



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 GENERAL MANANGEMENT
SEMESTER -1
STUDENT NAME: SANJAY PRAKASH SUGUMARAN
STUDENT NUMBER: 2128846

Executive Summary

In the United Kingdom, Brexit and pandemic had a significant impact in the labor market. Various strategies and interventions were adopted by government and non-governmental organizations to handle the crisis situation. The effective HRM strategies assisted in efficient handling of the challenging situation.

Table of Contents

1.Introduction.....	4
2.Mainbody.....	4
3.Current Labour market in the UK.....	4
3.1 Changes in the labour market due to covid 19.....	5
4. Effective Human resourcing strategies.....	6
4.1 Flexibility and employee's virtual lifecycle.....	6
4.2 Technical support and resources for home office setups..	7
4.3 Changes in the hiring process.....	7
4.4 Focus on employee development.....	7
5.Changes Introduced by Brexit.....	7
5.1 Strategies to overcome the Challenges.....	8
6.Conclusion.....	9
7.References.....	10

1. Introduction

This current report is intended to analyse and evaluate the current state of labour market in the UK. For the sustainable and uninterrupted economic growth of a nation, it is necessary to have a good labour market and workforce. There have been various changes in the labour market of different countries because of the outbreak of pandemic and various political interventions. In the UK, the implementation of Brexit was a factor that resulted in various changes in the economic and other factors of the nation. Similar to the changes brought forward by the Brexit, emergence of pandemic was an inevitable factor that caused several changes in the nature of the work and overall, the labour market. Hence through this report, the current state of labour market in the UK will be analysed along with the corresponding changes that was adopted by the human resource management to cope up with post Covid and post Brexit external environment.

2. Main body

Labour market of a nation is a key factor that drives the economy of the nation. Labour market is integrated with many interlinking factors such as services and capital. British labour market is known to be fairer and more equal when it comes to employment. From a state of women allowed to work only after marriage years ago, in the present scenario, it is illegal for the employers to discriminate employees based on their ethnicity, race and gender. Employment in the UK can be considered as working in public and private sector or in the self-employment category (Herz and Van Rens, 2018). Yet another aspect that is related to the labour market fluctuations in the UK is high rate of inflation, which resulted in continuous fall in the earnings of the UK population. Similar to the effects of inflation and high cost of living in the country, few other attributes that introduced significant changes was Covid 19 and Brexit.

3. Current labour market in the UK

Data from 2022 indicates that 32% of all workers in the UK were involved in public administration, health and education in the year 2021. This is the sector that involves the highest number of employees. Considering the employees by their ethnic group reflects that, in every ethnic group majority of the percentage was employed in education, public administration and health in 2021. In the time period of august-October 2022, employees aged above 16 contributed to 32.7 million, and the employment rate was this age group was 75.6% (Markova and Tosheva, 2021). during the end of 2022, 24 million people were involved on a

full-time basis, and 8.17 million people have employed on a part-time basis. About 4.23 million people were involved in self-employment (Okhosin, 2020). The increase in employment rates in the UK mainly involved people working as employees. Even at the beginning of the pandemic, this employment rate continued to grow, which was mainly contributed by full-time employees. The number of pay-rolled employees increased by November 2022, which faced a drastic fall in the year 2020 (Dorn and Zweimuller, 2021).

The unemployment rate in the UK was 3.7%. About 1.25 million people aged 16 were unemployed. There were changes in the economic inactivity as well. Eight million people in the age group of 16-64 were economically inactive. These inactivity levels fell in the quarter of 2020 and improved in 2021 (Campos, 2019).

Evaluating the total vacancies and their impact, it is evident that a smaller number of vacancies were observed in 2020, and by September 2022, there were vacancies of about 1.19 million.

3.1 Changes in the labour market due to Covid 19

The beginning of the pandemic outbreak, along with the restrictions and lockdown, induced drastic changes in the labour market of the UK. There was a large fall in the employment rate along with a rise in economic inactivity and unemployment rates. Studies reflect that approximately 825000 workers were reduced during the time span of January-march 2020 and October-December 2020 (Swathi, 2019). Unemployment rates hiked by almost 40,0000, and people who were economically inactive also increased. Analysing the total working hours in the UK, there was a fall in the overall working hours. Unemployment rates were higher in the minority ethnic groups, and this rate reached a peak between January-march 2020 and January march 2022. At the beginning of the pandemic, minority ethnic groups were facing a fall in income (Schmidt, 2020). Yet this increase in unemployment was also leading to better employment rates, especially due to the decrease in the economic inactivity levels.

