

**BUSINESS TENDENCY SURVEY
SERVICES SECTOR
4th Quarter 2023 REPORT**

**SERVICES SECTOR BUSINESS TENDENCY SURVEY:
4th QUARTER REPORT**

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BTS	Business Tendency Survey
pp	percentage points

1 Introduction

The report presents results of the 4th quarter 2023 Business Tendency Survey (BTS) for the Construction and Accommodation and Food Services Sectors. Indicators produced by the survey are key in monitoring the current business situation and short-term developments in the sector. The survey was conducted on 102 establishments from which from which the response rates were as follows:

Table 1.1: Sample size and response rates

Sector	Number of Establishments	Response rate
Accommodation and Food Services	56	58%
Construction sector	46	54%
All sectors	102	56%

The results are based on views of senior executives in the respective sectors and pertain 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 Confidence Index and Balance of Opinion or Net Balance.

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 Summary

Confidence indices for Construction, dropped in 4th quarter as compared to the 3rd quarter 2023, indicating that respondents were pessimistic about the business situation. Accommodation and Food services Index was **-26.2** in 4th quarter of 2023, an improvement from **-46.4** in third quarter 2023. Respondents in both Construction and Accommodation & Food Service sectors, cited insufficient demand as the major limiting factor for business expansion.

2.2 Business Situation

The proportion of respondents in the Construction sector who considered 4th quarter 2023 business climate as being good was **9.1** percent, as **36.4** percent regarded the situation as satisfactory. In Accommodation and Food Service, **15.3** percent of the respondents viewed the quarter’s business climate as good while **44.1** percent had the perception that it was satisfactory. The sentiment regarding the current business situation was generally negative in both the Construction and Accommodation and Food Service sectors during the 4th quarter of 2023. (Figure 2.1)

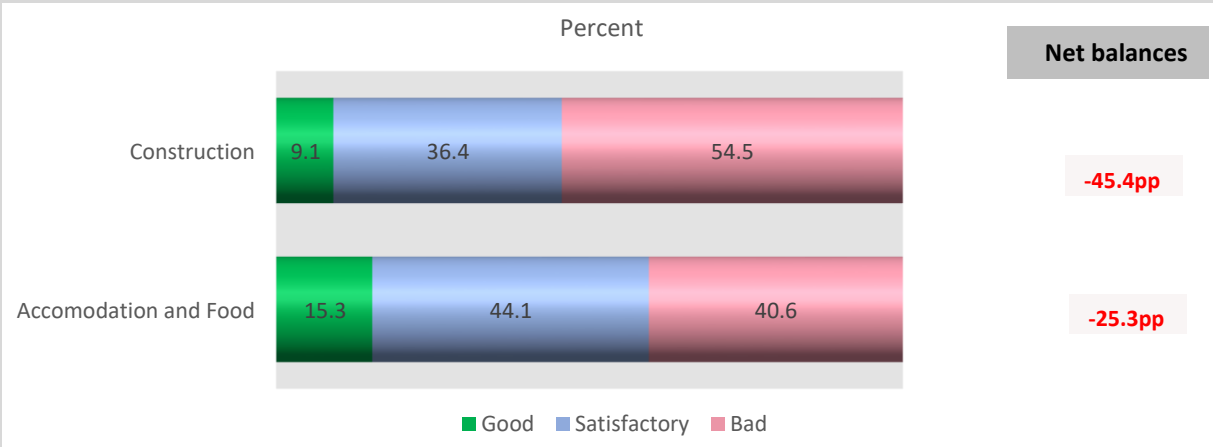


Figure 2.1: Opinion towards business situation, 4th Quarter 2023

2.3 Financial Situation

In the Construction industry, **15.4** percent of the respondents considered the financial situation of their establishments as good, as **9.4** percent in Accommodation and Food Services were of the same view. (Figure 2.2)

