

UNIVERSITY OF WALES TRINITY SAINT DAVID
MBA MARKETING

HUMAN RESOURCE MANAGEMENT
LABOUR MARKET IN THE UK

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LABOUR MARKET IN THE UK

The labour market provides access to the most essential human resources data in the world. The reason for this is that it is possible to obtain information on a country's development and economic position owing to these data, which are extremely significant for countries. These data, which indicate changes and developments across the country statistically, show which steps are correct and which are incorrect for countries. Additionally, the impact of the events on the countries is examined.

The United Kingdom is one of the most immigrant countries in the world, yet it is also economically robust. The explanation for this is the social order's stability and the professional evaluation system that has evolved over time. However, due to substantial developments and worldwide difficulties in the last few years, this stability has shifted, affecting many areas, particularly the economy and labour force.

At first, the decision to leave the EU, of which the United Kingdom has been a member for 47 years, was made in January 2020, and the procedure was initiated within one year to finish this process. Then Covid-19, one of the world's most serious pandemics, was quite effective in the United Kingdom as well as everywhere else a few months after this process began. When these two fundamental processes are joined, many difficulties in the economy and labour have begun to emerge. To deal with these challenges, the United Kingdom has to make significant and consequential adjustments in Human Resourcing Strategies, as well as in many other sectors. The emerging changes that the United Kingdom had to go through in the realm of Human Resourcing Strategies (HRS) as a result of Brexit and Covid-19 are explored in this article. Furthermore, the current situation of the UK labour market has been assessed.

EMERGING CHANGES IN HRS IN THE POST BREXIT & POST COVID-19

The World Health Organisation received the first report of coronavirus (COVID-19) in December 2019, and it was labelled a Public Health Emergency of International Concern. This global disease has had an economic impact on the United Kingdom, as well as many other countries.

Current business surveys and real-time indicators in the United Kingdom suggest to a significant reduction in economic activity over this time period, while preliminary estimates for other nations highlight the extent of the repercussions on the actual economy. The coronavirus response has additionally impeded national statistics institutions' (NSIs') ability to prepare projections for GDP, inflation, labour market forecasts, and the economy as a whole. To capture the UK's economic activity in accordance with the most recent international recommendations, some significant changes have been implemented.

The coronavirus pandemic, as well as the government's response to it, had a substantial impact on the UK labour market. Recent government initiatives have permitted workers to be placed on unpaid leave, while many enterprises have had to close or adjust their working practises. Furthermore, the emergence of social distancing has altered the way people work, as well as their ability to seek and find work.

The combined impact of the effects has altered not just the UK labour market but also its ability to be monitored. Much of this information is based on data from household and workplace surveys. The temporary closure of enterprises, the increase in remote working, and the implementation of social distancing have all had an impact on the collection of survey data from families and businesses.

Brexit was the United Kingdom's exit from the European Union on January 31, 2020. The United Kingdom is the only sovereign country that has quit the EU. Since 1 January 1973, the United Kingdom has been a member of the EU or its precursor, the European Communities, and sometimes both at the same time. Following Brexit, EU law and the Court of Justice of the European Union no longer have precedence over British law, with the exception of Northern Ireland. The European Union (Withdrawal) Act 2018 keeps applicable EU law as domestic law,

which the United Kingdom can now alter or repeal. Northern Ireland continues to participate in the European Single Market for goods under the terms of the Brexit separation agreement, and is an official member of the EU Customs Union.

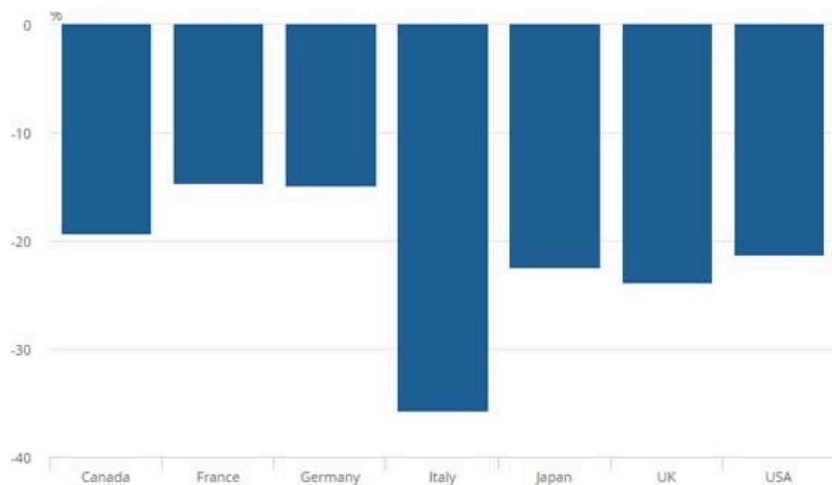
The convergence of two main forces, Covid-19 and Brexit, has resulted in significant changes throughout the United Kingdom. The coronavirus (COVID-19) pandemic's impact on travel and global supply chains continues to hinder global trade in services. Businesses are also experiencing the effects of the changes in trading legislation brought about by the EU's leaving in early 2021.

