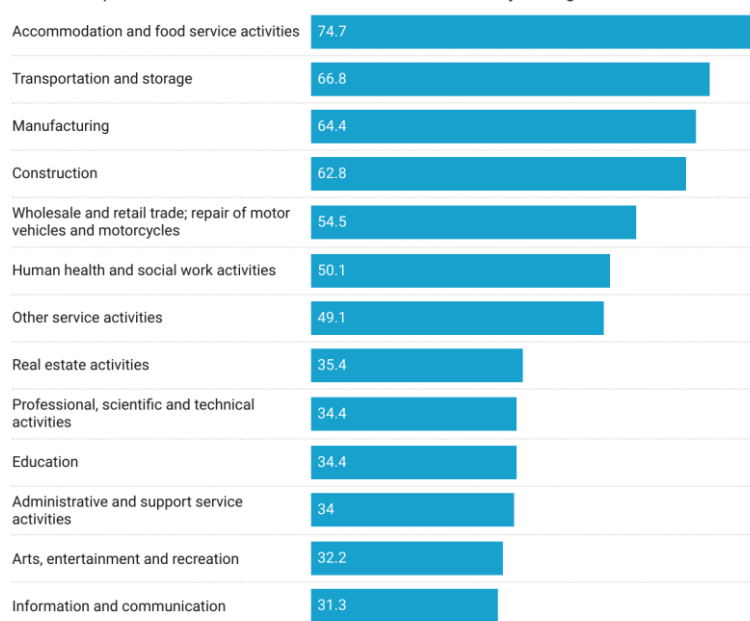


“Confronting the Cost of Living Crisis” | The Centre for Economic Justice at the IPPR How Has Inflation Impacted UK Businesses?

Ines Mackenzie-Hardy | Politics, Philosophy and Economics

How did the prices of goods or services bought by your business in June 2022 compare with the previous calendar month?

The graph shows the % of businesses by industry that answered yes to the question of whether businesses prices had increased for businesses that are currently trading



Source: ONS BICS WAVE 60 • Created with Datawrapper

Figure 1 - What % of businesses reported an increase in business costs in June 2022 in the ONS BICS survey broken down by industry

Overview of the Data Fellowship

I completed my internship at the Institute of Public Policy Research's Centre for Economic Justice, where I was asked to research which businesses were the "winners" and "losers" of inflation, as well as whether we needed to return to the type of business support that was offered to those struggling during the pandemic. My research consisted of analysing trends across certain ONS data sets as well as suggesting potential policy concerns and subsequent solutions to the issues highlighted. Ultimately, I produced an internal briefing report on the issues of business inflation in the UK, and what this has meant for businesses, as well as both their employees and customers.

Data Analysis

I focused the bulk of my data analysis on four ONS data sets, the ONS business insights survey, Producer Price Index (PPI) data, Input Producer Price Index (Input PPI) data and Service Producer Price Index (SPPI). I completed all of my data analysis in Excel and then created graphs on Data Wrapper to illustrate the correlation between which firms were reporting that they were dealing with rising business costs and other criteria such as business location, industry, and workforce demographics. I also analysed trends in inflation for specific goods such as petroleum products or domestically produced food products, and how this might relate to which industries and sectors of the economy were being worst hit by inflation.

Findings

- Which industry a firm belonged to had the most influence over how likely it was to be experiencing increasing business costs

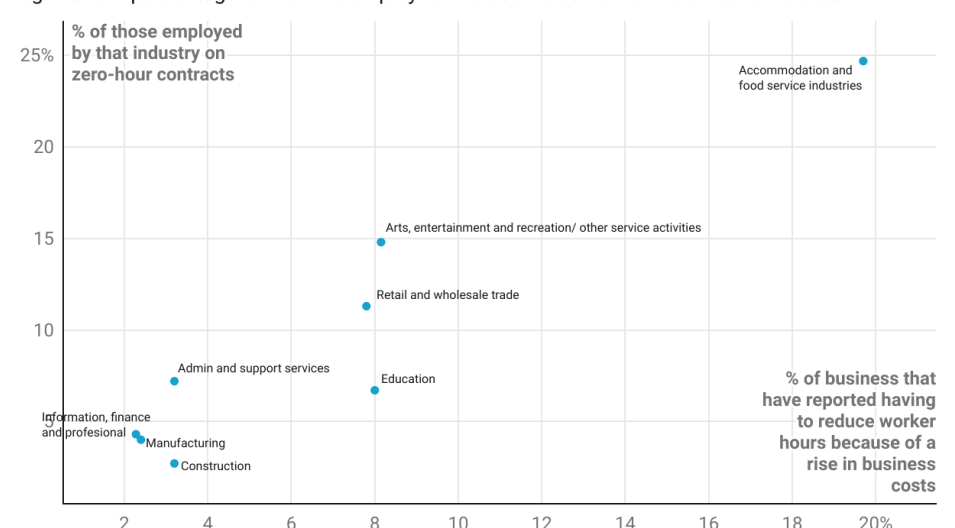
- Firm size, location, workforce demographics, and what goods a business relies on all also affected how hard it was hit, as well as the industry to which it belonged, not that all of these factors are entirely distinguishable
- Furthermore, I examined why the secondary effects of inflation that occur when businesses shield themselves from increased businesses costs was going to have a harsher impact on certain demographics, whether this be via increasing their prices, making redundancies or having to decrease their workers hours. For example, I concluded that those industries where workers were more likely to be hired on zero hour contracts where also those same industries where businesses were more likely to be reporting that they were reducing workers hours to overcome increasing business costs as seen below in figure 2

Key Skills Learnt

The most important skills I learned during this internship were data analysis and presentation, as well as the capacity to discuss and solve policy issues. While I had prior experience dealing with larger data sets as part of my degree in Economics, my confidence in analysing data trends across large pools of data, as well as comparing different data sets and statistics, grew significantly. Beyond that, I improved my ability to exhibit such data trends in graphs as well as communicate any conclusions in a team context. I learned a lot about discussing policy challenges and remedies, which was something I hadn't done much of in my degree which has left me with a new confidence to speak about current affairs and how this might relate to any research I am doing.

Are workers on zero hour contracts more vulnerable because of rising business costs?

The % of businesses that reported needing to reduce workers' hours because of increased input costs between the 27 June 2022 and the 10 July 2022 broken down by industry and plotted against the percentage of workers employed in those industries on zero-hour contracts



Source: ONS BICS wave 60 / ONS labour force survey: zero-hour contracts • Created with Datawrapper

Figure 2 - An illustration of the relationship between the percentage of workers on zero-hour contracts across all industries and the industries reporting decreasing worker hours