

Economic Factor

According to GOV (2023) the Cost-of-Living Crisis further known as CoLC has resulted from accelerated and inflation-driven macro and micro economic developments. The impact of which has been felt by individuals and communities, and especially those on low incomes, since the COVID-19 pandemic.

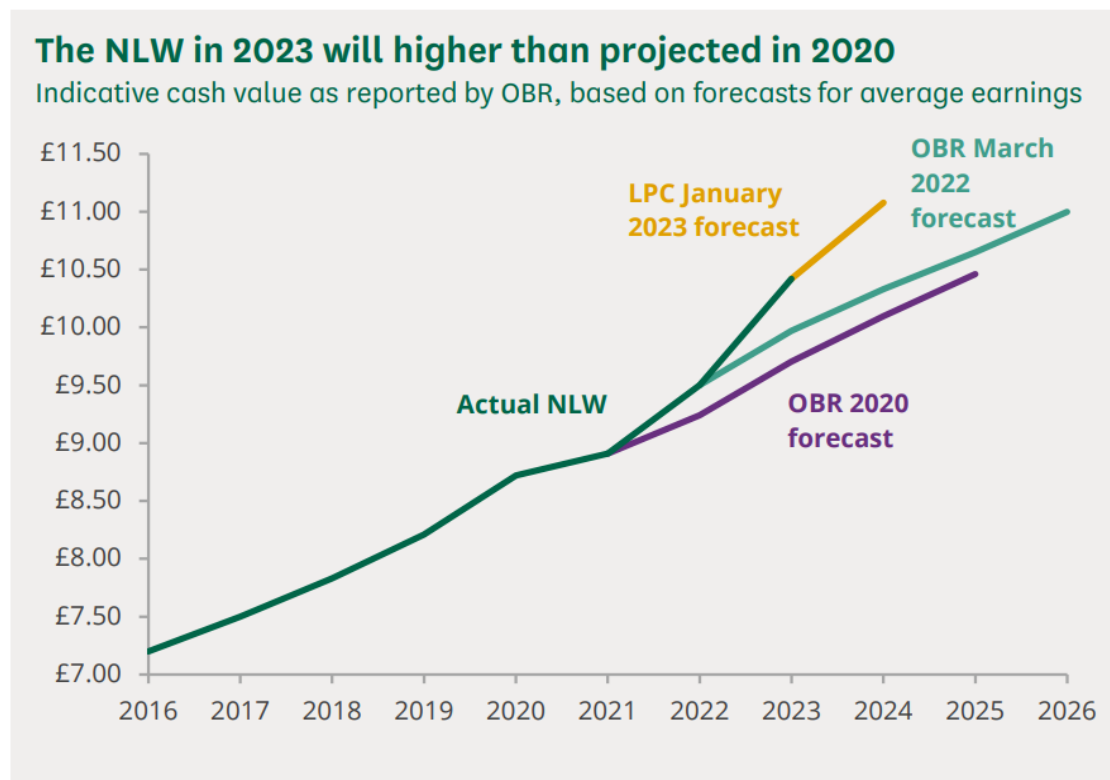
These economic factors have exacerbated the need for BNPR to strategically consider financial benefits to its employees, with particular emphasis on salaries and wages while also considering new health and wellbeing challenges, and widening existing inequalities amongst the workforce.

Taylor and Perkins (2021) suggest that wages account for a significant portion of business costs. This is prevalent within the service prominent sectors such as BNPR, where human resources take priority over other resources such as raw materials, machinery, or land. They confirm that the UK economy has become capitalised by the service sector and the need to keep constraints on wages has become increasingly important for the HR strategy of an organisation. Organisations should consider the resource efficiencies to be made within the business and not necessarily increasing the headcount of employees to allow the organisation to flourish within a competitive market.

Over 70% of the workforce at BNPR are employed within operational, guest-facing roles which significantly impacts the labour costs when reflecting upon the economic trends of National Minimum Wage (NMW) and National Living Wage (NLW) within the UK. To keep ahead of the NMW and competition within the local labour market this presents resourcing and financial challenges to BNPR with the ambition of becoming an employer of choice.

Powell, Francis-Devine and Clark (2019) state, "Higher than expected wage growth in 2021 and 2022 influenced by higher inflation and a tighter labour market has caused forecasters to increase their projections of the NLW. The Office for Budget Responsibility (OBR) projected in March 2022 that the NLW will reach £10.65 in 2025 and 11.00 in 2026. In January 2023, the Low Pay Commission projected that the NLW would reach £11.08 in 2024." These trends ultimately require the need for effective resource and budget planning to accommodate the forecasted rises as illustrated.

Figure One



Source: LPC, [Minimum wage rates for 2023](#), November 2022, LPC, [Low Pay Commission report 2022](#), 19 January 2023, OBR Table 1.17, [Supplementary Economy Tables](#), November 2020, OBR [Table 1.17 Supplementary Economy Tables](#), March 2022

(Gov, 2020)

BNPR aspires to provide proportionate wages for meaningful and fulfilling job roles, Rizov, Croucher and Lange (2016) note that early theoretical studies on the impact of efficiency wages link salary increases to improved productivity (suggests that when workers receive less than the wage they 'deserve', they reduce effort). With over five-hundred guest accommodation units at BNPR this is crucial when considering pay frameworks in conjunction with employee benefits to ensure remuneration packages are proportionate to employee groups that require optimum employee productivity and efficiencies such as Housekeeping, Food & Beverage and Maintenance roles.