According to the Organisation for Economic Co-operation and Development (OECD), the value of service exports among OECD nations fell by 16.7% in 2020, nearly twice as much as the value of goods exports (negative 8.2%). This was mostly due to a fall in travel and transport services, which were particularly impacted by coronavirus limitations on overseas travel. According to the OECD, the recovery in services trade was more slower than in goods trade in 2020 and early 2021.

The negative impact on trade in services exports has been significant from Quarter 4 (October to December) 2019 to Quarter 2 (April to June) 2021, as indicated in Figure 1. This is also evident in import levels throughout the same time period. This disparity is partly due to the limits placed on travel and transportation services.

Figure 1: Amongst G7 economies, there has been a large impact on trade in services

Percentage change in exports of services from Quarter 4 (October to December) 2019 to Quarter 2 (April to June) 2021



Source: Organisation for Economic Co-operation and Development

Exports and imports of services

UK service trade remains significantly lower than pre-coronavirus (COVID-19) levels. Total exports and imports were down 14.2% and 29.3%, respectively, in period 2 (April to June) 2021 as compared to the same period in 2019. During this time, service exports to the EU were 20.3% lower than those to non-EU countries, which were 10.5% lower. Service imports from the EU were 43.7% lower, while non-EU imports were 16% lower.

Over this period, there appears to have been some shift in service trade between the EU and non-EU countries, with the proportion of total service exports to non-EU countries increasing from 61.9% in Quarter 2 2019 to 64.6% in Quarter 2 2021, and imports from non-EU countries increasing from 52.0% to 61.8% of total service imports.

Figure 2: UK service exports and imports have decreased since Quarter 2 2019 for both EU and non-EU countries

Exports and imports of services, EU, and non-EU, Quarter 1 (January to March) 2016 to Quarter 2 (April to June) 2021



Source: Office for National Statistics - UK trade in services: service type by partner country, non-seasonally adjusted

Total service exports climbed 2.1% in Quarter 2 2021 vs Quarter 1 (January to March) 2021, with exports to the EU increasing by 3.6% and exports to non-EU countries increasing by 1.3%. During the same year, total service imports climbed (3.8%), with imports to the EU increasing 7.9% more than non-EU nations (1.5%).

Exporting and importing challenges

Using data from Wave 41 of the Business Insights and Conditions Survey (BICS), 10% of currently trading enterprises indicated they had exported in the previous 12 months, whereas 9% of not permanently stopped trading businesses stated they had imported.

These enterprises reported on how they were exporting or importing in comparison to normal expectations for this time of year, and they were questioned about any difficulties they had encountered when exporting or importing in the last two weeks of November 2021.

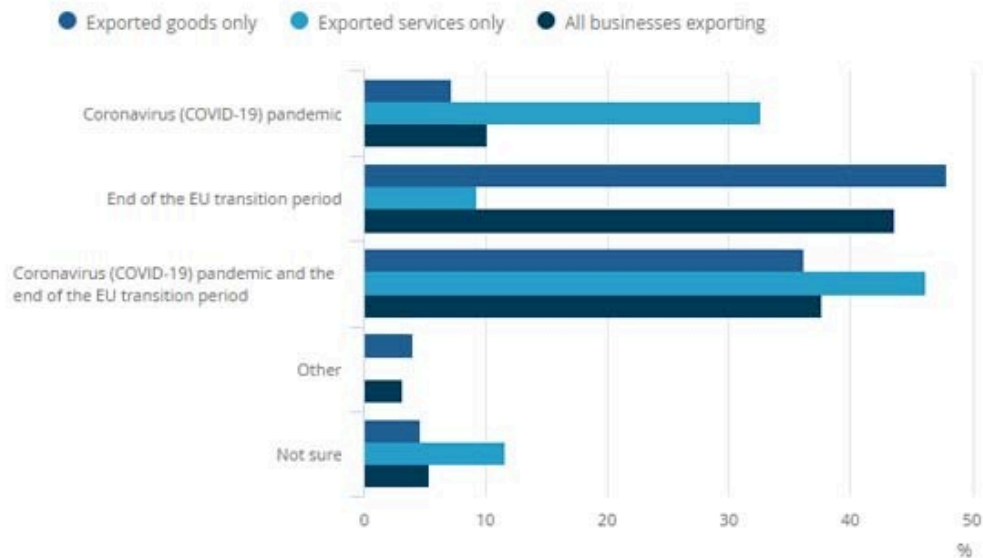
Enterprises exporting just services were more likely than enterprises exporting commodities to report coronavirus (COVID-19) as the main source of difficulty in their trade. The coronavirus pandemic was cited as the primary source of difficulties in exporting services by one-third (33%) of enterprises, compared to just 7% for commodities exclusively. Only 48% of enterprises who reported facing difficulties with exporting goods said the end of the EU transition period was the main reason of their difficulties.

