

# BUSINESS CONFIDENCE SURVEY



# 2018

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# INTRODUCTION

The Innovation and Technology Centre (ITC) of the Lahore School conducted its fourth annual business confidence survey in 2018. The purpose of this survey was to understand the perceptions of the business community regarding the prevailing economic conditions with a special emphasis on lower exports and higher imports. This year's survey also analyzed how the business community viewed the expected impact of CPEC on their businesses.

The data was collected from 550 firms between April - June 2018 and the firms that responded were divided into three different sectors: manufacturing (57% of surveyed firms), services (41% of surveyed firms) and retail (16% of surveyed firms) in order to see the differences in economic performance across sectors. Looking at the size of firms surveyed, the majority of the firms were small sized firms (62%), with a significant proportion of medium sized firms (31%) and smaller number of large sized firms (7%).

Also, this year's survey asked exporting and importing firms a separate set of questions. Out of the total respondents, there were also 101 exporting firms and 220 importing firms. Almost 80% of the exporting firms belonged to the manufacturing sector while 50% of the importers were also from the manufacturing sector. Their responses helped to shed light on the steps that could be taken to boost exports and also to tackle the problem of Pakistan's deteriorating balance of payments.

A summary of the firm level descriptive statistics of the respondents is as follows:

## Summary of Data (Survey 2018)

Sectors	Number of firms	Percentage of respondents	Size*		
			Small	Medium	Large
All Firms	550	100%	340 (62%)	171 (31%)	39 (7%)
Services	228	41%	133 (58%)	79 (35%)	16 (7%)
Manufacturing	217	39%	124 (57%)	71 (33%)	22 (10%)
Retail	89	16%	70 (79%)	18 (20%)	1 (1%)
Other	16	3%	13 (81%)	3 (19%)	0

Category	Number of firms	Percentage of respondents	Size*			Sectors			
			Small	Medium	Large	Manufacturing	Services	Retail	Other
Exporters	101	18%	46 (45%)	40 (40%)	15 (15%)	80 (79%)	8 (8%)	8 (8%)	5 (5%)
Importers	220	40%	128 (58%)	71 (32%)	16 (7%)	110 (50%)	39 (18%)	63 (29%)	7 (3%)

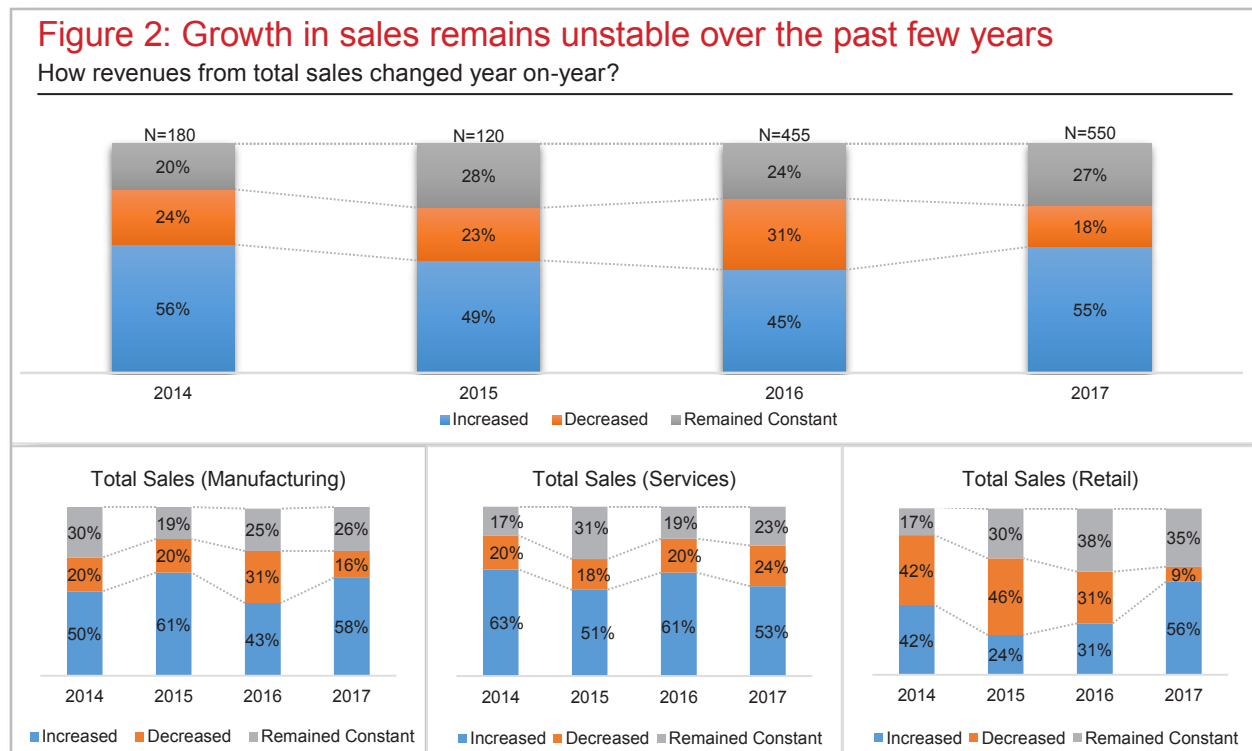
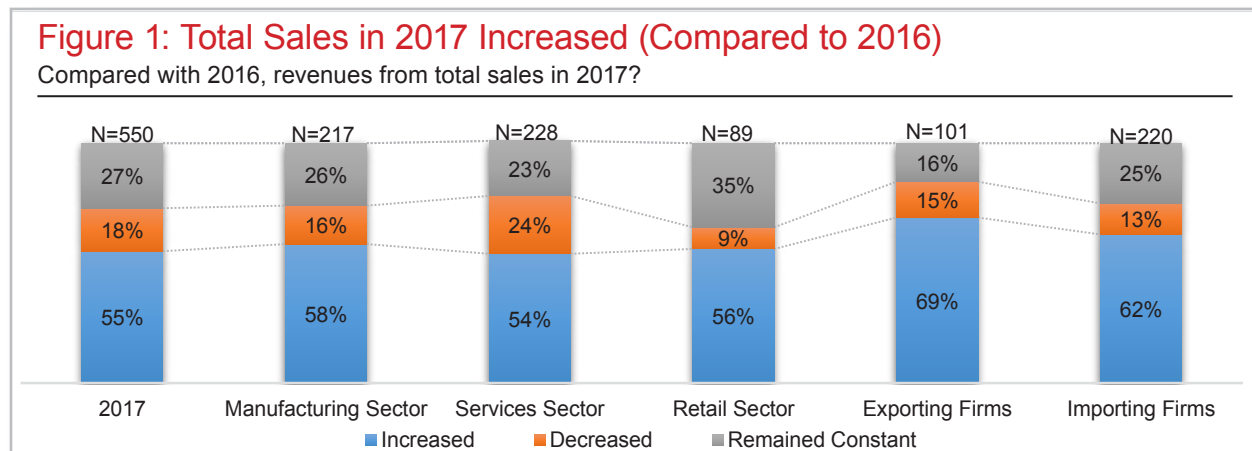
\*CRITERIA FOR SIZE: 1-49 employees (Small), 50-499 employees (Medium), 500 and above employees (Large)

# 1 FINANCIAL PERFORMANCE OF FIRMS

Far more firms reported growth in total sales, domestic sales and export sales in 2017 as compared to 2016. Of the three sectors, the manufacturing sector reported the largest increase in total sales (58%) and domestic sales (57%) while the retail sector had the largest increase in export sales (62%). Furthermore, domestic sales and exports sales demonstrated their highest growth (54% and 55% respectively) since 2014.

## 1.1 Total Sales

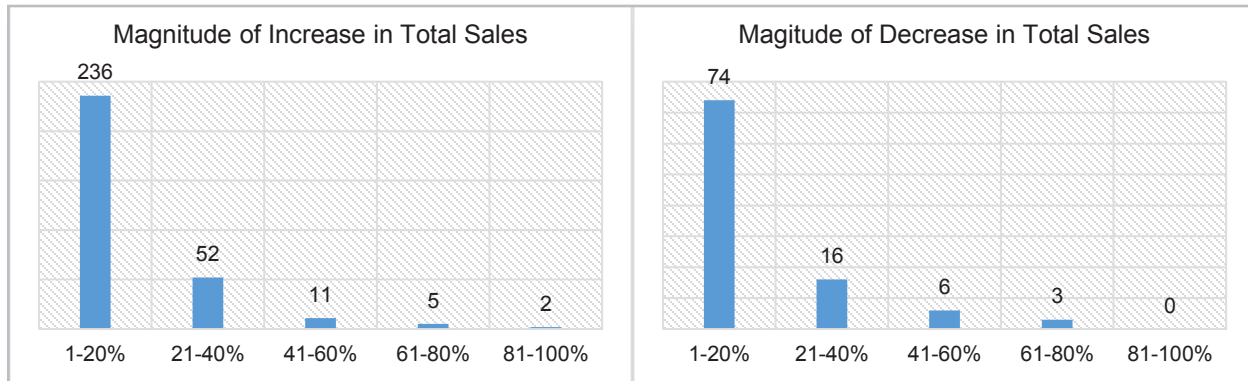
Despite the slow pace of market opening reported in 2016 (see Figure 2), Pakistan businesses still performed well as reflected in their revenues from total sales.





There was slower growth in total sales between 2014 and 2016. However, more than 50% of companies reported an improvement in financial performance this year (their totals sales have started picking up in 2017). Sector wise, the manufacturing and retail sector firms reported improved financial performance in 2017 as compared to the previous year.

## 1.2 Magnitude of Change in Total Sales

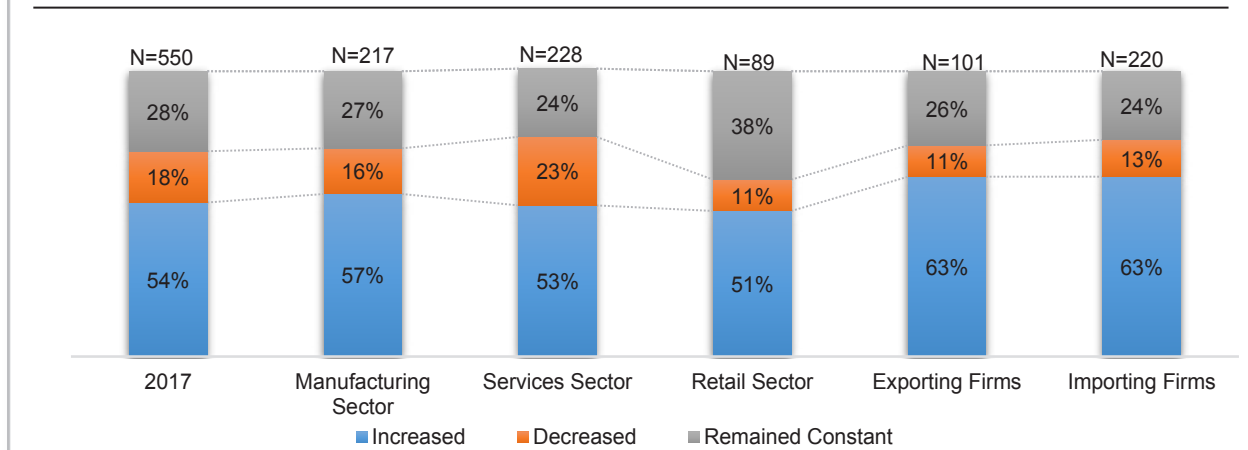


Around 55% of firms reported higher total sales compared to the previous year. Of these firms, 77% reported that the magnitude of this increase was between 1-20%, whereas 17% said that the magnitude of their increase was between 21-40% and only 4% said that the magnitude of their increase was between 41-60%. On the other hand, 18% of firms reported a decline in their total sales compared to the previous year. Of these firms, 75% reported that the magnitude of this decrease was between 1-20%, whereas 16% said that the magnitude of their decrease was between 21-40% and only 6% said that the magnitude of their decrease was between 41-60%.

## 1.3 Domestic Sales

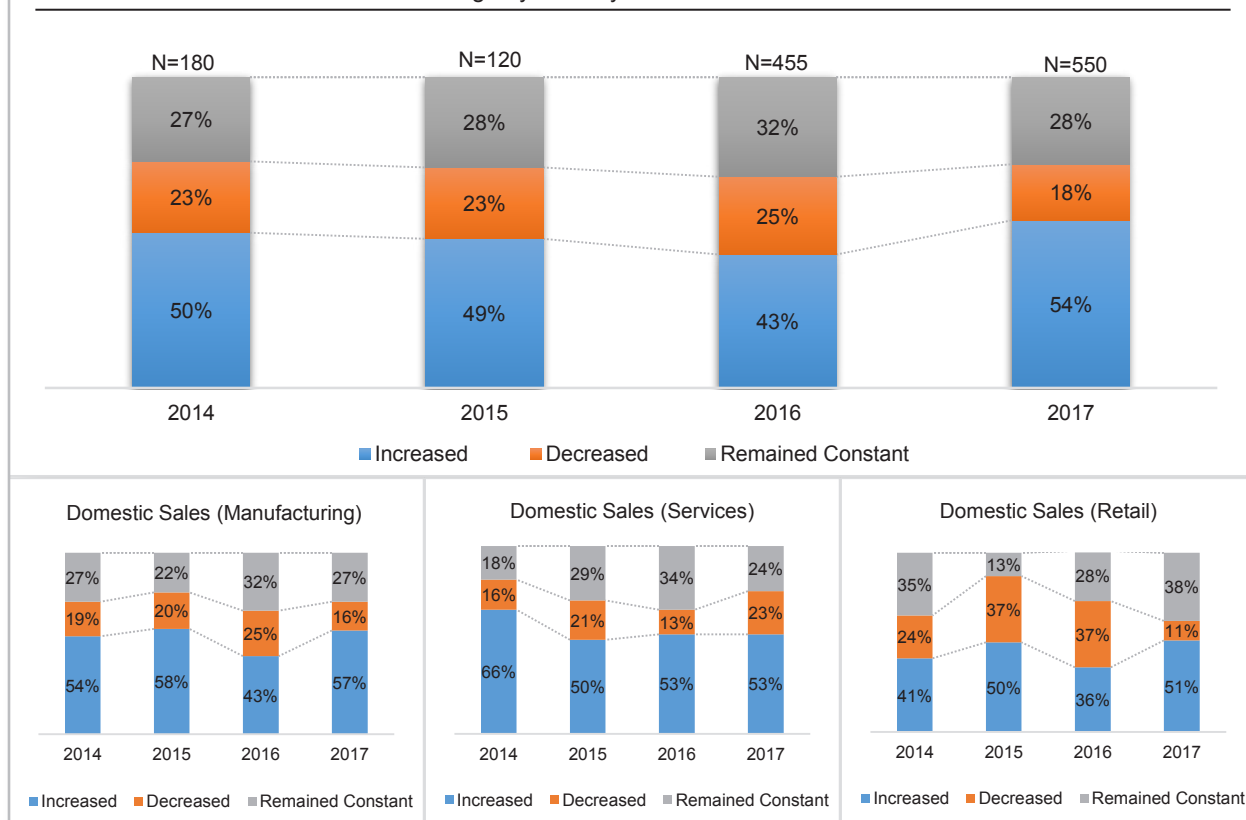
**Figure 3: More than 50% of firms across sectors reported an increase in their domestic sales**

Compared with 2016, revenues from domestic sales in 2017?



