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Executive Summary

Political and economic environment of the country contributes in determining of policies of Human Resource Management. The report has been divided into two parts that highlights UK labour market and policy changes during post Brexit and post Covid situations. As noted in the context, UK labour market has been facing challenges and opportunities simultaneously such as decrease of wages and increase in equality in workplace respectively.. It has highlighted that pre-pandemic conditions are better than post-covid situations. Pandemic has impacted labor market greatly. In the later section, possible changes and implemented changes in HR Policies post-brexite and post-covid situation are highlighted respectively. It includes freelancing, work from home, change of working hours and leave policy

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1. Introduction

Human resource management has been noted as the major process followed in every organisation. It includes strategies that contribute to developing a unified workforce, equality among workers and ascertain cross-cultural communication within the organisation (Bratton *et al.* 2021). However, these management processes are further dependent on different external factors of the country. According to the political and economic environment of the country, variations in the policies of human resource management are determined. The report has aimed to determine current aspects of the UK labour market have been determined. Additionally, it has extended its scope towards policies and conditions that are employed in organisations after Brexit and Covid. It will be taking references to activities of different organisations throughout the report to establish their importance.

2. Current state of Labour market in UK

2.1 Employment



Figure 1: Trajectory of employment rate

(Source: House of Commons Library, 2023)

The employment rate in UK has significantly increased. More than 33.05 Million people were employed, rating 76% in the age category from 16-64 years. UK employment opportunities and vacancies started to increase in 2011. Employment rate rose to a record 76.6% before the pandemic started after 1971. A significant downfall in employment has been noted in the pandemic at 32.13 million at the end of 2020. It has recovered to the levels of pre-pandemic levels within the next year. The nature of labour market has been noted to be tight as it has low employment rates and higher vacancy levels. These have been driven by

economically inactive people since the beginning of the pandemic (House of Commons Library, 2023). Additionally, lower migration has developed an employee shortage in the labour market. In the last ten years employment levels have been driven by full-time workers. After the pandemic, an increasing trend of full-time jobs has been noted and decreasing trend is noted in a part-time job

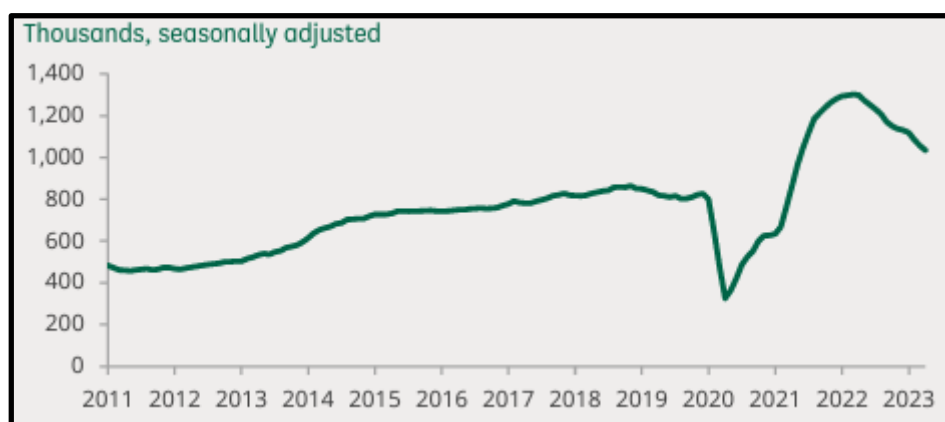


Figure 2: Trajectory of vacancies

(Source: House of Commons Library, 2023)

Within the span of March to May 2023, 28 million people have been working as employees and around 4.39 million were noted to be self-employed. There has been a gradual increase in self-employed people where an increase in the rate of employees is significantly more. Public sector has led to 5.83 million in March 2023 whereas the private sector has employed around 27 million people (Mayhew and Anand, 2020). The pandemic has reversed the pattern of an increasing number of people working in the private sector. 1.03 million Vacancies have been noted in the quarter of April to June and it is still 233000 more than the pre-pandemic quarter.

