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INTRODUCTION

This report analyses the current state of the United Kingdom (UK) labour market particularly focusing on the effects of covid-19 and Brexit. The report also looks at the emerging changes in human resourcing strategies in the post-Covid and post-Brexit external environments and provides suggestive recommendations for the United Kingdom (UK) government. It is a general literature review basing on data from the United Kingdom (UK) government official agency, Office for National Statistics (ONS), Research reports from accredited organisations such as CIPD, News organisations and Peer reviewed journals.

THE CURRENT STATE OF THE LABOUR MARKET IN THE UNITED KINGDOM (UK)

According to the Office for National Statistics (ONS), the United Kingdom (UK)'s official government agency, in its December 2022 quarterly report entitled "Labour Market Overview, United Kingdom (UK): December 2022 employment estimates, unemployment, economic inactivity and other employment statistics for the United Kingdom (UK)", the employment rate rose by 0.2% August to October 2022 quarter to 75.6%, however, it remains below pre-Covid-19 pandemic levels.

During the quarter (September to December 2022), the number of employed people increased, while that of self-employed declined. The most current estimate of employees on pay roll for November 2022 indicate a continued monthly increase, up to 107,000 from the revised October 2022 data, to a record high of 29.9 million. In the same quarter(August-October 2022), unemployment rate rose by 0.1% to 3.7 percentage points. In addition, the September to December period also shows an increase in the number of unemployed people for up to six months in all age groups. The rate of economic inactivity decreased by 0.2% during the quarter to 21.5%. The decline in economic inactivity over the last quarter is attributed to people aged 50 to 64 taking retirement. From September to November 2022, estimates show a decrease of 65,000 in the number of job vacancies. Lowering the figures to 1,187,000. The number of job vacancies remains historically high despite a record five consecutive quarterly declines. The drop in job vacancies demonstrates uncertainty across all sectors, as survey reports continue to cite economic pressures as a major factor hindering recruitment. Matt Weston, an executive at Robert Half, a talent consultancy firm, reports that, finding the best talents remains a challenge for most employers and this lack of skilled workers who

can fill vacancies continues to fuel wage inflation. The highest average salary increase of 6.9% (ONS,2022), observed in the private sector outside of the covid-19 pandemic, confirms this argument. Matt Weston also notes that "employers have become increasingly creative in attracting and retaining staff, not just with good wages or salaries, but also with wellness packages and more flexibility." It was noted that younger workers and those at key transitional stages in their careers could face even greater hardship if opportunities for new and better employment fail to align with their skills. Records from past recessions indicate that, those workers most directly affected may experience persistent loss of earnings and job cuts (Oreopoulos et.al, 2012) .The long-term effects of the pandemic on the careers of workers crucially depend on the job opportunities they face. The early stages of this crisis saw vacancies plummet. In the United Kingdom (UK), vacancies fell by more than 60 percent for most occupations (Costa-Dias et. al. 2021).Even though new job vacancies exceeded pre-pandemic levels by June 2021, and remained high through the summer and fall, it is equally important to know if the new skills required corresponds to those offered. The International Labour Organization (ILO), in its flagship Global Employment Trends and Social Outlook 2022 report titled "Labour market recovery still slow and uncertain", the United Nations organ warns that, recovery will remain slow and the loss of working hours compared to the pre-pandemic era will continue, (ILO, 2022).

Covid effect

The Covid-19 crisis has had a profound structural impact on the United Kingdom (UK) labour market and the economy, accelerating existing trends such as the massive shift to online shopping and remote work. The pandemic brought about abrupt changes to the work routine of many workers and to the operation of many businesses in the United Kingdom (UK). The three long periods of confinement between March 2020 and June 2021, during which companies in sectors requiring close social interactions but deemed non-essential had to close temporarily, while workers who could work remotely, were asked to do so. The requirement for people to stay at home has also impacted demand for various goods and services. For example, the number of visitors to shopping centres has dropped, while online commerce has flourished. The immediate effect of these changes is drop in earning for many as a result of disrupted work routines caused by a combination of lack of demand. The United Kingdom (UK) economy is primarily dependent on small and medium-sized enterprises (SMEs) which account for 99.9% of economic activities, (Gov .uk,2022a), with this in mind, the government introduced a Coronavirus Job Retention Scheme(Furlough) in a massive effort to protect incomes, preserve jobs and support businesses simultaneously. The impact of the pandemic on the labour market has been particularly severe in some parts of the United

Kingdom (UK),(Davenport and Zaranko, 2020). The huge disruption that the pandemic has inflicted on the labour market continues to haunt the economy, as well as the effects of Brexit and the ongoing conflict between Ukraine and Russia, as evidenced by the current crisis in the cost of life (Euronews.com, 2022).