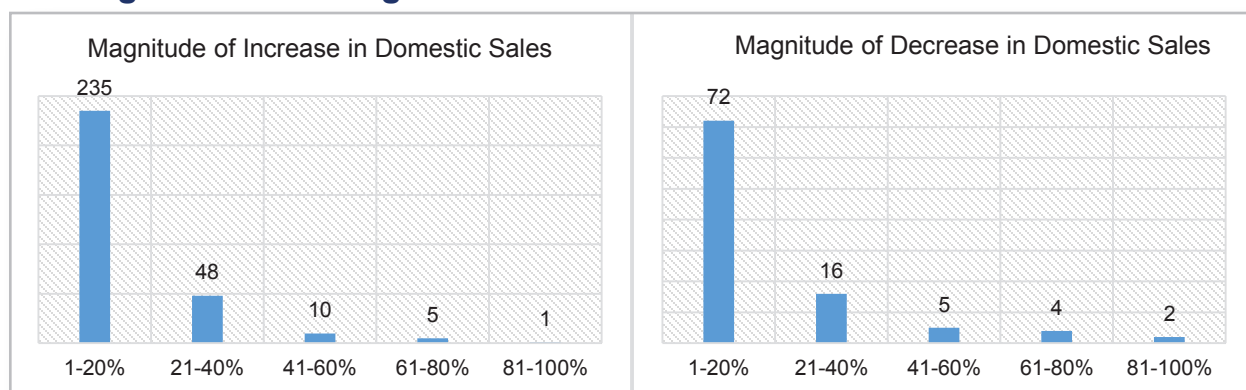
**Figure 4: Domestic Sales reached an all time high in 2017**

How revenues from domestic sales changed year-on-year?



There was slower growth in domestic sales between 2014 and 2016. However, more than 50% of companies reported an improvement in domestic sales in 2017. Sector wise, the manufacturing and retail sector firms reported higher domestic sales in 2017 as compared to the previous year.

### 1.4 Magnitude of Change in Domestic Sales

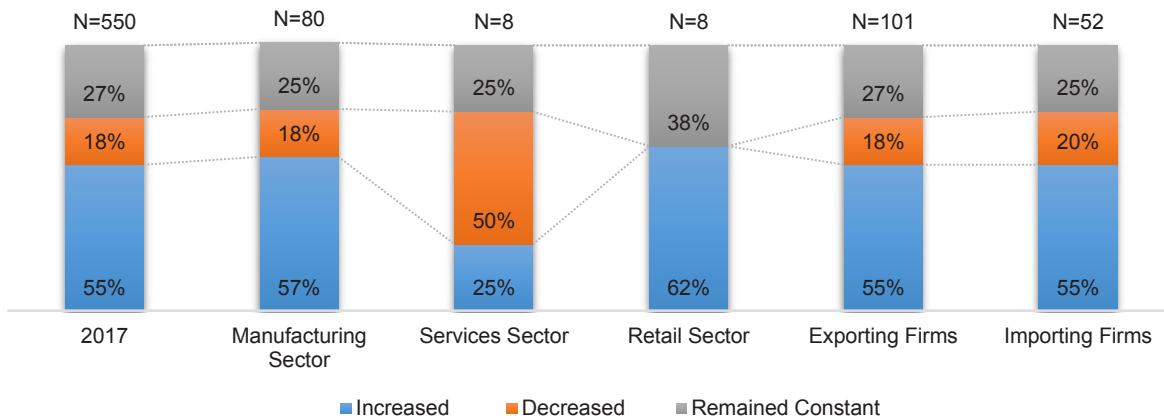


More than 50% of firms reported higher domestic sales compared to the previous year. Of these firms, 79% reported that the magnitude of this increase was between 1-20%, whereas 16% said that the magnitude of their increase was between 21-40% and 3% said that the magnitude of their increase was between 41-60%. On the other hand, 18% of firms reported a decline in their domestic sales in 2017 compared to the previous year. Of these firms, 73% reported that the magnitude of this decrease was between 1-20%, whereas 16% said that the magnitude of their decrease was between 21-40% and 5% said that the magnitude of their decrease was between 41-60%.

## 1.5 Export Sales

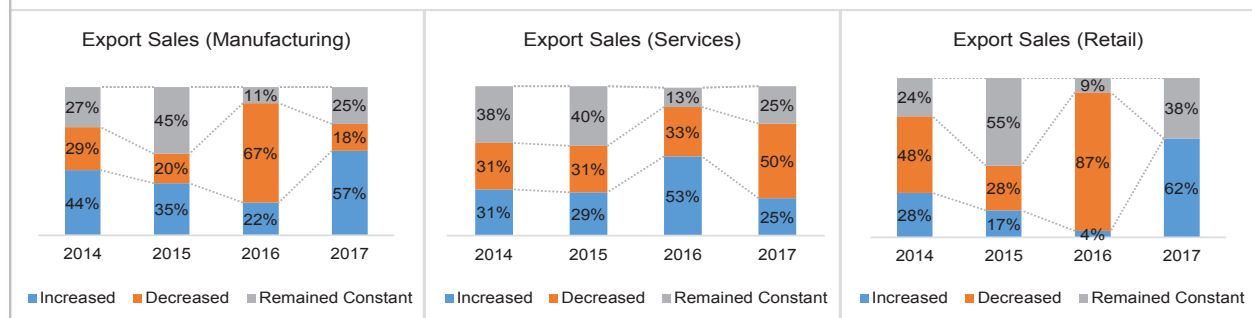
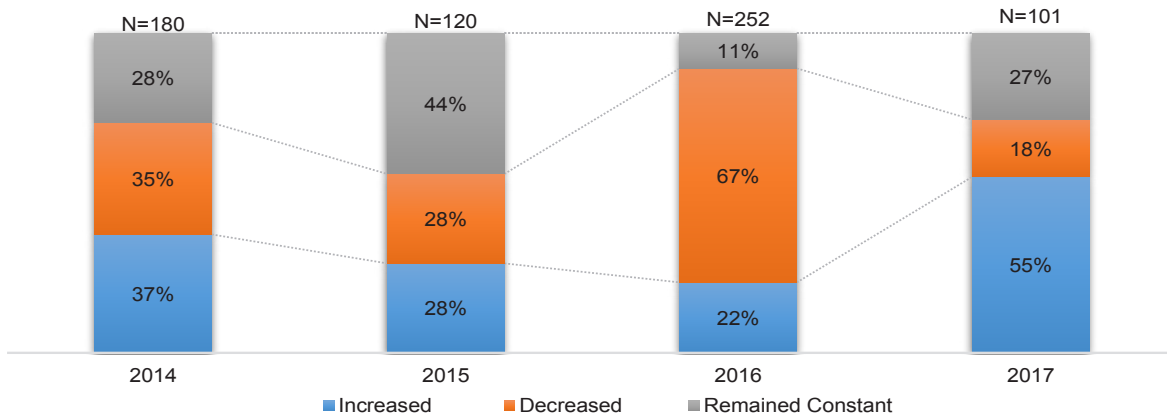
**Figure 5: Most of the increase in export sales has come from the Manufacturing Sector**

Compared with 2016, revenues from export sales in 2017?



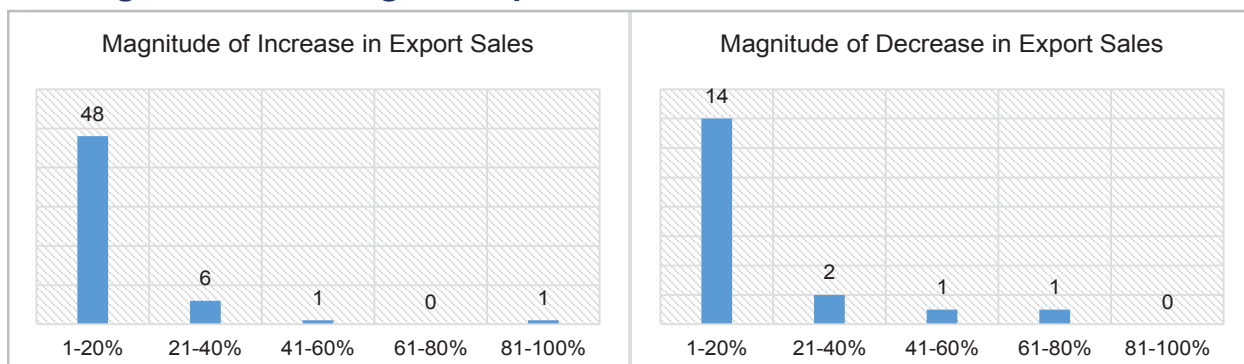
**Figure 6: Export sales picked up in 2017**

How revenues from export sales changed year-on-year?



There was slower growth in export sales between 2014 and 2016. However, more than 50% of companies reported an improvement in export sales in 2017. Sector wise, the manufacturing and retail sector firms reported improved export sales in 2017 as compared to the previous year.

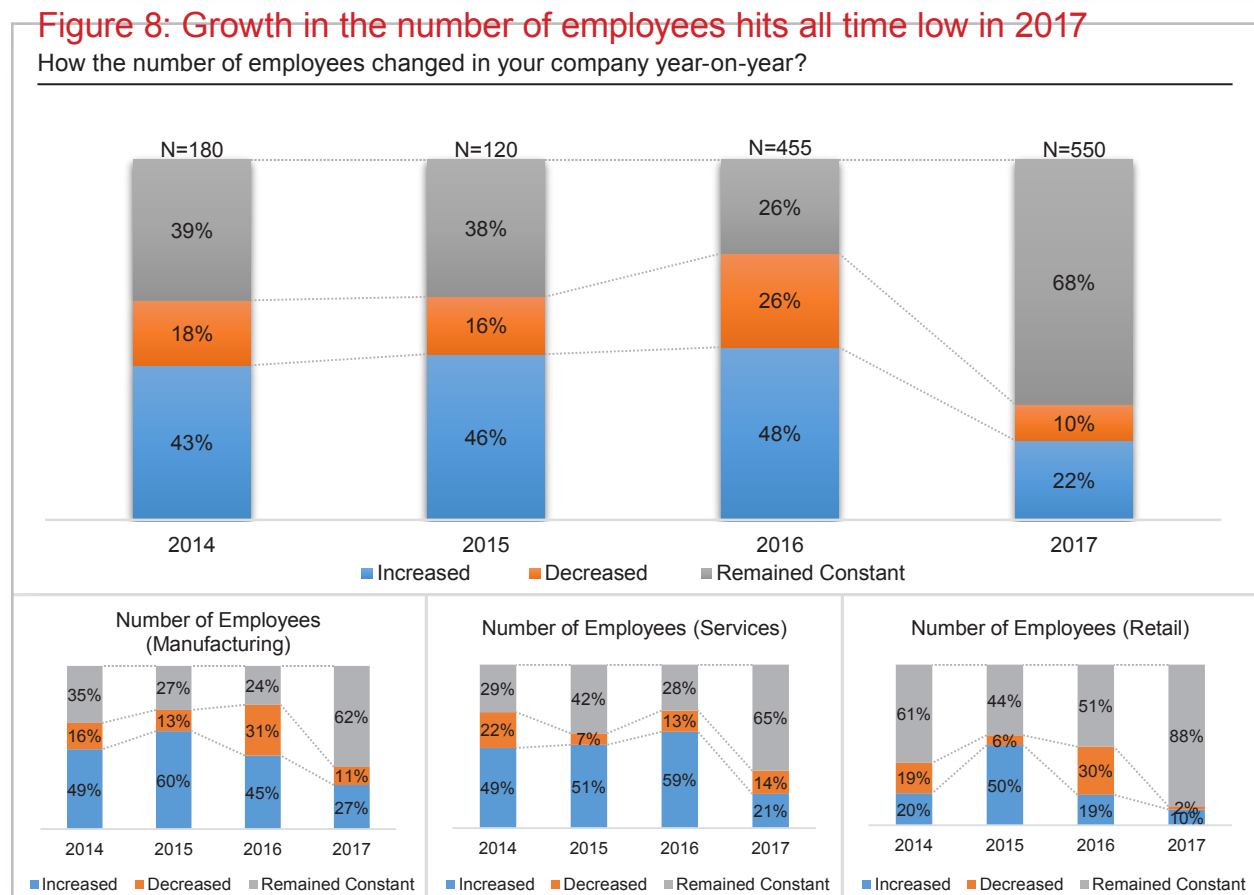
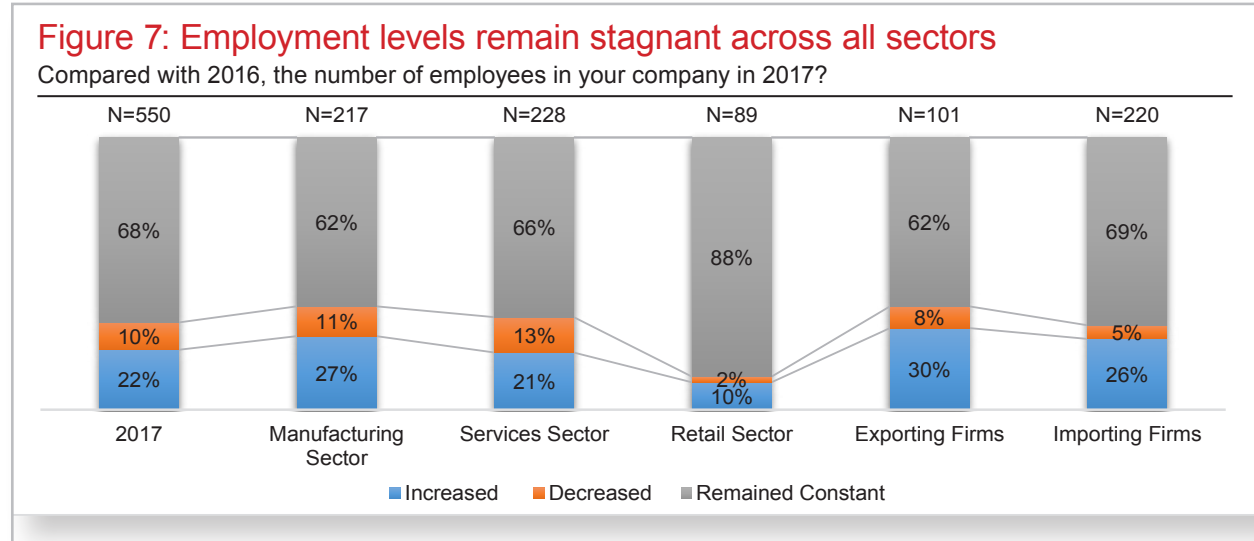
## 1.6 Magnitude of Change in Export Sales



Around 55% of exporting firms reported higher export sales compared to the previous year. Of these firms, 86% reported that the magnitude of this increase was between 1-20%, whereas 11% said that the magnitude of their increase was between 21-40% and only 2% said that the magnitude of their increase was between 41-60%. On the other hand, 78% of firms reported a decline in their export sales in 2017 compared to the previous year. Of these firms, 73% reported that the magnitude of this decrease was between 1-20%, whereas 11% said that the magnitude of their decrease was between 21-40%, only 6% said that the magnitude of their decrease was between 41-60% and only 6% said that the magnitude of this decrease was between 61-80%.