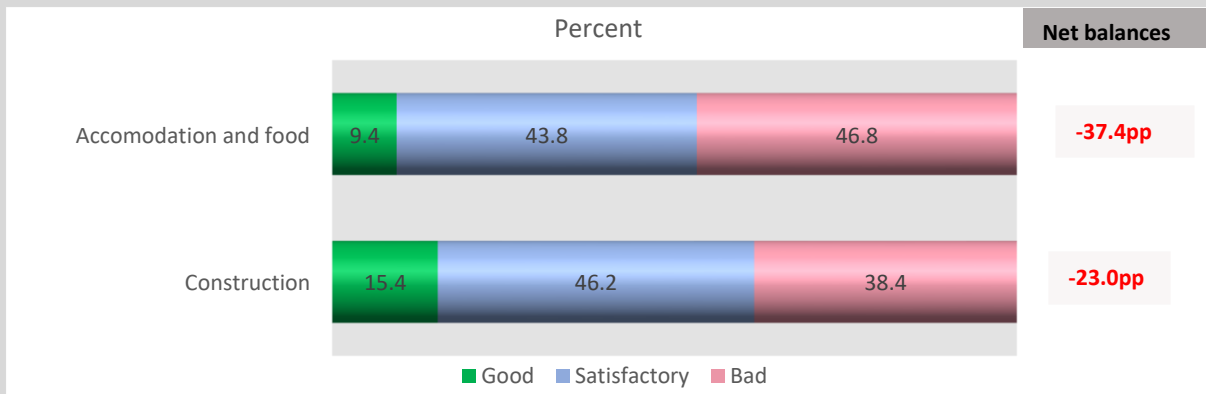


Figure 2.2: Opinion towards the current financial situation, 4th Quarter 2023

2.4 Level of total order books

About **43** percent of respondents in the Construction Sector, reported the overall level of order books as being normal for 4th quarter 2023. (Figure 2.4)

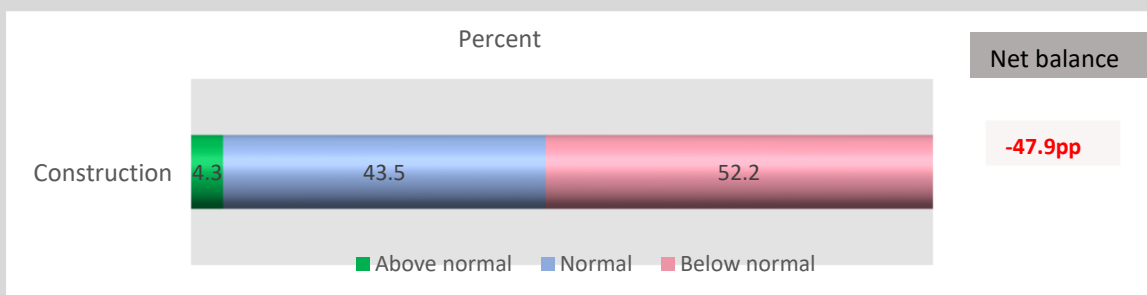


Figure 2.3: Opinion towards current total level of order books in Construction sector, 4th Quarter 2023

2.5 Access to bank credit

Proportions of respondents who perceived access to credit as being difficult during 4th quarter 2023, were **65.8** percent for Accommodation and Food services, and **55.1** percent for the Construction industry. (Figure 2.5)

