



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

## **Assessment 1- Human Resource Management**

**Student Name: Patel Bhavinkumar Hasmukhlal**

**Student ID: 2223420**

**Subject: Human Resource Management**

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**Lecturer name: Dr. Gladius Kulothungan**

**Dr. Mushfiqur Rahman**

## **Executive summary**

Analysing the current situation of the UK labour market was the report's purpose. The report was also intended to describe the modifications to human resource strategy after event of Brexit and the Covid-19 epidemic. It was determined that the UK economy's labour market was its most important component. The report's findings demonstrated that Brexit and Covid have significantly altered the nature of the workplace, and firms must be aware of these effects in order to remain competitive. The UK labour market has been impacted, particularly by the Covid-19 and the Brexit. The UK labour market is considered to have returned to normal notwithstanding difficulties. The Brexit and Covid-19 epidemics are shown to have altered human resource strategy. The epidemic gave rise to the home-based opportunities and demand. Because the Brexit restricted free labour mobility, it was also determined that UK firms would be less likely to hire workers from EU nations. It was advised that the human resource division of UK enterprises take advantage of the chances provided by the outside environment. Businesses can take proactive measures to recruit and keep employees, such as offering professional advancement opportunities and flexible working hours.

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## **1. Introduction**

The labour market in the United Kingdom is an important aspect of the country's economic and social well-being, so it is critical that it runs smoothly and successfully (Kantamneni, 2020). The report's goal is to examine the country's labour market. The report summarises the current state of the country's labour market. Following that, the impact of Covid and Brexit on HR strategies will be outlined, with particular emphasis on changes in HR strategies.

## **2. Labor Market**

Human capital is a crucial resource for any nation.

Employers provide income and benefits in return for the talents, effort, and time of employees, while employees contribute their skills and time in exchange for wages, salaries, and other perks (Wilkinson, A., et al 2019). The job market can be divided into segments based on a variety of criteria, including skill level, educational attainment, and geographic location. Government regulations, technology, demographic shifts, and economic conditions are just a few of the variables that have an impact on how the labour market functions.

### **2.1 Employability and Unemployment**

#### **Employability:**

Employability is the ability of a person to secure and maintain a good employment. It assesses a person's aptitudes, know-how, and competencies in light of the job market. Employability is important because it makes it possible for people to find and keep satisfying jobs.

