



THE ECONOMIC IMPACT OF  
COVID19 – A HIGH LEVEL VIEW

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# INTRODUCTION

The world is currently experiencing a health crisis the like of which we have not seen for generations. Hundreds of thousands of people are dying, health systems are in crisis, schools are shut and billions of people are in lockdown.

With offices closed and the majority of the UK population confined to their homes, normal economic activity has been disrupted on an unprecedented scale. Our government is intervening to try to stave off the collapse of businesses and save jobs, but many economists believe that a global recession is now a certainty.

In mid-April 2020 we decided to survey the business leaders within our network to discover what they thought the likely impact would be in the UK.

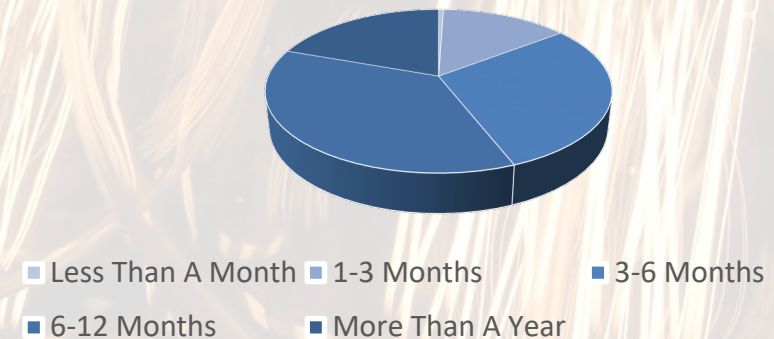
The main contributors to the survey were Business Owners and those working at Director level across head office functions. They cover a complete cross section of industries.



# How long will business interruption last?

- There were a wide range of results – showing this is not a clear picture yet.
- 90% of respondents are either experiencing or expecting to feel a far more negative impact to their businesses.
- Many predicted a slowdown in sales, projects being cancelled, difficulty in collecting cash and cash flow issues.
- 2% are seriously fearing insolvency.

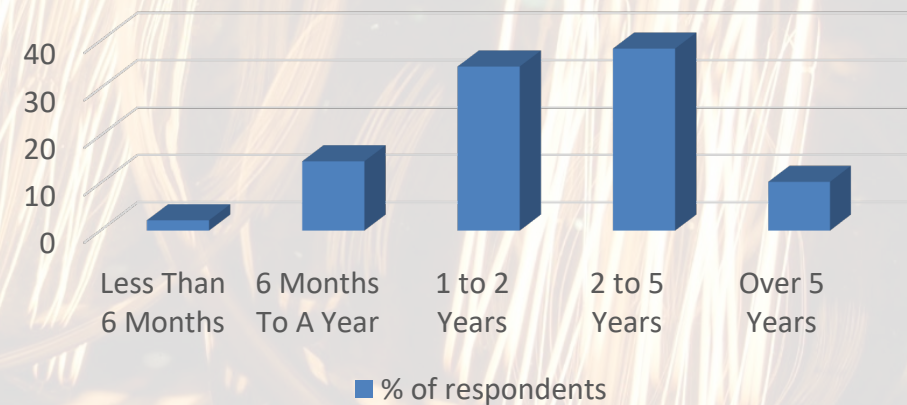
How Long Will Business Interruption Last?



# How long for economic recovery?

- General consensus was that the pain will not be short term, but will last for a number of years.
- Only 2% felt that there would be a full recovery within 6 months and only a further 14% could see this happening within a year.
- Brexit had already contributed to a flattening of the UK economy and it seems confidence is very low from business leaders at even returning to the pre-pandemic rate any time soon.

How Long Do You Expect Economic Recovery To Take?

