

**BUSINESS TENDENCY SURVEY  
SERVICES SECTOR  
3<sup>rd</sup> Quarter 2023 REPORT**



**SERVICES SECTOR BUSINESS TENDENCY SURVEY:  
3<sup>rd</sup> QUARTER REPORT**

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## List of Acronyms

BTS	Business Tendency Survey
CCI	Construction Confidence Index
RCI	Retail Confidence Index
SCI	Services Confidence Index

pp                   percentage points

## Executive Summary

This report presents results of the third quarter 2023 Business Tendency Survey (BTS) for the services sector. The survey was conducted with the aim of producing indicators for use in monitoring the current business situation and short-term developments in Wholesale and Retail Trade, Accommodation and Food Services, Financial and Insurance Activities, Transport and Storage as well as Construction Industries.

Business Tendency Survey (BTS) for the services sector is conducted on a quarterly basis. The survey was conducted on 409 establishments from the aforementioned sectors, with 52 percent responding. Key indicators derived from the survey comprise the balance of opinion or net balance, Wholesale and Retail Trade Confidence Index, Accommodation and Food Services Confidence Index, Transport and Storage Confidence Index, Construction Confidence Index as well as the Financial and Insurance Activities Confidence Index.

Confidence indices for accommodation and food services, wholesale and retail trade, transport and storage, transport and storage sectors dropped in the third quarter as compared to the second quarter of 2023, indicating that respondents were pessimistic about the business situation. The Construction Confidence Index was **-14.9** in the third quarter of 2023, up from **-29.4** in second quarter 2023. The Finance and Insurance Index was **42.9** in the second quarter up from 42.9 in the second quarter 2023.

Respondents in the Accommodation and Food Services, Transport and Storage, Financial and Insurance Activities as well as the Wholesale and Retail Trade sector, cited “competition in own sector” as the major limiting factor for business expansion. Cost of materials was cited as the main constraint affecting the expansion of business in the Construction sector.

## 1 Introduction

The report presents results of the third quarter 2023 Business Tendency Survey (BTS) for the services sector. The aim of the survey was to produce indicators for use in monitoring the current business situation and short-term developments in Wholesale and Retail Trade, Accommodation and Food Services, Financial and Insurance Activities, Transport and Storage as well as Construction sectors.

Business Tendency Survey (BTS) for the services sector is conducted on a quarterly basis. The sample size and response rates for the survey are as summarized in Table 1.1.

<b>Sector</b>	<b>Number of Establishments</b>	<b>Response rate</b>
Wholesale and Retail Trade	189	52%
Accommodation and Food Services	59	54%
Finance and Insurance	54	40%
Transport and Storage	60	66%
Construction sector	47	47%
<b>All sectors</b>	<b>409</b>	<b>52%</b>

The survey collected information on views of senior executives in the mentioned sectors pertaining to general business situation, financial situation, access to credit, technical capacity, employment, selling prices, volume of orders and main challenges experienced. Key indicators derived from the survey comprise the balance of opinion or net balance, Wholesale and Retail Trade Confidence Index, Accommodation and Food Services Confidence Index, Transport and Storage Confidence Index, Construction Confidence Index as well as the Financial and Insurance Activities Confidence Index.

Confidence indices are compiled using an average of the balances of opinion on questions relating to present business situation, current level of total order books, current level of stock, employment in next three months, and business situation in the next three months. Positive values of the indicator reflect optimism towards the business conditions while negative values imply pessimism and zero reflects no change in business situation.



Balance of opinion is the difference between the proportion of positive responses and that of negative responses. Values of the indicator range from -100, when all responses are negative to +100, when all responses are positive.

Implementation of the survey was guided by the United Nations Handbook on Economic Tendency Surveys as well as the Organization for Economic Co-operation and Development Handbook on Business Tendency Surveys.

## 2 Survey Findings

### 2.1 Business Situation

In all industries, **46.7** percent of the respondents viewed their establishments’ business situation as being satisfactory with reference to 3<sup>rd</sup> quarter 2023. Negative balances of opinion were observed across all sectors, ranging from **-54.6pp** in Wholesale and Retail trade to **-2.7pp** in financial and insurance Activities. (Figure 2.1)

