



Prifysgol Cymru
Y Drindod Dewi Sant
University of Wales
Trinity Saint David

HUMAN RESOURCES MANAGEMENT
ASSESSMENT 1

LECTURER: GLADIUS KULOTHUNGAN

STUDENT NAME: MANAV AKSHAY GANDHI

STUDENT ID: - 2225500

MODULE: - LCMB7000

Executive summary

A report is prepared to highlight various aspects of HRM in the UK environment. In doing so, the report analysed the labour market statistics of the UK to find out the volatility or tightness in the market. It was observed that, due to a tight labour market, few HR challenges are faced in the UK environment. The second part of the report performs a PESTLE analysis to understand how the external environment of the UK in the post-Brexit and post-Covid-19 situation causes emergent changes in the HRM practices, strategies and policies. The report identifies the emergent changes as higher adoption of digitisation, reformed WHS policies sustainable HRM practices and others.

Table of contents

Introduction.....	4
a) The current state of the labour market in the UK	4
Employability	4
Un-employability	5
Current status of the UK labour market	6
Challenges of HRM related to tight labour market	6
b) The emerging changes in Human Resourcing Strategies in the post-Covid, post-Brexit external environment	8
PESTLE analysis.....	8
Analysis of the post-Brexit and post-Covid-19 market of the UK.....	10
The emerging changes in the HRM strategy, policies and practices	11
Conclusion and recommendation.....	13
References.....	14

Introduction

Human Resource Management (HRM) is the practice of hiring, recruiting, deploying as well as managing the employees of an organisation. According to Mathis et al. (2016), HRM is often referred to as an organisational department to create and manage policies while governing workers and their relationships within an organisation. In fact, HRM is identified as an employee engagement that considers employees as assets of a business or human capital. In doing so, the ultimate goal of HRM in an organisation is maximising the effective usage of employees while reducing risks and increasing return on investment. As far as the importance of managing employees in an organisation is concerned, HRM practices are designed to manage people within an organisational setting for achieving the organisational mission and reinforcing the organisational culture (Bratton et al., 2022). This is why the key HRM activities include recruiting the ideal new professionals, engaging them in business activities and retaining them to maximise the benefits. However, HRM practices are often influenced by labour market statistics and the impact of other external environmental factors in the business environment. Based on this context, the purpose of the report is to analyse the current state of the labour market in the UK. Additionally, informed on the labour market situation, in the post-Covid and post-Brexit markets, the emerging changes in the HRM strategies will be discussed.

a) The current state of the labour market in the UK

Employability

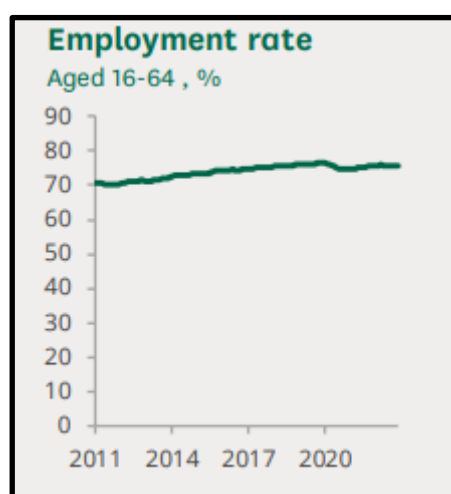


Figure 1: Employment rate UK from 2011 to 2023

(Source: UK parliament, 2023)

As per the latest labour market statistics, from November 2022 to January 2023, the total number of people under employment in the UK is reported as 32.84 million with an employment rate of 76.7% (UK parliament, 2023). The rate gradually increased from 2011 to the beginning of the Covid-19 pandemic. In early 2020, the employment rate reached 76.6%, which fell following the lockdown during the pandemic period in the UK and kept dropping. While comparing the rate with the previous quarter, it is observed that the employment rate rose by .1% from the previous quarter, which was 75.6%. (UK parliament, 2023)

Un-employability



Figure 2: Unemployment rate UK from 2011 to 2023

(Source: UK parliament, 2023)

As far as the unemployment rate is concerned, from November 2022 to January 2023, a total of 1.25 million people were unemployed in the UK with a slightly rising level from the previous quarter, which fell over a year. The unemployment rate was 3.7% which was less than the previous year of 4.0% (UK parliament, 2023). However, the situation is not as stable as it used to be prior to the pandemic period. The report published by the UK parliament revealed that, before the pandemic, the unemployment rate was low, which rose to 5.2% in late 2020. However, the levels are now reaching top stability and the rate is much lower (UK parliament, 2023).

