



Prifysgol Cymru

Y Drindod Dewi Sant

University of Wales

Trinity Saint David

ASSIGNMENT 1

HUMAN RESOURCE MANAGEMENT

SUBJECT CODE : LCMB7000

LECTURER : DR MUSHFIQUR RAHMAN

COURSE : MBA HUMAN RESOURCE MANAGEMENT

STUDENT NAME : BASIL SLEEBA

STUDENT NUMBER : 2131205

Executive Summary

This report begins with a discussion of the labour market situation in the UK, which is important for evaluating the impact of macroeconomic changes on internal organisational policies. The trends reveal a reduction in the unemployment rate in comparison with the period immediately after the pandemic. However, there is a need to focus on the variations in market contributions across sectors for evaluating economic growth. The Brexit regulations have resulted in a considerable change in sourcing methods, along with a transformation in the strategies for employee retention. The pandemic has further altered skill demands for managers, underlining the importance of effective communication and distance management practices for improving employee management.

Table of Contents

1. Introduction.....	4
2. Current state of the UK labour market.....	4
2.1 Labour market indicators	5
2.2 Sector-wise analysis of the labour market.....	8
2.3 Analysis of the current situation.....	9
3. Changes in human resourcing strategies in the post-Brexit and post-Covid scenario	9
3.1 Impact of Brexit	9
3.2 Impact of the pandemic	11
4. Conclusion	13
Reference	14

1. Introduction

The “*human resource management*” strategies adopted by organisations usually involve a range of methods that are oriented toward employee development and are essential for driving organisational growth. These strategies are, however, largely affected by external social, economic and political changes, underlining the association between changes in the external environment and internal organisational changes. This report follows this line of argument and evaluates the impact of external socio-economic and political changes on the internal HRM strategies adopted by varied economic sectors.

2. Current state of the UK labour market

The primary determinants for evaluating the performance of the labour market in the UK can be understood along *macro-economic* as well as *micro-economic* levels. The former refers to an analysis of different factors associated with demand and supply, conducting a holistic analysis of the labour market and evaluating aspects like total income productivity, “*labour force participation*” and unemployment. This analysis serves as the basis for an assessment of microeconomic aspects, including an assessment of the performance of individual firms, recruitment practices and wage benefits (Di Giannatale and Roa, 2019). An analysis of macroeconomic determinants of the UK labour market is therefore necessary for understanding the factors that impact HRM strategies across organisations belonging to different economic sectors. The table includes a brief analysis of the labour market by applying the *PEST Framework*, which are discussed in greater detail in the subsequent sections.

Factors	Description	Impact
Political	Impact of the Brexit regulation on employment and labour migration statistics	High

Economic	• Improvement in employment rates after the initial pandemic decline • Increase in wages and the number of payrolled employees • Rising inequality of labour	High
Social	• Growing demand for skilled professionals in response to labour market concentration	High
Technological	• Technological advancement creates increasing opportunities for labour, particularly with regard to the demand for highly skilled technical professionals • Technological platforms like social media have improved opportunities for labour recruitment	High

Table 1: PEST Analysis

(Source: Self-developed)

2.1 Labour market indicators

The figure presented below provides an estimate of the number of total payrolled employees in the UK in 2022, which reached close to 29.7 million in the month of August. This reveals an increase of around 71,000 from the previous month, underlining an increase in the overall participation of the workforce in the labour market. This is further evidenced by an analysis of the UK employment rate, which was around 75.4% at the end of July, 2022. However, there has been a quarterly decline of around 0.2 points, implying that the labour market situation continues to be precarious, and is largely affected by changing external market situations (ons.gov.uk, 2022).