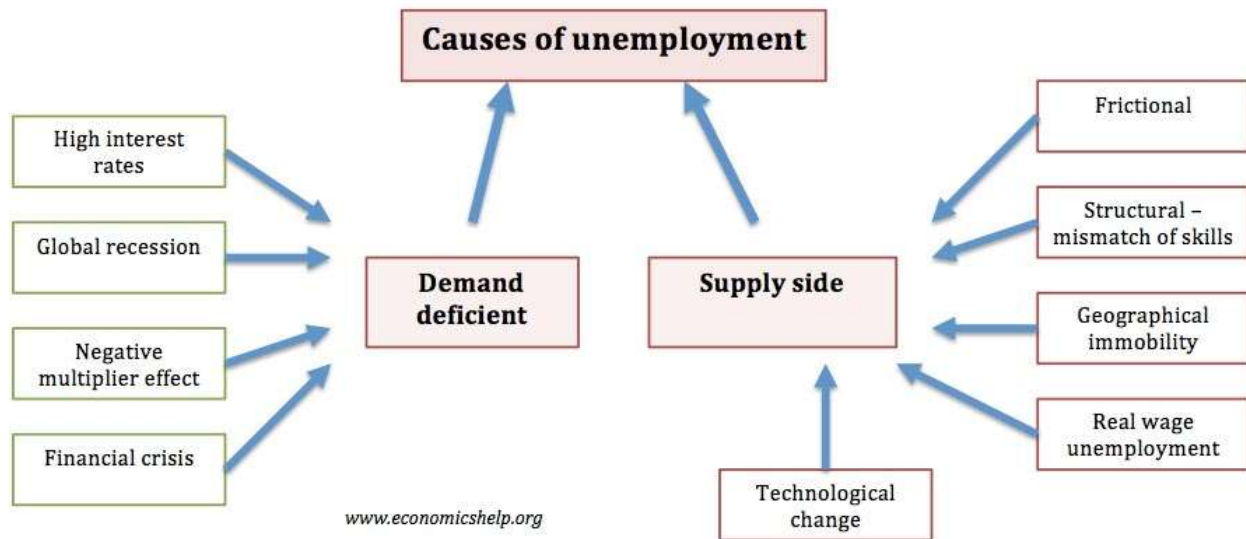


**Figure: Reason of Unemployment**

(Source: economicshelp, 2023)

## Unemployment

Being unemployed is the status of not having a job. It serves as a barometer for the number of persons who actively look for work but are unsuccessful in doing so.

Unemployment is a problem because it can lead to poverty, social unrest, and economic instability.

### 2.1 Developed Country

Health of The labor market in developed countries like United States, Canada, Australia, Germany, and Europe is contributed by overall economy, the level of education and skills of the workforce, and the availability of jobs.

As for Canada, France, Germany, and the United States, they are among the seven countries in the OECD with an unemployment rate close to its record low, according to the OECD's latest unemployment rate report for January 2023. The unemployment rate for OECD countries remained at 4.9%, the seventh consecutive month at this record low since the start of the series in 2001 (OECD 2023)

The US labor market is stronger than it has been for more than 50 years, with service-led industries showing the highest share of job growth. Strong gains have also been seen in

transportation and warehousing, with warehouse employment about 50% higher than in 2019. However, there are concerns regarding labor shortages, which are forecasted to persist for years.

Regarding Australia, the unemployment rate for February 2023 was 4.7%, which is higher than the record low of 4.5% seen in November 2022 (ABS 2023)

The unemployment rate in the European Union (EU) decreased to 6.0% in February 2023, from 6.1% in January 2023 and from 6.2% in February 2022. (Eurostat 2023)

The unemployment rate in the Japan negligent increase to 2.6% in February 2023, from 2.5% in November 2022 and from 6.2% in 2.4% in February 2022

