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Introduction

Business is a universal thing, and in the era of globalisation, every country is connected through business. During Covid 19 time, it was clear that a simple change in any country's condition could hamper the overall economy and supply chain management. No country is out of this relationship and dependency. From the given Case, the crisis faced during Covid 19 and Brexit has been highlighted by explaining some conditions. Labour shortage, high demand for inelastic items due to personal storage and low demand for elastic items, overall economic condition, and the way the government of the UK came forward to solve these issues are remarkable knowledge for business owners and business management personalities.

The impact of the COVID-19

COVID-19 is a situation which no business and authority were aware of. This pandemic came as a huge wave and flooded every sector with change. Economics and supply chain were affected by this change from different aspects. Living in the era of global business, almost every product is influenced by maybe a complete nation. Like, Ukraine is the world's food basketball ("MODERN ECONOMICS Definition and Meaning | Collins English Dictionary," 2023). If the connection or the transformation is somehow hampered, this will result in a worldwide food crisis. The economic equilibrium condition was destroyed during the partition because of the interrupted supply chain mana, affecting worldwide economics.

The Pandemic situation had its impact on the overall condition. It had effects on business economics and the supply chain. However, it affected the overall condition. Many employees felt insecure because of Brexit, which made the job market more unstable. Especially the drivers in the UK were terrified, and they left their jobs. The overall transportation system broke. The driver shortage was one of the reasons, and the high petrol demand arose. People started preserving fuel, and the rate of fuel increased. Another reason behind the rise in fuel demand was the use of personal vehicles (Moon, 2018). A smooth, timely, efficient transportation system faced a massive crisis. The products were ready for shipment at some point, but suppliers needed to hold their storage only because of a transportation shortage.

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During the pandemic, a drastic change is figured out in consumer behaviour because of a huge lifestyle change. Being home people and because of the closed restaurants and others, people started consuming homemade food, personal and self-care were done at home, and using home

appliances also increased demand for gadgets. For example, skin care products, cooking items, and grocery items are hot priorities on the bucket list. Due to hamper in the supply chain and hamper transportation, consumers sometimes need help to get their favourite brands. Moreover, they needed to go for supplements (Informi, 2021). The products that were uncertain in the market lost their market.

The remote working lifestyle motivated people to invest more in devices and home entertainment accessories, and it can be noticed that there was a massive demand for electronic devices. There are many examples of people changing their careers during this pandemic. The main reason behind this approach is that many people lost their jobs; conversely, people discovered their passion and became entrepreneurs.

Inflation and job insecurity also motivated people to invest in investment and savings. Also, the bankruptcy increased due to the high expenses of living. People started spending on durable assets rather than their hobbies. Many people became conscious about their living and all and started to think about extra earnings (OECD, 2015).

This pandemic brought a revolutionary change in supply chain management and economics. The industry that expanded during this time is E-commerce. Because of health issues and safety, people become more interested in online purchases. Though there needed smoother delivery options, delivery organisations developed unique ideas and service options. This is another sector that developed during the pandemic situation. There is a need for more experienced drivers in the UK. According to the chief executive of the Food and Drink Federation, in 2021, the UK had only 12.5% of labour available according to their demand. However, unfortunately, there is a shortage of labour in transportation, the food industry and hospitality at a very alarming rate. Amazon mentioned that their ready-to-discharge products are only in storage because of a labour shortage. The government of the UK acknowledged that this problem is connected with Brexit. So, the government has brought new policies and changes in the existing policies to attract employees. A temporary working visa is also offered to the employees, along with free movement. Another initiative of HGV driving hours, but this policy was criticised.

During the pandemic, there were strict rules in different sectors, and the UK government changed and relaxed rules to make the situation normal. First, the UK government extended the duration of driving licence for driving dangerous goods to smooth fuel and other carbon dioxide transportation. Another relaxed rule is the cabotage rule, which makes the HGV drivers

pick up and drop off goods more often than earlier. The UK government relieved the tax for the haulage industry on 2nd Oct 2021. Nevertheless, this needed to be clarified.

UK government created specialised and expert teams to manage the shortage. These teams worked mainly on the supply chains to identify where they could reduce labour or cost to make the process smooth and sustainable in the long run. The supply chain managers took the help of technologies to manage the shortage, but it was only possible sometimes to replace humans with technology. So, there remained a need for more labour. However, things developed more than before.

Waste in industries is an essential factor, and waste management is an important factor for every industry. After the pandemic, when economic inflation was everywhere and production was deemed because of labour shortage, the UK government inspired the industries to focus on waste reduction. Moreover, this strategy helped to make the business more sustainable. Another brilliant step the UK government took was smoothing the internal supply chain. Firstly, the UK digitalised their supply chain process as much as possible. The government facilitated all kinds of businesses, especially SMEs, to get into the market and facilitated them with relaxed laws to sustain within a short period. The UK government made deals with different nations to have different sources of critical goods, and this attempt helped the business owners to expand their business in a larger market. Innovation, research, and skill-based training initiatives helped business organisations be more modern in their supply chain management.

