



Prifysgol Cymru
Y Drindod Dewi Sant
University of Wales
Trinity Saint David

ASSESSMENT 1

HUMAN RESOURCE MANAGEMENT

Student ID:2226217

Student Name: Parth Prajapati

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Introduction

Human Resources Strategies are the people-centric solutions in organisations where managers provide guidance to employees (Troost,2020). These strategies start from employee recruitment, selection and gradually develop talent management, employee welfare, development of health benefits. The present report explains current state of UK's labour market and the changes in HR strategies in recent years due to two major reasons, which are the post-pandemic period or post-Covid 19 eras and the Post-Brexit external environment(Roumpi,2021). In this report, the positive as well negative effects of the changes, have been determined through which the differences in the *“new normal”* phase have been known.

a. Current state of UK's labour market

In 2021, due to Pandemic economical, financial and social fabric of all countries got weakened although with a development. When developed countries tried to recouple different elements of employment and loss in income whereas developed countries struggled due to fall out of workplaces, weaker labour market and economic activities. According to world bank (2021), the global labour market has a workforce of 3.45 billion with 11.7% older workers in the range of 55-64 and women in labour force is 39% of labour force (World bank,2019) with an overall unemployment rate of 6.2% (World employment confederation,2022)

UK is an influential part of Europe, though it's no longer the part of EU after Brexit. Below figure indicates the employment status from year 2007, representing continuous growth in people employed although it showed little collapse during 2020.

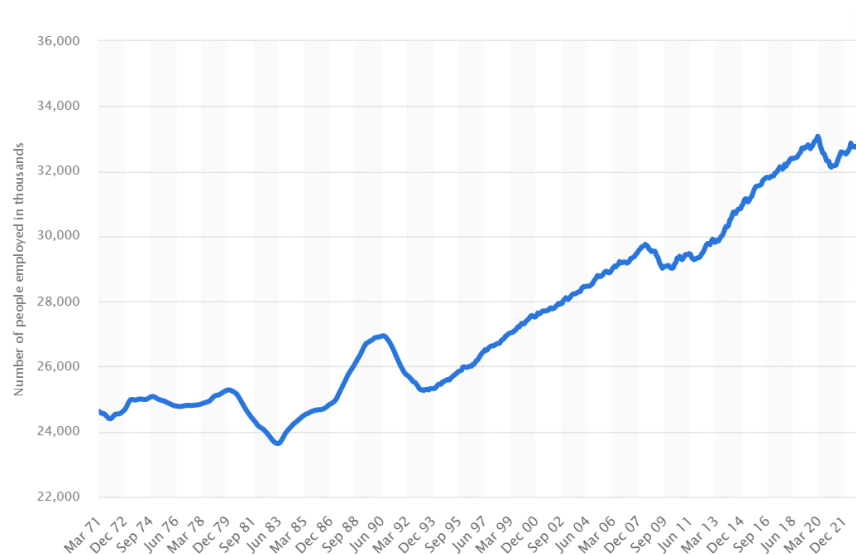


Fig.01: Number of people employed Year wise (Statistica,2023)

As per the report in the span of November 2022-January 2023, approximately 32.84 million people employed in the UK. It indicates employment level growth as compared with previous year, however, it's still under the pre-pandemic level (UK Parliament, 2023). Further increasing employment rate has been driven by part-time workers. Average pay with bonuses has increased by 5.9% and regular pay excluding bonuses has increased by 6.7% from October to December of 2022 (Office for National Statistics, 2023). So, country is focused towards paying bonuses to the labors, which is the positive point of attracting more employees seeking jobs towards UK.

Pay growth is 7.3% in private and 4.2% in the public sector, which helps to know the state of the UK labour market at a glance. Though the labour market is struggling to recover from the pandemic, the unemployment rate is remarkably low. Reports have shown that the available vacancies are higher than pre-COVID level by 304,000 (Resolution Foundation, 2023). This scenario indicates that the labour market is in tight condition, being an indication of strong economic growth and there is a chance of hiring new people as the vacancies are high, but unemployed citizens are lesser. Only the differences between wages of private and public sectors indicate a different picture. Below graph represents the rise and fall of vacancies.