Another key economic factor to consider within BNPR leisure and tourism sector is 'Hourglass theories.' Taylor and Perkins (2021) refer to occupational structures largely within the UK employment market whereby half of new jobs generated are of 'high skill / high pay' variety, and the other half are deemed as 'low skill / low pay.'

They argue that despite manufacturing roles, other administrative roles are being exported to countries overseas where the labour markets are cheaper and resource is largely more readily available. Jobs within the UK are higher-paid and consumers are spending their disposable income to purchase goods and services that cannot be

provided from overseas. This ultimately stimulating growth in demand for hospitality and leisure and tourism workers, which are commonly lower paid

This theory, if evidential, suggests that labour market trends in the future could contribute to greater inequality, as perspective employees with scarce sets of skills and experience could face tight conditions within the labour market in which there are more opportunities than people to fill the roles. As a result, candidates feel empowered to bid for higher wages and improved terms and conditions of employment, ultimately increasing employment costs and resources for BNPR.

According to Zehrer, Glowka and Schwaiger (2021) it appears that the most affected economies of Covid-19 are the ones highly dependent on tourism. They quote, "One in ten people worked in travel and tourism-related jobs (World Economic Forum, 2020), contributing with \$8.9 trillion and generating 10.3%, to the global economy."

Ramuni (2021) reveals that in April 2020, slightly fewer than 1,650,000 workers in the hospitality industry were placed on furlough as businesses temporarily suspended their operations. This number decreased to just under 590,000 employees on furlough by the conclusion of May 2021. These figures account for a quarter of all individuals on furlough. The onward repercussions of the pandemic continue to prevail in BNPR ability to consistently attract and retain workers into the sector and having to apply significant efforts to develop the strategic HR employee brand of Bluestone.

The demand for hospitality, leisure and tourism workers is a considerable economic factor when BNPR already recruits from a declining unemployment resource pool within the County of Pembrokeshire. According to the ONS (2023) unemployment rates within Pembrokeshire are declining with approximately 2,000 people aged 16 and over unemployed in the year ending March 2023. This is a rate of 3.5%, compared with the year ending March 2022 when the unemployment rate was 3.8%. The accommodation and food services sector makes up 8.6% of those employed within Pembrokeshire local Authority.

Figure Two

Industry

	Persons	
	Pembrokeshire Local Authority	
	count	%
All usual residents aged 16 years and over in employment the week before the census	52,770	100.0
A: Agriculture, Forestry and fishing	2,823	5.3
B: Mining and quarrying	340	0.6
C: Manufacturing	3,093	5.9
D: Electricity, gas, steam and air conditioning supply	428	0.8
E: Water supply; Sewerage, Waste management and Remediation activities	382	0.7
F: Construction	5,481	10.4
G: Wholesale and retail trade; repair of motor vehicles and motorcycles	7,742	14.7
H: Transport and storage	1,910	3.6
I: Accommodation and food service activities	4,558	8.6
J: Information and communication	827	1.6
K: Financial and insurance activities	524	1.0
L: Real estate activities	554	1.0
M: Professional, scientific and technical activities	2,095	4.0
N: Administrative and support service activities	2,388	4.5
O: Public administration and defence; compulsory social security	4,092	7.8
P: Education	4,238	8.0
Q: Human health and social work activities	8,703	16.5
R, S, T, U Other	2,592	4.9

In order to protect against disclosure of personal information, records have been swapped between different geographic areas and counts perturbed by small amounts. Small counts at the lowest geographies will be most affected.

Source: ONS - 2021 Census (TS060)

Environmental Factor

One of the key strategic goals of BPNR is to become carbon neutral by 2030. BNPR believe that it is their duty to run their business in a sustainable and responsible manner, and in pursuit of that aim, have developed 'Free Range Future' - a strategy that encompasses a wide range of projects and initiatives intended to benefit employees, their community and ensure their environmental footsteps are as light as possible. Therefore, the environmental factors impacting the business strategic direction are fundamental to its success and growth.

According to Hall (2011) the practice of sustainable tourism is regarded as one of the pioneering success stories of tourism research and knowledge transfer. It has become embedded into the fabric of tourism discourse in academic, business and governance terms.

Taylor and Perkins (2021) note that organisations are increasingly embracing 'Green HRM' which aims to align the HR strategy of an organisation to improve its environmental outcomes, which derives from the notion that companies should be aware of the environment in which they operate and the impact of their operations.

As BNPR operates within a highly competitive labour market, competing with seasonal tourism businesses, it is advantageous for its employees to resonate with the environmental strategic direction, goals and credentials of the business. This is particularly prevalent as BNPR is situated within a National Park and therefore perspective employees are more likely to consider this factor.

