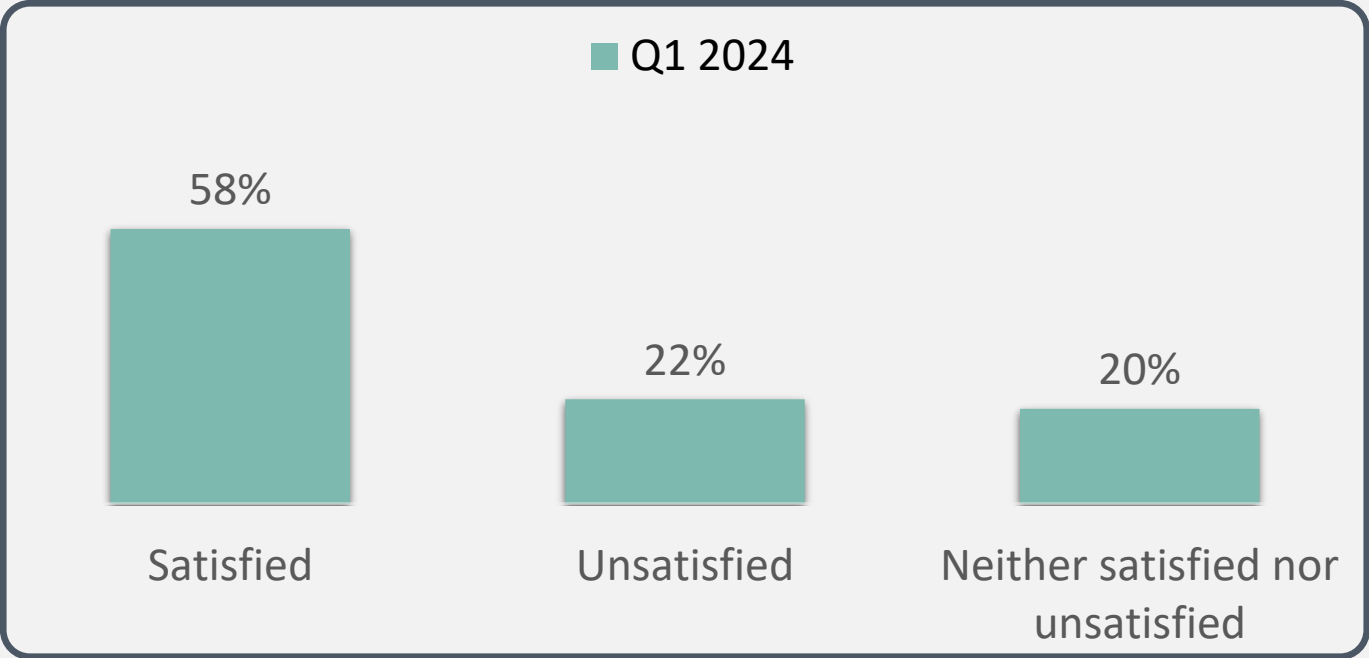


66% of businesses surveyed were not part of any market association, chamber of commerce, etc.