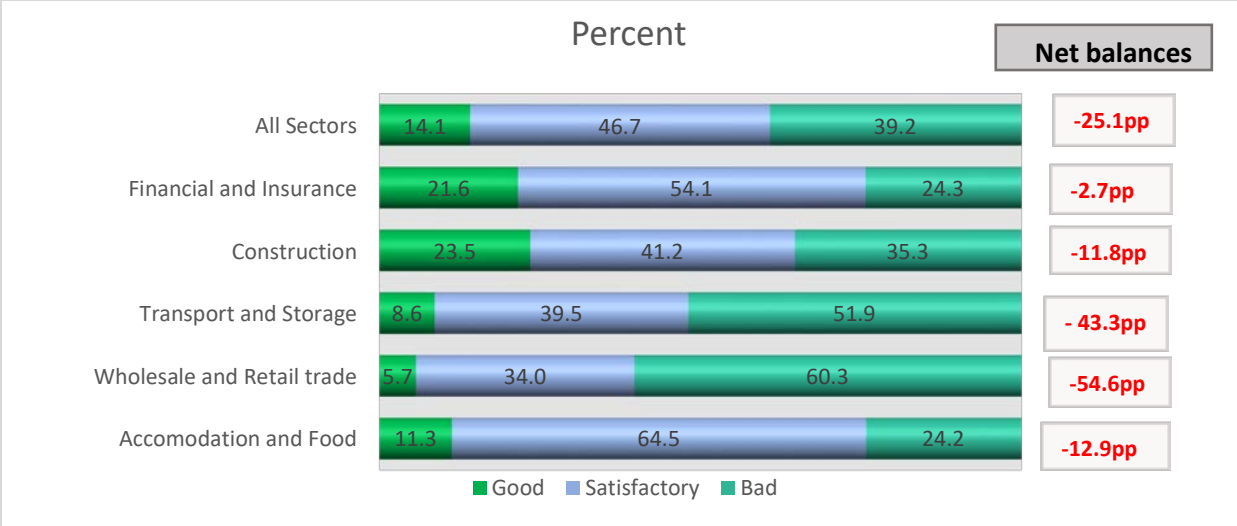


Figure 2.1: Opinion towards business situation, 3rd Quarter 2023

### 2.2 Financial Situation

Respondents who considered their companies' current financial status to be satisfactory with regard to third quarter of 2023 constituted a proportion of **44.0** percent across all industries. In construction industry **14.6** percent of respondents considered the financial situation of their establishments as good. (Figure 2.2)

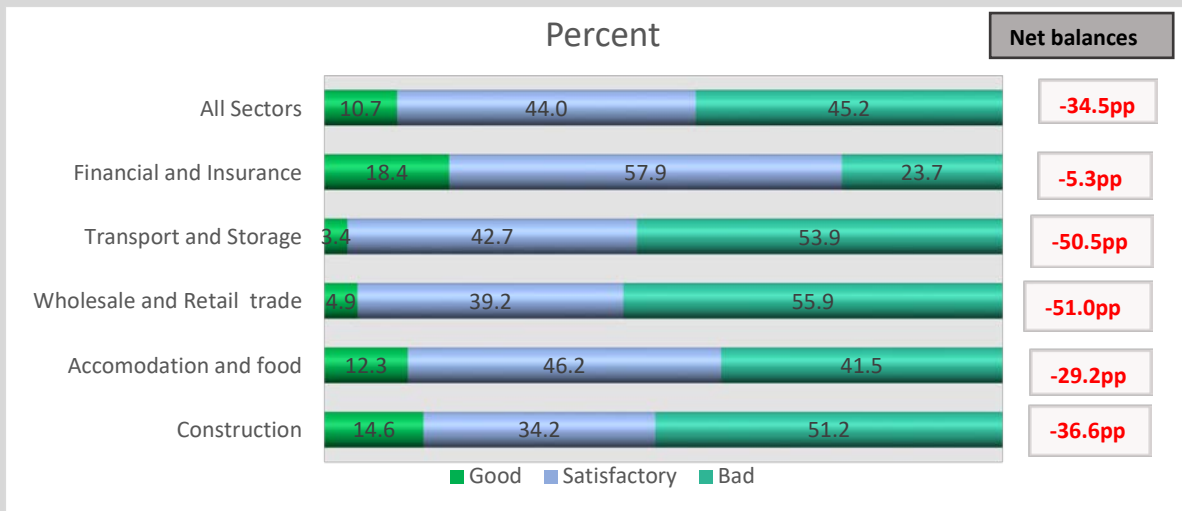


Figure 2.2: Opinion towards the current financial situation, 3<sup>rd</sup> Quarter 2023

### 2.3 Level of stocks

Excluding normal seasonal variations, 51.2 percent of respondents in the Wholesale and Retail Trade sector considered their companies' current stock levels to be below normal during third quarter of 2023. (Figure 2.3)

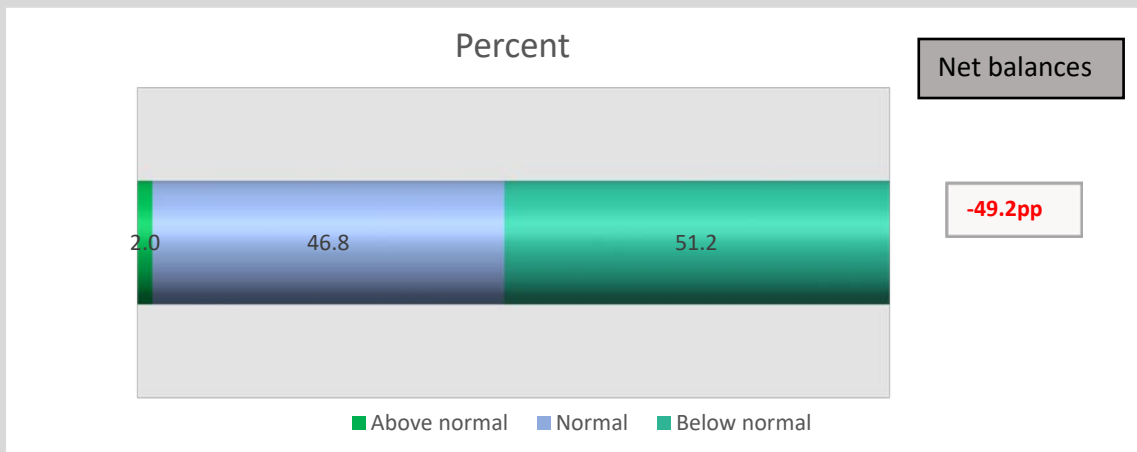


Figure 2.3: Opinion towards current level of stocks in volume terms, 3<sup>rd</sup> Quarter 2023

### 2.4 Level of total order books

In construction industry, 63.4 percent of establishments reported their overall order books as normal during 3<sup>rd</sup> quarter 2023. (Figure 2.4).

