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# **1. Executive Summary**

Because of the changing landscapes in the technological world, the impact can be clearly observed in the HR industry, as well. The rise of AI and automation has impacted the HR industry in a significant manner. On one side, many job roles have become obsolete and on another side, many jobs related to using AI and automation to enhance efficiency of the organisations have emerged, creating a paradox for the HR managers to navigate effectively. Moreover, there are persistent skill gap across the world including the UK, Germany, and Japan as mentioned in the report. Also, critical geopolitical issues including the impact of Brexit have been elucidated in-details. Lastly, this report has incorporated the importance of addressing constant need of upskilling and reskilling which is increasing in demand regardless of the place in the world.

# **1. Introduction**

Given the current context of the world-order, HR professionals have to operate within a very tumultuous environment due to the dynamism of changes ingrained in the structure of the labour market (Dowling et al., 2017). As per the World Economic Forum's Future of Jobs Report 2025, it is technology that is reshaping the employment landscape while geopolitical volatility emerges and demographic factors change. For this report, an in-depth analysis will be undertaken to answer the four questions posed including a reflective assessment on national and international employment markets and their implications for HRM and IHRM.

## 2. Technology-Driven Transformation of Labour Markets



**Figure:** Impact of Advancement in the Technological Sector (Source: Self-Made)

### **Artificial Intelligence and Automation: The Paradox Emerging from Displacement and Creation**

The contemporary revolution in the technological industry, especially in AI and automation, has restructured the structure of employment with Goldman Sachs estimating that 50 million jobs in the USA alone being in threat to some extent due to the advancing AI technologies and their widespread adoption by organisations (Goldman Sachs, 2025).

As per McKinsey & Company, by 2030, as many as 800 million jobs could face danger due to the rise in automation. Now, such a big disruption will come due to the need of significant retraining interventions while the creation of new employment categories which is counterbalancing the negative aspect. As a result, jobs are getting slowly but surely destroyed and also at the same time, getting created, creating a paradox to work with for HR bodies of organisations (Poba-Nzaou et al., 2021). As a result, HRM is now required to maintain workplace relevance through skill development programs continuously.

### **The Expansion of Platform-Based and Gig Work**

Due to the rise of non-traditional employment arrangements and platform-based work growing through Upwork, Fiverr and as such, traditional medium of work arrangements have significantly deteriorated. As for statistics, around 4.4 million UK workers engage in some form of gig or platform-based work which has been expanding rapidly (Institute of Hospitality, 2024). More importantly, major cities such as London, Manchester, Birmingham etc. have concentration of majority of those gig workers. Moreover, legal classifications of these gig workers are also changing. In a recent supreme court ruling, ride-hailing drivers are now considered as workers instead of treating them as independent contractors, impacting their incomes, taxes and as such aspects (Brown, 2016).

## **Skill Obsolescence and Acceleration of Competency Churn**

Currently, the UK labour market is facing one of the highest skill churns in the world, specially in the technology-intensive sectors. More than 40% of the UK job roles are now being expected to face transformation by 2030 with technology advancing so rapidly (Institute of Hospitality, 2024). More concerningly, around 73% of the UK employers struggle to find employees with necessary digital competency, creating a major gap in the workforce (Skills for Care, 2025).

Again, in terms of geography, the acuteness of the workforce's skill gaps strengthens. Around London and the Southeast, most of the UK's technology talents reside whereas acute shortages remain in other regions including the North, Midlands and Wales (Green et al., 2020).

## **International Comparisons**

When it comes to the international market, the scenario is not too different. For instance, Germany now requires around 400,000 new workers every year although it has made significant strides in automating its processes (IW, 2024). For Japan, the country required 2.3 million foreign workers just in 2024 to address the labour shortage it faces across manufacturing, services and healthcare (Japan Forward, 2025). Lastly, Singapore has adopted a SkillsFuture program to offer upskilling opportunities to its population regularly where every citizen of the country receives 500 Singaporean Dollars to participate in various training programs (SkillsFuture Singapore, 2025).

### 3. Brexit, Migration and the UK Employment Dynamics

#### Immediate Impact of Post-Brexit Immigration Policy

With Brexit, the UK labour market dynamics have completely shifted because of the restrictive immigration policies undertaken by the UK government. As of 2022, Portes and Springford (2023) have reported that the UK has experienced a net loss of around 330,000 workers who are of EU origin. The number is important because they represent 1% of total employment of the country. With Brexit, the free movement of the employees got restricted completely, resulting in this situation (UK Government, 2024).

As for particular sectors of the UK, hospitality, social care, agriculture, food manufacturing and healthcare have particularly been damaged with acute shortages of labour, directly attributable to the EU migration system. In 2023, the UK hospitality sector recorded its record level of vacancies, showcasing the impact (Institute of Hospitality, 2024).

