In-work progression

Response to Department for Work and Pensions call for evidence and good practice on in-work progression

Professor Ashwin Kumar and Dr Katy Jones

November 2020
1 About the authors

This submission has been prepared by Professor Ashwin Kumar (Policy Evaluation and Research Unit) and Dr Katy Jones (Centre for Decent Work and Productivity), Manchester Metropolitan University. For more information, please contact A.Kumar@mmu.ac.uk or Katy.Jones@mmu.ac.uk.

2 Introduction

The DWP’s focus on in-work progression is welcome, given high and rising levels of in-work poverty and underemployment in the UK (JRF, 2018; Lindsay et al. 2020). The consultation document’s emphasis on both higher quality work and higher wages is a welcome shift from previous DWP approaches based on getting claimants into any job and, once in work, on increasing hours. Focusing on increasing the hourly rate of low-paid workers is better for UK productivity, better for well-being, and autonomy, and recognises the reality that many people on low incomes have to balance work with caring commitments for children and disabled relatives.

However, we should not underestimate the scale of change required. The DWP’s approach has been characterised by a ‘work first, and then work more’ approach where the focus for out-of-work claimants has been on entry into work and not on the quality of work or the prospects for progression. Similarly, for in-work claimants, earlier trialling of in-work interventions (DWP, 2018b) and the current guidance to employers (DWP, 2018a) have put a heavy emphasis on increasing the volume of work, and not on improving hourly rates of pay.

The DWP’s new emphasis on higher quality work and higher wages must therefore translate into practice on the ground. This requires change in DWP policies, practices, and the way it measures the success of its Active Labour Market Policies. For example, it is important that the DWP’s performance management and performance indicator regime reflects the value of job entry at higher wage rates (or the potential for these).

It is important that statistical information on the success or otherwise of its activities includes measures that capture the effectiveness of job matching and entry into jobs with potential for progression. Crucially, short term benefits to Annually Managed Expenditure (AME) resulting from the emphasis on entry into any job, and increasing hours, must be balanced against the contribution to longer-term productivity of faster progression for low-paid workers and better health and well-being, as well as reductions in longer-term fiscal expenditure.

3 Barriers to progression

What are the specific barriers to progression in the areas of retail, hospitality, construction business support services, and care work in different regions of the UK? Are transparent pathways to progression in place in these sectors in different regions, and if not, why not? What constraints, business or otherwise, hold employers back from prioritising progression in their business models? How has the impact of COVID-19 changed attitudes to progression, if at all?
3.1 Limits to promotion opportunities for part-time staff

Many low-paid sectors operate with large staff-to-supervisor ratios, limiting promotion opportunities. Part-time workers with constraints due to caring responsibilities also feel at a disadvantage because of actual or implied requirements in supervisor roles, such as having to work Saturday shifts or to work full-time, or needing to be more available for shifts that conflict with caring responsibilities (Kumar, Rotik, Ussher, 2014; Ussher, 2016).

“I think in the restaurant business, if you want to progress you’ve got to be able to drop your life. Well within a big company anyway. […] While you’re training they might send you to Leeds one day, or they might send you down to London the next day. You can’t really have a life while you’re doing it, you can’t have children or anything.” (Younger woman, Sheffield, in Ussher 2016)

3.2 Lack of support for progression from employers

Low wage sectors do not tend to have a culture in which investment in employees is a priority. With large staff-to-supervisor ratios, supervisor roles are likely to be largely transactional, centred on organising shifts, rather than supporting the career development of frontline workers. The result is that low-paid workers who do want to progress report not knowing how to get promoted and not being supported by their employers (Kumar et al, 2014):

“You don’t know the different levels and you don’t know where you can find the information. Nobody’s going to come and say “look at this, it tells you how you can get more money, how you can get a better job”. You need to find it yourself or make a point of asking and asking and asking.” (Younger man, Croydon, in Kumar et al., 2014)

The overriding priority of many employers in low pay sectors is their ‘bottom line’ underpinned by an emphasis on keeping labour costs low (Jones et al. 2019; Lindsay et al. 2020). This includes the practice of ‘one-sided flexibility’ whereby hours are increased and decreased in line with fluctuating demand. In the case of care work, inadequate funding levels and commissioning models have led to low pay and insecure work, including a high prevalence of zero hours contracts (Atkinson et al. 2016). The result is a workforce in whom employers feel little incentive or obligation to invest.