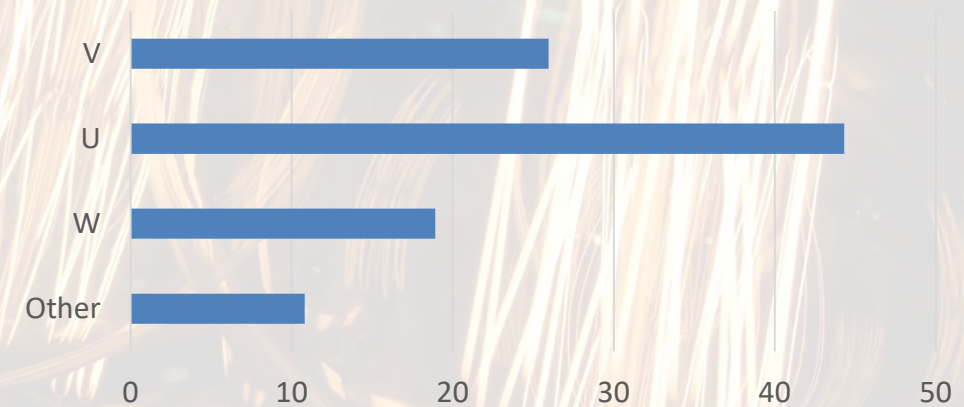




# Recession

- There was full agreement that there would be some form of recession as a result of the interruption that is being experienced.
- 44% feel that we are most likely to see a U shaped recession. This is at odds with many economists who are predicting a V shape.
- The most common answers were Pharma, Technology, Food Retail, Manufacturing and FMCG when we asked which industries were likely to recover most quickly.

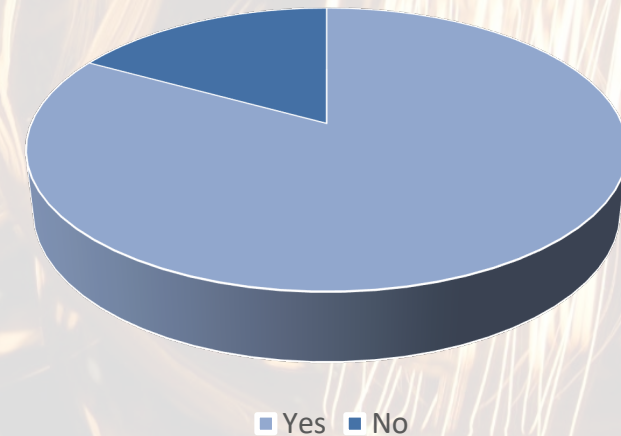
What Shaped Recession Will The UK Experience?



# Long term impact on working practices

- 83% felt that the way we work will be different forever
- The vast majority felt that work from home would become more commonplace
- A large number believe that there will be major investments in technology both to accommodate the flexible working and as more meetings would be held remotely
- A number of respondents felt that businesses would reduce imports and start 'buying British' in order to support the regrowth of our economy.

Will Working Practices Be Changed Forever?

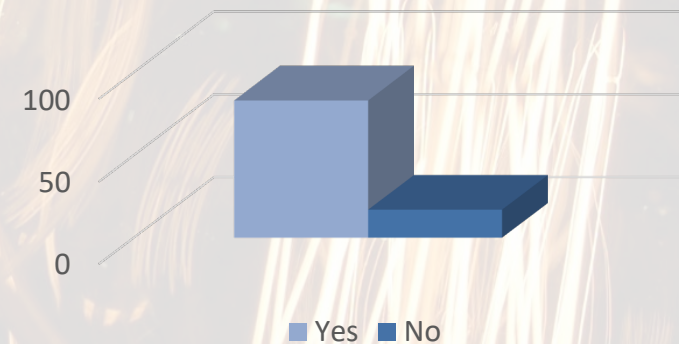




# Is the chancellor doing enough?

- 85% of people felt that Rishi Sunak is going a good job, however, 15% felt that more needs to be done.
- Of the 15%, most felt that although Government backed loans for business were a good idea in principle, actually the banks needed to have more pressure put on them to get the money to where it was needed more quickly
- There was also a feeling that the loans should be 100% guaranteed by the government in order to give businesses the best chance of survival.

