



Relationship of UK with the foreign markets after Brexit: Challenges and opportunities

Natalia Minut¹, Asim Majeed², Paul Bocij², Ayesha Asim², Mahmood Ali³

1 Ulster University, United Kingdom.

2 QA Higher Education, United Kingdom.

3 Institute of Business Management, Pakistan.

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ABSTRACT

The United Kingdom voted to leave the European Union in 2016, a challenging process that took place. Brexit was finalized on 31st January 2020, and after the transition period, the United Kingdom is not part of the European Union. The purpose of this research is to fill the gaps concerning how Brexit has and will affect the United Kingdom's relationship with the European Union. The researcher conducts a study investigating the disruptive effects of Brexit and some of the organizational responses undertaken by companies in Britain. However, to conduct this study, the research focuses specifically on the Fortnum and Mason company as representing the retail industry. The chosen research method for this study is mixed-method research. This method will allow the researcher to acquire a broader picture of the topic under study. A pragmatic approach was used due to the study's nature as it is mainly grounded in the reality of many companies in the United Kingdom. This research paper will be valuable to retail firms and decision-makers who experience the uncertainties discussed in the study.

1. INTRODUCTION

Britain's trading future stands at an uncertainty after Brexit. This uncertainty mainly affects its existing relationship with EU countries. Fewer foreign investments in the country may characterize this period. As companies in the country work towards strategies that will reduce the trading losses expected in the country, it is likely that some sectors will be significantly impacted by the exit more than others. Companies within the automotive, technology, technology and goods industries are the most expected to be affected. Still, Brexit's impact could produce both positive and negative impacts on Britain's economy and politics. While a member of the European Union, Britain benefited from the free movement of people and goods among states. However, the Post Brexit period is highly likely to be characterized by imposed and increased taxes for trading and goods movement. Further, these costs may include tariff and non-tariff barriers. Therefore, companies located within the United Kingdom are likely to experience increased domestic sales costs to ensure adequate compliance with administrative and government regulations. However, if the United Kingdom complies with all the requirements set out for all third countries as indicated by the European Union, its business and foreign

investments would be significantly impacted by the associated increased costs. Companies relying on foreign markets would similarly be impacted by the number of products exported from the country. Still, the Post-Brexit could create numerous opportunities for businesses and residents in the United Kingdom.

The exit could improve Britain's local market and production. Companies and organizations will have to adapt to local production and sourcing capital from the regions. Some firms may have to find alternative trading patterns to solidify their existence and survival in the country. More importantly, the country may have to innovate on methods to acquire adequate production factors. However, if the Post Brexit period becomes difficult, export costs will rise, causing a subsequent squeeze in costs for suppliers and consumers. Within various industries and sectors, there will be rising prices and softened margins. Unfortunately, the cost of living will increase due to firms, organizations, and companies passing off the additional cost to the consumer. The chain of events and problems resulting from Brexit in the short term can only be imagined at this point. The loss of competitive advantages by many companies could result in

a smaller demand for product export, thus significantly impacting the economy.

The next few years could be characterized by hard economic times and increased risk of business relocation till the country's economy stabilizes. Companies in sectors such as the manufacturing industry have been mainly characterized by ownership of the European Union companies overseas. These companies primarily benefited from the Single Market access. However, Britain's withdrawal from the EU in 2020 restricts some companies from investing in the country, especially organizations depending on incentives to operate effectively. UK's withdrawal from the EU may leave it with a legal challenge if it decides to offer trading incentives to some companies while denying others. Overall, while numerous possible challenges currently face Britain, it has the diverse opportunity to seek trading partnerships with countries such as America. It can also choose to partner with Mexico, Canada, Switzerland, Korea, Australia, Japan, and China, creating additional markets for its local business and foreign investment opportunities.

2. LITERATURE REVIEW

A. Brexit

The June 2016 Britain referendum created a feeling of disbelief and shock in Britain and most European capitals. From the referendum, it was evident that only a small majority of the country's population favoured the European Union (Hobolt, 2016, p. 1260). After the Brexit vote, the foreign markets reacted fast, and the British pound dropped in value like never before in the country's history (Hobolt, 2016, p. 1260). For the first time in 31 years, the pound was lower in value than the dollar, and its shares had been wiped off by more than 2 trillion dollars globally. One of the seemingly fast responses to the situation was the resignation of the country's Prime Minister David Cameron (Hobolt, 2016, p. 1260). Further, the Scottish First Minister signalled that Brexit might have broken the United Kingdom while the Labour party, which is the main opposition party, had an evident battle on its leadership. It was evident that the referendum results surprised many of the international actors and locally, the Leave camp leaders seemed surprised by the outcome (Hobolt, 2016, p. 1261).

This study adopts a theoretical framework and identifies three theories related to how businesses and companies have been affected by the Brexit vote. These theories also touch on the uncertain working environment Brexit has created. Based on these theories, a conceptual framework was designed to explain the relationship between the theories and how they relate to most Britain companies' decision-making process. In addition to that, the theoretical framework acts as the foundation of this study's empirical data collected from the Fortnum and Mason company.

B. Brexit Significance to Britain

Researchers, scholars, and governments have made numerous studies and efforts in quantifying the effect of Brexit on the United Kingdom. Many have and still try to understand how the country's income and trade will be affected by Britain, leaving the European Union (Henökl, 2018, p. 66). However, currently, the shape of the country's future trade relations with the EU and its future trade policies are unclear and unresolved. Various assumptions have been made about the nation's economic future (Kleibert, 2020, p. 13). These assumptions range from Britain, making various trade agreements similar to the European Union-Canada agreement and being an open economy with zero tariffs. Nonetheless, a deal is yet to be achieved. What remains to be analysed is Brexit's effect on the United Kingdom from 2016 to the end of the transition period (Kleibert, 2020, p. 13). Notably, Europe is Britain's biggest source of foreign investment and the most important export market. The European Union has, over the years, assisted Britain in securing its position as a global financier (Kleibert, 2020, p. 13). When making the Brexit decision, the Britain government had anticipated that its economy would be 4% to 9% smaller in the next fifteen years if the country exited the EU than if it decided to stay (May et al., 2020, p. 3). However, all this was dependent on how it would exit the trade bloc. Some major businesses in the country announced or threatened to leave the country after the vote was cast (May et al., 2020, p. 3).

C. Theoretical Framework

a) Decision-Driven Scenarios

Level 1: On this level, the future is clear enough to allow a company to create a dominant strategy to deal with the Brexit uncertainty at hand (Barros et al., 2020, p. 87).