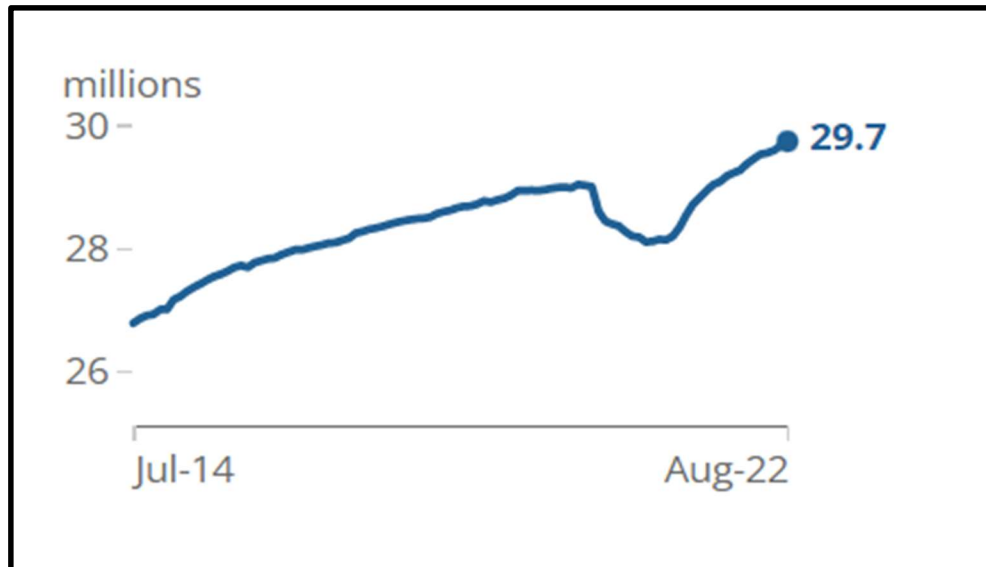


Figure 1: Number of payrolled employees in the UK

(Source: ons.gov.uk, 2022)

An analysis of the unemployment rate in the UK is another important determinant that reveals the current state of the UK labour market. Bell and Blanchflower (2020) have observed that developed countries like the US and UK have been witnessing an almost full rate of employment before the beginning of 2020. The pandemic has had a considerable impact on labour market performance, resulting in a considerable increase in the unemployment rate, affected by large-scale economic losses suffered by businesses. However, this situation has improved to a large extent, as indicated by the current estimates of the UK unemployment rate. This is indicated from the figure below, indicating a considerable decline in the unemployment rate from 2020 and the first quarter of 2022. The overall rate of unemployment has reduced from around 4.1% in January to 3.7% in October 2022, indicating a considerable improvement in the condition of the labour market. Consequently, a 2.8% decrease in regular pay points to the impact of inflation, particularly during the end of 2022 (tradingeconomics.com, 2022). In terms of a region-wise analysis, Northern Ireland has witnessed the most significant reduction in the unemployment rate, around 2.7%, revealing signs of considerable economic improvement in the country (Statista, 2022). This implies that in spite of a considerable improvement from the initial pandemic period, the labour market has still not seen a steady rate of improvement, affecting the capacity to sustain considerable economic improvement.

