



Brexit: Human Resourcing Implications

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Brexit: Human Resourcing Implications

Abstract

Purpose – Three years on from the Brexit vote, while it remains a central topic for debate in the media, there has been limited discussion about the human resource implications. This article provides theoretical evaluation and informed discussion, distilled into four interconnected propositions, on how employee resourcing as a human resource practice may be impacted following actual Brexit decisions.

Design/methodology/approach – Drawing on the employee resourcing literature, the article adopts a discursive approach which examines how the UK's decision to exit the European Union will affect human resource practice. The article draws comparison with the global recession since 2008, a similarly unprecedented development in its discussion of employee resourcing practices and draws parallels which may help to inform the future of human resource practices in the UK, because of Brexit.

Findings – This article offers a set of propositions; the flow of talent into the UK may become more restricted and reinvigorate the 'war for talent' that followed the effects of the global financial crisis on the UK. To attract and retain workers in relatively lower-skilled roles, employers may be faced with a need to re-skill such roles and adopt more flexible working arrangements. Finally, to meet skilled employment requirements, removal of restrictions to recruit from within the European Economic Area may trigger increased global migration of skilled workers.

Originality/value – This article contributes to the discussions regarding the implications of Brexit for HR practice by offering propositions to shape future research agendas.

Keywords Brexit, employee resourcing, human resource practice, labour market, migration

Paper type Conceptual paper

Introduction

The recruitment and selection of workers, the practice of managing people and the working lives of employees will all be affected fundamentally by Brexit. This article offers informed discussion of potential implications for human resource (HR) practices that flow from Brexit. It does so by focussing on the economic impact of Brexit, its effects on workers' rights, and xenophobia which Brexit has stimulated (Ford, 2016; Hatzigeorgiou and Lodefalk, 2016; Stewart, 2017). The article identifies four HR issues that are likely to be significantly affected by Brexit, namely employee retention, labour market skillset, increased non-EU immigration and increased flexible working. The discussion of these four issues culminates in four propositions that are likely to inform HR practice once the UK has formally left the European Union (EU); each of these propositions is likely to shape future work and employment research agendas. While the focus of this article is on Brexit, wider implications can be drawn regarding the ways that organisations respond to crises and uncertainty.

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1 In June 2016, a national referendum resulted in the UK's unprecedented decision to leave
2 the EU – a decision to 'Brexit'. Article 50, the formal process of withdrawal from the EU, has
3 since been triggered and the official separation of the UK from the EU is now in motion.
4 While associated negotiations are underway the distance between these, and the implications
5 of the decision for employers going forward after Brexit becomes real, are uncertain and
6 create associated economic, legal and political volatility for employers (Linacre, 2017).

7 Due to the unprecedented nature of the event, there is currently no empirical research to
8 explain what Brexit means for HR practice. Despite this absence, informed discussion can
9 draw on the impact of other significant economic events, such as the recession of 2008-2009,
10 on HR practice. During the global financial crisis, many organisations were forced to reduce
11 headcount, yet talent was also seen as one of the 'determining factors in turning the downturn
12 into long-term organizational sustainability and success' (Lea, 2018; McDonnell, 2011: 169).
13 The uncertainty caused by Brexit has already resulted in several organizations downsizing
14 their UK operations, for example, Airbus, Jaguar Land Rover and Nissan (Chapman, 2019).
15 In parallel, however some organizations are reporting skills shortages (CIPD, 2017b). There
16 is an increasing number of academic and practitioner publications in different fields (cf.
17 Martin and Gardiner, 2019) which are using the impact of previous recessions to assess the
18 potential impact of Brexit. Furthermore, Wood and Budhwar (2016) suggest positioning
19 unexpected events, such as Brexit, in the context of historical crises. Arguably, the 2008-
20 2009 recession triggered the 'euro crisis' which in turn kindled initial discussions about
21 Brexit (Startin, 2015; Capelos et al., 2018).

