

IMPROVING PROGRESSION IN LOW-PAID, LOW-SKILLED RETAIL, CATERING AND CARE JOBS

Employers have a key role in supporting people's entry into and progression in the labour market, yet little is known about employers' practices relating to workers in entry-level, low-paid jobs. This study develops the evidence in three sectors - retail, catering and care - which account for more than half the UK's low-paid workers.

Key points

- Workers in lower-level occupations and on part-time or temporary contracts are less likely to receive work-related training or opportunities to progress.
- Employers' practices for staff progression vary within and among sectors. It is necessary to understand what internal and external factors drive employers' behaviour, and how firms respond.
- Employers can, and some already do, develop and implement clear progression routes and transparent internal labour markets which are open to all staff.
- High labour turnover costs, recurrent skills gaps and inadequate employer training point to there being commercial benefits to improving staff retention and progression. However, more evidence is needed to develop a stronger business case.
- Mapping job roles at lower levels in organisations and their alignment with learning and development is key to helping progression. 'Champions' are also needed in organisations to promote the progression of low-paid staff.
- Policy-makers must encourage peer-to-peer learning among employers, and evaluate how interventions such as high performance working practices and Investors in People can better support this agenda.
- Promoting progression at work can only ever be a partial response to the problem of in-work poverty, but it could help to turn 'dead-end' jobs into stepping stones.

The research

By David Devins, Tim Bickerstaffe, Ben Mitchell and Sally Halliday, Policy Research Institute, Leeds Metropolitan University

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BACKGROUND

For work to act as an effective route out of poverty, the quality of the employment – job security, pay and opportunities for progression – needs addressing. Where people are unable to progress in the labour market they are in danger of being trapped in ‘dead-end’ jobs or at risk of shuttling between low-paid work and unemployment, at enormous cost to their careers and livelihoods. Through a comprehensive research review and four case studies of employers, this study consolidates and develops the evidence base on employers’ progression practices for low-paid workers in the retail, catering and care sectors.

Context

The retail, catering and care sectors employ almost six million workers and account for about a quarter of all employment in the UK economy. A large proportion of workers in each of these sectors is employed in lower-level and low-paid occupations. Employment in each sector has been forecast to grow by 2020 with increasing demand for workers in professional and managerial occupations. This, along with demand for replacement staff, could open progression opportunities for those already in the workforce and new entrants to the labour market. Nonetheless, a characteristic of these sectors will remain their large proportion of entry-level, low-paid, low-skilled jobs.

All three sectors have a large proportion of their workforce on non-standard contracts – for example, part time, temporary and zero hours – and low pay. The flexibility of these contracts helps employers to respond to fluctuations in demand and minimise excess labour costs. However, some contracts have been criticised for leaving workers with little stability or security and open to exploitation. But flexible working is also a key factor attracting workers, especially those with commitments outside employment like caring and education.

Employer-provided training is a key indicator of progression opportunities, but employees in low-level occupations and on non-standard contracts in these three sectors are generally less likely to benefit from training than those in higher-level occupations. Employers in the retail and care sectors invest less per employee and per trainee than employers in the economy as a whole. Employers in the catering sector invest an average amount, but the evidence pointed to inefficiencies in this spending, with a large amount spent on induction training as a result of high staff turnover.

What motivates employers to progress low-paid workers, and how do organisations make the business case?

To understand company-level behaviour it is essential to understand the economic context in which the firm operates. External factors such as globalisation, technological change and consumer demand exert pressure on employers operating in the retail, catering and care sectors. Employers respond to these drivers in different ways and the strategies they adopt influence their approach to the progression of their entry-level workers. Where business strategies emphasise growth, value-adding activity and quality, they tend to support progression by creating an environment conducive to investment in and engagement by the workforce. Cost-minimising strategies tend to result in relatively short-term and ad hoc approaches to the development of workers, which influences low levels of investment.

The case studies suggested a number of key factors associated with the development of progression practices, including:

- developing persuasive evidence to 'sell' the business case for progression of low-paid workers, for example by reducing the costs associated with labour turnover and sickness absence; improving quality and service; tackling recurrent skills gaps; succession planning to ensure a pipeline of 'talent' to support organisational growth; incentivising higher productivity;
- galvanising senior management support for the agenda and, if appropriate, making it part of a high-profile, clearly stated policy;
- building a coalition of 'champions' at different levels of the organisation to develop, implement and sustain progression practices.