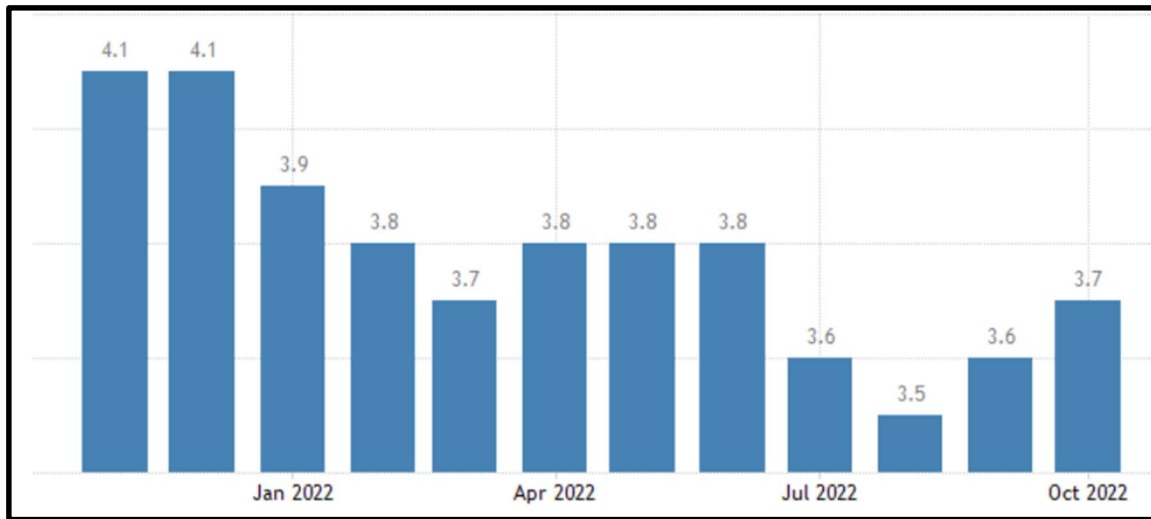


Figure 2: Unemployment rate in the UK

(Source: tradingeconomics.com, 2022)

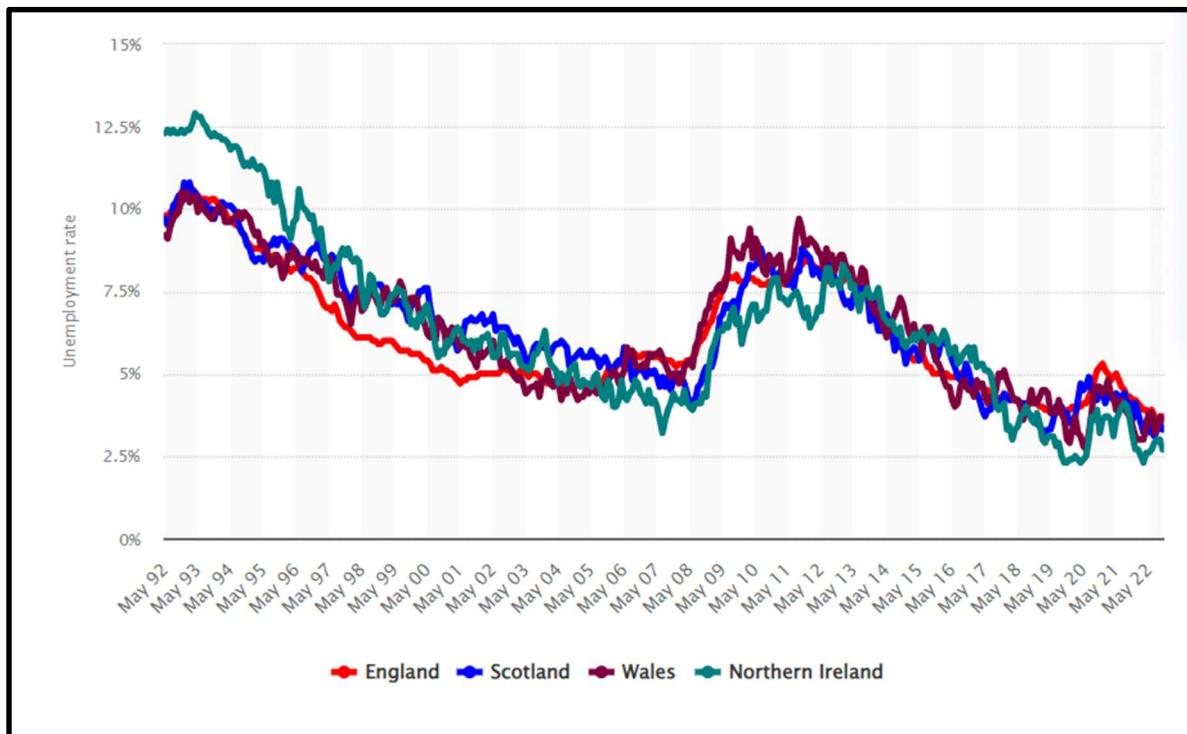


Figure 3: UK unemployment rate according to country

(Source: Statista, 2022a)

2.2 Sector-wise analysis of the labour market

The above analysis has involved a comprehensive analysis of the primary economic determinants that reveal the present state of the UK labour market. However, it is important to point out that all industrial sectors have not witnessed a similar level of growth and have not been affected similarly by external economic changes like the pandemic. This aspect is indicated in the figure, which reveals the varying economic contribution of different sectors to the UK economy. It is evident that the retail and wholesale sector is among the largest contributors to the economy and employs close to 4.94 million individuals in the UK (Statista, 2022b). This is followed closely by the sectors like administrative services, technical services, manufacturing and hospitality. This implies that the impact of the pandemic on these sectors has considerably affected the growth capacity of the UK economy, largely affecting labour market statistics.