22 In this regard, the global financial crisis presents a useful comparison to the uncertainty
23 caused by Brexit to provide theoretical evaluation and informed discussion on its implications
24 for employee resourcing as an HR practice. For example, one feature of employer reaction to
25 the financial crisis was 'labour hoarding' which in turn contributed to the notion of 'a jobless
26 recovery' in more recent years as part of the UK's productivity puzzle (Dolphin and Hatfield,
27 2015). Although, as Elsby and Smith (2010) suggest, the volume of job loss implies that
28 labour hoarding may not have contributed to increased unemployment. Other impacts of the
29 2008-2009 recession, as reported by Bell and Blanchflower (2010), included an increase in
30 unemployment, notably in the youth labour market, an increase in university applications
31 despite only a limited increase in the number of places, and fiscal stimulus by the government
32 to increase employment levels. In more recent years, we have also witnessed an increase in
33 the number of self-employed jobs facilitated by temporary work agencies (O'Reilly et al.,
34 2016) indicating that while employment levels may have increased there is a subsequent
35 reduction in employment protection and stability.

36 The perceived levels of EU migration into the UK was one of the most contentious issues
37 underpinning the Brexit vote (Alfano, Dustmann and Frattini, 2016); how immigration will
38 be affected by Brexit and the subsequent impact of Brexit on the mobility of talent from the
39 EU into the UK in the future remains unclear. The EU Settlement Scheme allows EU, EEA
40 and Swiss citizens who are currently living in the UK to apply to settle before the UK leaves
41 the EU. Indications from the government (2018) suggest that reciprocal agreements between
42 the UK and EU will allow UK citizens living in the EU the right to do the same moving
43 forwards. Widely varying speculations have been made as to the effect of Brexit on the UK
44 labour market with polarised opinions declaring the extent to which the country will benefit

1 or suffer detriment. Teague and Donaghey (2018: 515) for example, suggest that the Brexit
2 will lead to 'wide-spread employment shortages and a significant increase in labour costs'.
3 What is clear, is the instability caused by Brexit requires businesses to make internal changes
4 to remain competitive.

5 The last time that UK businesses experienced uncertainty was during the financial crisis.
6 This article draws on the financial crisis as a comparator to examine how organizations
7 responded in novel ways to a volatile labour market. While the volatility of the labour market
8 can be likened to the recent recession (Teague and Roche, 2014), the practical implications
9 for HR practice are, as yet, unclear. Scholars have been criticized as being slow to respond to
10 unexpected events, such as Brexit (Wood and Budhwar, 2016); the continuing uncertainty is
11 having a profound effect on people's lives and thus warrants discussion and consideration
12 despite the uncertainty. Academic work is conventionally produced after the event; however,
13 this article seeks to learn from the literature relating to the last financial crisis to develop
14 propositions based on how employee resourcing may be impacted following Brexit.

15 The agreed delay of Brexit until 31 October 2019 points to the need to generate
16 momentum in the debate about the potential implications of Brexit through informed
17 discussion. In doing so, this article presents practical HR implications, considers
18 organizational responses to uncertainty and offers an agenda for future research.

19 **Employee Resourcing**

20 Employee resourcing, as an HR practice, focuses on the strategic imperative to ensure that an
21 organization can access the people necessary to achieve its objectives (Armstrong, 2017). In
22 the absence of detailed policy one notable outcome of Brexit is uncertainty about how the
23 movement of talent within the EU will change. Uncertainty, such as this, presents four
24 challenges for employee resourcing; each is outlined and then summarised in a proposition on
25 employee resourcing.

