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Executive summary

This report undertakes a comprehensive analysis of the current status of the labour market within the United Kingdom. Furthermore, it investigates the dynamic adaptations occurring in Human Resource strategies in response to the post-Covid and post-Brexit external circumstances. The primary aim is to provide a thorough and impartial evaluation of these subjects, devoid of personal biases, while maintaining a formal and respectful tone.

Concerning the existing condition of the labor market in the UK, it is imperative to thoroughly examine multiple facets. Initially, a pivotal consideration is the overall employment rate, which serves as an indicator of the proportion of individuals actively participating in the workforce. Additionally, a meticulous evaluation of the unemployment rate is crucial, as it unveils the percentage of individuals actively seeking employment but facing challenges in securing suitable positions. Moreover, a comprehensive assessment of the rate of underemployment is essential, as it highlights the tally of individuals engaged in part-time work or roles that do not optimally leverage their skills and qualifications.

To comprehend the evolving adaptations in Human Resource strategies amidst the aftermath of the post-Covid and post-Brexit external milieu, a profound exploration into the intricacies of these transformations is indispensable. It is imperative to meticulously analyse how organizations are recalibrating their approaches to recruitment and selection to effectively address the hurdles posed by the Covid-19 pandemic. Furthermore, an in-depth investigation into the repercussions of Brexit on the availability of skilled labor, coupled with an examination of the strategies deployed by enterprises to navigate this challenge, is vital. By meticulously scrutinizing these shifts, a comprehensive understanding of the evolving landscape of Human Resource strategies in the UK can be attained.

In conclusion, the fundamental objective of this report is to provide a comprehensive scrutiny of the current labor market scenario in the United Kingdom, while concurrently delving into the dynamic alterations taking place within Human Resource strategies in light of the post-Covid and post-Brexit external context. Through a systematic evaluation of diverse indicators and a meticulous exploration of the intricate facets encompassing these subjects, valuable insights into the imminent challenges and prospects can be gleaned.

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Introduction

The purpose of this report is to provide a succinct and comprehensive overview of two pivotal domains: the prevailing condition of the labor market and the dynamic shifts occurring within Human Resource (HR) strategies subsequent to the Covid-19 pandemic and the Brexit transition.

Initially, the report will offer a concise delineation of fundamental labor market concepts, encompassing parameters such as employment rates, unemployment rates, and underemployment rates. This amalgamation of indicators collectively yields profound insights into the holistic engagement of the workforce, the proportion of actively job-seeking individuals, and the optimal utilization of competencies and qualifications across the workforce spectrum.

Subsequently, the report will undertake a thorough examination of the post-Covid and post-Brexit milieu, meticulously scrutinizing the transformative impacts of these events on HR strategies. The advent of the Covid-19 pandemic posed unprecedented challenges to recruitment and selection processes due to imperatives such as social distancing measures and the proliferation of remote work paradigms. Concurrently, the ramifications of the Brexit transition ushered in an aura of uncertainty regarding the accessibility of skilled labor, owing to discernible shifts in immigration policies and the landscape of international agreements.

The intent of this report, through its succinct elucidation of these domains, is to establish a foundational platform for a more profound exploration into the intricate facets inherent in the labor market, along with the nuanced adaptations within HR strategies. It is paramount to underscore that this report diligently upholds an objective and scholarly demeanour, with the primary objective of disseminating informative insights devoid of any personal inclinations.

A)The current state of the labor market in the UK

Labour market:

In economic terms, labour refers to the amount of work performed by individuals, and labour markets exist wherever workers offer their services in exchange for the terms and conditions provided by employers. Stated by Kanyenze(2011,p.250)

The labour market, often known as the employment market, refers to the supply and demand for labour, for which employees provide and employers demand. It is an important part of every economy and is closely tied to capital, goods, and service markets.(Kenton,2023)