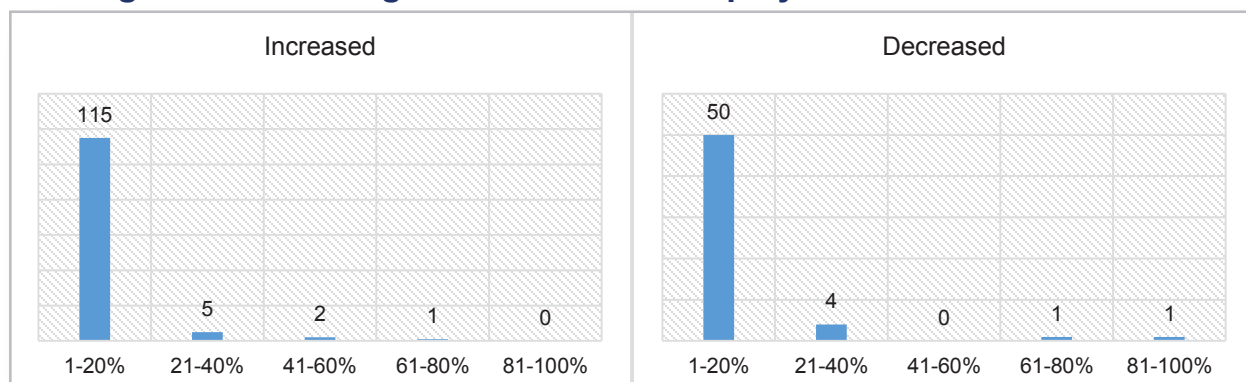
# 2 EMPLOYMENT LEVELS

The number of employees of the firms, across the sectors, were shown to be largely unchanged in 2017, compared to the previous year, with 68% of reporting no growth. In fact, 2017 showed the smallest increase in employee numbers at a meager 22% increase. This would imply that firms are not growing in size.



Employment level across firms remained stable between 2014 and 2016. However, this level dropped drastically in 2017 as only 22% of companies reported an increase in the number of employees in 2017. Sector wise, the employment levels dropped drastically across sectors in 2017 as compared to the previous year.

## 2.1 Magnitude of Change in the Level of Employment



Only 22% of firms reported an increase in their number of employees in 2017 compared to the previous year. Of these firms, 93% reported that the magnitude of this increase was between 1-20%, whereas 4% said that the magnitude of their increase was between 21-40%.

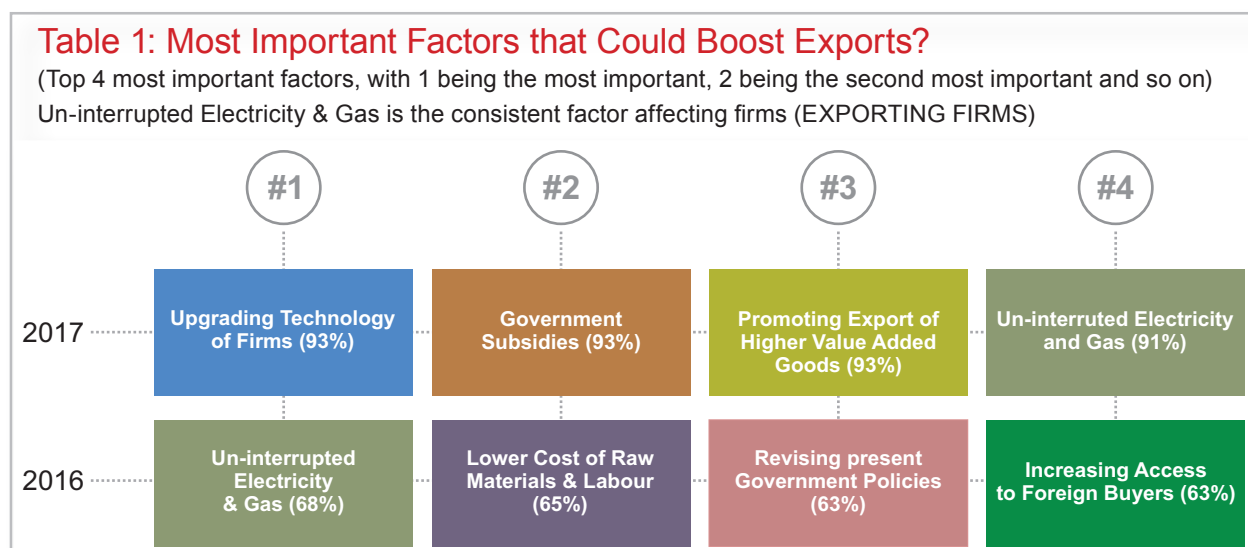
# 3 EXPORTS & IMPORTS

## 3.1 Analysis of Exporting Firms

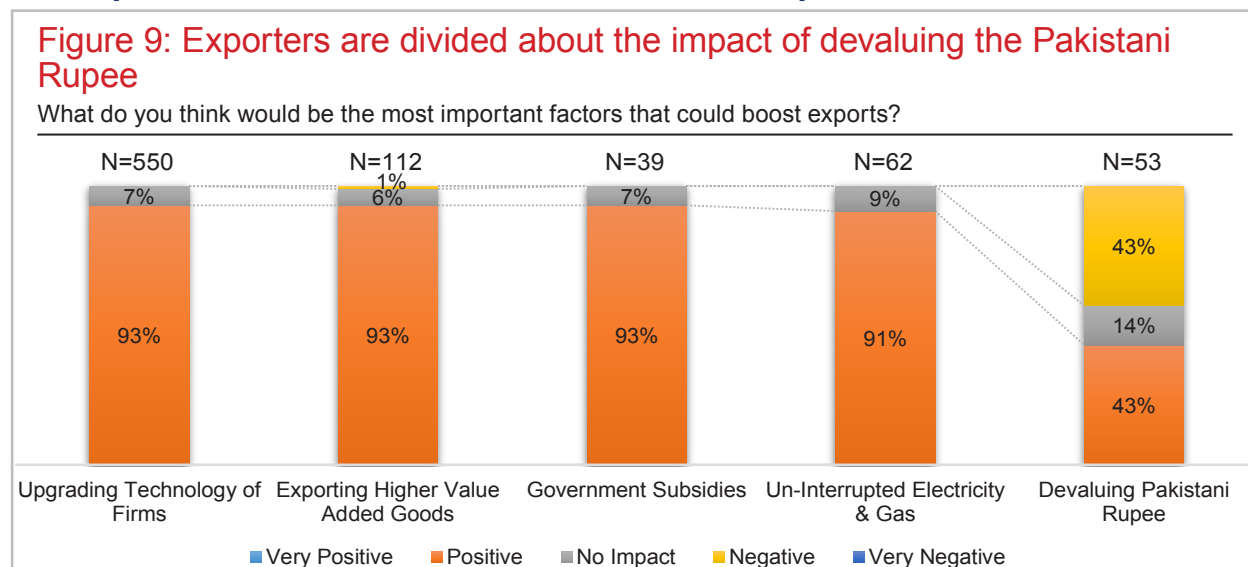
Exports, across the sectors, have shown a 55% increase over last year, which is a welcome change from last year where only 22% of firms reported an increase. The retail sector reported a 62% increase in exports, followed by the manufacturing sector which reports a 58% increase from the previous year. The current devaluation of the Pakistani Rupee is expected to have a negative impact on their exports (43%). Exports markets were largely focused on Asia, South Asia and Europe, jointly accounting for a 73% export market share.

## 3.2 Top Rated Factors to Boosting Exports

The impact of various factors was analyzed by arranging them in order of importance. Un-interrupted Electricity & Gas continues to be one of the most important factor reported by firms in order to increase exports



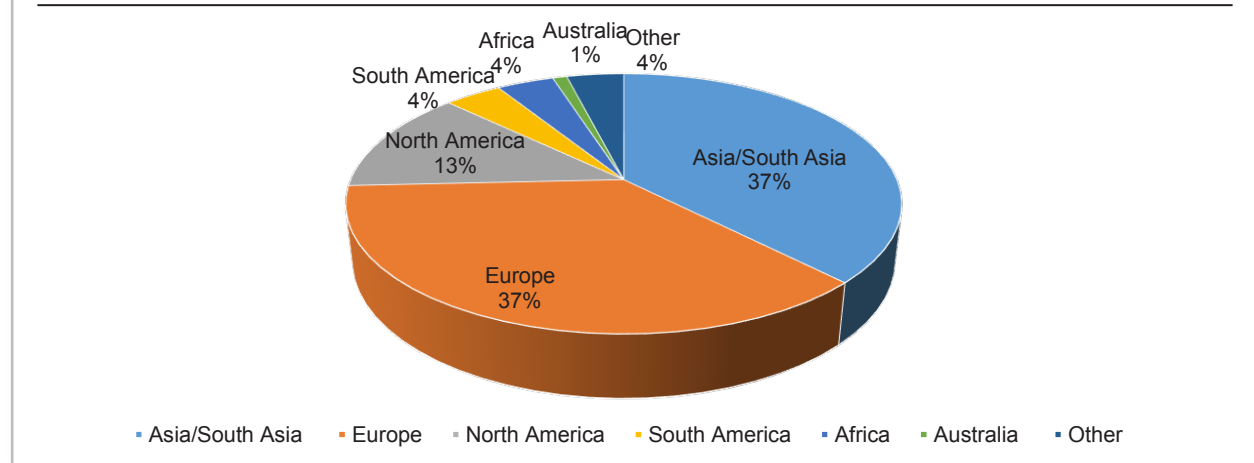
## 3.3 Impact of Various Factors to on Potential Exports



### 3.4 Major Export Markets

**Figure 10: More than 70% of firms export their product/services to Asia, South Asia and Europe**

If your firm does export, what are your major export markets? (export destination)?

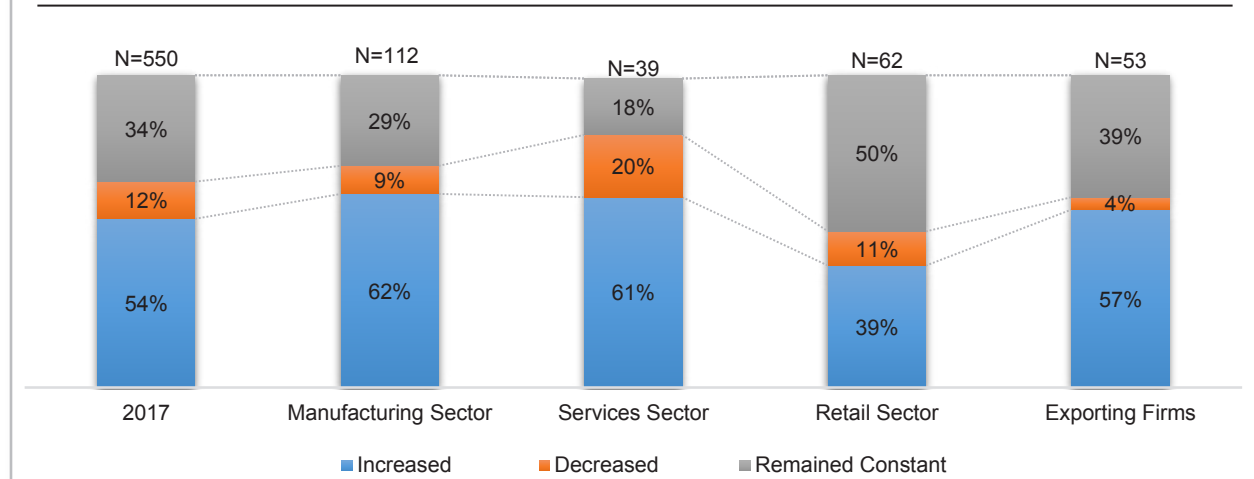


### 3.5 Analysis of Importing Firms

Firms reported that Imports have also significantly increased in 2017. This is especially concerning since 24% of all imports are finished products, adding to the existing trade deficit.

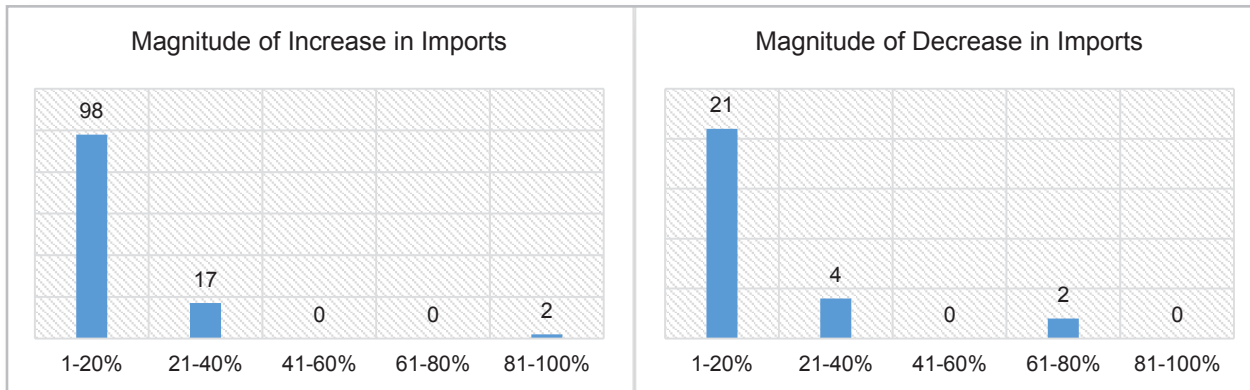
**Figure 11: Imports grew in 2017**

Compared to 2016, your level of imports in 2017?





