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Assignment 1

Subject Name : Human Resource Management

Subject Code : LCMB7000

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Course : MBA General Management

Semester : 1

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Executive summary

Efficient planning and implementation of strategies and measures were the factors that guided the UK's labor market in difficult situations. The changes in employment rate and economic inactivity were visible during crisis situation of pandemic and Brexit. Executing effective strategies handled the situation of the labor market efficiently.

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Introduction

The current paper's goal is to evaluate and analyse the current state of the UK labour market. A nation's economic success must be sustained and uninterrupted by a robust labour market and workforce. The labour markets of many countries have undergone various adjustments as a result of the pandemic outbreak and other governmental initiatives. The UK's adoption of Brexit led to a number of modifications in the economy and other areas. Similar to the changes brought about by the Brexit, the pandemic's emergence was an inevitable factor that caused several changes in the nature of work and the labour market as a whole.

Present state of Labor market in the UK

The labour market of a country is a major driver of that country's economy. The labour market is interconnected with numerous other elements, including capital and services. When it comes to employment, the British labour market is renowned for being fairer and more equitable. Today, it is unlawful for businesses to discriminate against workers based on their gender, race, or ethnicity.

From July through September 2022, the employment rate in the UK was roughly 75%. There has been a decline in the total number of employees and an increase in the number of self-employed people over the past three months. At the end of 2022, there were 8.17 million people employed part-time and 24 million people full-time employees (Brell et al., 2020). There were 4.23 million people operating by themselves. In 2021, the majority of the employees in each ethnic group worked in the areas of education, public administration, and health, according to data on employees subdivided by ethnicity or race. Another element contributing to variations in the labour market in the UK is rising inflation rates, which caused a sustained drop in family income here. In the UK, the unemployment rate was 3.7%. There were around 1.25 million unemployed individuals over 16 years old. In the months of August through October 2022, workers over the age of 16 made a 32.7 million contribution to the total number of employees (Malik et al., 2021). Analysing the average wages in the year 2022, there is a fall in the average wage in October 2022.

This resulted in an annual change of -3.9% excluding bonuses and -3.9% including bonuses. The data from 2022 indicates that with an employment rate of 75.6%, this

rate was gradually improving till the beginning of the pandemic. The highest employment rate was seen at the beginning of 2020, which indicated 76.6%. The first half of 2021 was a recovery phase for employment in the UK (Ellison et al., 2022). Currently, the low unemployment rates and the high vacancy rates are indicative of a tight labour market. This also denotes that most of the people who are willing to work are already employed, leading to a difficult recruitment process. This tight labour market is contributed to by a few the factors, such as increased economic inactivity during the pandemic and lower net migration from the EU. Few studies indicate that inflation is a factor that has an indirect effect on the labour market (Giabelli et al., 2020).

Considering employees involved in full-time and part-time employment indicates that with the start of the pandemic, employees working full-time have increased. Statistics also reflect that there has been a fall in the number of men working full time and women working full time (Sloane, 2020). There were visible fluctuations in the payrolled employees as well. There has been a hike in the number of pays rolled employees during the month of November. The following graph indicates the gradual increase in the payrolled employees since 2020 (Zwysen, 2019).



Figure 1: Pay rolled employees in the UK since November 2020 (Adapted from Powell and Devine, 2022)

Public sector in the UK employed about 5.77 million people in September 2022 where as private sector employment was 27 million. The fall in the employment was mainly driven by the private sector. The number of employees in the private sector has

increased over the years. Although the labor market in the UK was considered to be tight, there was vacancies of about 1.19 million in September and November 2022 (Walsh et al., 2022). Even though the vacancy rates remained high, About 1.25 million people were unemployed during august-October 2022. The unemployment rates of the nation is visible through the graph below



Figure 2: unemployment rates in the UK (Adapted from Powell and Devine, 2022)