Amidst the pandemic, employment among men was fallen slightly more than that of women. An increase in economic inactivity was seen in men more than in women. Similar to this, young people and the oldest people were likely to lose their jobs at the beginning of the pandemic. Although many of the youngsters resumed their work in the spring of 2021, most of the older workers opted to retire due to various reasons (Jafari and Britz, 2020). Hospitality and non-essential retail sectors have been adversely affected by the pandemic greatly. Since these sectors offer a low wage compared to many other sectors, employees in this sector experienced a loss of income by the beginning of the pandemic. Additionally, the employment gap between disabled people and people without disabilities increased during the pandemic season.

A huge fall in employment rates was seen during the first coronavirus lockdown in march 2020. Employment rates fell from 76.3% to 75.7% by January- march 2020 and April- June 2020. This fall was continuous throughout the rest of 2020, and over 40% of the fall was seen among the employment status of people aged between 16-24. After the drastic fall in employment rates in 2020, by 2021 and 2022, employment levels have been gradually increasing (Fukai et al., 2021). Since the end of 2020, there has been a recovery seen in the employment rates of part-time employees, which was lying in a static phase from the beginning of the pandemic. The number of full-time employees also increased, and more people tend not to come up with start-up ideas. Comparing the employment rates of the public and private sectors between march 2020 and 2022, private sector employment rates fell by 1.3%, and public sector employment increased by 5.1% (Boucher et al., 2021).

4. Effective Human resourcing strategies

There has been various strategies and interventions implemented by government and various organisations to combat the challenges caused by Covid19. By the starting of 2021, employment and unemployment levels began to improve and there were changes in the economic activity of the country (Su et al., 2022). Innovative and pandemic oriented strategies were introduced by many of the countries to overcome the changes in the labour market. These strategies were focused on improving the rates of employment, economic activity and reducing the levels of temporary layoffs. Few of the interventions adopted by HRM team of the organisations are as follows

4.1 Flexibility and employee's virtual lifecycle

This strategy was emphasised on flexibility of contracts of the employees. Distance working and working from home were promoted and floating hours of flexibility was offered. Encouraging employees to work from home and conducting virtual interviews and official meetings were a part of this (Bradley et al., 2021). This was available in corporate sector with open workspaces.

4.2 Technical support and resources for home office set ups

Providing sufficient IT devices to meet the needs of the employees were performed by many of the companies. This integrates a customer network to the organisational environment in the home settings of employees.

4.3 Employment support schemes

Coronavirus Job Retention Scheme (CJRS) were introduced and about 11 million jobs were furloughed. Even though the scheme ended in September 2021, 1.2 million jobs were still on

furloughed. Separate claims such as self-employment income support scheme (SEISS) were developed to support this sector, which also ended by September 2021 (Lund et al., 2021).

4.4 Changes in the hiring process

Due to the temporary layoffs and lack of employment, organisations were not actively involved in the process of selection and hiring. This was a financial strategy adopted by organisations to freeze the expenses involved in hiring process.

4.5 Focus on employee development

HR department of most of the organisations have come up with the strategies to support employees and ensure employee development during the crisis phase. Modern methods such as offering alternate jobs, part time positions and flexibility in the working hours were part of this interventions (Ham et al., 2021).

5. Changes introduced by Brexit

Changes that are caused in the UK labour market could be analysed in the context of the international relations theory. Literature has indicated that this theory lays down an important conceptual framework for evaluating the potential exit of the UK from the EU. This theory is capable of explaining the relationship between the UK and the EU. Realism and liberalism are important concepts in this conceptual framework (Eagn, 2020). Idealist indicates that it is required to have a sense of collective security among nations that can substitute the balance of power that is demonstrated in international relations. Similarly to this, liberalism pertains to the capabilities that a state can perform. This conceptual framework also demonstrates the role influenced by non-state factors such as economic system, culture and types of governments that can potentially influence state actions and their outcomes (Morad et al., 2021). When this theory is analysed in context to the labour market in the UK, it is reflective of the influential factors such as politics, security issues, immigration patterns, societal attitudes towards the EU and the culture of the UK (Greer, 2020). Various institutions such as firms, corporations, and individualities can exercise these influences on the labour market of the British.