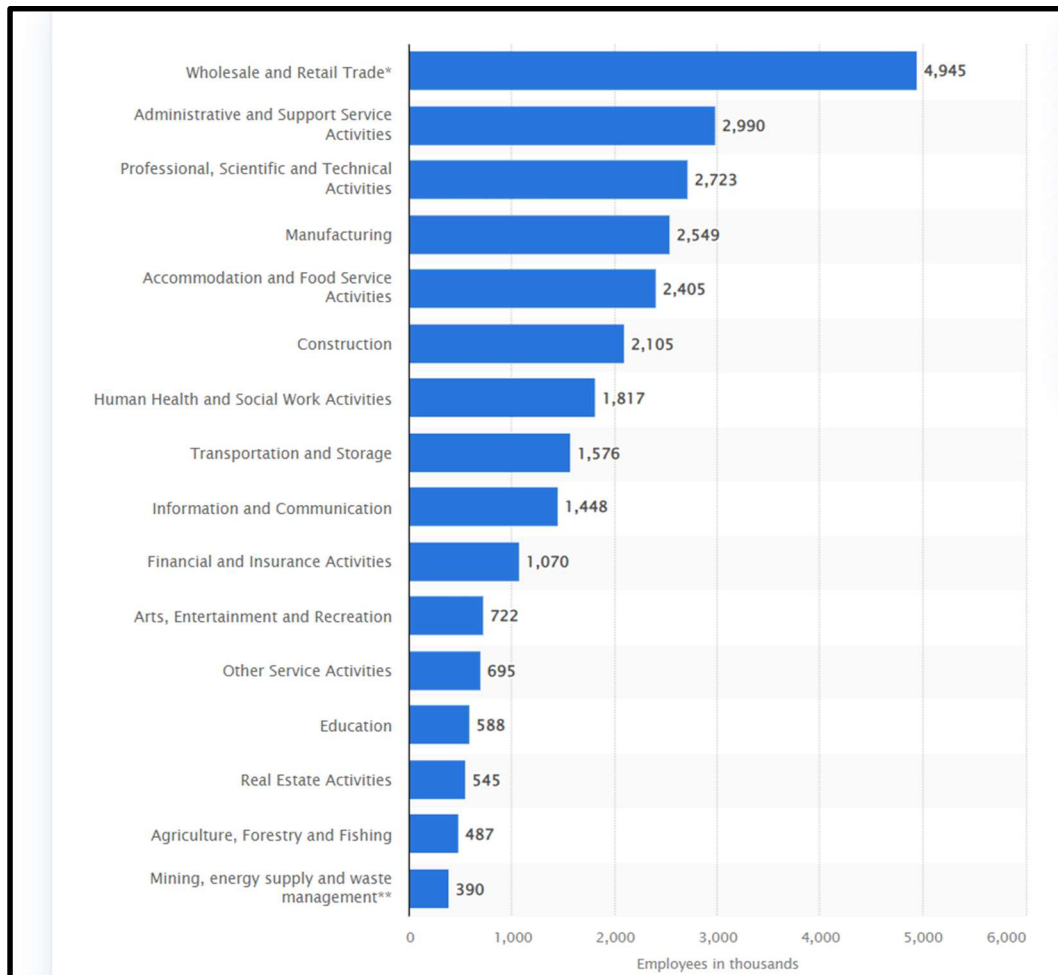


Figure 4: Number of employees according to sectors

(Source: Statista, 2022b)

