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ASSESSMENT SPECIFICATION

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Campus	London Campus
Programme	MBA – Masters of Business Management Administration
Module	Human Resource Management
Module Code	LCMB7000
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Assignment Title	Assessment 1 Human Resource Management

A) Definition & concept of labour market

A labour market is the place where workers and employees interact with each other. In the labour market, employers compete to hire the best, and the workers compete for the best satisfying job.

The labor market, also known as the job market, refers to the supply of and demand for labor, in which employees provide the supply and employers provide the demand. It is a major component of any economy and is intricately linked to markets for capital, goods, and services.

KEY TAKEAWAYS

- The labor market refers to the supply of and demands for labor, in which employees provide the supply and employers provide the demand.
- The labor market should be viewed at both the macroeconomic and microeconomic levels.
- Unemployment rates and labor productivity rates are two important macroeconomic gauges.
- Individual wages and the number of hours worked are two important microeconomic gauges.

➤ Understanding the Labor Market

At the macroeconomic level, supply and demand are influenced by domestic and international market dynamics, as well as factors such as immigration, the age of the population, and education levels. Relevant measures include unemployment, productivity, participation rates, total income, and gross domestic product (GDP).

At the microeconomic level, individual firms interact with employees, hiring them, firing them, and raising or cutting wages and hours. The relationship between supply and demand influences the number of hours employees work and the compensation they receive in wages, salary, and benefits.

B) How covid impacted on the labour market with statistics.

The evolving impact of the coronavirus outbreak on the labour market. On 15 March 2022, the labour market statistics for November 2021/January 2022 were published. These statistics suggest a continued recovery for the UK labour market, with some of the labour market indicators returning to prepandemic levels. Employment levels have been increasing in recent months, and unemployment levels reached below prepandemic levels. However, economic inactivity remains much above prepandemic levels, and high inflation means another fall in real wages. To date, the pandemic has had more of an impact on the labour market status of particular age groups. Workers aged 18:24 and 65+ have been most likely to leave employment. The number of people claiming unemployment related benefits fell by 48,000 in the month to February 2022 but remains 510,000 higher than in March 2020. The Coronavirus Job Retention Scheme (CJRS) ended on 30 September 2021, and 1.2 million jobs were still on furlough on that day. The number of furloughed jobs fell gradually from the end of January when 4.9 million jobs were on furlough. Over 11.7 million jobs were furloughed overall. The Self-

Employment Income Support Scheme (SEISS) also ended on 30 September. The fifth grant opened for applicants on the 29 July 2021 and by 28 October 2021, 1.3 million claims had been made to it. Some workers are disproportionately economically impacted by the coronavirus outbreak. Workers who are from an ethnic minority group, young workers, low paid workers and disabled workers, have been most negatively economically impacted by the coronavirus.

On 15 March 2022 the latest labour market statistics were published by the Office for National Statistics (ONS). This section provides an overview of the data that was published. These statistics suggest a continued recovery for the UK labour market, with some of the labour market indicators returning to prepandemic levels. Employment levels have been inc

reasing in recent months, and unemployment levels reached below prepandemic levels. However, economic inactivity remains much above pre-pandemic levels, and high inflation means another fall in real wages.

The latest published employment and unemployment statistics are for November 2021January 2022, and by comparing this quarter with the prepandemic quarter of January:March 2020, we get an indication of the impact that the pandemic has had on the labour market.