Brexit effect

The United Kingdom (UK) economy has seen major macroeconomic adjustments following the 2016 referendum on leaving the European Union, famously known as Brexit. Ahead of the referendum, there was a heated debate about the implications of the decision to leave the EU for the United Kingdom (UK) economy. Several studies predicted that increasing trade barriers with the United Kingdom (UK)'s largest trading partner would lead to a long-term reduction in trade and Gross Domestic Product, (Ebell and Warren, 2016; Kierzenkowski et al., 2016).Many economists and lawmakers noted that a vote to leave could also weaken growth and potentially trigger a short-term recession. Immediately after the referendum, however, concurrent reports noted that strong performance in the tradable sector had mitigated the slowdown in headline growth, prompting a number of analysts to expression their surprise about the robustness in economic performance (Lea, 2018). Contrary to this argument, the Nuffield Trust think-tank report argues that, Brexit has closed the “relief valve” for immigration from the European Union and exacerbated labour shortages in the health and social care sectors, (Nuffield Trust, 2022). Experts blamed Brexit and Covid-19 for the shortage of truck drivers that resulted the Heavy Good Vehicle (HGV) logistic crisis in 2021. The Government acknowledged that this was caused by "a over reliance on foreign labour with a lack of long-term investment in the United Kingdom (UK) national workforce" (Govt.uk,2022b). United Kingdom's European Union membership had strengthened the labour market by allowing the free movement of talent across the border, thereby easing the task of Human Resource managers of sourcing talents from a pool of 26-countries. Leaving this huge market has had a major impact on human resource management strategies for many United Kingdom (UK) organisations. Brexit has made the United Kingdom (UK) less attractive to talents from across Europe. On the global stage, the United Kingdom (UK)'s exit from the EU is having an impact on where global organisations locate their bases, mainly due to restrictions on the free movement of workers from the EU to the United Kingdom (UK) and vice versa. These organisations now believe that, the talent pool in the United Kingdom (UK) is smaller than what they are sourcing elsewhere and this is backed up by the Office for National Statistics' recent labour market report which indicates a large gap in the labour market in reference to vacancies. According to a report of the MakeUK and Price Waterhouse Cooper(PwC) Senior Executives Survey 2022, the disruption caused

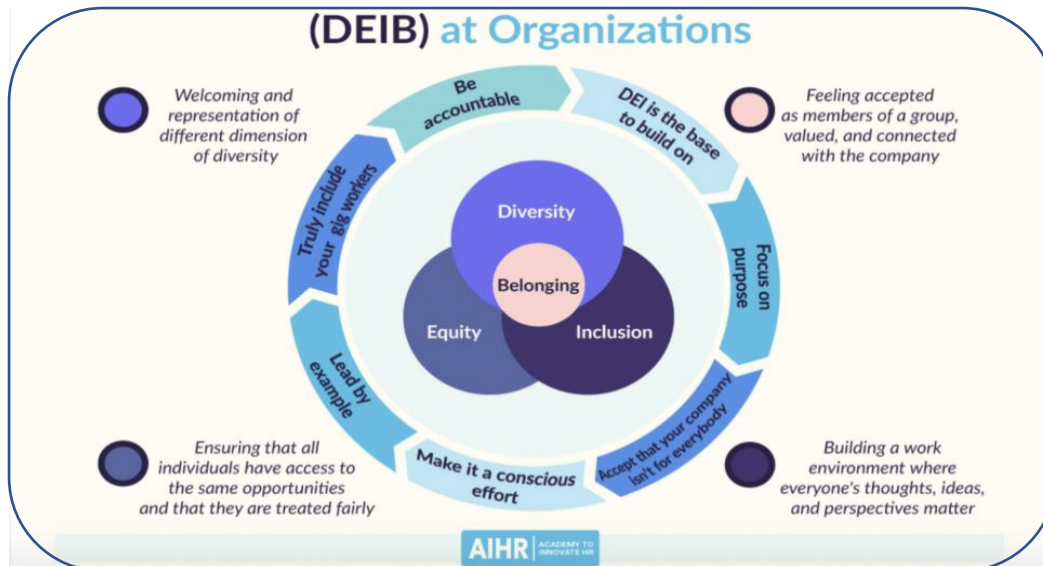
by Brexit remains one of the top concerns facing industry executives in the coming year (The Guardian.com, 2022). In addition, it notes that Brexit and the global Covid-19 pandemic have had a negative impact on human resource strategies.

EMERGING CHANGES IN HUMAN RESOURCING STRATEGIES IN THE POST COVID, POST BREXIT EXTERNAL ENVIRONMENT.

