The economic implications of the coronavirus: views and fears of online South Africans

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#### The economic implications of the coronavirus: views and fears of online South Africans Countries, including South Africa, are looking at gradually reopening and restarting economic

Coronavirus / Economy / Financial Security 8 May 2020

introduced. Yet, millions of South Africans are still facing restrictions to return to their places of work. The South African economy has faced

enterprises. The majority of online South Africans (92%) express the view that the coronavirus pandemic will have a lasting effect on the country's economy, whilst 84% of online South Africans believe that a global recession is likely. Based on these factors, 90% of online South Africans fear that the coronavirus pandemic will have a financial impact on them, as well as their families. These are some of the findings in the most recent Ipsos South Africa

several destabilising factors over the past couple of months, which

include the devastating effect of the coronavirus, the downgrade to junk

2020, with 1,000 adult South Africans from the Ipsos I-say panel, who have internet access at home or on their mobile phones. The lasting impact of the coronavirus on the economy The coronavirus pandemic has caused unprecedented shifts in global markets and created extreme fluidity all over the world. Therefore, new trends are not yet fully established, but there is a notion that the "new

normal" will be very different from the past. Respondents were asked how strongly they agree or disagree with the following statement: "The coronavirus or COVID-19 outbreak will have a

lasting impact on financial markets and the global economy." Possible answer categories were "strongly disagree", "disagree", "neither disagree nor agree", "agree" and "strongly agree". As illustrated below, 9 out of every 10 (92%) online South Africans agree

or strongly agree that the coronavirus pandemic will have a lasting

impact on financial markets and the global economy.

The coronavirus or COVID-19 outbreak will have a lasting impact on financial markets and the global economy

statement.

Citizens from various countries shared a similar sentiment. Italians supported this notion the strongest with 96% who either "agreed" or "strongly agreed" with the statement. Despite the reported significant number of job losses and unemployment claims in the United States,

only 81% of Americans "strongly agreed" or "agreed" with this

22-million job losses have been confirmed in the United States, with the

expectation that this number will increase over the next few weeks. The

South African National Treasury last week predicted expected job losses

Respondents were asked how strongly they agree or disagree with the

a 5-point scale the possible answers were "strongly disagree",

statement: "I expect significant layoffs and job losses in my country." On

"disagree", "neither disagree nor agree", "agree" and "strongly agree".

in South Africa to range between 3 and 7 million!

This sentiment was shared strongly amongst respondents from Japan

(88%), Vietnam (86%), Canada (84%), the UK (83%), Italy (82%) and

Australia (81%). Even though only 40% of online Russian respondents

indicated the likelihood of a recession, a large proportion of Russians

choosing the "neither likely nor unlikely" option.

**Expectations of job losses** 

were unsure about the possibilities of a worldwide recession, with 44%



In the light of South Africa's unemployment rate pre-lockdown, the

downgrade of South Africa to junk status, the low consumer confidence

index and the national lockdown as well as government information on

which sectors will be allowed to operate at which level of lockdown, it is

not surprising that South Africans are very concerned about the

This concern is shared to a relatively high degree by citizens from

Vietnam (88%), Canada (86%), the United Kingdom (83%), Australia

(81%) and the United States (80%), whilst online respondents from

China (44%) and Russia (38%) seem more unsure whether their

countries will face the same magnitude of possible job losses.

sustainability of their employment.

**Expectation of business closure** Many South African businesses are at risk of closure due to the profound disruptions brought about by the spread of the coronavirus on

businesses. As a result of the lockdown, businesses in South Africa

reported a downturn in annual turnover which resulted in more

employees being at risk of retrenchment. Respondents were asked how strongly they agree or disagree with the following statement on a 5-point scale ranging from "strongly disagree", "disagree", "neither disagree nor agree", "agree" and "strongly agree": "A major employer in South Africa will go out of business."

Three-quarters (75%) of online South Africans strongly agree or agree

that a major employer in South Africa will go out of business as a result

75%

of the coronavirus.

A major employer in South Africa or in my city will go out of business

concerns of South Africans.

Personal financial impact

agree", "agree" and "strongly agree".

The coronavirus or COVID-19 outbreak will have

The role of government

Millions of South Africans' livelihoods have been disrupted because of

the coronavirus. The scale and impact of the national lockdown have

caught many South Africans off-guard, not allowing enough time to

have a financial impact on me and my family." As before, answer

adequately plan. Consequently, online South Africans feel very strongly

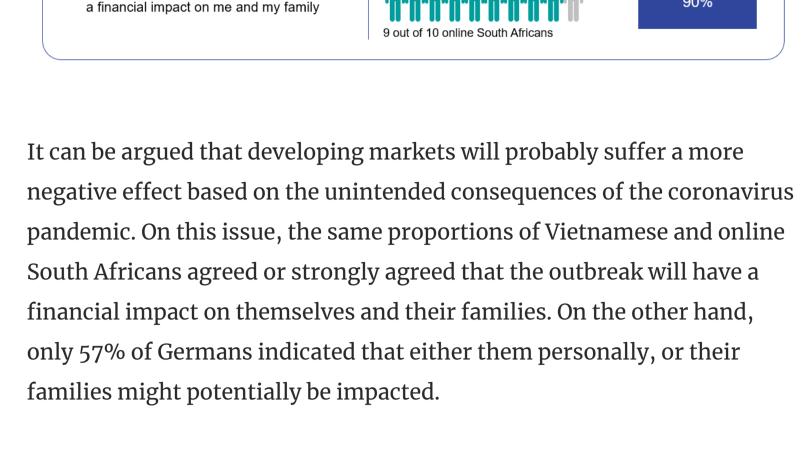
categories were "strongly disagree", "disagree", "neither disagree nor

