

***The effect of
Covid-19 on
business
decision
making***

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Introduction

My two businesses that I have chosen,

- The Airline industry
- Sainsburys

I have picked these two businesses to pursue because they have had massive impacts on them since the covid-19 outbreak, especially since lockdown and also they have very interesting ways of dealing with this pandemic and what they are going to do in the future to comeback from this.

Finance

AIRLINES:

The Corona Virus outbreak has been one of the worst impacts that has ever been came across for the airline industry since the 9/11 attacks, as they have lost billions in revenue/profit and are at the lowest point for their cash flow. The International Air Transport Association (IATA) is predicting airlines will lose 314 billion dollars in revenue this year. Also within the article the 'Economist' there was a statement that three quarters of airlines couldn't cover costs beyond three months. Some of the biggest airlines have managed to secure credit lines from banks to support their liquidity positions. Most airlines objectives are that after the pandemic is over they will encounter high demand for flights

SAINSBURYS:

Sainsburys are warned that the impact of corona virus pandemic on current year profit could be over 500 million pounds. Sainsburys will most likely make decisions on paying dividends to shareholders differed. Also they stated their profit will be hit by significant costs due to social distancing and safety measures to protect their staff and customers and also lower financial services profitability.

Operations

AIRLINES:

Operations can be followed by airlines to ensure safety for their passengers whilst flying in these unsuitable times from when the corona virus hits its peak and also when it comes down from its peak.

The main, focus/operation for airlines are to achieve 'social distancing' now and also in the future. A few options airlines could do is,

- Having seats removed, so passengers are at least 2 meters apart
- Making sure passengers on arrival to terminals are queuing with distance between each passenger
- Temperature testing on passengers on arrival to fly and when they land

Since the outbreak of Covid-19 there has been lots of problems for airline companies, however since the 'lockdown' there could be many cases of planes being stuck in the wrong places due to it and having to move them back to the UK before the being able to get up and running again

SAINSBURYS:

Sainsburys announced plans to implement a strict door policy that will and has helped curb the amount of shoppers in its stores at any given time.

- They have temporarily closed 12 Sainsbury's local branches as larger stores struggle to manage the demand during this pandemic
- They have also imposed a three per person limit on all items
- They have a special hour for vulnerable and elderly customers to ensure they have access to the essentials they need

Marketing

AIRLINES:

The market for commercial airlines since the corona outbreak has had a massive negative impact for airlines as they are already facing multibillion-pound revenue losses, as flights are being cancelled all the time. This is having a massive negative impact on commercial airlines cash flow, the airlines are not making enough money to meet the necessary cash outflows. The UK government however said they pledge 75 million to help provide charter flights to bring UK nationals back from countries where commercial flights aren't available.

SAINSBURYS:

Sainsburys have lost a lot of profit since the outbreak of covid-19 as they are constantly paying for safety measures and ways to ensure 'social distancing'. In some cases they have made their prices on certain products more expensive to try and make more money for example hand sanitizer. Since the Covid-19 outbreak, the sales of groceries rose by 12% in seven weeks prior to the 25th of April, as shoppers prepared for lockdown.

Human Resource Management

AIRLINES:

Airline companies are already adjusting its staffing by asking employees to take vacation at reduced pay or unpaid leaves of absence. So far airlines' job cuts have not been permanent, but most companies have frozen hiring, which could damage airlines' abilities to fill jobs they need filled once the pandemic passes. International Air Transport Association stated there are 2.95 million airline employees worldwide. About 462,000 of those are in the United States, the US labor department claims. So even a 5% drop in airline employment would result in about 150,000 lost jobs worldwide.

SAINSBURYS:

Since the outbreak of covid-19 a quarter of the Sainsbury's staff were self-isolating or were off work sick.

- any of the staff who were and are self-isolating receive full pay up to 14 days, or 12 weeks if they are elderly or vulnerable
- They also launched a regular shopping hour for NHS staff, elderly and vulnerable
- The employees at Sainsbury's are also asking customers to pay with card instead of cash if possible
- They are also asking customers to stay at least one meter away from working staff