Current status of the UK labour market

Therefore, in the analysis of the rate of employment and unemployment, it can be argued that the current labour market of the UK is tight. According to Barnichon and Figura (2015), a tight labour market is indicated by a low unemployment rate and higher vacancy level, where most of the individuals who are willing to work are currently employed. While the situation indicates the profitability of the business, it gives harder or tight time for the organisation to manage resources as the recruitment is pre-challenging and more difficult than usual with the mounting pressure. While analysing the labour market of the post-pandemic period, Blundell et al. (2022) argued that the driving factor of economic boost in the UK labour market is due to the number of economically inactive people since the initial stages of the pandemic. Besides, the lower rate of immigration from the EU reduced the number of people in the labour market. As a whole, the demand started recovering at a much faster rate than usual since the pandemic. Additionally, the labour market report informs that having a tight labour market indicates tightness as a regular factor in the growth of nominal wages, which causes upward pressure on regular inflation through the recent rise in inflation due to higher increases in prices of goods and global energy (UK parliament, 2023). Therefore, the only way to loosen up the labour market depends on how likely the workers slow down along with the demand and how persistent inactivity is there with high economic value.

Challenges of HRM related to tight labour market

As mentioned earlier, a tight labour market indicates difficulties for HR departments especially in recruitment. However, wider research on the impact of a tight labour market on HRM activities indicates that, along with difficulties in recruitment, there are challenges for other HRM activities, which are analysed below.

- Wage growth challenges

While a reduced unemployment rate is a positive indicator of the economic growth of an organisation, from the perspective of HRM, the situation is troublesome. This is why, during talent shortage, HR specialists can manage within internal resources. However, in a tight labour market as the supply of jobs increases, the talent decreases exponentially (Butterick and Charlwood, 2021). As a result, the HR leadership is left with no option but to increase wages under pressure to find the ideal and suitable candidates to keep the staff intact. Bolt et al. (2022)

argued that usually wage growth happens in case of low unemployment. However, things tend to be complex when the economy has achieved its full employment as the demand for workers starts outstripping the available supply. Hence, additional challenges such as designing payroll, defining wages and making contracts with employees become difficult.

- Retention challenges

As far as retention challenges are concerned when the availability of jobs exceeds job seekers, the organisational talent needs to believe that the organisation is better than other alternatives. For example, if the employees are dissatisfied with benefits such as work-life balance, opportunities for growth or management practices, there are certain factors contributing to the voluntary resignation. (Tessema et al., 2022) This is why the HR teams of an organisation need to find solutions to keep the employees happy and engaged. Along with an increase in wages, other measures can be adopted such as positive work culture, quality management, recognition and reward. The phenomena can be further analysed by applying Herzberg's two-factor model of motivation. According to theory, while the loss of hygiene factors results in dissatisfaction among employees, investing in motivational factors leads to happy, engaged and satisfied employees (Hajiali et al., 2022). According to Hauret et al. (2022), happy and satisfied employees are likely to stay longer within an organisation. Thus, employee retention is improved. This is why, along with offering the right wages and ensuring job security, the HR teams of organisations in the UK need to focus on developing a positive work culture, and appropriate talent and offer them growth opportunities so that they can be retained in the tight labour market.