Studies that are carried out on the UK labour market indicate that there is a significant influence that was contributed by the exit of the UK from the EU. Economic impacts were higher, and it affected the country's growth and worsened its public finances. Brexit could lead to a 2% loss in the Gross Domestic Product (GDP) of the country (Morad et al., 2021). This financial loss is calculated to be around 60 million by the end of 2050. Studies of the nature of migrant workers in the UK indicate that most migrants from the EU are involved at work when

compared to their UK counterparts. The percentage of UK citizens involved in work was less (56.2%) when analysed in comparison to the migrant workers (63.3%). It is also noted that migrant workers are less likely to cause pressure on wages and unemployment in the UK (Fox, 2018).

Research also indicated that UK's potential exit from the EU affected the country's labour market adversely. Many of the skilled workers finding jobs abroad were a reason behind this. Hence leaving the EU has resulted in a social welfare problem. Another change that was noticeable was the changes in flexibility available for the employers because of the free trade agreement with member states of the EU (Fossum and Vigrestad, 2021). The implementation of Brexit has also changed the immigration rules in the country. Few of the studies observe that the government has tightened the immigration processes post Brexit, and this led to fewer immigrants coming to the UK because of these changes in the immigration programs. Similar to the restrictions in the UK, a few of the EU nations also implemented similar immigration changes in the border that also affected the labour market in the UK. This migration process can develop into diversity in the workforce in the UK (Walsh et al., 2022). These characteristics of the migrant groups and differences in the workforce have influenced the labour market of this nation greatly. Other studies observed that migrants who have lived in the UK for a longer duration are less affected by the impact of Brexit compared to immigrants who have lived in the UK for a shorter time. Research from the UK reflects that there is no greater influence of migrants in determining the labour market of the country (Hassan et al., 2021). There were changes in the employment laws with Brexit. This includes changes in the annual leave and agency worker rights and the working time regulations in 1998. Brexit has also put pressure on the government to implement EU-derived legislation that had impacts on the labour market.

5.1 Strategies to overcome the challenges

Various organisations have come up with different ideas and strategies to cope up with the adverse effects that was resulted by Brexit. In addition to the challenges caused by the pandemic, research indicate that labour shortage and skilled work force crisis is worsened by Brexit. Few of the strategies that were derived to address the labour shortage and skills in the UK includes

- Implementation of temporary job mobility schemes for young people from the EU as a measure of easily filling the labour shortage. This was introduced by many organisations as a method to attract skilled workforce.

- Considering employments under permanent contract rather than a temporary basis was found to be effective in many of the organisations. This indicates that many of the jobseekers prefer a permanent and contract-based job rather than zero-hour contract opportunities (Floyd et al., 2019).
- Recruitment and selection patterns were crucial during these difficult times. Thus, few of the organisations switched to a wider range of recruitment channels and methods than the traditional methods they have been following so far. Similar to this, organisations were also involved in building links with different local communities and organisations such as schools, colleges etc.
- Besides the recruitment process, few of the strategies included maximising the wages and financial supports for the employees, where low wages were found to be a factor that pulls back applicants from involving in certain types of employment.
- To support employees in these critical times, different flexible working arrangements were implemented by different companies. This also includes providing training for the managers to support the workforce of an organisation (Shahzad et al., 2019).
- Employing EU and migrant employees were preferred by few of the organisations (Greer and Loblova, 2020). For semi-skilled and unskilled roles, it was difficult to find domestic applicants to fill those vacancies, hence despite of the Brexit, organisations developed strategies to hire people without considering their nationalities.
- Strategic workforce planning was developed by organisations and HRM team to identify the skilled and talented workforce required for particular roles.
- Investing more on mitigating the potential risk caused by post Brexit was set as a priority measure rather than investing a huge amount on the training and skills development programs.

6. Conclusion

The current report has provided an insight into the various aspects of labour market in the UK. Different sections of this report include details on current labour market analysis of the UK. In addition to this, changes introduced into the labour market of the UK by pandemic and Brexit are also detailed in the subsequent sections of this report. HRM strategies that were derived as a measure of combating the adverse effects of these crisis situations and its impact on the UKs labour market has been evaluated. This report demonstrates the significance of different types of HRM strategies in different crisis situations.