2.2 Unemployment and economic inactivity

Rate of unemployment has been noted to be 4% with 1.37 million people as noted up till May 2023. Before the start of the pandemic covid-19, the rate of employment is noted to be hysterically low. During the situation of Covid pandemic, the unemployment rate rose to 5.2%. It is the second highest rate after the financial condition of 2008 where unemployment rate rose to 8%. However, at the end of 2020 and is between June to August of 2022, it has decreased. However, it has been rising gradually after 2022 (House of Commons Library, 2023). It is estimated according to the expert that the unemployment rate will be at 4.9% in 2024. Redundancies have increased to 94000 in the quarter of March to May 2023.

Redundancies rose sharply at the time of the pandemic in 2020 but fell steeply as the restrictions were lifted.



Figure 3: Trajectory of unemployment

(Source: House of Commons Library, 2023)

Considering the aspect of economic inactivity, around 8.67 million people in the UK are economically inactive that is either they are not working person or are not looking for any work. The rate of activity is noted at 20%. Economically inactive people feel that employment rose after 2011. However, after the pandemic, it has noted its rise. A major reason for inactivity is long-term illness and pursuing education as a student contributing to 29% of the economic activity. Young generations are noted to get into full-time education first rather than entering the labour market (Office for National Statistics, 2023). Health reasons are a major factor as the labour market is mostly associated with mental illness or else with a progressive illness such as cancer. Consequently, there has been an increasing rate of claiming unemployment benefits rating 1.55 million people.

2.3 Earnings

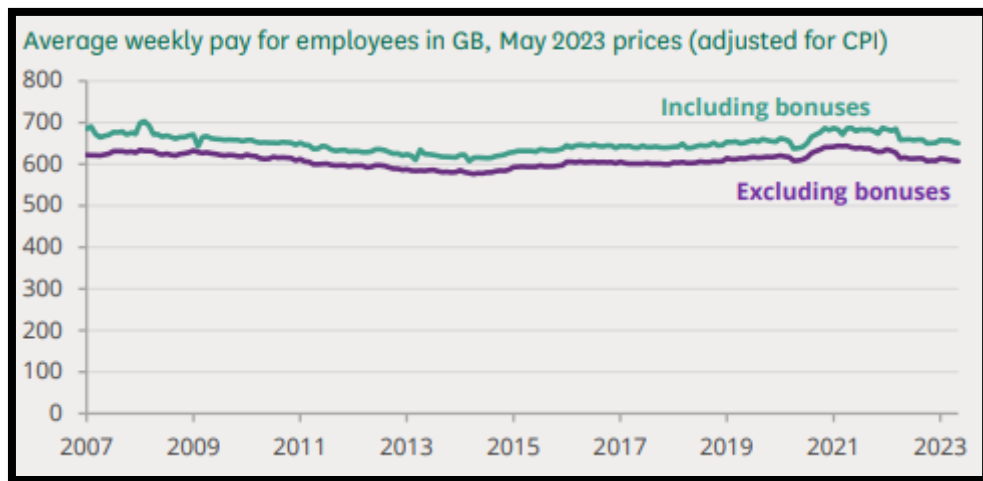


Figure 4: Fall in the average pay of wages in 2023

(Source: Office for National Statistics, 2023)

A year-on-average growth has been noted in pay from April to May 2023. However, the fall in real-time growth of earnings has been noted throughout 2022 and most of in 2023. CPI inflation is rated at an average of 9.1% in this period. Normal wage growth has strengthened the situation of short-term inflation. Higher Inflation has been noted since 2021; thereby normal wage growth has failed to cope with the situation. Additionally, real wages are falling and have been expected to fall throughout 2023. Average pay in the labour market has increased by 7% in the private sector including bonuses and an increase of 7.7% by excluding bonuses. In contrast, wages in the public sector gas increased by 5.9% with bonuses and around 5.8% by excluding bonuses (House of Commons Library, 2023). As the trend of wages has been noted to decrease, it has been noted that after the adjustments of inflation private sector wages fell by 1.9% and 1.4% with and without bonuses respectively. In case of Public sector, the fall was noted at 3.0% and 3.1% with and without bonuses respectively.

