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Assignment - 1

Subject Name: Human Resource Management

Subject Code: LCMB7000

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Course: MBA General Management

Term: 1

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Executive summary

Uninterrupted growth and development of country is greatly contributed by its labor market. there are various influential factors that labor market of a nation is relied upon. In the UK, major changes in the labor market were resultant of Brexit and Covid 19. But developing strategies oriented in handling the critical situations were an effective measure in these circumstances.

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Introduction

An efficient labor market in a nation determines the sustainable growth and development of the nation. This current report is intended to evaluate and analyse the various aspects of labor market in the UK. To deliver a better understanding of the labor market in the UK, this report will evaluate different changes and continuities in the UK labor market. The present state of labor market in the UK will be addressed through this report. In addition to this, the major changes in the labor market as a resultant of pandemic and post Brexit will be assessed. To deliver more practical context to these situations, the changes that occurred in the overall scenario of labor conditions in the UK, along with various strategies adopted by the Human resource Management team will be discussed in this report.

Main body

Present scenario of labor market in the UK

The economy of a nation is highly influenced by the labour market of that country. The labour market also referred to as the job market, deals with the supply of employees and the demands being met by employers. It is also considered that the labour market of a nation has to be analysed both from the macro-environmental aspect and micro-environmental perspectives. There are various factors that influence the labour market of a country. This includes governmental policies, employment regulations and rules, and legislation pertaining to wages. The social insurance system of modern society also influences the labour market to a greater extent.

Looking into the UK labour market, recent reports suggest that the total number of pay rolled employees increased by more than 100,000 in November 2022, and the annual pay growth is estimated to be above 6%. Similarly, it has been observed that unemployment rates in the three months till October rose by 3.7%, whereas the index of job vacancies in the same period fell by 65,000 (Von Watcher, 2020). The increase in the pay rolled employees during this period is more than the expected value. But in the initial months of 2022, the unemployment rates were falling, and vacancies were increasing. However, this resulted in a fall in the real wages of many of the employees. This period indicated a rise in vacancies, with almost 1.3 million vacancies listed in the year. There was a monthly variation in the circumstances of labour market trends in the UK. During the period of September 2022, the employment rate in the UK was 75.5% (Su et al., 2020). This was slightly lower than that during the pandemic time. There was a noticeable change in the number of self-employed people. Over the last three months of 2022, when the number of employees was reduced, the number of self-employed persons

increased. The monthly review of payrolled employees during the month of October 2022 indicates a rise of 74,000 from that of September 2022.

Looking into further details of the economic activity during the year indicates that there was an increase in economic inactivity. The major proportion of this economic inactivity was contributed by persons affected by long-term sickness. The figures indicated 0.2% in the first quarter to 21.6% in July to September 2022 (Lama et al., 2022). The recent reports also indicate that there were approximately 8 million people in the age group of 16-64 who remained economically inactive. This inactivity rate fell during the quarter of 2020 and regained in 2021. The rates of economically inactive people also reflected that these people were most likely not to return to their jobs.

Another attribute that has to be evaluated in the labour market assessment is the unemployment rates and vacancy rates. During August to October 2022, the figures indicated the vacancy rates were 46,000 in the quarter to 1,225,000. At the start of 2022, the employment rates in the UK were at their peak values, where 32.5 million people of working age were involved in some kind of job (Swathi, 2019). From a general perspective, the UK labour market has been in a good position since the unemployment rate was hiked in 2011 following the global financial crisis of 2008. The vacancy rates in the UK indicate an increase, where during September 2022, almost 1.19 million vacancies were noted (Edo et al., 2019).

