



**December 2016**

## **Brexit and the Labour Market: A New Reality**



**We are conditioned by what we read on the news! We are too busy to think about what might come next!**

Political development are rolling towards us with greater force. We do not have power to determine how things are going to take place in the future. We might have thought that we have control but we don't!

Our **MBA Winner Newsletter** focuses on the reality of Brexit and its implications. We consider it a relevant and important topic as it will certainly affect how educational services are designed and deliver.

**Questions that crop to mind are:**

- Will the UK labour market is going to become stronger or weaker in the years ahead?
- How are we to prepare for what is coming?
- What 'tectonic educational changes' are we likely to see affecting our education in general and the MBA programme in particular?

**Globalization and its constraints**

There are two options lying ahead.

The **first option** is for Brexit to be smoothed out by the UK government to the extent that its consequences are going to remain trivial. **The reason?** The UK does not want to lose out from an aggressive Brexit strategy. The *European Union* (EU) is in a very difficult situation with Italy announcing its own referendum for staying or leaving from the EU!

It is likely that the Italians would like to vote OUT of the EU!

This means that EU's foundations will be starting to shaken. Hence, a 'negotiation scenario' is that the UK will not introduce radical reforms because it will accept good terms with its European partners.

The **second option** would be for **a surprising attack** on the UK by the European partners (*unlikely to happen in our view*).

In this scenario the UK would need to introduce specific reforms which would enable her to differentiate its government policy. In practical terms this means that European students would have more difficulty coming to the UK to study because of the added bureaucracy.

A possible decline of students will generate consequences for universities but also for the quality of teaching and learning that students are currently offered.

Student cohorts are likely to become smaller with less international students!

More renowned universities are likely to maintain their position of power over less known universities.

**This development will have radical consequences for universities merging or closing down because of their inability to sustain themselves.**

### **MBA & Distance Learning**

Following our own analysis we believe that one certain development is going to be a greater expansion of MBA courses offered through ***distance learning programmes***.

We believe that it is very likely for most UK universities to seek to overcome upcoming regulatory boundaries by offering new and exciting MBA programmes which will require **minimal attendance**.

We argue that it is also likely for the better known universities to become much keener on taking new students. This is going to be a good opportunity for those of you who have been dreaming for graduating from a *Russell Group* University.

The quality of service is likely to remain average as universities will need to spend considerable money on internal restructuring. However, universities, like any other business, are not able to sustain themselves unless they have adequate sources of income.

## Migration of MBA Students to New Markets

Our market analysis shows that there is a definite trend emerging with people looking for employment in other countries and **particularly in Africa!**

Africa is becoming one of the top destinations of foreign investment and it is likely to attract even more in the future.

Africa's rich natural resources and large population make her an attractive destination for companies.

China will continue to attract foreign investments but its products are going to be distributed towards the developing countries as the divide between the poor and rich is widening.

Luxury products are likely to maintain a priority for the more wealthy population who is likely to remain so.

## Globalization: The New Reality

Studies on Globalization already demonstrated that markets are highly interconnected and changes generate adverse effects on all parties.

However, at MBA Winner we see that the more interesting development concerns a shift away from globalization into '**geographical centralization**'.

This means that corporations become a lot more selective on the markets they seek to target **resisting** to globalization trends!

We know that it sounds bizarre... but our research shows this is very likely to happen!

Corporations are likely to abstain from entering into new markets because they want to avoid that strong interdependency which allowed them to generate profits in the short term but is now proving a rather painful experience.

## Greater focus on cultural adaptation

A second development concerns the employers' greater demands and expectations from employees to demonstrate **cultural awareness** to the extent that they are **agile enough** for adapting into a new environment.

Speed is likely to become even more crucial for employers because of current advancements within technology.

Information can be transfer relatively easy between locations. **However, experience and expertise remain context-dependent!!** This means that employers have to deploy one of the two strategies.

**Either** to investing on recruiting people from the developing country whilst providing direction and decision making power from the centre. **Or**, migrate people for short periods of time for **specific engagements** where they can go and establish foundational processes and then move back whilst the employer is hiring people from the local area to maintain existing operations.

Speed of technology certainly generates flexibility but at the same time it is generating new constraints about **how** and **why** people are able to integrate into a new social environment!

We are likely to see employers being more aggressive in their employment structure choosing a 'geocentric' or 'regiocentric' approach rather than an ethnocentric approach.

*In practical terms, this means that employers **will not** be concerned with hiring people from the same country. Instead, they will seek to hire and develop people within a particular region generating more flexible ways of managing the workforce.*

### **What is that you need to do now?**

At MBA Winner we believe that the development of knowledge in a specialised area is like having tyres on a car! Without tyres you cannot go very far!

Without specialisation you cannot go very far. The world is clearly moving towards **anti-globalism** with a greater emphasis on the conditions of the **local** rather than global market.

We believe that an **understanding of culture** and the capacity to become creative within different religions, ethnicities, ways of thinking is going to be truly detrimental for overcoming this upcoming struggle.

**We encourage all MBA students to anticipate the above developments coming up in the UK but also within Europe. Preparation is the best ally for winning a battle.**

If you are not sure for how to utilise your MBA in terms of your work opportunities and experience please get in touch with us and we will be happy to help and support you.

MBA Winner has been a leading service provider in the UK offering succinct professional advice to MBA students in all subject areas.

If you are worrying about your MBA studies or looking for better developing yourself through your MBA programme then talk to us and we will help you develop a strategy that will allow you to best utilise your own learning opportunities.



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