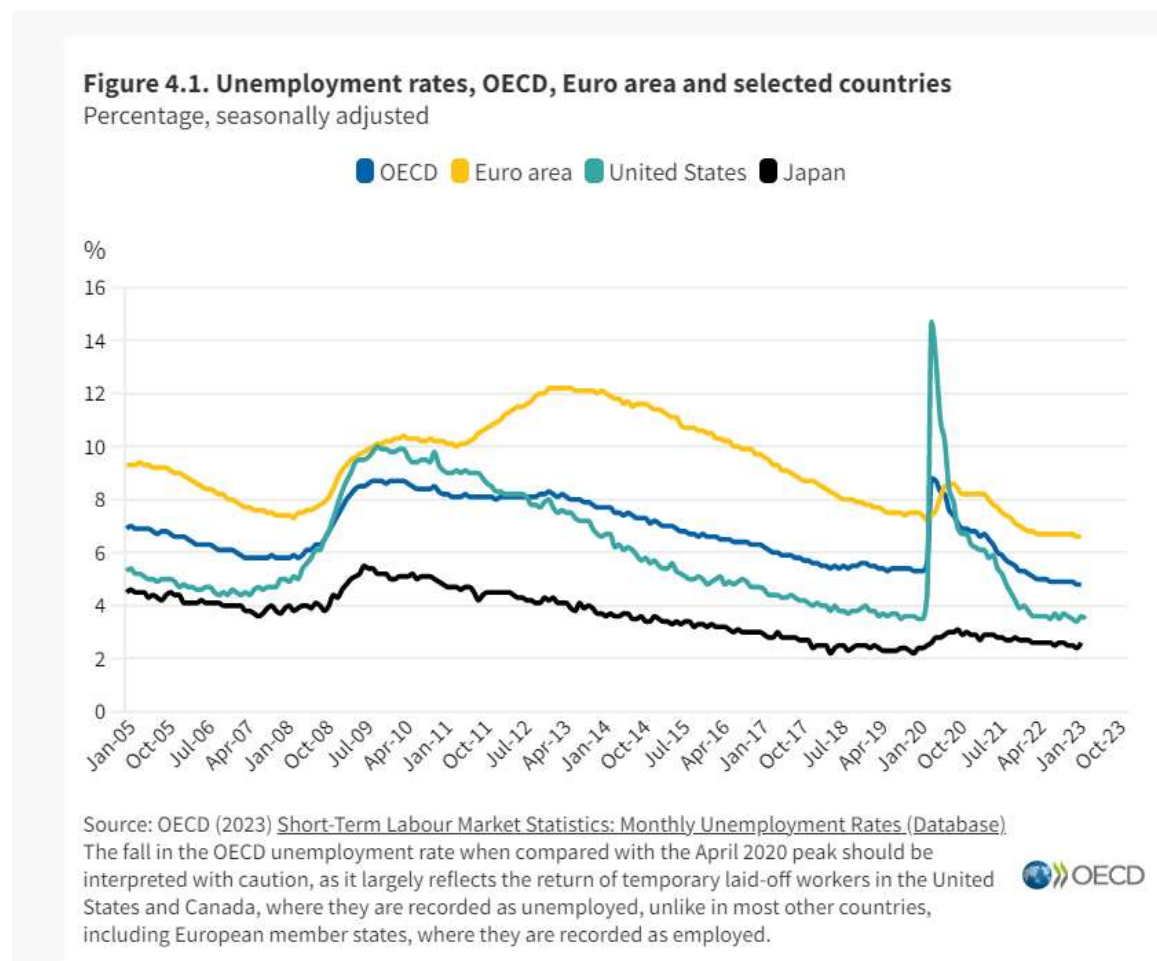


Figure 2 OECD 2023

The following are some of the key trends that are currently affecting the labor market in the developed countries.

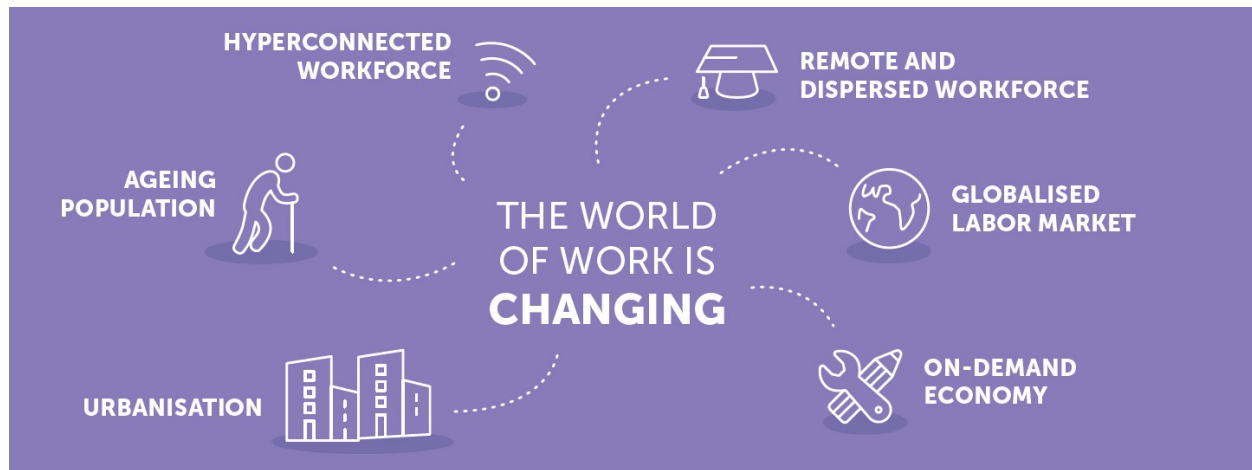


Figure: Future Trend in Labor Market  
(Source: weceurope 2023)

Remote work and Globalized labor market trend has accelerated during the COVID-19 pandemic and has implications for work-life balance, job satisfaction, and productivity. (World Economic Forum, 2020)

Overall, the labor market in developed countries has been negatively affected by the COVID-19 pandemic. The unemployment rate has increased in all of these countries, as businesses have been forced to close and people have been laid off. However, the unemployment rate has begun to fall in recent months as economies have started to recover.

