



INDIVIDUAL ASSIGNMENT

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MODULE:

HUMAN RESOURCE MANAGEMENT

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Executive Summary

The report discussed about the labour market in the UK. It focused on the challenges faced by the employment sector in the UK. However, the significantly decreasing unemployment rate is positive for the country and help in economic stability but the rising economic inactivity rate and rising vacancies has created tight labour market in the UK. This has impacted the HR strategies and policies and the professionals have implemented several changes in the existing policies that has been discussed in this report.

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1. Introduction

Human resource management can be defined with the key practices of recruiting, hiring implementing and managing the employees within the organizations. To complete these functions of HR department, it needs strategies that complies with the strategic goals of the business. The HR department within the organizations are responsible for implementing strategies and developing policies to keep everything on board. However, the HRM practices are important for managing people within the organization and achieve the desired goals and reinforce the culture. Additionally, the HR managers are responsible for monitoring the state of the job market to assist the firm to remain competitive. Hence, human resource management is an integral part of the modern business and it affects the business performance. Considering this the present report tends to discuss the current state of the labour market in the UK. This will provide insights into the trend and the challenges faced by the labour market due to the external forces. Further, the report will discuss the emerging changes in the human resource strategies in the current situation. Therefore, this will help in understanding the factors influencing the changes in the HR strategies.

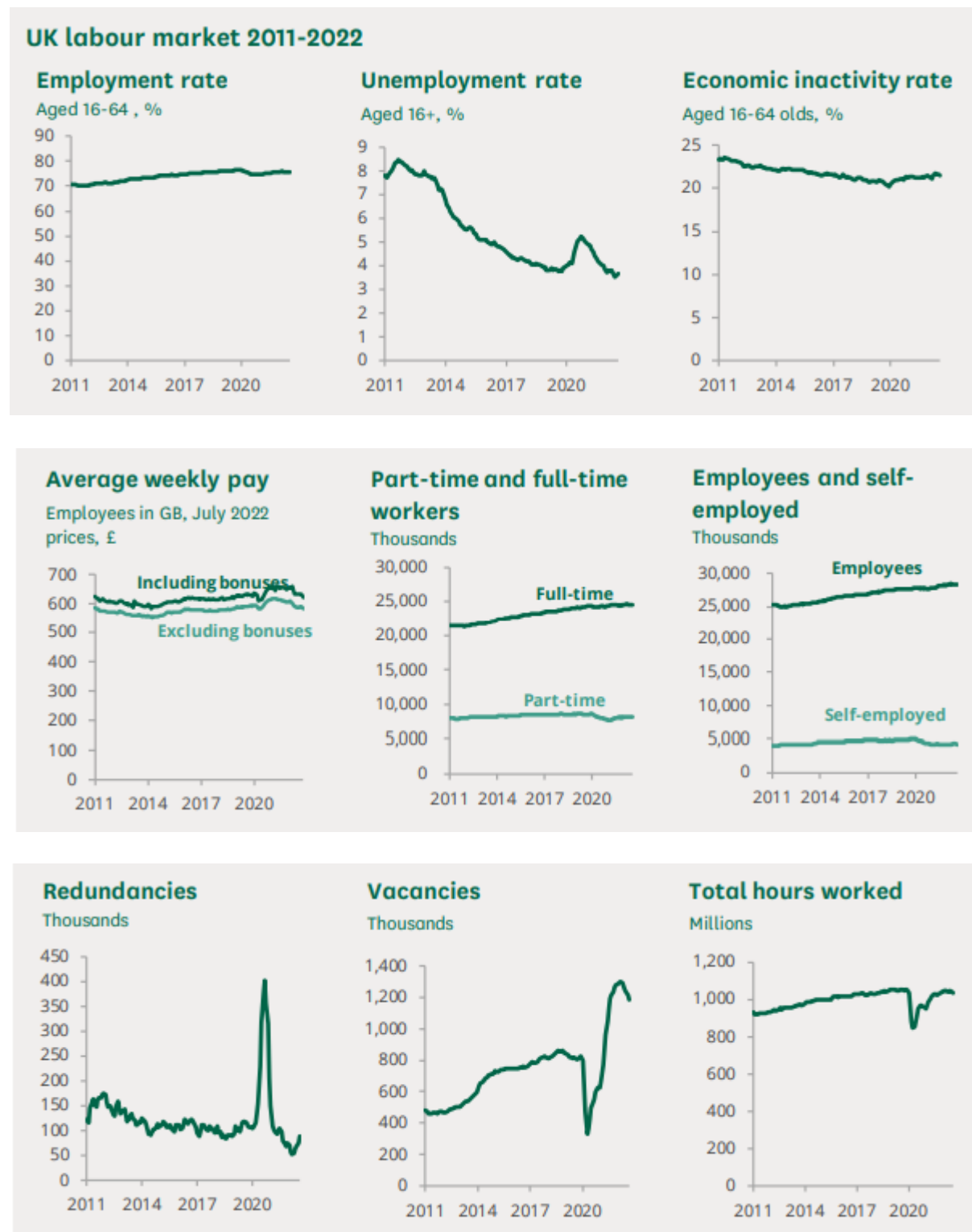
2. Current state of the labour market in the UK

