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Executive Summary

This assessment is divided into two parts and focusses on the changes that the UK labour market and how the HRM policies followed by the organisations based in the UK have undergone drastic change due to Covid-19 and Brexit. The first part takes account of a few statistics and trends that the labour market has undergone that discusses both positive and negative developments in the recent past. In the second part, a critical assessment has been carried out to evaluate how the HRM policies of various organisations have changed after Brexit and Covid-19. Since UK's position is quite unique as the country has faced two of quite unique events in a matter of a few years, the overall assessment underlines how different facets of HRM and labour market have been affected by it.

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

1.0 Introduction to the first part

The UK's labour market has performed reasonably well, notwithstanding the subdued productivity growth over the past seven years. Since the middle of the 1970s, the unemployment rate has dropped to below 4%, while the employment rate for those between the ages of 16 and 64 has increased to record highs of over 75% (Wang et al. 2021). Although the UK has record-high employment levels right now, its performance is more mediocre given that it is ranked 13th out of 35 countries in the OECD (Worth and Faulkner-Ellis, 2021). The labour market of the UK has been affected drastically due to Brexit as movement of people from one part of EU to the UK (and vice versa) is no longer simpler as before (Papyrakis et al., 2022). This report has presented a thorough analysis of the current state of the UK labour market after abrupt changes due to many factors such as Covid and others.

1.1 Recent developments in the labour market and the impact of Brexit

The labour market seems healthy, but there is still room for improvement. More people are working than ever before, and unemployment is at a historical low, especially among Businesses people. Inflation also seems to be back on track, and other factors like education levels and life expectancy have improved. However, the government needs to ensure that those who have been out of work for a long time get better access to jobs through training and initiatives like JobCentre Plus (Rees, 2022). The UK should also focus on developing its manufacturing sector to compete with other European countries when it comes time for Brexit negotiations or any future trade deals between nations after Brexit occurs in 2021 or 2022, respectively.

The best performances included Switzerland, New Zealand, Germany, Japan, and Switzerland, which topped the standings for a decade in a row. Iceland's employment rate has reached 85%. However, it can be compared with other countries like Switzerland or Sweden, which are ranked second and third respectively and have employment rates of roughly 80%, to get a sense of how much higher UK employment rates may go in the future years. Japan, whose employment rate is

78% while having a larger economy than the UK, demonstrates that there is still an opportunity for employment in the UK to rise (Su et al. 2021).

Following the UK's exit from the EU, new governance frameworks are being developed in order to promote the adoption and use of high standards for UK economic statistics (Oreffice and Quintana-Domeque, 2021). Thanks to these governance procedures, which will also promote international comparability, the UK statistical system will become more legitimate and independent.

1.2 Unemployment trends in the UK

Currently, the UK is seeing record-high employment rates. Despite advancements made since 2007, the UK's ranks in the indices for business employment and golden ages have only brought it up to levels comparable to those of the OECD. The majority of these improvements have been linked to rising employment rates, especially for older workers.

Since the middle of the 1970s, the unemployment rate has dropped to below 3.7% (as per the recent estimates, as illustrated by figure 1.0), while the employment rate for those between the ages of 16 and 64 has increased to record highs of over 75% (Begg & Mushöve, 2020).



Figure 1.0: Unemployment Rate in the UK (Leaker, 2022)

According to the estimates based on market performance, the UK's GDP could increase by about £250 billion, or 12% of GDP (Blundell et al. 2021). Achieving performance comparable to Sweden's might result in a gain for the OECD as a whole of up to \$7 trillion, with the G7 economies contributing \$4.7 trillion of that total. Following the UK's exit from the EU, new governance frameworks are being developed in an effort to promote the adoption and use of high standards for UK economic data (Simionescu et al., 2017)

1.3 Policy alternatives available

For countries to promote increased involvement, there are numerous policy alternatives available. The government should first encourage more people to apply for the relevant posts by offering financial incentives and running educational initiatives. Second, to make sure that workers' skill sets align with the shifting needs, both firms and governments might support additional and better-quality vocational training for people.

Organisations should, if possible, embrace flexible working in order to hire a more diverse staff. Governments could encourage flexible working by providing financial incentives or by adopting legislation, such as expanding the availability of state-subsidised child care and guaranteeing some workers the right to family leave. The UK might build on its current excellent recent employment market performance to become a top performer in the OECD in the long run by focusing on the specific requirements of distinct demographics and taking policy inspiration from other OECD nations. The UK is ranked 19th out of 33 OECD countries in the new composite assessment of labour market performance (LMPI) (illustrated in figure 2.0).