### 3.6 Magnitude of Change in Imports

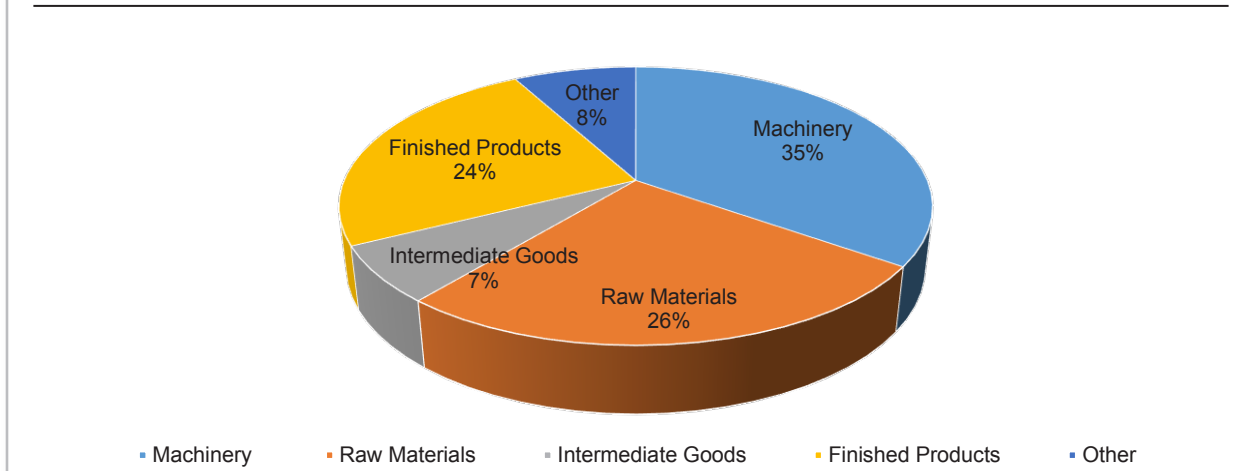


Around 54% of importing firms reported higher imports compared to the previous year. Of these firms, 84% reported that the magnitude of this increase was between 1-20%, whereas 15% said that the magnitude of their increase was between 21-40%.

### 3.7 Breakdown of Imports

**Figure 12: More than 60% of Imports are machinery and raw materials**

If your firm does import, then what are your major imported products?

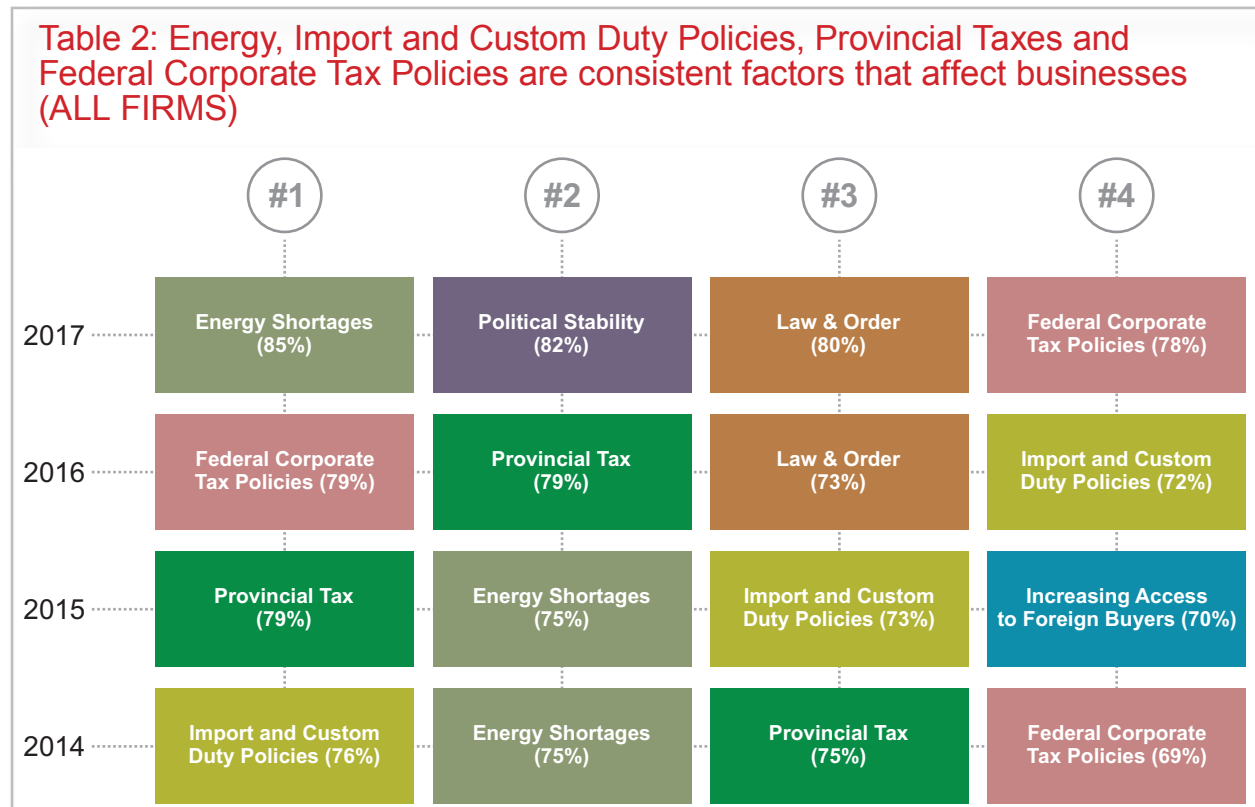


# 4 DRIVERS OF GROWTH

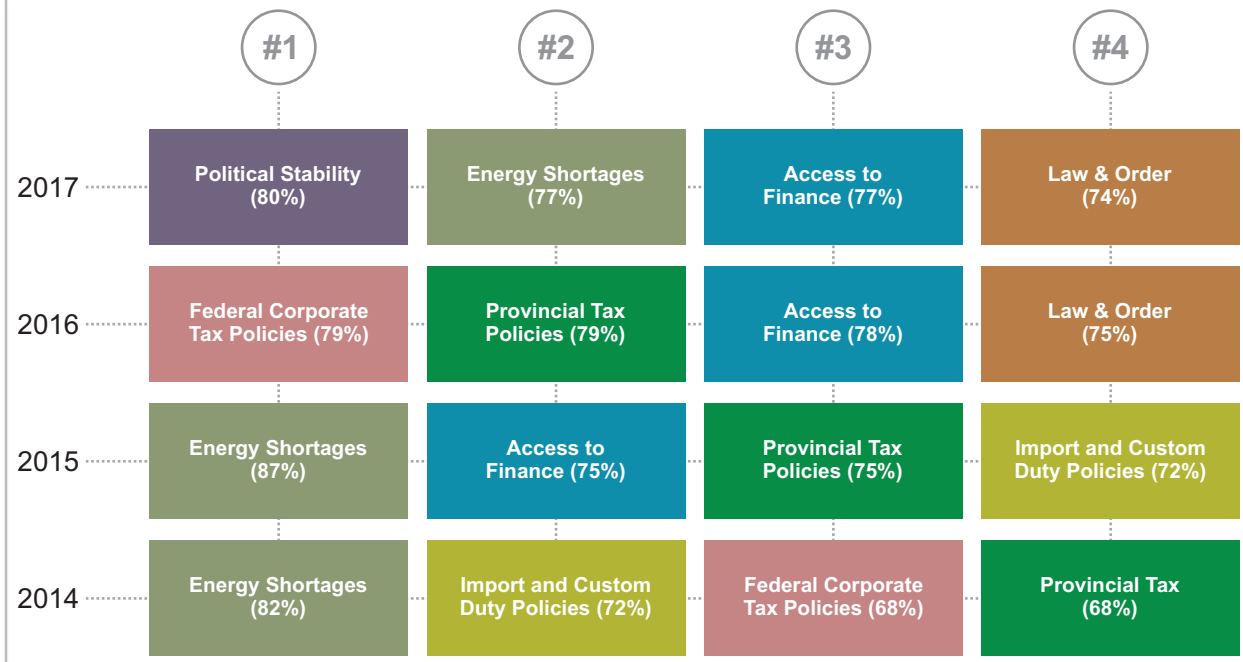
In this section of the survey, the firms across all three sectors were asked about their opinion about other factors affecting their business.

## 4.1 Top-Rated Growth factors

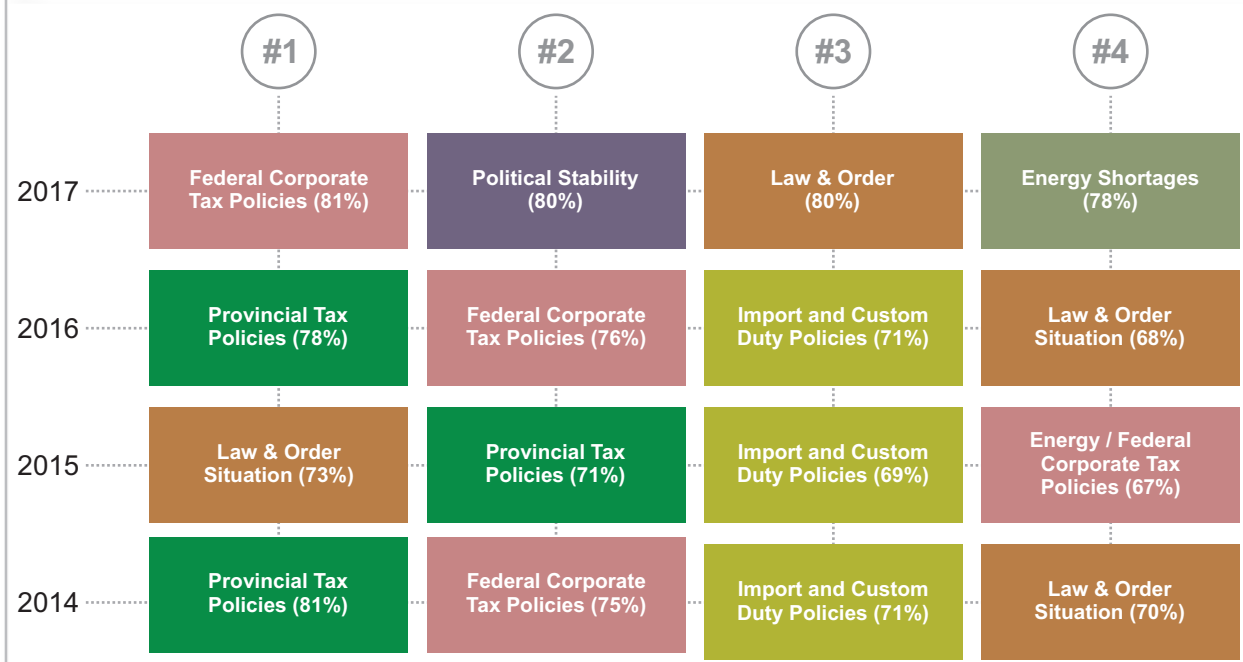
The impact of various factors was analyzed by arranging them in order of importance. These results are illustrated in the tables below:



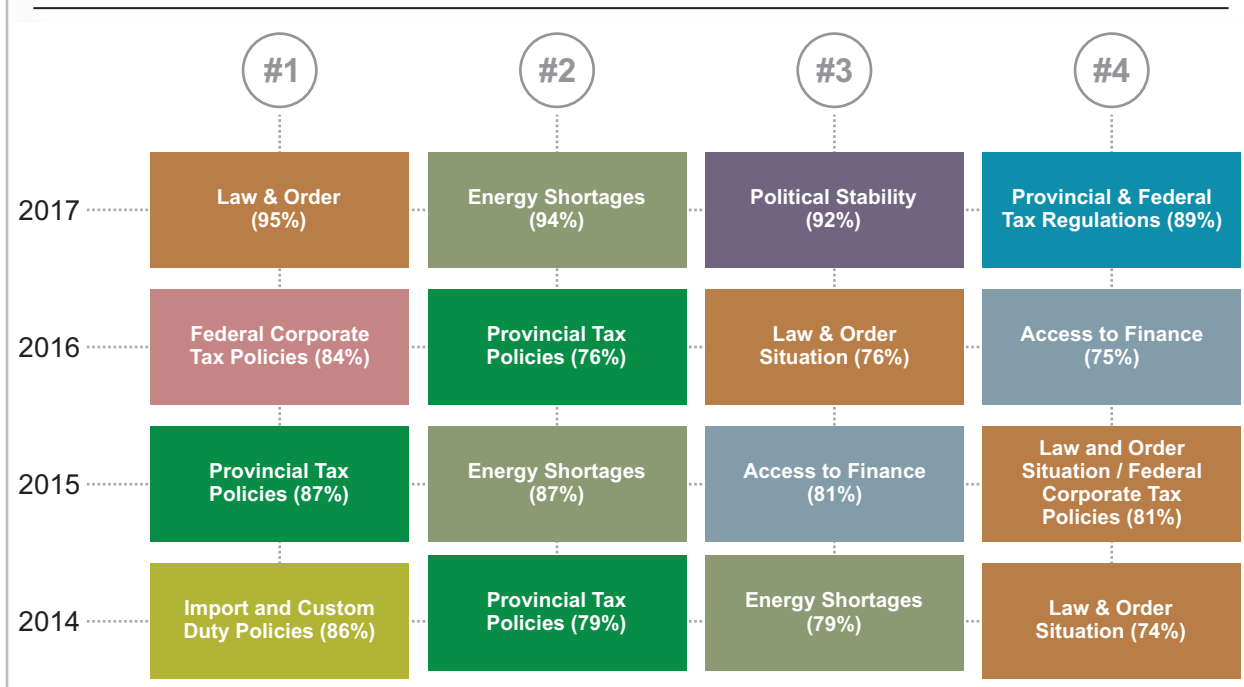
**Table 3: Energy, Access to Finance, and Provincial Taxes are factors that consistently affect manufacturing firms**



**Table 4: Law & Order, Federal Corporate Tax Policies, Import and Custom Duty Policies and Provincial Taxes consistently affect services sector firms**



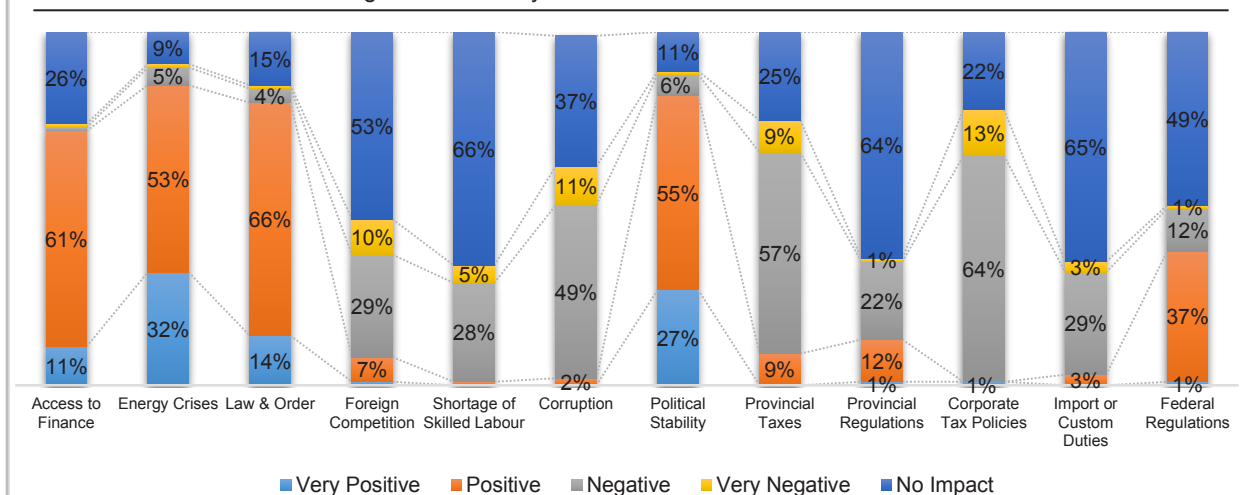
**Table 5: Law & Order, Energy Shortages, Provincial Taxes consistently affect retail sector businesses**



## 4.2 Analysis of factors affecting growth of Pakistani Businesses

**Figure 13: Variety of factors impacting Pakistani Businesses (All Firms)**

How does each of the following factors affect your business?

