# Mozambique Business Climate Survey 2006

January 2007

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# 1 Preface

KPMG Mozambique, in partnership with the Confederation of the Economic Associations of Mozambique (CTA) and the Chamber of Commerce and Industry of Mozambique and South Africa (CCIMOSA), with the sponsorship of the German Cooperation presents the results of a Business Confidence Index survey undertaken in Mozambique in the IV trimester of 2006.

The purpose of this research is to provide transparent insight into the state of the national market, thus increasing the credibility of this market to both national and foreign investors, as well as providing a support tool for decision-making for all those involved in or interacting with the market, from producers to consumers.

The Business Confidence Index is designed as a barometer to measure the impact of socio-economic and political events in the business environment in Mozambique.

We would like to thank all the companies that participated in this survey, acknowledging that without their participation the publication of this tool would not have been possible.

We would also like to thank the German Cooperation for their indispensable financial and content-related contributions to the production of this tool.

# 2 Introduction

KPMG Mozambique, in partnership with CTA and CCIMOSA, with the sponsorship of the German Cooperation, presents the results of a Business Confidence Index survey undertaken in Mozambique in the IV Trimester of 2006.

The Business Confidence Index is a bi-annual survey destined to evaluate levels of stability in the market and the evolution of the business confidence in Mozambique as a function of economic, political, environmental and institutional factors.

This survey was carried out between September and October 2006 based on a questionnaire sent to a total of 307 companies in the provinces of Manica, Sofala and Inhambane.

We hope that by republishing the results from this quarter we will encourage more companies to participate in the survey to ensure that its conclusions become increasingly representative.

The results included in this survey reflect the perceptions of the business sector as represented by those companies that responded to the questionnaires. No changes were made to the answers received from the companies.

The survey is confidential and, as such, the identity of and individual answers provided by the participants will not, at any time, be disclosed by KPMG or its partners.

# 2 Methodology

The Mozambique Business Climate Survey is a quantitative tool, which assesses information concerning (i) the general business climate, (ii) corruption, (iii) bureaucracy and (iii) cooperation with the public sector.

In the first section of the survey companies are asked to rate general information and this rating is used to calculate the Business Climate Index (BCI). The Index is calculated based on the compiled questionnaires which when taken together measure the perceptions of a representative sample of companies operating in the national market. Factors ranked by these companies are those which, directly or indirectly, affect business confidence in Mozambique as follows:

(i) Legislation
(ii) Macro-economics
(iii) Governance
(iv) Infrastructure
(v) Financial markets and credit
(vi) Commerce and investment
(vii) Labour

Companies are also asked to predict whether or not they expect their own business to improve in the upcoming year.

The second section of the survey deals with corruption. Companies are asked to estimate the prevalence and amount of corruption encountered by their own business or that they would expect to be encountered by similar businesses. Companies are also asked to indicate the perceived probability being involved in corruption (including bribery and favouritism) in respect of the following groups:

(i) Customs and Excise Agents
(ii) Members of Parliament or other elected representatives
(iii) Banking officials
(iv) Public Notaries and Registrars
(v) Electricity suppliers
(vi) Water Companies
(vii) Fisheries Department
(viii) Department of Environment
(ix) Telephone Companies
(x) Immigration Department
(xi) Tourism Department
(xii) Officials involved in competitive tendering
(xiii) Officials associated with authorisation of land licences and titles
(xiv) Officials associated with refuse collection
(xv) Tax inspectors
(xvi) Members of the Police Force
(xvii) Traffic Police
(xviii) Representatives of associations / societies

In the third section, ‘Bureaucracy’, companies are asked to estimate (i) what percentage of time is spent by senior management on dealing with matters related to governmental regulations, (ii) whether regulations and legislations are presented in a consistent and easy to understand manner and (iii) the level of bureaucracy in their company’s area of interest.

The fourth section, ‘Cooperation with the public sector’ seeks to gauge the general degree of satisfaction with public sector service provision and the level of competence of public sector officials, especially in terms of

(i) Invitations to debate
(ii) Service to the public

(iii) Transparency of administrative services

(iv) Flexibility

(v) Level of respect and value accorded to the private sector

The companies analyzed are sampled from 10 major sectoral groupings, namely:

(i) Agriculture and Fisheries

(ii) Food and Beverages

(iii) Banking, Leasing and Services

(iv) Commerce and Services

(v) Communication, Information and IT

(vi) Construction and Building Materials

(vii) Energy and Commercialization of Fuels

(viii) Tourism and Hospitality

(ix) Industry

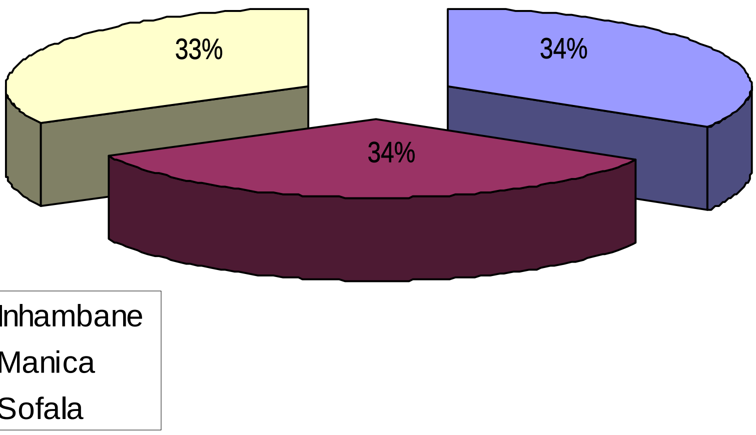
(x) Transport, Terminals and Related Services

# 3 Sample composition

## 3.1 Distribution of participants by region

Graph 1 shows that companies from Inhambane (34%), Manica (34%) and Sofala (33%) are generally equally represented within the study sample.

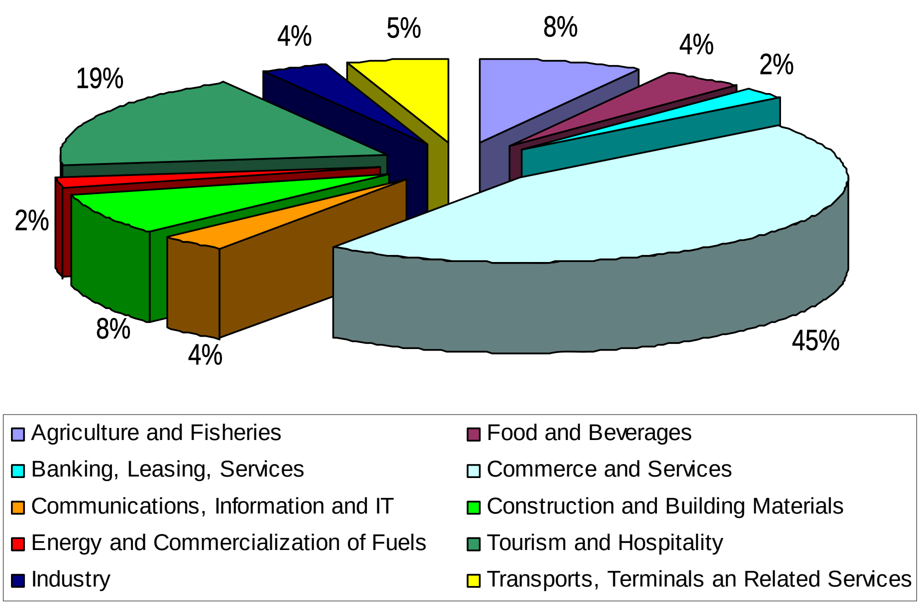
**Graph 1: Distribution of participants by region**



### 3.2 Distribution of participants by sector

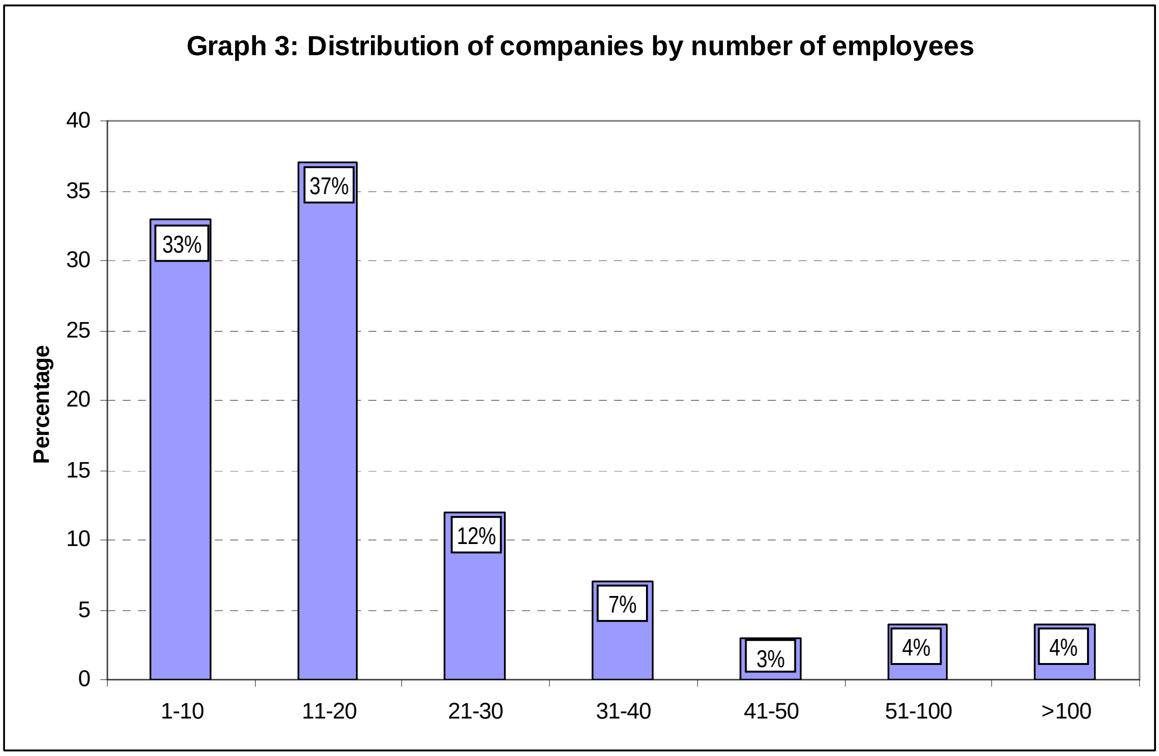
Sectoral distribution is less uniform with 42% of respondents coming from the 'Commerce and Services' sector, followed by 17% from 'Tourism and Hospitality' and 8% each from 'Agriculture and Fisheries' and 'Construction and Building Materials' (8%). Graph 2 illustrates the distribution per these and other sectors.