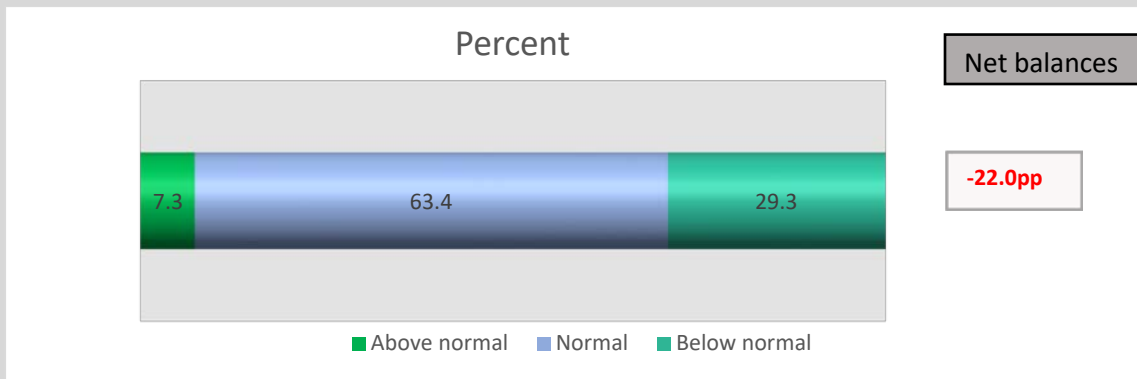


Figure 2.4: Opinion towards current total level of order books in the Construction sector, 3<sup>rd</sup> Quarter 2023

## 2.5 Access to credit

During 3<sup>rd</sup> quarter 2023, access to credit was difficult in all sectors except in construction industry (Figure 2.5).

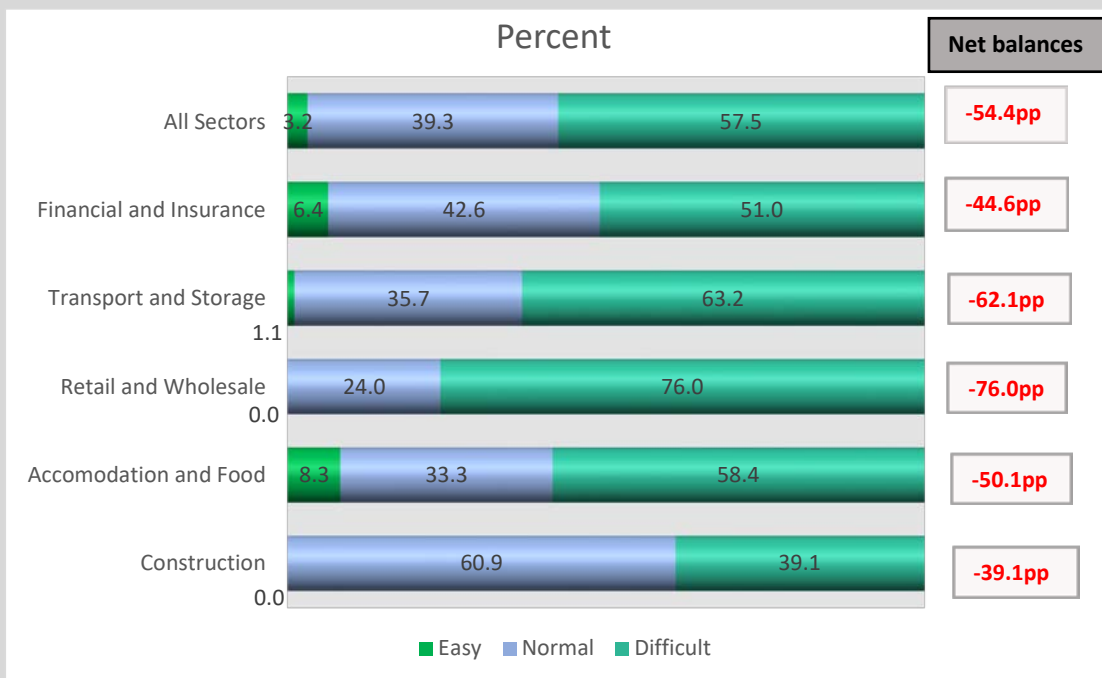


Figure 2.5: Opinion towards access to credit, 3<sup>rd</sup> Quarter 2023

## 2.6 Technical capacity in Construction sector

None of establishments in the construction sector regarded technical capacity as more than sufficient with respect to expected demand in the next twelve months. (Figure 2.6).