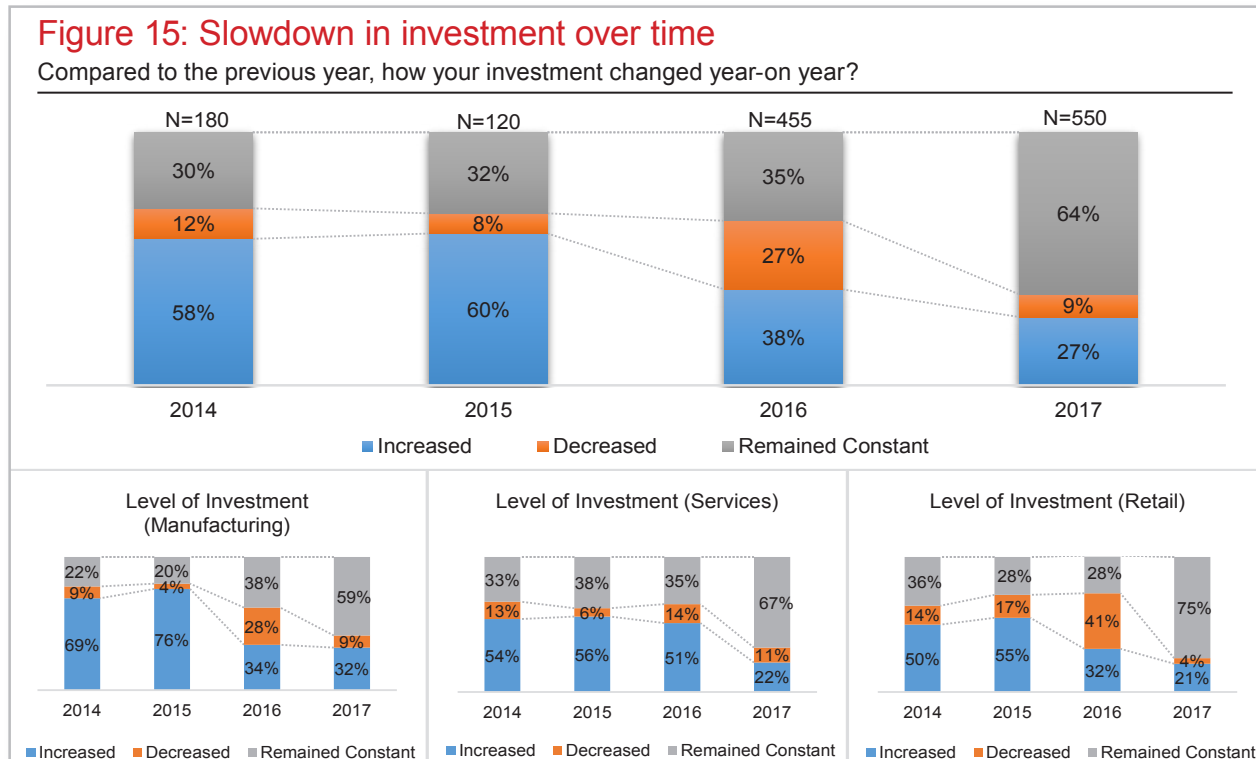
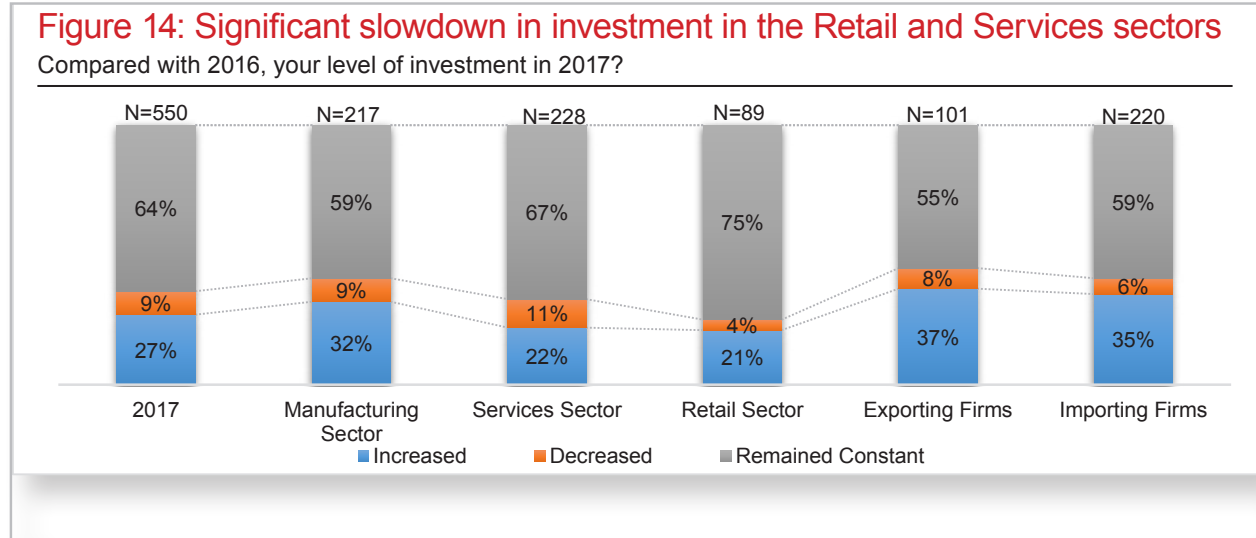


1) Multiple answers possible; % represent the total share of respondents ranked each of these factors on a scale (Very Positive, Positive, No Impact, Negative and Very Negative)

# 5 INVESTMENT AND BANK BORROWING

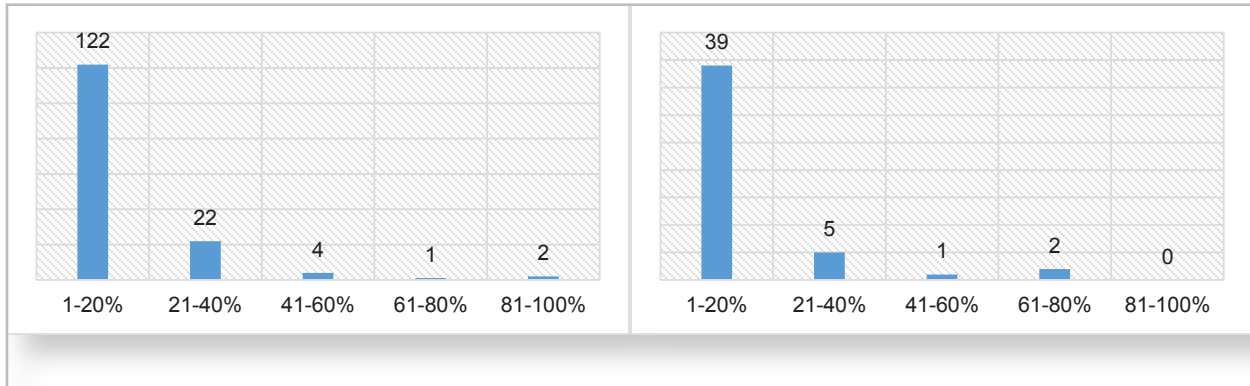
Much like firm level employment, investment did not increase in 2017 with 64% of firms reporting the same level of investment as 2016. Furthermore, the retail sector reported the most significant stagnation (75%) while the importing firms reported the largest increase in investment (35%). This adds to the argument that firms are not expanding.

## 5.1 Level of Investment



There was a growth in investment level between 2014 and 2015. However, there was a significant drop in the level of investment in 2016 and 2017. Sector wise, the services sector firms had a major drop in their level of investment in 2017 as compared to the previous year.

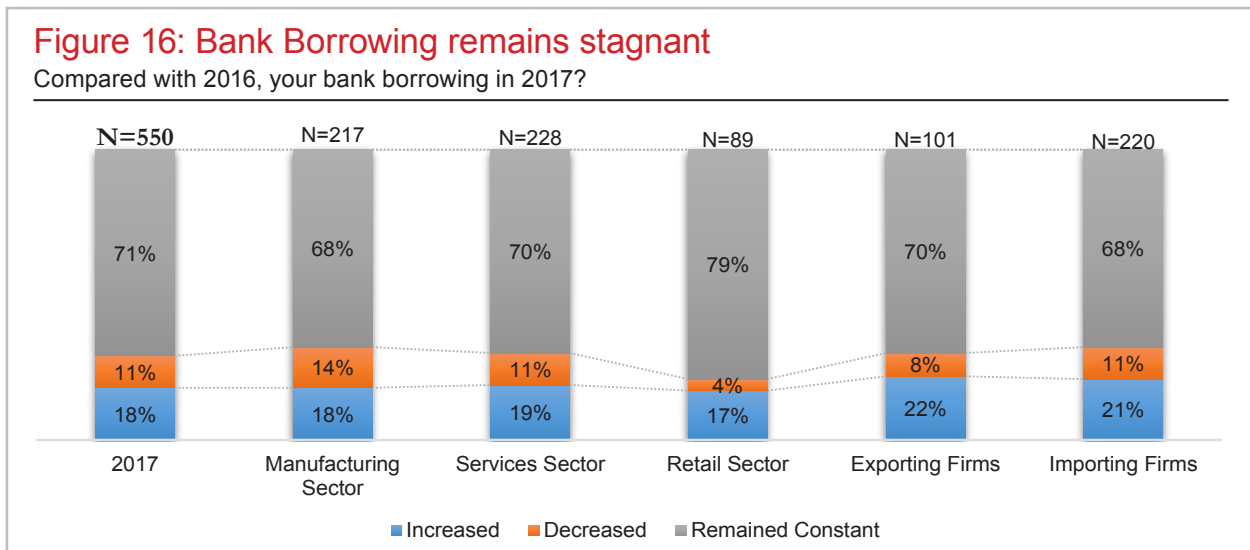
## 5.2 Magnitude of Change in the Level of Investment:



Only 24% of firms reported an increase in their level of investment in 2017 compared to the previous year. Of these firms, 81% reported that the magnitude of this increase was between 1-20%, whereas 15% said that the magnitude of their increase was between 21-40%.

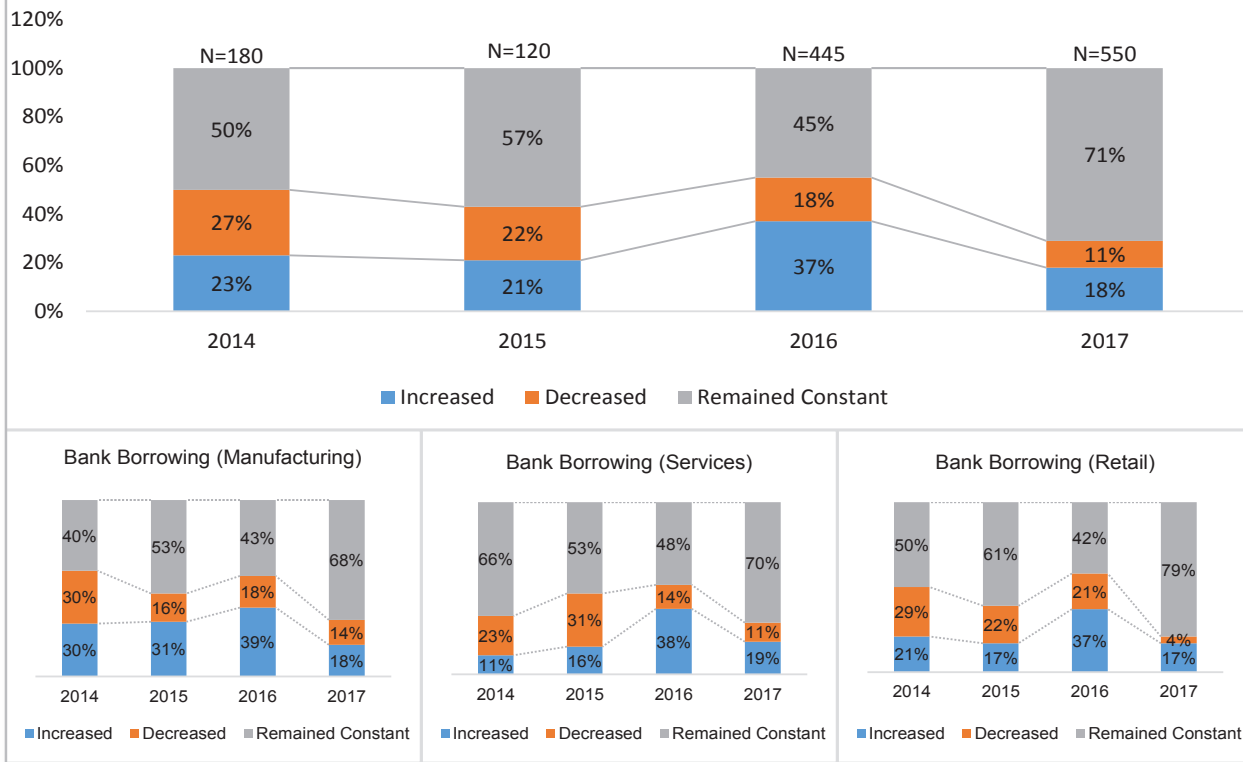
## 5.3 Level of Bank Borrowing

Bank borrowing appears to remain low across all the sectors, with only 18% of firms reporting an increase this year. This seems to imply that the majority of firms across all sectors are not relying on bank borrowing to meet their financial needs.



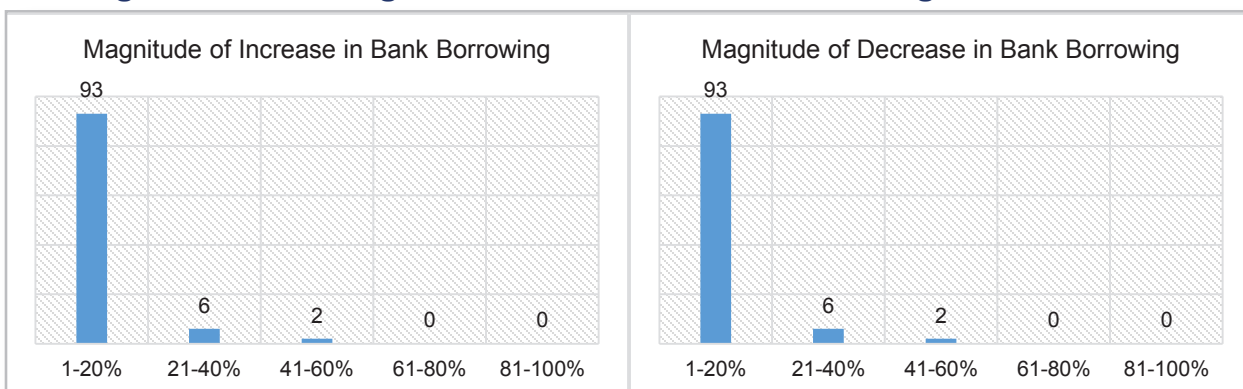
**Figure 17: Bank Borrowing has slowed down over time**

How bank borrowings changed in your company year-on year?