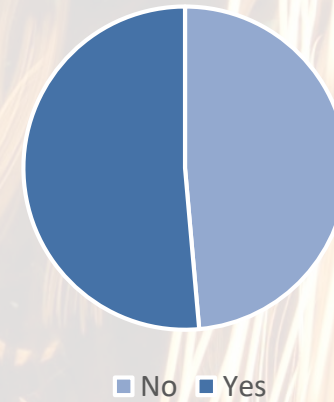
Is The Chancellor Doing Enough To Support UK Business?



# Furlough scheme

- Reports suggest over 70% of UK businesses have used the furlough scheme
- Of those that took part in our survey, 52% had taken advantage of the scheme
- 44% of those people had furloughed over 30% of employees
- Just over a quarter had furloughed more than 50%
- At the other end of the scale, a third had furloughed fewer than 5% of their staff.

% Respondents Who Had Utilised the Furlough Scheme

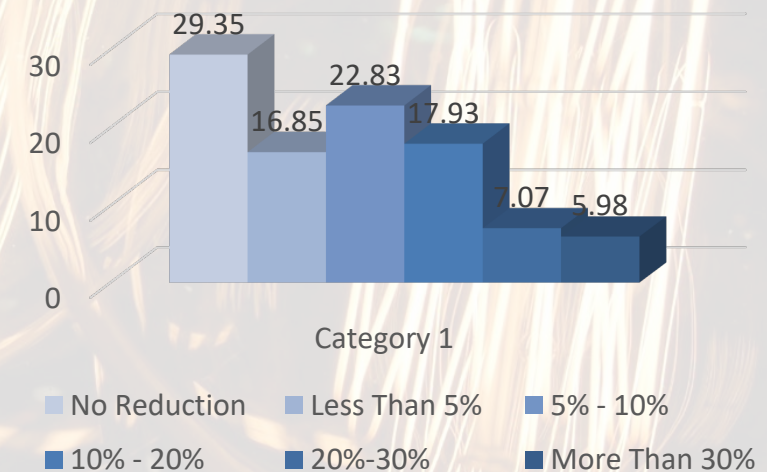




# Redundancies

- The UK had an unemployment rate of c3.8% in the January of 2020
- Some estimates have suggested that by the end of Q2 this could reach 10%, falling back to 7% by the end of the year
- The results of our own survey show that 29% do not expect to make any reduction in staffing levels
- A further 17% expecting to make fewer than 5% redundant
- 5% fear that they might have to reduce staff numbers by over 30%

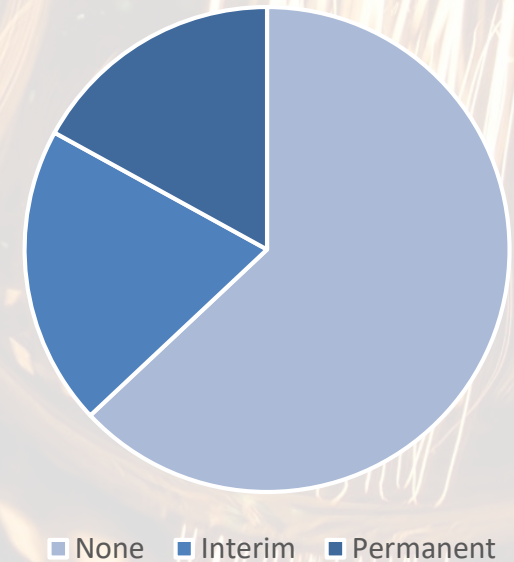
% Staff Respondents Will Make Redundant



# Future recruitment

- In terms of future staffing, the outlook is not completely bleak
- 37% of those surveyed do expect to recruit in the next six months
- 17% predict they will be creating new permanent positions within their organisation
- There was also a feeling that contractors would be needed to help businesses through the coming six months, with 20% of businesses expecting to utilise this resource
- Businesses will have needs on projects surrounding change management, restructuring and cash flow management as we move forwards

Anticipated Recruitment Needs  
Over The Next 6 Months





# Further support?

Please feel free to reach out to us. We are always happy to answer any question, please contact our MD Chris Goulding on:

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