- **Employment**

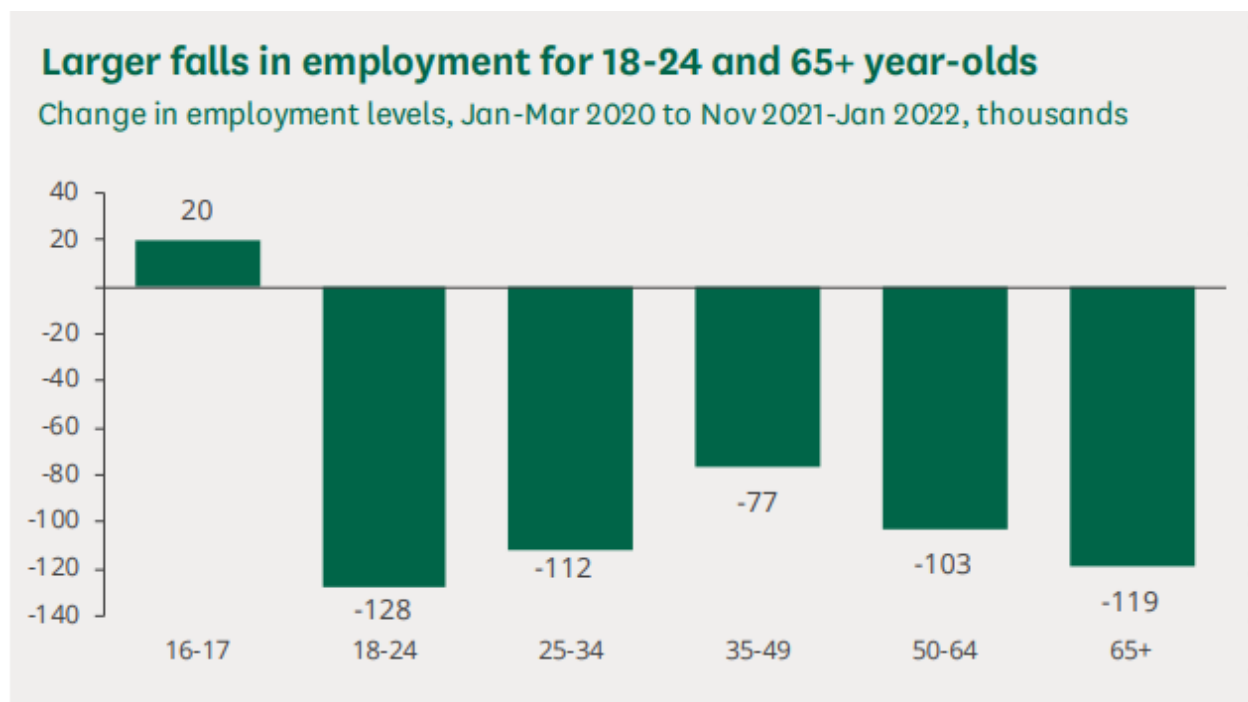
There were 32.49 million people in employment in November 2021January 2022, compared to 33.01 million in January March 2020. Between these two quarters, employment levels for people aged 16+ fell by 519,000, a fall of 1.6%. The employment rate (the proportion of 1664 year olds in work) has fallen from 76.3% to 75.6%. There was a fall in employment levels throughout 2020 following the start of the pandemic, with levels dropping down to 32.11 million in November 2020January 2021. Since then, employment levels have begun to recover, although in November 2021January 2022 employment levels decreased on the quarter by 12,000 and remained 519,000 below prepandemic levels The pandemic's impact on employment level has not been the same for all age groups.

Source:

1 ONS, *Labour market overview, UK*, 15 February 2022

2 ONS, *A05 SA: Employment, unemployment and economic inactivity by age group (seasonally adjusted)*, 15 February 2022

Since the start of the pandemic, employment levels have fallen for older workers aged 65+ by 8% and fallen for young people aged 16:24 by 3%. Employment levels for those aged 25:64 have also fallen, but by only 1%. There has been an increase in the number of young people in employment in recent months. 63,000 more 16:24 year olds were in employment in November 2021-January 2022 than in the previous quarter, an increase of 2%.



Source: ONS, [Table A05](#), *Employment, unemployment and economic inactivity by age group (seasonally adjusted)*, 15 February 2022

Further analysis of the impact of the pandemic on young and older workers is provided in section 3.3 of this paper. The fall in employment has been driven by the private sector. Between March 2020 and December 2021, employment levels in the private sector fell by 2.1%, while they increased in the public sector by 4.7%. Before the pandemic the percentage

of all workers who worked in the private sector had been steadily increasing since 2010. The pandemic has reversed this trend.

