

Progression in Employment

NEW SKILLS AT WORK

JPMORGAN CHASE & Co.

April 2019

Report 518

Institute for Employment Studies

IES is an independent, apolitical, international centre of research and consultancy in public employment policy and HR management. It works closely with employers in all sectors, government departments, agencies, professional bodies and associations. IES is a focus of knowledge and practical experience in employment and training policy, the operation of labour markets, and HR planning and development. IES is a not-for-profit organisation.

About this report

This report is published by IES with the support of JPMorgan Chase Foundation under their global New Skills at Work initiative.

While this report has been supported by the JPMorgan Chase Foundation, the contents and opinions in this paper are those of IES alone and do not reflect the views of the JPMorgan Chase Foundation, JPMorgan Chase & Co, or any of its affiliates.

Institute for Employment Studies

City Gate
185 Dyke Road
Brighton BN3 1TL
UK

Telephone: +44 (0)1273 763400
Email: askIES@employment-studies.co.uk
Website: www.employment-studies.co.uk

Copyright © 2019 Institute for Employment Studies

IES project code: 01023-4975

Background and Purpose

The Progression in Employment project is designed to capture evidence and insights on developing and implementing upskilling pathways for low-skilled adults within four critical sectors (Retail, Hospitality, Health and Social Care) across six countries (Sweden, UK, France, Germany, Italy and Spain). The project is identifying effective employer practice in supporting the in-work progression of low-skilled adults, and aims to share the learning widely to inform and influence employer policy and practice.

Defining progression

Progression can be defined and measured in different ways. Perhaps the simplest is in terms of earnings progression, but there are other ways too. Moving from insecure to more secure employment or improved socioeconomic status can also be viewed as progression. Similarly, moving to a role with greater (management) responsibility or which requires a greater level of skill or qualification can represent progression. Improving job quality across a number of other dimensions can also be viewed as a measure of progression (minimum guaranteed hours; use of skills and neither under- or over-employment).

Why progression in employment matters?

Finding ways to support the progression of low-skilled workers is important not just for individuals themselves, but also for businesses and the wider economy. At least three arguments can be articulated that resonate at these different levels of economic activity:

- The Anti-poverty case – progressing in work is a key way in which in-work poverty can be alleviated. Whilst not all low-skilled workers will be in poverty as a result of wider household incomes, many will be and progression in work can enable higher incomes and help lift people out of poverty.
- The business case – businesses theoretically should benefit from higher skills since this enables higher productivity and better return on capital investment. Businesses may also benefit from reduced turnover and recruitment costs, and the reputational benefits of being perceived as a good employer.
- The Wider economy case – raising the skills of the workforce should raise productivity and ultimately the GDP of the country. Raising productivity should also, theoretically, lead to higher pay levels.

Despite the potential benefits of supporting in-work progression for individuals, employers and society more generally, there are lots of indications that there are challenges in making progression a reality. Market pressures and fluctuations in demand may lead employers to adopt a low-cost, low-value business model with low investment in

employees. That said, evidence suggests that employers might adopt quite different human resource models even when we faced with the same set of market pressures. Similarly, other research suggests that even when competing on price, not investing in employees can be a false economy due to increased indirect costs from employee turnover and low staff satisfaction (Ton, 2014)¹.

What are employers doing?

Employers are taking a wide range of actions to support progression of low-skilled workers. Examples of employer practice to facilitate progression include:

- The redesign of jobs to facilitate the progression of part-time workers into management roles;
- Structured career development pathways mapping different roles, the competencies required in different roles, and the training and development opportunities that facilitate movement between the roles;
- Contracted minimum hours to address underemployment and reduce costly turnover;
- The creation of specialist roles, training and pay associated with these roles;
- Multi-organisation collaborations to support individuals to build a career within a particular sector;
- Regular career conversations and the development of line management capability.

Case Study Example: Scandic Hotels, Sweden

As a result of the high growth rate in the hospitality sector in Sweden and increased competition for talent, Scandic, the biggest hotel company group in Scandinavia, has taken steps to support in-work progression and retain talented employees. Scandic has recognised the importance of employer reputation in such a tight labour market. In-work progression at Scandic is supported in multiple ways:

- Each Scandic hotel is operated in a similar way and each employee is systematically informed about different progression routes
- Regular performance reviews and constructive feedback is used as an effective tool for mapping different career pathways and directions for each individual within the company

¹ Zeynep Ton (2014) The Good Jobs Strategy: How the smartest companies invest in employees to lower costs and boost profits. MIT Sloan School of Management.

- Job opportunities are listed first on the company Intranet. The company also has a target of staffing each new hotel with 50% internal recruitment to help ensure that company values and culture are evident in each new hotel
- Cross-training is encouraged enabling employees to learn new skills and experience different roles and opportunities within the company
- A 'Future Leaders' programme open to all Scandic employees. Through this programme, Scandic can meet its target of recruiting 100-150 managers per year.
- In-work progression has increased the knowledge and skills of staff and enhanced retention, generating savings in recruitment costs. It has also enabled greater mobility within the organisation and improved service delivery.