Only 12% of enterprises importing commodities cited issues from both the coronavirus pandemic and the end of the EU transition period, compared to 55% of those importing services. At 72%, the majority of enterprises who imported services cited reasons other than coronavirus or the end of the EU transition period as their main issue.

Companies reported staff shortages affecting suppliers in the most recent quarter, as well as persistent challenges with employee travel. The live entertainment business is particularly concerned about the pandemic's ongoing impact. Other respondents, on the other hand, reported increased activity as a result of increased travel and economic activity. Responders have noted that the EU exit continues to have an impact on trade, with reports of difficulty finding staff in the UK resulting in the need to import more services, issues with suppliers due to shortages of materials, fuel, and drivers, and the requirement for additional paperwork and new fees leading to increased costs.

Figure 3: Businesses exporting services only are more likely to report coronavirus as a main challenge; those exporting goods only are more likely to cite the end of the EU transition period

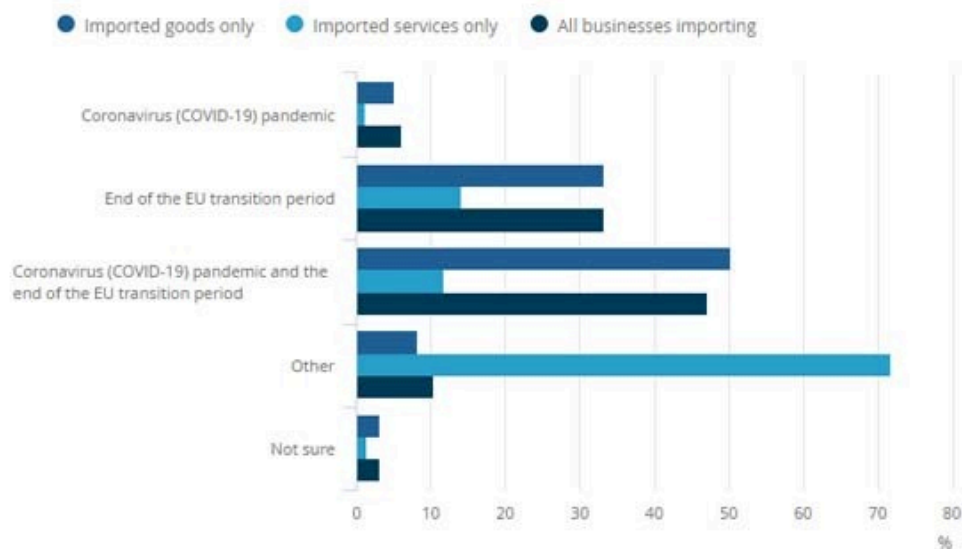
Percentage of businesses currently trading that have exported in the last 12 months and reported an exporting challenge, broken down by export status, weighted by count, UK, 20 September to 3 October 2021



Source: Office for National Statistics - Business Insights and Conditions

Figure 4: Most businesses importing services only cited reasons other than coronavirus or the end of the EU transition period as their main importing challenge

Percentage of businesses not permanently stopped trading that have imported in the last 12 months and reported an importing challenge, broken down by import status, weighted by count, UK, 20 September to 3 October 2021



