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BREXIT AT WORK

How much has business' sentiment about Brexit changed since the Referendum?

July 2017

#BREXITATWORK



What has changed since 23 June 2016?

CNC undertook its first Brexit Barometer survey just a few weeks after the UK's unexpected vote to leave the European Union on 23 June 2016. Since then, the UK has seen a huge amount of political change and domestic uncertainty: a new prime minister was appointed; Article 50 was enacted, triggering the UK's split from the EU; the country suffered three major terrorist attacks; and a snap General Election was called, resulting in a hung parliament and a minority government.

This has been the backdrop for our four Brexit Barometer surveys, which each surveyed 1,200 team managers in small, mid-size and large UK businesses, tracking the sentiment of managers, seeking to understand how Brexit has impacted their work, and their companies' operations.

This report summarises the results of our final survey, conducted at the end of May 2017, and looks back on our previous Barometers to identify if, or how, managers' sentiments have changed since 23 June 2016.

Changes to investment and recruitment strategy

Many businesses are planning for an uncertain future….

Almost **30%** of businesses have implemented a hiring freeze or are planning to lay off members of staff in reaction to Brexit, which is significantly more than the **11%** who expect to increase hiring.

When comparing regional differences London-based businesses are less optimistic than the rest of the UK with managers in the capital slowing their hiring more significantly. **48%** of Londoners stated that their employer plans to lay off staff or freeze new hires where in the rest of the UK this figure stands at just over one in four **(28%)**.

This concern has also been reflected in managers' investment outlook, where one third of managers are aware that their business has changed its investment strategy as a result of Brexit, and the vast majority of these say that the change reflects an expectation of either lower growth or recession.

Over half **(57%)** of London-based respondents say their firms have changed their investment strategy to reflect a potential recession or an economic slowdown. The figure the rest of the UK is **36%**.

> *"Our most recent survey has found that political uncertainty has had a significant impact on the behaviour of the UK's smaller and mid-sized companies with very few contemplating any immediate growth or increasing hiring and with many preparing for a slowdown in business activity, scaling back on hiring and even contemplating laying people off."*

- CNC Partner Kevin Soady

RESULTS FROM THE FOURTH BREXIT BAROMETER CONDUCTED IN MAY 2017

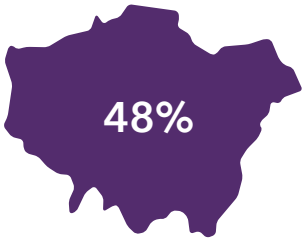


28% of UK businesses have implemented a hiring freeze or are planning to lay off members of staff.

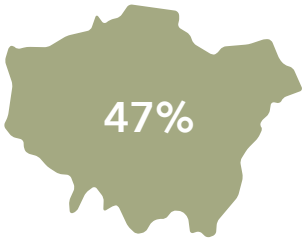


11% of UK businesses expect to increase hiring

36% of UK managers are aware that their business has changed its investment strategy as a result of Brexit.



48% of London businesses have implemented a hiring freeze or are planning to lay off members of staff.



47% of London businesses have changed their investment strategy to reflect a potential recession or an economic slowdown.

Little business appetite for the so-called Hard Brexit

Only a quarter of managers **(24%)** believe that a Hard Brexit would be the best outcome for their business.

This outcome is most strongly supported by those who voted to Leave the EU in June 2016, of whom **40%** believe that a Hard Brexit - an approach where the UK would give up full access to the single market in order to give Britain full control over its borders - would provide the best outcome for their company.

That being said, views among this group are pretty evenly split with **34%** of leave voters believing that a Soft Brexit would be best for their business. This is the view held by **60%** of Remain voters.

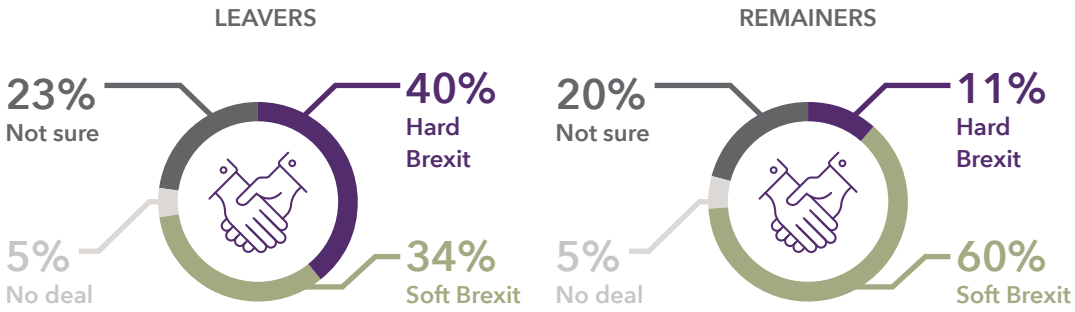
The implications of a Hard Brexit are also unclear to many of the managers surveyed. More than half **(53%)** said that they did not know what effect WTO rules, the likely outcome of a Hard Brexit, would have on their business.

