



Effects of Covid-19 on Supply Chains Around World

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Introduction

COVID-19 (short for "coronavirus disease 2019") is an infectious disease caused by the novel coronavirus SARS-CoV-2. The disease was first identified in Wuhan, China in December 2019 and has since spread globally, leading to a pandemic. The impact of COVID-19 has been vast and far-reaching, affecting nearly every aspect of life for people around the world. COVID-19 has caused millions of deaths worldwide, and has placed a significant strain on healthcare systems. COVID-19, a highly infectious disease caused by the novel coronavirus, has had a massive impact on the global economy and supply chains (Sarkis, 2020). The pandemic has led to widespread disruptions in production, transportation, and logistics, as well as labor shortages and changes in consumer demand. These factors have had a significant impact on supply chains all over the world, causing delays, shortages, and increased costs for businesses and consumers alike. The COVID-19 pandemic has had a significant impact on the Middle East region (Guan, et al. 2020). The region, which includes countries such as Saudi Arabia, the United Arab Emirates, Qatar, and Kuwait, has experienced disruptions in supply chains, changes in consumer behavior, and significant economic challenges due to the pandemic.

In this essay, we will explore the impacts of COVID-19 on supply chains in middle east region and how businesses are adapting to these challenges.

Body

Impact of COVID-19 pandemic on businesses

The COVID-19 pandemic has had a significant impact on businesses of all sizes and across all sectors (Sharma, et al. 2020). However, some companies have been affected more than others due to various reasons, such as their industry, size, location, and business model. Here are some examples of companies that were most affected by the pandemic:

Airlines: The airline industry has been one of the hardest hit by the pandemic, with many airlines experiencing a significant decline in revenue due to travel restrictions and reduced demand for travel. Major airlines such as Delta, United, and American Airlines have reported billions of dollars in losses. As per Ivanov and Dolgui (2021), the International Air Transport Association (IATA) estimated that the pandemic has caused a \$370 billion loss in revenue for the global airline industry in 2020. The decrease in demand for air travel has led to significant layoffs and furloughs, and many airlines have been forced to seek government assistance to stay afloat (Ivanov&Dolgui, 2021).

Hospitality and tourism: The pandemic has also had a significant impact on the hospitality and tourism industry, with many hotels, resorts, and restaurants being forced to shut down or operate at reduced capacity. Companies such as Marriott International and Hilton have reported significant declines in revenue. According to the World Tourism Organization (UNWTO), international tourist arrivals decreased by 74% in 2020 compared to the previous year, leading to a loss of \$1.3 trillion in export revenue from tourism (Meier& Pinto, 2020). The impact on tourism has had a ripple effect on related industries such as transportation, entertainment, and retail.

Retail: The pandemic has accelerated the shift towards e-commerce and online shopping, which has put pressure on brick-and-mortar retailers. As per Magableh (2021), many retailers, including J.C. Penney, Neiman Marcus, and Brooks Brothers, have filed for bankruptcy due to the pandemic's impact on their businesses. The National Retail Federation (NRF) estimated that retail sales decreased by 2.8% in 2020 compared to the previous year, with

many retailers experiencing a decline in foot traffic and sales (Chowdhury, et al 2021). The impact on retail has also affected supply chains, with many companies struggling to adapt to the changes in consumer behavior and demand.

Entertainment: The pandemic has also had a significant impact on the entertainment industry, with movie theaters, theme parks, and live events being forced to shut down or operate at reduced capacity. The Walt Disney Company reported a loss of \$2.8 billion in its parks, experiences, and products segment in the third quarter of 2020. The impact on the entertainment industry has led to significant layoffs and furloughs, as well as the cancellation or postponement of major events such as the Olympics and music festivals (Magableh, 2021).

Small businesses: Small businesses have been disproportionately affected by the pandemic, with many struggling to stay afloat due to reduced revenue and increased expenses. According to a survey by the National Federation of Independent Business (NFIB), 92% of small businesses reported being negatively impacted by the pandemic, and 21% reported that they would have to close their doors permanently if current economic conditions continue (Dohale, et al. 2021). The impact on small businesses has had a ripple effect on local economies, with many communities facing the loss of jobs and revenue.