Changes introduced by Brexit

The UK's workforce and businesses have undergone numerous changes because of the UK's exit from the European Union. Non-EU citizens now have access to the UK labour market thanks to the post-Brexit immigration system. The labour market will suffer as a result of the UK's impending exit from the EU, according to studies as well. As a result of Brexit, the nation's immigration regulations have also changed (Campos et al., 2019). Other research indicates that immigrants who have been in the UK for a longer time than those who have just arrived are less likely to be affected by Brexit. Few studies have revealed that tighter immigration regulations implemented by the government in the wake of Brexit have reduced immigration to the UK. The majority of this was brought on by skilled workers finding work abroad. With the new immigration programmes, only individuals holding skilled work visas could enter the UK and find employment (Mathies and Weimer, 2018). The majority of low-wage workers were ineligible to immigrate to the UK, which led to a labour shortage for semi-skilled and unskilled workers. Work visas introduced a variety of limits on workers' rights, increasing the possibility of exploitation, particularly for those with low incomes. Several studies suggest that, however, regardless of the fact that Brexit definitely had

an effect on particular organizations and industries, there is no evidence that it had a significant overall impact (Hassan et al., 2020). Although this may be true in some parts of Europe and the US, some workers may be more difficult to find. Net migration has continued to be strongly positive, and Covid can most likely be used to account for any loss of EU workers. The employment rate in the UK is almost at record levels, and the country's job vacancy rates are comparable to those in Germany or the US (Fetzer, 2019).

Brexit has made a difficult economic fundamental for the UK. Brexit itself was considered to be having a direct impact on the fall in the GDP of the UK during 2020. Soon after Brexit, many skilled employees were seeking jobs abroad, which led to a labour shortage in the UK. The stopping of free movement for EU nationals was still considered to be the major reason behind this labour shortage and economic fall down in the UK (Schmidt, 2020).

Post Brexit interventions

Since Brexit had a huge impact on the economy and labour market of the UK, there have been various strategies and measures introduced by organisations and governmental institutions. Hence looking into the organisational perspectives, it is evident that they have been trying to develop effective strategies and scenarios to support their employees along with ensuring the regular functioning of the organisation. Since Brexit mainly led to changes in the immigration processes across the EU and the UK, the primary concern was to fulfil the vacancies and chaos left behind by EU nationals (Bila, 2021).

During these challenging circumstances, recruitment and selection patterns were critical. As a result, only a few of the organisations made the switch to more innovative techniques of hiring than they had previously used. Similar to this, organisations also took part in creating connections with other local communities and organisations, including schools, colleges, and other educational institutions. In addition to the hiring process, a number of the strategies called for enhancing employee compensation and benefits, as low pay was found to discourage applicants from pursuing certain types of employment.

Similar to this, organisations have put a greater emphasis on workforce planning and development to fight the changes brought on by Brexit. Many businesses considered

maximising the financial assistance to the workers and offering wage increases. Additionally, organisations developed the concept of permanent employment as opposed to temporary employment.

The skill imbalance in many countries was expected to be effectively addressed by temporary labour. A select group of companies explored investing in new technology. However, many organisations were most concerned with developing a long-term strategy to invest in innovative software and equipment, which might minimise the demand for human labour due to the reduction in the available human workforce (Campello et al., 2020).

To reduce the impact caused by Brexit on the UK labour market, organisations chose to employ EU and migrant workers as employees. Since it was difficult to find the right applicants for these roles from the UK, few of the organisations continued to consider skills from the EU and other nationalities (Badiani, 2019).

All these strategies and strategic planning were developed after a thorough evaluation and understanding of the difficult situation that has been laid down by Brexit. HRM team and management of many of the organisations were able to put forward these sorts of methods to combat the adverse effects of Brexit.

Impact of pandemic

The outbreak of a pandemic has resulted in drastic changes in the economy of a nation. In the UK, the economic fall down was primarily contributed by the changes in the labour market. The social restrictions and preventive measures were interrupting community living which had adverse effects on the growth of the nation for a considerable amount of time. The changes were visible in almost all types of employment in the UK. But analysing the economic impact indicates that people involved in low-wage work were most often affected by the pandemic than those who were not. This was also leading to economic inactivity among people for a time span. These changes in the labour market were visible from the beginning of 2020 and continued to worsen for the rest of the year.