26 *Employee retention and recruitment*

27 The perceived levels of migration from the EU into the UK was one of the most contentious
28 issues underpinning the majority vote to leave the EU. While negotiations are underway to
29 manage the movement of people, this negotiation remains central to the future relationship
30 between the UK and the EU to mitigate the subsequent economic impact (Alfano et al.,
31 2016). Despite the claim that migration reduces employment opportunities for UK nationals
32 there is limited empirical evidence to suggest any correlation between increased immigration
33 and unemployment among the 'British born' population. A report by the Centre for Economic
34 Performance found that migration from the EU has not adversely impacted employment
35 levels, wages, or public services and that migrants from the EU contribute more in taxation
36 terms than they utilise through welfare (Wadsworth et al., 2016). These findings reflect an
37 earlier study by Dustmann et al. (2005) which also found that there is no strong evidence that
38 indicates a negative impact on employment and wages as a result of immigration. It is
39 anticipated by respective EU governments that, in addition to a reduced inflow to the UK of
40 workers from the EU, the UK will witness an increase in the number of existing EU workers
41 returning home from the UK, regardless of their longer term residency status (Wasik, 2017).
42 This tendency may be exacerbated by the increase in xenophobic crimes, since the Brexit

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3 1 decision, experienced by EU nationals currently residing in the UK (Stewart, 2017; Sharman
4 2 and Jones, 2017). It may be the case that a larger number of skilled British nationals will seek
5 3 to emigrate in search of stability (Ridgway, 2017); indeed the Office for National Statistics
6 4 (2019) report the number of EU nationals working in the UK has fallen by 61,000 during
7 5 2017 and 2018, whereas emigration has remained stable for the same period. One outcome
8 6 from the 2008-2009 recession was an increase in net emigration from the UK as the
9 7 weakened pound made the UK a less attractive home for migrant workers (Chubb, Reilly and
10 8 Usher, 2010); it is likely that Brexit will trigger a similar trend.

11 9 Prior to the 2008-2009 recession, employee engagement policies provided an
12 10 organizational focus to support the growing demand for highly-skilled and mobile
13 11 professionals (Farndale, Scullion and Sparrow, 2010). The increasing need to recruit and
14 12 retain staff triggered a 'war for talent', a term originally coined by McKinsey & Company in
15 13 1997. Due to the impact of the 2008-2009 recession on the British job market which resulted
16 14 in many organizations downsizing, some, including Peter Cheese the CIPD's Chief
17 15 Executive, considered the 'war for talent' to be over (Cheese, 2010). As the economy
18 16 recovered, it became clear that the 'war for talent' continued as organizations had to provide
19 17 stronger justification to invest in talent to meet changing business demands and
20 18 organizational structures, post-recession (Scullion, Sparrow and Farndale, 2011). Despite the
21 19 uncertainty caused by Brexit, pressures of global competition are not diminishing, and
22 20 likened to the aftermath of the global financial crisis, talented individuals remain critical to
23 21 the success of organizations in the global arena (Vaiman, Scullion and Collings, 2012). The
24 22 2008-2009 recession significantly impacted the supply and demand of talented resources,
25 23 particularly in relation to 'implementing global mobility strategies' (Sparrow, Farndale and
26 24 Scullion, 2013: 1794). The same argument can be made for Brexit as the demand for talent
27 25 increases and the mobility of individuals across international borders becomes more
28 26 challenging. Brexit may increase the exit of workers, both EU and 'British born' citizens,
29 27 which will act as a catalyst to further intensify the 'war for talent'. Previous studies (Cheese,
30 28 2010; Elving et al., 2013) illustrate that in response to the 'war on talent' organizations
31 29 refocus their energies into redefining their employee value propositions. This refocus is
32 30 reflected in a recent report by the CIPD (2017c), which finds that 86% of organizations are
33 31 focussed on renewing their employer brand. To summarise, in the light of evidence from the
34 32 recent financial recession, the potential impact that Brexit will have on employee turnover
35 33 and the continuing need for organizations to attract and retain talent leads to the following
36 34 proposition:

37 35
38 36 *PI: Brexit will intensify the 'war for talent', triggering a renewed focus on*
39 37 *engagement strategies and employer brand proposition development.*
40 38