- Challenges of scheduling interviews

As mentioned earlier, during a tight labour market, along with plenty of job opportunities the scope of finding the right talent decreases as job seekers become surrounded by various options. Knies et al. (2022) argued that organisations operating in a tight market find it difficult to schedule the interviews of candidates due to the sheer excess of opportunity. Considering the concern, the HR teams of organisations in the UK can opt for hiring remote workers or offer rewards for qualified leads or referrals. Doing so would help organisations to manage resources effectively.

b) The emerging changes in Human Resourcing Strategies in the post-Covid, post-Brexit external environment

PESTLE analysis

Before analysing the impacts on HRM strategies, policies and practices, a key examination of the external environmental factors of the UK market post-Brexit and Covid-19 is required, this is performed by applying the PESTLE analysis.

Factors	Description	Impact
Political	• Post-Brexit, the trading relationship of the UK is degraded with the rest of the members of the EU • Post-Brexit, the tariff rates increased (Freedman and Loutzenhiser, 2022)	Negative: The scope of doing international trading is reduced.
Economical	• Post Covid-19 and Brexit, the current employment rate reached 76.7% (UK parliament, 2023) • The current unemployment rate is 3.7% (UK parliament, 2023)	Moderate: While the economic growth is witnessed the labour market became tight
Socio-cultural	• Post-Covid-19, the work pattern mostly became remote (Al-Habaibeh et al., 2021) • The gig economy is increasing	Positive: Alternative work patterns can be introduced and work life balance can be improved
Technological	• The Covid-19 raised the wave of adoption of new technology by 11% in the UK (Valero et al., 2021) • Digitisation has become a key trend across various industries in the UK	Positive: organisational productivity is streamlined

Legal	• After the Covid-19, the UK government has introduced a new act named “Coronavirus Act 2020” (UK government, 2023) • Based on this act, “Public Health (Control of Disease) Act 1984” is reformed	Positive: Workplace environment and hygiene is improved, WHS policies are reformed
Environmental	• Post Covid-19, people have shifted to living more sustainable lifestyle • The UK government has developed a recovery plan and sustainability plan Post Covid-19 and Brexit respectively (Cricelli and Strazzullo, 2021)	Positive: Organisations are guided to run the workforce effectively.

Table 1: PESTLE analysis of the post-Covid-19 and post-Brexit in the UK market

Analysis of the post-Brexit and post-Covid-19 market of the UK

According to the above table, it is observed that, in the political segment, after Brexit, the trading relationship of the UK has degraded with the other EU members in Europe. Additionally, post-Brexit, the tariff rates also increased. These two factors contribute negatively to the capability of UK-based businesses to manage the expatriates and undertake international projects with countries in the EU. Therefore, the potential job opportunities for UK workers aside from the country have been reduced. On the other hand, the current labour market firms, lower unemployment rate and higher employment rate are making the labour market tight, which is both profitable and challenging for UK businesses (UK parliament, 2023). This is because, on one hand, the economic stability is reaching, on the other hand, due to tightness in the labour market, the search for talent has become difficult for organisations in the UK due to the higher availability of jobs in the market. As far as sociocultural factors are concerned, from the perspective of work patterns, after Covid-19, remote working patterns

have been detected in the majority of UK organisations and around the world, which has transformed the way people used to visit offices and perform their duties (Al-Habaibeh et al., 2021). Thus, with the increase in remote working, the gig economy of the UK is growing parallelly. Therefore, HR policies have become strict and complex to monitor the performance of employees.

From the technological perspective, after Covid-19, organisations have leveraged technological adoption to streamline the work progress. Besides, to cope with the growing remote working culture, organisations are opting for digitisation in business processes (Valero et al., 2021). Hence, HR activities have now become advanced. The most notable changes after Covid-19 in the UK labour market were witnessed as the legal standards. The Coronavirus Act 2020 acts as general guidelines for individuals to follow the restrictions to avoid transmission and prevent the spread of diseases, as well as the recovery measures. Additionally, based on the new legislation, reforms of the public health act are commenced. These two acts further ensured that the organisations need to revamp their WHS policies in the UK. According to Harney and Collings (2021), managing the health and safety of employees at the workplace is a common HR policy that needs to be robust, otherwise, the organisations can be charged with the negligible office. Moreover, after Brexit, the UK government announced a sustainability plan and after Covid-19, the government announced a recovery plan for organisations, so that sustainable business practices can be retained in the UK market. This is why HR policies are also trying to be sustainable to ensure sustainable business in the long run.