Level 2: An alternate future characterises this level, and decision-makers in organisations can define the available limited outcomes by analysing different scenarios. After, the best strategy depending on the outcome.

Level 3: This level focuses on the range of future concerns that an organisation or business can identify. They may include two to five scenarios of future outcomes without specifying which of the scenarios are likely to happen in the future (Barros et al., 2020, p. 88).

Level 4: At this level, one cannot classify any scenarios or outcomes, making it difficult for any organisation to plan for the future.

b) Assumption-Based Planning

Step 1: Identifying Critical Assumptions

Before an organisation undertakes large plan changes, it has to make assumptions, and depending on the certainty, it can influence the plans of actions.

Step 2: Identifying Vulnerabilities in The Assumptions

In this step, the assumptions made on the effect of Brexit all elements of change are identified. These elements can be events that represent change today and can relate to uncertain situations (Berner & Flage, 2017, p. 14). Vulnerabilities facing the organisation are also identified. However, the assumptions made can be discredited if the elements of change occur.

Step 3: Defining Signposts

Many uncertainties characterise this theory. Therefore, signposts should be established to indicate the assumption’s status if it changes. This step will allow the organisation to adapt and change the assumptions based on the signposts.

Step 4: Defining Shaping Actions

This step, on the other hand, is taken to ensure that the assumptions made are correct. The actions are intended to help organisations guarantee that their assumptions and plans will not change (Berner & Flage, 2017, p. 14).

c) Strategic Uncertainty

The Brexit uncertainties can and will affect organisations’ decision making and strategic planning. Further, it will also affect the markets within which they operate. Therefore, the strategic uncertainty concept is critical in a company’s external analysis to understand how the business will be affected by the uncertainty.

	Low	High
High	Monitor and analyze; contingent strategies considered	Analyze in depth; develop strategies
Low	Monitor	Monitor and analyze

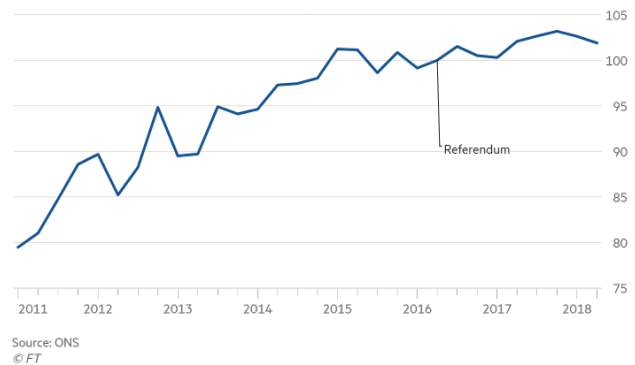
D. Brexit Uncertainty Impacts

a) Immediate Economic Impact of The Brexit Vote

The United Kingdom Treasury had predicted that the Brexit vote would lead to a recession. On the contrary, there was a forecast by the Bank of England that the United Kingdom economy would keep growing (Breinlich et al., 2017, p. 6). At the same time, Mark Carney, the bank’s governor, explained that the Brexit vote could lead to a “technical recession.” This statement meant that the country’s economic output would contract for at least two consecutive quarters (Breinlich et al., 2017, p. 6). However, this claim did not materialise as, since June 2016, the country did not experience a recession but rather a slowdown. During the first quarter of 2018, business investment had only risen by close to 3%, as shown in the

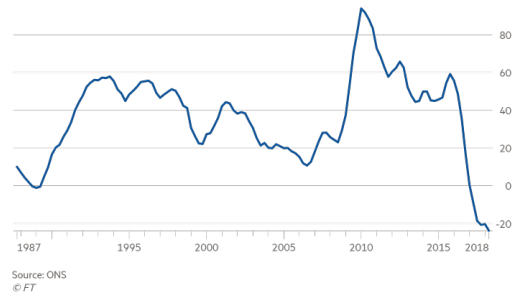
figure below. Since the referendum, this growth compared to the forecasted 13% made by the Bank of England (Broadbent et al., 2019, p. 33).

Business investment has barely grown since the referendum
Real business investment (Q2 2016 = 100)



Many businesses were reluctant to make business decisions. These decisions would be irreversible until it was clear what direction the country was headed and its relationship with other countries and the European Union (Broadbent et al., 2019, p. 33). However, there was characteristic spending by households in the country, as shown below. Unfortunately, many households have had to rely on borrowing to support their spending.

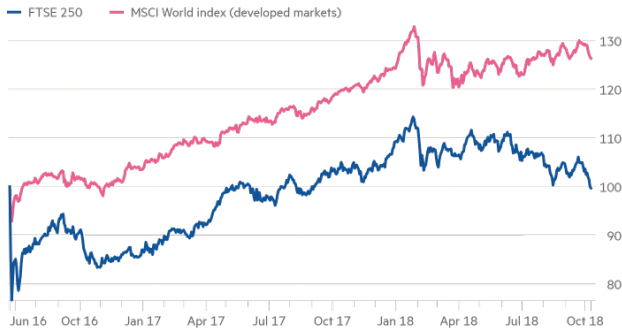
Households are now borrowing more than they save
Net lending over previous four quarters (£bn)



Although the country has not had a recession, there is much evidence showing a lower economic performance. Coupled with this year’s coronavirus pandemic, the pound’s value has dropped by close to 12% against other major currencies (Hantzsche et al., 2019, p. 11). This drop is evidence of the reduced confidence among foreign investors in the United Kingdom’s business prospects. Further, Britain’s economy has become weaker as other economies thrived between 2016 and 2018 (Hantzsche et al., 2019, p. 11). As evidence in the graph below, since the referendum, the United Kingdom stocks have performed poorly, and the country’s annual GDP has also dropped.

