



Title: Human Resource Management –Assessment 1

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Table of Contents

Introduction	3
Literature review & analysis.....	3
1. The current state of the labour market in the UK	3
2. Emerging changes in Human Resourcing Strategies in the post Covid, post Brexit external environment	7
2.1 Possible changes in human resource strategies post BREXIT.....	8
2.2 Possible changes in human resource strategies post Covid-19	9
Conclusion	11
References	12

Introduction

The core aim of this study is to identify and analyse the current labour market of the UK, taking the perspective from a deep understanding of the human resource perspective and detailed analysis of recently posted research papers and scholarly articles on what other authors and experts think about current labour demand in the UK's job market. This study explores the volume of job openings, the need for fresh recruits, and the market's human resource deficit. An unexpected rise in employment opportunities faced a labour shortage in the UK's market, which increases stress in every sector. The current labour problem results from Covid-19, Brexit, and stringent immigration laws.

The project will identify and assess several human capital variables that influence major UK labour demand. The effects of Covid-19 on the labour market will be investigated using employee recruiting theory. The study will be focused on Human Resource Management's employee life cycle model in order to provide a successful way to maintaining present employees, as appropriate preservation of the employee life cycle model aids in the retention of workers throughout time.

Lastly, with the help of scholarly papers and cited literature reviews, this paper will highlight the emerging changes made in the human resource strategies by various UK MNCs in post Covid-19 scenario.

Literature review & analysis

1. The current state of the labour market in the UK

According to the National Institute of Economic Review, the rate of unemployment has fallen from 4.9% to 4.5% in the last 3 months. Although the reduction in the rate of unemployment has been viewed as helpful to the UK economy, it has culminated in a need for more labour in the United Kingdom. The Covid-19 pandemic has enormously impacted the world economy and jobs market, leading employers to halt new hires (Bell & Blanchflower, 2020). According to the Recruiting and Employment Confederation (REC), the UK labour marketplace faces a substantial workforce shortage due to the Covid-19 epidemic and the Brexit agreement, which will be in force for a long time. Low-skilled jobs are in high demand, with European Union citizens emerging as the most promising options for low-wage work.

Pejovic (2021) has stated that due to Brexit, many European Union employees resigned and went to their countries of origin, leading to a labour shortage in the UK. Many temporary labourers came from adjacent countries to work during the employment season but were not allowed due to the UK's strict rules regarding immigration. Employers have difficulties in the field during harvest and packing, resulting in a loss of business. Brexit hurt the labour market, and the Covid-19 outbreak added gasoline to the flames.

Almost every industry has seen an acute shortage of workers, but the hotel, social services, and transportation industries were struck the worst. According to a wage survey, the average salary in the hospitality and social care sectors is less than what people are paid in the United Kingdom (Mayhew & Anand, 2020). More than 90,000 individuals left the hospitality sector last year, according to studies, putting a strain on the UK labour market.

UK employment rate, participation rate and labour market tightness

(percentages of working age population and ratio of vacancies to unemployment, 3-month moving average)

