Lancaster University Management School

WORK FOUNDATION
A century advancing good work

Making progress? The challenges and opportunities for increasing wage and career progression

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Work Foundation Centenary Provocation Papers

June 2020

Acknowledgements

We would like to extend our thanks to Paul Sissons for developing this paper and Lesley Giles and Heather Carey for their inputs and feedback.

About the Work Foundation

The Work Foundation is the leading think tank for improving work in the UK. We have been an authoritative, independent source of ideas and analysis on the labour market and the wider economy for over a hundred years.

As the pace of economic change continues to disrupt the ways we work and do business, our mission is to support everyone in the UK to access rewarding and high-quality work and enable businesses to realise the potential of their teams.

To do this, we engage directly with practitioners, businesses and workers, producing rigorous applied research that allows us to develop practical solutions and policy recommendations to tackle the challenges facing the world of work.

We are part of Lancaster University's Management School, and work with a range of partners and organisations across our research programmes.

About the Author

Dr Paul Sissons is a Reader in Employment Studies at Coventry University. Paul's research focuses on spatial aspects of labour markets, low-wage work, labour market disadvantage, skills policy and local and regional development.

His recent work has examined wage inequality in British cities, the links between economic growth and poverty reduction, policies to facilitate in-work progression, and employer approaches to productivity and pay. Paul has previously held posts at The Work Foundation, the Institute for Employment Studies and the University of Dundee.

Contents

Foreword

This paper represents one in a series forming the Work Foundation's Centenary Provocation Papers. They were developed as part of the Work Foundation's Celebrations to mark 100 years specialising in understanding developments in the world of work. Each were produced during 2019, before the onset of the Covid-19 crisis that has engulfed countries around the globe. At the time of publication, it is still too early to say what the longer-term impacts of the crisis will be, nor how the world of work will change as a result. Nevertheless, each of the papers provide a range of invaluable perspectives on the challenges facing workers, businesses and policymakers in the UK at the end of the second decade of the 21st Century. The papers will also help to shape priorities for the Work Foundation's future work programme in the years to come.

When the Work Foundation became established as the Industrial Welfare Association, at the end of the First World War in 1919, it set out its core purpose and mission. Its goals were to:

- study the most pressing employment challenges of the day
- design schemes to support better employee welfare and working conditions for all, and
- build opportunities to exchange views and share experiences through meetings, conferences and communication activities.

Of course, the world of work has changed dramatically since then. We have more people in work than ever before, lower rates of unemployment and higher earnings. This is in part helped by improvements in labour market regulations and employment standards, such as the introduction of the National Minimum Wage and, more recently, the National Living Wage.[1] But, a focus on enhancing employment conditions for people at work is still as fundamental as it ever was. Furthermore, there are also similarities and common threads from the past that can help offer insights about the future. By drawing on what we have experienced in the labour market, this presents the potential to extract valuable practical lessons about what has or has not worked, from which we can learn.

The Provocation papers have provided a unique opportunity for the Work Foundation to revisit with its partners what progress has been made to restore Good Work in a modern economy and how we can continue to demonstrate its value, in challenging inequality and driving more inclusive growth in future. In particular, we have looked at what can be done to resolve the same thorny employment issues that plagued policy-makers, practitioners and business 100 years ago to create more *Good Work for all*.

We commissioned 4 papers exploring topics aligned to the Work Foundation's strategic themes around Good Work. These themes have drawn heavily on the Work Foundation's long track record and existing evidence base, but have also been shaped at the launch event for the Work Foundation's new strategy in 2016 - Shaping

[1] ONS (2017) *UK Labour Market Statistics*

the Future of Good Work[2] and the subsequent evolving work programme[3]. Consequently, the current debate and hence associated *call to action* has aimed to cover:

- High performance working: the importance of better management practices to improve productivity through people and their talents and to empower the workforce and ensure workers voices are heard and responded to. Mechanisms to drive better management practices have been covered by Peter Totterdill in his paper, "Are we *really* serious about productivity, innovation and workplace health?" In turn, David Coats deals with issues around what can be done to give the workforce a stronger voice, in his paper "Good Work and the Worker Voice";
- Skills and progression: supporting better skills development and use. Some of the current challenges here have been taken up by Paul Sissons in his paper, "Making Progress? The challenges and opportunities for increasing wage and career progression"; and
- Equality: action to tackle growing inequality in the labour market and what can be done to encourage opportunities at work for all. Anne Green has embraced some of these issues in her paper, "Spatial inequalities in Access to Good Work".

A closer focus on each paper provides a chance to understand more fully some of the current and future challenges ahead.

Paul Sissons aims to explore the realities of career progression in a modern economy. Career progression and wage growth, are central to our contemporary understanding of employment, and with that, ambitions to raise people's quality of work and employment prospects and to enhance social mobility. As we have seen Good Work is associated with happier and healthier lives and better well-being. Yet, despite strong expansion of the UK economy over the past hundred years, we have seen growing levels of poverty, inequality and division in our society. We now have more than 14 million people, including more than 4 million children, living below the poverty line in the UK, with work no longer providing a route out of poverty for many. Furthermore, *in-work poverty* has increased – over 50% of those living in poverty are within working households. So how can some of these issues be tackled?

Paul's paper seeks to make a significant contribution to what can be done, by focusing on the progression challenge faced by low-paid workers. This has become a major policy concern in the UK recently as those 'stuck' in low-pay face significant barriers to achieving progression in-work. In the past, attempts to support those with restricted pay progression have tended to focus on factors to secure monetary increases, but Paul shows how a broader perspective, which takes a rounded view of career progression, may be more likely to enable improvements,. Paul examines the nature of current issues relating to wage and career progression and considers how changes in the external and internal labour markets seen in shifting patterns of employment, and developments in firms' organisational practices have altered the opportunities for, and experiences of, wage and career progression. Whilst career progression is still not well understood and the evidence base is weak in parts, Paul offers insights on what can be done to improve progression opportunities in future and what are the pressing priorities for policymakers, employers and wider stakeholders.