UK stocks have performed poorly since the Brexit vote

Indices rebased in \$ terms (23 Jun 2016 = 100)



Source: Thomson Reuters Datastream © FT

a) Long-Term Economic Impact of Brexit

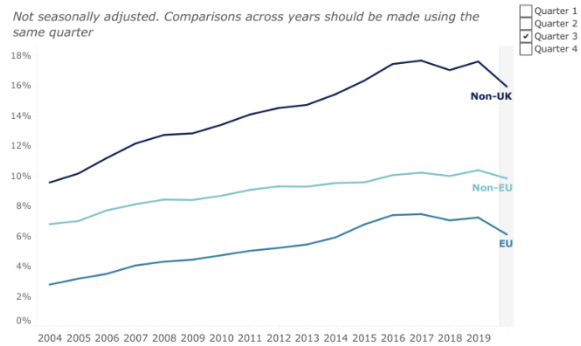
Trade: Overseas buyers purchase a significant share of the United Kingdom’s economic output while a considerable share of what businesses and consumers in the United Kingdom buy comes from overseas. For a long time, economists have argued that all countries' living standards can be improved through trade, whether locally or internationally (Latorre et al., 2019, p. 5). With each country focusing on goods productions where they have a competitive advantage, all countries can consume and produce more. Other countries’ economies will determine how much they buy from the United Kingdom (Latorre et al., 2019, p. 6).

Foreign Direct Investment: The United Kingdom is one of the biggest benefactors of FDI, among other listed significant economies globally. Close to 43% of foreign investments in the United Kingdom resulting from the European Union and other countries as of January 2020 (Jafari & Britz, 2020, p. 22). Among the European Union member states, the Netherlands is the most significant contributor to the United Kingdom’s investments, although some may not originate directly from the country (Latorre et al., 2020, p. 17). Some of these investments from the Netherlands may be rooted in the United Kingdom for tax reasons. However, since 2016, there has been a reduction in the European Union’s total investment from close to 49%. Unfortunately, The European Union is the largest contributor to foreign direct investment in the United Kingdom, as evidenced below.

Type and Number of Workers: When all other factors remain constant, more output will be produced if the United Kingdom has more skilled and qualified workers. Further, when a country has a better mix of workers, their skills complement each other, leading to better productivity (Fingleton et al., 2020, p. 2650). The latter factor determines the citizens’ average living standards and output per person. Therefore, although the quality and quantity and quality of labour in the United Kingdom are

dependent on the people born in the country, it is also highly reliant on migrants.

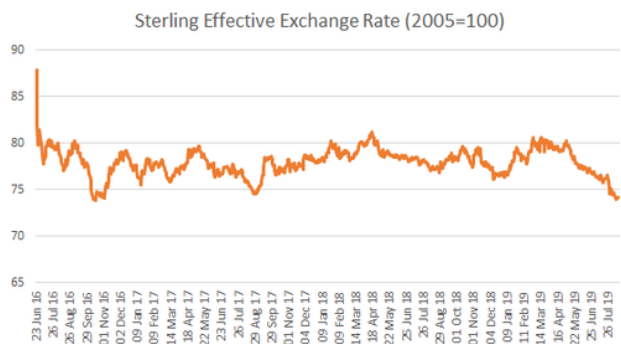
Share of people in employment who are foreign born, 2004-2020 Age 16+



Source: Migration Observatory analysis of ONS Table A12 Employment, unemployment and economically inactive levels by country of birth (published on 10 November 2020). Note: the employed population comprise all those of working age (16-64) who, in a short reference period, were engaged in any activity to produce goods or provide services for pay or profit as employees, self-employed, or under a government employment and training programmes (ILO definition). Unpaid family workers are also included in the employed category.



The Value of Sterling: The value of the United Kingdom’s currency floats freely in reference to the currencies in other countries. However, since the Brexit vote, the sterling value has been deteriorating and, to no small extent, is an indication of how market participants and other trading partners viewed the United Kingdom’s economic strength (Palmu, 2020, p. 12). More directly, the drop in the sterling value reflects the views held by most economists about the negative effect of Brexit on the country’s economic growth. Focusing on the foreign markets, the change in the currency’s value has affected various parts of the economy differently (Palmu, 2020, p. 12). It is estimated that since the British referendum in 2016, inflation has increased by close to 1.8%, as evidenced below. Further, the price of imports has also increased.



Regulations: Leaving the European Union offers the United Kingdom an opportunity to create regulations that suit the country’s needs better and boost its economic output (Lupan, 2019, 59). However, some regulations such as state aid policies and competition aid in consumer economic well-being and increase the economic output by ensuring that no particular company can gain and then exploit their position in the market as a dominant figure (Lupan, 2019, 59). For example, John Vickers, a former

Director-General of the British office of Fair Trading, noted that after the transition period, the United Kingdom's exit from the European Union would remove the government's restriction use its state aid (Lupan, 2019, 59). Consequently, the government will be open to pressure from local interest groups to enact policies that distort business competition.

3. METHODOLOGY

A) Research Design

This study mainly focuses on the Fortnum and Mason company. The researcher also utilised a research paradigm focusing on semi-structured interviews and questionnaires. This study adopted both the use of qualitative and quantitative research methods. It adopted an inductive methodology, meaning that it took a mixed-method approach. It is critical to note that whenever a mixed-method approach is used, there is a very high similarity to the third paradigm or third methodological movement (Gibson, 2017, p. 198). The main benefits of using this method are that it allows the researcher to understand the problems in depth, strengthens the study findings, provides more complete evidence, captures the experiences and views of the participants about the subject matter better, and is flexible for the researcher (Gibson, 2017, p. 199). Further, it enables the researcher to conduct a comprehensive analysis and capture pertinent data.

Qualitative research is mainly based on the assumption that the researcher can better understand the study topic based on the participants' first-hand meaningful experiences. The participants can provide large volumes of information regardless of their number. This research method allows the researcher to understand the participants' world according to the references they used (Rutberg & Bouikidis, 2018, p. 210). The qualitative research design characterised the first part of this study. It consisted of questionnaires that were well structured and aimed at (the company's managers, department heads, employee representatives, and the general workers in the various company branches). Further, it also involved semi-structured interviews with the company's chief executive officer and some partnering organisations. This method helped answer the explorative nature of Brexit's disruptive effects. The other design adopted for the study was interviews with close to 60% of the company's employees. Interviews were used to understand how participants felt about the drop in the pound value, lower employee numbers, and future working prospects. It also allowed the researcher to know where they came from and whether some were from countries within the European Union member states. The interviews also enabled the researcher to understand how the Fortnum and Mason had been affected by the increased trading restrictions and expected trade barriers. Hence this study adopted an exploratory, descriptive research design to understand the effect of Brexit on the company in general. The researcher aimed at understanding the problem while at the same describing it,

its characteristics, and functions. An exploratory, descriptive research design paints a clear profile and picture of the situation, the events, and persons under study. It offers the researcher an industry-oriented, organisational, and individual perspective. Therefore, this research design allowed the researcher to gather data from various sources on the impact of Brexit on the company's workforce, trade, and foreign market. This information enabled the researcher to collect data from several wide-ranged sources in the company on how Brexit has affected its affairs and them individually. The overall flow process and design adopted for the study is depicted in the figure below.