Effects on SupplyChainDisruptions in Production

One of the most significant impacts of COVID-19 on supply chains has been the disruption of production. Many factories and manufacturing facilities have had to shut down temporarily due to quarantine measures and worker safety concerns. This has led to shortages of goods and materials and delayed deliveries (Mollenkopf, et al. 2021). The shutdown of factories has also impacted other businesses along the supply chain, including raw material suppliers and transportation providers. In addition, the pandemic has caused significant disruptions in global trade. Countries around the world have imposed travel restrictions and border closures, making it difficult for goods to be transported across borders. This has led to a reduction in demand for transportation services, further exacerbating the challenges faced by transportation providers and logistics companies. One of the most significant impacts of COVID-19 on the Middle East has been the disruption of oil markets. The region is home to some of the world's largest oil-producing countries, and the pandemic has led to a significant reduction in demand for oil as transportation and manufacturing sectors around the world have slowed down. This has led to a reduction in revenue for many Middle Eastern countries, which rely heavily on oil exports. Many companies cut their costs and delayed plans such as Saudi Aramco is the world's largest oil producer, has been impacted by the pandemic due to the reduction in demand for oil. As a result, the company has had to cut costs and delay some of its investment plans to mitigate the impact of the pandemic on its operations (Remko, 2020).

Transportation and Logistics

Transportation and logistics have also been significantly impacted by COVID-19. The reduction in demand for transportation services has led to a reduction in air cargo capacity, further exacerbating transportation delays. The cancellation of flights and reduction in passenger flights has led to a reduction in air cargo capacity, further exacerbating transportation delays. As per Xu, et al. (2019), the COVID-19 pandemic has had a significant impact on the transport and logistics industry in the Middle East. As a region that serves as a gateway between Asia, Europe, and Africa, the Middle East has seen significant disruptions in transportation and logistics due to the pandemic. One of the main challenges faced by the transport and logistics industry in the Middle East has been the closure of borders and restrictions on international travel. This has led to significant disruptions in supply chains, particularly for businesses that rely on imports and exports. The closure of borders has also led to delays in the movement of goods and services, leading to increased costs and supply chain disruptions. One example is Almarai which is a Saudi Arabian dairy company, impacted by the pandemic due to disruptions in the company's supply chain. The closure of borders and restrictions on international travel have led to delays and shortages in the company's supply chain, particularly for imported feed for its cows. The shortage of labor has had significant impacts on industries such as healthcare, hospitality, and agriculture. In healthcare, the shortage of nurses and other healthcare workers has put a strain on the system, particularly in areas that have been hit hard by the pandemic. In hospitality, restaurants and hotels have struggled to find workers to fill open positions, leading to reduced hours and services (Hobbs, 2021). In agriculture, farmers have been forced to leave crops unharvested due to a lack of workers, leading to food waste and lost revenue. To address the shortage of labor, some employers have taken steps such as increasing wages, offering bonuses, and providing additional benefits such as healthcare and childcare (Rizou, et al. 2020). Others have turned to automation to fill open positions. Some industries, such as healthcare, have also taken steps to increase the supply of workers by offering training and education programs.

Labor Shortages

Labor shortages have also been a significant challenge for supply chains during the pandemic. Many workers have fallen ill or have been forced to quarantine, leading to reduced productivity and delays in production. This has impacted businesses across the supply chain, from factories to transportation providers to retailers. Companies like Emirates Group, the parent company of Emirates Airlines, has been heavily impacted by the pandemic due to the reduction in air travel. As a result, the company has had to reduce its workforce and cut costs to mitigate the impact of the pandemic. In addition, the pandemic has led to changes in labor laws and regulations. In many countries, employers are required to provide additional safety equipment and training to workers, increasing the cost of labor and making it more difficult for businesses to operate profitably. Also, many workers are hesitant to return to work due to the risk of exposure to COVID-19 (Aday&Aday, 2020). This is particularly true for workers who are at a higher risk of severe illness, such as older adults and those with underlying medical conditions. Workers who are in contact with the public, such as those in retail and hospitality, may also be hesitant to return to work due to the risk of exposure. Moreover, the closure of schools and daycare centers,

as well as the need to care for elderly relatives, has made it difficult for many workers to return to work. Without access to childcare or eldercare, many workers have had to choose between caring for their family members and working.

Changes in Consumer Demand

The changes in consumer demand brought on by COVID-19 have also had a significant impact on supply chains. With more people staying at home, there has been increased demand for goods such as home exercise equipment, office furniture, and home entertainment products. On the other hand, there has been reduced demand for products such as formal wear and luxury items. These changes in consumer demand have led to disruptions in supply chains, with businesses struggling to keep up with changing demands and shifting priorities. Some businesses have been able to adapt quickly to these changes, while others have struggled to keep up with demand or have been forced to scale back operations (Ivanov&Das,2020). The pandemic has also had a significant impact on the tourism industry in the Middle East. Many countries in the region, such as the United Arab Emirates and Qatar, have invested heavily in tourism in recent years, but the pandemic has led to a significant reduction in international travel. This has led to a reduction in revenue for businesses in the tourism sector and has had a broader impact on the overall economy.