Source: Office for National Statistics - Business Insights and Conditions

Trade in services by account

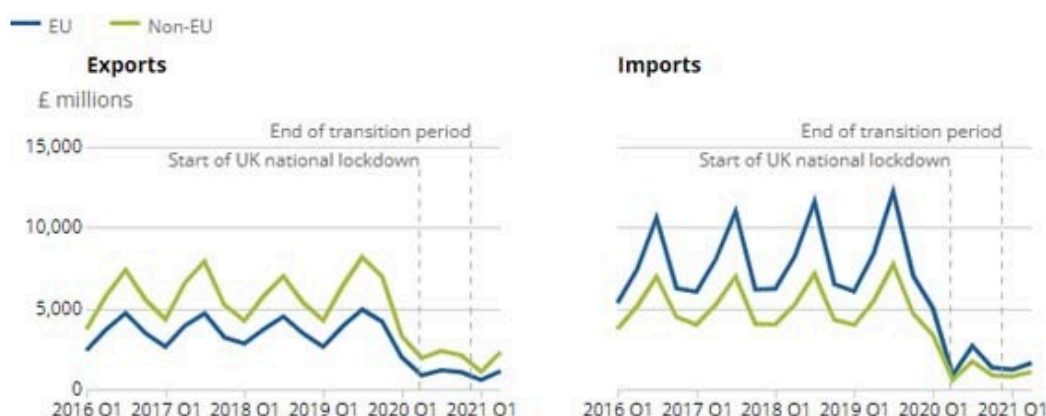
Travel services

Total travel service exports fell by £6.9 billion (-66.8%) and imports fell by £11.1 billion (-80.6%) in Quarter 2 (April to June) 2021 compared to Quarter 2 2019. While there have been some signs of recovery since Quarter 1 (January to March) 2021, with levels increasing in Quarter 2 2021, in line with the easing of the UK's international travel restrictions in May 2021, travel services remain severely impacted by coronavirus (COVID-19) containment measures and threatened by the emergence of variants.

There has been a movement in the balance of travel exports between EU and non-EU nations since Quarter 2 2020, when the epidemic began. Prior to and including Quarter 1 2020, shipments to non-EU countries regularly accounted for roughly 60% of overall travel service exports. This figure jumped to 69% in the second quarter of 2020 and has maintained above 65% thereafter. Between Quarter 2 2019 and Quarter 2 2021, imports of travel services from the EU fell by 80.7% (£6.7 billion). Over the same time period, imports from non-EU countries fell by a similar 80.4% (£4.4 billion). As a result, unlike for travel service exports, the distribution of travel service imports from EU nations vs non-EU countries has been similar during the pandemic period.

Figure 5: Travel service exports and imports have increased since Quarter 2 2020 for both EU and non-EU countries

Travel service exports and imports, EU, and non-EU, Quarter 1 (January to March) 2016 to Quarter 2 (April to June) 2021, UK



Source: Office for National Statistics - UK trade in services: service type by partner country, non-seasonally adjusted

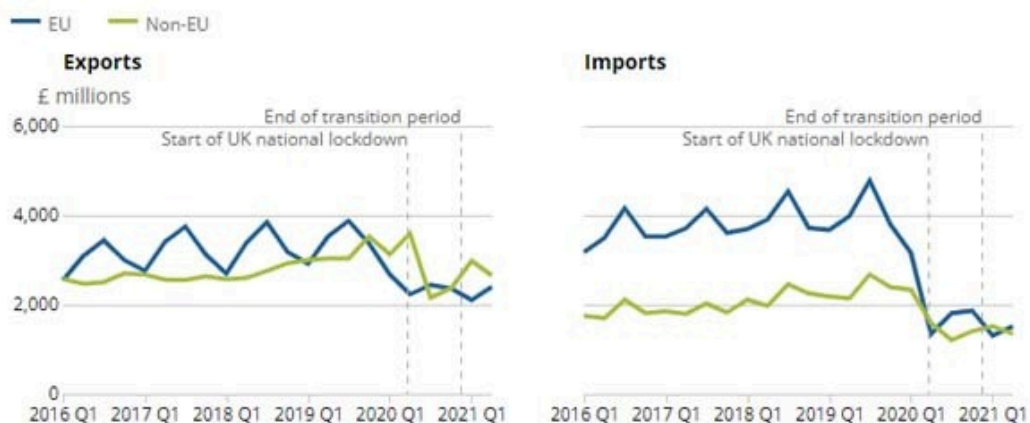
Transport services

Exports and imports of transport services were notably lower in Quarter 2 (April to June) 2021 than in Quarter 2 (April to June) 2019, reflecting the ongoing impact of the coronavirus pandemic and accompanying restrictions on modes of travel such as air and road.