B) Research Philosophy

For this research, the researcher decided to use primarily questionnaires and interviews. These two methods are mainly classified and social sciences research tools. They would enable the researcher to understand the study participants' views in depth and acquire the information first hand (Gibson, 2017, p. 212). Mixed method research has often been defined as an inquiry model that philosophically combines quantitative and qualitative research models. The researcher's evidence and data are more knowledgeable and mixed, achieving more data than one method would on its own (Gibson, 2017, p. 212).

The Philosophical rationale that compelled the researcher to adopt the mixed-method research model in the study was pragmatism. Pragmatism is generally the belief that the researcher needs to do what works best to achieve the desired results. It is based on an inquiry philosophy and supports a researcher choosing the best inquiry model to answer the research questions. It is critical to remember that the objectives of the study were to understand the overall impact of Brexit to U.K. companies and also analyse how they responded to these impacts. Therefore, as a research philosophy, pragmatism supports the researcher's underlying inquiry to select among the available data collection methods and research methods. Not each research method would work for this type of research topic and study. Further, the strategies adopted in this research paper, as chosen, certainly address the research questions best. While some are better addressed through quantitative methods, some are best addressed using qualitative analysis. The pragmatic philosophy underpinning this study enabled the researcher to apply the qualitative and quantitative approaches to address the study's aim and objectives.

C) Study Area

According to studies conducted by Verhaart et al. (2017), a population can be explained as an inclusive group of objects, institutions, and individuals. This population often has common underlying. Fortnum and Mason company has its headquarters in Piccadilly, London, while the rest of the stores are located at Heathrow Airport and St Pancras railway station in London (Carr, 2019). Therefore,

this retail company has very few stores in Britain, making it easy to identify participants from all of them. However, since each branch's employees are many, this study's population was determined through the random sampling system. The organizational structure in the three locations is different, thus making it harder for the researcher. The data used in this research was collected from December 20, 2020, to January 7, 2021. The researcher selected Fortnum and Mason Company because of the characteristic employee number, the inclusion of workers from European Union member States, year of establishment, foreign market and exports, annual turnover rate since 2016, and trading capability. These characteristics made it a peculiar company to answer all the research questions presented for the study. Further, like most companies in Britain, it had felt the first-hand effects of Brexit on almost most of the aspects under study. The company had previous complaints on labour shortage, thus making it a suitable organization for study.

D) Data Sources

a) Secondary Data Sources

Secondary data sources enable the researcher to save much time in data collection and, at times, in scientific studies, offer the researcher much more accurate information. They are a great source of structuring a sample population and defining. However they present an underlying problem to the researcher. Sometimes, secondary data may contain source bias, measurement errors, lack of reliability, and ineffective time scales (Cole & Trinh, 2017, p. 357). Therefore, to offset some of these problems, the researcher integrated the data collection process with primary data.

The researcher conducted a desk review to collect data on its credit report, profit, and losses, before and after Brexit, and its overall performance financially. The desk review approach allowed the researcher to collect information from several sources while literature regarding the company provided information on its workforce and crippled its search for skilled labour. Further, this approach allowed the researcher to collect information on any critical changes in the company since 2016. Some of the focus areas included any increased trading costs incurred, losses, employee numbers, and market shares. This data would enable the researcher to direct the information collected towards the study's objectives. Some of the data was also collected from the company's management documents, reports, and manuals. Other information sources included websites, newspapers, newsletters, magazines, proceedings, periodicals, various articles, books, and journals. Data obtained from the company's public statistical data, reports, and working documents were also used and taken into account.

b) Primary Data Sources

Primary data collection for this study was conducted, and information was obtained from the original source of information, who were mainly the company's employees and management. Generally, primary data sources are a great source of first hand and direct evidence about the effect of Brexit on the Fortnum and Mason company. They enabled the researcher to understand the impact of labour shortage in the company. Further, the researcher was able to understand how the pound value affected the company and its workers. It provided a better insight into how the standard of life and workers' income had been affected. Primary data collected complemented the secondary sources and reflected the participants' first-hand experiences. The researcher collected information through interviews and questionnaires. Further, the data includes mainly qualitative data. The primary data collected was more reliable and provided the researcher with a higher confidence level when analyzing it. For example, although the company records showed changes in sales, employee numbers, exports, and imports, such data could not be understood effectively without the company employees' help. Evidently, some of the advantages of primary data sources include offering the researcher control over the data collection process (Ivy, 2019, p. 110). Therefore, the researcher can ensure that the data collected is quality, reliable, and there are no missing values. Further, the researcher can collect only the data that is needed and ignore irrelevant information.

E) Population and Sample Size

The study population for this research included Fortnum and Mason company employees around London. The researcher considered random sampling to select the representative population that would represent the rest of the company. A total of 150 sample size was determined as respondents to the questionnaire survey. Further, 150 employees were selected for the structured interviews and included workers from all organization levels. The researcher used both disproportionate methods and random sample sizes. The researcher selected 100 employees from the head office, 100 from the Heathrow Airport branch, and 100 from the St Pancras railway station branch in London. These individuals included workers within the warehouse and logistics department, while most represented frontline workers as they were the majority.

Questionnaire sample size determination

The researcher adopted purposive and simple random sampling methods to select the representative population in the company. The simple random sampling ensured that each member of the company had an equal chance of getting selected. The researcher determined the sample size procedure to acquire practical and optimum information. In this research project, both non-probability and probability sampling methods were used. The first includes processes such as judgmental, purposive, quota, and convenience sampling. Since the company's population varied along with their constituent departments, this nature required

mixed-use of these sampling methods. In addition to that, to achieve the study objectives, the researcher needed to explore workers' opinions on various organization's structure levels. Mixed opinions would allow the researcher to understand the study topic better and acquire information to actualize the study objectives. The multi-method approach helps the researcher triangulate the information collected and increases the data and results reliability. When selecting the participants for the study, the researcher used variants and criteria for selection. They included the company branches and the population in the area. It also consisted of the constituting population structure, the type of work undertaken by the company's individuals, the overall number of employees in a branch, and the number of managers and departments.