“We want people who are pretty flexible, who can increase hours if necessary” (employer, hospitality in Jones et al. 2019)

“There is only one place that wages can come from and that’s off our profit, so if it goes up that’s where it’s coming off. We have to be quite careful with keeping our staffing levels right” (employer, hospitality in Jones et al. 2019)

“We do offer cross-training in other areas, but people generally are expected to do that in their own time… on your day off, you can go and spend a day on reception and try and find out how it works. They won’t have been paid to do that because we need them to work their job that they’re doing” (employer, hospitality, in Jones et al. 2019).
3.3 Job redesign

One way that some employers have sought to boost pay rates amongst their lowest paid employees has been through job redesign. For example, the Living Wage Foundation recommends multiskilling – training frontline workers in a variety of tasks – as a way of enabling employers to manage fluctuations in demand, as well as increasing the productivity of workers (Living Wage Foundation, n.d.). It also has the benefit of providing a wider range of experience for staff to be able to cite when applying for higher-level roles.

However, it is important to be realistic. Being more flexible or creative about job design and the way line management takes place for frontline roles requires a higher level of management skills. Many low-paid sectors are in a period of considerable change. In 2016, the British Retail Consortium estimated that one million front-line jobs would be lost in retail over the following decade (British Retail Consortium, 2016). Income for the hospitality industry has been hit harder than most other sectors by the Covid pandemic. Sectors facing such severe pressures are least able to take ambitious decisions to invest in job redesign or multiskilling of staff. Given the lack of confidence, and therefore capacity, in many low-paid sectors, there are significant challenges in expecting employers to shoulder most of the burden of improving progression and therefore more responsibility lies with the state to support and facilitate progression.

4 Progression pathways

Where progression pathways and other initiatives have been instituted, what impact has this had on a business, its productivity and the locality in which it is situated? We would particularly welcome case studies and examples.

There are examples of career ladder initiatives for those who are unemployed/low paid, mainly from the United States. These typically provided a combination of education and training, and support with job placement, childcare and transport, and are targeted to local employment opportunities. Businesses play a lead role in identifying skills needs, but they are underpinned by a partnership approach involving voluntary and community sector organisations, training providers, workforce development experts and employers. Existing evidence consists largely of case studies which detail implementation and highlight good practice rather than about their effectiveness in terms of employment outcomes (Ray et al. 2014).

5 Moving jobs, transport and childcare

How important for progression is enabling and empowering people to change jobs compared to ensuring established progression pathways within specific employers/sectors? What are the barriers to people in low pay from progressing by changing jobs and/or sectors? What interventions would best empower people to overcome these?
Q What role does transport and connectivity play in workers in low pay not taking up higher paid jobs and other opportunities for progression such as training and apprenticeships? Similarly, do other considerations, such as childcare, play a role in not taking up higher paid jobs and opportunities that could be vital to progression?

Moving jobs is important for progression, and is the only practical way to get a pay rise for many low-paid workers (Ray et al. 2014). However there are a number of barriers to moving jobs. Firstly, it involves taking a risk with an unknown employer. Secondly, for those with caring constraints on their hours, it will involve renegotiating what can feel like a hard-won settlement of hours to suit caring commitments agreed with the current employer (Kumar et al, 2014). It can also involve disrupting family support arrangements such as grandparents collecting children from school, and result in higher costs of formal childcare.