2.0. Statistics related to labour market in UK

Based on the report of, UK employment rate has been declined by 0.3% and accounts at 75.5% for the period of June to August, 2022 (Ons.gov 2022). The previous quarter that ranged between March to May, 2022 faced high employment rate than other periods of the fiscal year. Hence, the number of workers declined in the final quarter. However, it is noteworthy that the graph of self-employed workers has increased. Reportedly, 1.0% lower than pre-pandemic levels of employment rate are computed recently. On the other hand, the unemployment rate for the period of June to August 2022 have seen decline by 0.3%. The number of the unemployed people per vacancy also face decline by 0.9. The economic inactivity rate raised by 0.6% points to 21.7% in June to August, 2022 compared to previous quarter that is March to May, 2022. The increase in the latest quarter was influenced by the set of individuals aged between 50 to 64 years and those aged between 16 to 24 years (Ons.gov 2022). The increase in the economic inactivity was due to inactive people remaining sick for long term and students continuing their studies. However, the surge in the number is due to the long-term sickness that influenced high record. The number of vacancies increased from 46000 to 1,246000 which is forecasted as the largest fall on the quarter since the fiscal year 2020. The number of the

vacancies rose to high levels. In terms of payroll, the percentage accounted at 6.0% growth in regular pay in June to August 2022. The strong growth in the payroll has been seen in the post pandemic period. Throughout the pandemic, the private sector has seen huge growth in the payroll.

2.1.Economic inactivity as a challenge

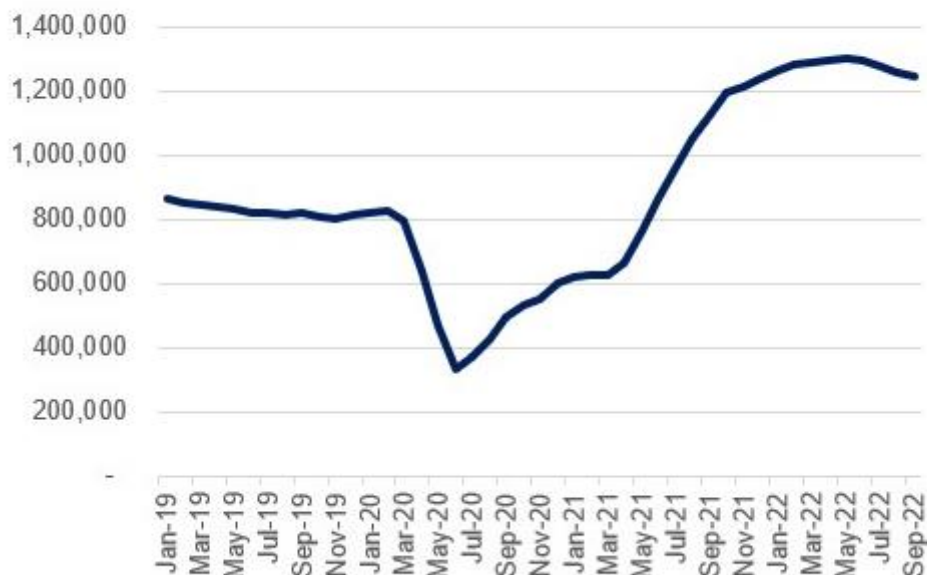


(Source: Ons.gov 2022)

Around 8.94 million population in the UK are economically inactive and not actively looking for work. The age group 50-64 has seen largest increase in activity and the reason is pandemic. Around two thirds of the population left their jobs to retire. On the other hand, recently the data confirmed that the UK is experiencing the tightest labour market over the past years. The research showed that labour shortages are not allowing the businesses to expand the customers base by serving more customers. Although, the decline in the number of job vacancies, the overall percentage remains very high. As a result, the businesses are presently experiencing a number of challenges starting from global supply chain disruption, rampant inflation and surging interest rates. One of the challenges faced in the labour market is labour shortage that reduce the business confidence. Even if the unemployment rate is low in the country, the rise in the economic inactivity rate is high in the country that is a matter of concern. The long-term sickness is one of the main factors behind this. The weekly earnings of the labour market are also outstripped by inflation for the workers. Hence, the matter of concern is the labour shortage in the labour market of UK.