Daniel and Cochran formulated the formula adopted during the study's sampling process. It is used when the expected sample size for the study is unknown. The formula is as discussed. In the Daniel and Cochran formula: d = precision (in proportion of one; if 7%, $d = 0.07$), P = expected proportion or prevalence (in proportion of one; if 60%, $P = 0.6$), Z = statistic for a level of confidence and n = sample size. Further, the Z statistic (Z): is the level of confidence of 97%. Therefore, the Z value is 1.97. for this research project, the researcher presents the results with 96% confidence intervals (CI). The expected sample size was 300, with a 97% confidence interval and a marginal error of 7% for the Fortnum and Mason company. However, the data collected showed that only 230 employees' data was used in the analysis point. The researcher rejected some of the data collected due to missing values. Further, some of the answers given were irrelevant. Therefore, the actual data collected represented only close to 77% response rate. The 230 population was assumed to be a satisfactory response rate and a sufficient representation.

F) *Workplace measurement sample determination*

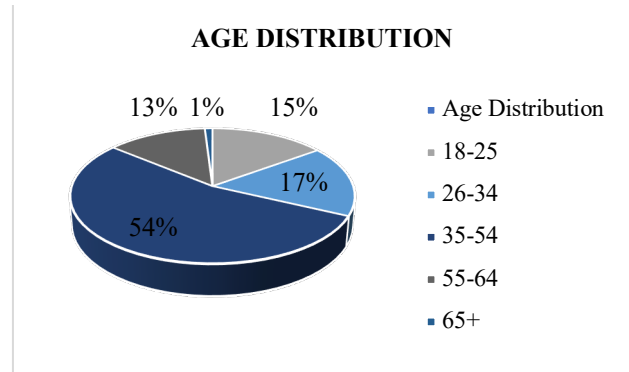
Additionally, the researcher conducted a little observation of the workplace to understand the difference in working standards between local workers and workers from European Union member states. This study's selection method was random sampling based on the data prepared in the form of respondents and questionnaires. This method aligned with the purposive method and was the most appropriate. The information collected allowed the researcher to identify how the company's access to labour since 2016 has been affected. Further, it allowed the researcher to verify the information on the same topic collected through the company's records, questionnaires, and structured interviews.

4. ANALYSIS AND DISCUSSION

A) *Participants*

The study participants for this study were workers at the Fortnum and Mason company. The sample population was drawn from the total population, including frontline

workers operating within its four bars, tea rooms, and restaurants. Further, it also included experts in the company and its management in its three London branches. However, the criteria adopted needed participants to be company employees, be above 18 years and less than 65. All employees were allowed to participate in the study if selected and willing.



B) *Measurement of The Workplace Site Exposure*

The study's response rate was good, and in the interview and discussion segment, the resulting response was 73% of the expected responses. On the other hand, the questionnaires yielded 80% of the expected responses. The field observation aimed at 10 participants. The response rate, however, was 90% for the data analysis process.

Instrument	Planned	Actual Coverage	Success Level
Discussion/Interview	150	110	73%
Survey Questionnaires	150	120	80%
Observation	10	9	90%

C) *Data Analysis Methods*

a) *Qualitative Data Analysis*

The researcher adopted a deductive approach to analysing the qualitative data. The qualitative data was analysed based on a structure predetermined by the researcher. Quantitative data in this study was triangulated using the qualitative data collected by the researcher. The qualitative data collected from the research was incorporated into the quantitative data analysis parts.

b) *Quantitative Data Analysis*

The quantitative data used in the study was obtained from both secondary and primary data discussed in this chapter. The data analysis of this information was based on Office Word Format, SPSS 20.0, and Excel. The researcher

also used the SPSS 20.0 software to code the information obtained from the questionnaires and interviews. This process was conducted in one way, pre-coded. The data was then fed to SPSS version 20.0, a statistical analysis software package after completion, on Windows 10 to complete the following steps. Under the data analysis, graphical analysis and descriptive statistics were used to explore the collected data. The exploration was conducted using a nonparametric statistic, factor analysis, correlation, and chi-square/cross-tabulation.

D) Findings and Discussions

a) Semi-Structured Interview Findings

Data was derived from the transcripts through patterns, highlighted themes, and coding. Table one below presents the themes identified by the researcher while coding. All the themes picked up from the interview transcripts are discussed in four categories.

Table 1 – Themes present in the Interview transcripts

Themes or Grouped Codes	Code Description
1. Research and advice	Clients, buy, sell, debates, articles
2. Demand and supply	Interest, supply chain, markets, exports, niche, move, interest, value, property
3. Business model	Business, industry change, preparations, approach, business model
4. Uncertainty	Worried, affected, changes, hesitant, uncertainty

Almost every respondent presented the fear and uncertainty of their working environment after the transition period. The first theme concerns Brexit and its potential impacts as early as 2016. The findings presented in all the participants' interviews contrast to some extent. Some argued that the research conducted so far on the effect of Brexit on various companies includes debates and articles. However, others thought there was not much literature for reference. They explained that there was little that affected companies could read about. However, all interviewees agreed that one could reference sales, market shares, and viewing as evidence of the Brexit effect.

Table 2: Theme 1

Participants	Quotes
Interviewee 1	"In 2017, I read several articles, listened to debates, and watched numerous television programmes, trying to follow and understand how the Brexit vote and the exit would affect me as an employee in the short and long term." "My advice, according to what I understood, is that people should continue with their daily businesses as usual and as they planned to. The company should focus on achieving its goal and expanding its market share as initially planned. If I was thinking of buying a house, that is what I will do. Um, technically, the market won't change overnight".
Interviewee 2	"Concerning Brexit, however, I think looking at monthly ratios such as how many views we get, the number of offers and sales we do is what determines how the company and its employees move forward. As an accountant, it is something I did before Brexit, and I will continue to do it after while keeping a close check on any changes."

Theme 2, on the other hand, presented the participants' view on the company's demand and supply curves. These results indicated that while Brexit affected the local market, there was little impact on its effort to reach new markets in countries outside the European Union. The respondents presented awareness and concern for the overall welfare of the company. They also expressed their opinions on how the company's products' demand and supply had been affected. Most of the respondents working in the company's finance and distribution sectors expressed their informed opinions on the company's changing demand and supply curve.