In the business world, crises are inevitable. COVID-19 has posed major challenges for human resource professionals, particularly in the areas of creativity and innovation, and has spurred discussions about the future of Human Resource Management (Hite and McDonald, 2020). The human resource industry was reinvented in 2021 through consolidation of new rules and regulations. 2022 has been about pushing the boundaries to maximize value (Nish Parikh, 2022). According to Demirkaya and Aydin (2006), crises such as Covid-19 and Brexit create unexpected opportunities for businesses. Hite and McDonald, (2020), agrees with this argument by stating that, the disruption has hastened a revisit of Human Resource Management strategies beyond the known people management models, by fronting the use of new information technologies such as zoom, Google meet and Microsoft teams as essential tools for survival and ensuring organisational sustainability. Among the many emerging changes in human resource management strategies in the post-Covid workplace environment, is the **hybrid working model**, where employees can continue to work in the offices or remotely in the comfort of their homes. Oksana Lavri, (2022), argues that, human resource management technologies are utilising artificial intelligence and machine learning, now to screen, hire, onboard and manage talents. Prasad and Vaidya, (2020), supplements that, in spite of the limitations of these technologies and strategies, remote work offers workers the benefits of flexible working hours and saves time spent on travelling to and from workplace. Additionally, it promotes work control, and save costs such as rent by optimising the use of resources such as office space. **Digital learning, training and development** is another emerging human resource management strategy rising from the demand created by the pandemic. Covid-19 and Brexit created and or increased the need for retraining and training of the employees to be compliant with new legislations such as the Coronavirus act 2020 and European Union (Withdrawal Agreement) Act 2020. Increased demand for **Diversity, Equity, Inclusion and Belonging (DEIB)** is another emerging trend. It is aimed at making the workplace more inclusive and help companies penetrate a wider pool of talents as well as build a

worldwide brand. Another emerging trend, is the shift from people analytics to information acquirement and data mining skills using artificial intelligence and machine learning technologies.

Fig. 1 Diversity, Equity, Inclusion and Belonging (DEIB)



Source: Academy to Innovate Human Resource

Blockchain technology is also another rising trend in the human resource management industry. Blockchain technology is an advanced database management system that provides transparency in information sharing within a socio-economic network. The integration of this dynamic technology in the human resource industry is transforming how human resource manager handle sensitive data. According to Price water house Coopers(PwC), the technology radically lowers the “cost of trust” by providing the power to enhance business processes that happens between organisations. A study by Morgan Philips group, reveals that, Blockchain offers solid security opportunities like encryption of networks where workers and corporations can securely share information, enabling employers to verify worker data, academic and career achievements.

RECOMMENDATIONS

Though the imminence of the challenges outweighs the opportunities, the United Kingdom (UK) has the leverage of a strong economy and an attractive location for investment in many of the sectors that will continue to drive economic recovery. However, the United Kingdom (UK) government and its partners need to quicken their strategic response with mitigation measures to ensure long-term prosperity. Immediate strategic responses such as furlough and Eat to help, were very fundamental for economic stability but focus need to be put on medium and long term responses that create job opportunities which are critical for rapid economic recovery in 2023 and beyond. This report recommends focusing on the following Key areas;

1. **Funding:** Creating more achievable short, medium and long term propositions such as Levelling Up and the Community Renewal Fund that will promote economic sustainability, growth and recovery. Financial support for community focused businesses to promote skills training will address the current skills shortages. Encouraging those retiring early to remain in employment and those out of employment to seek it will help to relieve the impacts of Brexit and Covid-19.
2. **Businesses and Employment:** Closely monitoring the new legislation on banking and financial services such as tax on bankers' bonuses to ensure it benefits the economy by helping to attract talents in the sector and does not encourage reckless adventures in stock market speculations. Recognition of qualifications from outside the United Kingdom (UK), will also assist with attracting and retaining talents in the sector.
3. **Skills and Employment:** Motivating people to embrace learning and increase their skills through training and retraining, especially in specialised areas. Boosting skills associated with in-demand vocations will assist the ones impacted to improve their earnings and hence pay more tax. This will help to ease the ongoing Cost of living economic crisis as the government continues to explore more support channels for the job market.
4. **Inward Investment:** Promoting United Kingdom (UK) as a center of excellence for foreign investment by quickly sorting out the EU -United Kingdom (UK) boarder issues in Northern Ireland, tackling the current cost of living crisis and high inflation, will attract more investors targeting United Kingdom (UK) market.

CONCLUSION

Covid-19 inflicted a profound effect on the entire United Kingdom (UK) economy, with experts outing their concerns about the declining economic output with estimates faster than it did after the 2008 financial crisis, (Atlantic Council, 2020). A view supported by the Office of National Statistics' December 2022 report. Considering that, nearly a half of United Kingdom (UK) exports and imports of manufactured goods go to, and come from the EU, Brexit has led to;

1. **Reduction in exports:** Even though experts agree that exiting the single market has not absolutely hindered the capacity of United Kingdom (UK) corporations to export, the non-tariff barriers have reduced trade levels compared to the pre-Brexit position, (CNN Business, 2022).
2. **Reduction in the attractiveness of United Kingdom (UK):** The choice to leave one of the world's biggest single market at a time when the world is calling for more trade unions, and the instability of the United Kingdom (UK) political class in the past few years have greatly impacted on the image of United Kingdom (UK) internationally. The ongoing strikes by ambulance drivers and public transport sector employees coupled with threats by many other bodies such as airport workers, portrays United Kingdom (UK) as a unsafe place to invest and re-invest for global trade.
3. **Reduction in re-investment:** A number of multinational corporations that have usually used United Kingdom (UK) as a base to export to the EU markets have so far either shifted or are thinking about it and consequently now no longer reinvesting within the United Kingdom (UK), (Global Finance Magazine, 2019).

Despite all these, experts still believe that, there is a potential for increased establishment of United Kingdom (UK) based production facilities by European companies.

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