Lesley Giles and Heather Carey
Work Foundation, December 2019

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[2] http://www.theworkfoundation.com/events/shape-the-agenda-of-good-work/
[3] http://www.theworkfoundation.com/wf-reports/

1. Discussion

Introduction

The idea of experiencing wage growth and progression over time is an important element of contemporary understandings of work, and has recently been a growing focus in policy discourse and action; with stated goals to enhance social mobility at the same time as driving economic growth. Yet changes in the labour market, in patterns of employment, and in firms' organisational practices, have altered the opportunities for, and experiences of, wage and career progression for workers. This paper presents the historical context to these changes and describes current issues relating to wage and career progression. The paper also provides some discussion of associated concerns around skills-utilisation, which impact on a broad range of workers. The implications for policy and practice are then examined.

Purpose of the Paper

The main focus of the paper is on the progression challenge faced by low-paid workers. These workers are arguably at the sharpest end of labour market change, and have fewer formal resources allocated to their career development (Newton, 2006; Lindsay et al, 2012). There is also a growing policy interest, particularly in the context of Universal Credit and the increasing devolution of skills funding, in how the issue of weak progression from low-paid work can be addressed.

The paper provides an evidence-based view on identifying the challenges around progression, and presents ideas for how these might be addressed through the work of a range of stakeholders. The paper details different mechanisms of progression –through internal and external labour markets – and develops thinking about the roles of policy and practice in relation to each of these. The focus is on adults rather than youth labour market transitions. It does not cover apprenticeships, which can offer a clear route to progression in specific circumstances, but are only of partial relevance to the broad issue of barriers to progression in the wider labour market.

The paper is structured as follows. The following section discusses the reasons why a focus on progression is important. The discussion then moves to a description of the nature of the progression problem and the characteristics of changes within the labour market which make progression challenging. The evidence on 'what works' in supporting progression is then considered alongside the presentation of policy and practice recommendations which follow. Finally, some concluding thoughts are detailed.

The aim of the paper is to contribute to a national conversation about the importance of developing new policies and practices oriented towards progression, and to highlight the important roles of a range of stakeholders and the need to work collaboratively to generate improved outcomes. The theme of progression connects strongly with the wider idea of 'good work', and the shaping of an economy which is 'people-centred' and effectively develops, utilises, and rewards workers' skills.

Why a focus on progression?

The prevalence of *low-paid and insecure employment has become a major concern in the UK* and many other advanced economies. Low-pay increases the risk of in-work poverty (Sissons et al, 2018). A particular concern is the *sizeable proportion of workers who remain 'stuck' in low-pay for an extended period of time* and who face significant barriers to achieving progression at work (for example see D'Arcy and Hurrell, 2014). These barriers include personal factors, but also encompass structural issues in the labour market, business and HR practices, and public policy decisions relating to skills and employment.

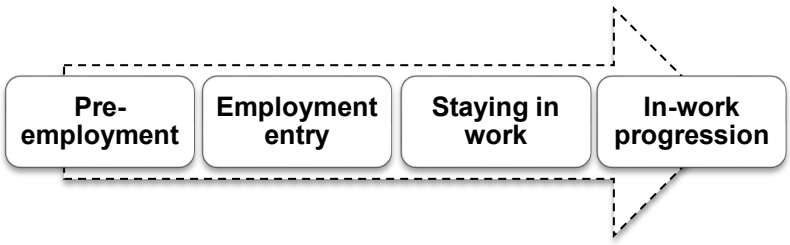
In-work progression has been seen as primarily a social problem, but the issue is interconnected with broader economic concerns – issues of low productivity, weak employer demand for skills, and skills under-utilisation (Wright and Sissons, 2012; Atkinson et al, 2019). Wage mobility is part of the wider problem of stalled social mobility.

Defining progression

At a basic level defining wage progression is quite simple. Typically progression is judged through reference to monetary increases, normally a higher hourly rate (although some definitions also consider number of hours worked). However, career progression may not be as linear as a focus on short-term pay movements implies. A more rounded view may capture non-monetary measures such as greater job stability and security (Wilson et al, 2013) – this could be progression from insecure to more secure employment, or to employment with better options for long-term career development (such as employment with training). Career pathways are generally not particularly well-understood; horizontal moves, perhaps to shift to a different employer or a sector which offers better long-term prospects, may be an important part of longer-term career progress.

Much of the recent interest around in-work progression has been from the perspective of the need to better link employment entry for those out of work with improved retention and progression outcomes. From this view, *in-work progression* can be seen as the *end product of a stylised employment pathway* that incorporates a pre-employment stage (for some) including activities such as employability skills and vocational training needs; employment entry; work retention; and then progression (see Figure 1). From a public policy perspective, when considering progression as part of a pathway from job entry there is likely to be a *trade-off between the quality of an initial job match and the intensity of any in-work support* which is needed to support progression outcomes (Sissons et al, 2016).

Figure 1: A stylised employment pathway



Source: Green et al, 2015

An important distinction is between progression via *internal versus external labour markets*. The career model is often viewed from the perspective of the firm internal labour market, where a worker stays with

an employer, acquires skills, and gains seniority as their career progresses[4]. However, progression through the external labour market is critical for workers employed in firms offering very limited internal prospects due to firm size and/or internal labour market structure (Hamilton and Scrivener, 2012; Pavlopoulos and Fourage, 2006).

Patterns of progression and factors associated with progression

A number of studies which have looked at the persistence of low-pay show a significant proportion of workers remaining 'stuck' in low-pay even over extended durations (Dickens, 2000; D'Arcy and Hurrell, 2014; Kumar et al, 2014; Lee et al, 2018). These studies identify a series of characteristics associated with *reducing the likelihood of progression* – these include levels of qualifications, age, gender, health conditions, ethnicity and employer size. Women are more likely to work in part-time employment, and part-time work is associated with lower rates of progression. There is also good evidence that rates of wage progression have *distinct sectoral dimensions*; being much lower in sectors such as social care, hospitality and retail, even when controlling for personal characteristics (Lee et al, 2018).