"Interestingly in terms of Brexit itself and the preference for this to be hard or soft, it is logical that we see a far greater proportion of Remainers favouring a so-call soft Brexit, but even one in three of those who voted leave support this outcome too. The link between hard Brexit and WTO rules is less easy to understand with half of managers having no idea what WTO rules might mean for their business."

- CNC Partner Kevin Soady

LITTLE BUSINESS APPETITE FOR THE SO-CALLED HARD BREXIT

What do you think would be the best Brexit deal for your business?





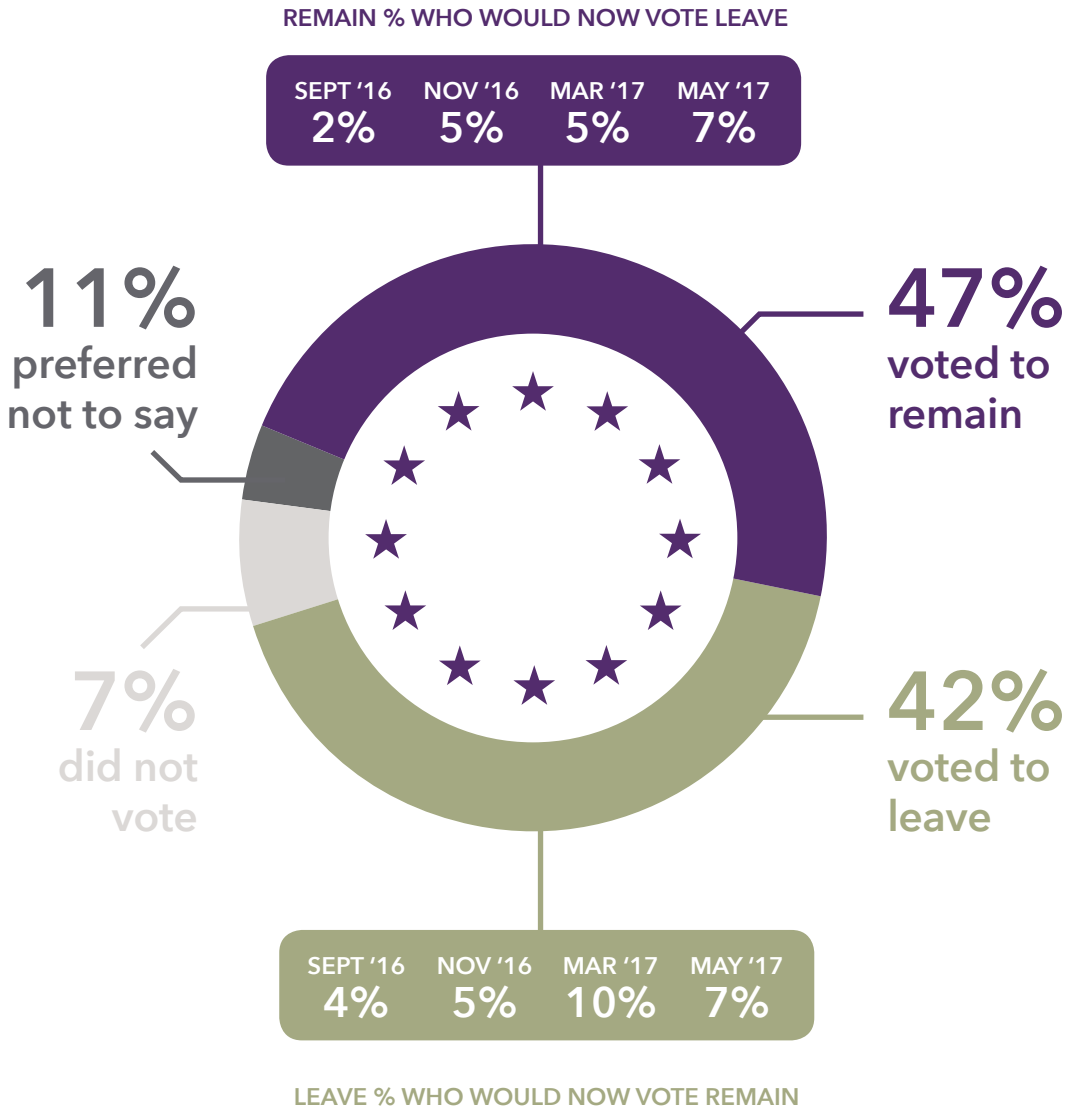
53% said that they did not know what effect World Trade Organisation (WTO) rules, the likely outcome of a Hard Brexit, would have on their business.

What has changed since June 2016?