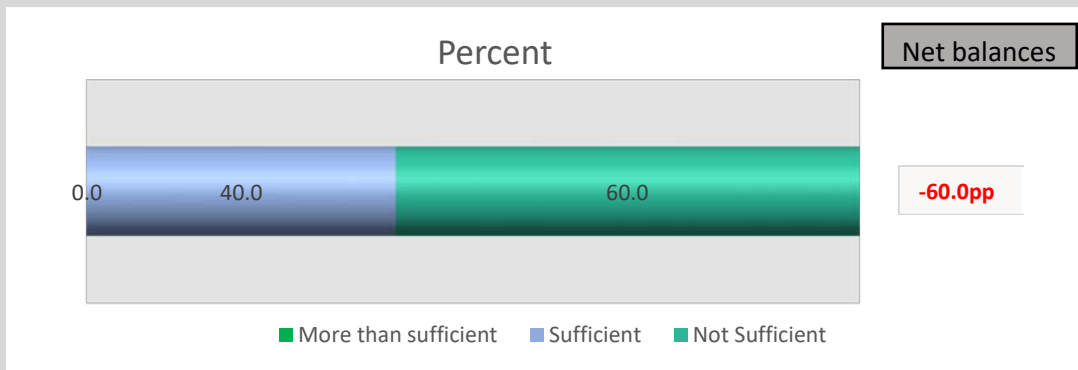


Figure 2.6: Opinion towards current technical capacity in Construction sector, 3rd quarter 2023

## 2.7 Volume of demand

Excluding normal seasonal changes, **55.2** percent of establishments in the Accommodation and Food Services sector were of the view that their establishments' volume of demand had remained unchanged during 3<sup>rd</sup> quarter 2023 when compared to 2<sup>nd</sup> quarter 2023. (Figure 2.7)

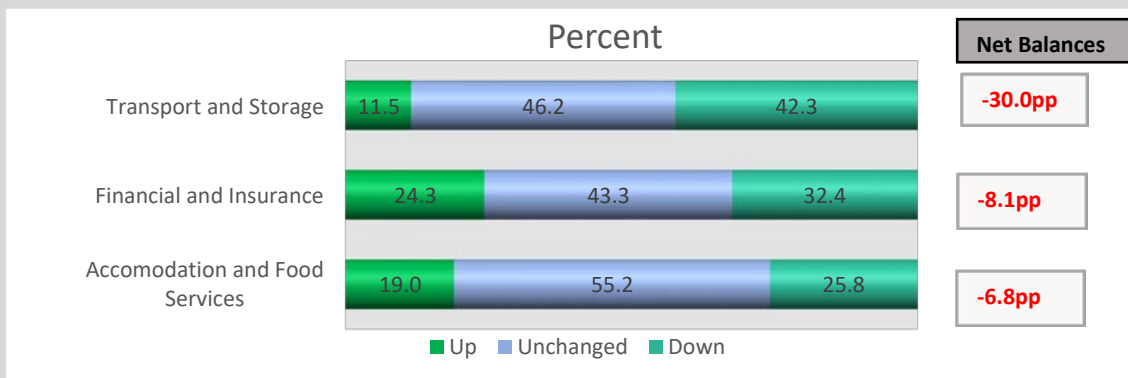


Figure 2.7: Volume of demand for 3rd quarter (Jul-Sept 2023) when compared to 2nd quarter (Apr-Jun 2023)

## 2.8 Volume of business activity in the Construction industry

In the construction industry, **10.0** percent of respondents reported an increase in business activity in their companies during 3<sup>rd</sup> quarter (Jul-Sept 2023) when compared to 2<sup>nd</sup> quarter (Apr- June 2023) (Figure 2.8)

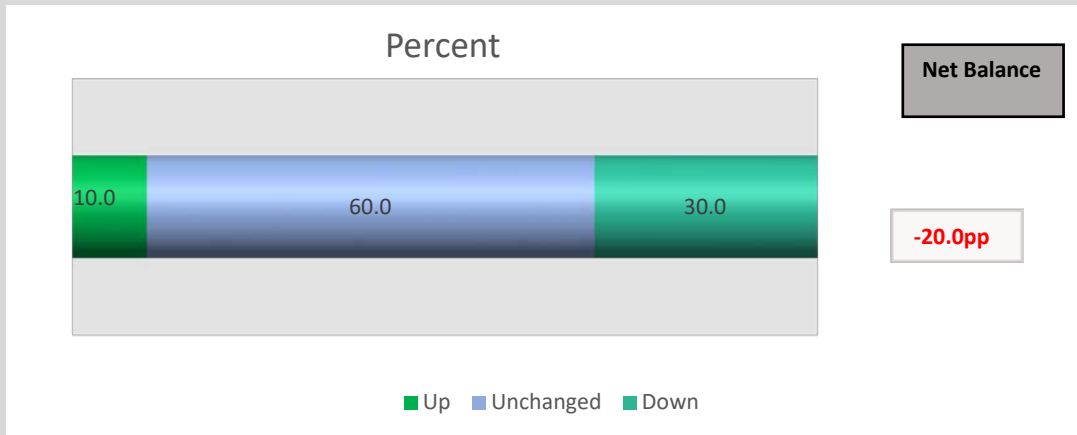


Figure 2.8: Volume of business activity for 3rd quarter when compared to 2nd quarter (Apr-Jun 2023)