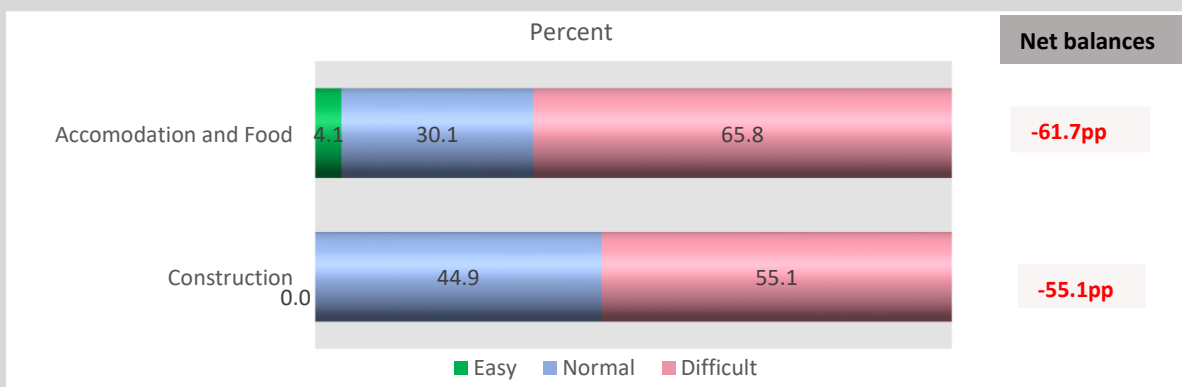


Figure 2.4: Opinion towards access to credit, 4th Quarter 2023

2.6 Technical capacity in Construction sector

About 67 percent of respondents in the Construction sector, viewed their technical capacity as sufficient with respect to demand anticipated in the next twelve months. (Figure 2.6)

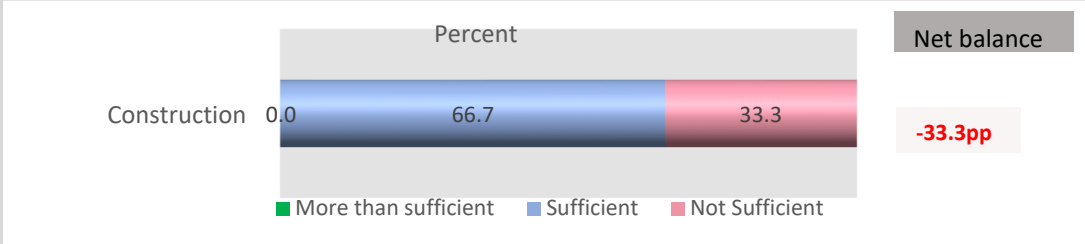


Figure 2.5: Opinion towards current technical capacity in Construction sector, 4th quarter 2023

2.7 Volume of demand in Accommodation and Food Services

Excluding normal seasonal variations, 41.3 percent of respondents in the Accommodation and Food Services sector viewed the volume of demand as having remained unchanged during 4th quarter 2023. (Figure 2.7)

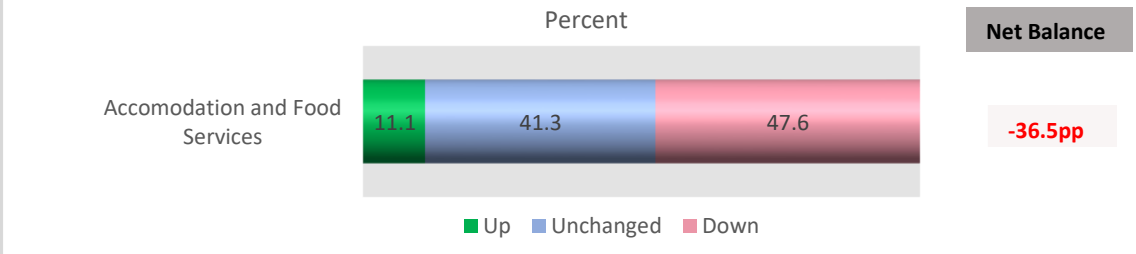


Figure 2.6: Volume of demand Accommodation & Food Services in 4th quarter 2023, against 3rd quarter 2023

2.8 Volume of business activity, Construction Sector

For the Construction sector, 12.2 percent of the respondents reported an increase in business activity in their companies during 4th quarter 2023 than was in 3rd quarter 2023. (Figure 2.8)