41 39 *Labour market skillset*

42 40 There is a perception that migrant workers from the EU are typically employed in unskilled,
43 41 or lower skilled, job roles. This view has been amplified, since the Brexit outcome through
44 42 the publication of articles which demonstrate that at organizations, such as *Pret a Manger*,
45 43 only 50% of job applicants are from the UK (Sullivan, 2017). Teague and Donaghey (2018)

1 suggest that the access to labour through the free movement of people has resulted in an
2 underinvestment in the development of skills by employers. Job applicants from outside of
3 the UK, in this case and other labour-intensive industries such as construction, can be
4 considered 'posted workers' a form of temporary labour migration leading to greater labour
5 market segmentation and host society disconnection (Caro et al., 2017). Alfano et al. (2016)
6 suggest however, that migrant workers arriving in the UK, on average, hold higher levels of
7 educational attainment than their 'British born' counterparts. Migration should not be
8 oversimplified, as the concept of super-diversity necessitates the need to delay societal
9 impacts on, and perceptions of, migrant workers (Vertovec, 2007). For example, super-
10 diversity extends beyond traditional migration patterns to recognize changing configurations
11 of migrant workers' gender, age, and human capital, among other demographics and
12 characteristics (Meissner and Vertovec, 2015). Alfano et al. (2016) report that, on average,
13 migrant workers from the European Economic Area (EEA) receive a lower wage compared
14 to 'British born' counterparts.

15 A reluctance by 'British born' workers to accept particular job roles, for example those in
16 labour-intensive industries where labour costs directly affect product costs, may lead to an
17 increase in wages to attract 'British born' workers. The increased cost of production,
18 however, can trigger the products in labour-intensive industries being imported from
19 countries with lower labour costs resulting in a reduction of UK production, thus leading to
20 reduced employment in the UK (Alfano, Dustmann and Frattini, 2016). This argument
21 indicates a gap that employers will face, bringing into question the real cost of talent, as the
22 reduced movement of labour may trigger wage inflation as higher wages are needed to
23 maintain competitiveness in attracting and retaining labour (Wright et al., 2016).
24 Wadsworth et al. (2016), to the contrary, argue that reduced trade and foreign investment
25 post-Brexit will in fact lower wages in the UK as migrant workers from the EU currently
26 consume goods and services which provide jobs in the UK, thus the reduced demand will
27 affect the supply of employment opportunities. While generalisations cannot be made that all
28 areas of the labour market will be affected by Brexit in the same way, it is clear that there will
29 be some impact to wages and employment levels in the UK.

30 Brinkley and Crowley (2017) suggest that reduced access to migrant labour from the EU
31 may lead to a concentrated re-investment in upskilling the existing workforce. However, they
32 also argue that this aspiration may be frustrated in many sectors because the lagging skill
33 levels across the UK leave the nation ill-prepared to cope in post-Brexit times with the
34 prospect of reduced talent mobility. In 2009, a study by Robson (2009) indicated that it takes
35 time for workers to adjust their skillset to move between diminishing and growing sectors.

36 While it could be assumed that an economic downturn, such as the 2008-2009 recession
37 may have a negative impact on the investment on training, Felstead et al. (2012) report that
38 spend on training continued during economic recovery. Moreover, a report by the CIPD
39 (2017a) indicates that 26% of organizations have increased their focus on staff development
40 and in comparison with the 2008-2009 recession upgrading skills is now critical to
41 maintaining productivity, competitiveness, and facilitating new business opportunities, as a
42 means to survive the recession (Mason and Bishop, 2015). Accordingly, the necessity for
43 greater skills development at all levels across the UK to maintain productivity and
44 competitiveness leads to a second proposition:

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5 2 P2: Brexit will trigger a requirement to reskill and/or upskill workers to meet the
6 3 increasing wages required to employ British workers in less attractive job roles.
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9 5 *Increased immigration from outside of the EU*