UK government developed their relationship with the business stakeholders to give them up-to-date ideas to develop their business. If there is any risk, the stakeholders could know about it better. The government collaborated with the stakeholders at the moment, and they felt safer to be in the business. This approach was also helpful in reducing the price of the suppliers. The UK government provided the suppliers with different facilities and tried to lower the cost of the shipment and others to reduce the overall product price. After the pandemic and Brexit, the overall supply chain and economic conditions could have been challenging. However, the UK government worked immediately to make the situation normal, and this process is endless. The UK government is still working on these processes to stabilise the economic condition.

Demand and Supply Chain

Demand and supply are the complement of each other. Demand and supplies depend on different factors such as price, consumer income, other related goods, consumer number and consumer preference. However, among all the factors, price is considered one of the most critical factors in demand and supply chain management. Now, when there is a massive demand for any product in the market, which can be created because of seasonality, trend or other factors, the suppliers may face some challenges in fulfilling the demand. So, organisations choose to have only the fixed consumers to maintain the demand and supply of the product. As can be seen, people feared limited fuel in the market. So, they rushed to preserve the fuel. This excessive demand caused inadequate supply. The supply was always as it was, but the sudden increment in demand caused the scarcity of that product. So, the suppliers increase the prices to reduce demand, which is always applicable. If the price increases, demand will decrease even a little (“MODERN ECONOMICS Definition and Meaning | Collins English Dictionary,” 2023).

On the other hand, because of Brexit and the pandemic, different product prices decreased, such as beauty and fancy products. So, the supplier of these products played entirely a reverse role in this condition (Informi, 2021). They offered discounts and attractive offers to get back to the market. Different service providers also gave attractive offers to get the consumers' attention. The market became so competitive for the suppliers because low prices increased the demand.

Now, businesses face new challenges in supplying products according to the demand. It is evident that if the price is lower, then the demand will increase, and suppliers need to be prepared for this situation and manage the increasing demand. Online business and E-commerce services were marketing at a peak level to get the consumers' attention. Amazon is one of the examples that increased and expanded their business during this situation. They offered many products at the cheapest price while existing competitors like Costco and Alibaba Express existed. However, Amazon managed everything very smoothly. They improved their

inventory management, policies, and delivery system to supply their product on time and within the shortest delivery period. They used modern technology and systems to develop their supply chain. By doing so, they grab this market and are still doing their business with a good reputation.

Another important factor in demand and supply management is having capital in hand. So, after Brexit and the pandemic, people understood the importance of having savings and investments. Because money is losing value day by day. People were looking forward to investing their money and becoming shareholders of large organisations. Large industries needed capital to increase their business and stakeholders to grow more. The UK government also helped this and made policies to help investors and industries collaborate. After the inflation, the business grew fast because they found more investors for their business, and the capital helped them fulfil the consumers' demand.

Inelasticity and inelasticity are two terms that define how much of the demand for a good is dependent on the market variables. Price and consumer income are essential pricing factors (Nagurney, Li and SpringerLink (Online Service, 2020)). Inelastic demand means the demand for the product is fixed. That means no matter if the price increases or decreases, no matter income increases or decreases, the demand for the product remains almost constant all the time. Daily necessities like medicine, staple food, Gas, and petrol are examples of inelastic demand. Because income or price cannot influence these products, people must consume them according to their needs (Vines et al., 2020).

Elastic demand is a high demand that depends on the market influencing factors. More precisely, if the demand for any product increases or decreases according to the price or income of the consumers, then that is called elastic demand. Luxury products, hobbies, cosmetics, entertainment tools, and travelling are examples of elastic demand. These demands are highly influenced by the price and income of the consumers (Mind the Import Gap: UK Supply Chains in Brexit Times | Industrial Analytics Platform, 2022).

In elastic demand, the product industry price structure is fundamental to capturing the target audience. Because the market is competitive (FutureLearn, 2022). For better pricing, better

customers will be grabbed. On the other hand, in inelastic demand, pricing is not a significant factor. Because no matter what the price is, the demand will remain almost the same. In an elastic industry, entry barriers are lower than inelastic. Because people always appreciate changes.

On the other hand, the entry barrier for the inelastic industry is high because consumers are interested in something other than experimenting. Instead, they feel comfortable with their existing product. An elastic business is a safe business plan because the suppliers can generate revenue by adjusting the price. However, for inelastic products, the price makes little difference.

There are four laws of demand and supply. Supply and demand can be measured or predicted by these laws. The first law of demand and supply is increasing demand. When the demand for a product increases, the suppliers can demand higher prices from the consumers because they are ready to pay more to get their desired products. Most trendy products follow this law. Consumers are ready to get the product to get their desired product.

The second law is decreased demand. When the demand for a product decreases, the consumers lose interest in any product, so the suppliers offer lower prices to attract the consumers. Consumers can be more interested in purchasing the product to get the market back of the product or to clear the stock. The suppliers also offer lower prices to the consumers when the supply of the product remains the same, but the demand is lower than it was. Seasonal fruits or vegetables are examples that follow these rules. Because if the stock is not cleared at the right time, then the stock will be rotten. Suppliers reduce prices to clear though the demand is lower (Ehrenberg and Smith, 2018). The last law of supply and demand is decreased supply. For some reason, if the demand remains the same, but the supply is decreased, then the suppliers increase the price to generate revenue by selling fewer items.