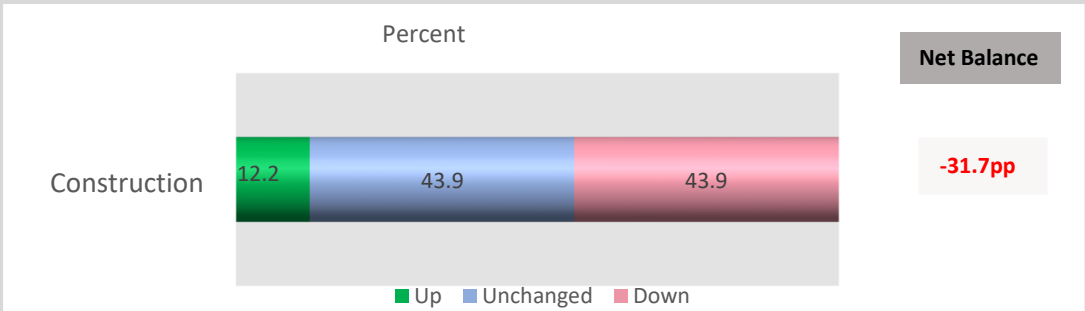


Figure 2.7: Volume of business activity in Construction for 4th quarter, compared to 3rd quarter 2023

2.9 Number of persons employed

Proportions of respondents who regarded the number of persons employed by their establishments as having remained unchanged during 4th quarter 2023 when comparing to 3rd quarter 2023, were above fifty percent for both sectors. (Figure 2.9)

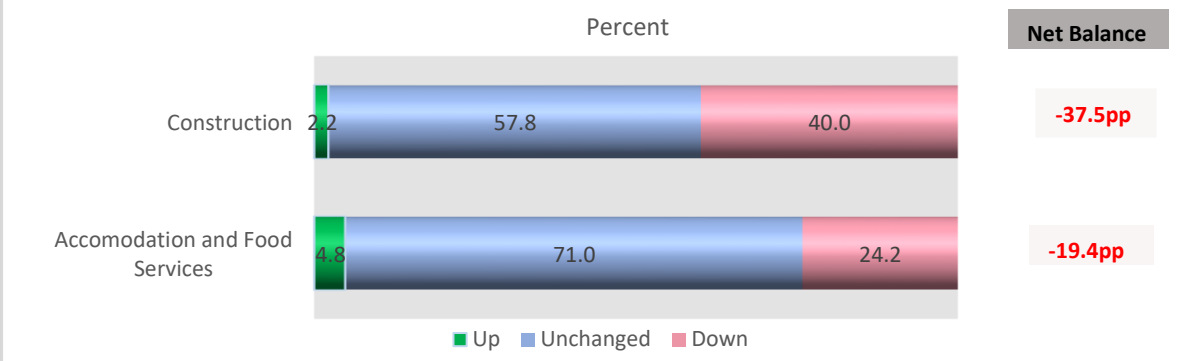


Figure 2.8: Changes in number of people employed in 4th quarter 2023, compared to 3rd quarter 2023

2.10 Expected Future Business Situation

Proportions of respondents expecting the business situation to improve during 1st quarter 2024, were **9.5** for the Construction sector and **15.3** for Accommodation and Food Services sector. About 48 percent of respondents in Construction, and 44.1 percent in Accommodation and Food Services, expected the business situation in 1st Quarter 2024 to be the same as was in 4th quarter 2023. (Figure 2.12)