Imports fell by £3.3 billion (negative 53.3%), while exports fell by £1.5 billion (negative 23.2%) in the second quarter of 2019. These fluctuations in both exports and imports were predominantly driven by EU members. Global exports and imports remained constant in comparison to Quarter 1 (January to March) 2021.

Figure 6: Transport service exports and imports have increased since Quarter 2 2020 for EU countries; for non-EU countries exports and imports have decreased over the same period

Transport service exports and imports, EU, and non-EU, Quarter 1 (January to March) 2016 to Quarter 2 (April to June) 2021, UK



Source: Office for National Statistics - UK trade in services: service type by partner country, non-seasonally adjusted

Transport service exports to the EU account for 18.1% of the total decline in EU exports. Similarly, imports of transport services fell by 62.0% over the same period, accounting for the second-largest contributor (22.6%) to the overall fall in EU service imports.

In Quarter 2 2021, imports of transport services from the EU (£2.5 billion (negative 62.0%)) fell more than imports from non-EU nations (£0.8 billion (negative 37.0%)). Imports of air transport from EU countries fell by £2.2 billion (-84.9%) in the second quarter of 2019, while non-EU imports fell by £0.5 billion (-45.6%) in the same time.

Imports of air transport from EU nations have climbed by £0.15 billion (62.9%) from Quarter 1 2021, compared to a £0.18 billion (negative 21.6%) fall in imports from non-EU countries. Air transport imports are much lower than pre-coronavirus levels.

This disparity in recovery between the EU and non-EU can be linked to the ongoing impact of the coronavirus epidemic, which has primarily impacted European aviation traffic in comparison to the rest of the globe. When the pandemic began in 2020, most low-cost carriers that rely on European operations ceased operations entirely, with passenger volumes down 99% on the previous year at the peak of the pandemic in April 2020. In contrast, a group of carriers ran core routes, resulting in a less dramatic fall in the value of non-EU imports.

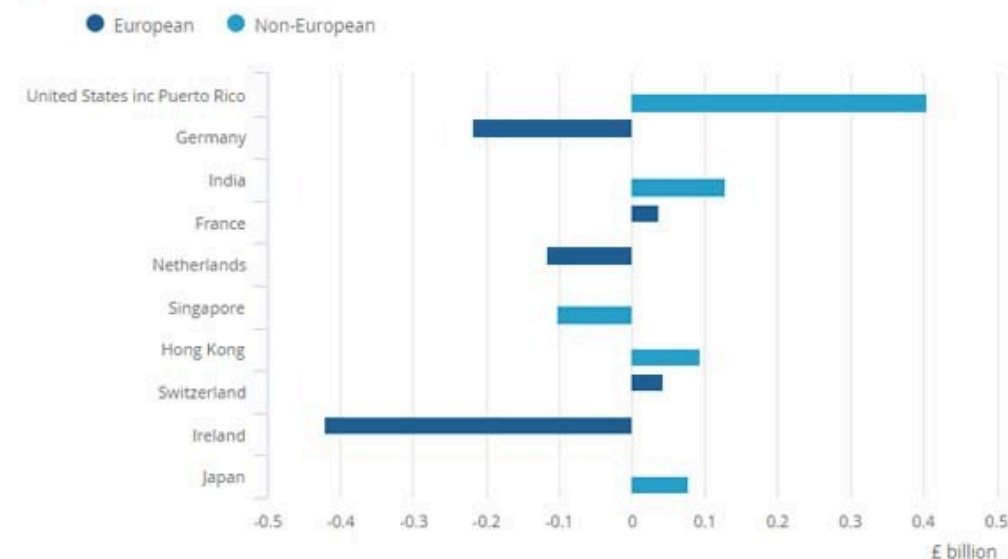
Other business services

Other business services trade dropped during the second quarter of 2019 (April to June) and the second quarter of 2021. Exports fell by £0.7 billion from the first quarter of 2021 to the second quarter of 2021, while imports fell by £0.4 billion.

Imports of other business services from the EU fell by £1.1 billion in Quarter 2 2021 compared to Quarter 2 2019, accounting for 9.7% of the overall reduction in EU imports. However, this is not a global trend, with non-EU imports of other business services growing by £0.7 billion. The dip in EU imports can be attributable mostly to falls in technical, trade-related, and other business services, which decreased by £0.7 billion during this period, despite the fact that EU imports climbed by £0.2 billion from Quarter 1 (January to March) 2021.