The level of bank borrowing remained low throughout with a slight increase in 2016. However, it dropped to the lowest level in 2017 as only 18% of companies reported an increase in their bank borrowing. Sector wise, it has dropped drastically across sectors in 2017 as compared to the previous year.

### 5.4 Magnitude of Change in the Level of Bank Borrowing

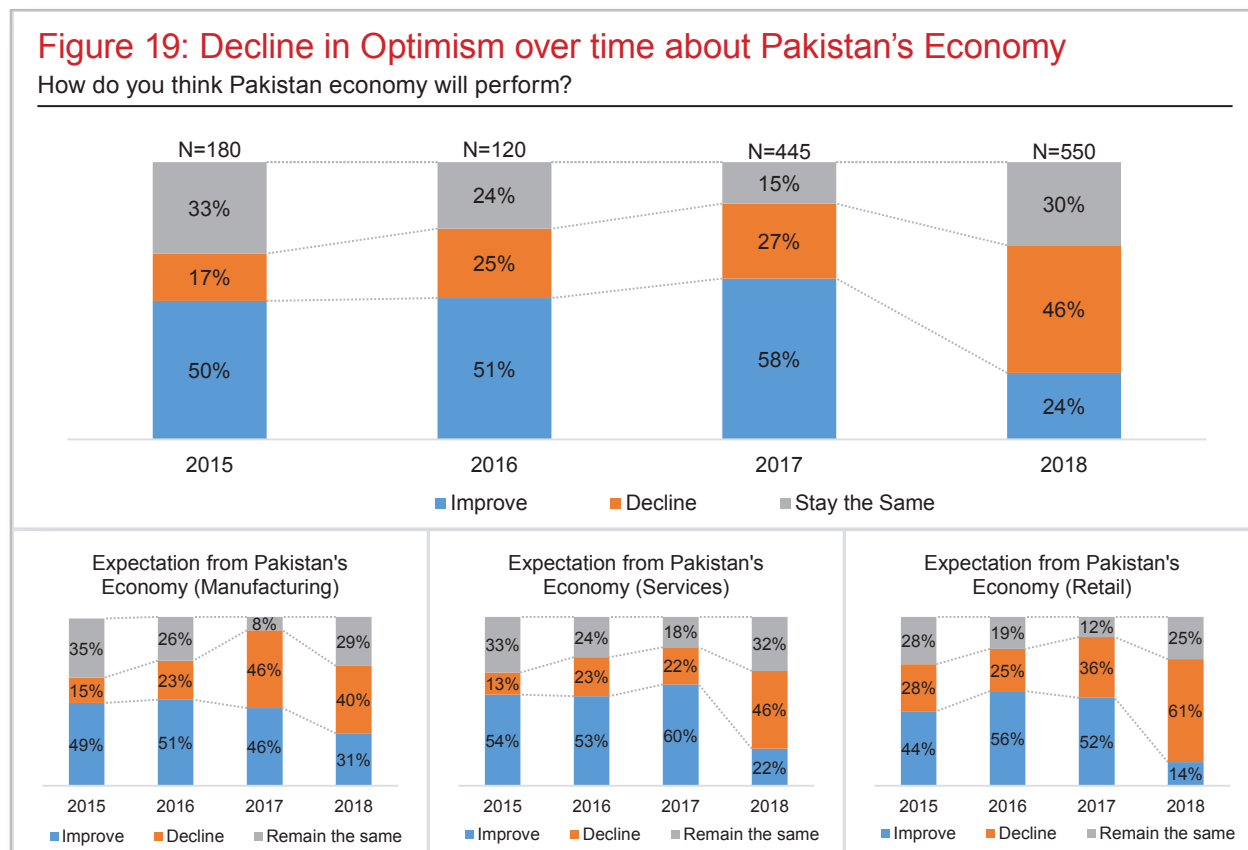
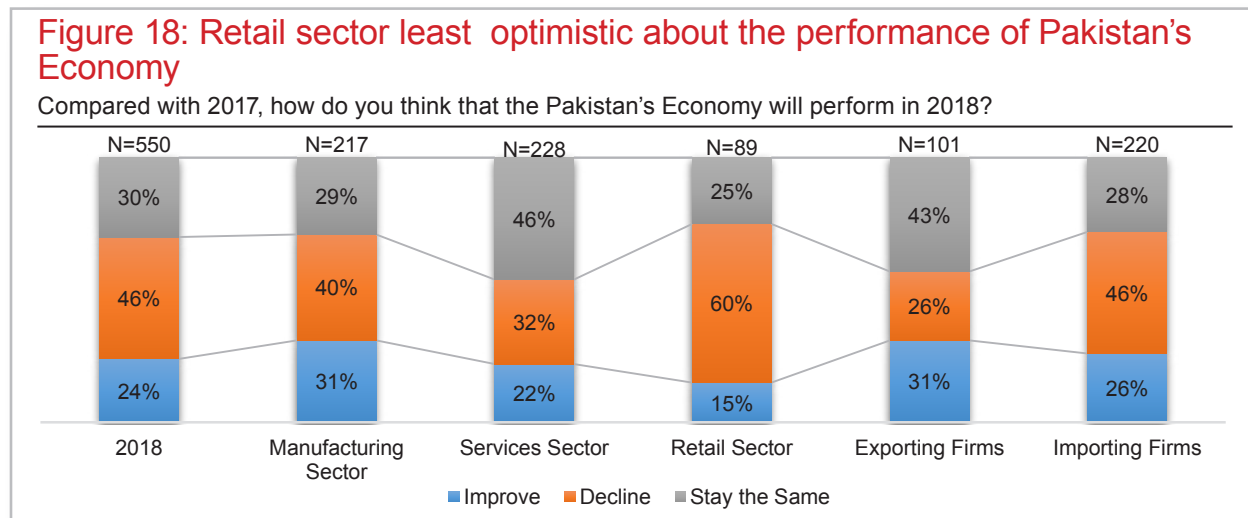


Only 18% of firms reported an increase in their level of bank borrowing compared to the previous year. Of these firms, 92% reported that the magnitude of this increase was between 1-20%, whereas only 6% said that the magnitude of their increase was between 21-40%.

# 6 ECONOMIC OPTIMISM

## 6.1 Analysis of Firm Level Expectations about Pakistan's Economy

There was a significant decline in the overall optimism about the performance of Pakistan's economy across all sectors. The retail sector was least optimistic about the performance of the Pakistan's economy, followed by the services sector and then the manufacturing sector.

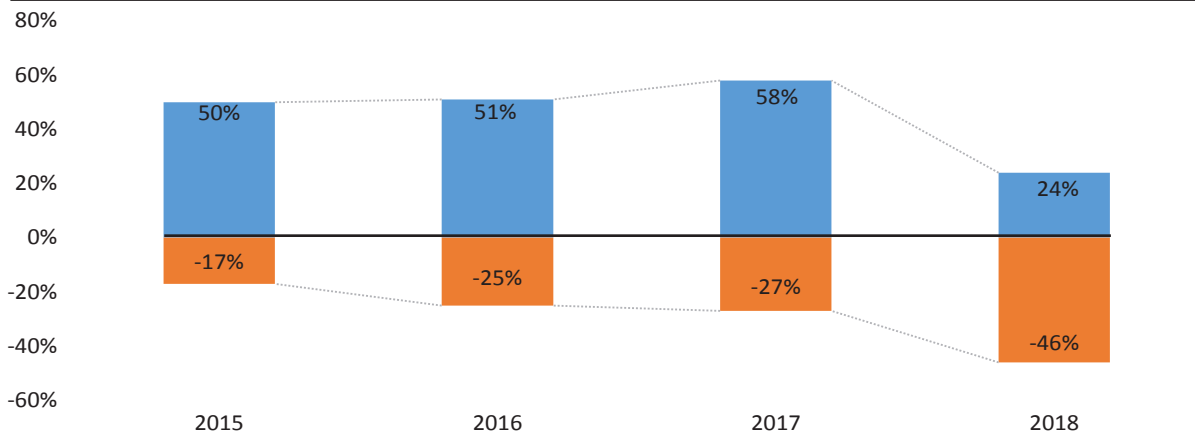




There was an improvement in the expectations about the performance of Pakistan economy between 2015 to 2017. However, the level of optimism dropped in 2018 (as only 18% of firms were expecting the economy to perform better in 2018). Sector wise, the retail sector firms were least optimistic about the performance of the Pakistan's economy in 2018 as compared to the previous year.

**Figure 20: Pessimism about the Performance of Pakistan's economy has increased over time**

Compared to last year, how do you expect the Pakistan's economy will perform?

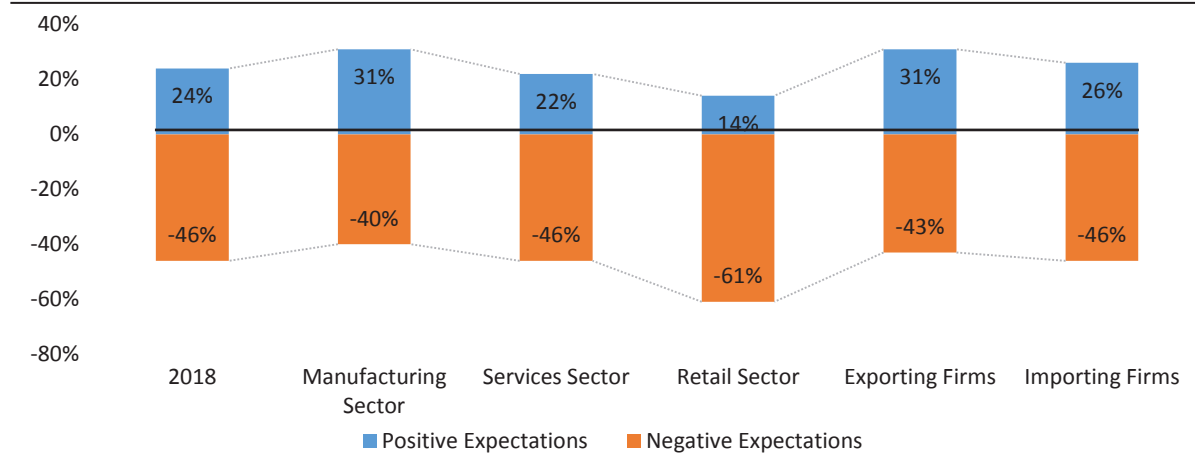


1) Multiple answers possible; % represent the total share of respondents who agreed/disagreed with the statement that the Pakistan Economy will perform better

The Retail sector is least positive about the performance of the Pakistani Economy, with only 14% of firms expecting the economy to do better in 2018 as compared to 52% of retail firms expecting an improvement in 2016.

**Figure 21: Retail sector is the most pessimistic about the performance of Pakistan's Economy**

How do you think the Pakistan Economy will perform in 2018?

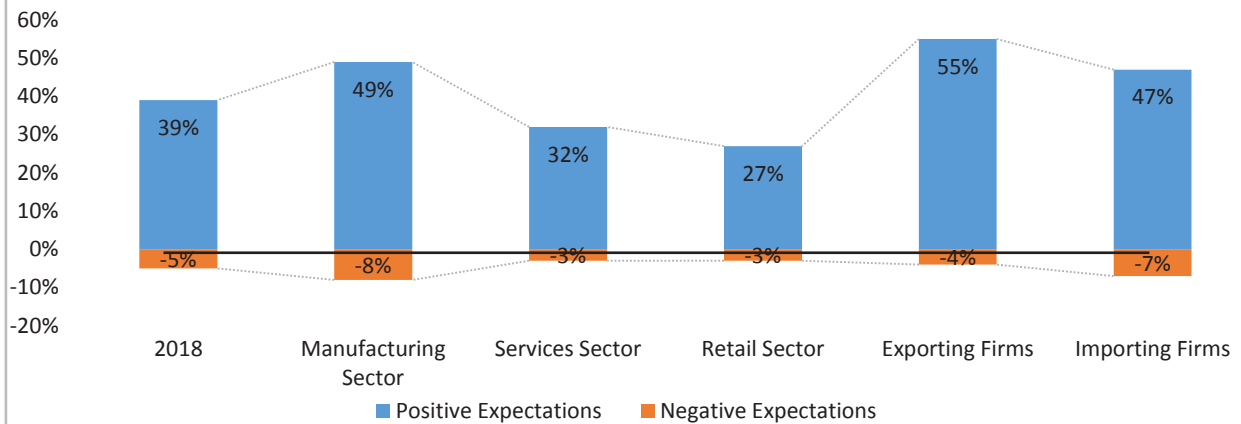


## 6.2 Analysis of Firm Level Expectations about Impact of CPEC on their businesses

Manufacturing sector firms and exporting firms are still optimistic about the impact of CPEC on their businesses. But overall optimism about the impact of CPEC on businesses has fallen over time.

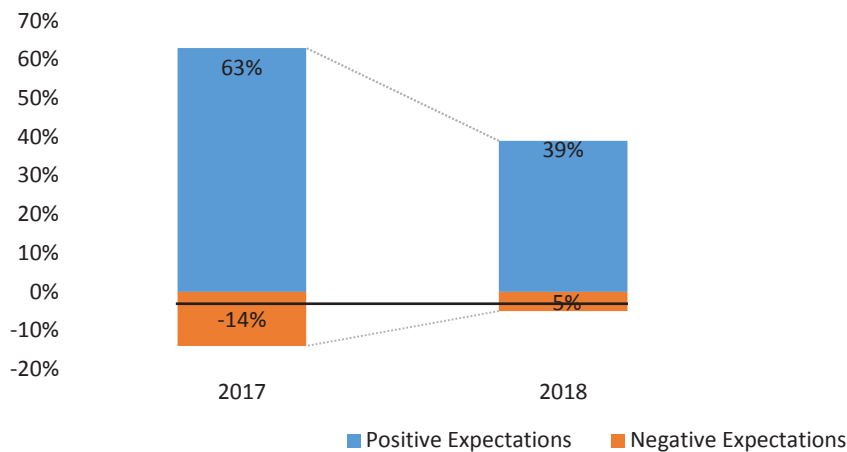
**Figure 22: Manufacturing sector firms and exporting firms are relatively optimistic about the Impact of CPEC**

What Impact do you expect CPEC to have on your business?



**Figure 23: Optimism about CPEC has fallen over time**

What Impact do you expect CPEC to have on your business?