2.3 Analysis of the current situation

The above analysis indicates the primary economic determinants that reveal the current state of the labour market situation in the UK. This is in line with the argument provided in the *macroeconomic theory*, which implies that economic situations that are not matched by a simultaneous increase in wages to match productivity indicate that there has been an increase in the relative labour supply with regard to demand. On the other hand, situations that are marked by an increase in the demand for labour in comparison to supply would automatically result in higher bargaining power for the employees (Vines and Wills, 2018). The discussion presented above reveals that there has been a significant reduction in wages as a response to growing inflation. However, there is a significant difference in the supply of labour across skilled and unskilled professions, with the former witnessing a significant reduction in supply. The demand for skilled professionals has therefore considerably increased in the current labour market situation, which is determined by heavy international competition and the growing need for organisations to remain competitive in the market. These factors underline the importance of market competition as one of the most significant determinants for affecting change in the labour market. The analysis follows the *“neoclassical theory of the labour market”*, which considers that wage equilibrium in the labour market occurs as a result of establishing a fixed remuneration according to the respective abilities of employees (Sloman, 2019). The subsequent sections point to the impact of large-scale economic changes like the pandemic and Brexit, which have affected market competition and the overall dynamics of the UK labour market.

3. Changes in human resourcing strategies in the post-Brexit and post-Covid scenario

3.1 Impact of Brexit

The changing labour market scenario in the UK can be understood through an assessment of the considerable impact of Brexit, which is one of the most important political regulations that had a significant market impact. Fetzner and Wang (2020) have stated that the steady employment rate in

the aftermath of the Brexit situation must not be taken as an indicator of sustained economic stability. This is evidenced by a reduction in the overall economic growth prospects of the UK with a 2.6% reduction in output annually. One of the most significant impacts of Brexit can be observed with reference to a reduction in external firm investment and growing export-import restrictions, which have a considerable impact on the smooth functioning of the labour market. An example of this can be observed with reference to a 4.6% and 5.29% reduction in economic activity in the Northern Ireland and the West Midlands respectively. These factors have a significant impact on labour market conditions and the resultant human resourcing strategies that are adopted by organisations in varied economic sectors.

Ridgway (2019) observed a series of changes in human resourcing methods after the impact of Brexit, resulting from a considerable alteration in market demands. One of the most significant changes has been observed in the context of employee recruitment as well as retention methods, which has been affected by the “*war for talent*”. This is in the context of an overall reduction in the influx of employees from EU regions, affecting the availability of the necessary talent among organisations. This has therefore resulted in an increased focus on talent retention strategies among employers, along with an increase in the availability of the necessary training and development opportunities. A simultaneous increase in the costs of production implies that industries would specifically concentrate on labour recruitment from regions which are lower on the production cost scale, affecting regional improvement in labour conditions. Another important trend in recruitment practice is affected by the increasing recruitment of employees from regions outside the EU. The impact of Brexit is further reflected in an alteration in staffing methods, with the maintenance of flexibility in the traditional working arrangements followed by organisations. This is important for improving the viability of the UK as an effective employment destination, along with the ability to attract millennial employee segments with a growing preference for flexible workplace arrangements.

This underlines the considerable impact of Brexit regulations in influencing the HRM practices and sourcing strategies adopted by organisations across different regions. According to Cumming *et al* (2020), the primary areas associated with HRM practices that have been affected by the formulation of Brexit norms include migration, job security, income and talent. This points to growing attention paid by employers to the detrimental impact of improper HRM practices, low pay, absence of suitable working conditions and under-investment in people management. This

implies that growing pressure on the labour market for talent retention has resulted in an increase in employee benefits, like the provision of better wages and growing job security. However, as enumerated in the “*social exchange theory*”, this increase in benefits is coupled with growing pressure from employers in delivering the highest quality work, which is vital for retaining the competitive position of organisations and recovering from economic losses (Cortez and Johnston, 2020). This implies that the demand for skills and expertise is one of the primary market drivers that has affected human resourcing strategies after the economic impact of Brexit was increasingly felt by organisations. According to a global survey by Deloitte, close to 80% of employees have considered the importance of employee experience as one of the primary factors that drive organisational growth. As indicated by the survey, UK-based organisations have been increasingly focusing on attracting labour mobility after the decline in workforce migration from EU regions in the post-Brexit scenario. This has resulted in organisations like *Deloitte* focusing on aspects like investment in global labour mobility and growing technical skill training for workforce development (Deloitte, 2022). Similarly, Read and Fenge (2019) have observed the impact of Brexit on workers engaged in *social care services* in the UK. Brexit has affected the ability to hire nurses and other workers involved in social care from EU regions based on low pay and higher job insecurity. This underlies the growing pressure on employers in the UK to increase labour investment for workers belonging to different economic sectors. These aspects determine workplace mobility and are vital for responding to market competition.