While some of the organisations were making flexible working environments for the employees, a few of the organisations were forced to shut down during the pandemic. This included most of the non-essential organisations. This led to the shutting down of

many start-ups and small business groups. During April 2020, there was a peak impact on the labour market. This led to furloughing of 31% of the jobs.

In January 2021, the unemployment rate rose to 5%, which is evaluated to be the highest rate from the year 2016. Because of the shortage of skills and the labour market crisis, there was a fall in the economic output in the UK by about 9.4% in 2020. According to the analysis conducted by Cambridge econometrics, it is observed that this economic fall down was double that of contraction, resulting in the 2000-2009 financial crisis. The statistics during the peak time of the pandemic indicate that by the lockdown that started in January 2021, about 68% of jobs in sectors of accommodation, food, arts and entertainment were furloughed. Hence these sectors were considered the most affected industries. On the other hand, because of the rise in health concerns and emergencies, sectors such as health and public administration were less affected by this pandemic. During 2020, health and public administration sectors led creating job opportunities for nearly 370,000, whereas other sectors were forced to send their employees back home.

Other data from 2020 indicates that about 825,000 people lost their jobs during January-march 2020 and over a period of October-December 2020. This loss of occupation directly led to increased economic inactivity rates as well as increased unemployment rates over this time. Overall working hours in the UK fell to the minimum during this period. Considering the impact on different ethnic groups, various groups were affected in different ways. This indicates that unemployment rates were higher in ethnic minority groups than on average before the start of the pandemic. While minority ethnic groups have seen higher unemployment rates as a result of the epidemic, employment rates have also increased as a result of declining rates of economic inactivity. At the start of the epidemic, people from minority ethnic groups were more likely to lose their jobs. The sectors most impacted by the epidemic, including hospitality and non-essential retail, were more likely to employ low-paid workers. Low-paying jobs, however, have been the main reason for the rise in job openings in 2021 and 2022, and by February 2022, the unemployment rate in low occupations had almost recovered completely.

HRM strategies undertaken

With the restrictions being loosened by the government with the various interventions and preventive measures, various organisations have come up with different scenarios and strategies that could potentially support their employees. This was evident in many of the organisations and institutions (Hosoe, 2018). Few of the measures were focused on the health and safety of the employees, while few measures were focused on a harmonious operation of the organisation along with ensuring the safety of employees. Hence HRM strategies of the companies were also based on the nature of the functioning of the company.

Few of the organisations came up with the idea of supporting the young generation who received a poor-quality education and skill development program than others. Besides this, a few of the interventions introduced by institutions included utilising the skills of people. In such cases making the best outcomes from the existing human resources is a great method. With the temporary layoffs and insecurity of work, few of the organisations emphasised preventing long-time unemployment (Hervey et al., 2021).

The business used a wide range of strategies to ensure the safety of its workers while they were at work. The most common approaches for protecting employee safety at work are more likely to have been adopted by public sector organisations than by private or nonprofit organisations (Zeng, 2021). This is likely a result of the fact that they frequently employ more significant employees than the private sector or nonprofit organisations, who frequently interact with the general public and have been required to continue working throughout the pandemic.

The majority of HR departments in organisations have created strategies to support workers and guarantee employee progress during a crisis. This solution utilised cutting-edge approaches, such as offering alternative employment, part-time jobs, and flexibility in working hours. A notable shift brought about by the lockdown was the ability to work from home. Many corporate sectors suggested to their employees that they could do work from home instead of going to the office. This includes promoting remote work among employees and hosting official meetings and job interviews online (Gurjev, 2020). This was made available in the business world, where such operations were frequent.

To ensure financial stability during this crisis times, most of the organisations temporarily stopped the hiring processes. Studies indicate that there were a smaller number of advertisements for job opportunities. Rather than spending on these processes, organisations emphasised ensuring financial stability and employee development during this period.

Conclusion

Aspects like brexit and covid has left widespread discontent in the UK Labour market. However, as the pandemic is slowly becoming irrelevant, we can hope things might get better in the near future. As we have seen earlier in the report, HR Managers have already created innovative strategies to effectively tackle these problems.

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