**Graph 2: Distribution of participants by sector**



### 3.3 Distribution of participants by number of employees

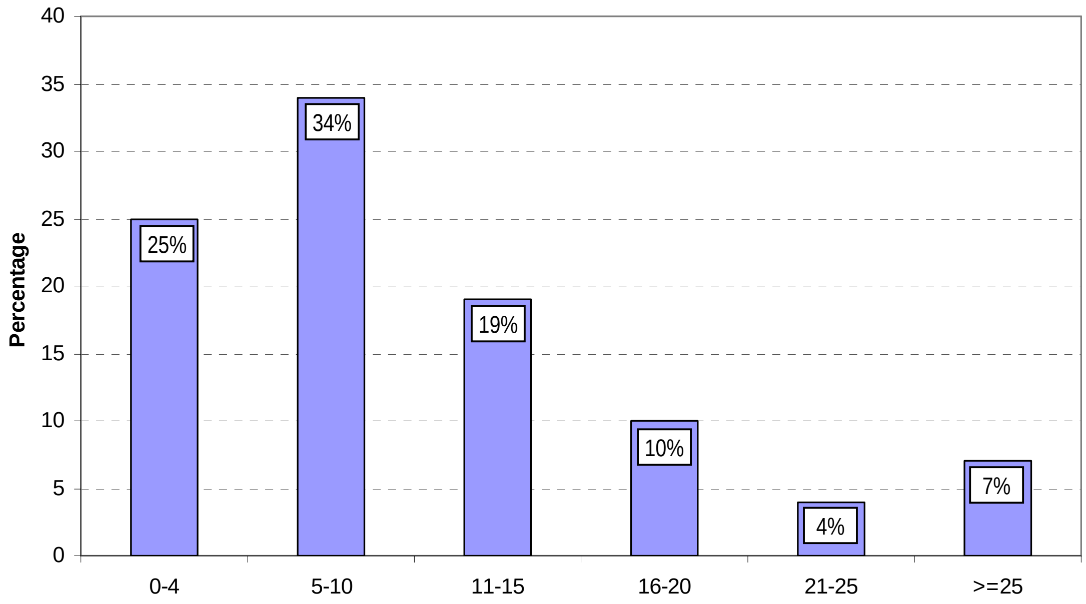
The distribution of participants based on the numbers of those they employ demonstrates that the study sample is dominated by companies which can be considered as 'small businesses'. 92% of the companies that participated employ fewer than 50 people. More than 50% of participating companies employ less than 15 people. Companies with more than 100 employees constitute only about 4% of the study sample. The sample distribution of companies per number of employees is shown in Graph 3.



### 3.4 Distribution of companies by number of years in business

The sample shows relatively balanced participation from companies of different ages. Graph 4 shows that 75% of the participating companies have been in business for more than 5 years. About 50% of the study sample have been in business for 8 years or more. Therefore companies with relatively long experience in the market are well-represented in the study sample.

**Graph 4: Distribution of companies by years of activity**

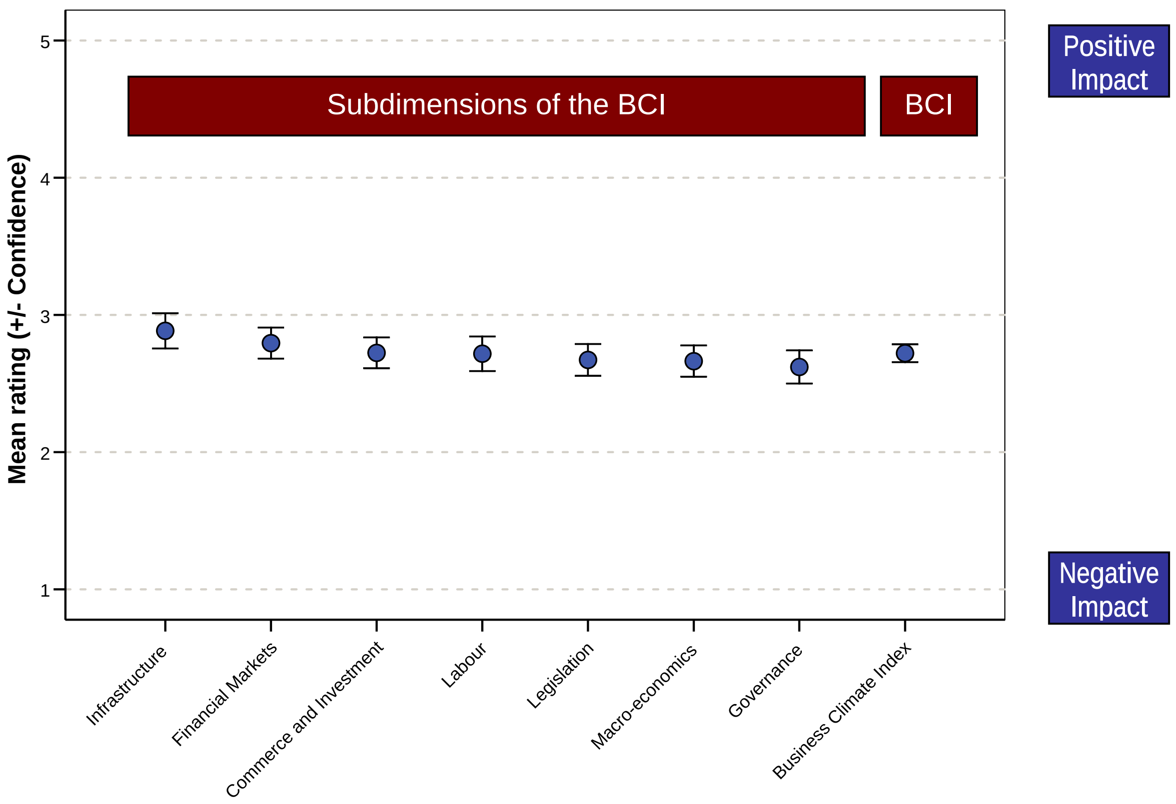


# 4 Results for General Business Climate Information

## 4.1 Business Climate Index

For the seven subdimensions and the aggregated Business Climate Index (BCI), the companies expect a moderately negative impact for their business in the next year (see Graph 6). The most positive impact is rated for the availability and condition of infrastructure. Factors of governance (e.g. political system, bureaucracy, corruption) are expected to have the strongest negative influence. Nevertheless, there is only minor variation of the mean absolute ratings between the seven BCI subdimensions.

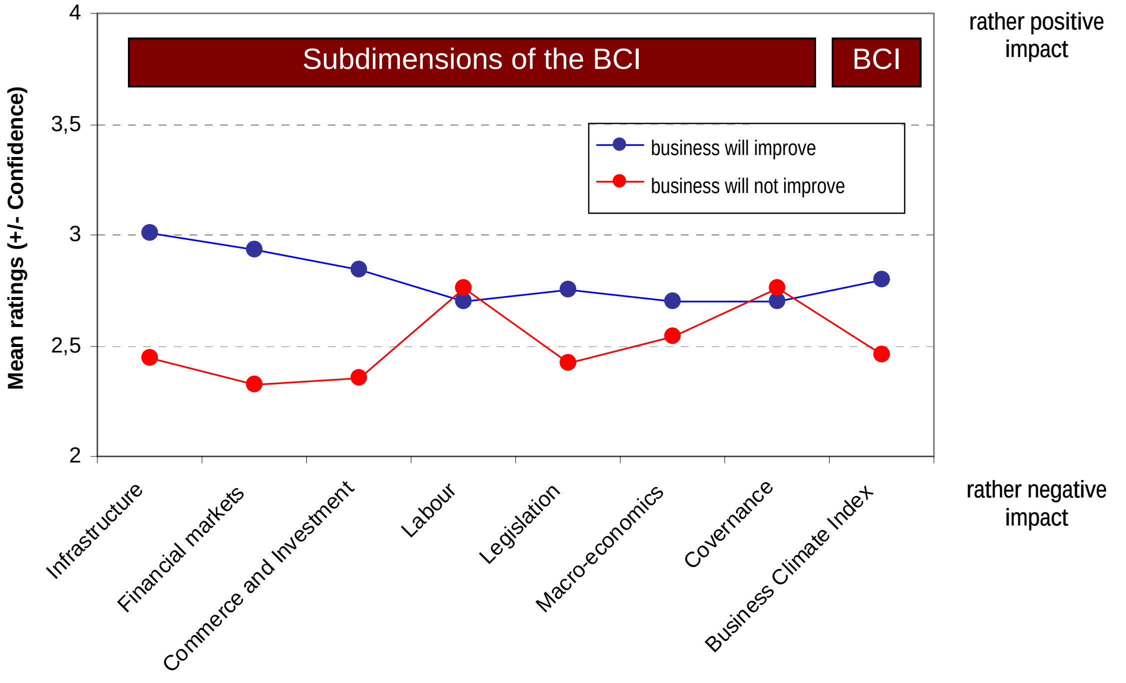
**Graph 5: Mean ratings for the Business Climate Index and its subdimensions**




Number of non-responses: 3 to 7

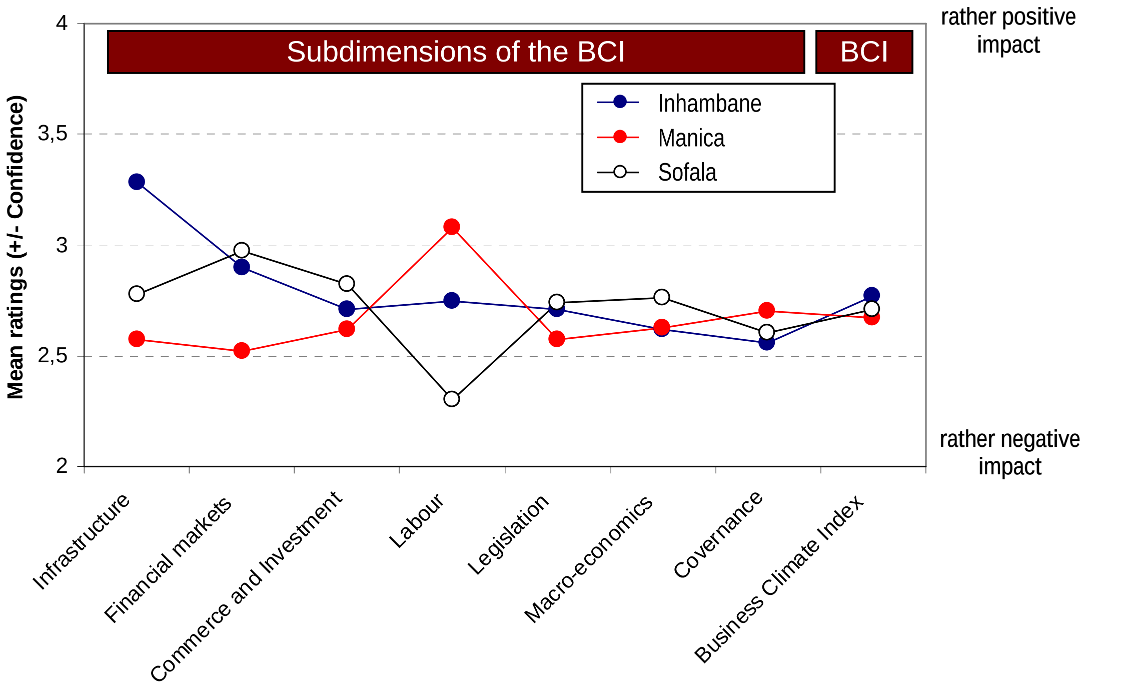
Graph 6 shows, that a major source of variation on the BCI dimensions is associated with the perspectives of the according business. Despite the dimensions 'Labour' and 'Governance' a significantly more positive impact is rated, if the companies expect their business to improve in the upcoming year. Thus, businesses which expect to improve, anticipate a much more positive influence of 'Infrastructure', 'Financial markets', 'Commerce and Investment', 'Legislation' and 'Macroeconomics'.