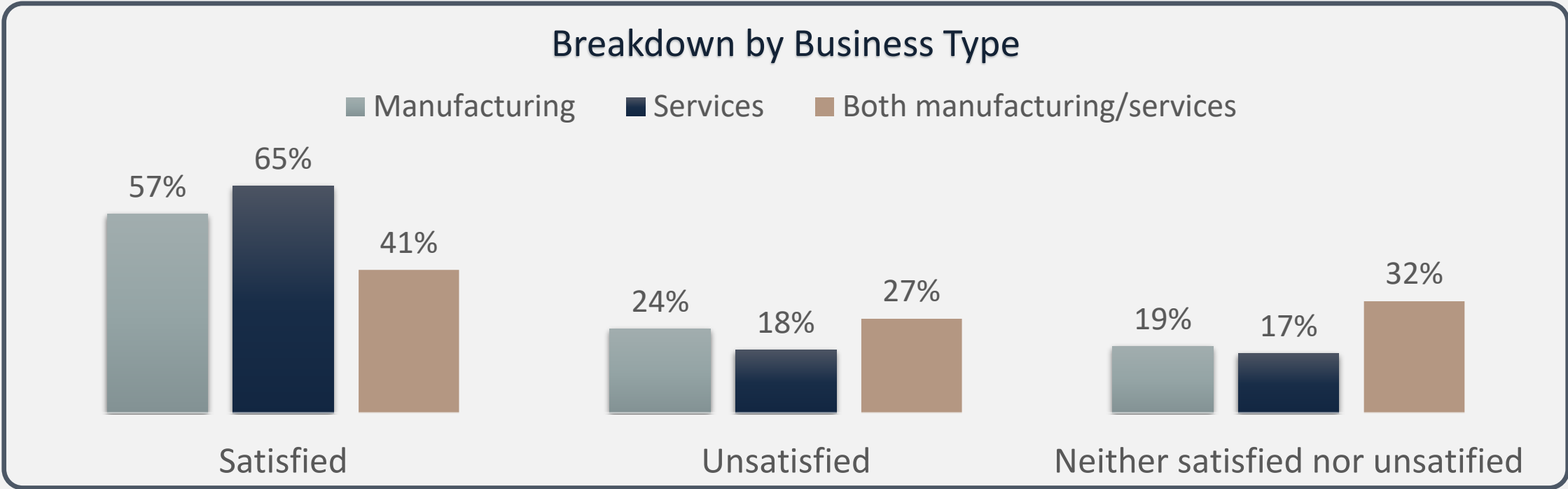


Of the 34% businesses that were part of an association, more than half (58%) were satisfied with the performance of the association.

Question: If yes, how satisfied are you with performance of this association or associations you are part of in general? Are you satisfied, unsatisfied or neither satisfied nor unsatisfied?



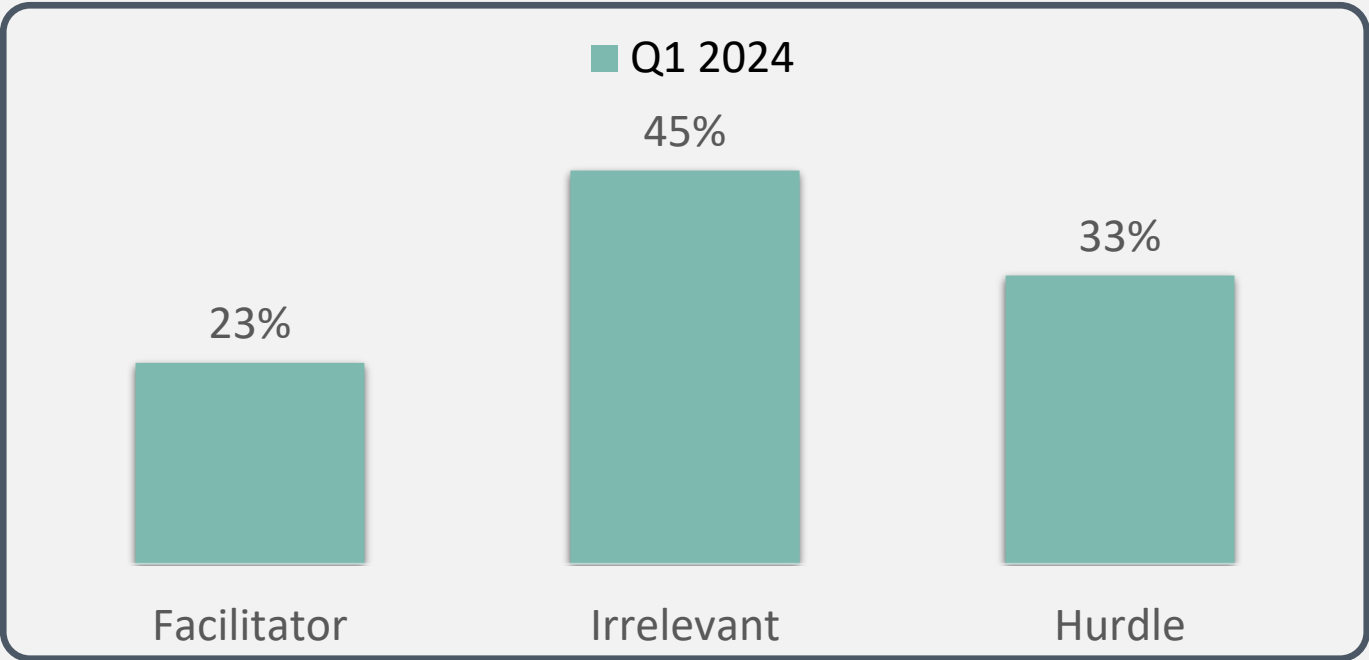
58% of the businesses were satisfied with the performance of the association they were a part of