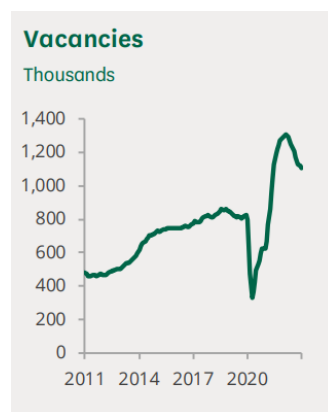


Fig.02: Number of vacancies (House of commons,2023)

The latest statistics for the labour market shows the continued boosts in the employment as well as decline in the economic inactivity. Further, the pay growth (nominal) seems to be strong; however high inflation is still noted, which is creating a negative impact on pay (UK Parliament, 2023). Below graph represents annual weekly earnings.



Fig.03: UK annual weekly earnings (excluding bonuses), annual % change (Financial times, 2023)

In the last quarter, many vacancies fell, and the wages fell in the real terms in 3 months till February 2023, having an annual change around -3.3%, which excludes bonuses and -4.0 including bonuses (UK Parliament, 2023). Hence, it can be said that the inflation rate is affecting the labor market to a great extent.

Differences in Wage Growth in the Public and Private sector

The private sector is more volatile than the public and that is why can grow faster than the public sector, especially since 2021 (Statista, 2023a). The statistics have shown that the approximate annual income for full-time employees became 33000 British pounds in 2022, whereas it was approximate 17830 pounds in 1999 (Statista, 2023b). On the other hand, wage growth is not equal for all ages or all genders. The highest growth of wages can be observed in the age range of 40 to 49 years. More specifically, if a male candidate draws about 40000 British pounds, then the female candidate of the same age draws 32829 pounds from the industry (Statista, 2023c).

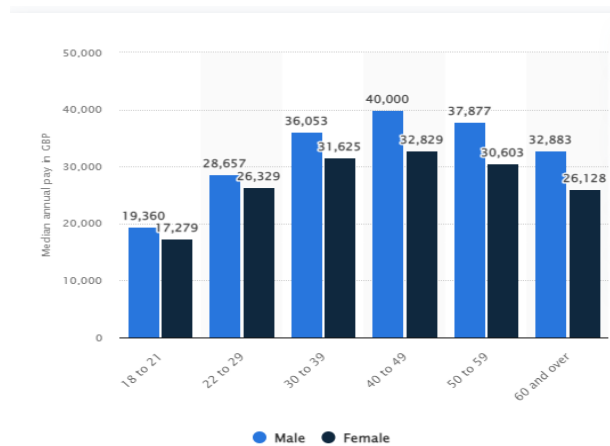


Figure 04: Annual earnings of full-time employees in the UK by age and gender
(Source: Statista, 2023c)

In case of part-time workers, their average hourly wage became 11.16 British pounds in 2021 which was 10.64 in 2020 (Statista, 2023d). This data has shown the continuous growth of wages in the field of the part-time job also. This establishes a healthy scenario for the UK labor market at the present time. It is remarkable that in London, the average salaries are significantly higher than in the other regions. For example, if the salary is 39716 in London, then in North East England that is 27515 pounds (Statista, 2023e). Not only the income gaps between different regions of the UK but also the income gaps between males and females could not be mitigated till 2023. There is also a significant gap in the case of part-time and full-time employees in the UK industry. The average annual income of a part-time employee can be 12247 British pounds, whereas a full-time employee can earn around 33000 annually (Statista, 2023f).

Condition of Part-time or Migrant Workers

According to Migration Observatory of Oxford University, about 18% of the employed population of the UK labour market almost 5.9 million population is represented by migrant workers (The Migration Observatory, 2022). The COVID-19 pandemic affected migrant workers badly which changed the statistics of the migrant workforce. As per the report, the number of workers who were born in other regions of Europe has decreased from 2.5 million to 2.3 million in the span of the first quarter of 2020 and the first quarter of 2021. Further, the workers who were born in different non-European countries have remained relatively stable during the pandemic period.