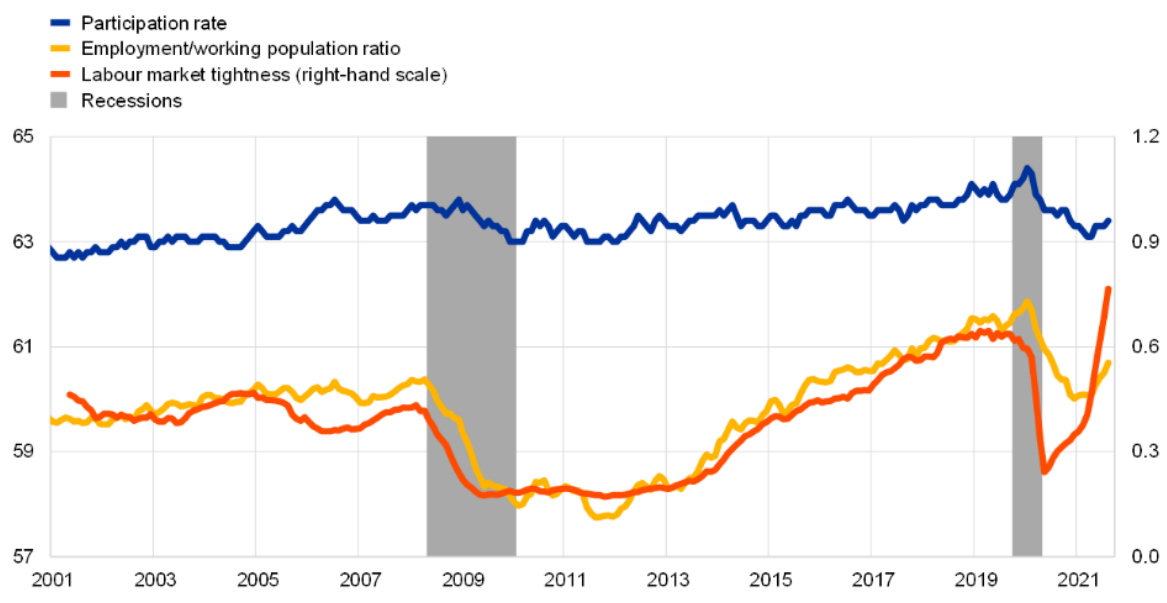


Figure 1: UK's labour participation rate, employment rate and labour market tightness

The given image reveals that the UK's labour participation rate is much higher in the index rate above 0.9, but the employment opportunities are below the 0.6 rating. Although the labour tightness is relatively higher than the employment rate, there is a high labour shortage in the UK's job market. The pay rate for logistical transportation operators is slightly above the average living standard, yet, the workers claim their workload is too low. Wage

rates in three distinct sectors discourage people from working in them (Dawson, Johnston & Williams, 2020). The UK faces an exceptionally tight labour market according to current market trends. According to a survey, 41% of those who different companies currently employ are thinking about leaving their current jobs. Wage percentage, uncertainty of hours worked, and discontent with their current position are reasons they want to switch occupations. Many companies, like Accenture, Virgin Group, Barclays Group, etc., are concerned that they may not be ready to provide services on schedule due to a shortage of workers (Eichhorst, Marx & Rinne, 2020). Following Brexit and the Covid-19 outbreak, the UK economy has been slowly returning to normal, and companies are working up to their fullest potential, adding to the country's present employment market scenario.

Payrolled employees

The number of payrolled employees

Monthly change: ▲ 23,000

Since Feb 2020: ▲ 1,016,000

The number of payroll employees is now well above pre-pandemic levels.

Source: PAYE RTI from HMRC

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millions

35 –

30 –

Jul-14

May-23

30.0

Employment rate

Employment rate (all aged 16 to 64)

Quarterly change: ▲ 0.2pps

Since Dec-Feb 2020: ▼ -0.6pps

The employment rate is up on the quarter and up on the year, and is still below pre-pandemic rates.

Source: LFS from ONS

%

80 –

75 –

70 –

Feb to Apr 08

Feb to Apr 23

76.0

Figure 2: Current status of the UK's labour market

The given image reveals that the UK's labour market has recorded a rise in the pay-rolled workers, and the employment rate in the UK's market is slowly and gradually increasing. Still, not at the pace, people expect from their government. The employment rate in the United Kingdom as a whole had been projected to be 76.0% from February to April 2023, which was 0.2 percentage points greater than the figure from November 2022 to January 2023. The

number of people working hit an all-time high in the most recent quarter, with development in both employee and self-employed workers.

Brell & Preston (2020) has recently realized some data, according to which the more recent projection for pay-rolled employees for May 2023 shows an average rise to 30.0 million, up 23,000 from the corrected April 20, 2023 data. The May 2023 projection deserves to be tentative and will likely be altered if additional information is obtained next month.