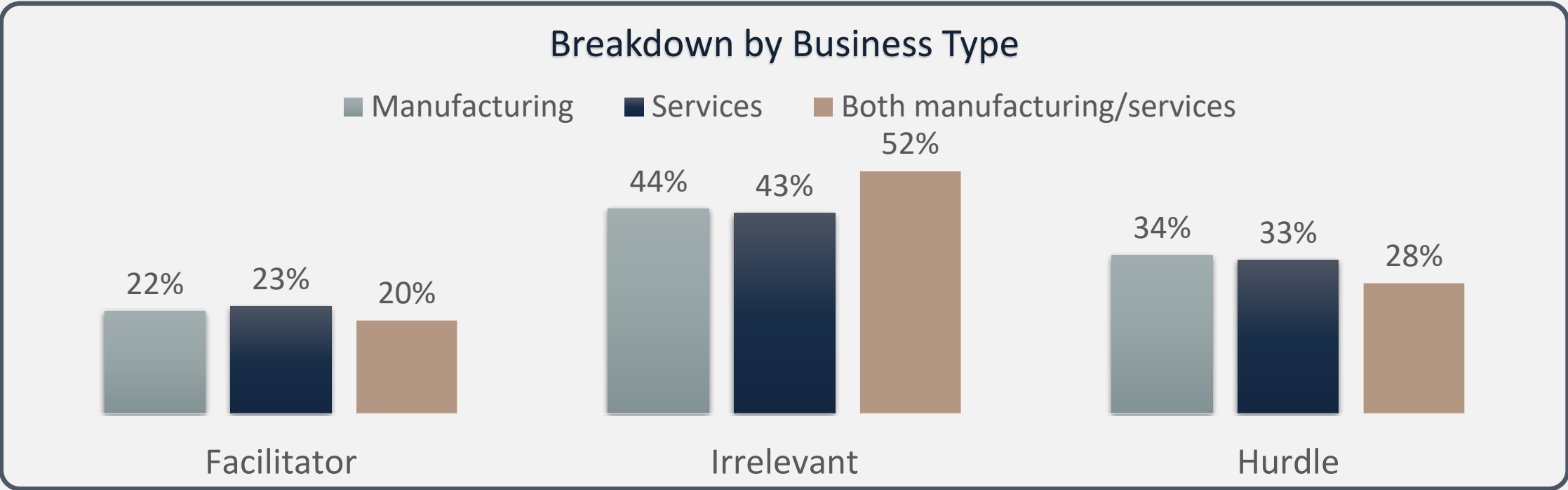
Source: Gallup Pakistan Business Confidence Survey with N 535 businesses in Pakistan (Report 12, Quarter 1 2024)

Almost half (45%) businesses report the government being irrelevant for their business, while 23% say it is a facilitator and 33% consider it a hurdle

Question: Some people think government is a facilitator of businesses like you, others say it is irrelevant, yet others say it is a big hurdle for business like yours. What is your opinion?