- **Pay rolled employees**

Since the start of the pandemic the ONS has been publishing experimental monthly estimates of payrolled employees using HMRC PAYE data. Official employment statistics have a time lag (as detailed in section 1.2, the latest data is for October, December 2021) and this experimental data provides a timelier indicator of the impact of the pandemic on employment. These figures do not, however, include selfemployed people and therefore do not show trends for the whole labour market.

The number of payrolled employees increased month-on-month in February 2022 and are 678,000 above the pre-pandemic levels of March 2020, at 29.7 million.³ There was a large fall between March and May 2020 when the number of payrolled employees fell by 661,000. They then continued to fall at a slower rate until November 2020, when the number of payrolled employees was 951,000 below March 2020 levels. Since then, employee numbers have been steadily increasing. They continued to increase after the furlough scheme closed at the end of September 2021. Some still industries have levels of employees below prepandemic levels. The industries that saw the largest percentage falls in the number of payrolled employees between March 2020 and February 2022 were the Energy production and supply, with a 7% fall, and Mining and Quarrying, with a 3.4% fall.

- **Unemployment**

There were 1.34 million people who were unemployed in November 2021-January 2022, which is 39,000 fewer than in January-March 2020. The unemployment rate (the proportion of economically active people aged 16+ who are unemployed) has fallen from 4.0% to 3.9%. 16-24 year olds have now seen a fall in unemployment levels compared to January-March 2020 and unemployment for 50+ year olds are back to prepandemic levels. Unemployment is still 6% higher than before the pandemic for 25-49 year olds. The fall in employment is due to increases in economic inactivity as well as increases in unemployment. As discussed in the section below, since the start of the pandemic there has been a 3.8% rise in the economic inactivity of 16-24 year olds, a 3.0% rise for 65+ year olds, and a 3.9% increase for 25-64 year olds.

- **Forecasts**

A larger rise in unemployment was forecast when the Coronavirus Job Retention Scheme (CJRS) ended. However, these forecasts have now been revised, and PAYE data suggests that the number of employee jobs are continuing to increase, as outlined in Section 1.1. The Treasury's March 2022 survey of independent forecasts for the unemployment rate showed an average forecast of 4.1% for Quarter 4 2022 and 4.0% for Quarter 4 2023. 4 independent forecasts for the unemployment rate showed an average forecast of 4.1% for Quarter 4 2022 and 4.0% for Quarter 4 2023.

Source:

³ ONS, *Earnings and employment from Pay As You Earn Real Time Information, UK*, 15 February 2022

⁴ HM Treasury, *Forecasts for the UK economy publication*, 16 March 2022

C) How Brexit affected the labour market in the UK with details and examples.

The impact of Brexit on businesses in the UK can be seen far and wide in almost every sector. Whether you have seen shortages of products on shelves in your local supermarket, had restaurant reservations cancelled due to lack of staffing, or you have had to wait longer for medical treatment due to insufficient medical staff, you will have seen at first hand some of the impacts.

While not all of these issues are caused by the ending of free movement between the EU and the UK (the Covid-19 pandemic certainly added fuel to the fire), there is little doubt that the loss of access to the EU labour market and the post-Brexit sponsorship management system have had a substantial impact.

Retailers struggling to keep supply chains going

The shortage of haulage capacity and drivers are causing a crunch within retail, with some in the sector saying that it is on the edge of failure. As a result, wages for lorry drivers have gone through the roof, with some being paid £950 per shift, according to Richard Walker, managing director at Iceland. “That’s around £250,000 a year. Even a junior banker might start to feel tempted,” he added.