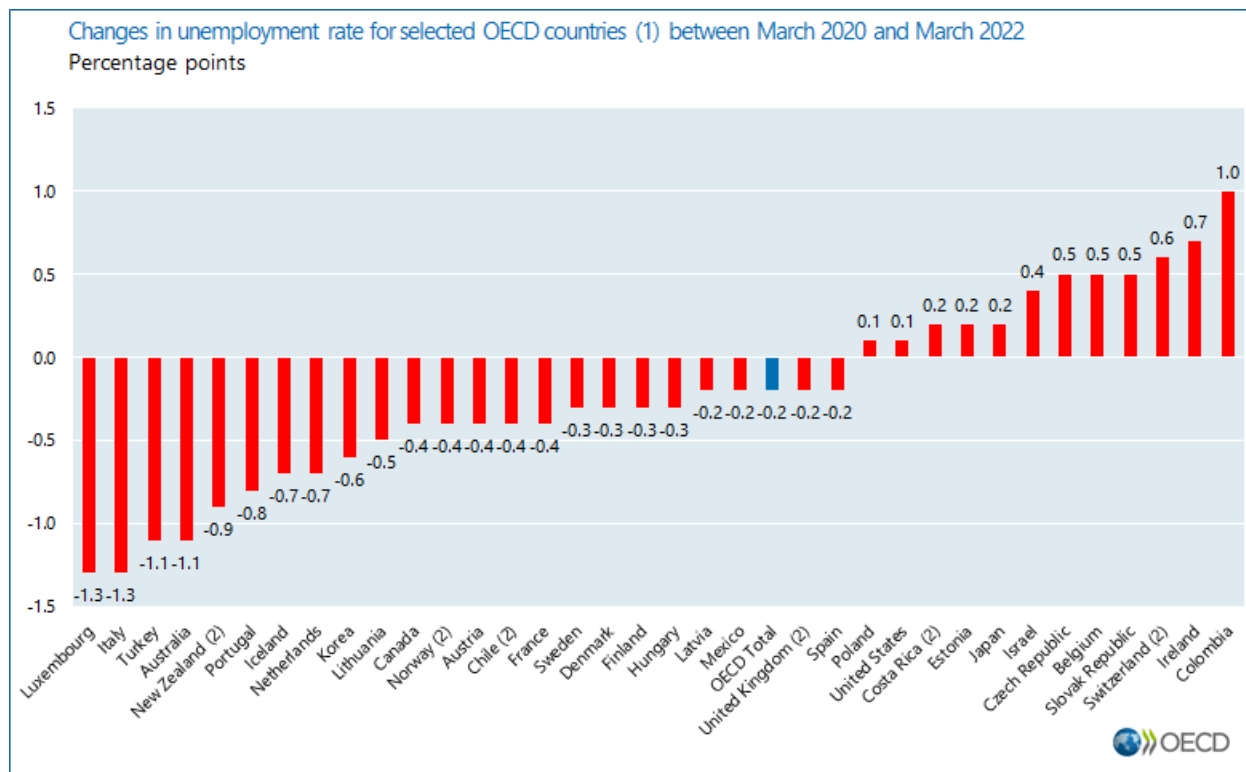


Figure 2.0: Changes in Unemployment Rates (OECD)

1.4 Post-crisis expectations in the labour market

In comparison to February 2020 levels, the deficits of 1.2 percentage points and 0.9 percentage points are still significant and represent the start of the cycle of the labour market recovery (Du and Shepotylo, 2021). On the other hand, as UK firms struggle with an increase in demand for products and services (driven by the reopening of the economy) as well as a decrease in the supply of low-skilled EU workers, vacancies have been sharply rising (due to Brexit).

As a result of the UK economy's quick recovery, businesses are quickly adding jobs. Due to this, unemployment has reached extremely high and maybe record levels. High levels of unemployment are typically linked to a late stage in the labour market cycle. In contrast to what happened following the global financial crisis, where labour market tightness slowly recovered, it has already risen above pre-crisis levels. A reduction in matching efficiency in the present recovery can be seen in the lack of reaction from the labour supply (low participation) to rising labour demand

(Vidmar et al. 2021). This seems to be the case, in particular, for companies that deal with a lot of customers, like pubs and restaurants, who have trouble recruiting staff.

Early retirement, temporary boosts in unemployment benefits (particularly significant for low-paid workers), and an increase in the demand for women to care for children and other family members during the epidemic have all had an impact on the labour supply. This helps to explain some of the so-called "Great Resignation," as support programmes have allowed people more freedom to leave their positions or exercise more discretion in their job searches.

The tight labour market has already surpassed pre-crisis levels; thus, as a contrast to the slow recovery observed in the years after the global financial crisis, this suggests a late stage in the cycle. A decreased matching efficiency is evident from the UK labour market's sluggish response to the rising labour demand. This is due to similar factors, but many people who choose to continue their education also engage less. The furlough programme may be another reason for the tight labour market because employees on sabbatical have less incentive to join the pool of available workers and apply for new jobs.