Migrant workers get a job as on their ability to speak English, the family set up, social networks, and the qualification level as per the recognition level of the UK employers. Besides this, employment rate of the migrant men was around 83% in 2020 and that was higher than that of UK-born men. However, there is discrimination against men from East and Southeast Asia as their employment rate was 75%. On the other hand, the scenario is different for the migrant women as they were less willing to get employment than the willingness of UK-born women (The Migration Observatory, 2022). The statistics have shown that women from India and other parts of South Asia were more reluctant to do the job in the UK whereas 87% of Indian-origin men were working in the UK as per the report 2020. It has been noted that the unemployment rates fell for both the migrant and UK-born populations before 2020, but after the period of the pandemic in 2020, the unemployment rate has increased sharply among migrant workers. This information indicates the job insecurity and unstable condition of migrant workers in UK. The reports have revealed that the migrant population was mostly working in the hospitality sector or non-permanent sectors based on contracts (The Migration Observatory, 2022). The UK government cannot secure those temporary contracts with unstable work arrangements and that resulted in the job loss of many migrant workers. Below table shows the unemployment rate by ethnic groups.

	Rate
White	3.1%
Other	5.4%
Indian	5.9%
Bangladeshi	7.3%
Chinese	7.8%
Black	8.5%
Pakistani	8.7%
Mixed/multiple ethnic groups	11.3%

Fig. 05: UK labour market statistics over ethnic groups (House of commons,2023)

It is very interesting to observe the employment rate in upcoming years as April overall unemployment rate was 3.8% but according to office of Budget responsibility employment rate may go on its peak to 4.4% in 2024 in Q1 2023 whereas it will be 5.0% and 5.3% in Q1 2025 and Q1 2026 respectively. Another way to identify the scenario is the number of people claiming unemployment benefits which is represented by below diagram which represents that 1.53 million people have claimed in March 2023, which was 1,40,000 lower than the year before but on the other side, it is higher by 28,000 as compared to February (ONS,2023)

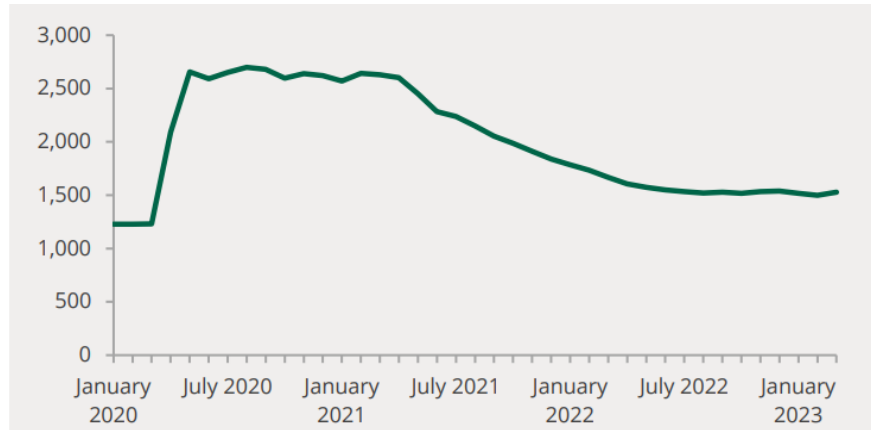


Fig.06: People claiming unemployment benefits. (ONS,2023)

b. Emerging changes in the strategies of human resources in post covid and post Brexit external environment

Changes in HR strategies in the post-Covid

The HR strategies have taken a major turn after the pandemic, which affects the recruitment and selection changes in the UK. Post-covid, people depend hugely on online facilities or **online examinations** for which recruiters have utilised the medium to select employees constantly. After pandemic, the online test has been increased for selecting employees for an organisation. It is found that companies have started to offer **more personalised benefits and online tools** to the employees in their new HR strategies while selecting them (Clyde, 2020). After the pandemic era, employers become highly concerned about the **mental and physical wellness of employees** (Gigauri, 2020). Therefore, when they develop the recruitment or selection process, the most effective focus is going towards the health and financial security of employees. The health coverage for employees is properly mentioned at the time of recruitment to attract them to the **“new normal”** phase.

