



UNIVERSITY OF
WEST LONDON
The **Career** University

Research Proposal

Title: “Brexit Impacts on the UK Economy”

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1.0. Introduction

1.1. Background of the research

In recent years, the most significant political decision that has been taken by the UK was an exit from the European Union which is known as Brexit. On 31 January 2020, Britain officially stopped the membership in the EU since 1973 (McGowan, 2020). All member states of the EU have been followed the common policies regarding trade, business, tariff, and other issues. In some cases, the EU parliament regulations are directly decided on the bilateral trade policy with non-EU countries of member states of the EU. Also, member states have to donate a significant amount of donation in the EU funds as per the economic size of a country which is used in different purposes based on EU parliament decisions. Britain was faced inadequate and inequality in the welfare funding programmes, regional and international trade and health service (Alexander and Moloney, 2018). Also, the people of the UK participated in a public vote where 52% voted for leaving the EU. Therefore, the UK government has a legislative obligation to implement Brexit in the shortest time frame. Ramiah et al. (2017) argued that the major impact of Brexit will befall on the UK economy because UK was joined in the EU to get the benefit of free trade and travel in the EU countries. So, the impact of Brexit on the UK economy is a big issue of discussion among the economist, people, and scholars. Thus, this research will investigate Brexit impacts on the UK economy.

1.2. Aims of the research

Research aim declares the intention of appearing a research work by a researcher. This research aim is investigate Brexit impacts on the UK economy.

1.3. Objectives of the research

Research objectives declare the additional purposes of appearing a research so that the supplementary purposes can be understood. The objectives are as follows:

- To gather knowledge about the reasons of Brexit.
- To learn about the benefits of Brexit for the UK.
- To know about the economic dealing of the UK after Brexit.
- To understand the impacts of Brexit on the UK economy.

1.4. Research hypothesis and questions

Research hypothesis

H1: Brexit does impact the economy of the UK

H0: Brexit does not impact the economy of the UK.

Research questions

- What was the reasons that UK government taken initiative for Brexit?
- Does UK get benefits from the Brexit?
- What types of challenges UK economy will face for Brexit?

2.0. Literature review

UK government decision to leave EU was an unprecedented and unexpected to the member states of EU as well as the world. EU is the most powerful union after the United Nations. EU was formed to increase free trade between the member states and free travel of people among the EU countries (Orbie, 2014). EU has not experienced ever such kind of issue from any powerful member of the EU like the UK. As a result, the decision to leave the EU has given a big shock to the EU countries and it creates a big threat to the existence of the EU as a powerful regional block in the world. Brexit affects economic parameters in the context of the EU and the UK. Due to Brexit, it is inevitable to be changed in the economic policy of the EU with the UK by declining the trade relief. It is a lengthy and complex process for both the EU and the UK. It needs multidisciplinary economists, experts, politicians and lawyers to be implemented the relationship between the EU and the UK.

It is confirmed that Brexit has given the UK economy some sorts benefits as well as the UK is also missed some benefits that were gotten while the country was in the EU. Due to the Brexit, the UK economy will be significantly affected in macro and micro level economy. Baker et al. (2016) expressed that economists have tried to forecast the economic condition of the UK after the Brexit deal using different evidence and relationship between migratory, investment and trade within the country and the international trade. The majority studies on Brexit impacts shows that growth of the UK economy will increase slowly post-Brexit time in contrast as the EU member. Whyman and Petrescu (2017) claimed that the UK economy output will be declined to 18% by 2025 than in the free world economic environment. The economic recover of the UK will be taken at least five years to adjust with the new changes after Brexit deal. In the first

couple of years, the UK economy will face a little fall of per capita GDP in the consideration to the baseline of as a European Union country. The UK economy will face 3.5% to 8.7% substantial uncertainties in the economic growth that will decline the GDP per capita by 1.9% in the first three years (Stevovic and Crnobrnja, 2019). The predictions of economic indicators are not optimistic for the UK economy after Brexit deal and the country will face barriers in free trade with the EU and travel.

However, some economists have predicted favourable in the free trade of the UK and boost of the economy of the country. Different studies forecasted that Brexit could bring a recession in the UK economy which was proven wrong. According to Burdekin and Hughson (2018), the national income of the UK will be increased at least 7% by 2030 in post-Brexit economic environment. UK does not need fund in the EU, which was given as a member state, the country can use this large fund in the development of the domestic economy especially to build infrastructure and provide loan to the SME sector. It is to be considered that the impact of the UK economy is depending on the trading deal between the EU and the UK. It is very definite that the UK will not get tariff benefits in the import and export with the EU that the country got previously.

The UK economy will impacted in major five areas significantly after Brexit deal such as:

Trade barriers: The EU and the UK are negotiating to minimise the trade barriers after Brexit situation. The EU will be interested to continue trade with UK as like pre-Brexit situation and non-tariff and tariff barriers will be lifted at a significant scale.

Foreign direct investment: FDI is another important factor of economy that boosts economic growth of the UK. The EU and the UK will continue FDI dealing because the EU is achieved 25% FDI from the UK and the UK is achieved 42.6% FDI from the EU. EU and UK will not be interested to shrink FDI movement to reduce economic growth (Alexander and Moloney, 2018).

