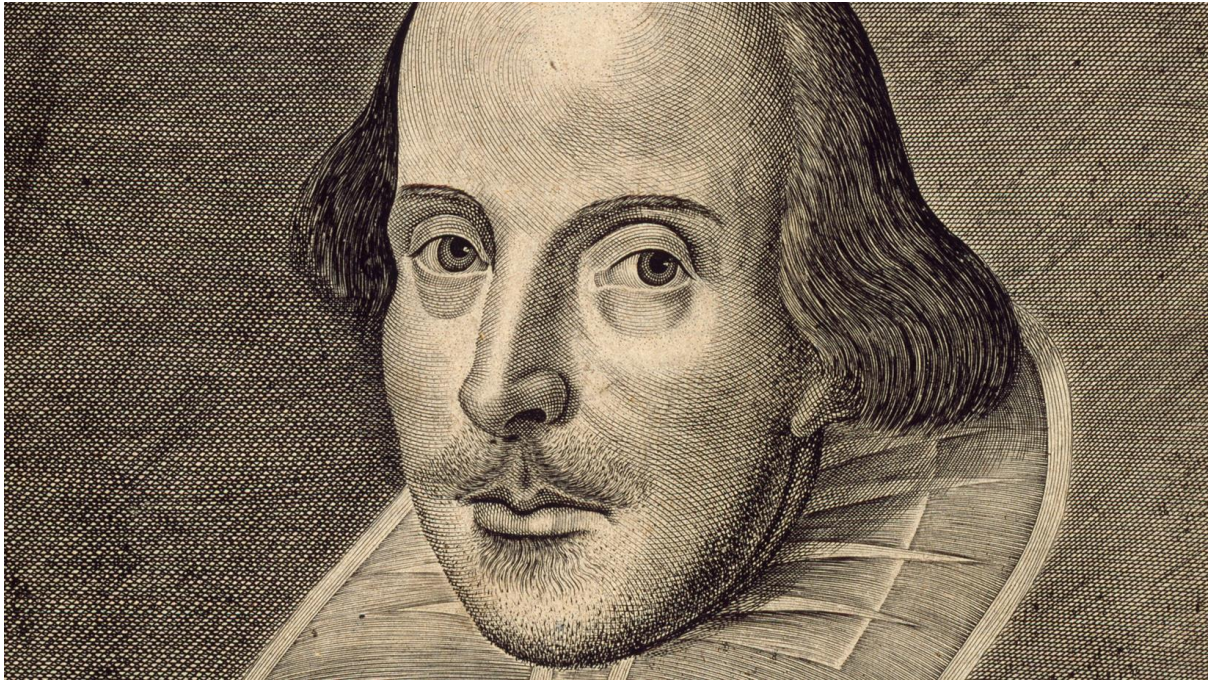


**To Brexit or not to Brexit?
That is the question!**



**Assignment Help Guide on Theories: The
Case of BREXIT**

In this assignment **support guide** we use the case of BREXIT as an opportunity to provide some scope to different academic ideas studied in the MBA programme but also found in the undergraduate curriculum.



Following the publishing of the following article by *The Guardian* we tap on the *difficulties* of the UK's manufacturing sector for adjusting to the economic, social and political changes. Even though there are lots of ideas floating about the 'pros' and 'cons' of BREXIT we believe that it is important that we engage with this topic and for furthering our understanding on how to study the business environment.

You can access the article from the following link:

<https://www.theguardian.com/business/2019/jan/03/uk-manufacturers-face-biggest-worker-shortage-in-30-years-brexit>

Theories, Theories, Theories.

Putting into effect theories is one of the more useful way of learning concepts! It gets even more interesting if the theories can be applied to current and interesting phenomena like BREXIT.



As you already know there is no a single way to apply a theory.

However, the application lies on the vigorousness with which key events are identified, analysed for drawing conclusions.

Hence, our aim in this academic help guide is to use BREXIT as a case study for drawing important insights about the use of academic theories.

The Macroeconomic Environment

Even though 'change' is being studied within the MBA programme, organizations have great difficulty understanding how to relate and respond to it. The management of change remains a very challenging task because it is a constantly moving target! However, any serious interaction with a moving target requires considerate planning. Hence there is a heightening need to understand all the different possible directions.