2.2.Tight labour market of UK

Number of UK vacancies



(Source: Ons.gov 2022)

In a report, the director of the institute for employment studies concerned the contradiction in the labour force. The reason has been pointed out at the higher economic inactivity. The high economic inactivity in the country is fuelled by a number of older people quitting the labour force. Again, the employees worrying about the health conditions have left the labour force recently. The reduction in the number of the expatriate worker is a factor that influence the economic inactivity. The outbreak of pandemic affected the UK market and caused loss of around 500000 individuals (Partington, 2020). Since, the UK population is getting older which results in tight labour market. Hence, this has induced the employers to rethink strategies for recruitment and training. The economists have opined that with the economies slow, the demand for the labour will decline. Despite, it has been suggested that the forecast recession, upsurging inflation and inclining employer flexibility is positive for bringing people back into work. With enough flexibility, the people thinking that office working did not suit them might re-enter the workforce due to the flexibility. Based on the report of CIPD labour market, the leverage on the training and development for the employees can help in retaining and recruiting employees. The CIPD advocates that the policies of apprenticeship levy which has not yet achieved the objectives can help in this case by partnering with incentives and spending on training which goes well with the business needs. Further, it has been found that the workforce shortage has rightly affected the UK market as there is no short-term strategy. As the SMEs do not have the ability to increase the wages aggressively like the large companies in the UK, the SMEs face challenges for overcoming the labour shortage issue. Reportedly, the food and drink manufacturers have been reported of having higher vacancy rate than ever before. The shortage is seen in both the roles and skills (CIPD 2022). For example, engineers, legal and HR roles are vacant whereas the technical specialists and production operator roles remained vacant recently. The results indicated that the employers are struggling to fill the vacant positions. However, the payment increase is challenging for the monetary policy makes as well as the businesses. High rise in the wages along with low unemployment could make pressure on the Bank of England to increase the rate of interest. Thus, this situation can cause a tough conundrum for the country and the labour market of UK.

3. Emerging changes in Human Resource strategies in post COVID, post Brexit external environment

A report suggested that the businesses need to focus on people more than before because the current situation demands for retaining and upskilling the staff. Again, the economists suggested that the employers need to be more creative in integrating co-investment and industry

led approaches to comply with the organizational funding along with government assistance in order to accelerate the training (ICAEW. 2022). It has been found that the support should be from the employers for ensuring quality of the jobs, inclusive recruitment, designing of jobs, flexibility and job security. There is again requirement for improved payment and working conditions because of the low skilled workers and ageing population in the UK labour market. However, the HRM strategies have been drastically evolved with time. It has been tailored due to the outbreak of pandemic. The communication efforts have been emphasized by the HR departments in the UK businesses have emphasized the counselling and collaboration for ensuring two-way communication with the employees (Lee, 2021).

3.0.Focus on well-being

The HR department has leveraged counselling sessions to employees and help them to overcome the challenges faced due to the pandemic. It has been also observed that the HR strategies include more support for the employees nowadays. As the employees need recognition nowadays, the HR professionals have acknowledged this matter and offered the required support and communication. Hence, the policies recently have included the interactions between the line management and employees so that they can retain the employees for a long term (Kalogiannidis, 2021). Not only this, the HR professionals have acknowledged the need for providing managers with the effective guidance on how the impact of pandemic influencing job security, staffing and alternative models in the workplace can be reduced for the employees. For example, UK-based leading retailer Sainsbury's have adopted a strategy and included a policy in the HRM which focuses on providing assistance to the employees so that they can overcome the challenges related to the pandemic and Brexit (Reuters. 2021). Since, the pandemic had an impact on the job security, the HR are found to make effective strategies so that improved interaction between the employees and the managers can be ensured.

3.1.Focus on Work-life balance

A major shift in the policies have been found to be on the work life balance after the pandemic and Brexit, the concern has induced the HR professionals to integrate flexibility in the employment laws. The employees having flexibility are more likely to perform better and manage productivity within the organization. Flexibility for the employees is one of the key factors to retain the employees for the long term and engage them with the organization. The company like Marks and Spencer have tried to integrate the flexibility in the HR policies which

helped them to show value towards the efforts of the employees (M&S. 2020). Flexibility is again interrelated to the job satisfaction; hence this helps in attracting more talents within the organization and ensuring effective staffing for the long term and managing business performance. It has also been found that the HR department has included the measures for non-compliance in post covid. The HR professionals are more focused towards the unethical behaviours, reminding the employees of the channels for reporting misconduct and so on (Fdf. 2022). Therefore, the zero tolerance is emphasized heavily more than ever in the organizations nowadays more than before.