‘I’d have to have like breakfast clubs, after-school clubs and the 3-year-old only gets three hours a day paid nursery so I’d have to top that up. So with that and petrol and parking, it just wouldn’t be worth it.’ (Younger woman, Sheffield, in Kumar et al, 2014)

A lack of accessible and affordable public transport is a key barrier to progression for people on a low income. This is especially the case for those in low skill, low wage occupations and disproportionately affects young people and women (Social Exclusion Unit, 2003). Around one fifth of young people who want to participate in education or training cite transport costs as a key barrier to their participation (Department for Education, 2010). Employment and training opportunities are often in dispersed locations but public transport links tend to be dominated by those entering and leaving urban centres, and many operate only during peak times (Jones, 2012).

Good transport links can enable more productive matches between workers and employers as workers are less constrained in their job search (Gibbons and Machin, 2006). Low paid workers are more dependent on the public transport system but have lower income to cover high travel costs. Accessibility and transport costs vary considerably according to where people live. Costs within areas vary widely, and crossing fare boundaries can be prohibitively expensive (Jones, 2012). Limited access to personal transport (i.e. car ownership) impacts disproportionately on those living in rural and other poorly served areas (Jones, 2012; Boswell et al., 2018).

A further consideration is the availability of childcare and transport to match the shift patterns of low-paid roles. Childcare provision that extends into the evening is rare and expensive. Whereas retail and hospitality jobs may be located in urban centres better-served by bus services, this may well not be the case for other sectors, such as care.

It is clear that the issues of transport and caring commitments interact for low paid workers. Joyce and Keiller (2018), for example, found evidence of a relationship between transport and the motherhood pay penalty, with the gap in commuting time between men and women increasing significantly after the birth of the first child.

If caring commitments are a binding constraint on labour supply, then having reliable transport to reach pick-up time at the school gate, after-school club, or childminder is essential. Not being able to depend on reliable transport inevitably reduces the pool of jobs
that workers in this position will consider. It is notable that Ussher (2016) found in a survey of 1,000 low-paid workers in retail that having a job close to home was the top reason given for working in retail.

6 Role models and mentorship

Q Do positive role models and mentorships offer those in persistently low pay the confidence and support to seek a way out of low quality, low pay jobs? We would welcome case studies and examples

Kumar et al (2014) found that some low-paid workers did express the desire for more support and information about how to progress as that was not being provided by their employer. So there is a role for external support that offers practical advice and support of this kind. However, many of the barriers to progression highlighted above – limited promotion opportunities for part-time workers, transport and childcare constraints on labour supply – are systemic and it is highly unlikely that ‘role models’ will make a difference to these issues.

Q How can we embed a culture of lifelong learning in our workforce?

The UK performs very poorly in terms of basic and technical skills levels and participation in adult learning. Those who are unemployed, in low paid and/or insecure work are most likely to be excluded from lifelong learning opportunities (Bound et al., 2018; Abreu, 2020; Aldridge et al. 2020). The CIPD (2020) warn that skills inequalities may grow as businesses shift resources away from training and development in their attempts to weather the current economic crisis. Business models tend not to involve a skills offer, especially for low-paid part-time staff (see above for more detail). The government must both require and incentivise higher levels of workplace training. Furthermore, given the structural reasons highlighted above which tends towards low levels of provision from employers, the government needs to ensure there is a skills offer that is not dependent on current employers. Plans to cut the Union Learning Fund appear to go in the wrong direction.

The welfare system could open up and provide pathways into education and training, and indeed this is a key aspect of active labour market policies in many other countries. There is evidence that human capital development approaches have better long term outcomes (Card et al. 2015). However, an emphasis on a Work First approach has meant that human capital development approaches have been side-lined.

The DWP needs to be both more accountable and more ambitious in relation to the lifelong learning agenda. There currently appears to be a high reliance on individual Work Coaches to identify relevant skills needs and opportunities, and very little visibility/transparency about the extent to which Jobcentres are effectively supporting participation in lifelong learning.