## 2.3 Developing countries

The labour market in developing countries Africa, India, Indonesia, the United Mexican States and Argentina has been significantly impacted by the COVID-19 pandemic. The pandemic, according to the International Labour Organisation (ILO), had a substantial impact on developing nations in the second quarter of 2020, resulting in a loss of working hours equal to 305 million full-time jobs globally (ILO, 2020). According to the ILO, the pandemic significantly impacted vulnerable employment in developing countries, with informal workers and those in low-paying, low-skilled jobs being the most severely affected (ILO, 2020). Women and young workers in these nations have been disproportionately impacted by the epidemic, according to a World Bank assessment on the effect of COVID-19 on jobs (World Bank, 2020). The study also showed that the

pandemic had a major effect on small business owners and self-employed people, resulting in a decline in income and employment losses.

Due to financial turmoil in the wake of the epidemic, the United Mexican States owes the UN a 2520.00 billion loan that it has so far failed to repay (the Guardian, 2022). Due to the market for investors' trust and dependability, it affects how businesses from the United Mexican States see business development. India's GDP rate Maintains Resilience Despite Global Uncertainties. Growth rate is about 7.7% year-on-year during the first three quarters of fiscal year 2022/23 but inflation is also high at 6.7%(worldbank, 2023).

### Economic forecasts darken for most countries

Real GDP growth forecast for 2023

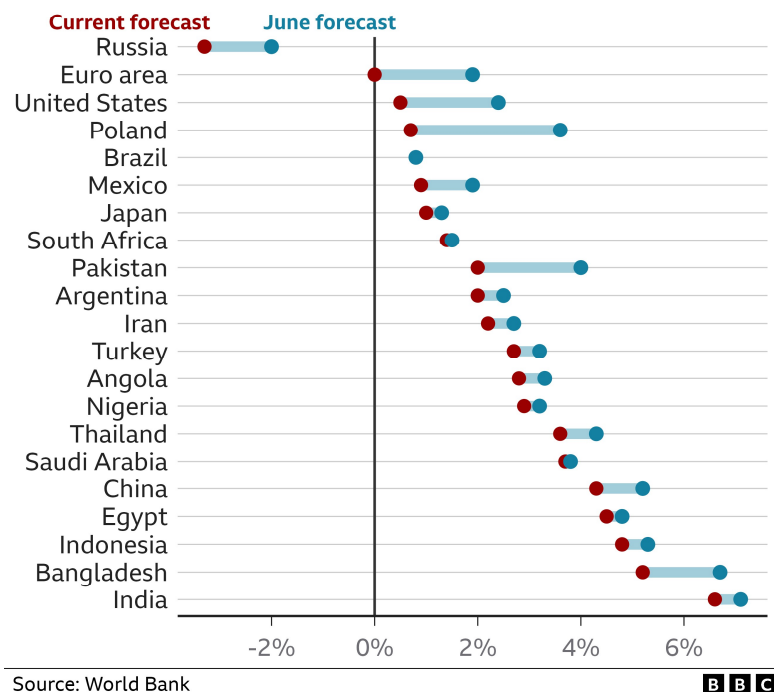


Figure: BBC News

The world's richest economies are expected to have a dramatic decline in GDP from 2.5% in 2022 to only 0.5% this year after rising 5.3% in post-pandemic 2021(Josephs, J., 2023).