3.2 Impact of the pandemic

The impact of the pandemic has been increasingly felt on the human resourcing strategies in the UK, which have significantly revealed internal inequalities in the labour market. One of the most significant changes is the transformation in the structure of working arrangements across organisations in the UK and all over the world, underlining the need to institute significant policies toward change management. This can be understood with reference to effective change management theories, including the framework provided by “*Kotter’s change theory*”. This theory provides the arrangement necessary for organisations in instituting change in their HRM models in the aftermath of the pandemic. These involve creating an urgency, building effective coalitions, formulation of a strategic vision, obtaining the necessary resource support, implementing action, assessing short-term objectives, accelerating and instituting change (Asirifi *et al.* 2022). This

change framework is important for assisting organisations in responding to the changing HRM requirements in the post-pandemic period.

An important consequence of the pandemic was the introduction of remote working arrangements, indicating the importance of effective communication and *distance management* practices, requiring a range of new competencies among managers. (Caligiuri *et al.* 2020) have stated that managing employees from varied geographical regions requires effective mentoring and conflict-resolution skills, which are necessary for improving workforce management. The growing importance of advanced HRM tools for employee recruitment and retention, including those which facilitate an improvement in planning and performance management activities, is an important consequence of the changes affected by the pandemic. This discussion implies that there has been a significant transformation in the demand for managerial skills in the aftermath of the pandemic, which are important for responding to the new HR sourcing requirements.

Another important change in sourcing methods is the *diversification of recruitment opportunities*, with employers utilising a range of platforms for employee recruitment. The use of digital tools for screening, along with the growing popularity of social media as an important platform for recruitment has assisted the growth and development of recruitment facilities. On the other hand, Butterick and Charlwood (2021) have stated that an important factor what determines the future direction of HRM policies is the growing focus on employee well-being is an important factor that drives suitable HRM policies. This has diverted trends from an increasing *“commodification of labour”* and focused instead on improving workplace characteristics and the quality of work performed by employees. This is a major factor that affects change in sourcing strategies and is instrumental in understanding the internal microeconomic changes across organisations, affected by macroeconomic trends, involving alteration in labour demands in the post-pandemic scenario. The graph presented below provides information on the most effective HRM policies according to a survey of UK employers in the post-pandemic period. It indicates that around 45% of employers from different industrial sectors have considered the availability of workplace benefits as important for sustaining employee retention (Statista, 2020). This implies that apart from aspects like growing job insecurity and furloughs in the aftermath of the pandemic, a growing awareness among employers regarding the benefits of improvement in HR sourcing strategies is an important consideration.