10 6 The increase in migration is a phenomenon that is experienced globally and is not limited to
11 7 the UK (Varma and Russell, 2016; Ridgway and Robson, 2018), furthermore, the growth of
12 8 the migrant population in the UK is not disproportionate to other countries (Alfano,
13 9 Dustmann and Frattini, 2016). Despite articulating how skilled migrant workers benefitted
14 10 the UK, prior to Brexit, a critical governmental objective was to reduce reliance on economic
15 11 migration from outside EEA (Migration Advisory Committee, 2015). As previously
16 12 mentioned, migration numbers were one of the most contentious issues during the Brexit
17 13 referendum (Portes, 2016; Simionescu et al., 2017). The Government has proposed an end to
18 14 the free movement of people and cessation of differentiating between EU and non-EU
19 15 citizens in terms of immigration. The proposed changes are likely to reduce the inflow of
20 16 migrant workers by 80 per cent (HM Government, 2018) and increase the number of highly-
21 17 skilled migrants leaving the UK (Erken et al., 2018) as the weakened pound makes the UK a
22 18 less attractive work destination (Portes and Forte, 2016). It is further anticipated that any
23 19 restrictions on the freedom of movement will impact recruitment (Wright et al., 2016) as
24 20 employers will struggle to fill resource gaps caused by the reduced free movement of people
25 21 (Portes and Forte, 2016). The policy proposals are not finalised (HM Government, 2018), but
26 22 even if the freedom of movement is maintained, in the short-to-medium term it is likely that
27 23 the UK will experience labour shortages (Cory, 2017). For example, the NHS is already
28 24 seeking applications from nurses from outside the EEA (Marangozov and Williams, 2016);
29 25 the Migration Advisory Committee (2015) has identified nursing as a shortage occupation to
30 26 ease visa applications but may counteract the short fall left by the removal of open borders.
31 27 Concerns have also been expressed in the construction industry, which is largely populated
32 28 by EU workers but currently has a low representation of non-EU workers due to complexities
33 29 in securing work permits (Sweet and Smith, 2017). Furthermore, a report by the CIPD
34 30 (2017c) found that 75% of respondent organizations reported difficulties filling vacancies
35 31 regardless of sector. The report suggests that the public sector is more likely to recruit non-
36 32 EU migrant workers, while the number of EU migrants that are hired is unlikely to change
37 33 even if they face the same restrictions as non-EU migrants.

38 34 Post-Brexit, citizens from EEA countries may receive preference for future skilled
39 35 migration (Portes and Forte, 2016), yet interestingly, as Alfano et al. (2016) report,
40 36 immigration from outside the EEA has always been greater than from within the EEA.
41 37 Concerns about the reliance on skilled migrant workers to fill skills gap have been raised by
42 38 the Migration Advisory Committee (2015). The committee has called for a reduction in the
43 39 reliance on skilled migrant workers by incentivising investment in domestic skills
44 40 development.

45 41 Economic crises cause additional barriers to international mobility, impacting national
46 42 labour markets (Trenz and Triandafyllidou, 2017). During the 2008-2009 recession there was
47 43 a decline in EU immigration (Woolfson, 2017), however, the economic climate did not deter

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3 1 the recruitment of migrant workers from outside the EU. As the number of UK nationals
4 2 within UK employment decreased, the employment of non-UK nationals increased during the
5 3 same period (Churchard, 2009). The 2008-2009 recession caused inbound unskilled and low
6 4 skilled migration to fall, while there was limited increase to the marginalization of existing
7 5 migrant workers, this may be explained by an increased acceptance of poor working
8 6 conditions or decreased wages (Tilly, 2011). The UK's aging population and falling birth
9 7 rates (Office for National Statistics, 2017) suggests an increased requirement of young
10 8 migrant workers to supplement the work force (Tilly, 2011).