There is less evidence on how much influence place has on wage progression for low-paid workers. There is an uneven map of low-pay generally, with fewer low-paid workers in London and parts of the Greater South East (D'Arcy, 2018). Low-paid workers in London are also more likely to progress out of low-pay; however, this pattern appears in large part to be attributable to differences in the wage distribution. When looking across a consistent group of low-paid occupations there is less evidence of a London 'escalator effect' (Velthuis et al, 2018). In this sense, *progression is a national problem*.

Individual attitudes to wage and career progression also differ. Some workers will have weak expectations of their employer and a largely functional relationship with work (Hay, 2015). Although this position can also be rooted in the workplace opportunity structure in which workers are located, and which can serve to limit aspirations to progress (Ray et al., 2008). In some sectors the financial benefits to progression are small and may not act as a strong motivator (Devins et al, 2014; Lloyd and Payne, 2012).

The nature of the progression problem

Two types of changes in employment have been identified which have potential implications for opportunities for wage and career progression. The first relates to *changes in the types of jobs* and occupations which are growing and those which are declining. The second to *changing practices within internal labour markets*, linked to the restructuring of hierarchical ladders.

Labour market change

An influential literature has evidenced a *polarising labour market*, with jobs growth being concentrated particularly at the top (in wage terms), but also the bottom of the labour market, and with a reduction in middle-waged jobs (Goos and Manning, 2007; Fernandez-Macias et al, 2012). These developments are expected to continue over the next decade. Considering recent forecasts from the Working Futures Series,

[4] Although there are different notions of what constitutes the internal labour market – distinguishing between internal labour markets as representing jobs within a firm; groups of jobs within a firm; or across firms but within an occupational labour market (Althauser, 1989).

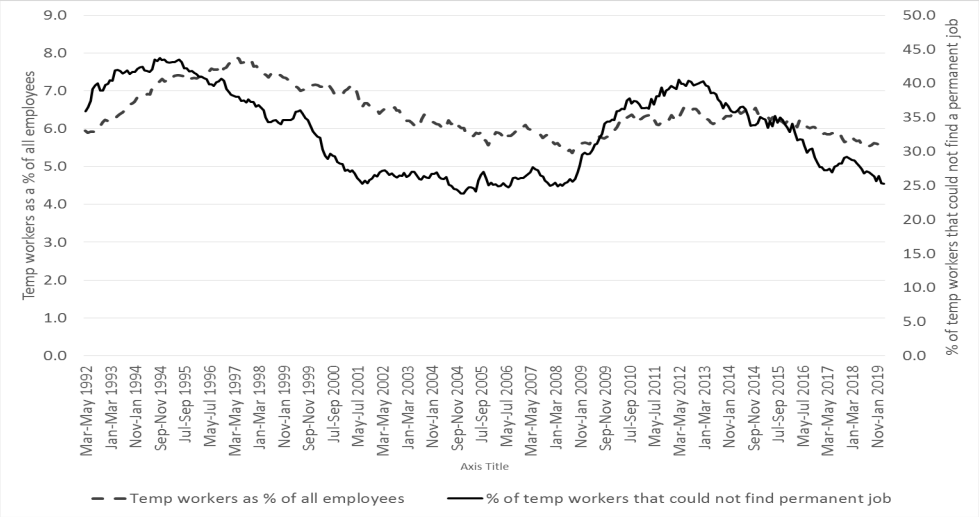
these project ongoing strong levels of growth for higher skilled roles including associate professional and professional roles and managers, as well as growth in lower-paid occupations, particularly service-related roles that are hard to automate (Wilson et al 2020). At the same time, more 'middle-waged' roles, such as administrative and skilled trades, are expected to continue to decline. It has been argued that such changes associated with polarisation have implications for opportunities for mobility, especially as it reduces opportunities to progress in mid-tier roles (Crawford et al, 2011), although there is relatively little empirical evidence on this point.

More generally, changes in the labour market have not been equally distributed. Women are considerably more likely to be in low-paid work as well as at greater risk of 'low quality' employment across a range of measures (Holman and McClelland, 2011; Stier and Yaish, 2014; Grimshaw and Figueiredo, 2012).

Alongside the polarisation of employment there have also been persistent divisions in qualifications attainment, which too influence access to progression opportunities. The UK's qualifications profile has substantially improved over time, but by international standards it has in relative terms been treading water as other countries have improved at a faster rate (Bosworth 2014, Campbell 2016; OECD 2018). At lower qualification levels, the UK's relative position is well below the OECD average. One in five UK adults have low or no qualifications (below upper secondary). Further, only 10 per cent of 20 to 40- year olds hold technical education as their highest qualification in the UK, which means the UK is only ranked 16th out of 20 OECD countries. The skills demands of jobs on average in the UK have increased over time, however, there is some evidence for a 'stagnating or even reversing demand for skills' between 2012 and 2017 (Felstead et al (2018).