The pandemic has affected various industries and has led to changes in consumer behavior, including a shift in demand for certain products and services. One example of the impact of COVID-19 on consumer demand in the Middle East is the rise in demand for online shopping and home delivery services. With restrictions on movement and social distancing measures in place, many consumers have shifted to online shopping for their daily needs. This has led to increased demand for e-commerce platforms, such as Noon, Souq, and Amazon, which offer home delivery services for a range of products. Demand for hygiene products, such as hand sanitizers and disinfectants, has also increased significantly. On the other hand, consumer demand for luxury goods and travel has decreased due to the pandemic's impact on the global economy and travel restrictions. This has resulted in a decline in demand for products such as high-end fashion and accessories, luxury cars, and expensive vacations.

Supply chain resilience

The COVID-19 pandemic has highlighted the importance of supply chain resilience. Resilience refers to a system's ability to recover from a disruption and continue to function effectively. Many companies have been caught off guard by the pandemic, and their supply chains have struggled to cope with the disruption. However, some companies have been able to adapt quickly and maintain their supply chains' resilience. One way that companies have improved their supply chain resilience during the pandemic is by diversifying their supplier base (Fonseca& Azevedo,2020). Companies that rely on a single supplier are particularly vulnerable to disruption, as any disruption to that supplier can have a significant impact on their supply chain. By diversifying their supplier base, companies can reduce their reliance on any single supplier and increase their resilience to disruption. Another way that companies have improved their supply chain resilience during the pandemic is by using digital technologies. Digital technologies, such as e-commerce platforms, have enabled companies to connect with customers and suppliers remotely. This has allowed companies to maintain their supply chains' continuity while adhering to social distancing guidelines (Luckstead, et al. 2021).

Measures to Adapt to Supply Chain Disruptions

In response to these challenges, many businesses are looking for ways to build more resilient supply chains. This includes investing in new technologies such as automation and robotics, diversifying supply chain sources, and developing contingency plans for emergencies. For example, some companies are investing in automation technologies to reduce their dependence on human labor and increase their operational efficiency (Butt, 2021). Others are diversifying their supply chain sources to reduce their dependence on a single supplier or geographic region. This can help to mitigate the impact of disruptions in one area by spreading the risk across multiple sources. In addition, many businesses are developing contingency plans for emergencies. These plans may include strategies for maintaining operations during a pandemic, such as remote work arrangements and increased safety protocols. They may also include strategies for responding to disruptions in the supply chain, such as alternative sourcing options and backup transportation providers.

Recommendations

The Covid-19 pandemic has had a significant impact on supply chains worldwide, disrupting the flow of goods and causing shortages of essential items. Companies should diversify their supplier base to reduce the risk of relying on a single supplier. This can help ensure that they have access to the goods and services they need even if one supplier is unable to deliver. They should also consider increasing their inventory levels to ensure that they have sufficient stock to meet demand even if there are disruptions in the supply chain. However, companies should be careful not to overstock, as this can lead to excess inventory and increase costs. Companies can implement remote working for their employees to reduce the risk of the virus spreading within their workforce. This can help ensure that operations continue even if some employees are unable to come to work (Goel, et al. 2021). They should enhance communication with their suppliers, customers, and employees to keep everyone informed about any changes in the supply chain. This can help reduce confusion and ensure that everyone is on the same page. Companies should explore alternative transportation options, such as air or sea freight, to reduce the risk of supply chain disruptions caused by border closures or other restrictions.

Conclusion

The COVID-19 pandemic has demonstrated the need for supply chain resilience, which requires organizations to implement risk management strategies and build a robust and flexible supply chain. One of the most significant impacts of the pandemic on the supply chain has been the disruption of global trade. Governments have implemented measures to contain the spread of the virus, including travel restrictions and lockdowns, which have resulted in a significant reduction in trade volumes. As a result, many organizations have experienced supply chain disruptions, delays in deliveries, and shortages of critical products.

The pandemic has also highlighted the vulnerability of supply chains to disruptions caused by unexpected events. Many organizations rely on a single supplier or a single location for their production, which increases their vulnerability to supply chain disruptions. The pandemic has shown that organizations need to diversify their supply chains and reduce their dependence on a single source. Organizations need to be proactive in identifying potential risks and implementing measures to mitigate those risks. For example, organizations can diversify their supplier base, stockpile critical products, and implement contingency plans to address supply chain disruptions.

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