11 9 In summary Brexit could lead to an increased reliance on non-EU migrant workers
12 10 (Rolfe, 2016), dependent on if, and how, the UK government decides to operate a post-Brexit
13 11 work permit system in lieu of free movement (Sumption, 2017a, 2017b). If Brexit results in
14 12 restrictions on the freedom of movement of EU workers, employers have indicated that they
15 13 will need to be more proactive in recruiting UK workers and workers from outside the EEA
16 14 (Davies and Rolfe, 2017), particularly in the public sector (CIPD, 2017c). Thus, the third
17 15 proposition on HR practice post-Brexit is that:

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19 17 *P3: The reduced level of migrant labour arriving from the EU will lead to*
20 18 *organizations proactively targeting recruitment campaigns outside of the EEA.*
21 19

22 20 *Increased flexible working arrangements*

23 21 The Recruitment and Employment Confederation (REC) (2012) reports a growth of flexible
24 22 working in the UK. Flexible work is noted as a method of retention (Chubb, Reilly and
25 23 Usher, 2010); during the 2008-2009 recession it was positioned as a cost saving initiative, it
26 24 is now utilized as a method of engagement, incentive, and motivation. Furthermore,
27 25 flexibility is acknowledged to attract a more diverse range of talent (Cheese, 2010). Contrary
28 26 to assumptions that the 2008-2009 recession was responsible for an increase in temporary
29 27 work, REC (2010) reported that temporary work, despite potential instability, is more
30 28 attractive than permanent work due to the increased flexibility that it offers. More recently,
31 29 REC (2012) also reports that flexible work practices are more widely available in the UK
32 30 than in most EU counterpart countries positioning the UK as an attractive employment
33 31 destination. This argument suggests that maintaining workplace flexibility is critical to
34 32 retaining and attracting EU workers post-Brexit.

35 33 As millennials have grown to be the largest proportion of the workforce, flexibility is now
36 34 a more valuable workplace incentive (Krakovsky, 2017) and has become a standard
37 35 expectation rather than a sought after benefit (Tlaiss, Martin and Hofaidhllaoui, 2017).
38 36 Furthermore, aligned with the second proposition on the labour market skillset, a multi-
39 37 skilled workforce will enhance organizational resilience and enable flexible working in roles
40 38 where, traditionally, flexibility could not be offered, such as blue-collar jobs that often
41 39 involve manual labour (see Krakovsky 2017).

42 40 The shift to platform capitalism (Srnicsek, 2017) has led to the 'gig economy', or the
43 41 'informalization' of work, having grown significantly in recent years with 15% of workers
44 42 now considered as self-employed and over 800,000 workers employed on zero-hours
45 43 contracts (ONS, 2016) and the debate is ongoing whether the primary driver is workers'

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3 1 desire for flexibility or employers' needs to reduce costs. A crucial debate remains as to
4 2 whether 'gig workers' are considered employees or contractors; recent cases, such as Uber,
5 3 suggest the former. Some forms of flexible working practices, however, are detrimental
6 4 (Coyle, 2016), for example zero-hour contracts create a power imbalance between employer
7 5 and worker (Taylor et al., 2017). Furthermore, the aftermath of the global financial crisis has
8 6 led to an increase in precarious employment for many people in the UK and EU labour
9 7 markets (ILO, 2012). Teague and Donaghey (2018) argue that the free movement of 'cheap
10 8 labour' from the EU has been central to precarious employment in the UK. Flexible working
11 9 practices can, however, support candidate attraction as they allow individuals to work in
12 10 different ways (Taylor et al., 2017) and can, therefore, increase workplace diversity by
13 11 making work accessible to more people.

12 12 REC (2012) suggests that flexible working arrangements produce a more agile and
13 13 resilient workforce which is well positioned to adjust to economic changes. Although
14 14 speculation may be expressed by HR professionals that Brexit could have a detrimental effect
15 15 on flexible working practices if the UK is no longer governed by EU provisions, this is an
16 16 unlikely outcome as the UK's provision for maternity, paternity, and annual leave is already
17 17 enhanced in comparison to the minimum EU standard (Suff, 2016). While this is positive for
18 18 those who are permanently employed, the impact to unskilled workers, however, may result
19 19 in reduced levels of employment protection (Orazulike, 2018).