Conclusion

A successful business management requires a solid knowledge of economics, supply chain management, demand and supply management and marketing. Apart from internal factors like capital management and labour shortage, many other external factors can influence or hamper a business from different perspectives. Also, the way the UK government has taken immediate steps to overcome the overall crisis is notable. The knowledge of elastic and inelastic products, demand-supply law and proper inventory management will help a business succeed and sustainably in the long run.

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Appendix



Figure 1: Labour Shortage in the UK

Source: (Home - Office for National Statistics, 2023)

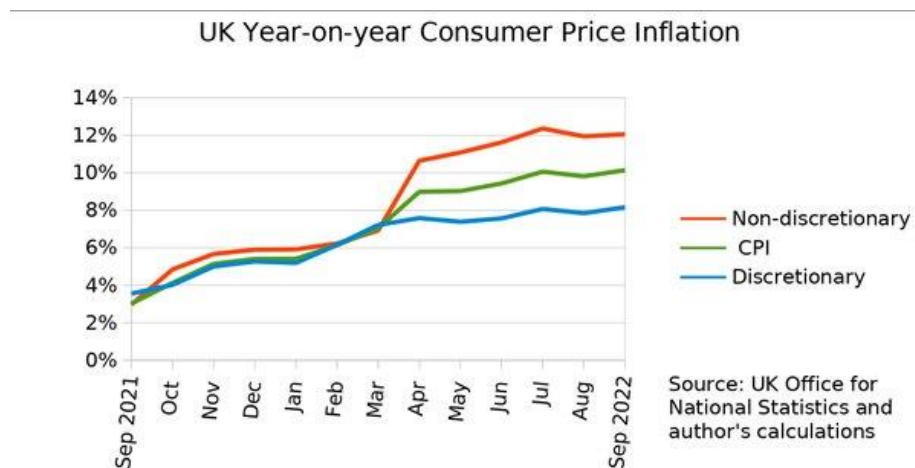


Figure 2: Price Inflation rate

Source: (Obstfeld and Rogoff, 2015)

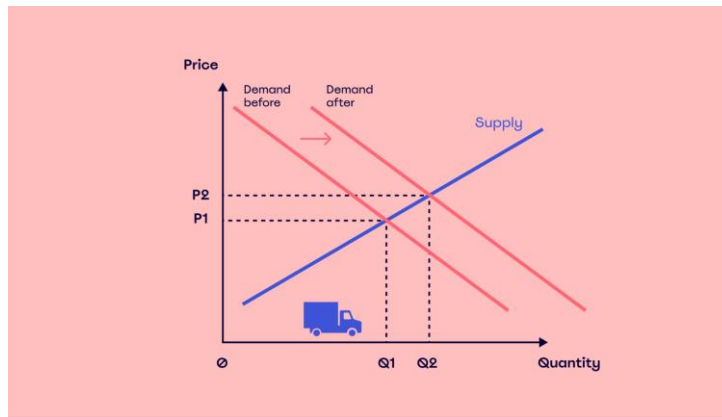


Figure 3: Demand and Supply Relation

Source: (Sampson, 2018).

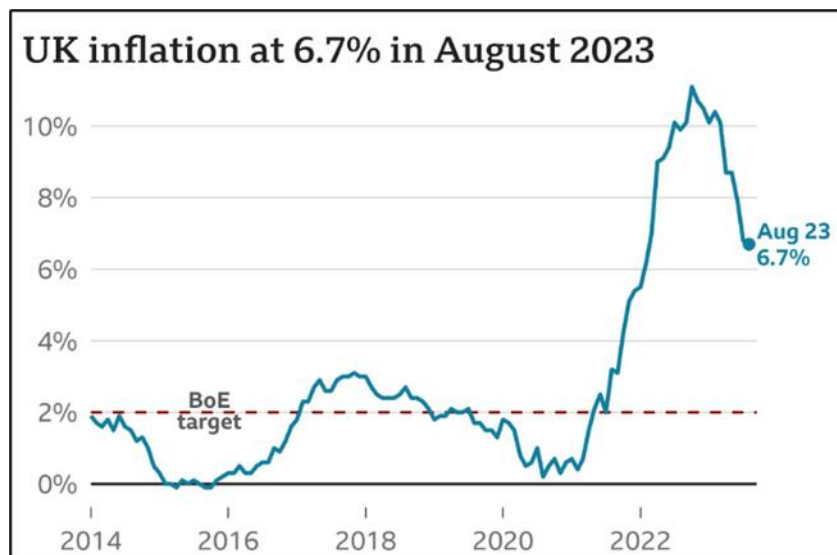


Figure 4: Inflation rate in the UK

Source: (Home - Office for National Statistics, 2023)