**Graph 6: Mean ratings for the Business Climate Index and its subdimensions in dependence of expected business improvement in the next year**



Comparing the three provinces, only for ‘Infrastructure’, ‘Financial markets’ and ‘Labour’ substantial differences arise (see Graph 7). Companies from the province ‘Manica’ rate a more negative impact of ‘Infrastructure’ and ‘Financial markets’. But especially in contrast to the province ‘Sofala’ factors of labour (e.g. minimum salaries, cost/availability of qualified employees) seem to have a markedly more positive impact for companies in Manica. In ‘Inhambane’ ‘Infrastructure’ is expected to be a key factor that affects business development in a positive way.

**Graph 7: Mean ratings for the Business Climate Index and its subdimensions in dependence of provincial affiliation**



In order to identify an impact of longevity on the business climate, Graph 8 shows the mean ratings for companies, who are 7 years or less in business, vs companies, that are more than 7 years in business. Younger companies expect a more positive impact of nearly all the BCI factors. Especially, the influence of 'Infrastructure', 'Financial markets', 'Labour' and 'Governance' is rated more optimistically by younger companies.

**Graph 8: Mean ratings for the Business Climate Index and its subdimensions in dependence of number of years in business**

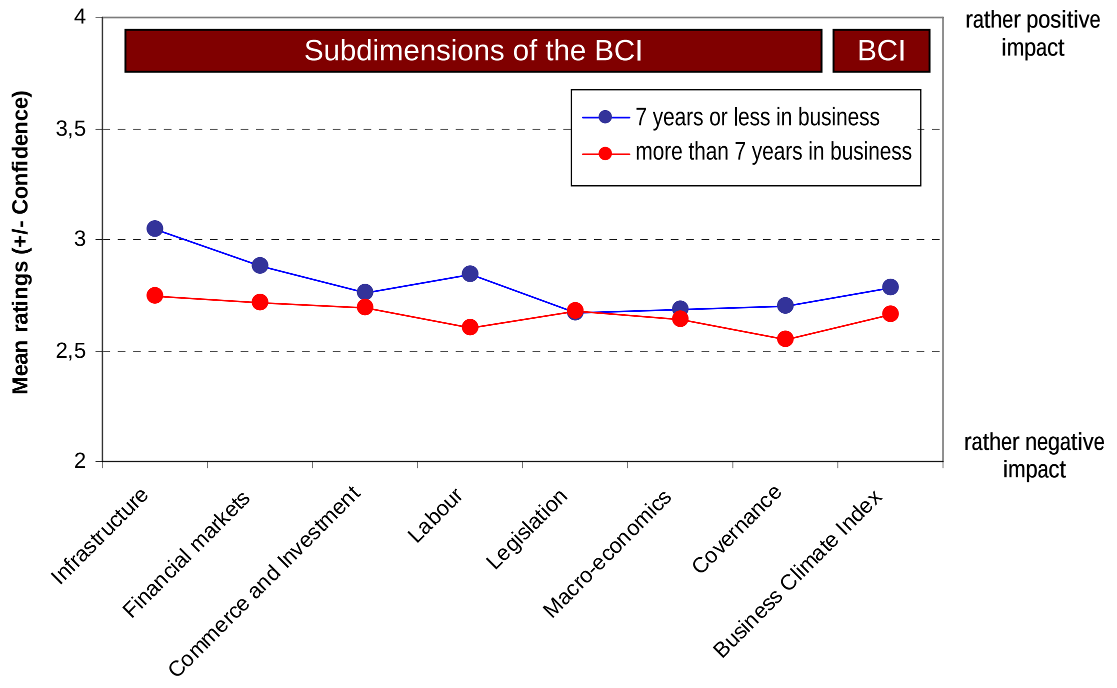


Table 1 shows the mean rating for the ten different business sectors and the according ranking of sectors. For the Business Climate Index only small differences between the sectors can be found, with ‘Tourism and Hospitality’ yielding the highest value (2.83) and only sectors that are represented by small sample sizes like ‘Transports, Terminals an Related Services’ (2.53) yielding values considerably below average. Taking a closer look at the subdimensions of the BCI a much more pronounced picture of the differences between sectors arises. For example, the impact of ‘Infrastructure’ is predicted distinctly positive for ‘Energy/Commercialization of fuel’ and ‘Tourism and Hospitality’ (3.40 and 3.28 respectively). By contrast businesses in ‘Commerce and Services’ forecast a pronounced more negative impact (2.61). Thus, in order to account appropriately for sector specific views of the business climate, it seems to be important to consider the information concerning the subdimensions of the BCI, as displayed in Table 1, separately.

Table 1: Ranking of Business Climate Index and its subdimensions per sectors

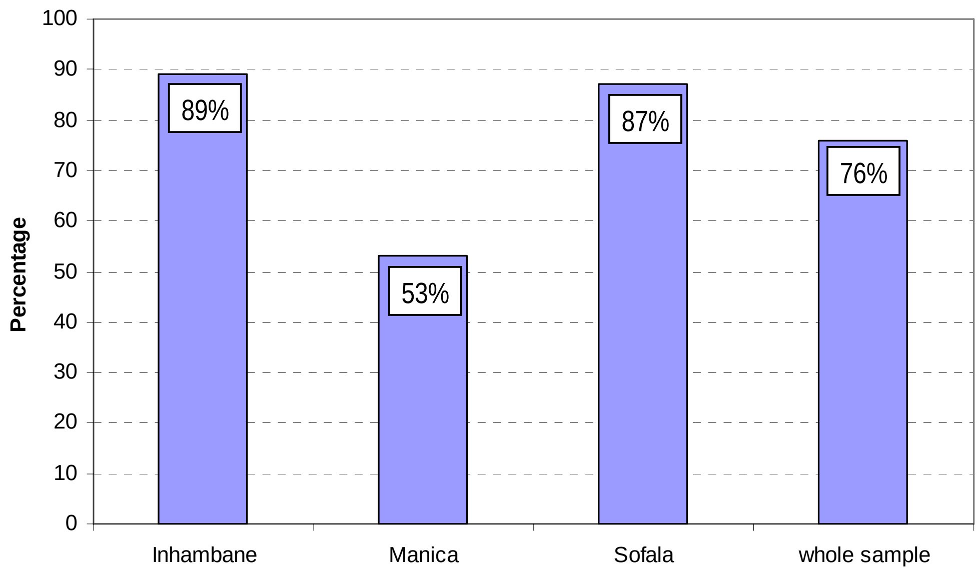
| Sector | Number of Responders | Business Climate Index | | Infra-Structure | | Financial markets | | Commerce and Investment | |
|---|---|---|---|---|---|---|---|---|---|
| | | Mean | Rank | Mean | Rank | Mean | Rank | Mean | Rank |
| Agriculture and Fisheries | 22-23 | 2.73 | 5 | 2.86 | 7 | 2.57 | 10 | 2.65 | 9 |
| Food and Beverages | 12 | 2.81 | 2 | 3.08 | 6 | 2.92 | 4 | 2.92 | 2 |
| Banking. Leasing. Services | 6 | 2.74 | 4 | 2.83 | 8 | 3.33 | 1 | 2.83 | 4 |
| Commerce and Services | 125-128 | 2.66 | 8 | 2.61 | 10 | 2.61 | 8 | 2.68 | 8 |
| Communic. Information and IT | 9 | 2.59 | 9 | 3.11 | 3 | 3.00 | 3 | 2.56 | 10 |
| Construction/Building Materials | 23 | 2.73 | 5 | 3.09 | 5 | 2.87 | 6 | 2.70 | 7 |
| Energy/Commercial. of Fuels | 5 | 2.77 | 3 | 3.40 | 1 | 2.60 | 9 | 2.80 | 5 |
| Tourism and Hospitality | 51-53 | 2.83 | 1 | 3.28 | 2 | 3.06 | 2 | 2.74 | 6 |
| Industry | 10 | 2.67 | 7 | 3.10 | 4 | 2.90 | 5 | 2.90 | 3 |
| Transp./Termin./Rel. Services | 13-14 | 2.53 | 10 | 2.69 | 9 | 2.69 | 7 | 3.00 | 1 |
| General | 278-283 | 2.71 | | 2.88 | | 2.77 | | 2.74 | |

| Sector | Labour | | Legislation | | Macro-economics | | Covernance | |
|---|---|---|---|---|---|---|---|---|
| | Mean | Rank | Mean | Rank | Mean | Rank | Mean | Rank |
| Agriculture and Fisheries | 2.91 | 2 | 2.52 | 9 | 3.13 | 1 | 2.48 | 6 |
| Food and Beverages | 2.75 | 5 | 2.75 | 4 | 2.67 | 4 | 2.58 | 5 |
| Banking, Leasing, Services | 2.50 | 8 | 3.00 | 1 | 2.83 | 2 | 1.83 | 10 |
| Commerce and Services | 2.90 | 3 | 2.63 | 5 | 2.58 | 7 | 2.61 | 3 |
| Communic. Information and IT | 2.11 | 10 | 2.78 | 3 | 2.11 | 10 | 2.44 | 7 |
| Construction/Building Materials | 2.65 | 6 | 2.61 | 7 | 2.61 | 6 | 2.61 | 3 |
| Energy/Commercial. of Fuels | 3.20 | 1 | 2.60 | 8 | 2.80 | 3 | 2.00 | 9 |
| Tourism and Hospitality | 2.51 | 7 | 2.81 | 2 | 2.67 | 4 | 2.75 | 2 |
| Industry | 2.80 | 4 | 2.20 | 10 | 2.50 | 8 | 2.30 | 7 |
| Transp./Termin./Rel. Services | 2.23 | 9 | 2.62 | 6 | 2.43 | 9 | 2.77 | 1 |
| General | 2.72 | | 2.65 | | 2.63 | | 2.59 | |

## 4.2 Perspectives for Business

In the provinces of Inhambane and Sofala a high percentage (89% and 87%, respectively; see Graph 9) of companies believe that their business will improve in the next year. This confidence is much lower in Manica, where only about half of the companies (53%) forecast an improvement.