The study of the 'macro-environmental factors' remains a key conceptual model frequently used in academia. The aim is to identify the broadest possible forces that exert some form of influence on the environment.

Attention is paid onto the individual forces that comprise of the **Political, Economic, Social, Technological, Environmental and Legal forces**.



A study of PESTEL might seem to be a blunt way of trying to study a phenomenon. However, the study of the environment becomes more *stimulating* when seen in conjunction with the concept of 'change management'.

The management of 'change' is the development of capacity where the organizational members are able to make assumptions about change. However, change remains external but also internal. Changes outside the organization can be affecting changes inside the organization.

How can the case of BREXIT be used as a way for informing our understanding of academic theory and their perspective value to managers and other employees?



The scope of theory is not necessarily to make accurate predictions about the future. The scope of theory is to explain why something is likely to happen with some validity and certainty.

A theory can explain a phenomenon AFTER it has taken place but the theoretical form of reasoning can be used to make assumptions about new or/and emergent phenomena.

Institutional and Organizational Structures

A study of BREXIT remains useful when trying to understand the institutional structures in force. Institutional theory remains a popular theory that explains how institutions operate and try to sustain their presence. Institutional theory places emphasis on norms and behaviours that have been accepted over time and which provide the structure with which operations are taken place. In contrast to an 'organizational' perspective theorists identify that the institutional element is identified on repetitive forms of behaviour that taken place without even some realization of them.

Why is this theory interesting for understanding BREXIT?

A study of institutions in the context of BREXIT brings us face to face with the relationship between different government bodies. In particular Great Britain and the European Union comprise of two separate member states that are managed through their respective government structures. However, a government party comprises of an institution and operates under specific norms that are deeply embedded onto its structure.



What makes the case of BREXIT particularly interesting is the *collision* between the different institutions as managed through their respective government bodies.

In particular, an interesting issue to examine is the role of those representatives that reinforce the identity and image of the institution. Key statements provide an important source of input for understanding the thinking but also the forms of analysis with which relationships are identified.



Moreover, the media is playing an important role with the distribution and re-distribution of key statements that influence public opinion.

Hence, a study institution offers interesting and important insights into the interaction between institutions but also the developing tensions and how these tensions are understood and managed between them.

Population Ecology Theory

In contrast to mainstream management theories, *population ecology* has gained prevalence in the literature. This is because it uses a different theoretical framework for understanding the scope and role of organizations.



In contrast, to other management theories, population ecology places greater attention onto **the environment** and identifies organizations as organisms that have compete for resources.

In this theory the wider environment plays a much more catalytic role for understanding competition.

Some firms are able to gain more or less precedence because of how the **environment** and it conditions favours certain firms. Hence, some products and services can become most popular **not** because they are necessarily better marketed but because the environment and its conditions is 'selecting' those behaviours as better.

Hence, customers demonstrate a greater level of preference for products and services. However, this trend is really a very complex outcome for many environmental forces that remain difficulty to predict.

Why is this theory interesting for understanding BREXIT?

Population ecology theory becomes an interesting theory for BREXIT because of the many changes that take place with the landscape between the UK and Britain. In particular, according to *The Guardian* (mentioned earlier) the following observation is reported:

The Bank of England has previously said that the majority of businesses in Britain have done little to prepare for a no-deal scenario, while the government has started to tell more companies to make preparations as it steps up its plans.

The **possibility** of being ill-prepared implies the likelihood of business implications.

It is already meant that managers cannot predict what is going to happen with great precision! However, this is where 'preparation' and 'planning' come in by asking the 'what if' question.

According to population ecology theory, organizations are more likely to be able to survive in the future because of the way in which the environment is going to favour specific practices.

For example, some companies that market themselves as 'British' could enjoy greater economic returns if the British people pay more attention onto the country from which products are produced.

Some companies are going to become less competitive, not because of the quality of their products but because of the way the consumers produce their purchasing decision and in light of the current changes. Similar situations can comprise of the specific market or industry in which firms operate. For example, it is evident that firms that rely on imports or exports are more likely to be affected.

Contingency Theory

In the study of corporate strategy *contingency theory* remains a popular one.

This is because it provides a theoretical framework for explaining how organizations are able to gain their competitive advantage but also to sustain their presence over time. According to contingency theory there is some type of equilibrium between the (a) *environment* and the (b) *firm*.