Additionally, the United Nations Development Programme (UNDP) emphasised how the epidemic has widened already-existing inequalities in poor nations and urged action to

safeguard the most vulnerable workers and create a more inclusive recovery (UNDP, 2021).

### 3. UK labour market evaluation of managerial and business internal and external environment (The current state of the labour market in the UK)

The labour market in the UK is currently facing a number of challenges, including a shortage of skilled workers, rising inflation, and the ongoing COVID-19 pandemic. During December 2022 to February 2023, the employment rate in the UK was projected to be 75.8%, 0.2 percentage points higher than it had been during September to November 2022. Part-timers and independent contractors were the main drivers of the increase in employment. The UK's GDP rate is 3.47% results in rising living expenses there (World Bank, 2022).



Figure: UK Labour Market from 2011 to 2023

(Source: UK parliament, 2023)

Businesses and employees are under pressure as a result of rising prices. Over the last year, the cost of living has climbed by more than 9%, which has a substantial effect on household budgets. As a result, there are calls for the government to act to stop inflation, maybe by raising interest rates.

According to the most recent labour market figures, there were 32.84 million unemployed persons in the UK from November 2022 to January 2023, with a 76.7% employment rate (UK parliament, 2023).

Despite these challenges, the labor market in the UK is still showing signs of resilience. At 3.8% right now, the unemployment rate is almost back to what it was before the pandemic.

The government has a number of plans. “Employment right act 1996”, “Equality act 2010” and “National minimum wage act 1998” ensuring fair and equal treatment, protecting worker's rights, and promoting a minimum standard of living for workers through adequate wage provisions. These acts have helped to create a more equitable and productive labour market in the UK (legislation.gov.uk, 2023). Also Government is doing other efforts include putting money into career training, assisting companies with hiring and retaining personnel, and assisting job seekers.

### **3.1 PESTEL Analysis**

#### **Political Factors:**

Brexit has caused immigration policies to alter, which has an impact on the availability of workforce from EU countries (BBC, 2022). The Covid-19 pandemic response by the UK government, which includes economic stimulus programmes and vaccine distribution, may have an impact on the labour market's recovery. Political unrest, like the uncertainties surrounding Brexit, can have an impact on the job market by causing uncertainty for both employers and employees.

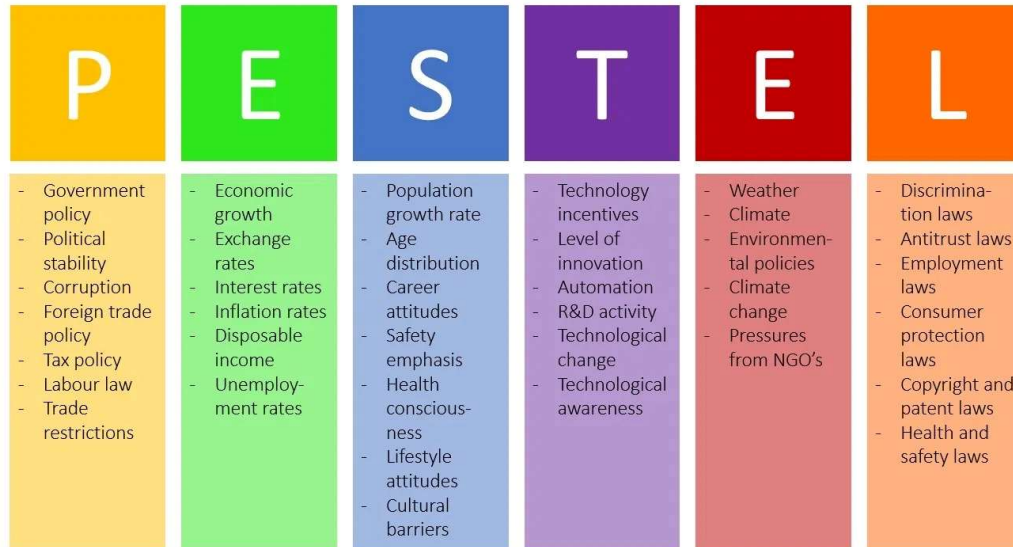
#### **Economic Factors:**

There have been job losses and decreased demand for workers in some industries as a result of Covid-19's economic effects. (Worldbank, 2022) The GDP rate is 3.47%. Brexit has created uncertainty for businesses and may impair the movement of products and services,

which may have an impact on jobs. The 28% tax rate can be impacted by changes in the cost of living. 2022 (ons.gov.uk)