(90%) when it comes to the question of: "The coronavirus pandemic will

On a global level, online respondents in China (47%) and Russia (22%)

Citizens from Vietnam (81%) and the United Kingdom (71%) share the

are less concerned about a major employer going out of business.



"strongly agree". Agree / Statement Strongly agree 95 Government must support small businesses Government should pay the salaries for people who cannot work 87 during this period because their company or business has temporarily closed 83 Government must support informal traders

All three these possible measures of business support from the side of

the government for struggling businesses or individuals are very popular

• In South Africa the online survey was conducted via the Ipsos i-

• A sample size of n=1,000 online respondents aged 18-65 years

projected to South Africans who have internet access at home or

The Global study used to compare with South African results is

Wave 6 of the Ipsos Global Covid-19 Tracker, conducted on the

Ipsos Global Advisor online platform among 28,000 adults aged

18-74 in Canada and the United States and 16-74 in Australia,

Brazil, China, France, Germany, Italy, India, Japan, Mexico,

Russia, Vietnam and the United Kingdom.

old participated in the survey. The data was weighted and

Say panel between the 20th and 22rd of April 2020.

The South African Government has implemented various strategies to

growth/resilience facility and the tourism relief fund. In addition, added

been negatively influenced by the national lockdown. During this period,

indicate their level of agreement by using the 5-point scale of "strongly

support has been made available to employees of companies that have

In this regard respondents were given a few statements and had to

disagree", "disagree", "neither disagree nor agree", "agree" and

support businesses during the national lockdown. These measures

include tax relief, debt relief, finance schemes, a business

permitted informal traders could trade.

amongst online South Africans.

on their smartphones.

**About the Study** 

more "connected" segment of the population. The data is weighted so that each market's sample composition best reflects the demographic profile of the adult population. • In South Africa, Ipsos weighted and projected the results to the online population: those who have access to the internet at home or on their smart phones. • Where results do not sum to 100 or the 'difference' appears to be +/-1 more/less than the actual, this may be due to rounding,

more educated and/or more affluent than the general

since July 1st, 1999. The company is part of the SBF 120 and the Mid-60 index and is eligible for the Deferred Settlement Service (SRD). • ISIN code FR0000073298, Reuters IPSOS.PA, Bloomberg IPS: FP www.ipsos.com

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• Globally, at the start of Wave 4 of the international study, sample sizes were adjusted from 1,000 to 2,000 per country, with the exception of Vietnam staying at 1,000 interviews, the same as South Africa The samples in Australia, Canada, France, Germany, Italy, Japan, the U.K. and the U.S. can be taken as representative of these countries' general adult population over age 16 or 18 (as above) and under the age of 75. The sample in South Africa,

Brazil, China, India, Mexico, Russia, and Vietnam is more urban,

population and should be viewed as reflecting the views of the

multiple responses or the exclusion of don't know or not stated

responses. The precision of Ipsos online polls is calculated using

a credibility interval with a poll of 1,000 accurate to +/- 3.5

credibility intervals, please visit the Ipsos website

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**About Ipsos** 

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For more information on this news release, please contact: Ezethu Mandlelize Stella Fleetwood Service Line Manager: Public Affairs, Service Line Lead: Corporate Reputation, Mobile: +27 (0)83 489 0758 Mobile: +27 (0)74 617 8023 stella.fleetwood@ipsos.com ezethu.mandlelize@ipsos.com

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#### Predicting a global recession With many advanced economies expected to enter a recession this year based on the decrease in GDP, South Africa is faced with a predicted GDP shrinkage of at least 6.4% that will inevitably plunge South Africa's economy into a recession. Respondents were asked how likely or unlikely, in their opinion, a global recession is to occur as a result of the coronavirus or Covid-19. Response categories were: "very unlikely", "somewhat unlikely", "neither likely nor unlikely", "somewhat likely" and "very likely". More than 8 out of every 10 (84%) online South Africans predict a global recession as somewhat or very likely. 84% South Africans predict a global recession

### status and the lasting effects of state capture and failing state-owned Covid-19 **online** tracker. Fieldwork was conducted from 20-22 April

## South Africa has implemented a 5-staged approach, whereby a gradual reintroduction of full-scale activity, at different stages, will be

# activities, ending weeks of paralysing lockdown.