Table 3: Theme 2

Participants	Quotes
Interviewee 1	“People still have a great interest in the company’s products. In the last year alone, the restaurants have been filled mostly with customers from within. The market within Piccadilly is picking up. Local customers are somewhat stepping out of their niche bubble, if I may say.”
Interviewee 2	“Over the years I have worked in this company, I have learned that people will always want to live a luxurious life. Fortunately, this company’s products are aimed towards that line of work. Fortunately for the company, there has been an increase of close to 10% increase in the foreign markets’ income. Brexit has affected the company’s market in other foreign markets but has also increased the consumption of the company’s products locally and in other countries willing to partner for the business. Um, so people will still need to move on even after Brexit and find a way forward.”

Theme 3 is presented by the participants through sentiments that demonstrated the company’s plans to continue with its current business model and improve its innovations. This theme touched highly on the study’s objective of the organizational responses adopted by Fortnum and Mason. It presented the respondent’s and the company’s knowledge of the expected market disruption that the 2016 referendum had brought the country. However, it also proved that the company had put little effort into changing most of the procedures to adapt to this change.

Table 4: Theme 3

Participants	Quotes
Interviewee 1	“so far, we haven’t changed anything. But obviously, we know it. We haven’t changed our business model as a whole, but we have tried innovating new products such as the new tea flavour introduced this year.”
Interviewee 2	“To be honest, we start with we didn’t really make many preparations for Brexit. After the Brexit vote, we knew that the business would be impacted to some extent, just not by how much. So far, our business has been affected in many countries and foreign markets clearly. However, as of now, we are preparing more psychological for the expected impact while at the same time trying to find ways to improve our market hold both locally and internationally.”

Some of the interviewees from European Union member states also presented uncertainty about working in the company as evidenced below. They presented the fourth theme of uncertainty in their discussions.

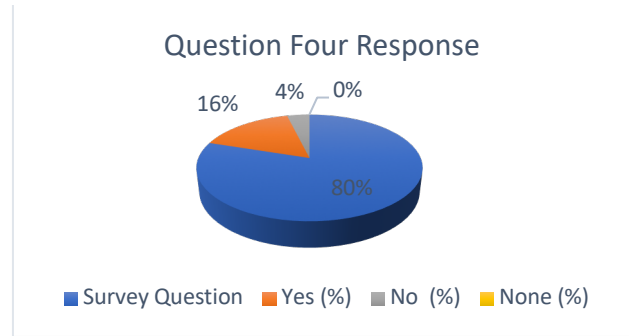
Table 5: Theme 4

Participants	Quotes
Interviewee 1	“If we as employees and the company can endure the expected the countrywide financial crisis, then we can survive exiting the European Union.” “I remember a day after the national referendum in 2016, in support of leaving the EU, that morning when the results were announced everyone in the office just went quiet. Every person remained glued to their television sets. Um, well, I can tell you that that reaction was the least concerning and surprising.”

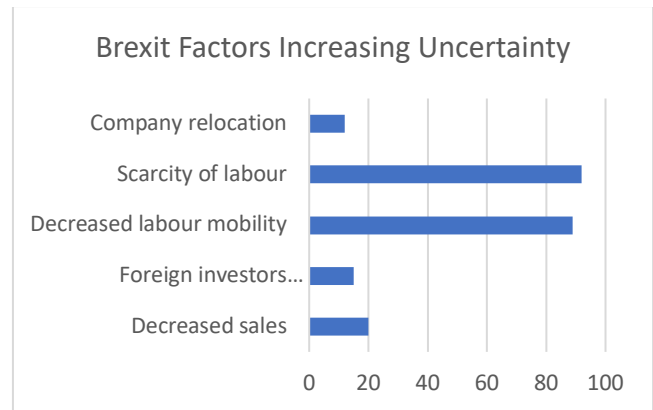
Interviewee 2	<p>“Since the Brexit vote, there has been a characteristic hesitation around decisions by many clients. A little bit of hesitation has slightly affected the selling ratio. In the past year, I have met clients and vendors looking to sell their products to us, but their first question to me is, “has Brexit affected the cost of products and market value of products I’m looking to supply?” After several similar encounters, it became obvious to me that the company needed to keep a close look at Brexit’s changes. That was when we decided to hire the economic experts. In this line of work, since 2016, I think I have noticed that people can get keen on what is happening around them. If it was not the case, many would not be pushing us or using their solicitors to complete their payments and transactions. It was also noticeable that they were trying to get us to complete them as fast as possible, especially during this transition period. Since 2016, many workers have resigned from work, opting to work in their home countries. Maybe at the back of their minds, they are worried and uncertain about how things will go in the long run. And, can you blame them? They are trying to protect their security.”</p>
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b) Survey Questionnaire Findings

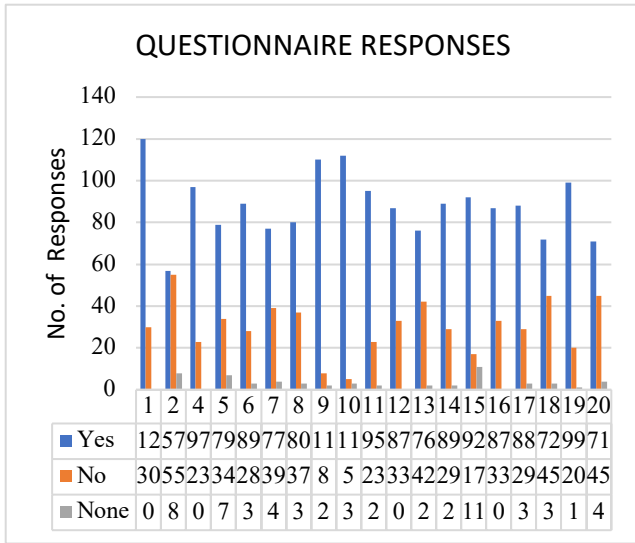
This study’s questions sought to address three main areas of the study. These four areas painted a picture of how the opportunities and challenges that Brexit had posed for the company. It helped the researcher understand the disruptive impact Brexit had on its procedures, market, sales, and overall performance in the international market.



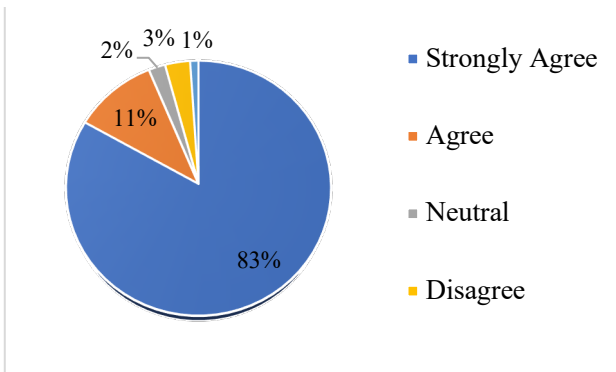
Further, some of the identified negative impacts, which increased uncertainty for the organization included, decreased sales among the European Union member sales, withdrawal of foreign investors in the company, decreased labour mobility, access to skilled labour, and organization relocation in some countries.