2.4 People in the Labour Market

Considering the demographic statistics of the labour market, it has been noted that 15.68 million women and 17.35 million men are working. Rate of male and female employment has been noted to be 79% and 72% respectively. It is witnessed that rate of employment of men is more than the rate of employment of women however the gap has significantly decreased over the years. Additionally, both employment and unemployment rate are higher in men than in women. Economic inactivity was also higher in men rating 24% than 16% in men. As parenting is taken into consideration to determine employment status, it is noted that parents

of dependent children have the highest employment rate (Office for National Statistics, 2023). It is noted to be 94% and 70% in fathers and mothers respectively. The gap in employment between men and female is significantly lowered among parents with no dependent children.

Employment rates among different demographic groups have remained stable, although rates of employment among lone parents have been noted to have decreased since the beginning of the pandemic in 2020 with a notable exchange from 70% to 68%. 11.4% of young people within the age group of 16-24 are unemployed as the rate of employment increased from 2020. The numbers have increased from 31000 to 49000. The employment rate among minority ethnic groups is 7.0% and is stated as double that of White ethnic groups which is 3.2%. Unemployment rates have been noted to have substantial variation in different minority groups (House of Commons Library, 2023). Furthermore, the rate of employment for non-UK nationals is slightly higher than UK nationals rating 76% and 75% respectively.

3. Emerging changes in HR strategies

3.1 Post Brexit

UK is no longer a part of the European Union and was under a transition period in which the EU and UK had negotiated terms for newer relationships. However, UK has been still treated as a member state to adhere to obligations. The government has recently announced regulations that will be implemented as soon as the transition period gets over. These changes can boost the economy and develop changes in the existing labour market of the UK developing further employment opportunities and job satisfaction for employees. **HR strategy that has been noted to have followed is Committed Labour HR strategy that includes emphasising patterns of making talents through different training program. It is important so that every organisation can tackle legal and operational changes (Oppong, 2017).** Employment Law is acknowledged as the most important section to get changes. Firstly Work time regulations are taken into account. Newer regulations will state that employees will not have to keep records of working hours any more (Employment Law Watch, 2023). Additionally, 'normal' holidays and 'additional' holidays will be merged to develop a single leave entitlement. It might get changed to the method of calculative holiday pay. Government has further granted permission for rolled-up holiday pay such that holiday pay will be included in basic pay.

TUPE regulation is further simplified in which businesses with less than 50 employees are transferring less than 10 people will have to consult directly with employees rather than consulting any employee representatives that are being appointed (Employment Law Watch, 2023). Additionally, non-compete clauses will be limited to a duration of three months. It can impact non-solicitation clauses or the activity of the employee during notice periods. Additional amendments to the Bill will take place that will be removing the most controversial element - the sunset clause. These steps are generously welcomed as this will help in legal uncertainties over UK employment law. Only three Retained EU Law or REUL has been noted that includes: community Drivers' Hours and Working Time Regulations 2006, Posted Workers Regulations 2016 and Posted Workers Regulations 2020 (Employment Law Watch, 2023). The House of Lords will be further debating the Bill to make further changes and critically scrutinise the stages and REUL.

Adaptive leadership model are noted to have followed so that employees get accustomed with changing style of operation. Legal structure of organisation will result in changes workflow; therefore leaders with adaptive approach will assist employees in achieving changes (Woolard, 2018). The impact of these changes has been determined in both positive and negative aspects. It is well noted that UK is free in allowing trade with other non-EU markets such as America and Australia. Therefore, the government has been working actively for the development of new trade agreements. Emerging markets of Brazil, China and South Africa are noted to be accounted for customer spending every year (Portes and Springford, 2023). British markets will get cheaper with the fall in pounds and will be more appealing to customers. British Business might get an association of Authorised Economic Operator status that will contribute to the easier movement of transferring goods between countries. However, AEO authorisation has been noted to be difficult to get.