Like the general staffing issues being experienced across the UK, it is not possible to apportion blame on Brexit entirely for the shortage of lorry drivers, but it is certainly a factor. Walker said: “What we are seeing is not an inevitable consequence of Brexit – far from it – but a self-inflicted wound caused by the government’s failure to appreciate the importance of HGV drivers and the work they do”.

But as the Financial Times recently reported, an estimated 25,000 EU drivers returned home during the period of the pandemic and following the end of the Brexit transition period. The supply chain issues are really, therefore, a perfect storm of Brexit, Covid-19, and a lack of investment in HGV recruitment in the UK.

While the government has relaxed the rules on the number of hours that lorry drivers can work in the UK to try to alleviate some of the shortages, this is unlikely to resolve the issue fully.

Source:

Amar Ali is the managing director at immigration law firm Reiss Edwards.

D) Innovative implementation as a HR Manager.

HR innovation is the implementation of new ideas, methods, and technologies to better meet the ever-evolving requirements of the organization and its workforce. It’s about anticipating future needs and circumstances rather than simply finding a response to a changing present situation.

There’s no doubt that hiring in today’s market is tough. 72.8% of employers are having a difficult time finding skilled candidates and 45% of employers are concerned about finding employees with the necessary talents.

But we hope with these four simple steps, not only will your hiring process be improved, but your ability to retain top talent, as well. Retention is an extension of good hiring, so if you’re looking to improve your staff attrition, invest early by hiring well.

- Create a place where *you’d* want to work

Establishing a place of work that is neither feared nor dreaded is crucial to happy, longstanding employees.

- 2. Have a mission people can align themselves with

Creating a strong mission statement helps you naturally attract people who hold similar values, and connect with the younger workforce as well.

- 3. Be an active part of professional network

You want people to know your company's name, even before you start recruiting.

- 4. Ask for recommendations

Finally, ask your current employees for recommendations on who they know that would make a great hire. Asking current employees is a great way to ensure that there would be a cultural fit between the new hire and your business, because current employees have a real sense of both their recommendation and the company.

E) Employee Retention

All employees should feel safe and comfortable at work. It's a fundamental responsibility for employers. It is also true that creating a secure and comfortable work environment will help with staff turnover and employee retention.

A workplace should maintain high safety standards. Employees shouldn't be in any danger of injury or illness. You need to ensure good maintenance, good ventilation and other fundamentals of the workplace. Working in a comfortable office can also have a profound positive effect on employee retention.

Emotional and psychological comfort is just as important as physical comfort. You should do everything you can to foster a welcoming and inclusive culture at work. That's the best way to get the most out of staff and to ensure that employees are happy in their jobs.

Maintaining a level of trust between staff and management is also critical. Staff will feel more comfortable if they know management are on their side. That leads to a feeling of shared purpose and makes employees less likely to want to leave. It will also make them more comfortable sharing ideas and looking to help the business develop.

Providing purpose works as a great form of motivation. Employees are more fulfilled and happier if they feel their work is *for* something. Boredom and lack of contentment come from the feeling that work is a day-to-day drudge. Job satisfaction comes from understanding what their tasks are achieving.

Everyone wants to feel appreciated when they do achieve something. That's why it's important to always recognise your staff successes. You may be surprised at the impact a simple 'thank you' or 'well done' can have.

If you want to take things further, you could introduce a rewards system in the office. Top performance might be recognised with a prize or even an extra day off. Just make sure that any system fits with your workplace culture. An overly competitive or intense rewards scheme might cause resentment or discomfort.

A workforce that operates like a well-oiled machine is what all firms dream of. You want your staff to all pull in the same direction. More than that, you want them to work together in a way that gets the most out of every individual. Good teamwork can help people's strengths and allow them to work on and improve their weaknesses.

If workers feel that they are part of a team, they're less likely to want to leave. The camaraderie and connection they feel to their colleagues won't be something they want to leave behind. It will also be something that makes them feel happier in their work. Happy staff won't take the decision to move on lightly.