#### Post-Brexit Immigration System and Skill Gaps

After having introduced Brexit, the post-Brexit immigration system has introduced a point-based system to address the skill gaps in the UK labour market. Now, the main focus of this system has been to overcome the acute labour shortages in the UK, but on the contrary, the country has created barriers by imposing a certain threshold of income required to gain entry into the UK (Skills for Care, 2025).

In order to overcome the adversities faced in the UK healthcare sector, the UK government has introduced a visa specifically to cater to the industry's acute shortage pressures (World Economic Forum, 2025). However, due to the complexities posed, it cannot be implemented across all the sectors where such a challenge lies. As a result, this represents a fundamental policy gap as prioritizing one sector over the other can bring instability to the economy due to the importance of other sectors (Skills for Care, 2025).

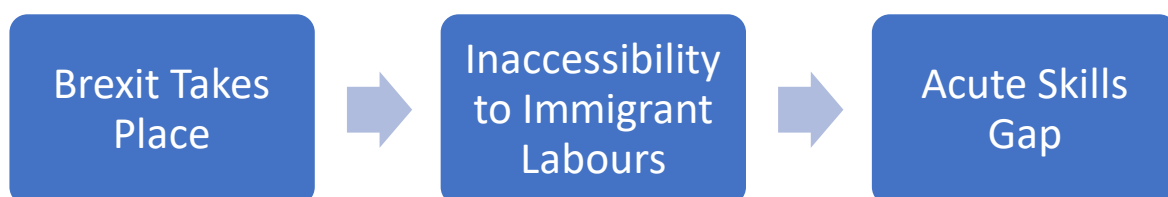


**Figure:** Events unfolding since Brexit (Source: Self-Made)

### **Regional and Sectoral Labour Market Fragmentation**

Since Brexit, the labour market has fragmented all over the UK with services being concentrated in London and the Southeast which have adapted to the concentrations of professional services, financial services as well as technological sectors. Moreover, these regions have specifically catered to the changing labour market effectively by increasing the salaries and providing remote-working flexibilities (Green et al., 2020).

On the other hand, regions such as the Midlands, and the North face greater challenges due to their dependency on manufacturing and hospitality. The main challenge with these sectors is that they are heavily understaffed and there is an acute shortage of talents (Institute of Hospitality, 2024). Now, the government of the country has been taking initiatives to address this exact issue through the levelling-up program, however, it cannot be implemented across all the sectors and industries due to many constraints and even if it becomes possible, the implementation will take much longer periods of time to take effect (Martin et al., 2022).

### **Divergent International Policy Responses**

When it comes to allowing foreigners into domestic borders, Germany has significantly increased its immigration through liberalisation as the country issued over 200,000 professional visas in 2024. Moreover, Japan has extensively increased its Specified Skilled Worker program so that it can accommodate 820,000 foreign workers in the course of five years (Japan Times, 2025). In order to cater to the specific needs of the country, Canada has introduced its Express Entry System for precision-targeted immigration.

## 4. Managing Skills Gaps: Strategic Organisational Responses

### The Persistence Paradox

In the UK, the country faces a paradox of both acute and persistent skill gaps across multiple sectors while the employers of the country looking for talented employees who match the required skillsets. As for statistics, around 77% of UK employers find it difficult to get a match for necessary employees (Office for National Statistics, 2025).

Due to the rise of the technological sectors with many advancements being made in AI and automation industry, the technology sector now faces one of the highest talent shortages. Moreover, the number becomes much higher in the cybersecurity sector where more than 15,000 cybersecurity professionals are required (Office for National Statistics, 2025). The scenario is similar to the healthcare sector of the country as well, alongside other important sectors. Since COVID-19, the hospitality sector continues to struggle with the average vacancy rate being 8-10% as per the British Hospitality Association (Office for National Statistics, 2025).

### Multi-Faceted Strategic Response Framework

In order to overcome the multi-faceted challenge, a multi-faceted strategic response is also necessary. In this regard, the build, buy, borrow and bind framework can significantly contribute to the country's current workforce deficit.



**Figure:** Strategic Response Framework (Source: Self-Made)

#### Build Strategies:

Currently, the UK government has an apprenticeship system which represents one of the major build strategies undertaken to resolve the talent shortage challenge. Now, it is crucial because the government of the UK mandates organisations to contribute 0.5% of their payroll to contribute to apprenticeship funding which enables major companies such as HSBC, John Lewis, BBC etc. to develop their own apprenticeship programs. However, it is not the end of the world and it is not a perfect solution because the participation for these apprenticeships

varies from one region to another region. For instance, London concentrates around 25% of all UK apprenticeships while having only 13% of the country's population (Office for National Statistics, 2025). This showcases the regional skill imbalances that exist in the country.