Figure 7: Imports of technical, trade-related and other business services compared with the same quarter in 2019

Change in value in Quarter 2 (April to June) 2021 compared with Quarter 2 (April to June) 2019, by largest trading partner, £ billion, UK



Source: Office for National Statistics - UK trade in services: service type by partner country, non-seasonally adjusted

Figure 7 depicts the change in the value of technical, trade-related, and other business services for the main partner countries in the second quarter of 2021 vs the second quarter of 2019. Imports from EU countries are usually decreasing, with Ireland losing £0.4 billion. Over the same time period, several of the largest non-EU partners, including the United States, climbed by £0.4 billion. However, countries in both regions are counteracting these movements.

Financial services

In Quarter 2 (April to June) 2021, trade in financial services decreased by £1.5 billion (negative 9.7%) for exports and £0.3 billion (negative 6.3%) for imports, respectively, compared to Quarter 2 2019. Non-EU exports climbed by £0.5 billion (5.1%) and imports increased by £0.01 billion (0.4%) since Quarter 2 2019, whereas EU exports and imports decreased by £2.0 billion (-30.6%) and £0.3 billion (-21.3%), respectively.

While there have been further drops in value for global total exports and imports during Quarter 1 (January to March) 2021, such moves have been more pronounced for exports, which have declined £1.0 billion (negative 6.9%) compared to imports, which have fallen £0.03 billion (negative 0.8%).

The decline in financial services trade with the EU is due in part to changes in EU exit-related rules, with the UK-EU Trade and Co-operation Agreement (TCA) providing limited provisions for access in financial services (PDF, 522KB). While financial services have been reasonably stable, the TCA's ongoing impact is visible in Quarter 2 2021. The decline in financial services trade with the EU is being driven by exports of explicitly charged and other financial services, where the large EU partner countries of France, Ireland, Germany, and the Netherlands have seen value declines in both the pre-coronavirus Quarter 2 2019 and Quarter 1 2021. This is consistent with reports of some financial services, such as share and derivatives trading, shifting from the UK to the EU or via intermediate nations with access to EU markets, such as the United States, once the EU leave transition period ends in 2021.

THE CURRENT STATE OF THE UK LABOUR MARKET

The employment rate in the United Kingdom was expected to be 75.8% from December 2022 to February 2023, 0.2 percentage points higher than from September to November 2022. Part-time employees and self-employed workers drove the recent three-month growth in employment.

The most recent estimate of payrolled employees for March 2023 shows a monthly gain of 31,000 over the revised February 2023 data, bringing the total to 30.0 million.

The unemployment rate climbed by 0.1 percentage point from December 2022 to February 2023, to 3.8%. Unemployment increased due to persons who had been out of work for up to six months.

The rate of economic inactivity fell by 0.4 percentage point throughout the quarter, to 21.1% from December 2022 to February 2023. People aged 16 to 24 drove the most recent three-month drop in economic inactivity. Looking at economic inactivity by reason, the quarterly decline was mostly driven by persons who were inactive because they were students.

The expected number of vacancies declined by 47,000 from January to March 2023, to 1,105,000. Vacancies declined for the ninth consecutive quarter, reflecting uncertainty across industries, as survey respondents continue to cite economic conditions as a reason in delaying hiring.

From December 2022 to February 2023, employees' average total compensation (including bonuses) increased by 5.9%, while regular pay (excluding bonuses) increased by 6.6%. The average regular wage rise in the private sector was 6.9% from December 2022 to February 2023, while the public sector was 5.3%. The gap between private and public sector growth rates has shrunk in recent months. In actual terms (adjusted for inflation), total and regular pay growth declined year on year from December 2022 to February 2023, by 3.0% for total pay and 2.3% for regular pay. A higher year-on-year decline in real total pay was last witnessed in February to April 2009, when it fell by 4.5%, but it remains among the worst declines in growth since comparable data began in 2001.

In February 2023, there were 348,000 working days lost due to labour conflicts, up from 210,000 in January 2023. More than three-quarters of the strikes in February occurred in the education sector.

CONCLUSION

HRS is a field that provides a wealth of information regarding a country's development and management. As a result, it is critical for each country to manage it effectively for the people and officials that live there. As previously said, global and national developments can have a considerable impact on a country's economy and labour market. Brexit and Covid-19 have both had a significant impact on the labour market and economy in the United Kingdom. However, it has begun to adapt to these settings, and while it has not aged, the negative conditions have begun to diminish.

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Figures

Figure 1: <https://www.ons.gov.uk/economy/nationalaccounts/balanceofpayments/articles/theimpactsofeuexitandcoronaviruscovid19onuktradeinservices/november2021>

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