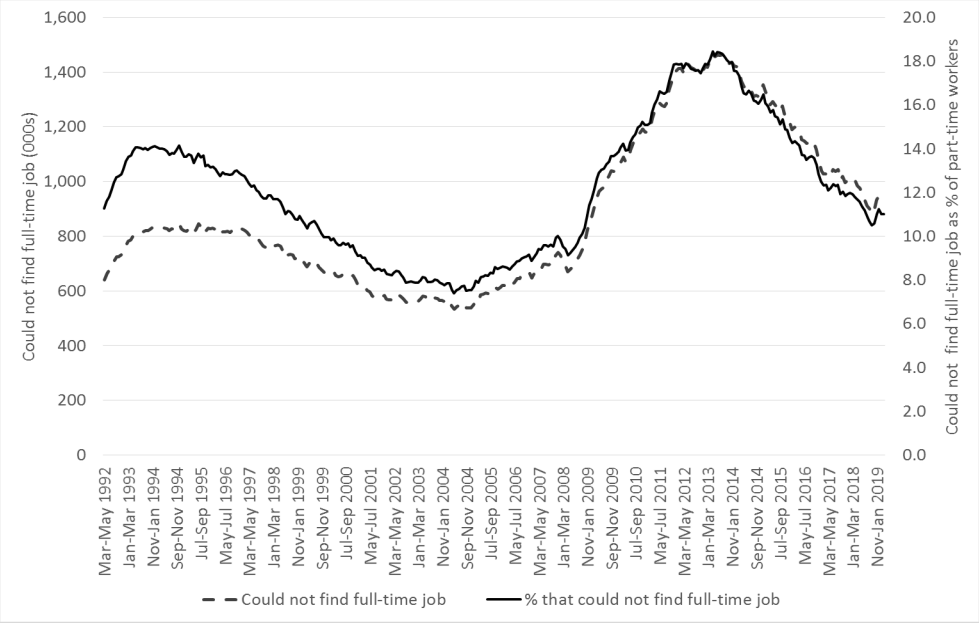
What implications do changes in the labour market have for patterns of work? The evidence that labour markets are becoming more insecure is somewhat mixed, and it might be that while insecurity has not significantly widened, the nature of insecurity has deepened for those in the most precarious positions; it has also been shown that *young workers in particular have experienced an increase in insecurity* (Gregg and Gardiner, 2015). Overall jobs tenures have risen slightly, with median tenure reaching around 65 months by the mid-2000s (Gregg and Gardiner, 2015). Both the proportion of workers in temporary work, and the proportion of workers in temporary employment who could not find permanent work, have fallen somewhat since the mid to late-1990s (Figure 2). There were around 1.5 million temporary employees in 2018. The proportion of *part-time workers who could not find full-time employment is though above the rate seen in the early-mid 2000s* (and is roughly in line with the rate experienced in the late 1990s); and as part-time employment has expanded this now encompasses some 950,000 workers (Figure 3).

Figure 2: Temporary working, 1992-2018



Source: Labour Force Survey. Office for National Statistics

Figure 3: Employees working part-time because they could not find a full-time job, 1992-2018



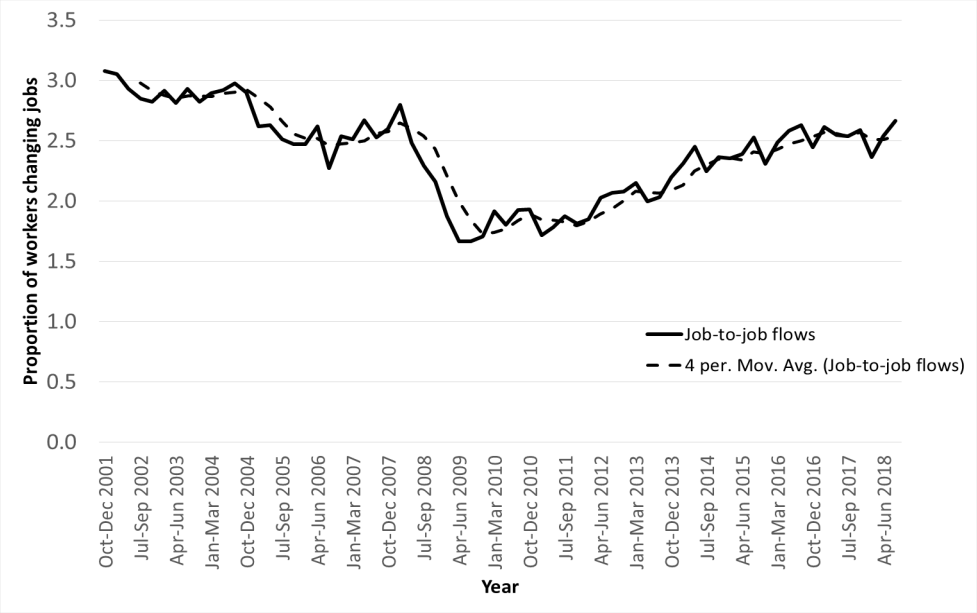
Source: Labour Force Survey. Office for National Statistics

Other evidence points to the existence of a significant *insecurity of hours*. Recent data suggests that while concerns about job loss reduced significantly between 2012 and 2017, a significant number of workers – around 1.7 million – reported feeling *'very anxious'* about unexpected changes to working hours; pointing towards growing feelings and experiences of insecurity and lack of control (Felstead et al, 2018).

Another recent change is that there has been a *modest decline in job mobility* (job changing). Job mobility is important as it tends to be associated with pay growth. Evidence on this can be derived from the Labour

Force Survey (LFS) 'flows' data[5]. The flows data demonstrate a fall in the proportion of workers moving between jobs since the start of the 2000s (Figure 4). In the early 2000s, the job changing rate was around 3.0 per cent of all workers (who remained in work) per quarter, by the mid-2000s this had dipped to around 2.5 per cent. The onset of the 2008-2009 recession saw a significant fall, as would be expected, to around 1.8 per cent. The rate gradually recovered to around 2.5 per cent in 2018. In general then, there has been a modest decline in job mobility across the workforce overtime, with workers changing jobs less.

Figure 4: Quarterly job-to-job flows in the UK, 2001-2018



Source: Labour Force Survey, Office for National Statistics

A decline of mobility in the general workforce might obscure different patterns among different groups of workers. Figure 5 shows patterns of job flows for those occupations which the Office for National Statistics (ONS) have grouped as being 'low-skilled'[6]. The patterns broadly mirror those for overall job flows – with a fall in both in and out flows in the mid-2000s, followed by a larger decline related to the recession, and then a steady recovery. In the early period (2002), there were around 316,000 movements quarterly from 'low-skilled' jobs, by 2017 this was down to around 267,000. Over the same period however, job-to-job flows into 'low-skilled' employment have also declined, and the overall size of the combined occupational groups reduced slightly.