Pay pressures have so yet only affected a few industries, which reflects the variety of advancements in vacancies. Although the average weekly growth rate across the economy is still high (5.8% in September), the majority of the growth is due to unfavourable base effects from the start of the furlough programme last year (Brewer and Tasseva, 2021). Base effects caused wages to reach historically high rates in the second quarter of this year across the majority of industries, which can also be seen on a sectoral basis. The most recent numbers for the third quarter show that pay growth hasn't accelerated further and, in many situations, has actually slowed down.

The largest wage increases were seen in professional and business services as well as sectors that have historically employed migrant workers with low skill levels (construction, leisure and hospitality). The sector as a whole did not gain from this increase, despite some professions (such as truck drivers) seeing a considerable increase in income (trade, transportation and utilities) (Botha et al. 2021). At this stage of the recovery, the likelihood of widespread wage pressures and

a wage-price spiral consequently seems less likely, given that the underlying pay growth is still far more controlled.

1.5 Conclusion of the first part

The remarkable recent increase in employment rates in the UK was the result of a variety of causes. The employment of women has been on the rise historically, to start with. In addition to the recent tendency to encourage people to work longer hours, the state pension age for women has increased from 60 to 65 since 2011. Third, unemployment rates have dramatically declined since their post-crisis peak in 2012.

Part 2. The emerging changes in Human Resourcing Strategies in the post Covid, post Brexit external environment

2.0 Introduction

This part will explore the emerging changes in Human Service Strategies in the post-Covid-19-Brexit external environment. It will also discuss how businesses are responding to these challenges and the implications for their employees and customers. The paper will also discuss how businesses are responding to these challenges and the implications for their employees and customers. This is a very topical issue for organisations as it has implications for their workforce, customer service levels, revenue generation and reputation. The post-Covid Brexit environment has created uncertainty in many business areas, making it difficult to plan ahead with confidence.

2.1 Difference in the HRM strategies before and after Covid-19

The management teams globally have reacted with swift decision-making to the Covid-19 pandemic but are now gradually taking a more considered and planned approach. However, it still remains a massive challenge, given the lack of a clear view of how long we will need to live with this virus. The speed at which the business community reacted to the virus has been impressive and, in many cases, led by leaders who will be remembered for generations, but now we are entering into an era where it is not just about survival but about a long-term strategy for survival. Businesses have taken stock of what they do know about their core customers and suppliers in order to determine how much has changed as a result of Covid-19 (McCann et al. 2021).

Several organisations will be striving to acquire and secure outstanding personnel in order to steer the ship toward a speedy and effective post-COVID recovery. Numerous companies may not be able to offer larger salaries; as a result, they may think about reducing fixed pay while increasing variable pay, which is directly tied to employee performance and productivity. This motivates employees to work harder because there is still competition in the workplace (Hadjimichalis, 2021).

2.2 Brexit and its impact on Human Resource Management

Due to the UK's exit from Brexit, there will be no more free movement of people between the EU and the UK, which will have an influence on how they hire foreign labour. A new points-based immigration system will treat citizens of EU and non-EU countries equally in terms of work opportunities.

In a process that awards points for a variety of different considerations, including wage level, qualifications, and whether the post is in demand, the candidate must obtain at least 70 points. Employers who want to engage foreign workers must submit an application for a Sponsor Licence under the new system, which will be in place for EU citizens who join the UK after January 1, 2021.

Given that Businesses will need to be certain that their right to employment is still valid from the perspective of resource planning, it is reasonable for Businesses to inquire about Businesses employees' current situation. It would be wise to implement a sound strategy in order to keep an eye on the situation and to be able to recognise and understand any implications for Businesses business. Business employees would receive settled status or pre-settled status if they were given settlement status, and the privileges they would receive would depend on which status was granted and how long they had been residing in the UK at the time they applied. Regardless of the type of status granted, the individual will be able to work in the UK and, if qualified, receive public funds like benefits and pensions.

2.4 Conclusion of the second part

The HR environment has changed, making it more challenging to manage human capital requirements that differ from those of previous generations. Knowledge workers are resisting the command-and-control model that businesses borrowed from the military 100 years ago because they are swiftly replacing manual or clerical workers as the centre of gravity in the workforce. One can simply demonstrate the new HR management practices in this environment now that businesses are aware of the changing HRM environment. Employees' relationships with and

expectations of their jobs have undergone irreversible change as a result of ongoing changes in how people work. Particularly for diverse talent, hybrid work may present both a wonderful opportunity and a great risk.

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