The DWP should outline the steps it is taking to understand and monitor this, including developing clear measures and regular published statistics on the proportion of benefit claimants engaging in training activities, and the nature of these opportunities. It should be carrying out research into the expectations and capacities of Work Coaches to help people to identify and take up relevant skills opportunities. It should also be monitoring and publishing data on the quality and extent of engagement between Jobcentres and local colleges and
training providers. These questions should be explored further through consultation with claimants, Work Coaches, local colleges and training providers and other relevant stakeholders.

Importantly, given the potential for synergies, overlaps, and even potential conflicts, between the DWP’s priorities, and those of the Department for Business, Energy and Industrial Strategy, and the Department for Education, the DWP and these departments should develop a cross-departmental strategy on lifelong learning. As part of this, there should be an emphasis on supporting people to develop core literacy, numeracy and digital skills and also the skills needed for accessing good quality jobs in key growth sectors.

7 The role of Jobcentres

Q Could Jobcentres, in partnership with local authorities and other local agencies, play an enhanced role in supporting progression?

Yes. Those who might want to get promoted report lack of knowledge about how, and lack of support to do so from their employers. Support from jobcentres, local authorities and other local agencies is therefore welcome. However, this should be genuine support which is valued by claimants, not underpinned by threat of financial sanctions.

If in-work progression is a policy aim, more emphasis on job quality and better job matching at work entry should inform the service provided to out-of-work claimants, and this should be reflected in the DWP performance management regime. Jobcentres should play an enhanced role in supporting progression by supporting people into jobs where the prospects of this are realistic. Meaningful engagement in the development and implementation of local industrial strategies and alignment with the broader skills and work ecosystem could help to facilitate this.

The DWP also needs to develop an offer for in-work claimants that builds trust and confidence that support will be meaningful, supportive and genuinely helpful to low-paid workers seeking progression.

Claimants, whether in or out of work, need help to navigate the support offered and access the best opportunities available to them – whether that is a job move, apprenticeship, other education or training opportunities. This kind of support needs to be effectively resourced, but at the moment is often a hidden cost borne by housing associations, local authorities and other third sector agencies. Whilst recent growth in Work Coach numbers is needed, the extent to which Work Coaches have the skillsets and capacity to deliver an in-work offer is unclear.

Evidence from US Employment Retention and Advancement (ERA) and similar programmes (typically combining some kind of time-limited financial incentive with a range of other support) suggests that in work interventions effectively promote earnings increases. Here, evidence suggests that advisory support alone appears insufficient to support earnings progression, but that financial incentives can help to improve earnings (Ray et al. 2014). However, supply-side interventions on their own are insufficient. Positive effects on earnings increases resulting from in-work programmes are often observed only in the short-term, with
effects fading over the longer run. Furthermore, only modest earnings increases have been observed (Ray et al. 2014).

Q How could Jobcentres/partners build trusted relationships and high engagement with low paid workers?

To date, the DWP’s ‘In work progression’ approach appears to have centred on ‘in-work conditionality’ (DWP, 2018a). Claimants have experienced this negatively (Wright et al. 2018) and this approach has had very little positive impact on earnings progression (DWP, 2018b). Trust and engagement is unlikely to result from any approach underpinned by a threat of sanction. We advocate a shift to a more supportive and enabling approach. Support needs to be genuinely tailored to individual needs, and advice should be informed by broader economic and industrial strategies.

Consultation with low paid workers is key to building trusted relationships and high engagement. Social Security Experience Panels in Scotland offer a promising mechanism for sustained engagement. Adopting core principles identified by the Commission on Social Security could also help to build trust, including ‘treating everyone with dignity, respect and trust, and the belief that people should be able to choose for themselves’.

Training for DWP staff can also help here. For example, the DWP & Oxfam Livelihoods Training Project aimed to embed understandings of poverty within the DWP service across Wales and provided training on asset-based approaches. Responses to the project were overwhelmingly positive. Staff reported that the project improved their understanding of the reality of some people’s lives, and JCP service users reported that JCP staff were more ‘approachable’ (Scullion et al, 2017).