3.2 Post Covid

UK has been rolling out different policies that will be contributing to helping both employers and employees to tackle situations of covid and its impact further. The then Prime Minister of the UK Boris Johnson announced certain practices that had helped in the effective transition of the system from office to home space (Social Policy Associations, 2021). Under the scheme Coronavirus job retention has been planned to keep in effect for at least three months, however, it got stretched as the conditions did not recover soon. Employers are allowed to furlough staff on the specific payroll. The government has focussed on reimbursing

employers for paying national; insurance and pension contributions. Workplace closures are significantly implemented in the country. According to UK regulations, statutory sick pay is provided from the fourth day. Employees missing work for coronavirus-related reasons will be granted sick leave from the first day (Society for Human Resource Management, 2023). Additionally, businesses with less than 250 employees were employed for reclaiming statutory sick pay from the government within 14 days.

As mentioned above, freelancing has increased at the time of pandemic. Organisation has hired freelancer workers to deal with cost-cutting and accomplish important work as well. In this case Bargain Labour HR strategy has been implemented so that organisation has focussed on buying talent based on requirement (Oppong, 2017). This has significantly fulfilled hygiene and motivation factor of employee satisfaction of work based on **Herzberg's Two-Factor Theory of Motivation**. Employees workload are well managed with freelancing employees, thus increasing overall productivity of an organisation (Alshmemri, 2017). Employees had struggled with child care along with work during the period of working from home. Employees are allowed to take unpaid time off at the time of any unexpected event. It was considered that flexibility has been noted as the major criterion that was provided to maintain workforce productivity. After the Covid situation, more attention has been paid to the health and well-being of employees and changes in potential benefits so that employees are potent to overcome any crisis (Cook and Grimshaw, 2021). One of the major aspects is an increment in pay scale inclusive of medical benefits.

This implementation of employees wellbeing can be efficiently demonstrated through the example of an organisation that has been acquiring a significant market in the tourism and hospitality sector in the UK - Premier Inn, a part of Whitebread PLC. The strategy it has implemented post Covid-19 as per the Coronavirus Employee Retention scheme is as follows:

- Caring For Teams - Organisational culture has contributed to identifying complexities and challenges in the working system of the organisation for employees. Therefore, it had made significant approaches to the physical, mental and financial well-being of the employees (Whitbread, 2023). The organisation has invested in numerous mental health first aiders and has listened to employees for highlighting the aspects of well-being and their important take on it.
- Investing in Rewards and pay - Financial well-being has been identified as the key importance within the organisation's operational culture and therefore significant investments are noted in rewards and pay for the frontline teams throughout the year.

Therefore, according to the scheme the pay of all the teams has been increased by 2% (Whitbread, 2023). Hourly pay rates of the employees were further increased by 5%. £150,000 in hardship grant funding was noted for investment.

- Listening to employees - Employees always listened in the organisation. It is a matter of fact that managers of the organisation solely depend on interacting with employees along with regular survey results helping to point out issues and needs of employees. A wider range of communication channels is used to stay in regular constant with employees.

4. Conclusion

It can be concluded from the above report that Human Resource Management is needed along with maintenance of the external environment. In the first section of the report aspects of the UK labour market have been noted. According to the analysis, it can be stated that in both advantageous and disadvantageous situations are observed, significant opportunities to both males and females are provided. On the other hand, basic pay of employment has been noted to be decreased. The trend of the market is still tight with more job vacancies and lesser recruitments due to the increased nature of inactive employees as well. In the second section of the report necessary changes of abolishing time records, and merging holidays are noted as the most significant aspects of HR policies post-Brexit. Considering the facts of covid 19, it has been stated that more importance of employee health and well-being is noted. Premier Inn has established its system that will contribute to the further betterment of employees.

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