The ability of a person to work, also known as labour power, can be purchased, sold, or contracted out for a specific activity or amount of time in a labour market. It is a marketplace where employers want to hire staff and job seekers look for employment. The ability of humans to work, rather than actual labour, is what is traded in a labour market. According to Thomas, Anna and ursxula(2022, pp.37- 39) There are several things that can affect labour market such as economic conditions of the nation, changing technology ,globalization and government policies.

situation of the labour market

Labour market in the United Kingdom in 2023

During the period spanning from February to April 2023, the employment rate in the United Kingdom was calculated to be 76.0%, indicating a modest rise of 0.2 percentage points when juxtaposed with the timeframe of November 2022 to January 2023. Notably, the latest quarter witnessed a noteworthy surge in the total count of individuals gainfully employed, marking a historical high. This upswing was reflected in the augmented figures of both traditionally employed staff and individuals who chose to engage in self-employment.

In the time span spanning from February to April 2023, the rate of unemployment displayed a marginal elevation of 0.1 percentage points as compared to the preceding quarter, arriving at a level of 3.8%. This increment in the unemployment metric was primarily instigated by individuals who had been without employment for a duration not exceeding 12 months, thereby contributing significantly to the observed rise in the overall unemployment rate.

During the timeframe encompassing March to May 2023, there was a decrease of 79,000 in the approximated count of job openings in comparison to the preceding quarter, resulting in a cumulative total of 1,051,000 vacancies. This decline in available job positions marks the 11th consecutive period of such reductions, signifying a prevailing sense of unpredictability pervading various sectors. This trend

is illustrative of the prevailing uncertainty across industries, with participants in surveys consistently attributing economic pressures as a decisive factor impeding their propensity to engage in recruitment endeavours.

According to the latest data, the average total pay (including bonuses) of employees increased by 6.5% and the regular pay (excluding bonuses) increased by 7.2% during the period of February to April 2023. It is worth noting that the growth rate of regular pay is the highest observed outside of the COVID-19 pandemic. However, when adjusted for inflation, the growth in both total and regular pay declined by 2.0% and 1.3%, respectively, compared to the previous year during the same period. Labor conflicts led to a total of 257,000 working days being forfeited due to disputes in April of the year 2023.

During the month of March in the same year, the aggregate count of workforce positions experienced an unprecedented upswing of 395,000 as compared to the previous quarter, culminating at an all-time peak of 36.8 million. Significantly, within this mosaic of industries, a notable phenomenon emerged wherein eight out of the twenty industry sectors achieved historical apices in terms of workforce occupation levels.(Leaker,2023)The most recent data from the Office for National Statistics (ONS) shows prominent indications of a weakening labour market. The data shows a decrease in employment and job openings, as well as a rise in unemployment and redundancies. These developments point to a softer labour market, which the Bank of England is likely to read as evidence that the 14 interest rate rises imposed since December 2021 are having an effect. Notably, the study shows that employment fell by 66,000 for the three-month period ending in June. While the ONS cautions against overinterpreting monthly results, the data for June alone reveals a considerable reduction in employment of 567,000.

In spite of an increase in the number of individuals who are inactive due to long-term sickness, there has been a notable surge in job seekers in recent months. This can be attributed to the financial strain experienced by households as a result of the ongoing cost of living crisis. The combination of reduced demand for labor and an influx of available workers has led to a 0.3 percentage point increase in the unemployment rate, reaching 4.2% between the first and second quarters of 2023. Notably, the unemployment rate in June stood at 4.6%.

However, it is important to note that there is one exception to the overall cooling trend in the labor market. Annual pay growth has experienced a significant upturn, reaching 7.8%, which marks the highest level since the commencement of modern records in 2001. When factoring in bonuses, the figure rises even further to 8.2%. It is worth mentioning that this exceptional growth is primarily attributed to a one-time payment made to NHS staff.(Elliott,2023)

(B)The growing changes in human resource strategies in the post-Covid, post-Brexit external environment.

Human Resource Management:

Human resource management is a comprehensive and logical approach to hiring individuals. In other words, HRM may be seen of as a philosophy about how people should be managed, which is supported by a range of theories about human and organisational behaviour. According to (Armstrong and michael,2014)

On January 31, 2020, the United Kingdom formally exited the European Union. After 11 months of talks, an agreement was reached on how the UK's future relationship with the EU will be governed.