In comparison to the previous discussion, figures 1 and 2 show improvements in the UK's labour markets, and employment opportunities are rising in the UK, but at a very steady pace (Costa Dias, Postel-Vinay & Xu, 2020). Due to the BREXIT, NHS faced a labour shortage because, in this leading healthcare institution, 32% of medical and non-medical workers belonged to the EU nations and still, NHS is searching to strengthen its labour workforce and revamp its human resource policies to overcome labour shortage by inviting application of qualified medical workers from countries like India, US, Japan, Australia, etc.

2. Emerging changes in Human Resourcing Strategies in the post Covid, post Brexit external environment

The Human resource strategies in the pre COVID-BREXIT era

Human resource management is an integral part of a company's operations management. Human resource management successfully and effectively oversees a company's human resources to obtain potent efforts towards attaining organisational objectives. According to ***Simmons & Culkin (2022)***, human resource management is one of the most critical organisational tasks because it encompasses the strategic oversight of the business's workforce. This involves handling worker benefits and pay, designing educational and development services, and developing methods of communication for the corporation's personnel. Since human resource management is an integral part of managing staff at the organisation, or at least the core of it, the strategies were also influential. The correct identification, attraction, management, and retention of talents inside the company were all components of successful human resources management techniques.

Following this, the procedure consisted of ensuring that expertise was managed effectively within the company and employing qualified workers from the market.

According to ***Deloitte's report on the UK and Brexit***, Brexit will undoubtedly have a significant effect on many people from Europe, and this will be made worse by increases in prices and modifications to operational costs. The staff will require the ability to practise and offer services to customers in the UK.

Before into the deep of emerging changes in HR, strategies post covid and post-BREXIT, it is essential to know how BREXIT will change the game of HR in the companies of the UK or their partnered companies.

There's a big question which has been raised by the experts "*Why HRM Needs a Paradigm Shift to Deal with the Challenges of the New Normal?*"

Experts say that the new normal means the UK's labour market and job industry must cope with the post covid and post-BREXIT conditions (Müller & Reuse, 2023). The human resources, or HR, function in contemporary companies suffers similar difficulties adjusting to the New Normal brought on by the Covid Pandemic. Following Brexit, the UK may forfeit

some of its appeal as a destination since it won't be as accessible to skilled workers throughout the EU. Given that the numbers are currently decreasing, the UK will probably see a fall in the number of EU nationals coming here to work. HR will therefore need to develop a resourcing strategy that includes measures for dealing with the change in human resource strategies (Vasilescu & Weir, 2023).

The HR Managers confront various obstacles as they discuss the upheaval of the post-Covid world, including managing employees who work from home, ensuring that payroll processes remain intact, and developing strategies for providing training.

2.1 Possible changes in human resource strategies post BREXIT

The United Kingdom's exit from the European Union on January 31, 2020, is commonly referred to as BREXIT. The acronym for Britain's exit from the European Union is BREXIT. According to the *Cumming & Zahra (2020)*, The BREXIT has caused tumultuous changes in the labour market, which significantly impact the human resource strategies of multinational firms. Stakeholder engagement obstacles, a war for talent in the UK, leadership issues, ineffective talent management, and workforce management have been among the most significant problems caused by the United Kingdom's exit from the European Union for UK businesses.

Acute talent management: The government of the UK has advised UK-based companies to undertake events like talent hunts in their economy to search out the hidden skilled workers who are separated from the system. Since the labour market in the United Kingdom has been badly affected by Brexit, UK-based companies are committed to seeking talented/skilled employees from their internal horizon. The UK government has eased immigration policy to invite talents from countries like India, the US, the Asian region, etc., to overcome the labour shortage problem (Sotkasiira & Gawlewicz, 2021). Also, to fill the talent shortages in operational management, the department of human resources implemented by UK-based companies has adopted the technique of discovering skilled staff members within the company and making the best use of them. This will reduce the costly process of replacing organisational job gaps and help companies adapt to shifts in the labour market.