### 2.9 Number of people employed

Proportions of respondents who regarded the number of people employed by their establishments as having remained unchanged during 3<sup>rd</sup> quarter (Jul-Sept 2023) when compared to 2<sup>nd</sup> quarter (Apr- Jun 2023), were fifty percent and above in all other sectors except in financial and insurance activities. (Figure 2.9)

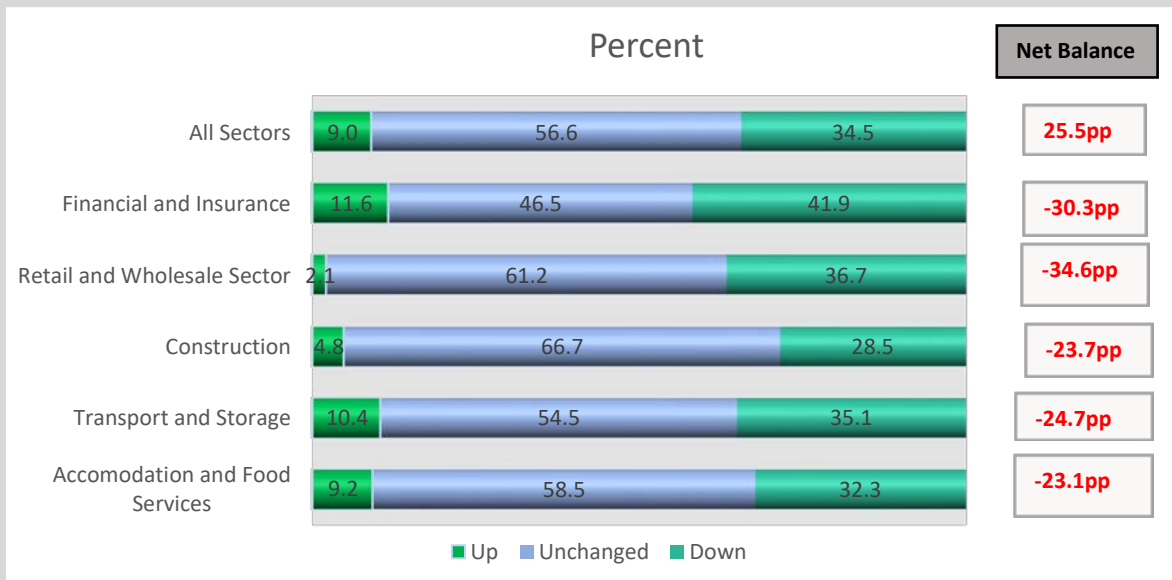


Figure 2.9: Changes in number of people employed in 3rd quarter 2023 when compared to 2nd quarter 2023

### 2.10 Average selling price in the Wholesale and Retail Trade industry

In Wholesale and Retail Trade industry, **54.7** percent of respondents reported that the average selling prices remained constant during 3<sup>rd</sup> quarter 2023 when compared to 2<sup>nd</sup> quarter 2023. (Figure 2.10)

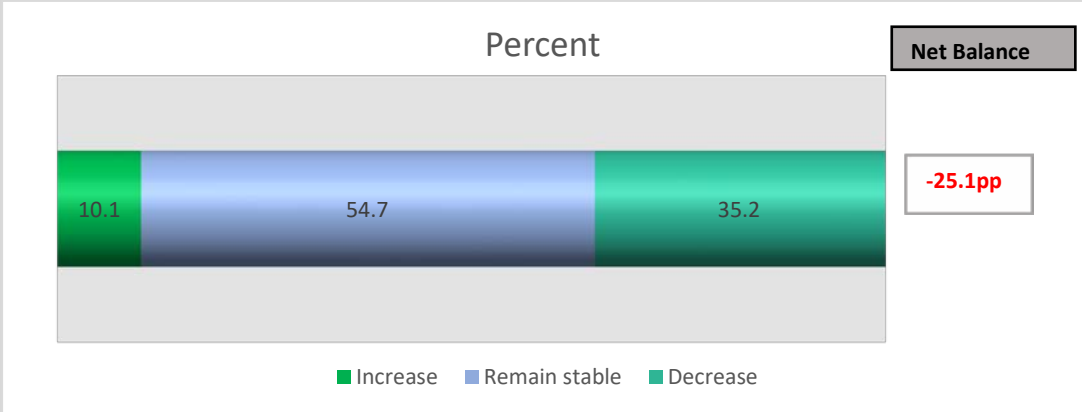


Figure 2.10: Average selling price for 3<sup>rd</sup> quarter when compared to 2<sup>nd</sup> quarter (Apr-Jun2023)

**2.11 Competition in the Wholesale and Retail Trade sector**

In Wholesale and Retail Trade sector, **35.0** percent of establishments reported that competition had decreased during 3<sup>rd</sup> quarter (Jul-Sept 2023) when compared to 2<sup>nd</sup> quarter (April-Jun 2023). (Figure 2.11)