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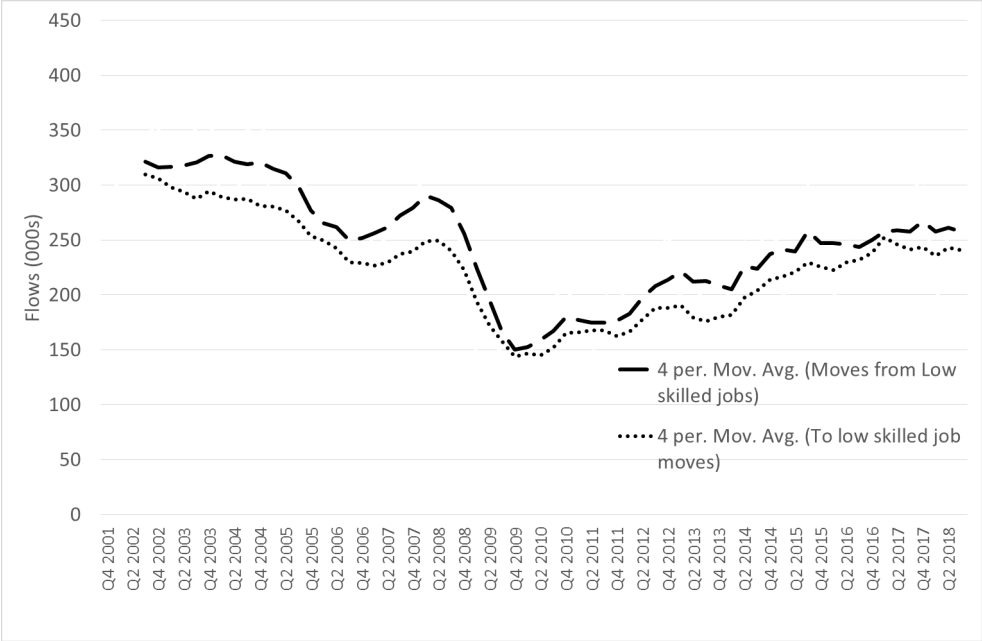
[5] The headline flows data measure jobs change rather than employer change – so include both within firm and between firm job movements. The data are from the longitudinal version of the LFS.

[6] These are defined as Standard Occupation Classification Major groups 7 to 9

Figure 5: Quarterly job moves to and from 'low-skilled' jobs: 2001-2018



Source: Labour Force Survey, Office for National Statistics

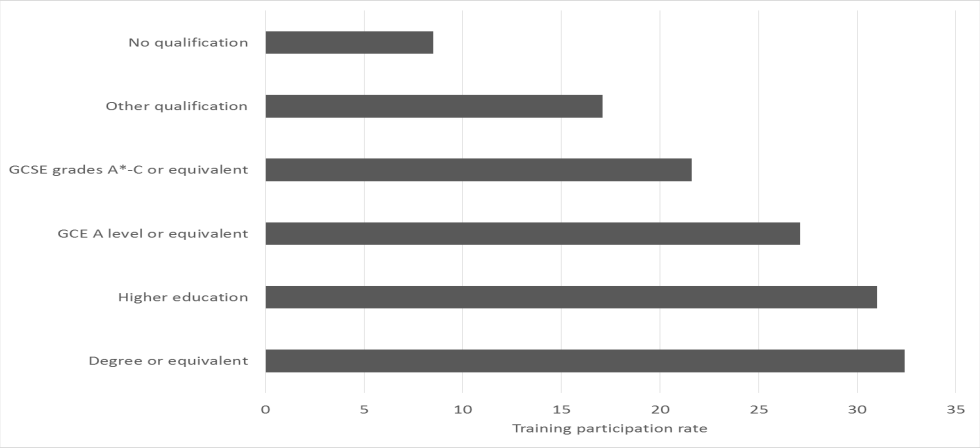
Future trends in work are also likely to have important implications for progression. Digitisation, changing business models, and the platform economy have potentially major implications for established employment structures and employment relations. This will impact over a range of areas, including around contractual status, access to skills and training provision, social security and pensions (Sisson, 2016). Such developments can clearly further disrupt the idea of internal labour markets and progression routes (which have already been eroded). Under these circumstances career progression is likely to become more complex, and reliant to a greater extent on mobility rather than seniority. Yet the systems for supporting individuals to progress – for example through provision of information and access to training – are both under-funded and under-developed.

Internal firm labour markets

Turning to the internal labour market, there is evidence which suggests that in *many organisations internal labour markets have become flatter in recent decades, with shorter career ladders* and competitive processes developed which increasingly mirror those of external labour markets (Grimshaw et al, 2002; Baum, 2015). Low-paid workers are more likely to experience a *reluctance from employers to develop internal labour market opportunities to support employee progression* (Atkinson and Lucas, 2013), or to invest in their training and development (Newton et al, 2006; Edwards et al, 2008; Lashley, 2009; Lindsay et al, 2012; Devins et al, 2014).

Figure 6 demonstrates that workers with lower levels of qualifications are significantly less likely to benefit from in-work training. The training participation rate in 2017 for those with degree level qualifications was around one-third. For those with GCSE level qualifications the rate is closer to a fifth (22 per cent), while for those with no qualifications, less than one in ten participated in in-work training.