In the emerging change, it is found that employers are giving **WFH (work-from-home) facilities** to employees in the post-pandemic period providing flexibility to employees through which they are working even from home with similar working benefits (Clyde, 2020). It is also known that the quick recovery from production failure has been developed by the HR managers by selecting the most skilled employees, which become able to support the organisation in its performance in a gradual manner. Several times, **high salary** has been proposed to the employees through whom they can easily be attracted to companies. From the notations of Stella *et al.* (2020), it is clarified

that **personalised reward systems** as well as the **skill growth for their future** have been performed by the HR managers through which employees are attracted in a huge manner. Though, it is true that their **tendencies of job changes** have been enhanced through it for the high salary growth from one organisation to other.

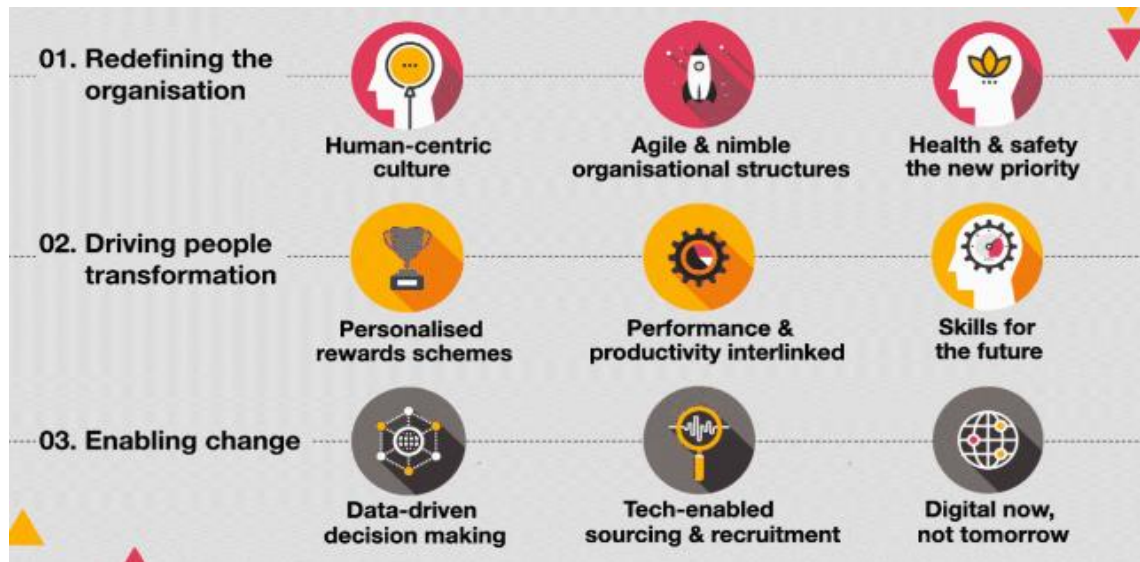


Figure 2: Changes in HR strategies

(Source: PWC, 2023)

It is also true that the employees' adaptability, as well as digital resilience, have been developed in the post-pandemic era through the procedures taken by HR management. They have **introduced the digital economy** in front of employees based on which the actuality of the strategy is met. From the above figure, it is clarified that in the post-covid period, the HR managers have focused on more employee engagement (PWC, 2023). The main reason behind it is that employment opportunities lag during the pandemic and production failed to give the expected GDP. Through the **regular analysis and monitoring of employees' performance** along with engagement metrics, HR managers become able to determine talent acquisition and management decisions (Troll *et al.* 2022). These are highly required for the employees, especially to prepare them for the challenges they may face even in the post-pandemic. It is highly noted that the changes are found in **data-driven decisions of HR managers, their tech-enabled sourcing or recruitment** and the **digital-now** strategies. These are significantly mentioned as the changes in the HR strategies to select employees and develop their capabilities in the organisations.