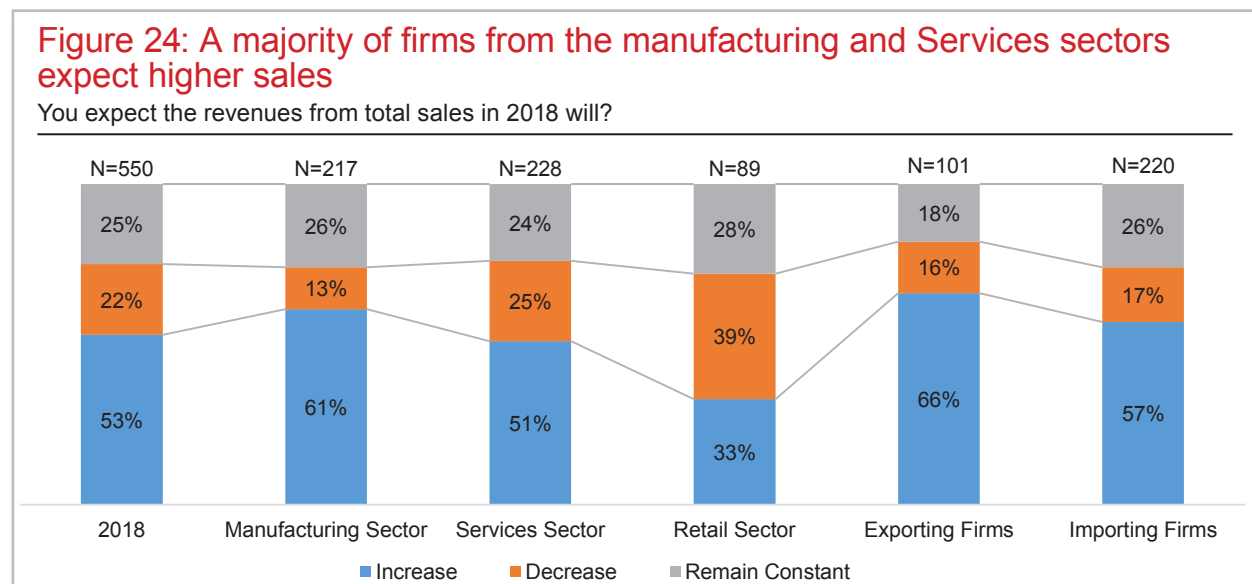
1) Multiple answers possible; % represent the total share of respondents who agreed/disagreed with the statement that the CPEC would have a positive impact on their businesses

# 7 FORECASTS

A majority of manufacturing and services sector firms are not expecting their revenues to go up in 2018 (though a majority of these firms are expecting growth in their revenues from domestic sales). Export sales are expected to increase in 2018 as compared to this year and a significant proportion of this increase is expected to come from the manufacturing sector. Moreover, the results from this survey also show that majority of manufacturing sector firms do not expect an increase in their imports. Size of firm (employment level) is more likely to stay stagnant in 2018 which is consistent to the previous years. Also, a majority of firms across sectors are not planning to increase their levels of investment and a majority of these firms are not planning to utilize bank borrowing to expand their businesses.

## 7.1 Financial Growth

### Expectations about Total Sales

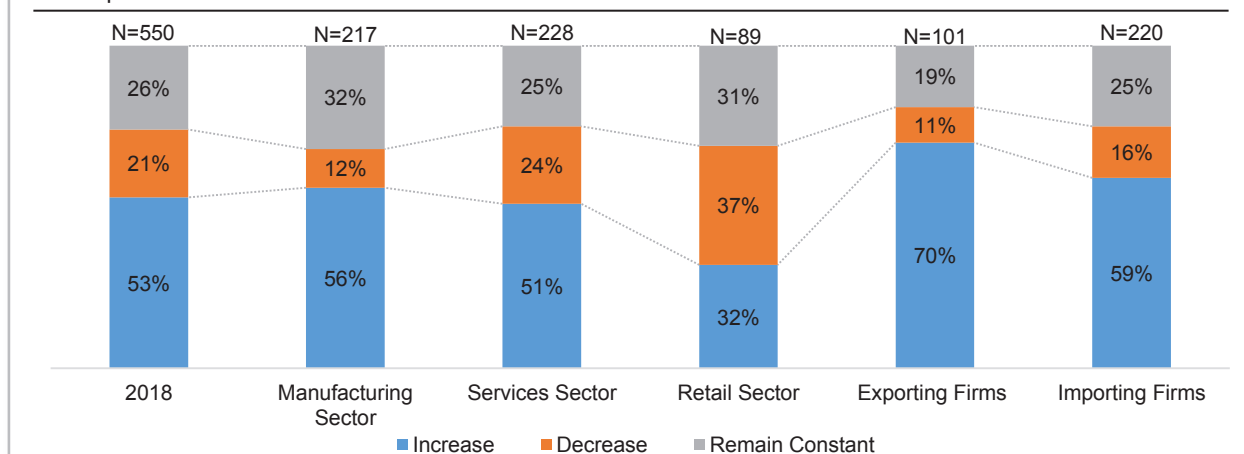


A majority of firms across sectors experienced growth in totals sales in 2017. In 2018, a majority of firms especially from the manufacturing sector are expecting even higher growth. Whereas, the retail sector is expecting a slowdown in growth.

## Expectations about Domestic Sales

**Figure 25: Firms from the manufacturing and the services sectors are expecting higher domestic sales in 2018**

You expect that revenues from domestic sales in 2018 will?

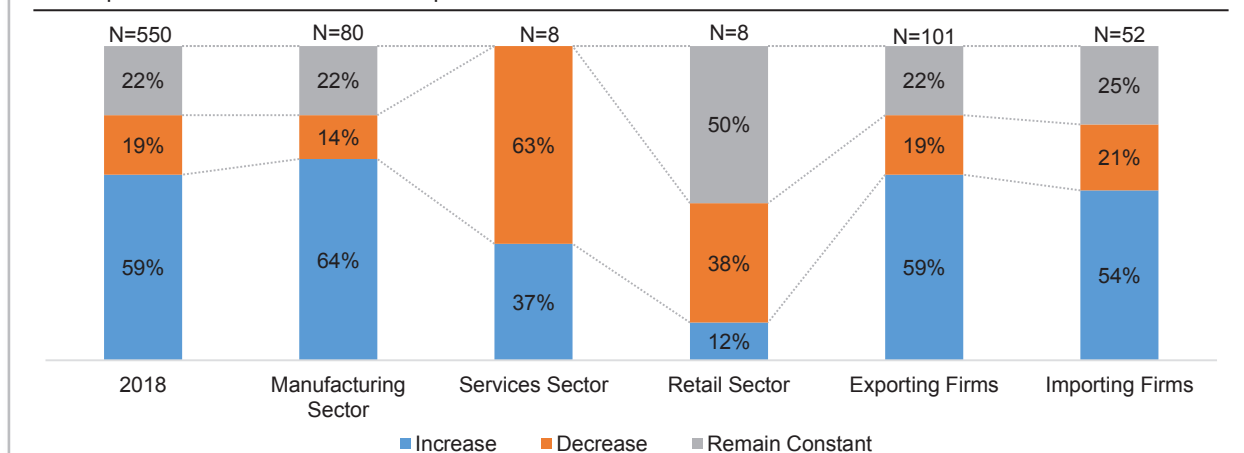


After experiencing a significant growth in domestic sales in 2017 (see figure 3), a majority of firms are expecting the same level of higher growth in their domestic sales in 2018. Whereas, the retail sector is expecting a decline in their domestic sales.

## Expectations about Export Sales

**Figure 26: A majority of firms are expecting higher exports in 2018, with this optimism being driven by manufacturing firms**

You expect that the revenues from export sales in 2018 will?



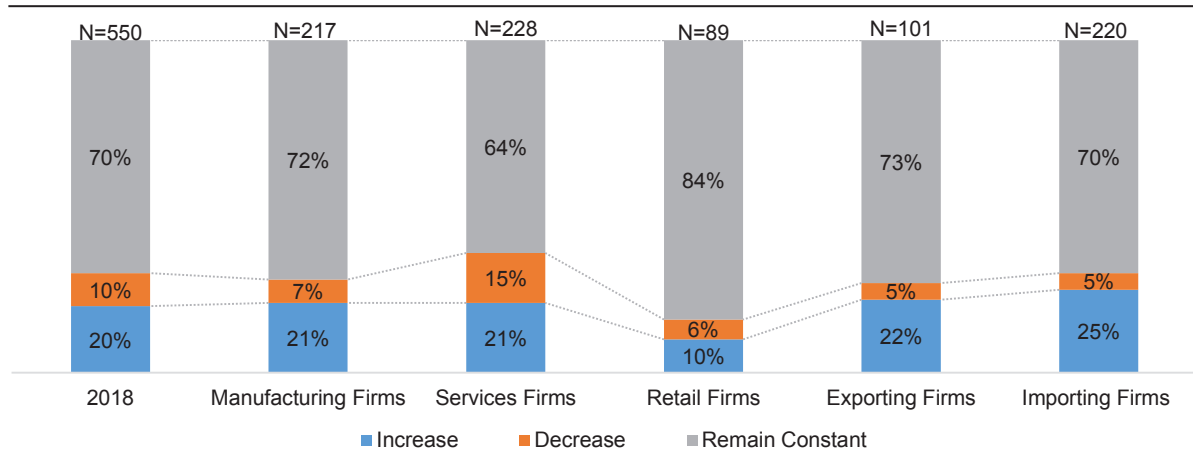
Like 2017 (see figure 5), majority of exporting firms are expecting higher exports sales in 2018 and increase in expectations are driven by the manufacturing and the services sector firms. On the other hand, the retail sector firms are expecting a decline in their revenues from exports in 2018.

## 7.2 Levels of Employment

### Expectation about Number of Employees

**Figure 27: Majority of firms across sectors do not expect to increase their employee base in 2018**

You expect that during 2018, the number of employees in your company will?



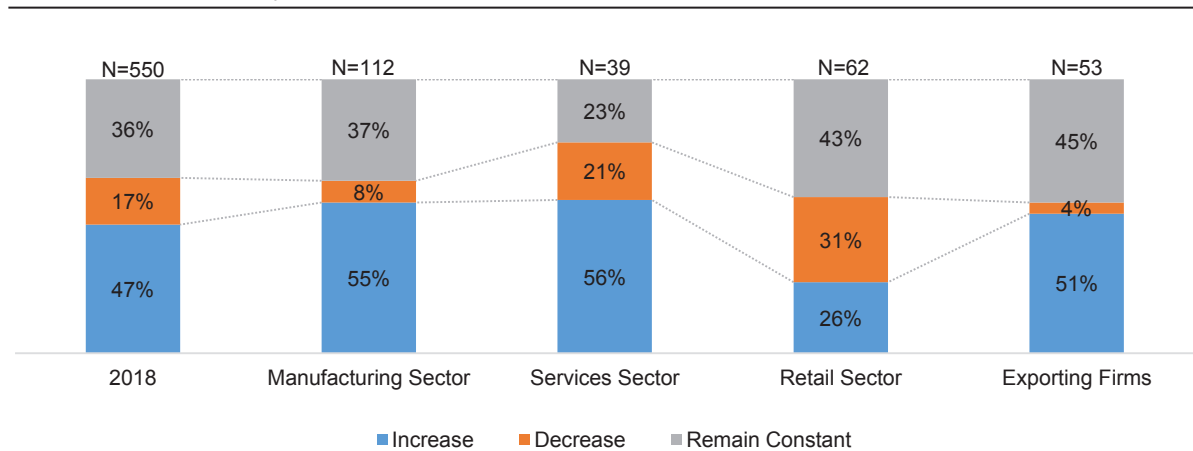
Majority of firms across sectors are expected to continue the trend of keeping their employees base stagnant in 2018 as the previous year (also see figure 7). In addition to that, manufacturing sector is expecting a further reduction in their level of employment in 2018 as compared to last year.

## 7.3 Imports

### Expectations about Imports

**Figure 28: A majority of firms, especially in the manufacturing sector, are expecting to import less in 2018**

You expect that in 2018, your level of imports will?



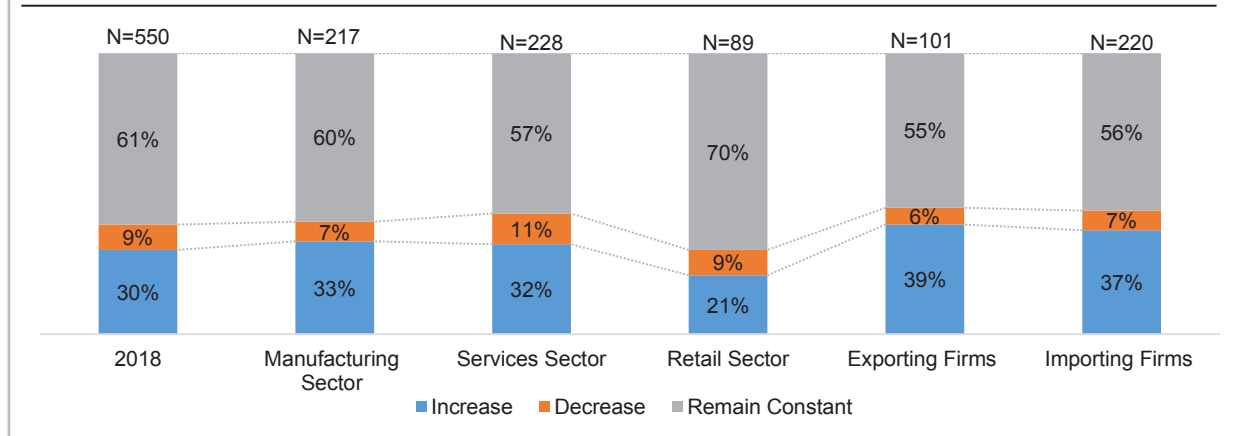
It is interesting to note that the overall imports are expected to decrease across sectors in 2018 (also see figure 11).

## 7.4 Investment & Bank Borrowing

### Expectations about investment

**Figure 29: Almost 2/3 of firms from the retail sector and a majority of firms from all other sectors are expecting stagnant investment in 2018**

You expect that during 2018, your level of investment will?