Figure 6: In-working training by qualification level (training participation in the previous three months, 2017)

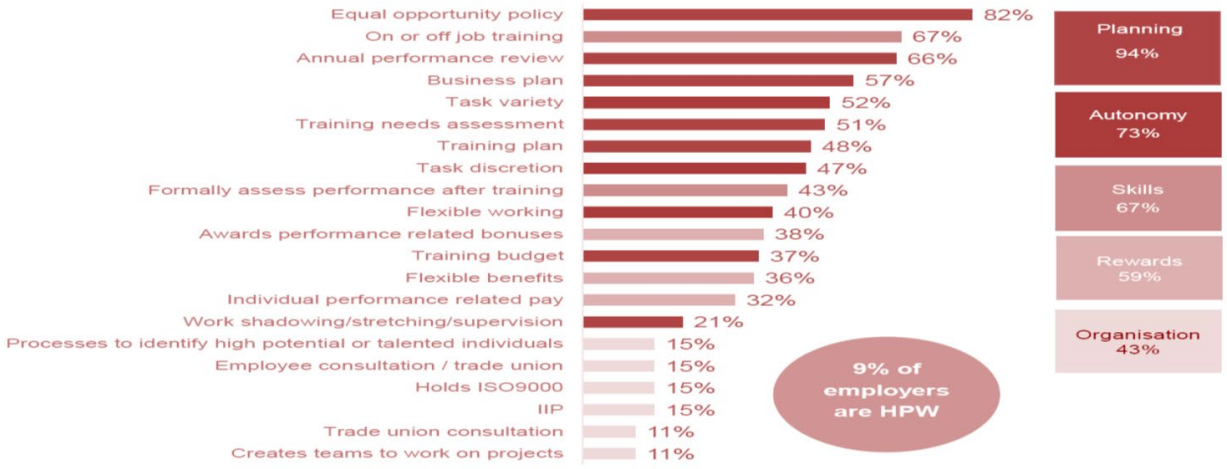


Source: Labour Force Survey, Office for National Statistics

There are also questions more generally around the quality of management practices and whether they are sufficient to recognise and optimise the value of people in the internal workforce. Management practices have received greater attention in the context of the future of work and how effectively companies are responding to the threats and opportunities created by megatrends and the disruptive effects of technology, digitalisation, and innovations in ways of working, demographic, environmental and climate change.

High Performance Working (HPW) practices give one sense of more *people-centred management practices* deployed by businesses to help them address productivity and performance. It thus also gives a sense of business ambition to raise employment opportunities and improve job quality. HPW includes a suite of practices around HRM, leadership and management and organisational development (Belt and Giles, 2009; SQW, 2010). However, the adoption of HPW practices by UK employers has been quite limited; with recent evidence that less than one in ten firms are HPW employers (Winterbottom et al, 2018) (see Figure 7). Issues around management are also reflected in McKinsey Global Institute's (MGI) Organisational Health Index, which finds that poor management practices lead to comparatively lower levels of organisation health; with UK firms having lower organisational health than the global median. Research using the World Management Survey (Bloom et al, 2012) also concludes that there is a significant deficit in management quality between the UK and other countries, such as the US, Germany, Japan and Sweden.

Figure 7: The take up of High Performance Working (HPW)



Source: UK Employer Skills Survey 2017

A core issue is that there is often *little impetus for employers to create better conditions for career progression* where they do not have difficulty recruiting for low-paid posts, and where they consider the current business model to be sufficiently profitable (Philpott, 2014; Green et al, 2018). The UK labour market is comparatively lightly regulated (Davies and Freedland, 2007), with relatively weak institutional pressures around greater job quality (Findlay et al, 2017). As such, there is a significant risk that many employers settle into a low skill equilibrium (UKCES 2010; OECD 2017)

In this context, while there are concerns about skills supply, issues of skills demand and utilisation also remain critical. For the most part policy initiatives focused on raising qualification and in turn skills levels have not gone hand in hand with greater skills use in the workplace. The ability of workers to effectively use their skills at work (skills utilisation) has been shown to be uneven across sectors and geographically (Wright and Sissons, 2012; Green, 2016; Atkinson et al, 2019). Skills under-utilisation represents an important challenge for the UK labour market, and one that is estimated to come at a significant cost to employees and to the wider economy (Holmes, 2017). The rate of under-utilisation of skills reported in the UK is comparatively high by international standards (OECD, 2013); with recent estimates from the UK Employer Skills Survey that the skills of around 2.5 million workers are under-utilised (Winterbottom et al, 2018). This is greater than the level of skills shortages and gaps. Workers with under-utilised skills report having fewer career development and progression opportunities (CIPD, 2018).

How can the progression problem be addressed?

Evidence on policy and practices for supporting wage and career progression

With evidence of significant barriers to progression currently, what can we learn from existing research about how opportunities for progression might be improved? Overall, the evidence base around in-work progression is relatively limited, reflecting the fact that a public policy interest in progression has only developed quite recently (Sissons and Green, 2017). In particular, there is a dearth of information and insights about how progression of those who are already in work can be encouraged. The evidence base is somewhat stronger around the specific challenge of achieving entry, retention and progression for those

entering employment (Sissons et al, 2016). Most of this evidence is focused on programmatic type interventions, which seek to improve outcomes for a specific target population, rather than seeking to generate more systematic changes to the overall employment landscape and hence, in turn, to enhance the general progression opportunities available.

There is some encouraging international evidence of successes around *targeting specific employment pathways to enhance job entry, retention and progression*. In particular, some US employment programmes have used this pathway approach. This includes programmes evaluated through Randomised Control Trials (RCTs) (Maguire et al, 2010; Hendra et al, 2016), viewed as the 'gold standard' in programme evaluation, as well as robust non-experimental evaluation (Gasper and Henderson, 2014). One model which is considered to show significant potential is the Work Advance model developed in the New York and run across four cities in the US. Work Advance is an example of a 'dual-customer' model whereby the programme is seeking to simultaneously meet participant needs (for good work) and employer needs (such as addressing skills and labour shortages). Characteristics of the programme include the screening of applicants; pre-employment training; occupational skills training (including significant vocational components where required); sector specific employment engagement and programme design; sector placement; and postemployment retention and progression services (Hendra et al, 2016). Other programmes have focused more on *structured training pathways* – 'career pathways' – to link training opportunities to career progression, including in sectors such as healthcare (Hamilton, 2012; Werner et al, 2013). These programmes are an attempt to try and better link training and progression opportunities within a sector in a structured way that recreates some of the conditions of an internal labour market.

Taken together the evaluation evidence suggests that:

- Policy can be designed to *target work entry and progression outcomes jointly* and there is some evidence of positive effects of doing so.
- The evidence points to a potential benefit of *a sector-focused approach* to progression.
- However, there is insufficient evidence to identify the 'best' sectors to target. In some sectors, such as hospitality, the context to supporting progression is more challenging.