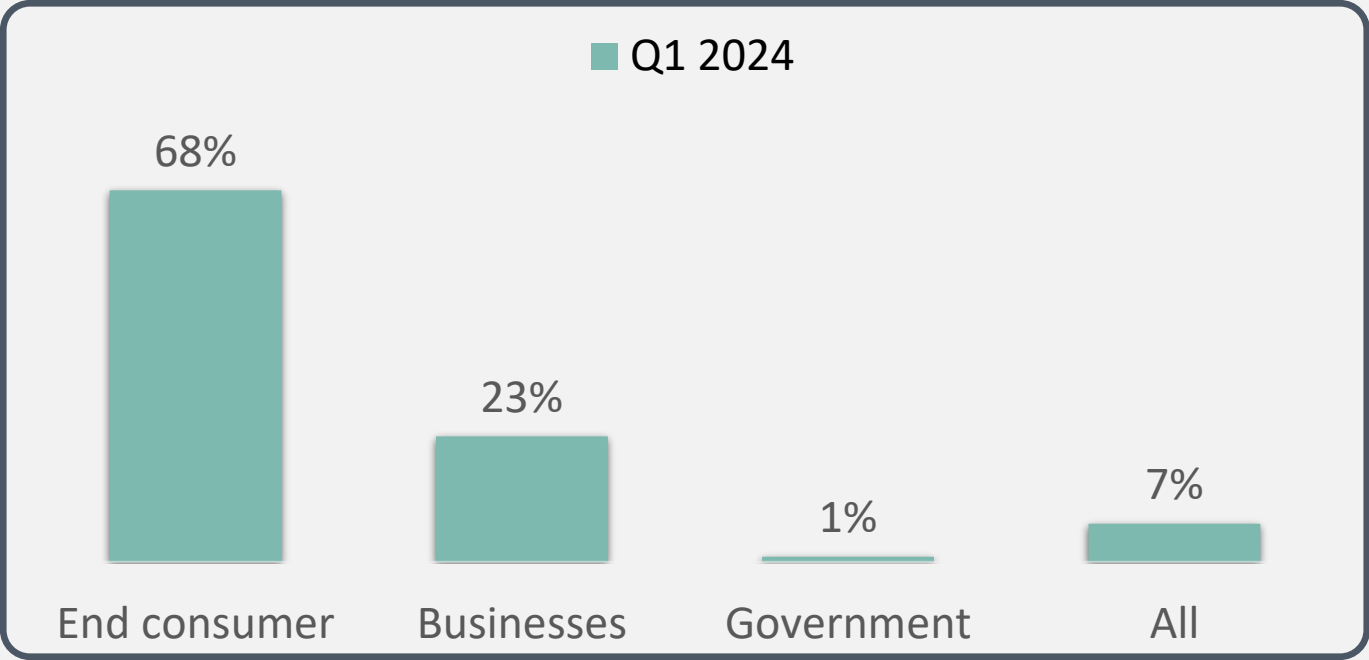
The government is considered irrelevant for 45% businesses, while a facilitator for 33%.



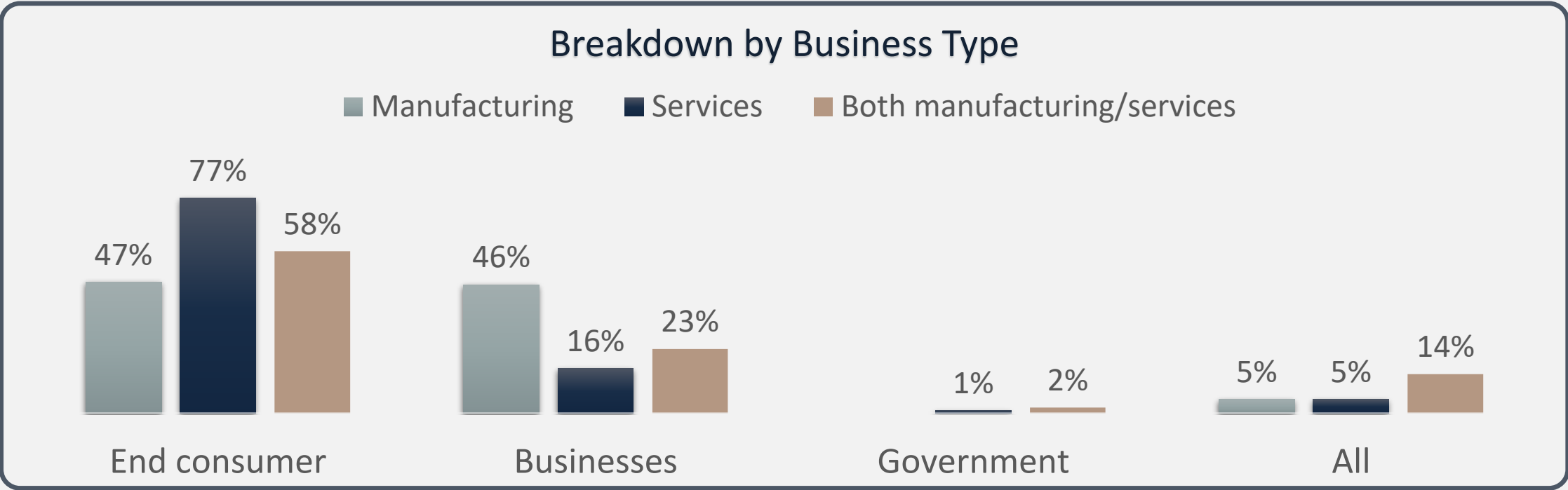
Source: Gallup Pakistan Business Confidence Survey with N 535 businesses in Pakistan (Report 12, Quarter 1 2024)