3.2.Focus on rewards and recognition

Again, as the pandemic caused major disruptions and affected the employee's engagement, the HR professionals are multiplying the recognition initiatives and efforts to regain the employee engagement within the organization. Effective recognition often motivates the employees and saves time. Recognition in the new policy is in different forms beyond monetary rewards. The rewards such as public acknowledgement, development opportunities and career development benefits have been emphasized by the HR professionals to boost and encourage people participation.

3.3.Technological integration

Furthermore, the HR strategies have now included technological transformation or disruption. The strategies include digital assistance for the employees so that the work load can be managed by the employees (Azizi et al. 2021). The integration of technologies has benefitted the businesses as well as allowed the employees to focus on the training and development opportunities provided by the organization. HR managers are again leveraging the need and providing opportunities for improvements in innovation with the integration of the technologies. For example, Tesco is leveraging technological disruption which is benefiting the business to manage the engagement and development opportunities for the employees. This helped in encouraging the employees after the Brexit (Assaad, R. and El-adaway, 2021). The impact of Brexit on the employment had been devastating. Hence, the HR strategies are developed in a way to foster the technological advancement that can assist the employees in their work and enable them to complete their tasks faster.

3.4.Employee upskilling

Finally, a change in the HR strategies is found related to the training and development to upskill the employees. The employee customization trend has facilitated the need for the

appreciation at the individual level. Hence, the development of the programs and learning opportunity is helping to overcome the challenge of Brexit.

3.5.Talent requirement

Global recruitment for talent can increase due to the Covid 19 pandemic having driven remote work at the different workplaces (Przytuła, Strzelec and Krysińska-Kościńska 2020). The organisations have been affected by the ability to recruit the talented personnel from beyond geographical barriers since the employees are more able to work from home and thus do not require geographical proximity to the places that they are working for. This means that the companies can source talent from across borders, and thus they can attract remote talents who have been looking for roles that provide them with the flexibility of working from a convenient location. This can help the companies in being able to acquire talent in much better quality in the current circumstances. Global decentralisation has also increased, since the pool of candidates have increased, which has helped with the employers having more bargaining power, thus choosing the best candidates for the job. In the post Covid environment, the employees have been competing in the global environment. However, while this opens up the pool of talent that is available to the employers, this also means that the employers need to be aware that the cost of labour is no longer only subject to the local conditions, and the foreign conditions also need to be taken into account for the organisations to have effective human resources management.

The talent management in the organisations have been becoming more aligned with the just in time supply chain management system, which has increased the benefits of third-party outsourcing companies (Feng and Geng 2022). The flexible onboarding of the experts who have high skills can become possible for the organisations when required due to the rightsizing of the workforce delivering extra benefits for the organisation. The labour laws in different employment conditions also differ, which shows that different markets are likely to have different ways of flexibly choosing the employees, and the organisations can take advantage of the arbitrage impacts between the different markets which will help the employees in becoming more cost efficient. The employees would also have the flexibility to manage their own time and work life balance which can help the organisations in letting its top management dedicate more time and skills towards taking other and more significant decisions in the organisations. The organisations have been able to increase the decentralisation of the workforce due to the pandemic.

The companies have been taking steps that improve the opportunities of the employees to thrive and have increased well-being opportunities. The current offerings of corporate well-being include the options like health portals, webinars, well-being challenges, online and telephonic coaching and so on. The loneliness at the workplace can affect the employees in the organisations, and hence many companies have started to provide more mental health care options that the employees can avail in order to take care of their well-being requirements. This can help them in being more committed while also helping them with taking steps towards having improved productivity. The uncertainties of the pandemic and the Brexit has affected the employees and their social and psychological needs, which can be mitigated through health requirements being met (Forbes 2021). Hermes UK, for instance, has launched an online wellbeing hub, appointing 72 mental health ambassadors for supporting staff members (AAT 2021).

4. Conclusion

From the overall discussion, it can be concluded that the labour sector has been impacted due to the pandemic and Brexit. The recent data revealed that there is a huge number of vacancies but with low unemployment rate. The ageing candidates are contributing to the economic inactivity. However, HR professionals are integrating several strategies to overcome the challenges and benefit the scenario. A number of changes have been done in the HR strategies which contributed to engagement, performance and improved retaining of the employees.

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