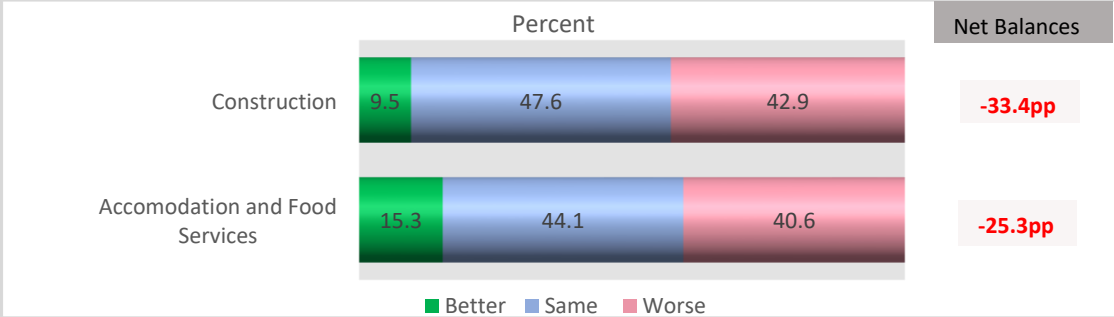


Figure 2.9: Opinion towards business situation during 1st quarter (Jan-Mar 2024)

2.11 Expected employment level

For the Construction sector, **58.7** percent of the respondents expected their employment numbers to decrease during 1st quarter 2024, with **62.5** percent in Accommodation and Food Services expecting the numbers to remain the same (Figure 2.13)

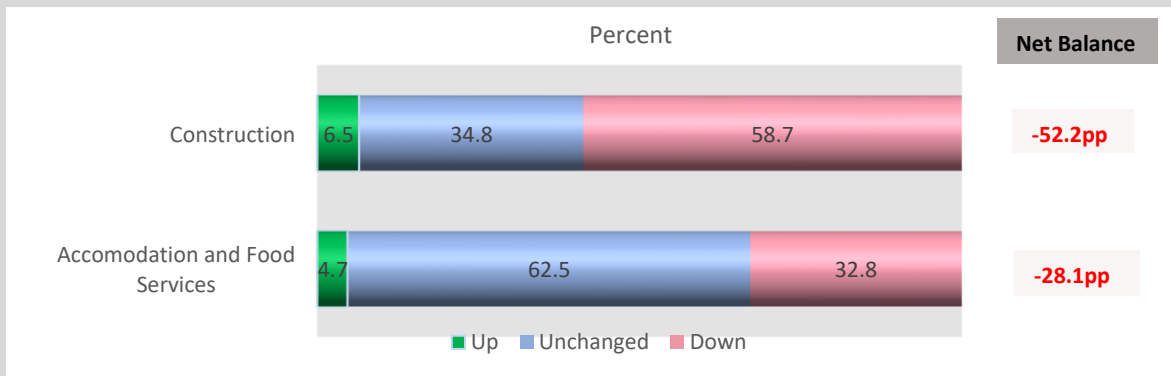


Figure 2.10: Expectations towards employment level during 1st quarter (Jan-Mar 2024)

2.12 Expectations towards Volume of Demand

About **twelve percent** of respondents in Accommodation and Food Services sector, anticipated an increase in the volume of demand during 1st quarter 2024. (Figure 2.14)

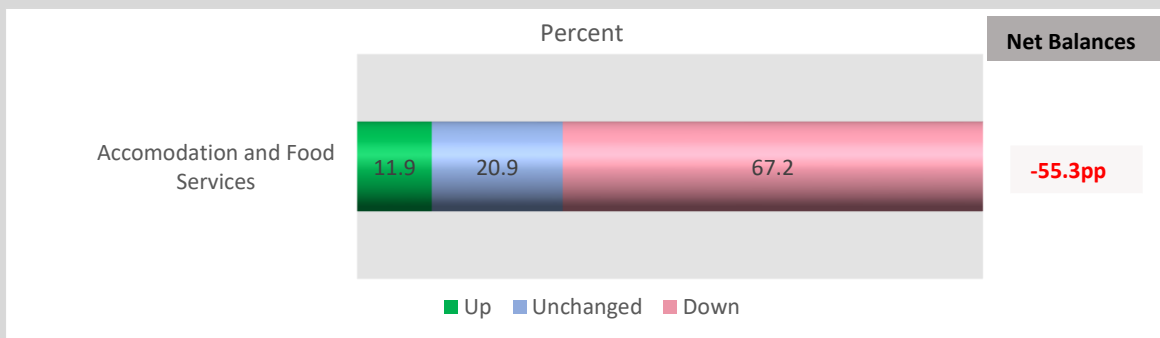


Figure 2.11: Expectations towards volume of demand during 1st quarter (Jan-Mar 2024)