Almost 7 in 10 (68%) businesses have the end consumer as their primary client, while other businesses are the clientele of 23% businesses.

Question: Please indicate your primary clientele?



Most service providers have the end consumer as their primary client, while manufacturers' clientele is spread out between end consumers and other businesses.



Source: Gallup Pakistan Business Confidence Survey with N 535 businesses in Pakistan (Report 12, Quarter 1 2024)

Methodology and Sample Profile

GALLUP PAKISTAN BUSINESS CONFIDENCE INDEX IN PAKISTAN



METHODOLOGY DETAILS

Sample Size:

N= 535 businesses across Pakistan

Method of Interview:

Phone surveys

Field Dates:

27th March 2023 - 1st April 2024

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

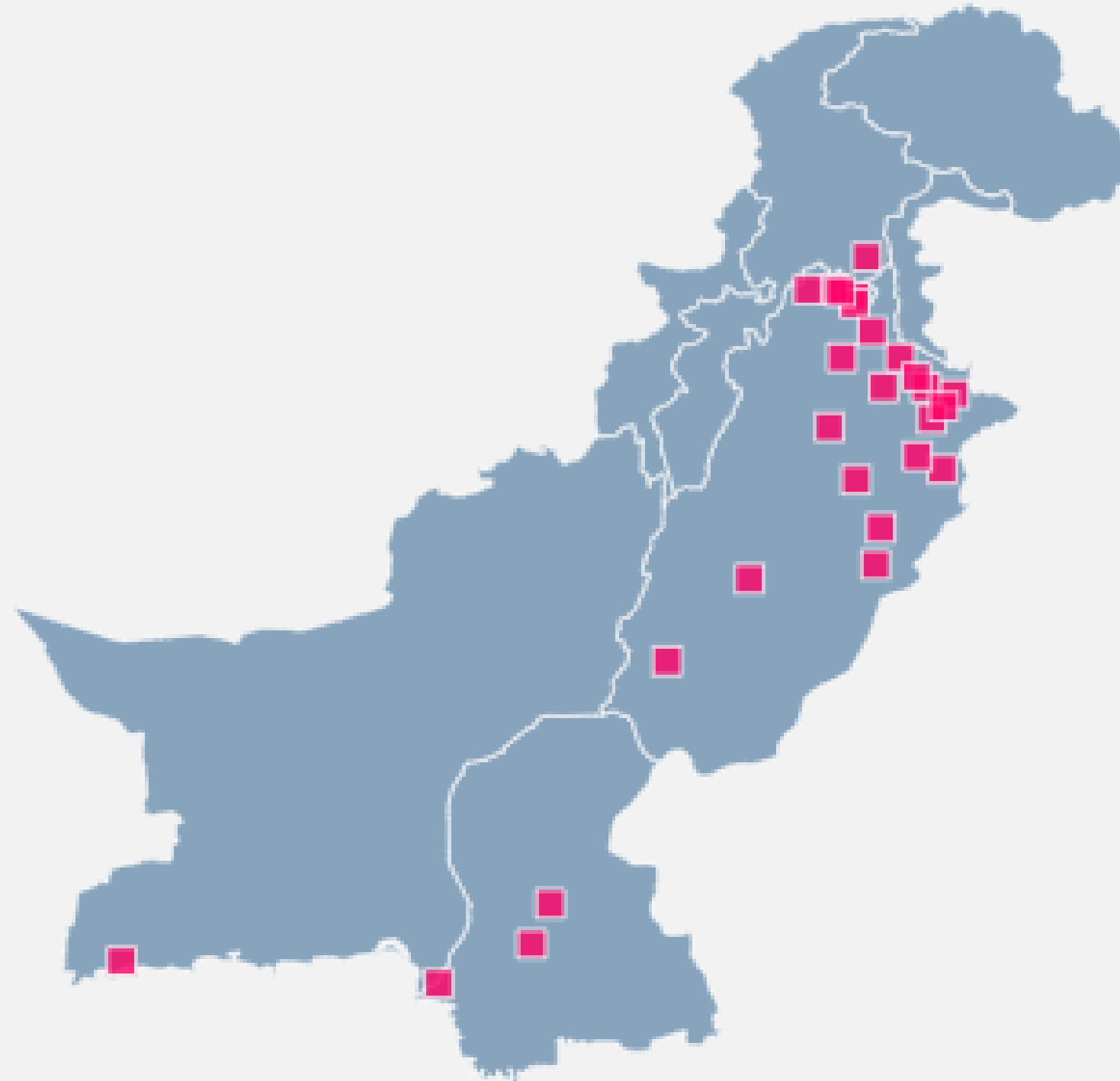
BUSINESS TYPE	Manufacturing	20%
	Services	62%
	Both products and services	18%