### **Social Factors:**

changes in social attitudes about work, such as the expansion of remote work and a stronger emphasis on workplace health and safety standards. The cost of living has increased by 18.45%. Although the effects of Brexit on social issues are not yet fully known, they may influence people's views on immigration and multiculturalism.



PESTEL Framework Source: (business-to-you, Lars de Bruin)

### **Technological Factors:**

Digital technology adoption in the workplace has expanded due to the Covid-19 epidemic, opening up new IT career prospects. Brexit may result in modifications to data protection and technology legislation, which could have an effect on the tech sector.

Through the creation of new employment opportunities and the automation of some duties, technological advancements can significantly affect the labour market. The UK government provides \$124,000,000,000 to the advancement of technology. Technology improvements have also aided in the growth of the gig economy and remote labour.

### **Environmental Factors:**

Environmental variables, such as climate change and natural catastrophes, can disrupt industries that depend on natural resources or compel them to relocate owing to environmental dangers, which can have an effect on the labour market. The UK government (Gov.uk 2021) has set a net zero goal for 2050.

**Legal Factors:**

Brexit has led to changes in employment law, such as the end of free movement of people from the EU. Regulations governing health and safety have changed as a result of COVID-19, and additional safeguards for workers have been implemented. (Legislation.gov.uk, 2023) "Employment Right Act 1996," "Equality Act 2010," and "National Minimum Wage Act 1998." The labour market may be significantly impacted by legal aspects like immigration laws, health and safety laws, and employment law.

Overall, a number of factors, including as adjustments to immigration laws, changes to the economy, the expansion of remote work, and a greater emphasis on environmental issues, are expected to have an impact on the UK job market following Covid-19 and Brexit. Businesses and policymakers will need to adjust to these changes and devise plans that support employment and economic expansion in the new environment.

**4. The emerging changes in human resourcing strategies.**

Due to globalisation and technological improvements, the subject of human resources (HR) has seen significant changes in the 21st century. In order to keep ahead of their rivals, businesses today realise that having more successful human resource strategies is essential. HR departments must be flexible and adaptable in order to do this, taking into account both present trends and potential future changes. The external environment, particularly how organisations handle human resource management methods, has been significantly impacted by the COVID-19 epidemic and Brexit. The Office for National Statistics (ONS) and the Chartered Institute of Personnel and Development (CIPD) have provided invaluable insights into the developing strategies that are influencing the future of employment in the UK. Both organisations have been closely monitoring the effects of the pandemic on the labour market.

**4.1 Post Brexit**

The labour market in the UK has been significantly impacted by the country's exit from the European Union (EU). The reduction in the number of EU workers in the UK is one of the most noteworthy trends. The end of free migration, the economic unpredictability brought on by Brexit. It impacts on the strategic HR management perspective of UK-based businesses. In order to hire international talent, the "European Union (EU)-Maastricht Treaty of Europe" has reduced the employment rate of UK-based companies by 25% from the worldwide market (CNBC, 2023). Employers must now make sure they have proof of their employees' eligibility to work in the UK and abide by Home Office regulations for hiring and retaining staff (UK Government, 2022).

Businesses now need to adjust their HR strategies to a more complicated and unpredictable employment market. This is causing a variety of changes, such as:

**Putting an emphasis on attracting and keeping talent** Businesses must work harder to recruit and keep the greatest personnel as the labour market becomes more competitive. As a result, there is an emphasis on the wellness, growth, and engagement of employees.