20 20 While there is an argument that the sharing economy, a form of platform capitalism
21 21 which exploits workers through a deficit of appropriate employment regulation, will be a
22 22 'short-lived phenomenon' (Srnicek, 2017), the immediate workforce deficit that Brexit may
23 23 cause could lead to an increase in the need for flexible work practices before this form of
24 24 business model diminishes. The uncertainty caused by Brexit is affecting the supply and
25 25 demand of goods and services, in turn reinforcing the necessity of temporary workers as a
26 26 means of responding to a fluctuating labour market (Orazulike, 2018). As the workforce
27 27 demographic and expectations continue to change, amplified by Brexit, it is proposed that:

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29 29 *P4: Traditional staffing models will be challenged, driven by the need to increase*
30 30 *flexibility to attract and retain a changing workforce.*

31 **Discussion**

32 32 Brexit is certainly unprecedented, and the recency and prolific nature of the event positions it
33 33 as a 'hot topic' for discussion. To develop the propositions in this article it has been
34 34 necessary to draw on past insight and apply this to the current phenomena, in order to predict
35 35 future implications (Webster and Watson, 2002). For example, drawing on comparisons from
36 36 the 2008-2009 recession, enables informed discussion of the economic impact of Brexit and
37 37 potential implications for HR practice. A conceptual approach is useful to address the topic as
38 38 there is, as yet, no empirical data available (Sutton and Staw, 1995).

39 39 Paradoxically, the younger generation who were more likely to vote Remain (Hobolt,
40 40 2016), will be most impacted by workplace changes due to the Leave vote prevailing.

41 41 The increased representation of Generation Y and Millennials in the workforce will place
42 42 a demand on organizations to demonstrate their social and economic responsibilities to
43 43 potential recruits (Kuron et al., 2015; Williams and Turnbull, 2015). The changing workforce

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3 1 demography in the UK (Office for National Statistics, 2017b) and anticipated reduction in
4 2 young migrant workers arriving from the EU is resulting in a tighter labour market. In
5 3 response to the tightening labour market, organizations will need to reimagine their employer
6 4 brand to retain their top talent and attract new talent.

7 5
8 6 Brexit negotiations are still underway and different scenarios (depending on whether the
9 7 UK remains a member of the customs union or EU single market or leaves without a deal)
10 8 will significantly influence the impact to human resourcing practices in different ways.
11 9 Regardless of the finite detail which emerges from Brexit, there has been, and arguably will
12 10 continue to be, a profound effect on the UK labour market. The volatility caused by Brexit
13 11 and current pace of change make it challenging to identify practical implications. Since this
14 12 article was first drafted the discourse has shifted from a 'hard' or 'soft' Brexit to scenarios
15 13 ranging from a 'no deal' Brexit, to another referendum, to a general election.

16 13 *Brexit: Hard or Soft?*

17 14 There has not been a formal definition of what 'hard' and 'soft' Brexit mean, and while these
18 15 terms are losing traction in the mainstream media they remain useful to consider the broad
19 16 implications to the labour market and subsequent HR practices. A 'hard' Brexit scenario
20 17 would witness the cessation of all trade agreements with the EU (Menon and Fowler, 2016;
21 18 Brakman, Garretsen and Kohl, 2018). While this scenario may appear favourable to 'Leave'
22 19 voters as it allows for a firmer stance to be taken on the issue of immigration, a recent White
23 20 Paper (HM Government, 2018) indicates that the government's intention is towards a softer
24 21 Brexit. A 'soft' Brexit would result in the UK being a non-EU member of the EEA,
25 22 requiring a commitment to the freedom of movement (Menon and Fowler, 2016).