The emerging changes in the HRM strategy, policies and practices

- Instead of exchanging resources from foreign countries internal resource sharing is commenced

Owing to the political challenge of poor trading relationships with countries of the EU, the scope of undertaking foreign projects and the cost of managing expats is reduced. In order to use the cost strategically, along with arranging training programmes, the HR teams are sharing resources internally across various branches to develop a multicultural and robust work culture (Adam, 2022).

- Focusing more on benefits to retrain the employees

It is observed that, in the tight labour market, to manage the talents, organisations need to keep them satisfied. This is why, to motivate the employees, the HR teams started investing in benefits to manage the work-life balance of workers. The situation is intense as in the post-Covid-19, the majority of the employees preferred doing work-from-home or remote working. Hence, when organisations are opting to offer a similar work-life balance, HR teams are working hard and come up with innovative strategies to satisfy and motivate the employees (Adisa et al., 2022).

- Adopting digitisation to monitor employee performance, wages and others

The post-Covid-19 environment of the UK labour market indicates how technological adoption has increased in the last couple of years. Besides, due to the higher rate of remote working, monitoring the performances of employees has become extremely difficult as people are not working face-to-face in the company or are available within the scheduled time on office premises (Jeske, 2021). As a result, due to the lack of physical and emotional presence of employees and managers, HR teams have leveraged digitisation to monitor the performance of employees using cloud technology. According to Vahdat (2022), cloud technology and AI have become innovative solutions in the global labour market to manage the workforce in HRM.

- WHS policies are reformed

According to Bratton et al. (2021), forming, implementing and managing WHS policies are some of the key significant duties of HR professionals as managing the health and safety of workers is a top priority. Besides, if workers are not fit, then, they would not be able to contribute positively to the workplace. However, the recent Covid-19 revealed how deadly the virus was as it was easily transmissible. Moreover, Gonçalves et al. (2021) argued that the coronavirus pandemic taught the global HRM to understand the significance of maintaining hygiene in the workplace. This is why, based on the new coronavirus act and the reformed public health act of the UK government, the HR teams of the UK-based organisations are reforming WHS policies to ensure a healthy and safe workplace for workers.

- Focusing more on green HRM practices

Post-Brexit and post-Covid-19 revealed how the UK government is fostering green and sustainable practices for organisations with sustainability plans and recovery plans. In order to abide by the progress, the HR teams of UK-based organisations are focusing more on green

HR solutions such as sustainable usage of resources, sustainable benefits, and generating awareness among employees (Paulet et al.,2021).

Conclusion and recommendation

The report revealed that the current labour market of the UK is tight, which is impacting HRM practices negatively. For example, the HR teams of organisations are finding it hard to find talent due to higher job availability. Besides, retaining employees, scheduling interviews and increasing wages have become challenges. However, in the post-Brexit and post-Covid-19 situation, the UK labour market is moderate, which is both challenging yet offers various solutions for HRM strategies, policies and practices. Some of the emerging changes are adopting digitisation, focusing on green HRM practices, investing more in employee motivation, maintaining WHS and others. Overall, the changes are directed towards a positive future for the labour market of the UK through sustainable HRM solutions.

As far as recommended strategies are concerned, the business need to revise and reform the existing HRM policies to embed all the necessary changes observed post Covid-19 and post-Brexit era. Besides, maximising the use of digitisation is recommended to improve the efficiency.