Proper human resource planning: The BREXIT-imposed immigration regulations have significantly increased market volatility, making jobs a severe concern. Due to this, there is a need for more qualified employees in the UK job market. Additionally, due to outsourcing, the organization's staff retention practises have been impacted by the travel constraints and immigration regulations that have been implemented (Vaiman, Cascio & Swider, 2021). This has prompted the requirement for proper resource planning with an eye towards the future. Human resource management must consider the big picture to manage and develop personnel management techniques correctly.

Excessive priority and importance to engagement for UK's talented people: Develop successful workplace engagement initiatives that consider spirit, participation, and enthusiasm among employees who may be impacted by Brexit and require confidence that their HR department is on the leading edge of things. It might be challenging to attract and keep talent during uncertainty (Dundon & Wilkinson, 2021). HR can drive programmes to reassure essential staff members with Brexit-related remedies such as loyalty bonuses, support packages, etc.

2.2 Possible changes in human resource strategies post Covid-19

Gigauri (2020) has identified that since the trend of working from home has started in many countries and even hiring staff has become remote, human resource strategies are shifting towards video-based hiring.

There are possible emerging changes made by the companies in their human resource strategies post Covid-19, and they have decided to play a safe game to some extent.

Gig economy: The labour market unpredictability generated by Covid-19 has resulted in the practice of recruiting employees on contractual terms. This has provided companies and employers with more versatility in handling employee relations. Companies' human resource departments have begun replacing full-time employees with freelancers based on contract terms (**Vallas & Schor, 2020**). However, the human resources department has had to rethink and reformulate its personnel management rules to implement this practice of hiring people from the gig economy.

Redefining training structures: According to *Ichsan & Liriwati (2020)*, the human resources department is investigating ways to give training virtually because of the government's travel limits and mobility restrictions enforced by COVID. Installing programmes and hardware that offered digital instruction was based on a remote employment scenario.

Adaptive and customised compensation systems that link incentives with market reality: Numerous companies will look for and battle to hire highly skilled staff members to assist the ship during the post-COVID recovery phase. Many companies might think about reducing fixed salaries while boosting variable compensation related to staff performance and output because they might be unable to offer superior wages. This motivates workers to work more while maintaining an optimal and productive atmosphere. On the other hand, other companies could look into giving flexible rewards and perks to acquire an edge over competitors (**Przytuła, Strzelec & Krysińska-Kościańska, 2020**). Another choice is to set up individualised salary structures that enable employees to create customised packages better tailored to their requirements and interests.

Taking leverage of workforce analytics to promote data-driven decision-making: To remain competitive in today's modern and complicated business world, particularly in light of COVID-19, companies like Virgin Group, Accenture, Gartner, etc., increasingly depend on analytics to calculate labour requirements, optimise earnings, and minimise expenses. In addition, they ought to count more on analytics for analysing and monitoring employee achievement and efficiency (**Mefi & Asoba, 2021**). HR can decide the strategic recruitment, growth, and leadership measures needed to prepare the workforce for the challenges that will confront them after COVID-19 by constantly examining and tracking staff satisfaction and engagement data.

Conclusion

As a result of the economic effects of the epidemic and Brexit, businesses were obliged to change their structures and adjust to the new normal. HR should adapt and change throughout the lifespan to satisfy the specific needs of each firm. HR must develop new strategies to assist company executives in reorganising ahead of and after an outbreak, execute staff reduction measures while controlling the risks connected with such measures, and boost employee efficiency and enthusiasm. After all, both the COVID-19 outbreak and Brexit are expected to last until 2021, therefore we must learn how to deal with them. It is vital to respond quickly; the longer HR waits, the longer it will take for businesses to adjust and thrive in the post-COVID era.. UK will likely face issues related to unemployment and labour shortage for the coming 1-2 years due to strict immigration policies.

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