

Small Business Overview: Inc Impact of COVID-19 - UK - December 2020

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This report looks at the following areas:

- Are small businesses more exposed to the COVID-19 impact?
- The digital economy is levelling the playing field

Small businesses are frequently placed alongside medium companies in a so-called SME category. However, many of the smaller companies have little in common with the medium-sized companies. At the start of 2020, the government identified more than 6 million such companies, accounting for 99% of all businesses operating in the UK and accounting for 35% of the UK turnover, and 39% of employment, involving 13.8 million people.

Despite the considerable turmoil of 2020, business closures, which are dominated by small companies, have only increased by 7.4% in the first three quarters of the year. Government measures to protect employment and save companies have achieved much success given the severity of the 2020 downturn in the economy. An even lower impact has been recorded in company start-ups, which have fallen by just 4.6%. 2021 can be expected to be particularly challenging again for some industry sectors (notably hospitality and retail) with the further lockdown announced in January 2021 along with the new wave of COVID-19 cases.



“Small businesses are active in virtually every sector of the UK economy and so some have been strongly impacted by COVID-19. However, the evidence is that during the first wave they performed better than the UK average, but equally they are expected to suffer to a greater extent in the aftermath of the second wave of infections.”

– Terry Leggett, Senior B2B Analyst

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- **The digital economy is levelling the playing field**

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