(Sissons et al., 2016)

There is less UK evidence of programmes targeting progression. The Employment Retention and Advancement Pilot (ERA), which provided a range of support including *job coaching and advice and guidance services*, as well as a *financial incentive*, demonstrated some positive outcomes (Hendra et al 2011). Under Universal Credit an RCT evaluation of the role of Work Coaches provides some evidence of *intensity of support being associated with higher earnings* (DWP, 2018).

Of relevance for those already in work, investments in the provision of *information, advice and guidance* (IAG), combined with *learning* opportunities, can help to support individual career development. With UK evidence that in-depth IAG is associated with an increase in the likelihood of individuals moving employers (Pollard et al, 2007). Lifelong learning can also support in-work progression and has been linked to financial benefits, particularly where qualifications are upgraded (Dorsett et al, 2010).

There is less evidence of successful interventions seeking to use levers and incentives to work with employers to shape internal employer practices to increase career progression opportunities. This form of 'disruptive strategy' seeks to 'expand the pool of better jobs', rather than influence the distribution of opportunity; however, it is significantly more difficult to achieve (O'Regan, 2015: 17). The workplace has traditionally been seen as something of a 'black box' for direct policy intervention, with policymakers reluctant to 'interfere' with employer practices (Keep, 2016). That said there have been some exceptions. One example is provided by the employer-led and publicly funded body, the UK Commission for Employment and Skills (UKCES), which operated from 2008 to 2017. The UKCES ran several business and industry-led initiatives[7] in an attempt to drive better workplace practices, working with a range of stakeholders, including sector and industry bodies such as the Sector Skills Councils, trade unions and professional bodies. A particularly relevant project to this discussion, which targeted 'Progression pathways in retail and hospitality' y, was funded under the UK Futures programme (Thom et al, 2016). The evaluation of the pathway programme identified different progression challenges: these distinguished between issues faced by larger versus smaller employers, with progression for employees in smaller firms being more dependent on mobility; and from a sector/firm perspective the message of 'building a talent pool' was important (UKCES, 2016). A subsequent assessment of the longer-term viability of the programme found the perennial challenges in maintaining progress after funding ceased, although some activities were ongoing (Green et al, 2019). This finding highlights a larger issue around the weakness of the institutional infrastructure which exists to support the sharing of good practice across business communities to enable actions to become more sustainable and systemic, rather that project-focused and often short-term and sporadic[8].

Recently there has also been a growing interest in local and regional approaches to skills, including on issues such as skills utilisation (Buchanan, et al., 2010; Froy, et al., 2012; OECD, 2019). Although not principally focused on progression these approaches seek to build the knowledge and institutions in local labour markets which can create a range of employment benefits including around progression by, for example: developing better working practices to increase demand for skills; linking skills strategies more clearly with wider economic development and business support policies; improving management and working practices as a route to productivity growth; and engaging stakeholders such as trades unions and training providers in designing and delivering skills policy (Sissons and Jones, 2014). The latest wave of place-based industrial strategies within England provide a number of practical examples of where this is taking place, including in the Combined Authorities such as Greater Manchester and the West Midlands. For example: Greater Manchester has worked to develop a Good Work Charter to set standards for good practice locally. It has also supported projects in targeted sectors, including some of its foundational sectors such as in retail which has secured the support of the leading trade association for the sector to seek to drive industry-wide solutions to better work locally (BRC 2018)[9] A key question however remains around how systemic, wide ranging and long lasting such programmes of work are likely to be.

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[7] See for example https://www.gov.uk/government/collections/ukces-investment-funds

[8] Although this situation does have (increasing) differences across the different nations of the UK

[9] https://brc.org.uk/media/273152/better-jobs-maintaining-the-momentum.pdf

Policy and practice considerations

There is increasing policy interest in the how progression can be supported. Universal Credit has a progression aim for very low earners. A number of local areas have developed programmes and projects focused on wage progression, including through City Deals and Devolution agreements. Given the increasing interest in developing policy and practices to support in-work progression this section provides some thoughts on policy considerations which influence how these might be further developed. It is also important to note here that approaches towards pay progression need to be integrated into a wider strategy for addressing low-paid employment, which encompassing issues of pay and Living Wages, career development, health and well-being and productivity.

There is an influence of public policy around mobility in the external labour market across a range of policy domains and at different spatial scales (central Government, LEPs, Combined Authorities etc.). This includes around skills and advice needs for career development and career change. It also includes Active Labour Market Policy (ALMP), where there are some developing examples of more pathway focused approaches to employment entry (and some promising international evidence for these) (such as the WorkAdvance model described previously), but also a need for greater learning about what works for, and the limits to, employer engagement.

In terms of policy and investment there is an important question about how effectively the employment and skills system current supports progression from low pay (Ray et al, 2014). The adult skills budget has been significantly reduced (BIS, 2014; House of Commons Library, 2019); while employment support provisions remain largely focused on employability and work entry rather than longer-term career outcomes. Whilst there are significant reforms under way in technical education, including apprenticeships, and these are aiming to organise future technical skills development and training around 15 recognised career pathways, there are concerns that these are proving challenging to implement.

Public policy (national, devolved to nations, and Combined Authorities) can also exert some influence over employer practices in internal labour markets, but a range of other stakeholders and interest groups are also potentially important actors in improving fair access to progression opportunities; and what is of course critical is the role of employers themselves. This in particular has focused attention on the quality of management practices and the degree of adoption of more people-centred approaches such as HPW (where employer adoption remains lows). Importantly, the issues driving the weakness of opportunities for pay progress for some workers are related to the wider nature of the low-paid labour market – including the limited and unequal investment in training, job design, and employment relations and management practices which limit control and the use of skills. These issues reside at the workplace level, but, as described, there has been a long-running unwillingness of policymakers to be seen to be seeking to influence practices within the 'black-box' of the workplace (Keep, 2013).