Q How could Jobcentres work with employers to share progression good practice?

Jobcentres could foster links with good quality employers, and promote good work through their interactions with employers (including work that fits with caring responsibilities). They should also play a more active role in wider efforts to promote good work within local business communities. For example, Jobcentres could champion ‘Good Work’ charters where they exist, such as in Greater Manchester. Consideration could also be given to providing a higher level of service to employers who meet higher standards in relation to the quality of work on offer. It would be particularly valuable if the DWP could signal the value of employers offering progression pathways for part-time staff.

Employers interviewed in Jones et al. (2019) felt more should be done to consult with them about proposals to extend conditionality/support to benefit claimants in work, to develop in-work support in an appropriate manner. Employers felt it was important that they were made aware of conditions placed on staff claiming UC, in order that they could best support them and understand their needs. Simply placing requirements on employees without making employers aware of the expectations their workers could be subject to was considered both unhelpful and unfair, particularly as it was recognised that some employees would be reluctant to share these expectations with employers.
They felt there were a number of ways in which agencies like the Jobcentre could help them and their employees to progress and improve work quality, for example through informed advice and guidance, access to training, and support to develop managerial skills. Several employers felt strongly that in-work support should be developed through partnerships between employers and Jobcentres. Interviewees felt that it was important that if the Jobcentre were to support workers effectively and appropriately, they needed to understand the various industries they work in.

Some employers are unlikely to engage with jobcentres so a multi-agency approach/effort is needed.

8 Conclusion

It is welcome that the DWP are considering how to incorporate greater consideration of the quality of work in their services to claimants. Hitherto, there has been a significant mismatch between the ‘work first, then work more’ approach of the DWP and the lifelong learning and productivity/Industrial Strategy agendas of the Department for Education and the Department for Business, Enterprise and Industrial Strategy.

Developing a joint strategy, with shared outcomes and monitoring is an important step in ensuring that policies made in different departments do not work against each other. More importantly, it has the potential to support low-paid workers to increase their earnings and wellbeing, and to improve the UK’s productivity.

However, we should not underestimate the scale of the challenge. DWP practice has in the past gone in the opposite direction. There needs therefore to be a comprehensive strategy with clear outcomes, an active programme on what needs to change at the front line in Jobcentres, and transparent statistics and reporting. A good starting point would be a project to develop a suite of clear statistical indicators to measure the DWP’s success in promoting progression and better quality work.

There are also deep structural trends in the economy which inhibit progression. The casualisation of work reduces employers’ commitments to their staff, reducing investment in skills and personal development. This can often be reflected in large staff-to-supervisor ratios and algorithmic management. Furthermore, many firms in low-paid sectors are under pressure, and lack the management capacity to deliver innovative job redesign that might increase the prospects for progression.

It is important, therefore, that the DWP acknowledges that efforts to improve progression that go solely through the current employer will have limited success. Part of the DWP’s role is to support the wider economic benefits, and benefits to claimants, of supporting low-paid workers to access higher-paid work with new employers.

Finally, the lack, or high cost, of childcare and effective local transport services both inhibit the labour supply of many low-paid women, reducing the pool of jobs available to them, and increasing the risks of job moves. Tackling these problems is not solely within the control of the DWP. But part of the point of a cross-departmental strategy is to surface the links
between these issues, develop better analysis of their effects, and to set targets to address them.

Bibliography


Department for Education (2010) Barriers to participation in education and training


Lindsay, C., Houston, D., Byrne, G. and Stewart, R. (2020) *Matching Poeple to Jobs and Hours: Drivers and Productivity Impacts of Under-employment*. Productivity Insights Network

Living Wage Foundation (n.d.) Good jobs in retail: a toolkit - How to move to a Living Wage and maximise the benefits.


Social Exclusion Unit (2003) *Making the Connections: final report on Transport and Social Exclusion*