**Graph 9: Percentage of companies for which an improvement is expected in the next year**




Number of non-responses = 3

Table 2 breaks down those that expected business to improve over the coming year ('yes respondents') by sector. The 'Agriculture and Fisheries' sector shows relatively low confidence (46%). The high proportion of positive responses (100%) for the 'Banking, Leasing, Services' and 'Energy & Commercialization of Fuels' sectors should be interpreted with care taking into account the low number of respondents in these sectors (6 and 5 respectively).

Table 2: Ranking of percentages of expected improvements in business by sector

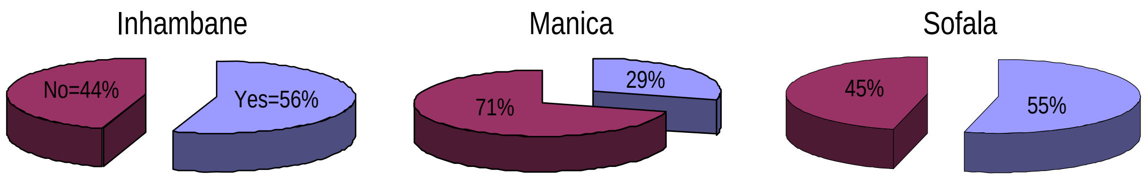
| Sector | Number of respondents | %yes | Variation in relation to mean %-yes-rate |
|---|---|---|---|
| Banking, Leasing, Services | 6 | 100 | 24 |
| Energy and Commercialization of Fuels | 5 | 100 | 24 |
| Construction and Building Materials | 23 | 91 | 15 |
| Tourism and Hospitality | 52 | 87 | 11 |
| Transport, Terminals an Related Services | 14 | 86 | 10 |
| Communications, Information and IT | 10 | 80 | 4 |
| Industry | 10 | 80 | 4 |
| Commerce and Services | 129 | 71 | -5 |
| Food and Beverages | 12 | 67 | -9 |
| Agriculture and Fisheries | 22 | 46 | -30 |
| General | 283 | 76 | |

# 5. Results for 'Corruption'

## 5.1 Subjection to Corruption

46% of the study sample responded that their company had been subjected to requests for financial bribes or other forms of corruption by public or political bodies in 2005. As shown in Graph 10, there is a noticeable difference between the three provinces: While over half of the respondents in Inhambane and Sofala had been subjected to such requests (56% and 55%, respectively), a significant lower proportion of respondents had been subjected to corruption in Manica (29%).

**Graph 10: Percentage of companies, who have been subjected to corruption**




Number of non-responses = 22

Sector-specific analysis of companies subject to corruption shows only marginal differences (see Table 3). Only those sectors groups with low response rates show distinct deviations from the overall positive response rate of 46%, and thus these results should be interpreted with caution.

Table 3: Ranking by percentages of companies having been subjected to corruption per sector

| Sector | Number of respondents | %yes | Deviation from overall mean %-yes-rate |
|---|---|---|---|
| Industry | 10 | 70 | 24 |
| Energy and Commercialization of Fuels | 5 | 60 | 14 |
| Food and Beverages | 11 | 55 | 9 |
| Tourism and Hospitality | 49 | 51 | 5 |
| Communications, Information and IT | 8 | 50 | 4 |
| Construction and Building Materials | 21 | 48 | 2 |
| Commerce and Services | 122 | 44 | -2 |
| Banking, Leasing, Services | 5 | 40 | -6 |
| Agriculture and Fisheries | 21 | 38 | -8 |
| Transport, Terminals and Related Services | 11 | 36 | -10 |
| General | 263 | 46 | |

## 5.2 Percentage of gross income spent on bribes

Respondents were asked to estimate the percentage of gross income which would be spent on corruption by a hypothetical business comparable to their own. The highest percentage estimates were given on average in the province Inhambane (27%, see Graph 11). In Manica and Sofala estimates were significantly lower on average (6% and 10%, respectively). Overall the study sample provides an average estimate of 16% of gross income being spent on bribes. However it is also worth noting that the number of respondents that did not answer this question is distinctly higher than for other questions (Number of non-responses = 103).

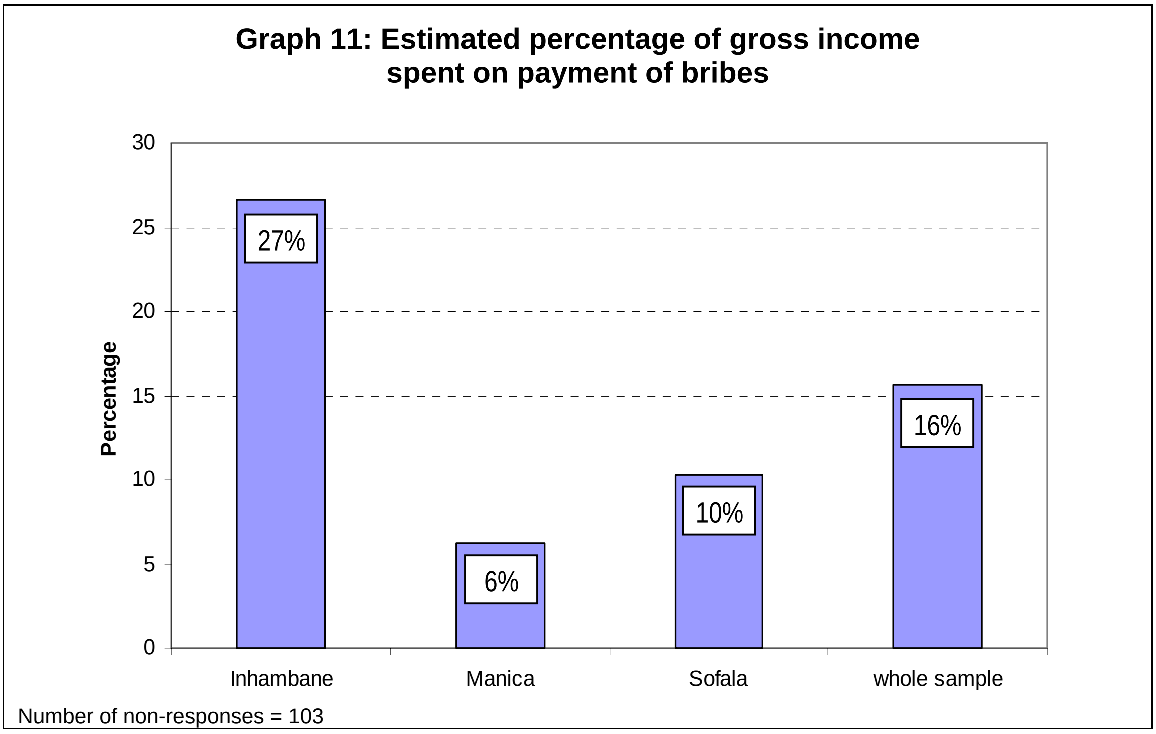


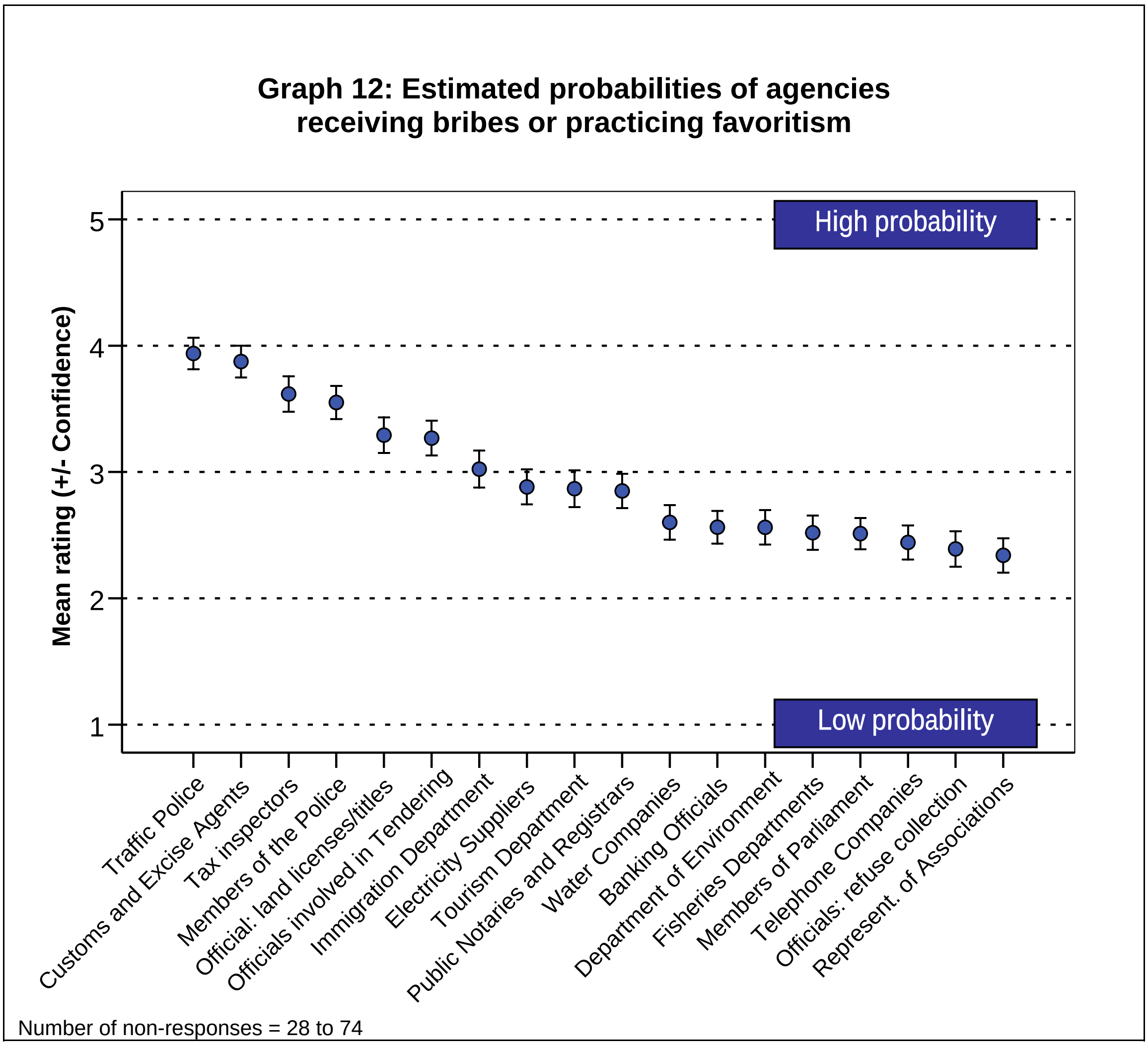
Table 4 shows that for the ‘Tourism and Hospitality’ sector the estimated percentage is about 10% higher than the average values for the overall study sample. Taking into account the absolute number of respondents for other sectors only minor deviations arise.