An overview

Although most managers remain committed to the Remain or Leave position they supported in June's referendum, we have identified throughout some misgivings, on either side, largely driven by economic or political events. Were the referendum to have been replayed at any time over the past year, our research still shows that the result would be a close one.

HOW DID YOU VOTE IN THE EU REFERENDUM?



Strongly held views, then and a year on...

The number of managers who feel that Brexit has had a negative impact on their business has generally decreased over the four surveys from **27%** in August to **20%** in May.

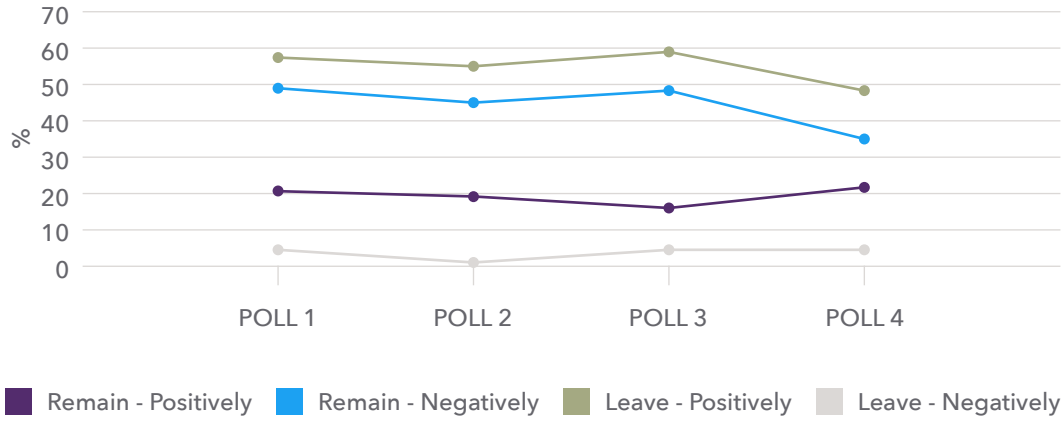
However, the number of those who believe it has had a positive effect on their business has also declined.

It seems that over the months, apathy and confusion have grown, with an increasing number of respondents feeling that Brexit either won't have an effect on their business or they just don't know what the impact will be.

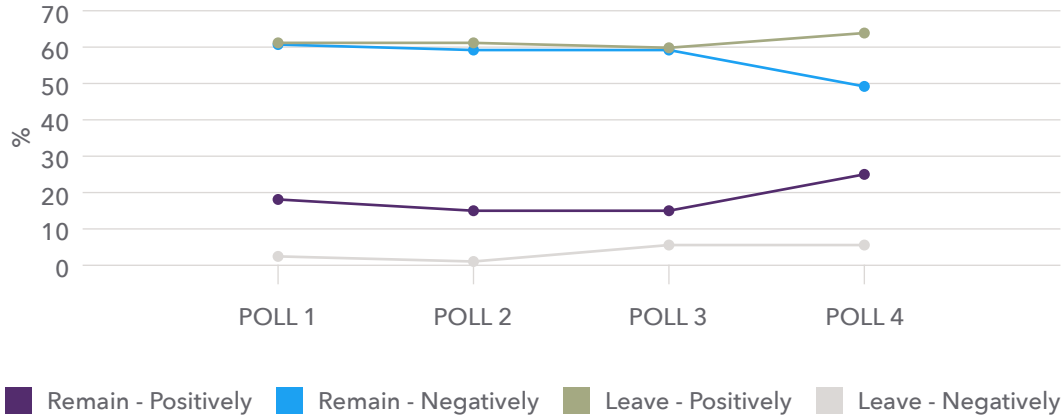
In terms of how Brexit has affected them personally, an increasing number have felt that the UK's decision to leave the EU has had a positive effect: rising from **35%** in June 2016, to **41%** almost a year later.

By the fourth survey, only **24%** respondees felt that Brexit will have a negative impact on them.

HOW DO YOU THINK BREXIT WILL AFFECT THE PROSPECTS OF YOUR INDUSTRY?



OVERALL, DO YOU THINK THE EFFECT OF BREXIT ON YOU IS POSITIVE OR NEGATIVE?



Conclusion

While managers remain polarised in their support of the UK leaving the European Union, sentiment about Brexit's impact on their business has changed throughout the year as a result of political upheaval, economic indicators and media coverage since the vote.

We at CNC will look forward to seeing how Brexit continues to impact on British businesses, and whether a polarised workforce will become more unified as time goes on.

About the survey

Methodology

Nationally representative sample of 1,200 UK medium and large enterprises. OnePoll surveyed, on behalf of CNC, managers of five or more employees in these firms (average size 210 employees).

CNC will be running the Brexit at Work barometer regularly over the coming months.

For more information please visit:
http://www.cnc-communications.com/views

If you would like to find out more about the survey contact:
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#BREXITATWORK

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