**Increase in flexible work schedules:** The trend towards flexible working arrangements has been fuelled by the COVID-19 epidemic. This is probably going to continue after Brexit as companies try to recruit and keep people who appreciate flexibility.

**Increased emphasis on diversity and inclusion:** Brexit has brought attention to the significance of these factors in the workplace. Businesses are now realising that in order to recruit and keep the greatest talent, they must develop a more inclusive workplace.

**Concentration on upskilling and reskilling:** Businesses must spend money on retraining and upskilling their workforce due to the evolving nature of employment. This is necessary to make sure that their staff members have the abilities and information necessary to be successful in the future.

**Supply Chain:** businesses need to work on their supply chain due to end of free movement with EU.

These are just a few of the emerging HR strategy adjustments brought on by Brexit. Although the entire effects of Brexit on the UK job market are still unknown, it is obvious that firms must adjust their HR strategies in order to remain competitive.

## 4.2 Post Covid

It led to a number of changes in human resourcing strategies, one of the major change is remote work. hence employees are now habituate to work from home, Now HRM force to adopt change in work culture in hybrid or remote positions. Remote and Flexible Work: According to CIPD, the **adoption of remote work** by around 70% of UK organisations during the pandemic has had a substantial impact on the labour market (CIPD, 2021). Some companys are encoreging remote work as well due to lower costs and greater flexibility. HR must evaluate the dangers that isolation poses to performance and wellbeing (Carnevale and Hatak, 2020).

The HR team's post-Covid challenge is to support their organization's employees as they adapt to the new ways of living and working in an efficient manner. Employee morale is crucial to monitor during a recession because happy workers are more likely to deliver

superior output and achieve success. One of HR's goals and top priorities is keeping employees motivated.

The **way businesses find and hire** new personnel has also changed as a result of the pandemic. Businesses are increasingly **aware** of the need to do more to promote their employees' **welfare** as the epidemic has brought to light the value of both **physical and mental health** in the workplace. Last but not least, the pandemic has prompted a change in how HR **develops and train** people.

These are only a few of the new adjustments being made to human resource plans as a result of the COVID-19 epidemic.

## **5. Recommendation using MBO's Model**

Setting clear, quantifiable, and feasible goals for individuals and teams is a key component of the performance management strategy known as MBO.

Processes for performance management and evaluation can also employ MBO. Each employee can have their performance measured against precise, detailed goals by defining these goals. This method can result in fairer evaluations and awards because it offers a more transparent and objective way to evaluate employee performance.

MBO can also be used to pinpoint areas where workers need more growth or training. Organisations can discover skills gaps and development needs through the process of creating goals and assessing performance against these goals, which can help employees with their training and development programmes.



Figure: MBO's Model

(Source: corporatefinanceinstitute 2023)

In conclusion, the MBO model is a useful HRM tool that may assist organisations in establishing clear goals, enhancing employee performance, and identifying areas in which they need to invest in training and development. Organisations may develop a workforce that is more concentrated, successful, and productive by integrating MBO into HRM practises.

## 6. Conclusion

One could draw the conclusion that the UK labour market is in great demand and has returned to its pre-pandemic level. Employers must remain aware of how their employees are feeling. If an organisation does not take proactive measures to handle the Brexit uncertainty, it may suffer as a result. Employers must attempt to foster a healthy work atmosphere and ensure that their staff members are aware of the worth and appreciation of their contributions. This can entail offering access to mental health support, implementing flexible work schedules, and enhancing professional advancement chances.

## 7. Labor Market Prediction

The 2022 recession has impacted the financial capability of very country including UK. In the near to medium term, the UK labour market is projected to remain difficult due to

COVID-19's continuing effects on businesses and the overall economy. Unemployment is anticipated to increase as many firms struggle to remain afloat, despite the government's efforts to support businesses and workers through various laws and initiatives, such as the furlough programme. However, there is hope that the economy will start to recover with the vaccination rollout and the progressive loosening of restrictions. This could result in more job possibilities and a more stable labour market in the long run.

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