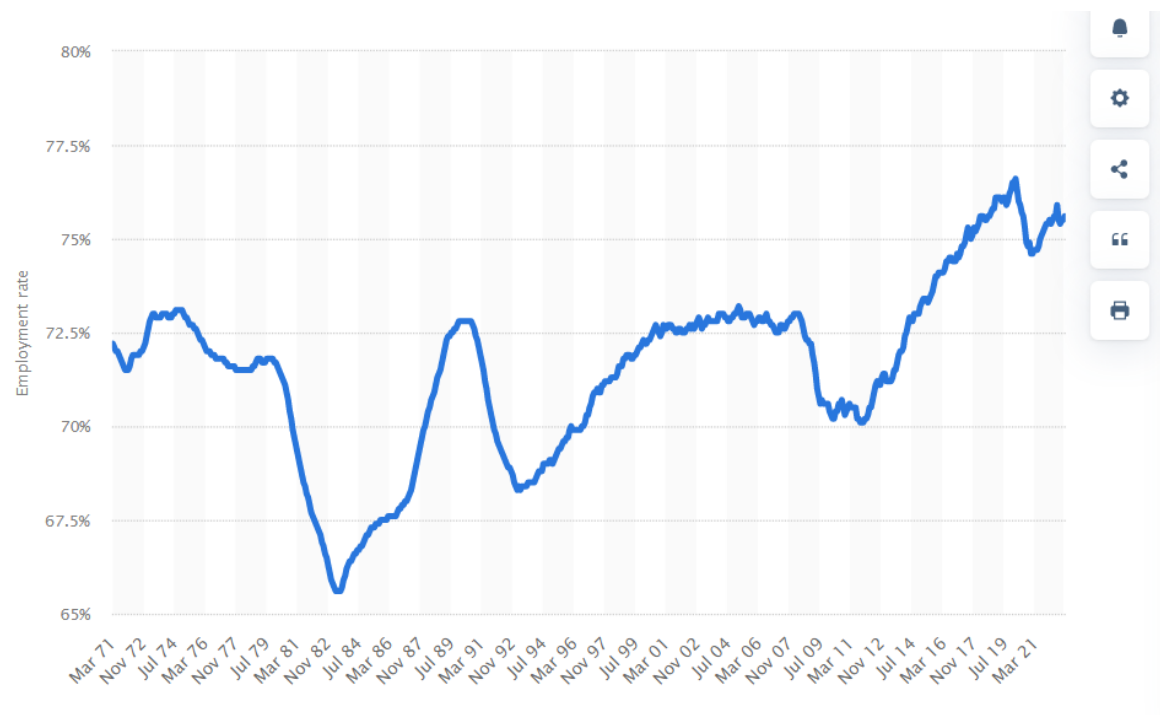


Figure 1: Employment rate in the United Kingdom from March 1971 to October 2022 (Adapted from Statista, 2022)

Data from the year 2022 indicates that 32% of all the workers in the UK were engaged in the health and education sector, public administration and 2021. This was considered the biggest sector that constitutes the highest number of employees. In the UK, about 4.23 million people were involved in self-employment (Bradley et al., 2020). The major contribution to the employment rate in the UK was added by the employee group. During the time of pandemic as well, there was an increase in full-time employees, which contributed to the employment rate.

Changes introduced by Covid

There were drastic changes in the overall labour market and the functioning of organisations during the pandemic. The interventions taken by the government and the social distancing and isolation measures were causing changes that affected the economic aspects and financial involvement (Groshen, 2020). The economic impacts caused by Covid 19 in many organisations led to the undertaking of various measures and interventions that are capable of handling the difficult situations introduced by Covid 19. The beginning of the lockdown and restrictions on the activities led to a fall in the employment rate in addition to the rise in economic activity and unemployment rates.

Considering the changes in employment among men and women, it is observed that employment among men was lost more than that of women. This directly led to increased

economic inactivity among men than that women. In consideration of the age of the employees, youngsters and elder people aged above 65 lost their jobs at the beginning of the pandemic than another age group of employees (Bell and Blanchflower). In addition to the changes visible in the employment rate, there were evident changes that were noted in the flexibility and availability of the employees, working patterns and working environment. With the social restriction and measures induced by the government, it is seen that many of the organisations were forced to implement changes in employee development and training programs.

Analysing the impact of the pandemic in different sectors, the non-essential retail sector and hospitality industries were affected to a greater extent. In the UK, the recent reports that analysed the impact of the pandemic in the nation observed that employees involved in the creative industry were adversely affected by the outbreak of the pandemic (Nunn, 2020). This also stated that creative industries and non-essential sectors were affected. This comprises various segments such as lodging, travel, tourism, commerce and hospitality. Since these sectors offer a low wage to the employees compared to many other industries, another study revealed that employees of low wage categories had a major impact on the pandemic (Kolin et al., 2020). There were extensive measures taken by the UK government to support the employees falling in this category, but however, the recovery of this industry is quite slow than that of many other sectors. But on the other hand, industries such as public administration and the healthcare sector were heavily loaded, and both these sectors were involved in recruiting staff, where temporary layoffs of the employees were occurring in other industries. After a decline in the employment rates with the pandemic, the employment levels were gradually increasing in the year 2021 and 2022 (Oesch and Piccitto, 2019).

Interventions to handle pandemic crisis

Depending on the activities and functioning of an organisation, there were various measures and strategies undertaken by the management team in order to cope up with the challenges induced by Covid 19. With effective measures and strategies by most of the business operations, there were gradual improvements seen in the employment and economic activities of the nation. Innovative and effective strategies were developed by most of the organisations and nations to efficiently handle the crisis situation brought forward by pandemic (Khan et al., 2020). Major aim of the HRM strategies undertaken by the human resource management team was to improve the employment rate, enhance the economic activity and to avoid the temporary layoffs that were resultant of the pandemic. Some of the effective interventions that were adopted includes

- Offering flexibility of the working patterns

Major changes were visible in the working pattern and working atmosphere of the employees. This strategy was developed to create a flexibility of the contracts of the employees. To ensure this, organisations offered work from home and distance working options for their employees. Corporate organisations that switched into work from home options also allowed the employees to attend interviews and meetings through online platforms

- Changes in the hiring and recruitment patterns

As a result of pandemic, where job opportunities were falling down, organisations maintained the hiring and recruitment process in the lowest possible. Additionally, temporary layoffs and lack of opportunities in the industry was forcing organisations to not actively engage in selection and hiring processes (Spreckelsen et al., 2018). Freezing of recruitment processes during critical process were aiding the organisation to not invest a huge amount in these processes, which is mandatory during critical times.