What are the benefits?

Our research to date has identified a range of benefits for employers. These include:

- reduced turnover and recruitment costs;
- improved retention and addressed skill shortages;
- improvements to service quality and consistency; and
- enhanced employer brand and reputation.

What factors enable successful implementation?

Our evidence suggests that to implement initiatives successfully, leaders and HR professionals need to think about:

- Development of an evidence-base and business case for the progression of low-skilled workers, for example as a means of supporting the growth of the organisation, improving service quality, or reducing costs associated with staff turnover and sickness absence;
- Senior leadership support for the progression agenda making it part of high-profile policy;
- Developing champions throughout the business to develop, implement and sustain progression practices;
- The presence of HR systems and practices such as induction, performance appraisals, (personal) development provision;
- A long-term perspective helps, with organisations anticipating future skills needs more likely to identify opportunities for progression for their staff.

Using Nudge insights to support employer practice?

Our research to date has also looked at how behavioural insights or ‘nudge’ approaches can support the progression of low-skilled employees. Behavioural insights combine an understanding of economics and psychology to consider how people make decisions, and how those decisions can be influenced. Applying these insights to encourage individuals towards a particular behaviour is commonly known as ‘nudging’. It has gained increased attention in recent years by policymakers in particular as it offers a cost-effective way to influence citizens’ behaviour in a non-coercive way. It is also increasingly gaining prominence in the HR world, with a number of books and papers published on how to apply behavioural insights to support the progression of disadvantaged groups within individual employers.

A review of the research evidence identified at least three different types of ‘nudge’ that could be applied to support in-work progression.

- ‘Feel the need’ – raising the level of personal awareness of one’s own bias with a view motivate individuals to monitor bias when making decisions

Highlighting bias in recruitment and promotion²

A simple exercise can be an effective way of highlighting cognitive bias to interviewers before a recruitment or promotion round. In this exercise, a group of interviewers are each given the CV of a fictional candidate to assess. The candidates must have identical CVs but different pictures, names, race and gender. Each interviewer must individually assess and rate each candidate. The group are then shown the variation in ratings, before it is revealed that all their candidates are equally suitable for the role. This can prompt interviewers to realise that their evaluation of candidates may have been influenced by their individual characteristics rather than their qualification for the role.

- Process change – changing the decision-making architecture to encourage the desired behaviour

Using joint evaluation to overcome bias

Research shows that bias is more likely to be present when a candidate is evaluated individually compared to when they are evaluated alongside other candidates. When they are evaluated against others, interviewers are more likely to focus on applicants’ past performance and competencies, rather than individual characteristics. Organisations can change their recruitment process to make group evaluation more common, and make it procedurally difficult for interviewers to assess one candidate at a time.

² Nielsen C and Kepinski L (2016) Inclusion Nudges Guidebook, 2nd Edition

- Framing – using language to frame the way people think about an opportunity or decision.

Reframing the job specification to encourage more diverse applicant pool

Some individuals may be deterred by the language used to advertise work opportunities, which may be read as designed to attract a particular gender, age or ethnicity. Stating all the demographics that the opportunity should apply to clearly in the text or title of the opportunity, encourages a more diverse pool to apply.

For example, a job description could state “We are looking for a *female or male* motivated talent”, rather than “We are looking for motivated talent”. This can help to shift stereotypes attached to some roles.

In supporting the progression of low-skilled workers in the workplace, the evidence suggests a number of actions could be taken including:

- Critically evaluating promotion criteria for evidence of exclusion and bias and updating all promotion criteria by removing any unnecessary requirements;
- Ensure that all individuals involved in the promotions process are trained in unconscious bias;
- Create a workplace environment where those involved in the promotion process feel comfortable discussing and challenging perceived biases – both individual and organisational;
- In selecting candidates for promotions, include all remotely eligible people on a list rather than relying on a mental list, which may be subject to corruption by implicit biases. “Ask “Why not?” instead of assuming that they are not ready or interested” (Nalty Consulting; year unknown:p.11);
- Involve many different types of people from different positions in the promotion process so that there are a wide variety of perspectives;
- Standardise the promotion process to eliminate subjectivity and reduce unconscious bias.

Final thoughts

Future phases of the project will collate additional in-depth examples of employer practice and develop a toolkit to support leaders and HR professionals to know what they can do to support the progression of low-skilled workers. The toolkit will be launched at a conference in November 2019 to share learning and develop practice. For further details about the project, toolkit and conference, please contact the study leads, Dan Lucy (dan.lucy@employment-studies.co.uk) and Dr Zofia Bajorek (Zofia.bajorek@employment-studies.co.uk).