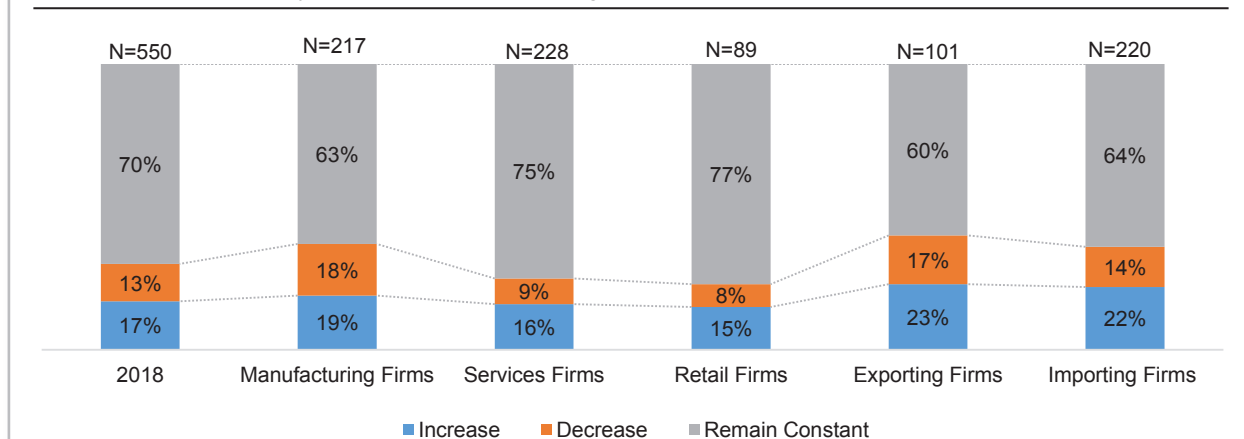


Level of investment is expected to remain stagnant in 2018 like the previous year (see figure 14), with a slight increase (3%) coming mainly from the services sector.

### Expectations about Bank Borrowing

**Figure 30: Most firms across sectors are not planning to rely on the banking sector**

You expect that in 2018, your level of bank borrowing will?

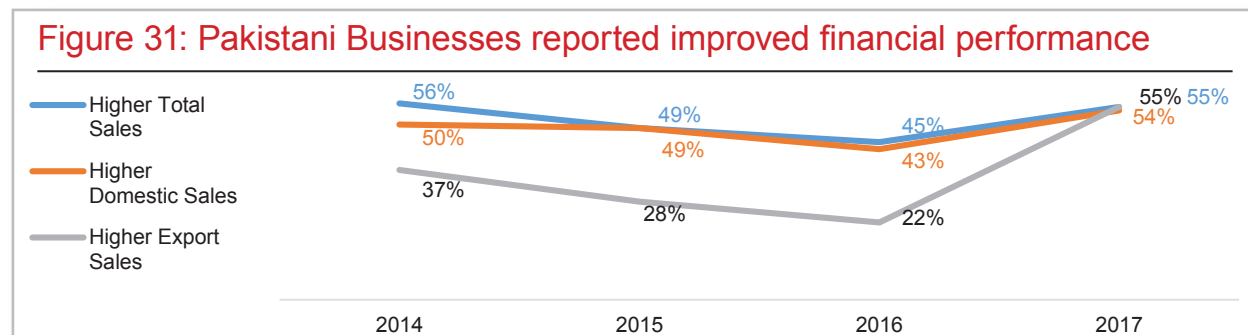


Bank borrowings are expected to remain stagnant across sectors in 2018 like the previous year (see figure 16).

# 8 TRENDS

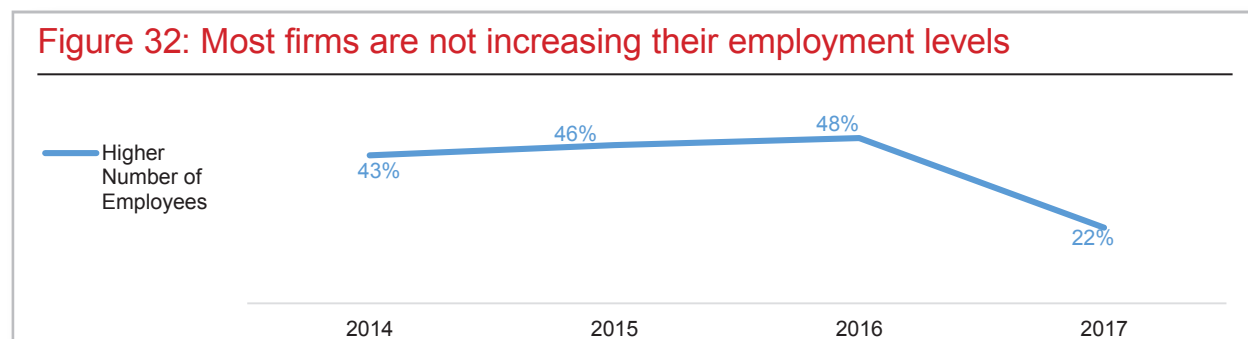
## 8.1 Financial Performance

The financial performance of firms is generally improving over time. The proportion of firms that have reported higher total sales, domestic sales and exports sales has increased as compared to the previous year.



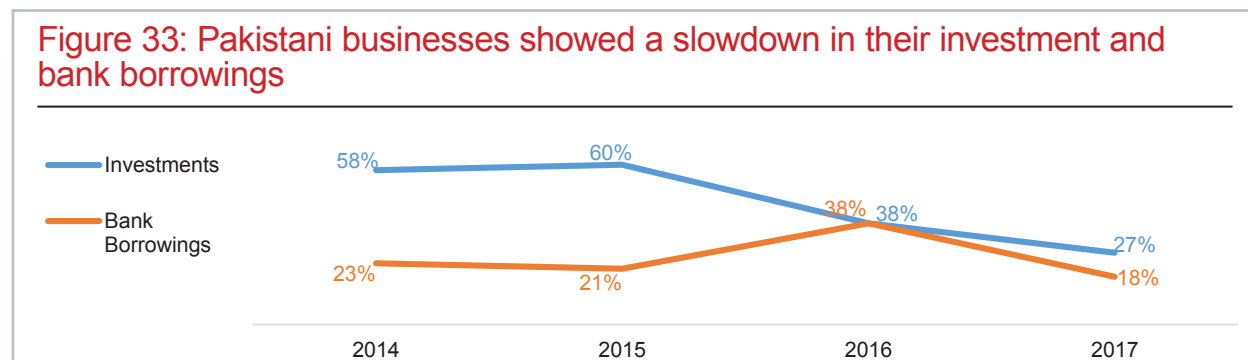
## 8.2 Size

Following a relatively stagnant few years in terms of employment growth, firms have far fewer new workers this year. In 2018 the firms have witnessed the lowest level of employment during the course of four years.



## 8.3 Levels of Investment & Bank Borrowing

Investment and bank borrowing has consistently fallen over the last few years which implies that the majority of businesses are not increasing their levels of investment and the majority of businesses are not utilizing banking facilities to meet their financial needs.



## 8.4 Optimism

There is a significant decline in optimism about the performance of Pakistan's Economy and Impact of CPEC among Pakistani businesses.





## 9 CONCLUSION

Pakistan's trade deficit has increased as compared to the last fiscal year. The main reason behind this is that exports have declined, while imports have steadily gone up. In order to explain this unprecedented trade deficit, policy makers need to urgently determine what factors have led to the fall in exports and what measures do we need to tackle the deterioration in Pakistan's trade balance. The Lahore School of Economics recently conducted its fourth business confidence survey of firms to determine the industry specific and general macroeconomic trends prevailing in the local markets. The survey was conducted selecting a variety of firms including the manufacturing sector, services sector and retail sector.

This year's survey has found that majority of firms reported growth in their total sales, domestic sales and export sales as compared to last year. Of the three sectors, the manufacturing sector outperformed other sectors in terms of financial performance which has given a new dimension to economic growth in the country since it accounts for 25% of Pakistan's GDP.

In order to address the balance of payment issues, this year's survey looked at the trends of exports in Pakistan during the last few years and what steps could be taken to boost exports in the country in the coming years. Contrary to last year, this year's survey found that exports started picking up in 2017 and majority of this growth in export revenues is coming from the manufacturing sector. When asked about the factors that could boost exports, a significant proportion of firms indicated upgrading technology, government subsidies, promoting exports of higher value-added goods and un-interrupted electricity and gas as the most important factors. The survey results indicated that exporting firms have limited exports destinations (with most exports going to Asia, South Asia and Europe). This strongly implies that the exporting firms need to explore newer markets for their products and services in order to optimize their role and share in the international markets. On the imports side, this year's survey also found that Imports have significantly increased in 2017 and most of these imports were for the manufacturing sector and the services sector firms. This is especially concerning since 24% of imports are finished products, adding to the existing trade deficit.

This survey results showed that firms across sectors reduced their levels of investment, bank borrowing and size. Further, firms across sectors are not planning to increase their investment, bank borrowing and employment levels in 2018.

The current year's survey also aimed to study the overall optimism in the business community by analyzing firm level expectations about Pakistan's economy and the possible impact of the China-Pak Corridor (CPEC) on the business sector in Pakistan. The analysis showed that the overall optimism about the Pakistan economy has fallen in the current year as compared to last year. The retail sector was the least optimistic about the performance of Pakistan's economy, followed by the services sector and then the manufacturing sector. The results of the survey also showed that overall optimism about the impact of CPEC on businesses has fallen across sectors as compared to the previous year.

An analysis of the impact of some other important factors showed that the majority of firms found that energy, political stability, law & order and corporate tax policies had the latest impact on their businesses. The sector-wise analysis showed that the manufacturing sector firms thought political stability, energy, access to finance and law & order were the most important factors affecting their business, while the services sector firms thought that corporate tax policies, political stability, law & order and energy as the most important factors affecting their business. Whereas the retail sector firms found law & order, energy, political stability and provincial & federal tax regulations as the most important factors for their businesses.

Finally, the firms attributed the drag on economic growth to the inconsistent policies, regulations and taxation of the Federal and the Provincial governments. They felt that while regulations and taxations were important, they must account for the needs and requirements of the business community. The collaboration between the government and the business community and the joint efforts by them in developing a workable industrial strategy can promote the growth.

# 2018 BUSINESS CONFIDENCE SURVEY RESULTS AT A GLANCE

## PAKISTANI BUSINESSES REPORT IMPROVED FINANCIAL PERFORMANCE



**55%** of the respondents reported growth in total sales in FY 2017 as compared to last year.



**54%** of the respondents reported growth in domestic sales in FY 2017 as compared to last year.

**55%** of the respondents reported growth in export sales in FY 2017 as compared to last year.

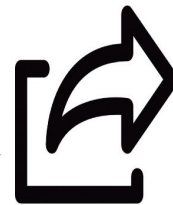
## MANUFACTURING SECTOR OUTPERFORMED OTHER SECTORS IN TERMS OF GROWTH IN TOTAL SALES, DOMESTIC SALES AND EXPORT SALES



**58%** of manufacturing sector firms said that their total sales increased in 2017 as compared to last year.



**57%** of manufacturing sector firms said that from domestic sales increased in 2017 as compared to last year.

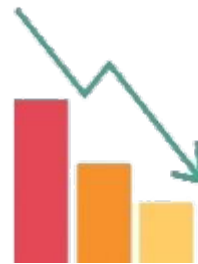


**58%** of manufacturing sector firms said that their export revenues increased in 2017.

## NO CHANGE IN OVERALL EMPLOYMENT LEVELS



**68%** of firms reported that the number of employees in their company remained constant in 2017 as compared to the previous year. Almost the same percentage of firms expect that this number will remain unchanged in 2018.



**22%** of the firms increased their employment levels in 2017 as compared to 48% in the previous year and a majority of these firms are not expecting these levels to go up in 2018.



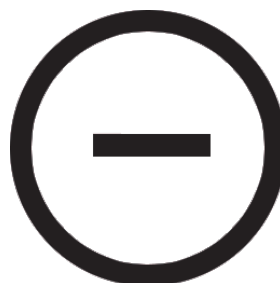
**Only 10%**

of retail sector firms reported an increase in their number of employees as compared to last year. While firms in the services sector and manufacturing sector reported 38% decline and firms from the manufacturing sector reported 18% decline as compared to last year.

## MORE THAN HALF OF FIRMS DID NOT INCREASE THEIR LEVEL OF INVESTMENT



**27%** of firms said that their level of investment increased in 2017 while 38% of firms reported an increase in the previous year.



**64%** of firms said their level of investment remained constant in 2017 as compared to last year.

## AROUND 70% OF FIRMS REPORTED THEIR BANK BORROWING REMAINED UNCHANGED



**71%** of firms reported that their bank borrowing remained constant in 2017 and the same percentage of firms expect that it will remain unchanged in 2018.



**Only 18%** of firms across sectors increased their bank borrowings in 2017 as compared to 38% in the previous year.

## IMPORTANT FACTORS TO BOOST EXPORTS



A significant proportion of firms indicated upgrading technology (93%), government subsidies (93%), promoting exports of higher value-added goods (93%) and un-interrupted electricity and gas (91%) as the most important factors that could boost exports.

## MORE THAN 70% OF FIRMS EXPORT THEIR PRODUCTS TO ASIA & EUROPE



**74%**

The majority of firms reported that their major export markets were Asia, South Asia (37%) and Europe (37%).

## MORE THAN HALF OF FIRMS IN THE MANUFACTURING AND SERVICES SECTORS EXPERIENCED AN INCREASE IN IMPORTS



**62%** of firms from the manufacturing sector experienced an increase in their imports in 2017 as compared to last year.



**61%** of firms from the services sector increased their imports in 2017 as compared to last year.



**39%** of firms from the retail sector increased their imports in 2017 as compared to last year.

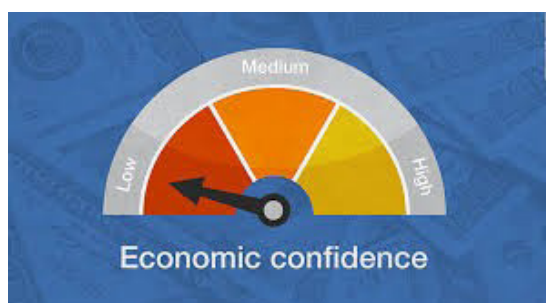
## MACHINERY AND RAW MATERIALS MADE UP THE MAJORITY OF IMPORTS



**61%**

of imports were made up of imported machinery (35%) and raw material (26%), while 24% of imports were finished goods.

## DECREASED OPTIMISM ABOUT THE PERFORMANCE OF THE PAKISTANI ECONOMY



**24%**

of firms expect the economy to do better in 2018 while 58% of firms expected an improvement in the last year.

## MANUFACTURING SECTOR MOST POSITIVE ABOUT THE IMPACT OF CPEC ON BUSINESS



**49%**

of firms from the manufacturing sector have positive expectations about the impact of CPEC on their business.



**70%**

of firms from the retail sector and 65% of firms from the services said that CPEC would not have any impact on their business.



## Energy still critical

Overall firms indicated that energy, political stability, law & order and corporate tax policies were the most important factors affecting their businesses.



## Political Stability Matters

Manufacturing sector firms indicated political stability, energy, access to finance and law & order as the most important factors affecting their business.



## Services Sector Focused on Corporate Taxes

Services sector firms indicated corporate tax policies, political stability, law & order and energy as the most important factors affecting their business.



## Law & Order critical for Retail Sector

Retail sector firms said that law & order, energy, political stability and provincial & federal tax regulations as the most important factors for their businesses.



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# BUSINESS CONFIDENCE SURVEY



# 2018