Table 4: Ranking by percentage of gross income estimated to be spent opn bribes, per sector

| Sector | Number of respondents | mean% | Deviation from overall mean %-yes-rate |
|---|---|---|---|
| Energy and Commercialization of Fuels | 2 | 40 | 24 |
| Tourism and Hospitality | 42 | 26 | 10 |
| Construction and Building Materials | 12 | 25 | 9 |
| Commerce and Services | 93 | 12 | -4 |
| Agriculture and Fisheries | 13 | 11 | -5 |
| Industry | 8 | 9 | -7 |
| Transport, Terminals and Related Services | 7 | 8 | -8 |
| Banking, Leasing, Services | 3 | 7 | -9 |
| Communications, Information and IT | 7 | 6 | -10 |
| Food and Beverages | 9 | 6 | -10 |
| General | 196 | 16 | |

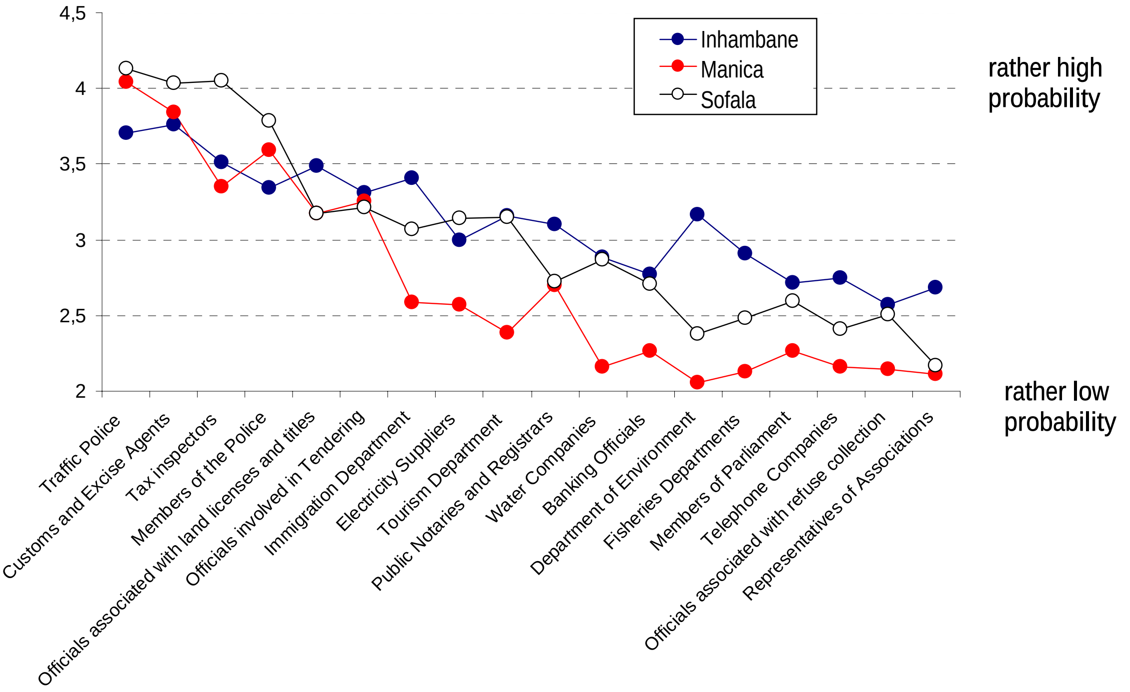
## 5.3 Probability of specific agencies of receiving bribes or practising favouritism

In order to identify those agencies which the private sector perceives as being most likely to demand bribes or demonstrate favouritism, companies were asked to estimate the probability of such practices being applied by 18 different agencies. Graph 12 shows the overall results for the entire study sample. The sample perceived a moderate to quite high probability of agents undertaking such practices in the following agencies: ‘Traffic police’, ‘Customs and Excise Agents’, ‘Tax Inspectors’, ‘Members of the police’, ‘Officials associated with authorisation of land licenses and titles’, ‘Officials involved in competitive tendering' and 'Immigration Department'. The lowest probabilities were for 'Telephone companies', 'Officials associated with Refuse collection' and 'Representatives of associations/societies' being involved in such practices.



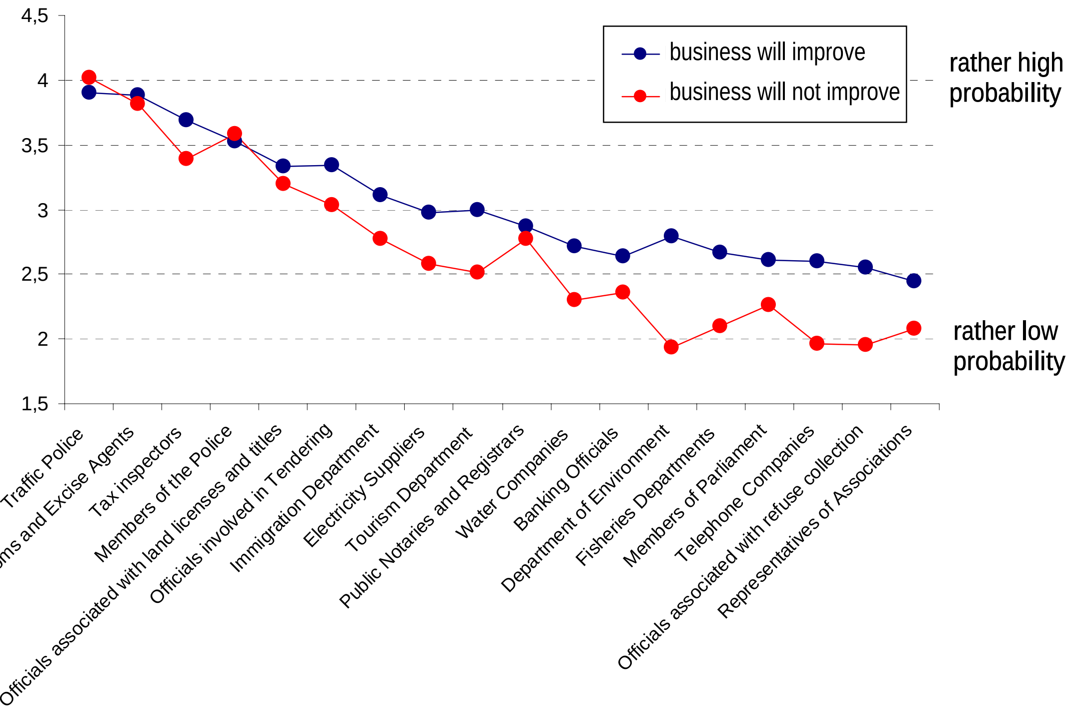
Analyzing the impact of provincial affiliation on the estimated probabilities, for the province Manica for nearly all groups the lowest probabilities were observed. For the groups ‘Traffic police’, ‘Customs and Excise Agents’, ‘Tax inspectors’, ‘Members of the Police’ and ‘Electricity Suppliers’ in Sofala the highest probabilities were reported. For all other groups in Inhambane the highest probabilities prevail. The according data are displayed in Graph 13.

**Graph 13: Estimated probabilities of groups receiving bribes or practicing favoritism in dependence of provincial affiliation**



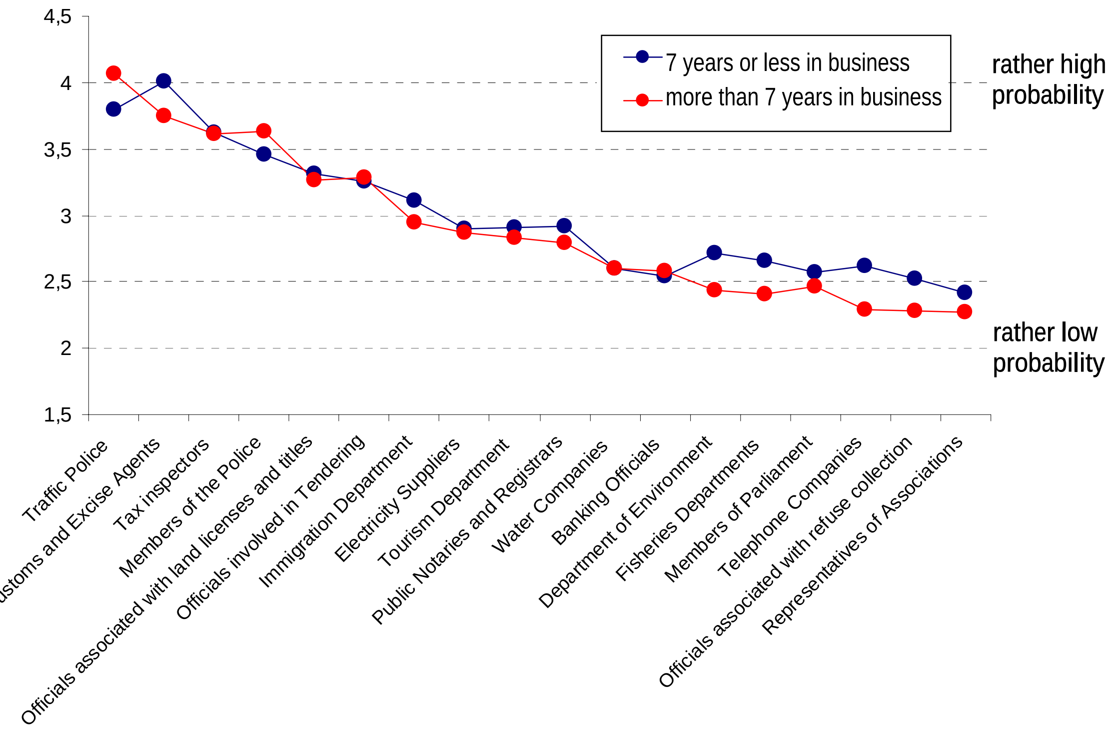
In order to identify whether or not optimism about the business environment is related to the probabilities of agencies receiving bribes in any way, the two sets of statistics were plotted against one another in Graph 14. This Graph shows both optimistic and pessimistic companies plotted against their expectations in terms of bribes and favouritism. The graph shows that more optimistic companies also perceive an overall greater likelihood of bribes being demanded and favouritism taking place. It should be noted that companies from Manica occur more frequently in the less optimistic group of companies (see Graphs 9) so differences highlighted by Graph 14 may be attributable to regional differences as much as to the business environment.