Migration: It has high impact in the UK economy in post-Brexit economy. The UK is facing shortage of skills in different economic sectors so that 1.5 million workers are working in the UK migrated from the EU countries (McGowan, 2020). UK will not deport these skill workers and continue migration in the country to continue the economy wheel.

Regulations: It impacts how cost-effectively firms are capable to utilise technology, capital and workers to manufacture output. But, regulations might have an intention to assure that specific objective, for instance, environment protection, health and safety and competition can be achieved. Studies shows that the UK economy will be gained significantly if it is used post-Brexit regulations of the EU.

Productivity: It gives a long-term benefit to the development of the UK economy after Brexit situation. Productivity is indicated the increase of workforce productivity in the manufacturing sectors and service sectors in the large quantities so the GDP growth and living standard of the UK economy is increased.

Most of the economists and studies have shown that Brexit will create new opportunities of the UK to increase the domestic production and less dependency on the EU which is better for building good economic growth. Therefore, this research will investigate the possible areas of economic impacts of Brexit in the UK economy.

3.0 Research Methodology

3.1. Research philosophy

Interpretivism is an unstructured and qualitative oriented philosophy that is analysed the subjective reality. Jogulu and Pansiri (2011) argued that interpretivism is first developed theory and idea and after that it is developed hypothesis. Observation, interviews, focus group etc. are used in interpretivism for data collection and interpretation.

Positivism is a structured and quantitative oriented philosophy that is analysed the objective reality. In positivism philosophy, researchers first establish research hypothesis and after that use different theories and models to examine hypothesis (Johnson and Christensen, 2010). Survey, primary data, questionnaires are used to analyse collected data in statistical form. Therefore, positivism is appropriate for this research because it has established hypothesis and positivism is fit to test hypothesis.

3.2. Research method

Qualitative is a non-statistical method of research that is used interpretivism philosophy and seeks exploring human behaviour in different reality. Qualitative method attempts to discover the

opinion and thoughts of human perspective. Small number of data is used in the qualitative method. Interview, observation, opinion etc. are used in qualitative method.

According to Saunders (2009), quantitative is a statistical method of research that is used positivism philosophy and seeks exploring various views of human in a selected data. Large number of data is used in quantitative method to examine the human thoughts and opinion. Questionnaire, survey etc. are used to collected data for testing hypothesis. Therefore, this study will use quantitative method because it is appropriate to meet the research objectives.

3.3. Data collection

Secondary data

Secondary data is called the data which is already published publicly and is used by various entities. Secondary data is important for understanding the theories, opinion, perceptions of other researchers and various entities of a particular research issue (Cooper and Schindler, 2016). It helps to gather general understanding and knowledge in a field of research. Secondary research is available, less costly and can collect easily to conduct a research work. There are various sources of secondary research such as books, newspaper, internet, journals, magazines, government published report, business report, annual report and others. The main advantages of secondary data are that it can be easily obtained and it is not time consuming and little or no cost is required. The main disadvantages are that secondary data validity is depending on the time because if the data is too old, the validity in the present context will not be accepted. In this study, secondary data will use for gathering general understanding about Brexit, its history and various aspects in the UK economy. Theoretical issues of this study are mainly covered by secondary data because secondary data is appropriate for understanding Brexit issues.

Primary data

Primary data indicates the data that is not processed, used and published for the public use. Jogulu and Pansiri (2011) argued that primary data is important for conducting this study because it helps to gather latest data from the target population. In addition, it is essential to complete hypothesis test for better outcome and meet research objectives. The main advantages are that primary data is ensuring the high validity because it is collected from the specific population group that ensures research validity. The disadvantages are that primary data is very

time consuming and needs good amount of cost based on data size. In this research primary data will collect for test the hypothesis because without it is appropriate to do so.

3.4. Sampling method

Population

Population is the total number of individuals, groups and entities included in the target audience of a research work. For example, the population of this study includes all firms in the UK, people who are employed and general people. Use population in this study is not realistic because this research is conducted in a small scale.

Sampling

Sampling in the research indicates individual, group, items or objects that is collected from the population (Saunders, 2009). Sampling is used in this study because it is appropriate to test hypothesis and understand the research findings. The size of the sample of this study is 100 from different firms, economists and people of the UK who are directly affected by Brexit deal. Random sampling method is applied to collect sample from the population because it is supportive to remove bias in sample collection and remove concentrate data in same group or items.

Collection of data

A structured questionnaire will use to collect primary data from the randomly selected sample. Liker-scale will use in the questionnaire so that respondents can easily give their opinion each of the question.

Data analysis will be done using MS Excel because it shows analysed data in a statistical method. Interpretation and report formulation will use MS Word to understand the findings and assessment of this study.

Conclusion

Brexit deal is big issue for the UK and the EU to redesign the free trade in this region. Brexit is impacted the economy of the UK in the coming years. This study is given an effort to understand

the various impact of Brexit in the UK economy. The study will also develop findings after analysing the data so that appropriate recommendations can be given.

Limitations

Some limitations cannot be eliminated such as:

- Brexit has done very recently so there has very limited secondary data available in different sources.
- Brexit is a new issue to the people of the UK so the validity and reliability survey answers of samples cannot be hundred percent accurate.
- This study is depending on the published data given by the UK government and EU.

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Appendix

Research plan

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Research aim and objectives										
Research question										
Literature review										
Research methodology										
Data collection										
Data analysis										
Findings										
Conclusion & recommendations										
Final report										