In contrast to population ecology firms are through to have greater control in managing their point of contingency with the environment. Hence, organizations are more likely to sustain their equilibrium by introducing certain changes to their structure and operations.

The study of this theory remains relevant for understanding BREXIT because of the many and new contingencies that are emerging within the national but also global economy. Since contingency is identified as having some form of 'congruence' this means that organizations are responsible for tuning into the great uncertainties. This can be done through vigorous scenario planning.

Why is this theory interesting for understanding BREXIT?

According to the *Guardian* article (once again) there is another interesting observation made:

Net migration from the rest of EU to the UK has also slumped to a six-year low. The weaker pound has made it less attractive for foreign nationals to come to Britain to work, while Brexit has also raised the prospect of tougher immigration rules in future.

The **availability of the workforce** remains detrimental for service corporations where daily contact with customers remains significant to the business.

The application of contingency theory remains useful for understanding BREXIT because it provides focus on the domains that are more likely to be affected.

For example, let's us consider the question of **how 'easy' or 'difficult' it is for a corporation to replace its foreign workers with British workers?**

Without a strong transition plan there is going to be challenging for an organization to reduce its dependence on its foreign workers.

However, the possibility of a replacement can remain the prerequisite for remaining viable in its business operations. Hence, a study of contingency theory would require a greater investigation on the specific type of changes that are likely to impact on a business and whether there is capacity in the company to respond to such changes by introducing the appropriate corrective management actions.

Human Resource Management

Even though *Human Resource Management* (HRM) does not comprise a theory as such, nevertheless, it remains a field of study where many theories are situated.



HRM driven theories are interested in people and the implications of the working environment and its conditions on people.

The basic functions of HRM are (a) recruitment, (b) selection (c) training and (d) development.

As we discussed in our recent newsletter for 2019 all of these areas need to work together for an effective HRM function and in any type or size of organization.

One of the more significant elements of any HRM theory is the study of employee engagement and motivation.

The prospects of available work remain volatile. The absence of a permanent future carries implications about employee commitment and engagement but also the working relationship between employers and employees.

It is evident that in low-skilled jobs there is a greater availability of people interested in work. However, in high skilled jobs the availability remains more challenging.

Take for example the following (again) interesting observation by *The Guardian*!

The article notes that there is 'demand' for hiring new employees but there is a growing 'scarcity' of well qualified employees. This development suggests that it is harder to offer stability to employees in the long term. Especially, in light of a changing European working environment where member states become more 'self-centred'.

The recruitment difficulties come as the UK employment rate stands at the highest level since 1971, while unemployment is at its lowest since 1975, making it harder for companies to hire new workers without offering higher wages....In a survey of more than 6,000 employers across the country, the lobby group found 81% of manufacturers and 70% of service sector firms reported difficulties with finding staff with the right qualifications and experience.

Why is HRM and its theories interesting for understanding BREXIT?

The study of BREXIT remains particularly prevalent for HRM as a discipline because it carries so many implications that affect numerous areas of working.

Some of the implications concern

- **The bargaining power between employers and employees**
- **The different generations between employees**
- **The need to comply against ethical principles about discrimination and equal opportunities.**

It is not difficult to imagine a heated a working relationship when employees are concerned about the possibility of being made redundant. From the previous discussion it is evident that the 'availability' of workers is changing. This carries a chain reaction to how recruitment and selection practices are carried out. Clearly employers need to work harder and smarter in order to identify the extent to which key traits are evident in the availability between workers.

→ However, the assessment of the desirable job traits remain equally relative to the availability of workers and in the possibility of replacing them.

If employers need to sustain their workforce they need to understand how to provide training opportunities.

However, as the budget is shrinking any such initiative can be challenged. But...the bottom line is that without a strong workforce an employer is not able to meet its goals.

The management of the workforce is likely to become an ultimate criterion with which the managers and their competencies are going to be tested out.

Assignments and Guidance

Having assisted numerous MBA students a **key message** we want to communicate to you is that **you** need to identify with whatever assignment or dissertation you are doing in the best possible way.



This can only happen when you consider *how* your project is going to add to your knowledge and experience (not only for now) but also for the future.

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