Most respondents agreed that the uncertainty and concerns that were specially brought about after the Brexit vote affected the company’s number of employees. 73.91% of the respondents noted that since 2016, the employee turnover rate has been increasing annually. The findings revealed that the increase in the turnover rate in many of the company’s branches could be significantly attributed to the drop in the pound value, increased uncertainty, the expected trading restrictions, movement barriers, and regulations to be enacted after the transition period.

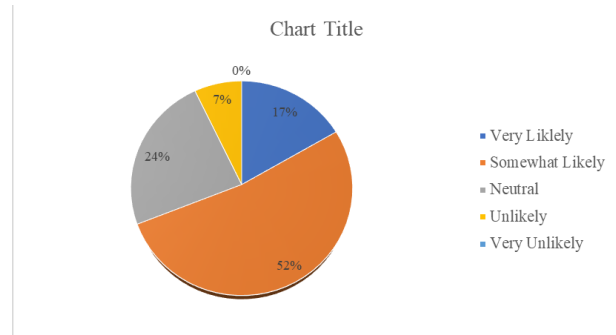


According to the results above, it is evident that a significant number of respondents presented uncertainty for their positions in the company. Further, many believed that Brexit had affected the company’s annual revenues, sales, and profits. The gap presented between those who thought the company’s skills gap was close to 50%. Nonetheless, 65.83% of the respondents agreed that the company’s foreign market had changed. Close to 63% of the respondents elucidated that the company’s export market had been affected not by trading barriers. It has also been affected by firms’ unwillingness in most European Union member states to maintain the partnerships.



The data collected from the company reports and documents, the company had felt the Brexit impact, as evidenced in its sales and profits. There was a characteristic drop in its sales and profits within the last four years. However, this loss in sales was counteracted by increasing its local sales and exploring other foreign markets to balance its cheques and profits. Close to 94% of the respondents agreed that the cut in their pay had affected their standard of lives and families on a personal level. Further, 45.83% of this population constituted of

immigrant workers from EU member states. They noted that a cut in their pay affected their standard of life and made it less profitable to work in Britain.

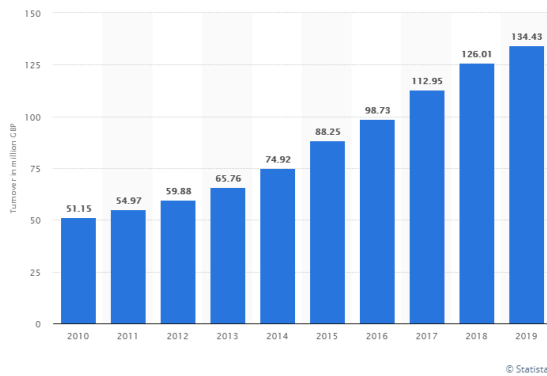


Indeed, the Brexit vote affected the company’s market share, and the company needed to prepare by adjusting its cross-border operations and activities once the transition period was over. From the above findings, it is apparent that the company needed to adapt to the current Brexit effects and find quick, effective responses.

c) Discussion

Strategic Scenario: One interesting finding was that many study participants argued that Brexit had negatively affected the company’s foreign and export market. This research finding coincides with Brakman (2018), who found that many organizations and companies viewed the Brexit economic impact negatively (p. 59). Further, in a study done about Brexit’s effect on the nation’s economy, some scholars noted that most employed immigrants in local companies opted to seek employment back in their home countries (Brakman, 2018, p. 61). The prospective limitations fuelled their decision, and prospecting Brexit would impose on free movement from Britain to European Union member states (Arnorsson & Zoega, 2018, p. 310).

Further, the results of the interview supported this finding. 43% of the respondents revealed that there were fewer immigrant workers in the company since 2017. The company’s management also noted that Brexit’s uncertainty had also affected its recruitment process as the company could not find enough skilled labourers to hire. According to the graph below, the company has faced higher turnover rates since 2016, and the rate keeps increasing. The company’s management verified these results, explaining that most of the company’s workers came from countries within the European Union. However, the uncertainty brought by Brexit led them to relocate to their home countries.



According to the third step of this theory, the driving forces for the company were Brexit and its workers. Knowing that Brexit could change the company did its operation in the future, in the British market. On the other hand, step number four concerns identifying future uncertainties (Vecchiato, 2019, p. 12). This uncertainty regards the company identifying which foreign markets to shift and venture into, dealing with a skilled labor scarcity, and decreasing pound value. The company identified the uncertainties as discussed and mentioned above. The fifth step in this theory emphasizes the need to create scenarios and identify the expected results (Bowman & MacKay, 2020, p. 33). So far, Fortnum and Mason has, to some extent, prepared for the Brexit uncertainty. It has managed to create a scenario in which, there is a no-deal Brexit. In this scenario, the company would maintain the newly founded relationship with companies and clients in countries outside of the EU. The company has also resorted to local suppliers and creating additional innovative products to deal with the decreased sales and profits. Further, to deal with the labour shortage problem, the company has considered training its local worker force to equip them with the necessary skills.

Four Levels of Uncertainty: There was an increasing concern about the amount of pay in 2018 based on the respondents' answers. 83.33% of the respondents noted that many EU immigrant workers complained that the amount of money received was not enough to cater to their needs. Not only that, but also it was of less value when sent back to their families. According to research done by trading economics, the country has experienced a drop in the pound value since the Brexit vote. As evidenced below, the study's findings revealed that there had been a 12% deficiency in the company's workforce since 2017. When speaking to one of the company's directors, he attributed it to the lack of immigrants who largely contributed to the nation's skilled workforce.

Fortnum and Mason can be analysed using one of the four uncertainty levels. In this case, level 2, alternate future, can be used to analyse the company (Magruk, 2017, p. 48). The company has a few scenarios which limit the strategies it can adopt. Based on the company's problems, the main problems identified were scarcity of skilled labour in the

country, heightened trading barriers with companies within EU states, and a drop in the pound value. Therefore, are why the company only had very few scenarios in place. Another contributing factor may also be that the country was still benefiting as an EU member within the transition period. However, level 3 can also be used to analyse the company. This level is relevant because when a company is presented with three to five scenarios, as evidenced above, it can establish different future outcomes (Stephens et al., 2017, p. 40). However, no forecast can be established on the scenarios and outcomes that will happen.