**Graph 14: Estimated probabilities of agencies receiving bribes or practicing favoritism in dependence of expected business improvement in the next year**



Graph 15 shows the association between the age of the company and the corresponding perceptions of corruption. Companies that have been in business for seven years or less estimate a significantly lower probability of 'Transit Police' agents requesting bribes and practicing favoritism and a significantly higher probability of 'Customs and Exise Agents', 'Department of Environment' and 'Telephone companies' being involved in such practices.

**Graph 15: Estimated probabilities of agencies receiving bribes or practicing favoritism in relation to number of years in business**



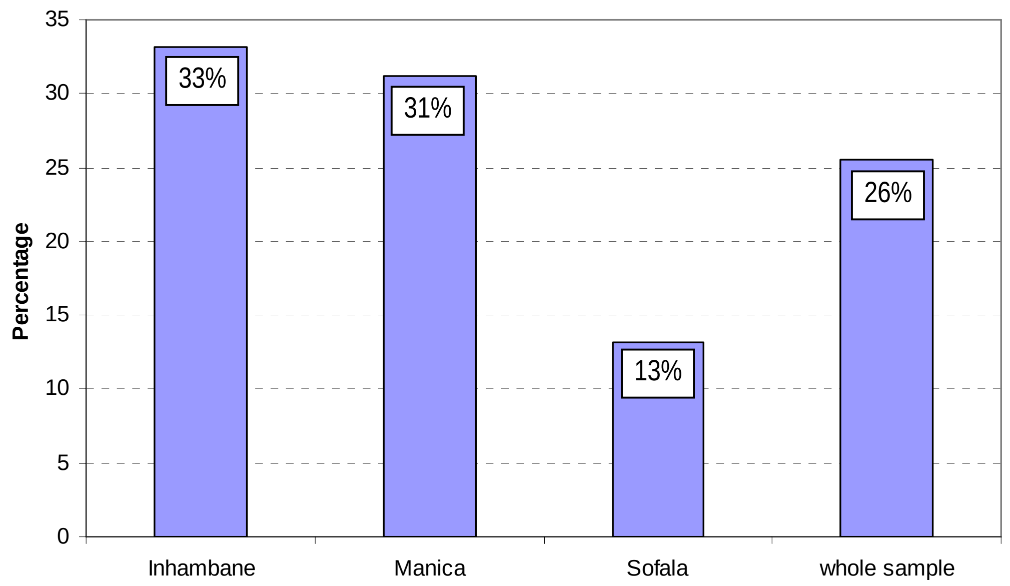
# 6 Results for 'Bureaucracy'

In this section companies were asked, which amount of time is spent by the management for matters of bereaucracy and how consistent regulations and legislations are provided to the companies. Furthermore, the overall level of bureaucracy was rated for the according area of interest.

## 6.1 Management Use of Time

For the whole study sample more than a quarter of time is spent by senior managers dealing with matters related to governmental regulations (i.e. taxes, duties, customs and excise, licences, registration). For Inhambane and Manica almost as much as a third of time is estimated to be spent for such tasks. In the province Sofala a markedly lower percentage (13%) is reported on average. The according data are displayed in Graph 16.

**Graph 16: Percentage of time spent by senior managers dealing with matters related to governmental regulations per province**




Number of non-responses = 59

Table 5 shows that for the 'Tourism and Hospitality' sector the estimated value of 33% is about 7% higher than the average values for the overall study sample. For 'Industry' and 'Transport, Terminals and Related Services' the lowest percentages are reported, 19% and 17%, respectively. Taking into account the absolute number of respondents for other sectors only minor deviations arise.

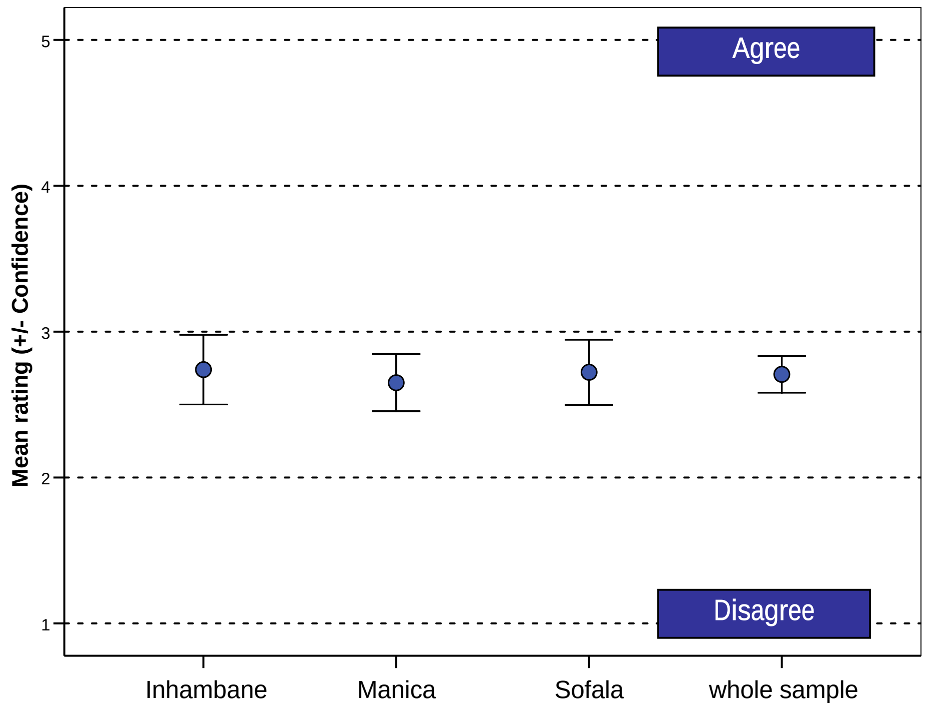
Table 5: Ranking of percentage of time spent by senior managers dealing with regulations per sector

| Sector | Number of respondents | mean% | Deviation from overall mean %-yes-rate |
|---|---|---|---|
| Communications, Information and IT | 6 | 34 | 8 |
| Tourism and Hospitality | 44 | 33 | 7 |
| Energy and Commercialization of Fuels | 4 | 27 | 1 |
| Commerce and Services | 96 | 26 | 0 |
| Construction and Building Materials | 22 | 25 | -1 |
| Agriculture and Fisheries | 21 | 23 | -3 |
| Banking, Leasing, Services | 6 | 23 | -3 |
| Food and Beverages | 11 | 21 | -5 |
| Industry | 8 | 19 | -7 |
| Transport, Terminals and Related Services | 12 | 17 | -9 |
| General | 230 | 26 | |

## 6.2 Consistency of interpretation and explanation of regulations and legislation

Graph 17 shows the level of agreement for the question, whether in general, the interpretations and explanations of regulations and legislation which affect the according business are provided by government officials in a consistent and easy to understand manner. The companies report a moderate disagreement to the according statement on average, with no substantial variation between provinces.

**Graph 17: Mean ratings for consistency of interpretation and explanation of regulations and legislation per province**




Number of non-responses = 13

Within the sectors ‘Communication, Information and IT’ and ‘Construction and Building Materials’ regulations and legislation is rated to be most consistently interpretable. The lowest perceived consistency can be found for ‘Transport, Terminals and Related Services’. Table 6 displays the results for all sectors.

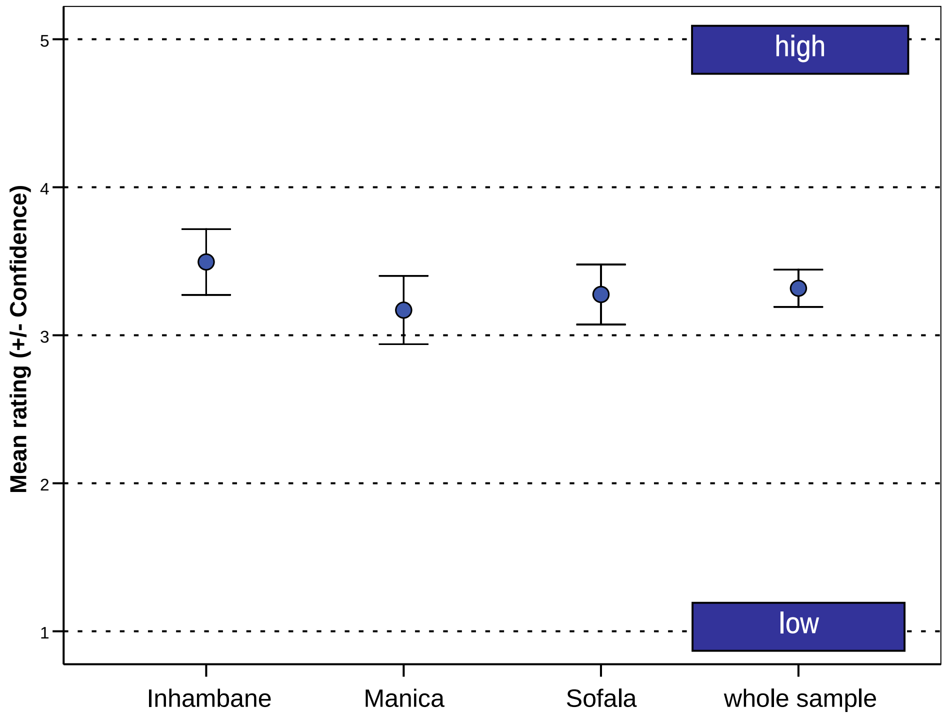
Table 6: Ranking of consistency of interpretation of regulations and legislation per sector

| Sector | Number of respondents | mean | Deviation from overall mean |
|---|---|---|---|
| Communications. Information and IT | 10 | 3.00 | .33 |
| Construction and Building Materials | 23 | 2.91 | .24 |
| Food and Beverages | 12 | 2.83 | .16 |
| Commerce and Services | 125 | 2.69 | .02 |
| Agriculture and Fisheries | 23 | 2.65 | -.02 |
| Tourism and Hospitality | 47 | 2.62 | -.05 |
| Banking, Leasing, Services | 6 | 2.50 | -.17 |
| Industry | 9 | 2.44 | -.23 |
| Energy and Commercialization of Fuels | 5 | 2.40 | -.27 |
| Transport, Terminals and Related Services | 13 | 2.23 | -.44 |
| General | 273 | 2.67 | |