2.13 Expectations towards contracts in the Construction Sector

Excluding normal seasonal changes, **41.9** percent of respondents in the Construction sector, expected their volume of orders to remain unchanged during 1st quarter 2024.(Figure 2.16)

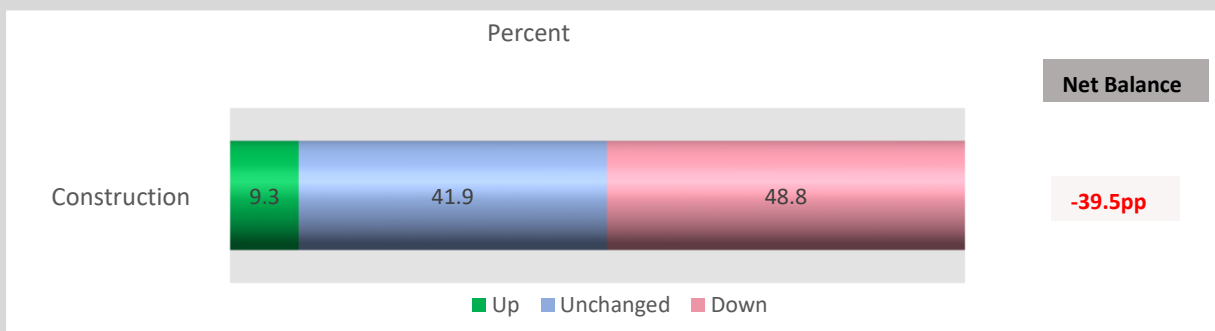


Figure 2.12: Sentiments towards volume of contracts during 1st quarter (Jan-March 2024)

2.14 Confidence Indices¹

The business confidence index for Accommodation and Food Services improved from -46.6 in 3rd quarter 2023 to -26.2 in 4th quarter 2023. However, both sectors recorded Confidence indices for 4th quarter 2024. (Figure 2.17)

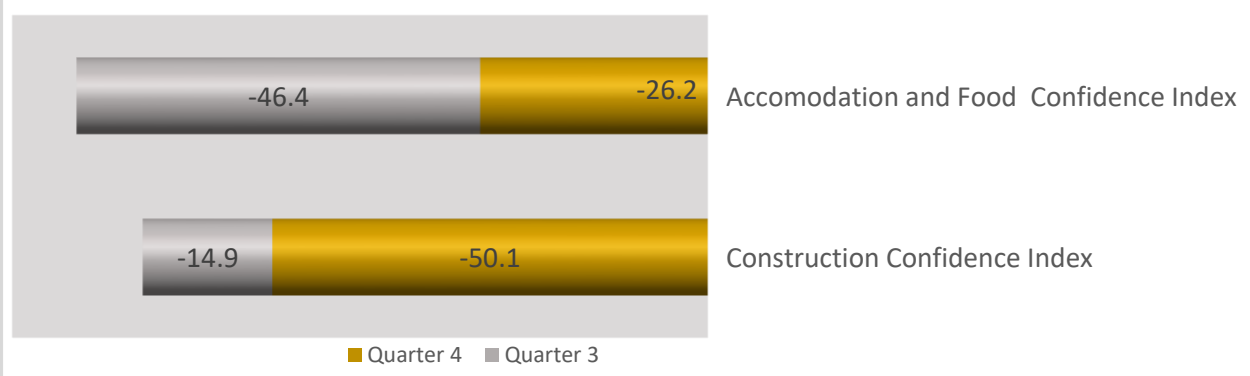


Figure 2.13: Confidence indices for the sectors

2.15 Constraints to business expansion

Insufficient demand was cited by both sectors as the major factor limiting business expansion.

¹ 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