7. References

- Boucher, A., Hooijer, G., King, D., Napier, I. and Stears, M. (2021) Covid-19: A crisis of borders. *PS: Political Science & Politics*, 54(4), pp.617-622.
- Bradley, J., Ruggieri, A. and Spencer, A.H. (2021) Twin peaks: COVID-19 and the labour market. *European economic review*, 138, p.103828.
- Campos, N.F. (2019) B for Brexit: A survey of the economics academic literature.
- Dorn, D. and Zweimüller, J. (2021) Migration and labour market integration in Europe. *Journal of Economic Perspectives*, 35(2), pp.49-76.
- Egan, M. (2020) Brexit and the single market. In *The European Union after Brexit* (pp. 57-79). Manchester University Press.
- Floyd, D. (2019) How has the presence of an increasingly more global labour market softened the impact of the financial crisis 2008 for the UK economy?. *Strategic Change*, 28(5), pp.321-323.
- Fossum, J.E. and Vigrestad, J. (2021) Is the grass greener on the other side? Norwegians' assessments of Brexit. *Politics and Governance*, 9(1), pp.79-89.
- Fox, B. (2018) Making the headlines: EU immigration to the UK and the wave of new racism after Brexit. In *Migration and Crime* (pp. 87-107). Palgrave Macmillan, Cham.
- Fukai, T., Ichimura, H. and Kawata, K. (2021) Describing the impacts of COVID-19 on the labour market in Japan until June 2020. *The Japanese Economic Review*, 72(3), pp.439-470.
- Greer, S.L. and Löblóvá, O. (2020) Networks after Brexit. In *The European Union after Brexit* (pp. 146-161). Manchester University Press.
- Greer, S.L. (2020) Social Europe after Brexit. In *The European Union after Brexit* (pp. 80-94). Manchester University Press.
- Ham, S. (2021) Explaining gender gaps in the South Korean labour market during the COVID-19 pandemic. *Feminist Economics*, 27(1-2), pp.133-151.
- Hassan, T., Hollander, S., Van Lent, L. and Tahoun, A. (2021) The global impact of Brexit uncertainty.
- Herz, B. and van Rens, T. (2018) The labor market in the UK, 2000-2016. *IZA World of Labour*, (422).

- Jafari, Y. and Britz, W. (2020) Brexit: an economy-wide impact assessment on trade, immigration, and foreign direct investment. *Empirica*, 47(1), pp.17-52.
- Lund, S., Madgavkar, A., Manyika, J., Smit, S., Ellingrud, K., Meaney, M. and Robinson, O. (2021) The future of work after COVID-19. *McKinsey Global Institute*, 18.
- Markova, E. and Tosheva, E. (2021) To Leave or Stay: Plans of Bulgarian Citizens in the UK after Brexit. *Nauchni trudove*, (1), pp.281-299.
- Morad, M., Della Puppa, F. and Sacchetto, D. (2021) The dark side of onward migration: Experiences and strategies of Italian-Bangladeshis in the UK at the time of the post-Brexit referendum. *The British Journal of Sociology*, 72(5), pp.1311-1324.
- Okhoshin, O.V. (2020) UK Migration Policy before and after Brexit. *RUDN Journal of Political Science*, 22(3), pp.506-516.
- Schmidt, S.K. (2020) No match made in heaven. Parliamentary sovereignty, EU over-constitutionalization and Brexit. *Journal of European Public Policy*, 27(5), pp.779-794.
- Shahzad, K., Rubbaniy, G., Lensvelt, M.A.P.E. and Bhatti, T. (2019) UK's stock market reaction to Brexit process: A tale of two halves. *Economic Modelling*, 80, pp.275-283.
- Su, C.W., Dai, K., Ullah, S. and Andlib, Z. (2022) COVID-19 pandemic and unemployment dynamics in European economies. *Economic Research-Ekonomska Istraživanja*, 35(1), pp.1752-1764.
- Swathi, C. (2019) A study on impact of BREXIT on UK Business. *The Business & Management Review*, 10(5), pp.256-260.
- Walsh, D., Pajón, L., Lawson, K., Hafeez, K., Heath, M. and Court, N. (2022) Increased Risks of Labour Exploitation in the UK following Brexit and the Covid-19 Pandemic: Perspectives of the Agri-food and Construction Sectors. *Journal of Human Trafficking*, pp.1-16.