References

- Adam, C. (2022). The emerging contours of a post-Brexit Britain. *Oxford Review of Economic Policy*, 38(1), pp.1-10.
- Adisa, T.A., Antonacopoulou, E., Beauregard, T.A., Dickmann, M. and Adekoya, O.D. (2022). Exploring the impact of COVID-19 on employees' boundary management and work-life balance. *British journal of management*, 33(4), pp.1694-1709.
- Al-Habaibeh, A., Watkins, M., Waried, K. and Javareshk, M.B. (2021). Challenges and opportunities of remotely working from home during Covid-19 pandemic. *Global Transitions*, 3, pp.99-108.
- Barnichon, R. and Figura, A. (2015). Labor market heterogeneity and the aggregate matching function. *American Economic Journal: Macroeconomics*, 7(4), pp.222-249.
- Blundell, R., Costa Dias, M., Cribb, J., Joyce, R., Waters, T., Wernham, T. and Xu, X. (2022). Inequality and the COVID-19 Crisis in the United Kingdom. *Annual Review of Economics*, 14, pp.607-636.
- Bolt, E.E.T., Winterton, J. and Cafferkey, K. (2022). A century of labour turnover research: A systematic literature review. *International Journal of Management Reviews*, 24(4), pp.555-576.
- Bratton, J., Gold, J., Bratton, A. and Steele, L. (2021). *Human resource management*. London: Bloomsbury Publishing.
- 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.
- Cricelli, L. and Strazzullo, S. (2021). The economic aspect of digital sustainability: A systematic review. *Sustainability*, 13(15), p.8241.
- Freedman, J. and Loutzenhiser, G. (2022). Tax policy in the UK post-Brexit. *Oxford Review of Economic Policy*, 38(1), pp.188-204.

Gonçalves, S.P., Santos, J.V.D., Silva, I.S., Veloso, A., Brandão, C. and Moura, R. (2021). COVID-19 and people management: the view of human resource managers. *Administrative Sciences*, 11(3), p.69.

Hajiali, I., Kessi, A.M.F., Budiandriani, B., Prihatin, E. and Sufri, M.M. (2022). Determination of Work Motivation, Leadership Style, Employee Competence on Job Satisfaction and Employee Performance. *Golden Ratio of Human Resource Management*, 2(1), pp.57-69.

Harney, B. and Collings, D.G. (2021). Navigating the shifting landscapes of HRM. *Human Resource Management Review*, 31(4), p.100824.

Hauret, L., Martin, L., Omrani, N. and Williams, D.R. (2022). How do HRM practices improve employee satisfaction?. *Economic and Industrial Democracy*, 43(2), pp.972-996.

Jeske, D. (2021). Monitoring remote employees: implications for HR. *Strategic HR Review*, 20(2), pp. 42-46.

Knies, E., Borst, R.T., Leisink, P. and Farndale, E. (2022). The distinctiveness of public sector HRM: A four-wave trend analysis. *Human resource management journal*, 32(4), pp.799-825.

Mathis, R.L., Jackson, J.H., Valentine, S.R. and Meglich, P. (2016). *Human resource management*. Boston: Cengage Learning.

Paulet, R., Holland, P. and Morgan, D. (2021). A meta-review of 10 years of green human resource management: is Green HRM headed towards a roadblock or a revitalisation?. *Asia Pacific Journal of Human Resources*, 59(2), pp.159-183.

Tessema, M.T., Tesfom, G., Faircloth, M.A., Tesfagiorgis, M. and Teckle, P. (2022). The “great resignation”: Causes, consequences, and creative HR management strategies. *Journal of Human Resource and Sustainability Studies*, 10(1), pp.161-178.

UK government (2023) *Coronavirus Legislation* Available at: <https://www.legislation.gov.uk/coronavirus> (Accessed on 19 March 2023)

UK parliament (2023) *UK labour market statistics*. Available at: <https://researchbriefings.files.parliament.uk/documents/CBP-9366/CBP-9366.pdf> (Accessed on 19 March 2023)

Vahdat, S. (2022). The role of IT-based technologies on the management of human resources in the COVID-19 era. *Kybernetes*, 51(6), pp.2065-2088.

Valero, A., Riom, C. and Oliveira Cunha, J. (2021). COVID-19 spurred a wave of new technology adoption by UK businesses. *LSE Business Review*.