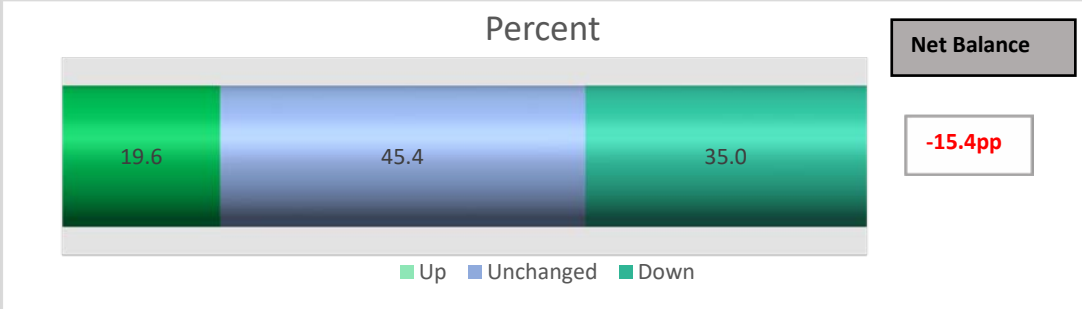


Figure 2.11: Competition in Wholesale and Retail trade sector ,3<sup>rd</sup> quarter 2023 when compared to 2<sup>nd</sup> quarter 2023

**2.12 Expected Future Business Situation**

The proportion of establishments expecting the business situation to be better during 4<sup>th</sup> quarter (Oct-Dec 2023) was **29.8** percent for all sectors. (Figure 2.12)

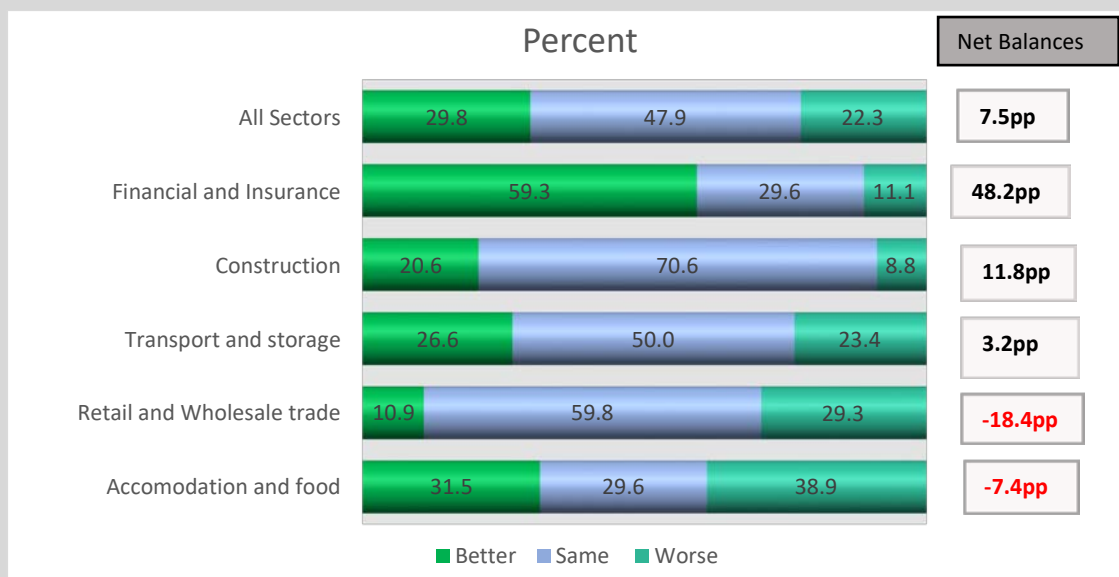


Figure 2.12: Opinion towards business situation during 4th quarter (Oct-Dec 2023)

### 2.13 Expected employment level

Across all sectors, **8.9** percent of establishments anticipated the number of their employees to increase during 4<sup>th</sup> quarter (Oct-Dec 2023). (Figure 2.13)

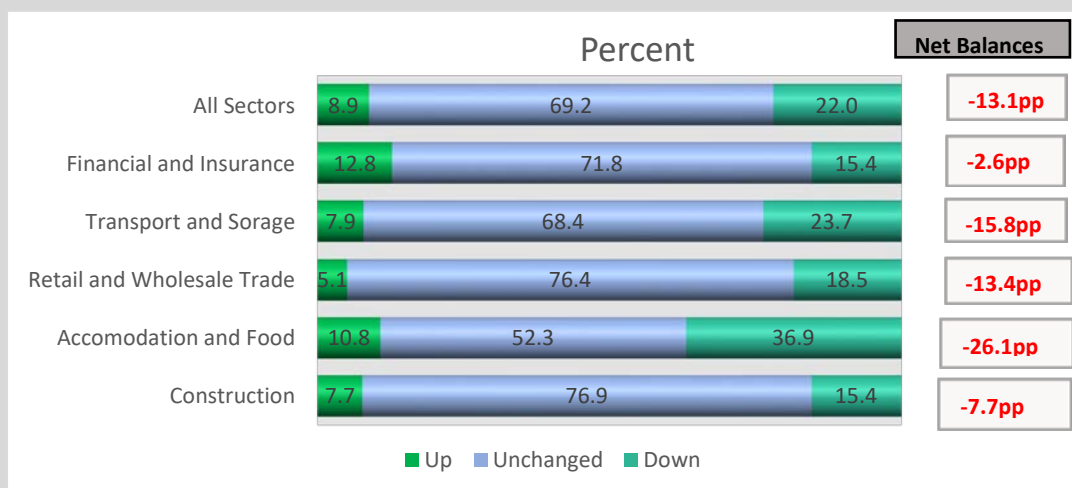


Figure 2.13: Expectations towards employment level during 4th quarter (Oct-Dec 2023)