(1)The alterations that are being observed in Human Resourcing Strategies in the aftermath of the Covid-19 pandemic.

On January 31, 2020, the United Kingdom formally exited the European Union. After 11 months of talks, an agreement was reached on how the UK's future relationship with the EU will be governed.

Investments in training are often accompanied by additional investments in intangible assets, such as organizational and business process enhancements, software, data, IT networks, and websites. These intangible assets are prioritized over tangible assets. Organizational improvements, such as the implementation of performance-related pay schemes and the utilization of formal strategic business monitoring systems, are particularly prevalent in establishments that prioritize training and the COVID-19 era (2019/20, particularly 2020/21) reversed this favourable tendency. (Pouliakas & Wruuck,2022)

There are numerous changes in HRM techniques, and this report will address some of them.

(I) Remote Work and Flexible Arrangements:

Engaging in remote work during periods of government-mandated lockdowns altered individuals' perspectives on potential shifts in the organization of work. Over the course of time, the adoption of increasingly flexible work arrangements, such as remote work, has the potential to enhance the well-being and productivity of specific employees..(post.parliament.uk)

(II)Transformation to the Digital Age:

In the wake of the COVID-19 pandemic, which led to the imposition of restrictions on in-person interactions, there has been a widespread adoption of virtual communication channels such as webinars, conference calls, and other remote communication methods as a means of compensating for the loss of face-to-face interactions. According to a recent survey conducted by Elucidat, which analysed corporate learning and development (L&D), the majority of professionals in training, L&D, and HR departments are adopting e-learning strategies as a way forward. The survey found that 82% of these professionals aim to produce more e-learning materials in the next three months. This shift towards e-learning is likely due to the COVID-19 pandemic, which has led to restrictions on in-person gatherings and a greater need for remote learning options. As such, professionals in these fields are adapting to the current situation by embracing e-learning as a means of continuing to provide training and development opportunities to employees.(Greany,2020)

(III)Employee Mental Health and Well-Being:

Organisational mental health has been on the increase in recent years, and the COVID-19 epidemic has further exacerbated this tendency.(Suff,2021) After COVID-19

Organisations focusing on employee mental health and fitness and offering assistance such as wellness clubs, gym membership discounts, 24/7 mental health counselling, and so on.(Taylor,2023)

(IV)Changes in Recruitment and Onboarding:

Provide virtual training sessions to new workers to help them get the information and skills they need to accomplish their job duties.

To offer dynamic and engaging training sessions, use online learning platforms, webinars, and video conferencing solutions.

Assign new recruits mentors or pals to give direction, support, and answers to any issues they may have.(Zancajo et al.,2022)

(2)The growing changes in human resource strategies in the post-Brexit external environment

Immigration has been a major driver of changes in the UK employment market during the last 25 years.(Glover et al., 2001;Portes,2019).

In the post-Brexit external environment, there are rising changes in human resource strategies that organizations must address. In the post-Brexit external environment, there are rising changes in human resource strategies that organizations must address. While there are no specific resources that handle this issue.

(I) Workforce Planning and Talent Acquisition:

Brexit has resulted in a scarcity of talent. The employment market in the United Kingdom is currently experiencing a period of notable transformation due to the combined impact of Brexit and the COVID-19 pandemic. The UK government has recently implemented a points-based system that has raised concerns among companies regarding their ability to attract and hire qualified personnel. This new system has created a sense of uncertainty among employers, as they are unsure of how it will affect their recruitment processes. Furthermore, the pandemic has further complicated the hiring process, making it more challenging for companies to find suitable candidates. Despite these challenges, the demand for both permanent and temporary staff remains high, as indicated by a recent report by KPMG. The current unemployment rate in the UK stands at 4.6%, which is a relatively low figure compared to other countries. (Morrow, 2021)

(II) Employment and Compliance Regulations:

In the aftermath of the Brexit outcome, the government put forth the Retained EU Law (Revocation and Reform) Bill ('REUL') with the purpose of eliminating the dominance of EU law and legal principles within the UK. This bill entails the automatic annulment of all retained EU laws by the conclusion of 2023, unless specific statutory measures are enacted to explicitly uphold them. The genesis of the 'sunset clause' can be attributed to this initiative.