- Technical support

To ensure the engagement of employees in the work during distance working and work from home, many of the organisations invested in providing their employees with the technical support they require. This included providing of necessary IT gadgets that are necessary for the performance of the employees. This strategy developed by the organisations were assuring the activities of organisation along with safety of employees at their home settings.

- Employee development programs

Since there were threats to the employee safety, many of the organisations engaged in enhancing the employee safety through various development programs (Sloane, 2020). To assist their employees during the critical time, organisations engaged in offering flexibility of the working pattern, alternative job opportunities etc.

- Support schemes for employee development

With the changes and critical situation induced by the pandemic, many of the organisations and the government introduced various support schemes for the employees. Few of the organisations have developed methods to support their employees by themselves (Khan et al., 2019). This includes extending of the Kickstart job scheme for youngsters, coronavirus job retention scheme and apprenticeship grants for the businesses.

Post Brexit effects on the UK labor market

The exit of the UK from the European Union brought forward many changes in the political and other attributes of the UK. Political instability was a major impact of Brexit brought into society. The changes that occurred due to the Brexit had a significant affection on the economic attributes of the country (Dabla et al., 2022). Studies that evaluated the impact of Brexit on the UK labour market indicated that; Brexit resulted in bringing forth significant changes in the sector. The crisis situation with the labour market also resulted in shaking the economy of the nation. This led to a fall in the GDP of the nation as well. The financial loss caused by Brexit will only be recovered only after a few economic years.

Studies that analysed the nature of workers in the UK state that most of the migrant workers were involved in work. Since a major part of employees in the UK belongs to the EU, the potential exit of the UK from the EU significantly had an adverse impact on the labour market in the UK. With the implementation of Brexit, where most individuals were finding jobs abroad, leaving the EU also resulted in social welfare problems. The changes in the immigration plans and programs, as well as requirements of visa processing for EU nationals, were making it difficult for the UK to find suitable candidates for the work (Mosakova and Kizilova, 2021). Changes that were introduced with Brexit in the employment rules and regulations were also creating changes in the labour market of the UK. The tightening of the immigration policies by the government in the UK and EU nations were affecting the overall labour market in the UK. This also indicated that migrants who lived in the UK for a longer time were less affected by the changes that were caused by Brexit.

Overcoming the effects of Brexit

In order to sort out the challenging situations that were brought forward by the exit of the UK from EU, various government support and organisational support were introduced. To meet the lack of workforce that was caused by Brexit, these strategies were found to be effective. Some of the interventions that were adopted in order to support during the time Brexit time includes

- Wider range of recruitment platforms

The sudden changes in the labor market that occurred due to sudden exit of the UK from the EU caused a massive shortage in the work force. There was an increased demand for the

workers during this time. To identify the skilled work force among the crowd, the organisations chose to enhance and develop the recruitment platforms they were making use of.

- Flexibility of the working atmosphere

Adequate training and support programs were introduced as a method of ensuring support to the customers. These developmental programs also included training provided for the managers to support the team during difficult times.

- Employing migrant workers

Since it was difficult to find suitable work force that includes both skilled and semi-skilled workers from the country, few of the organisations continued to recruit and employ people from the EU. Hence some of the organisations came up with strategies that were required to hire employees from the EU and other nations regardless of their nationalities (Bilicka, 2020).

- Permanent contract jobs

Job seekers were mostly attracted by permanent jobs and jobs that offers them a contract. The employers who identified this aspect were investing in developing base for permanent contract jobs in their firm.

Summary of findings

The current report is a demonstration of the labour market in the UK. This report various attributes of the present state of the labour market in the UK. It is also addressed through the report that the major challenging situations faced by the labour market were during the time of the pandemic and post-Brexit. But although there was chaos in the overall situation and poor political stability, the UK was able to come up with strategies and interventions that were necessary for handling the difficult situation. The changes that were affecting the labour market were in terms of the reduction in the workforce, labour cost and recruitment of employees for the work. The report also includes a section that illustrates the changes introduced by the pandemic and post-Brexit in the UK and the effective strategies undertaken by the HRM departments in the different organizations. The effectiveness of these strategies in handling the uncertain situation is also demonstrated through this report.

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