### 2.14 Expectations towards Volume of demand

About **forty- two percent** of respondents in the Financial and Insurance Activities sector, anticipated the volume of demand to go up during 4<sup>th</sup> quarter (Oct-Dec 2023). Balances of opinion with respect to this item were positive for Financial and insurance activities and Transport and storage activities. (Figure 2.14)



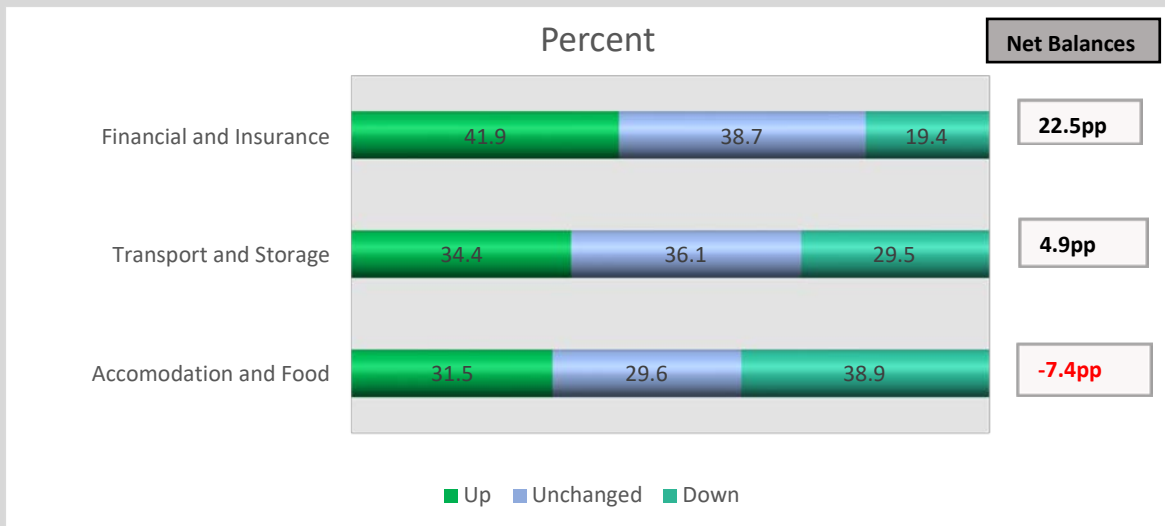


Figure 2.14: Expectations towards volume of demand during 4th quarter (Oct-Dec 2023)

### 2.15 Expectations towards orders placed by suppliers for Wholesale and Retail trade Sector

In Wholesale and Retail Trade sector, **42.1** percent of respondents anticipated the orders placed by suppliers during 4<sup>th</sup> quarter (Oct-Dec2023) to decrease (Figure 2.15).

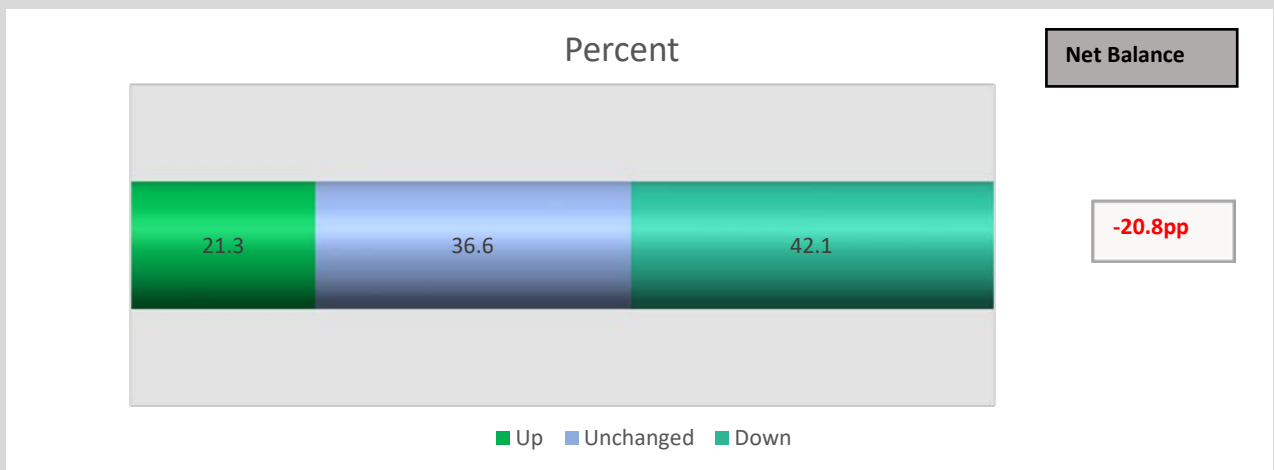
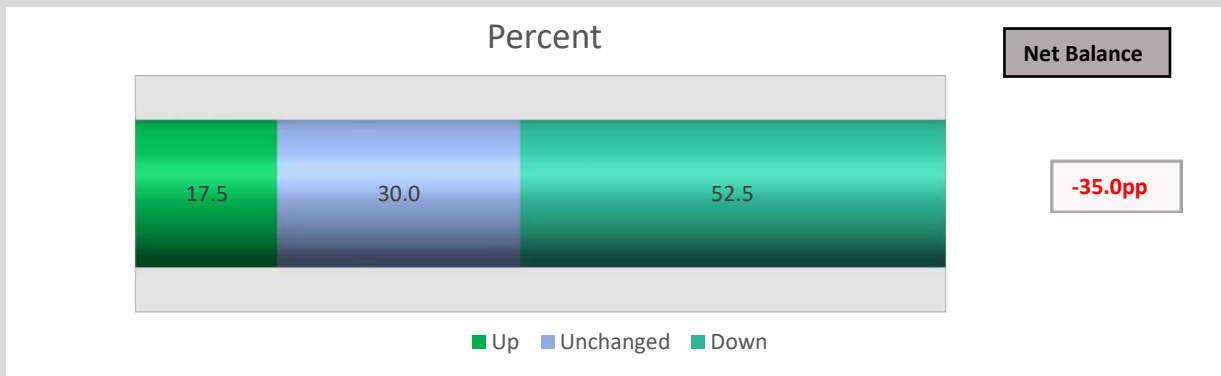