Changes in HR Strategies in the post-Brexit External Environment

Brexit has made major problems in labour or skill shortages in the UK. Therefore, for making the changes in the country and developing HR management in the post-Brexit era, HR strategies have been changed hugely. The foremost change, which is found in the Post-Brexit environment, is the ***development of negotiations among the HR managers*** (HR Solutions, 2020). It is seen that the HR managers have started to negotiate properly with the employees through whom the actual job benefits are gained by the employees. No such controversies or any type of conflicts regarding these matters are avoided in an accurate manner. According to Moradlou *et al.* (2022), HR strategies are developed even in the context of the availability of supply chain facilities and accession to suppliers. The recruiters have focused on this matter primarily before selecting employees for their organisations because the minimisation of supply chain issues is more effective than other categories.

The present ***UK Employment Law*** is still based on ***EU Legislation*** even after leaving EU by the UK (HR Solutions, 2020). Therefore, domestic employment law currently must not fall below the standards, which are set by the EU. For that reason, the HR managers have made it clear to the employees that human rights are effective for all and without informing the matter in the UK, it is not possible to give them any type of recruitment (Read and Fenge, 2019). However, it is a little bit problematic for HR managers to recruit employees who are from new UK-based organisations. Several times, the old companies in the UK follow the EU-based regulations whereas the new companies follow the UK-based regulations after Brexit. Therefore, when employees come from new organisations to old ones, they face problems to ***adjust with the rules and regulations*** based on which HR managers experience issues to recruit them properly.

While recruiting employees from outside, the ***immigration system*** is developed in the country and the HR managers also develop it in their companies to make the employment to the employee from different nations. Significantly, it is seen that employers have been planning to pay approximately £1,000 per skill to the employees at least for the first 12 months who are coming as immigrants (HR Solutions, 2020). It is also found that the HR managers have also made changes in the ***selection of employees*** by developing the categories of levels. After Brexit, UK companies have become more precise and specific than the previous times for which the differences are found in the job roles or responsibilities. As per the opinions of Ridgway (2019), wages and salary increments are taken by the UK Government after Brexit and it has significantly impacted the employment process of the country. The HR managers have

developed **employment stability** through which the work productivity outcomes have been broadened.

PESTEL Analysis:

PESTEL analysis is a useful tool to understand the factors which can affect the labour market.

Below table enlist the different factors which can affect the labour market in UK.

Political	• Change in government policies, Regulations and political stability • Political decision such as Brexit • Change in UK immigration laws and regulation
Economic	• Lower GDP growth and higher inflation rate in UK
Social	• Change in educational level and social attitudes
Technological	• Increased use of Automation in UK can be responsible for both job replacement as well as creation of new opportunities
Environmental	• Climate change and sustainable efforts
Legal	• Employment regulations, Taxing regulations

Conclusion

It is clarified that the emerging changes in the strategies have been explained in order to explore the extraordinary differences in the UK related to HR management. The post-Covid era has developed the recruitment process hugely as WFH facilities have been found along with the technology-based selection of employees. HR managers have significantly introduced the digital economy through which employee motivation is developed. On the other hand, post-Brexit has given the chance to communicate with employees regarding the differences between EU and UK legislation. The immigration system is developed in the firms through employment opportunities, which is a major change in the HR strategy after the period. Moreover, the analysis of the labour market of the UK has revealed that the market is still in tight condition as the unemployment rate has fallen and vacancies have increased in different sectors. On the other hand, the market is not secure for migrant workers at present time as per the reports of the pandemic period and huge job loss of the migrant workers. Additionally, in the UK labour market, though wage growth is continuously increasing, there is a significant gap between the income of men and women employees.

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