26 23 If a 'hard' Brexit was to ensue, the propositions outlined in this paper would be amplified.
27 24 The removal of the freedom of movement and possible requirement for existing EU workers
28 25 in the UK to secure some form of work permit would likely trigger a mass exodus, resulting
29 26 in a significant labour shortage. As the demand for labour increases exponentially the
30 27 restrictions imposed by the withdrawal of free movement would present a resourcing
31 28 challenge, particularly for sectors that are heavily reliant on migrant labour such as
32 29 hospitality (Baum et al., 2007). Furthermore, the Bank of England reports pay growth in
33 30 response to labour market conditions (2018). The growth of pay provides a stark contrast to
34 31 the 2008-2009 recession when wages were subdued due to the increase in unemployment.
35 32 Labour market pressures may affect employers' decisions to increase wages to maintain
36 33 competitiveness but social exchange theory implies that in return for higher wages employers
37 34 expect higher quality returns demonstrated through increased commitment and capability
38 35 (Khoreva, Vaiman and Van Zalk, 2017).

39 36 **Conclusion**

40 37 This article has drawn past insight to present an informed discussion about the potential
41 38 implications of Brexit to HR practice. Four propositions have been offered as a starting point
42 39 to navigate the uncertainty about how the movement of talent within the UK will change. The
43 40 2008-2009 recession, as a significant economic event, was a useful comparison to the present
44 41 climate; as can be expected established debates have resurfaced, for example the war for
45 42 talent. To help make sense of what Brexit means in practice, specifically in the case of

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3 1 employee resourcing, Brexit may actually mean ‘nothing new’. The ‘war for talent’ and
4 2 changing workplace demographics are not challenges born of Brexit exclusively, rather the
5 3 shifting political landscape has changed the perspective about how these challenges can be
6 4 approached. Contextually, however, Brexit is an extraordinary event and thus worthy of
7 5 discussion. The uncertainty caused by Brexit will continue to spark debate in relation to the
8 6 implications for people resourcing until negotiations have been completed and fully
9 7 disseminated. Uncertainty can cause employment relationships to become strained (Jessop,
10 8 2012; Wood and Budhwar, 2016), signifying the importance of organizations maintaining
11 9 positive relations with employees during such ambiguous times.

10 *Practical implications*

11 11 It is difficult to solidify explicit recommendations in the face of the current uncertainty
12 12 caused by Brexit, yet there is speculation about how workers’ rights might be affected.
13 13 Drawing on the 2008-2009 recession, as a comparison, times of crisis can negatively impact
14 14 employee mindsets and their perception of opportunities in organizations (Markovits, Boer
15 15 and Van Dick, 2014), calling for employers to focus on drivers to improve mindsets.
16 16 Following Brexit, while there may be no immediate move to change UK legislation which is
17 17 currently governed by the EU (Hodge, 2017), organizations could take policy decisions to
18 18 honour EU standards. For example, a future government may choose to rescind the working
19 19 time limit, change holiday pay calculations and remove the protection of part-time workers
20 20 (Brodies, 2019); organizations could act to build these entitlements into their policies to
21 21 provide reassurance to employees. Uncertainty calls for solidarity between employers and
22 22 employees (Lulle, Moroşanu and King, 2018); employers must take the lead by being
23 23 transparent and proactively supporting employees.

24 24 As Macleavy (2018) highlights, Brexit could be a trigger to address existing equality
25 25 issues, such as the Gender Pay Gap, by building on existing policies which exceed EU
26 26 standards (Suff, 2016), for example, parental leave. Taking proactive action now may help
27 27 employers to respond to the scenarios, alluded to in this article, that they may face.

28 *Directions for future research*

29 29 The unprecedented nature of Brexit presents many avenues for future research to continue the
30 30 debate and shape the conversation by bringing an HR voice to the discussion. Drawing on the
31 31 propositions presented in this paper, the following research questions are proposed for future
32 32 empirical studies:

- 33 33 • How are employers responding to retention challenges triggered by Brexit?
 - 34 34 • Is the UK experiencing a skills deficit because of Brexit? If so, how is the skills
35 35 deficit being addressed by organizations?
 - 36 36 • What are the resourcing implications of Brexit on immigration to the UK from outside
37 37 of the EEA?
 - 38 38 • How are employers using flexible working practices to address labour shortages, post-
39 39 Brexit?
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