In an official declaration released on May 10, 2023, by the UK government, it was announced that... In light of the potential legal ambiguity that may arise from the sunset clause, the UK government has opted to take a different approach to the Bill. Rather than allowing all EU laws to expire unless explicitly retained, the government has compiled a comprehensive list of EU laws that are slated for revocation under the REUL by the close of 2023. It is worth noting that the list is extensive and may not be particularly engaging. This decision was made following extensive lobbying efforts by numerous representative organizations spanning a wide range of sectors,

including animal welfare and environmental groups. These groups expressed concerns that the sunset clause would create gaps in the legal framework and result in the loss of critical legal safeguards.(Greenwoods,2023)

(III)Working Across Borders:

Starting from January 1, 2021, British citizens remain exempt from the requirement of procuring a visa in advance when embarking on short-term tourist visits to the European Union. The guidelines for brief sojourns across most EU Member States are established by the Schengen Borders Code, allowing stays of up to 90 days within any 180-day period within the Schengen area. The eligibility of British nationals to reside, engage in employment, or pursue studies within an EU Member State hinges on the immigration regulations and visa prerequisites of the respective host country. The regulations for visa and immigration concerning British nationals visiting Ireland (and vice versa) remain unaffected by Brexit. These regulations continue to be governed by the provisions of the Common Travel Area agreement.

(IV)International Mobility:

By the end of May 2023, a new EU Entry/Exit System (EES) will be implemented. This will be a computerised information system that will record visitors from the United Kingdom and other non-EU nations every time they cross an EU external border. Prior to crossing the border, passengers must scan their passports and travel papers at an automated self-service kiosk.

The system will function in tandem with the new ETIAS authorization system, which is expected to be live in November 2023. British and other non-EU nationals visiting

the EU for a short period of time will need to get an ETIAS travel authorization. This will be valid for three years or until the holder's passport expires (whichever comes first) and will cost €7 at first.(Gower,Fella,Jozepa,2022)

(V) Shortages of skilled labour:

Amidst labor shortages in the UK partly attributed to Brexit, the government has expanded its "shortage occupation list" to address the deficit of skilled workers. In a move aimed at facilitating the availability of foreign builders, the list now encompasses professions like bricklayers, masons, roofers, roof tilers, slaters, carpenters, joiners, and plasterers, all of which are critical in the construction sector. Additionally, fishing jobs have also been included in this updated list. The relaxation of visa restrictions for these roles is anticipated to alleviate the scarcity of skilled labor, particularly in industries that are vital to the nation's infrastructure development. This strategic action aligns with the government's intention to foster growth in related sectors, thereby contributing to the overall expansion of the UK economy.(Kollewe,2023).

Conclusion :

To summarise, the labour market in the United Kingdom is seeing significant adjustments and challenges in both the post-Covid-19 and post-Brexit situations. The labour market is a dynamic environment in which labour power is exchanged, and recent advances have resulted in substantial changes. The UK labour market has seen fluctuations in employment rates, unemployment rates, and job

opportunities. Employment has grown modestly, while unemployment has climbed marginally and job vacancies have dropped. The post-Covid-19 climate has resulted in changes in HR tactics, with remote work, flexible arrangements, an emphasis on employee well-being, and digital communication techniques gaining significance. Because of changes in immigration laws and labour scarcity, the post-Brexit scenario has impacted workforce planning and talent acquisition. The implementation of the points-based system has created worries about recruiting skilled workers, and employment and compliance laws have evolved in tandem with the Retained EU Law Bill. To compete in the shifting labour market, organisations are modifying their HR strategies to manage these changes and prioritise employee well-being and growth.

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