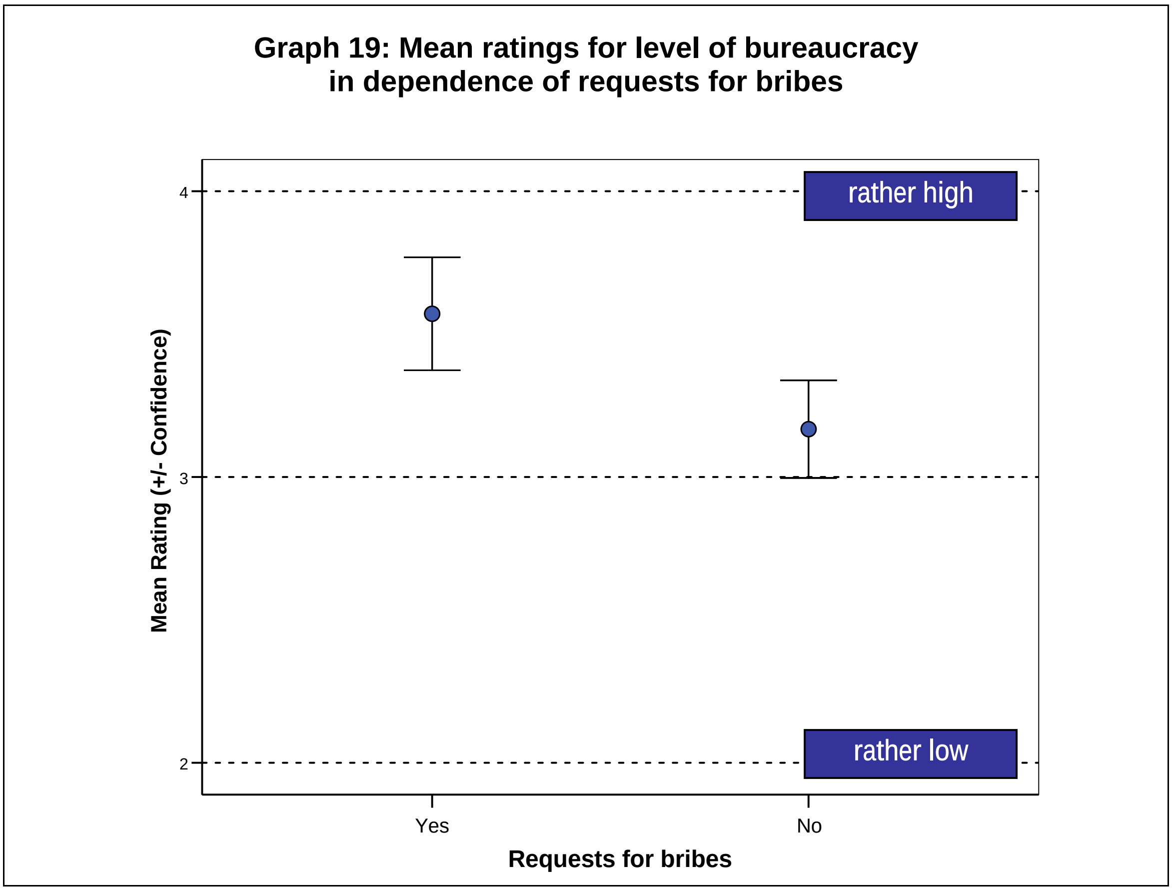
## 6.3 Level of bureaucracy

The level of bureaucracy in business' area of interest is estimated to be moderate to rather high in general (see Graph 18). In Inhambane a slightly higher amount of bureaucracy is reported, than in the other provinces. Graph yxb shows, that companies, who report, that their business has been requested for financial bribes or any other form of corruption, rate the level of bureaucracy significantly higher (see Graph 19).

**Graph 18: Mean ratings for level of bureaucracy per province**




Number of non-responses = 12


Graph 19: Mean ratings for level of bureaucracy
in dependence of requests for bribes
rather high
rather low
4
3
2
Mean Rating (+/- Confidence)
Yes
No
Requests for bribes

Concerning sectorial affiliation there is only minor variation between different business sectors concerning the amount of bureaucracy reported. Whereas companies belonging to the sectors ‘Industry’, ‘Construction and Building materials’, ‘Food an Beverages’ and ‘Communication, Information and IT’ report the highest level of bureaucracy, within ‘Energy and Commercialization of Fuels’ and ‘Banking, Leasing, Services’ lowest values arise.

Table 7: Ranking of consistency of interpretation of regulations and legislation per sector

| Sector | Number of respondents | mean | Deviation from overall mean |
|---|---|---|---|
| Industry | 9 | 3.67 | .32 |
| Construction and Building Materials | 22 | 3.55 | .20 |
| Food and Beverages | 12 | 3.50 | .15 |
| Communications. Information and IT | 10 | 3.50 | .15 |
| Tourism and Hospitality | 52 | 3.37 | .02 |
| Commerce and Services | 123 | 3.32 | -.03 |
| Transport. Terminals and Related Services | 13 | 3.31 | -.04 |
| Agriculture and Fisheries | 23 | 3.22 | -.13 |
| Energy and Commercialization of Fuels | 5 | 3.20 | -.15 |
| Banking, Leasing, Services | 6 | 2.83 | -.52 |
| General | 275 | 3.35 | |

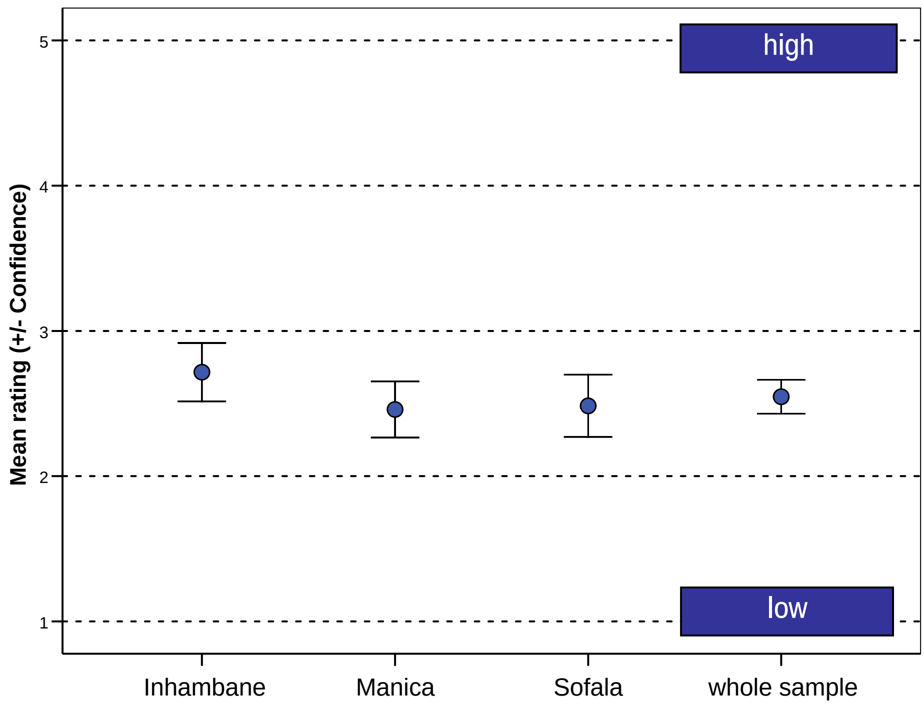
# 7 Results for 'Co-operation with the Public Sector'

In this section results concerning the overall satisfaction in relation to Public Sectors services as well as the perceived level of competence of Public Sector officials are summarized.

## 7.1 Degree of satisfaction

In the entire study sample the satisfaction with Public Sector services is rated between 'rather low' and 'medium' on average (2.55; see Graph 20). There is only minor variation between provinces, with a modestly enhanced satisfaction in Inhambane.

**Graph 20: Degree of satisfaction with Public Sector services per province**




Number of non-responses = 11

Table 8 breaks down this information for business sectors. Businesses in the sector 'Energy and Commercialization' report the highest satisfaction with Public Sector services (3.10). However, this result should be interpreted with care taking into account the low number of respondents in this sector. Within the sectors, which represented more prominently (number of respondent > 20) no substantial differences prevail. Thus, the rather low satisfaction with Public Sector services proves to be generally independent of sectorial affiliation.

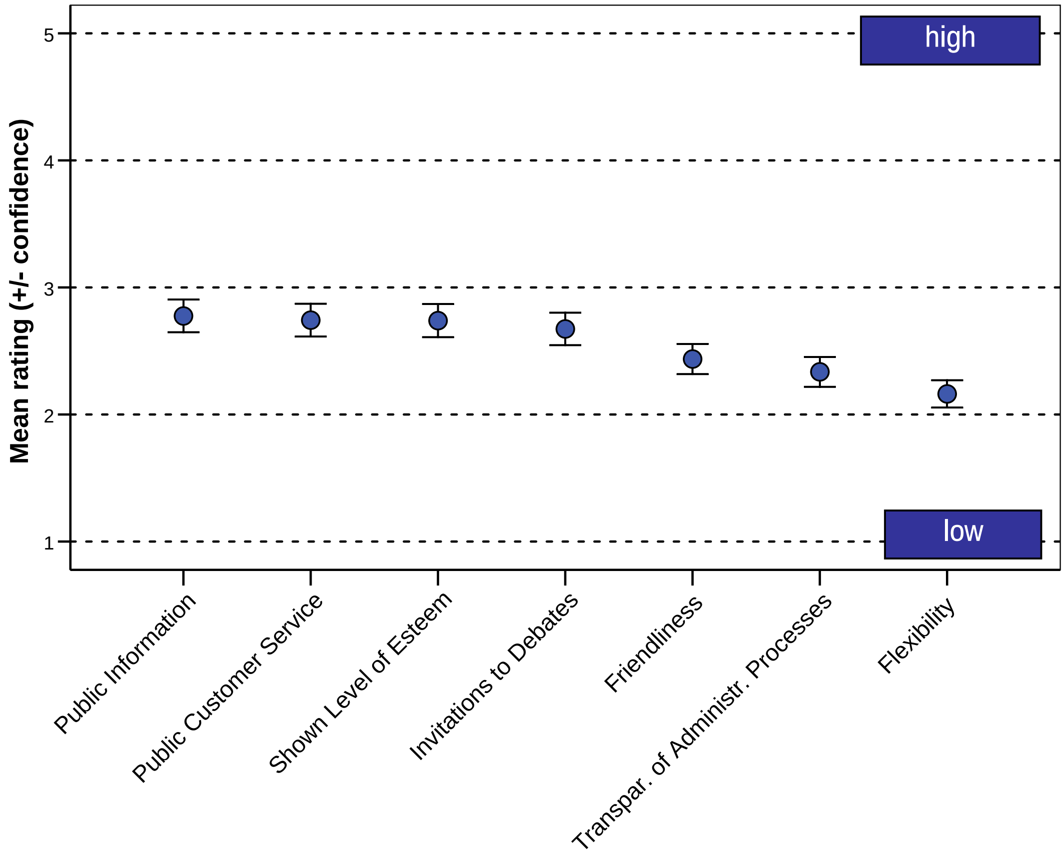
Table 8: Ranking of degree of satisfaction with Public sector services per sector

| Sector | Number of respondents | mean | Deviation from overall mean |
|---|---|---|---|
| Energy and Commercialization of Fuels | 5 | 3.20 | .67 |
| Industry | 8 | 2.88 | .35 |
| Transport, Terminals and Related Services | 12 | 2.75 | .22 |
| Food and Beverages | 12 | 2.75 | .22 |
| Communications, Information and IT | 10 | 2.70 | .17 |
| Construction and Building Materials | 23 | 2.65 | .12 |
| Tourism and Hospitality | 50 | 2.58 | .05 |
| Commerce and Services | 122 | 2.44 | -.09 |
| Agriculture and Fisheries | 22 | 2.27 | -.26 |
| Banking, Leasing, Services | 6 | 2.17 | -.36 |
| General | 270 | 2.53 | |

## 4.2 Level of competence of Public Sector officials

Graph 21 shows, that all aspects of competence of Public Sector officials are perceived far from optimal in the entire study sample. Especially 'Friendliness', 'Transparency of administrative processes' and 'Flexibility' of Public Sector officials are rated as rather low.