Sabbir and Taufique (2022) support this notion as they describe green work climate as employee perceptions and interpretations of company policies and practices relating to environmental credentials. They identify that when an employee recognizes their company to have positive environmental and sustainable policies and practices, then the injunctive norms might be that the organisation approves of environmentally friendly behaviours as a result.

BNPR should be cognisant to effectively engage and communicate the organisational environmental strategy widely from the point of engagement. Businesses that fail to adapt and engage employees on their environmental factors may fail to attract the required skills, experience and retain, develop a diverse workforce leading to their demise. Sriganthan (2019) suggests that three in five (58%) employees are considering resigning from their jobs in the next twelve months because their employer does not share their environmental values.

The People Management further revealed that two thirds (62 per cent) were actively looking for an employer that shared their own or similar beliefs, while more than two thirds (69 per cent) of the group felt it was important for their employer to demonstrate high ethical practices.

This research evidences the impact of the environmental factors upon HR strategy and the requirement for BNPR to adapt and thread the organisations' ethical priorities and sustainability credentials through an employees' journey and lifecycle. It could be deemed a significant opportunity to create 850 ambassadors (employees) who can showcase and share the market leading sustainability practises that BNPR are leading on within the sector.

Taylor (2018) supports this and say that there is a need to develop environmentally ethical measures into an individual specification and more widely into employee

recruitment and selection processes, as well as a requirement for well-established disciplinary and conduct policies to provide an overarching framework that reflects a higher level of intolerance towards unethical and unacceptable environmental conduct from the workforce.

The exponential growth and global priority of the environmental factors within the leisure and tourism sector has led the UK government to consider the implementation of environmental legislation imminently. This legislation will have a significant impact on BNPR's actions and HR future strategy. Gov (2023) have shared, "UK Sustainability Disclosure Standards (SDS) will set out corporate disclosures on the sustainability-related risks and opportunities that companies face."

These will underpin future requirements with UK legislation for organisations to report on opportunities and risks relating to sustainability matters, and those arising from climate change. As set out in figure three the key elements of climate change mandatory reporting requirements will include Governance, Strategy, Risk Management and Metrics and Targets. The human resource measures of the reporting elements will require training, development of board and executive team members to demonstrate competence and affirm the accountability for climate change at the top of the organisation.

Figure Three

		What	Why
Governance	Board-level knowledge and training	Provide details of the current competencies of board members in relation to climate change, and any past or future training on the subject matter.	This allows the reader to understand the level of climate-related expertise at board level, as well as the proactiveness of the board to upskill themselves.
	Board oversight on climate change	Document the governance structure regarding board level responsibility for climate change. If relevant, disclose that climate change is on the agenda at board meetings and examples are provided for how climate-related risks/opportunities have affected strategic decisions.	This enables the reader to understand how and by whom climate change is considered at board level, and shows them how this is affecting decision making.
	Management oversight on climate change	Explain the responsibility for climate change at executive level and if applicable, disclose that executive remuneration is linked to climate-related objectives.	This enables the reader to understand how and by whom climate change is considered at an executive level and demonstrates to them how seriously the issue is being taken by linking climate-related objectives to executive remuneration.
Strategy	Identification of material risks and opportunities	Identify and disclose physical and transitional risks and opportunities, and do so with an associated time horizon.	This provides detail on the specific impacts of climate change on your business and contextualises them in the short, medium and long-term.
	Disclosure of impacts on and by the business	Identify the impacts of climate-related risks and opportunities on the organisation's business, strategy and financial planning and furthermore, disclose the impact of the organisation on the climate.	This makes it clear what the impact of climate-related risks and opportunities could be, and also to what extent the organisation itself is contributing to climate change.
	Business resilience to climate-related risks and opportunities	If applicable, disclose the organisation's commitment to net zero and describe the scenario analysis performed.	This illustrates the organisation's commitment to fighting climate change and also shows its preparedness in considering its resilience under multiple future scenarios.
Risk Management	Risk identification, assessment and management	Describe the process for identifying, assessing and managing climate-related risk and impact. Provide details of the mitigation/management techniques used.	This allows the reader to understand the process behind the disclosures your company has made with regards to strategy and risk. The management techniques enable the reader to understand how the organisation is mitigating the risks it is presented with.
	Engagement with stakeholders	Document engagement with stakeholders beyond the organisation's operations regarding the climate change agenda.	This demonstrates to the reader that a holistic approach is being taken with regards to tackling the issue of climate change, and the extent to which the organisation is looking beyond its own operations.
	Integration with current risk process	Disclose how the climate-related risk (CRR) management process is integrated into the overall risk management process.	This illustrates how the issue of climate risk is now considered an integral part of the overall risk management process.
Metrics and Targets	Disclosing climate-related metrics	Disclose a range of climate and sustainability-related metrics, including GHG emissions.	This will provide the reader with the quantitative detail of the company's impact on the environment and climate, as well as showing how this has changed through time.
	Setting climate-related targets and reporting on performance	Disclose the targets (and related progress) the company uses to manage climate-related risks and opportunities.	This will provide the reader with information on how proactive the company is being with regards to reducing its climate impact, and whether they are set to reach their targets.