METHODOLOGY DETAILS

Districts/Cities covered:

Rawalpindi
Islamabad
Karachi
Lahore
Faisalabad
Sialkot
Gujranwala
Gujrat
Daska
Sargodha
Mandi Bahauddin
Okara
Jhelum
Chakwal
Lala Musa
Abbottabad
Multan
Sheikhupura
Hyderabad
Gwadar
Gujjar Khan
Wah Cantt
Taxila
Attock
Rajanpur
Shahdadpur
Pakpattan



Source: Gallup Pakistan Business Confidence Survey with N 535 businesses in Pakistan (Report 12, Quarter 1 2024)

APPENDIX



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) What are your expectations for the future of your business compared to the past?
- Q4) Which problem affecting your business considerably would you want the government to solve?
- Q5) What is your opinion on the direction of the country? Are we headed in the right direction or wrong direction?
- Q6) A new government has come in. Are you hopeful that the new government would be able to solve the problems of the business community. Would you say you are very hopeful, somewhat hopeful, not hopeful, not hopeful at all.
- Q7) Was there load shedding in your business today?
- Q8) How are your sales this year as compared to previous Ramadan last year? Are they better, worse, or the same?
- Q9) Does your business make products or provide services?
- Q10) Which product does your business make/which service does your business provide?
- Q11) Did you have to pay bribe to anyone in past six months to run your business?
- Q12) Some people think government is a facilitator of businesses like you, others say it is irrelevant, yet others say it is a big hurdle for business like yours. What is your opinion?
- Q13) Are you part of any business association for example market association, chamber, committee? It could be a very small group as well.
- Q14) If yes, how satisfied are you with performance of this association or associations you are part of in general? Are you satisfied, unsatisfied or neither satisfied nor unsatisfied?
- Q15) Which city are you operating your business from?
- Q16) Please indicate your primary clientele:
- Q17) Gender



FOR MORE INFORMATION, PLEASE CONTACT

Bilal I Gilani

Executive Director

Gallup Pakistan

bilal.gilani@gallup.com.pk

Zainab Khan

Research Executive

Gallup Pakistan

zainab@gallup.com.pk