There is also an important issue about the way in which jobs are structured and the implications of this for progression. In particular, there is a need to develop more 'quality part-time' employment opportunities which offer greater parity in terms of pay and conditions as well as opportunities for skills and career development (Lyonette and Baldauf, 2010). Employer-facing organisations as well as policymakers and

unions can play important roles in making this case. There is also a wider need to press the case for more equitable access to training within organisations.

Policy and practice recommendations

Given the discussion above, and an evaluation of the evidence on 'what works', the following areas for policy and practice development are identified:

1. *Use the opportunities of devolution to develop more innovative approaches to programme design for wage progression* – there is a developing evidence base to build-on which demonstrates how models can be developed to improve job quality and career development outcomes using sector-focused employment engagement, training and support. However such an approach also needs greater flexibility in the ALMP system (and funding) to enable meaningful training linked to sector employment opportunities to be built, as well as resources to build effective models of employer engagement.
2. *Support progression through external labour markets by improving the provision of information and advice to enable better career choices and decision-making* – at national and local level there is a need for better information as well as guidance to support job changing among low-paid workers who want to progress but are in employment with little career development opportunity (Green, 2016). IAG currently lacks resource and its coverage is patchy. Changes in adult skills funding may further erode individuals' opportunities to develop their own careers. Local approaches can help support a more informed IAG offer, drawing on specific local Labour Market Information (LMI), and new digital tools can help deliver more 'real-time' information. There have been attempts to develop a stronger careers services in different parts of the UK (for example following developments around the English Careers Strategy). But, austerity cuts have reduced the capacity and capability within the system. Building high quality and robust careers intelligence and insight needs to be a renewed priority.
3. *Work with employers to evidence the benefits of clear progression routes* – there is a need to better understand the benefits to employers of developing clearer progression routes, such as increased employee engagement and better skills matching, as well as to understand the barriers and opportunities of opening-up more progression opportunities to part-time workers (who make up a significant proportion of low-paid workers). Given the interest in the productivity agenda across a range of stakeholders this is an important omission which employer-facing organisations are well-placed to examine. The public sector could also 'lead by doing' in the area of clear progression routes and more equitable access to training.
4. *Develop sectoral career pathways* – within some sectors there is scope for developing clearer career pathways to recreate some of the features of an internal labour market by designing and articulating an employment pathway. These pathways clearly link training and skills provision with steps in the career ladder and serve as a route map to career development. One area where this would be beneficial is around the greater integration of health and social care – and providing a clear description of the specific skill and qualification requirements need to progress through and across the sectors (aligned with access to the training provision).
5. *Address the issue of wage progression through integration with a broader approach to low-paid employment* – there is an increasing focus on the need for a good jobs strategy encompassing issues of pay, career development, health and well-being and productivity. This can be seen in recent developments in Scotland, around Fair Work in Wales, and in terms of the Good Work

Plan in England. It is also an issue being taking up at the local level. The opportunities to drive good work across the economy should be a central focus of national and local approaches to industrial strategy as well as any future iterations of Sector Deals.

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2. Conclusions

Low-pay and weak opportunities for career development and in-work progression are major issues for the UK labour market. This has important implications for individuals and families as well as for the wider economy and society. However, in-work progression and career pathways are not particularly well-understood, and careers may involve horizontal moves as well as simple linear progression.

A range of personal and household characteristics are associated with lower mobility from low-pay– including age, gender, ethnicity and health conditions. There is also a pronounced sectoral picture, with low rates of progression in sectors such as retail, hospitality and social care. Labour market progression is challenging for a number of reasons, with evidence that the changing nature of the labour market, particularly changes to internal labour markets and their 'flattening-out', create difficulties for workers seeking to progress. These changes impact across career progression more broadly, not solely exits from low-pay.

There are important policy challenges to supporting progression, including pressures on skills and training budgets and careers advice provision. Important issues related to the wider characteristics of the labour market also tend to restrict opportunities for progression – including the limited and unequal investment in training, issues with job design and management practices. There is however some promising evidence of programmatic approaches to progression having impacts for those entering employment.

Progression is a relatively novel area for public policy so there is only limited evidence on 'what works'. However, looking across the evidence base, there are several areas of policy which can support improving progression. This includes:

1. Using the current opportunities provided by devolution and changes in the benefits system to develop more innovative ALMP approaches to programme design for wage progression. Promising models have had a 'dual-customer' approach which focuses on both employers and employees as well as a specific sector focus.
2. Supporting progression through external labour markets by improving information, advice and guidance to enable effective decision-making –including career coaching, access to training and in-work support.
3. Working with employers to evidence the benefits of clear progression routes – and to understand the barriers and opportunities of opening-up more progression opportunities to part-time workers.
4. Developing sectoral career pathways – where there is scope for developing clearer career pathways (linked to training) to recreate some of the features of an internal labour market, for example across health and social care.

5. Integrating progression concerns within a broader approach to low-paid employment– using opportunities such as Sector Deals and Industrial Strategy to drive good work across the economy.

Efforts aimed at improving opportunities for progression need to draw from across a broad range of stakeholders. The actions and decisions of employers are clearly central, and stronger industry leadership and engagement is needed around addressing the challenges of pay and career progression. National and devolved policymakers help set the institutional context, as well as making critical public investment decisions about qualifications, skills, IAG, and the design of ALMP. Importantly a stronger focus is needed on the demand-side, developing actions to influence change in working practices and to support national and local collaboration and partnerships to deliver better jobs. Sector and industry bodies, trade unions and professional bodies can all play important roles in collaborative work to influence and share good practice on progression. While policymakers involved in place-based approaches, such as local industrial strategies, need to have flexibility to operate beyond high value sectors and to include sectors which are the large employers of lower-paid workers and which have low rates of progression – such as retail, hospitality and social care. More broadly, a focus on progression needs to be connected to a wider strategy to prioritise the growth of 'good work' and to build a fairer and more resilient labour market.

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