Strategic Uncertainty: It was evident that the company had experienced a drop in its annual profits and sales, income, and exports over the four years. According to public documents from the company's archive, the company has experienced an increase in exports. As a result, there was a reduction in imports and foreign markets market share. However, as evidenced below, the cost of sales since 2016 has increased. When speaking to the company's management through interviews, it became evident that this increase could be attributed to foreign markets. According to the company records, there had been a 10% increase in the amount of income generated from its exports. The interviews also revealed that the demand and supply for the company's goods locally had increased. Due to the increasing pound value, the company had to seek local suppliers to cut costs for its production of goods and materials. Although the pound increase has affected local business, exporting the company's products has led to a rise in its profits and sales. While speaking to the company's management, they noted that going forward, the company would probably focus on the outside market in the long run.

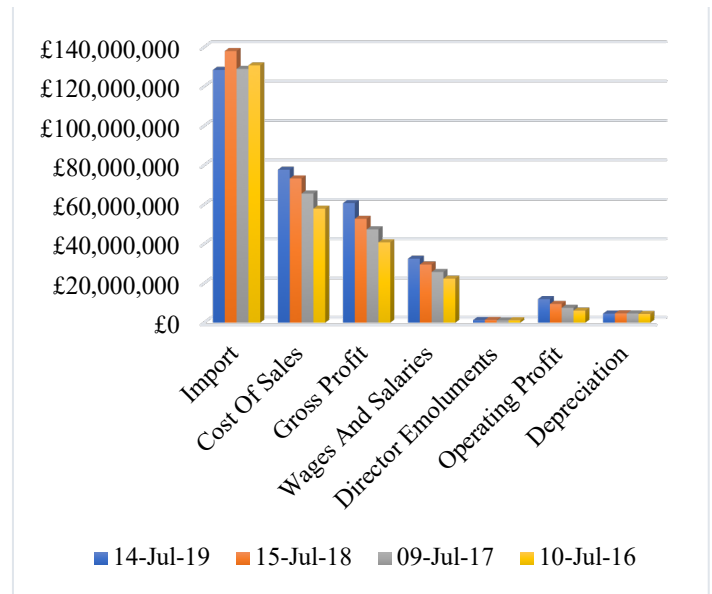


Figure 7

Assumption-Based Planning: This theory highlights the key assumptions made a company during periods of uncertainty. These assumptions prepare it for changes in the business environment. Based on the information collected on Fortnum and Mason, the company has made assumptions that will be analysed through this theory's five steps. These steps include, identifying critical assumptions, identifying assumptions' vulnerabilities, defining signposts, defining shaping actions, and defining hedging actions (D'Ippolito et al., 2018, p. 614). An analysis of the participants' answers in the questionnaires and interviews revealed that the company only followed two of the steps. It identified any vulnerabilities it might face through its experts and experience. Further, it also defined some hedging actions to help it offset and handle any assumptions' failure. It gathered information from the contracted experts to enable it to re-plan its assumptions in case they were misleading.

5. CONCLUSION

Conclusively, the relationship between Britain and Foreign markets has been enormously impacted. It is perceptible that Brexit has introduced more challenges than opportunities to the country. The research took a case study approach to explore this phenomenon. The researcher focused on Fortnum and Mason. The United Kingdom's decision to leave the European Union has proven to be more challenging for companies and organizations in the country.

A) *Brexit Disruptive Effects*

Based on the study's findings, Brexits' long-term impacts that might face the country include:

1. Increased trading costs
2. Reduced foreign investment
3. Scarcity of skilled workforce
4. A drop in the pound
5. Surging trading and movement regulations

These effects are steadily affecting the country's economy, as evidenced in Fortnum and Mason. The study's objectives were to understand the extent to which Brexit had affected Fortnum and Mason's supply chain, foreign and export market, and labour force. The country's 2016 referendum left the United Kingdom in a state of uncertainty.

B) *Themes Presented in the Study*

a) *Uncertainty*

This year, there is an expected enactment of trading barriers, customs, and tariffs between the United Kingdom and the EU. There has been increased uncertainty as a result, as evidenced in the study. Fortnum and Mason's clients were hesitant to buy the company's products. Many were worried that the vote had affected the company's

products' costs and market value. 73.91% of the respondents explained that the company had been experiencing increased annual turnover rates since 2016.

b) *Supply and Demand*

This theme bore the most weight on Fortnum and Mason. It affected its sales, profits, foreign and export market, and its overall productivity. According to the data collected, the company's export market had been affected negatively. 80% of the respondents agreed that the company's overall productivity had been affected since the referendum. Although the company experienced increased sales in countries such as Japan, China, and Hong Kong, its sales in most European Union member states dropped.

c) *Labour Scarcity*

Another key finding in this study was one associated with the company's labour force. According to the study, close to 74% of Fortnum and Mason's employees explained that the employee turnover rate has increased since 2016. In addition to that, 43.7% of the employees whose origins were from EU member states presented an uncertainty about their working future in the company. Further, 79.17% of the employees agreed with this finding, noting that many immigrant workers raised concerns about their pay. The company's records revealed that it is facing a 12% deficiency in its workforce since 2017.

C) *Responses to Brexit Challenges*

Some of the steps taken by Fortnum and Mason to counteract the Brexit effect include:

1. Creation of new innovative products
2. Exploring foreign third markets
3. Tapping its local market demand
4. Capitalizing on local suppliers
5. Invested in its workforce

D) *Key Recommendations*

Based on the above conclusion, some of the company's recommendations would be to:

1. Focus on improving its productivity
2. Creating additional creative products
3. Train company and local workforce
4. Contribute to employability in the country
5. Build partnerships with third markets
6. Rebuild its supply chain
7. Focus on creating decision-driven scenarios

E) *Areas of Further Study*

Additionally, to comprehend the impact of Brexit on the nation's trade economy and foreign market, as discussed in this study, more studies need to be conducted.

Additional studies will help the country and other similar organizations comprehend the effect of Brexit on specific sectors of the country and various industries. Further, it will also help other scholars understand which policy implementation should help the country improve its economic performance and raise the pound's value. Further, additional studies need to be conducted on the economic impact that Brexit will have on various regions in the United Kingdom. Each Region in the country exacerbates different economic performances, and therefore, Brexit might have unintended varying impacts on them.

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