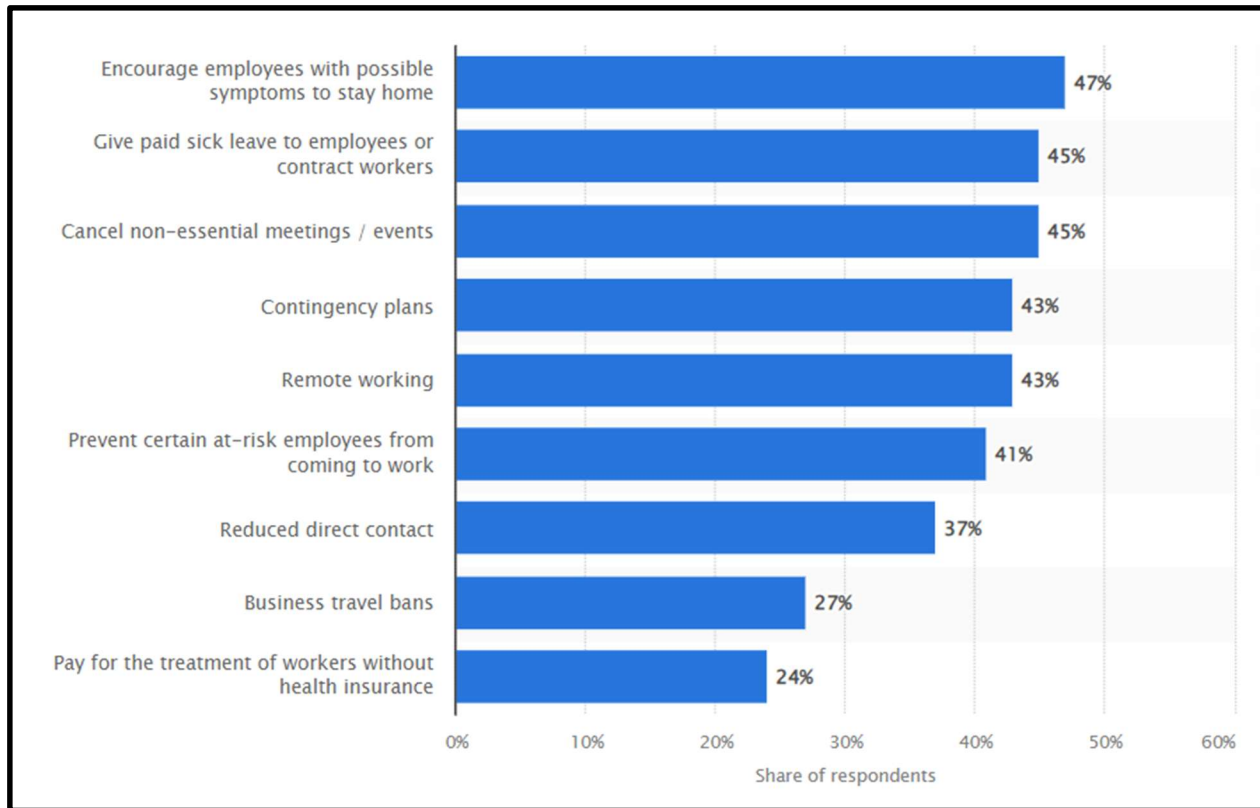


Figure 5: Effective actions for employees in the post-Covid situation

(Source: Statista, 2020)

4. Conclusion

This report has begun with a discussion of the existing labour market situation in the UK, affected by the impact of Brexit as well as the pandemic. Analysis of this situation reveals steady signs of improvement, in spite of the considerable economic losses suffered as a result of the pandemic. Consequently, there has been a significant change in HR sourcing strategies, with a growing dependence on talent recruitment and retention. The pandemic has altered the strategies for HR management, with the demand for an improvement in managerial skills and the need to respond to the social as well as economic demands of workers. This is important for identifying the importance of skill investment and digital expertise in handling competition in the current market scenario.

Reference

- Asirifi, M.A., Ogilvie, L., Barton, S., Bilash, O., Stobart, K., Aniteye, P., Kwashie, A., Ansong, G., Eliason, C. and Aziato, L., 2022. Reflections on change theory and community-based participatory action research: Congruent, similar or different?. *Journal of Nursing Education and Practice*, 12(3). https://www.researchgate.net/profile/Atswei-Kwashie/publication/355648077_Reflections_on_change_theory_and_community-based_participatory_action_research_Congruent_similar_or_different/links/617d9ae53c987366c3094886/Reflections-on-change-theory-and-community-based-participatory-action-research-Congruent-similar-or-different.pdf
- Bell, D.N. and Blanchflower, D.G., 2020. US and UK labour markets before and during the Covid-19 crash. *National Institute Economic Review*, 252, pp.R52-R69. <https://dspace.stir.ac.uk/bitstream/1893/31481/1/final%20NIESR%20April%2017th%20covid-19%20bell%20blanchflower%202-3.pdf>
- Butterick, M. and Charlwood, A., 2021. HRM and the COVID-19 pandemic: How can we stop making a bad situation worse?. *Human Resource Management Journal*, 31(4), pp.847-856. <https://onlinelibrary.wiley.com/doi/pdf/10.1111/1748-8583.12344>
- Caligiuri, P., De Cieri, H., Minbaeva, D., Verbeke, A. and Zimmermann, A., 2020. International HRM insights for navigating the COVID-19 pandemic: Implications for future research and practice. *Journal of international business studies*, 51(5), pp.697-713. <https://link.springer.com/article/10.1057/s41267-020-00335-9>
- Cortez, R.M. and Johnston, W.J., 2020. The Coronavirus crisis in B2B settings: Crisis uniqueness and managerial implications based on social exchange theory. *Industrial Marketing Management*, 88, pp.125-135. <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7203032/>
- Cumming, D.J., Wood, G. and Zahra, S.A., 2020. Human resource management practices in the context of rising right-wing populism. *Human Resource Management Journal*, 30(4), pp.525-536. <https://drive.google.com/file/d/1hF9MnDCIYZCm2Dgx0lreRdcEc-1SnuO3/view>