Progression practices in the retail, catering and care sectors

Progression of workers in low-paid, low-skilled jobs is not widespread in these three sectors, but some employers have developed positive practices. Approaches such as high-performance working practices (HPWP) and the Investors in People (IIP) scheme support workers' development in organisations. This study used these schemes as indicators of employers' commitment to developing workers. However, neither scheme was specifically designed to support the progression of low-paid workers.

Surveys of employers have suggested that the adoption of HPWP is considerably lower in the retail and catering sectors than in the economy as a whole, and have reinforced views on the relatively low quality of employment in these sectors. By contrast, the adoption of HPWP in the care sector is at a similar level to that in the rest of the economy, while IIP recognition is significantly higher than in the economy as a whole. In the retail and catering sectors, IIP recognition is at a similar level to the economy as a whole. The relationship between HPWP and IIP and the progression of low-paid workers is uncertain, is probably contingent on micro-level implementation of their general frameworks, and requires further investigation to understand the dynamics at play.

Regulation, such as health and safety or occupational licencing, appears to have influenced training and qualification activity to varying degrees in the three sectors. However, it has not created the wider progressive practices in people management that are key to supporting progression in the sectors more generally.

Establishing internal labour markets and succession planning has been used as an effective means of supporting the development of workers at organisational level. This requires extensive mapping of job roles at lower levels in the organisation and aligning them with learning and development opportunities and 'progression ladders' which are clearly defined and communicated to all workers. Practices such as assessment and annual review by line managers are used to provide a basis for identifying workers with the aspiration and potential to develop their employability.

Less formal practices can also be used to support progression, including job rotation, coaching and mentoring. In some instances these may be linked with formal accredited learning, for example through apprenticeships. Employer support for learning (through time off and/or meeting some or all of the cost of learning) and provision of e-learning opportunities can help to overcome some barriers preventing low-paid and low-skilled workers from accessing training and can support skills development in dispersed (often smaller) workplaces. Small pay increases associated with the successful completion of training – irrespective of promotion to a different job role in the short term – can be used as incentives for workers to learn.

Conclusion

Alleviating poverty through worker progression provides only a partial solution to a complex problem. Progression of workers in low-paid, low-skilled jobs is not widespread in these sectors and the development of 'flat' organisational structures, the limited opportunities for hierarchical progression in small organisations and the economy's lack of demand for jobs limit the usefulness of internal progression as a policy tool.

However, some employers do adopt a range of policies and practices to support progression from low-paid and low-skilled jobs, and these have become a key part of their competitive advantage. These approaches are often characterised by policies and practices that map job roles at lower levels of the organisation and align them with development opportunities and 'progression pathways'. These pathways can help to improve the image of these sectors. They can also help to promote a more transparent labour market where job-seekers can identify the opportunities to progress.

Policy messages

Promoting progression at work can only ever be a partial response to the problem of in-work poverty, but could help to turn dead-end jobs into stepping stones. Where progression pathways work well, employers providing such pathways are convinced of the benefits. Their experiences and models need sharing more widely among employers. This requires peer-to-peer learning opportunities.

National policy-makers might consider a thorough evaluation of schemes and approaches such as Investors in People and high performance working to investigate their potential to support entry-level workers' progression to a greater degree, particularly among smaller enterprises and for those employed on non-standard contracts. Capacity-building through training to develop awareness of good practice and the benefits of progression among a variety of stakeholders, including leaders, managers, supervisors, union representatives, trainers and workers, could support desired organisational change.

About the project

The research was guided by the concept of an internal labour market to explore progression at the micro-level of the firm. The study involved a comprehensive review of secondary research and four case studies of employers.

FOR FURTHER INFORMATION

This summary is part of JRF's research and development programme. The views are those of the authors and not necessarily those of JRF.

The full report, **Improving progression in low-paid, low-skilled retail, catering and care jobs** by David Devins, Tim Bickerstaffe, Ben Mitchell and Sally Halliday, is published by the Joseph Rowntree Foundation. It is available as a free download from www.jrf.org.uk

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Joseph Rowntree Foundation
The Homestead
40 Water End
York YO30 6WP
Tel: 01904 615905

email: publications@jrf.org.uk
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