Figure 2.15: Expectations towards orders placed by suppliers during 4th quarter (Oct-Dec 2023)

### 2.16 Expectations towards contracts in the Construction Sector

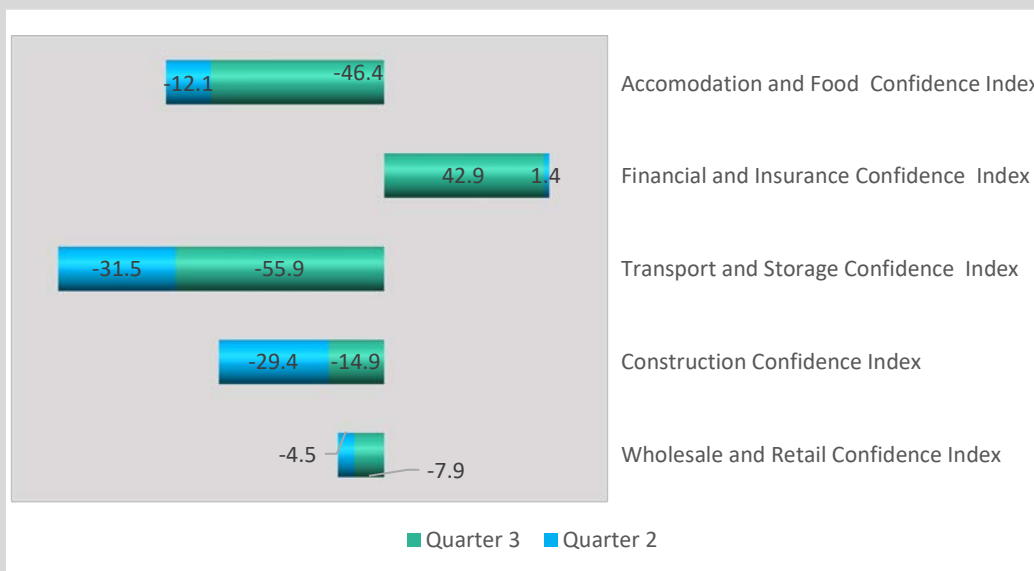
Excluding normal seasonal changes, **30.0** percent of respondents in the Construction sector, expected volume of orders to remain unchanged during 4<sup>th</sup> quarter (Oct-Dec 2023) (Figure 2.16)



**Figure 2.16: Sentiments towards volume of contracts during 4th quarter (Oct-Dec 2023)**

### 2.17 Confidence Indices<sup>1</sup>

The confidence Indices for Construction, Financial and insurance activities improved in 3<sup>rd</sup> quarter 2023 as compared to 2<sup>nd</sup> quarter 2023. (Figure 2.17)



**Figure 2.17: Confidence indices for the various sectors**

<sup>1</sup> Confidence indices were compiled using average of the balances of opinion for questions relating to; present business situation, business situation in the next three months and the present level of stock (Wholesale and Retail Confidence index); the present level of total order books and employment in next three months (Construction confidence index); employment in next three months, present business situation and the business situation in the next three months (Other services Confidence indices. Positive values of the index reflect optimism towards the business situation while negative values imply pessimism. A value of zero implies same situation expected in the next quarter as prevailed in the previous quarter

## **2.18 Constraints to business expansion**

Establishments in all surveyed sectors, except construction cited **competition** as the major limiting factor for business expansion. **Cost of materials** was cited as the major constraint affecting expansion of business in Construction sector.