**Graph 21: Estimated level of competence of Public Sector officials**[1]

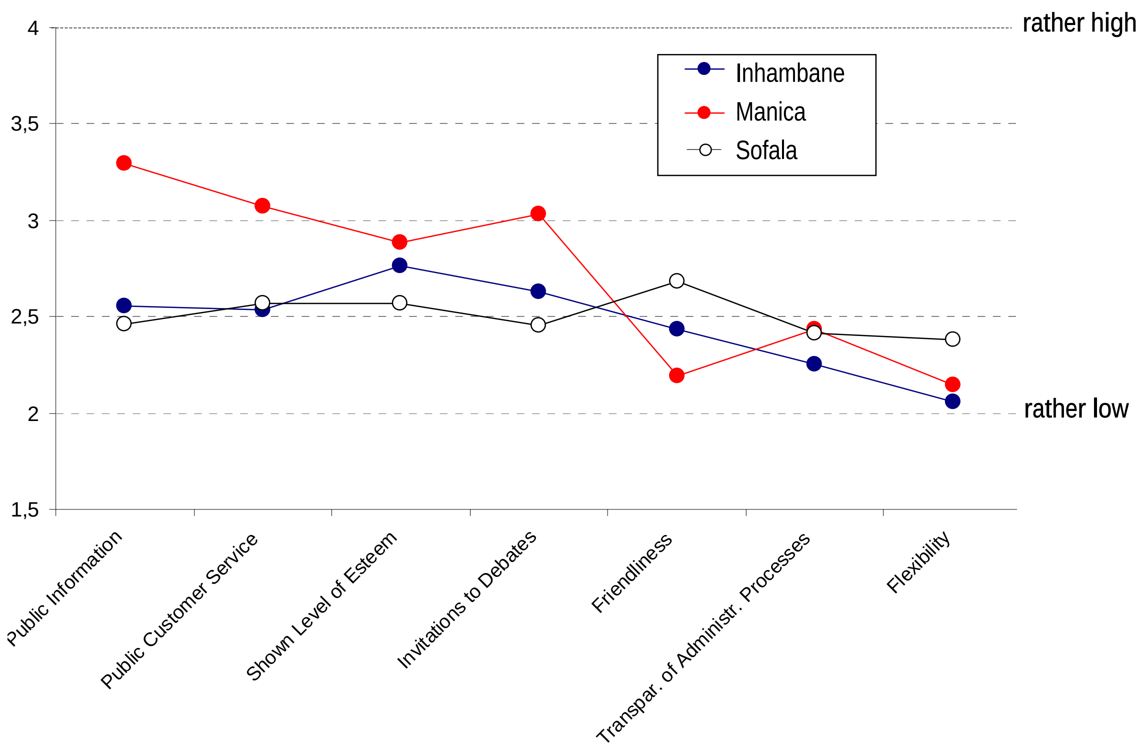



Number of non-responses = 14 to 19

[1] Number of non-responses =14 to 19

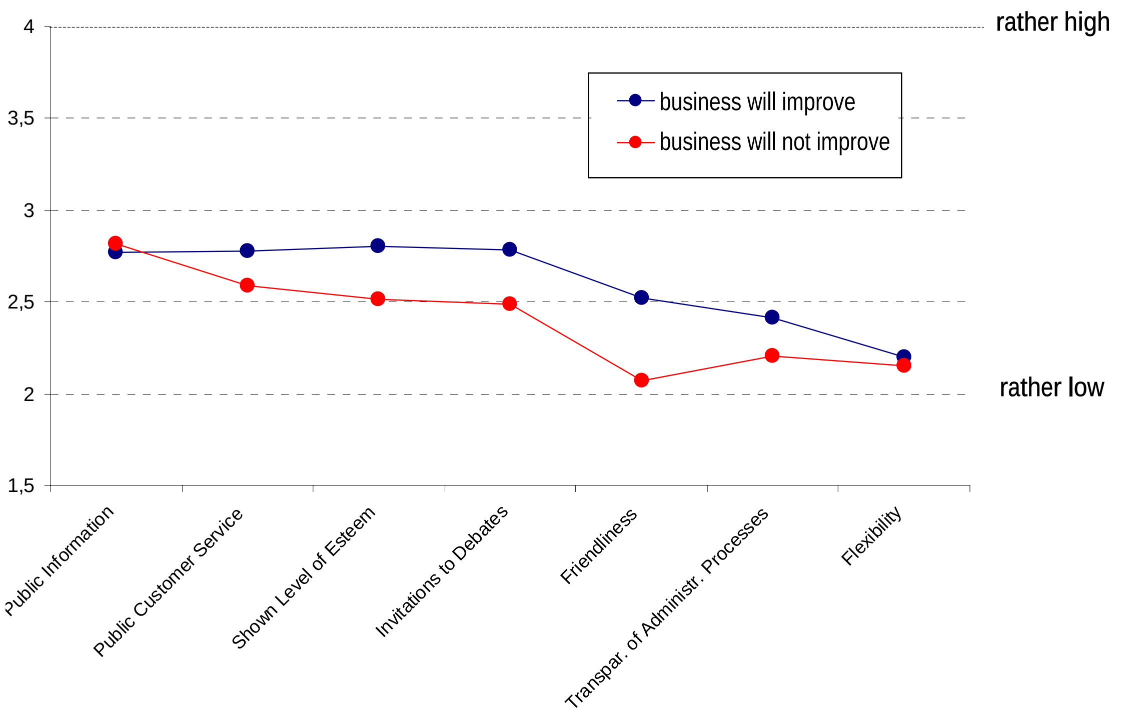
Breaking down these informations for the three provinces (see Graph 22) shows, that for 'Public information', 'Public Customer Service', 'Shown level of esteem' and 'Invitation' in Manica the highest levels of competence are rated. Actually, neutral to positive answer are found here on average. Within the other provinces all aspects are rated as 'rather low' to 'medium'.

**Graph 22: Estimated competence of public sector officials per province**



Splitting the information for companies, which expect an improvement for the upcoming year, vs. companies, which expect no improvement, allows to identify a major source of variation concerning the perceived competences (see Graph 23). Business expecting an improvement in the next year, perceive Public Sector officials as more competent concerning 'Public Customer Service', 'Shown Level of Esteem', 'Invitations to Debates', 'Friendliness' and 'Transparency of Administrative Processes'. Thus, this result may be interpreted as evidence, that insufficient support by Public Sector officials may be a substantial reason for negative business perspectives.

**Graph 23: Estimated competence of Public Sector officials related to expected improvement of business next year**



Between the 10 business sectors substantial differences in the level of satisfaction arise. It should noted, that for different aspects of satisfaction the ranking of the sectors varies substantially. For example, businesses in the sector 'Food and beverages' report the highest satisfaction in four of the seven aspects. Nevertheless, for 'Public Customer Services' and 'Shown level of esteem' in most of the other sectors higher values have been reported. Accordingly, for each aspect of satisfaction the ranking of the sectors should be evaluated individually.

Table 9: Ranking of degree of satisfaction per sector

| Sector | Number of Responders | Public Information | | Pulic Customer Services | | Shown level of esteem | |
|---|---|---|---|---|---|---|---|
| | | Mean | Rank | Mean | Rank | Mean | Rank |
| Agriculture and Fisheries | 23 | 2.78 | 6 | 2.83 | 2 | 2.96 | 2 |
| Food and Beverages | 11-12 | 3.67 | 1 | 2.36 | 9 | 2.58 | 8 |
| Banking, Leasing, Services | 6 | 2.83 | 4 | 3.00 | 1 | 3.00 | 1 |
| Commerce and Services | 120-124 | 2.95 | 2 | 2.83 | 2 | 2.75 | 5 |
| Communic. Information and IT | 8-10 | 2.89 | 3 | 2.44 | 7 | 2.13 | 9 |
| Construction/Building Materials | 21-22 | 2.41 | 8 | 2.71 | 5 | 2.95 | 3 |
| Energy/Commercial. of Fuels | 5 | 2.80 | 5 | 2.20 | 10 | 2.00 | 10 |
| Tourism and Hospitality | 49 | 2.45 | 7 | 2.59 | 6 | 2.71 | 6 |
| Industry | 8-10 | 2.40 | 9 | 2.38 | 8 | 2.63 | 7 |
| Transp./Termin./Rel. Services | 13-14 | 2.29 | 10 | 2.79 | 4 | 2.86 | 4 |
| General | 266-272 | 2.77 | | 2.72 | | 2.75 | |

| Sector | Invitations to Debates | | Friendliness | | Transparency of Admin. Proc. | | Flexibility | |
|---|---|---|---|---|---|---|---|---|
| | Mean | Rank | Mean | Rank | Mean | Rank | Mean | Rank |
| Agriculture and Fisheries | 2.74 | 4 | 2.48 | 6 | 2.30 | 6 | 2.41 | 2 |
| Food and Beverages | 3.08 | 2 | 2.64 | 1 | 2.67 | 1 | 2.58 | 1 |
| Banking. Leasing. Services | 2.50 | 7 | 2.50 | 3 | 2.00 | 9 | 1.83 | 10 |
| Commerce and Services | 2.80 | 3 | 2.30 | 8 | 2.35 | 4 | 2.12 | 6 |
| Communic. Information and IT | 2.22 | 10 | 2.11 | 9 | 2.50 | 2 | 1.89 | 8 |
| Construction/Building Materials | 2.50 | 7 | 2.45 | 7 | 2.14 | 8 | 2.05 | 7 |
| Energy/Commercial. of Fuels | 3.20 | 1 | 1.80 | 10 | 2.00 | 9 | 2.40 | 3 |
| Tourism and Hospitality | 2.57 | 6 | 2.55 | 2 | 2.39 | 3 | 2.27 | 4 |
| Industry | 2.44 | 9 | 2.50 | 3 | 2.25 | 7 | 1.88 | 9 |
| Transp./Termin./Rel. Services | 2.64 | 5 | 2.50 | 3 | 2.31 | 5 | 2.14 | 5 |
| General | 2.70 | | 2.39 | | 2.33 | | 2.17 | |