Deloitte, 2022, *The Impact of the Digital Age on Global Mobility 2017 Global Workforce Trends* [Online], Available at: [deloitte-uk-global-mobility-trends-latest/](https://www.deloitte-uk-global-mobility-trends-latest/) [Accessed on: 27th December, 2022]

Di Giannatale, S. and Roa, M.J., 2019. Barriers to Formal Saving: Micro-and Macroeconomic Effects. *Journal of Economic Surveys*, 33(2), pp.541-566. <https://onlinelibrary.wiley.com/doi/abs/10.1111/joes.12275>

Fetzer, T. and Wang, S., 2020. Measuring the regional economic cost of Brexit: Evidence up to 2019. https://warwick.ac.uk/fac/soc/economics/research/workingpapers/2020/twerp_1280_-_fetzer.pdf

ons.gov.uk, 2022, *Labour market overview, UK: September 2022* [Online], Available at: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/september2022#:~:text=The%20most%20timely%20estimate%20of,since%20May%20to%20July%201974.> [Accessed on: 27th December, 2022]

Read, R. and Fenge, L.A., 2019. What does Brexit mean for the UK social care workforce? Perspectives from the recruitment and retention frontline. *Health & social care in the community*, 27(3), pp.676-682. <https://onlinelibrary.wiley.com/doi/pdf/10.1111/hsc.12684>

Ridgway, M., 2019. Brexit: human resourcing implications. *Employee Relations: The International Journal*. http://irep.ntu.ac.uk/id/eprint/36824/1/14067_Ridgway.PDF

Sloman, P., 2019. Redistribution in an Age of Neoliberalism: Market Economics, 'Poverty Knowledge', and the Growth of Working-Age Benefits in Britain, c. 1979–2010. *Political Studies*, 67(3), pp.732-751. <https://www.repository.cam.ac.uk/bitstream/handle/1810/287866/Transfer%20state%20Political%20Studies%20August%202018.pdf?sequence=1>

Statista, 2020, *Opinion on actions employers in the UK should take in response to Coronavirus 2020* [Online], Available at: <https://www.statista.com/statistics/1105678/opinion-on-actions-uk-employers-should-take-2020/> [Accessed on: 27th December, 2022]

Statista, 2022a, *Unemployment rate of the UK 1992-2022, by country* [Online], Available at: <https://www.statista.com/statistics/279990/unemployment-rate-in-the-uk-by-country/> [Accessed on: 27th December, 2022]

Statista, 2022b, *Number of people employed in private sector businesses in the United Kingdom in 2022, by sector* [Online], Available at: <https://www.statista.com/statistics/677095/employees-by-sector-uk/> [Accessed on: 27th December, 2022]

tradingeconomics.com, 2022, *United Kingdom Unemployment Rate* [Online], Available at: <https://tradingeconomics.com/united-kingdom/unemployment-rate> [Accessed on: 27th December, 2022]

Vines, D. and Wills, S., 2018. The rebuilding macroeconomic theory project: an analytical assessment. *Oxford Review of Economic Policy*, 34(1-2), pp.1-42. <https://www.academia.edu/download/61056818/RebuildingMacroTheory.OxfordReviewEconPolicy201820191029-9453-9nht0x.pdf>