The case of Australia can be looked at in this instance. Its VET system achieves a success rate over 90% consistently which has transformed the competency standards in various industries (CAQA Resources, 2025), as well. Moreover, Singapore's SkillsFuture program provides with access to over 20,000 courses (SkillsFuture Singapore, 2025).

### **Buy Strategies:**

The buy strategies require strategic external recruitments to be made within the post-Brexit context to navigate through the complexities of the visa process while attracting talents as required. Now, to be able to do so, the employer branding has become crucial with requirement for clear career progression, flexible working, company culture and others needing to be adequate.

### **Borrow Strategies:**

The use of temporary staffing agencies and contract workers has increased significantly in the UK in the past years due to the acute UK labour shortages. Despite the increase, it cannot act as a panacea as the labour market structure has shifted drastically since Brexit. This is particularly applicable to the healthcare and hospitality sectors. In this regard, the NHS is increasing its use of specialist agency nurses on medium-term contracts to address short-term deficits while reducing reliance on such agency nurses on the long-term (NHS England, 2023).

### **Bind Strategies:**

Because of the changing scenarios in the labour market, recruiting is only the initial challenge, however, retaining talents necessary is another chapter. The UK employers are increasingly investing in the development of their employees to derive the best possible results while ensuring of flexible working arrangements and providing competitive remuneration. In this regard, there are also disparities amidst different sectors.

## 5. Reflective Analysis: Personal Professional Readiness



**Figure:** Gibbs' Reflective Cycle (Source: Self-Made)

### Description and Experience

With practical and relevant course materials, my MBA studies have enabled me to gain hands-on experience on the UK-specific labour market dynamics by studying various case studies on Brexit impacts, regional inequalities and sectoral skill shortages. Moreover, by engaging with various UK-based peers and reading through the CIPD guidance, I have been able to generate insights regarding contemporary the UK HR practices in the post-Brexit UK (Portes and Springford, 2023). Moreover, I have got to read and understand about the NHS employment model, apprenticeship frameworks used by the UK government and the post-Brexit immigration systems and its barriers.

### Feelings

Because of the complexities involved in the post-Brexit UK labour market dynamics, I have learnt about the concerns regarding HR practitioners' capacity to manage the increased compliances now required to employ non-UK residents. But, by studying about how the leading UK organisations have already adapted to the challenges, I have gained confidence in the UK labour market due to the availability of the feasible strategic adaptations available.

### Evaluation of Strengths

By going through many pages of readings and other materials, I understand my strengths to be my understanding of employment law frameworks in the post-Brexit UK as well as familiarity

with the UK institutional structures such as the NHS, CIPD, Skills for Care and a clear understanding of the regional disparities that now exist in the UK labour market.

## **Evaluation of Areas of Improvement**

I still do not have a complete image regarding the UK-specific HR systems with particular instances such as the NHS HR, public sector constraints and as such. Moreover, my knowledge of navigating the UK tribunal procedures regarding HR employment still remains to be at naïve stages. Moreover, I need to study more about the levelling-up initiatives undertaken by the UK government which have their benefits, but also pose certain extent of risks due to the UK geographics being limited. Lastly, I believe that I can understand the sectoral HR challenges much better by getting practical exposure than just reading about them.

## **Analysis and Integration**

In the current state of the UK, the employers are required to maintain competency in managing uncertainty arising from the ongoing policy changes, sectoral volatility as well as regional fragmentation. As a result, the current analysis requires an understanding of the nuanced dynamics in the post-Brexit UK labour market and integrate necessary changes as per requirement.

## **Concrete Action Plan**

First of all, I will finish understanding the UK Employment Law and Compliance by completing the CIPD Level 3 certificate in HR Practice by June of 2026. This will provide me with the necessary foundational UK-specific HR knowledge (CIPD, 2024)<sup>i</sup>. Moreover, I will keep myself updated on the CIPD guidance updates and engage with the UK employment law developments for understanding how the inequality unfolds.

Secondly, I will look for internships in the UK healthcare or hospitality sector in HR roles in order to gain practical experience to derive strategic responses that can help me to understand the NHS HR systems better while maintaining my professional development in the process.

Lastly, I will try to pursue professional opportunities in different UK regions to gain experience in various UK regions first-hand so that I can develop better understanding of the disparities that exist in the labour market of the country.

## **6. Conclusion**

With technological advancements, demographic transformation and geopolitical volatility, the fundamental aspects of HRM and IHRM are getting transformed and the existing practices are becoming more and more irrelevant and newer practices are getting integrated. Organisations are looking through displacements to prepare for the emerging roles while considering the possibility of using automation and AI to facilitate the process. This report has provided with an in-depth analysis on three specific aspects shaping the HR practices and profession, as a whole. Moreover, the analysis has been enriched with practical and evidence-based answers to better understand the situation.

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