

## Progression in Employment

Supporting in-work progression for low-skilled,  
low-paid workers

Bajorek, Z, Lucy D

# Institute for Employment Studies

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Institute for Employment Studies  
City Gate  
185 Dyke Road  
Brighton BN3 1TL  
UK

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

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# Introduction to the Progression in Employment (PIE) project

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The Progression in Employment project, of which this paper forms a part, is designed to capture evidence and insights on developing and implementing upskilling pathways for low-skilled adults. The project aims to identify effective employer practice in supporting the in-work progression of adults in low-skilled and low-paid work, and to share the learning from this practice with employers through the creation of an employer toolkit and a range of dissemination activities.

The project is particularly timely and relevant given:

- The increasing risk of in-work poverty since the recession in 2008 (Eurofound, 2017).
- Job polarisation, characterised by demand for high volumes of high-skilled and low-skilled jobs, and reduced demand for jobs requiring intermediate skills, which is affecting internal career ladders, and creating challenges for people with lower skills who want to progress.
- Low-skilled adults are less likely to participate in training (OECD, 2019). This is likely a reflection of both worker attitudes toward training and the lack of opportunities offered by employers to low-skilled workers (Kyndt et al, 2013).
- There are persistent mismatches between employer skills requirements and the available talent pool. Comparative analysis has shown fourteen types of critical skills shortages in the UK, fifteen in Germany and Spain, eight in Sweden, two in Italy and two in France.
- The Fourth Industrial Revolution is changing and is predicted to reshape the world of work and labour markets. People with low skills are typically the most vulnerable to the effects of labour market change.
- Comparative analysis of institutional contexts, national policy and employer choices show very different prospects for progression in different countries (Gautie and Schmitt, 2009), suggesting the value of sharing learning to support better practice.
- Career progression to higher skilled roles can offer higher salaries, better working conditions, job satisfaction, greater challenge and interesting work. Progression can also provide a platform to engage in lifelong learning and to access further qualifications.

The project is focused on four sectors and across six European countries. The four sectors are:

- Retail
- Hospitality

- Health
- Social care

These four sectors have been chosen as they employ significant numbers of low-skilled workers and are sectors that are projected to grow. By 2025, sectoral shares of employment across EU countries is predicted to increase 7.8 per cent in human health and social care activities, by 5.5 per cent in hospitality, and by 6.2 per cent in retail (Cedefop, 2017). These sectors are also increasingly affected by technological change.

The six countries are:

- Germany
- Spain
- France
- Italy
- Sweden
- United Kingdom

This paper is one of a series of research papers. The focus of this paper is to pull together and summarise the main findings from the different strands of the progression in employment project.

The other project outputs focus on the following aspects:

- policy briefing – this paper looks at why employment progression matters, and provides a brief overview of the different policy levers available and the emerging evidence around what works;
- employer initiatives to support progression of low-skilled, low-paid workers – this paper highlights examples of promising employer practice with respect to progression across the six countries drawn from publicly available sources;
- progression in employment: a cross-country data analysis – this paper investigates what is known about the progression of low-skilled workers across the six countries from available survey datasets. The analysis builds on previous work by isolating the effect of low skills on progression rather than a simple descriptive analysis of how low-skilled workers fare in the labour market;
- using behavioural insights to promote progression in employment – this paper explores the potential application of behavioural insights or ‘nudge’ approaches to promoting the progression of low-skilled, low-paid workers;
- employer toolkit – the toolkit provides example case studies and a range of HR tools and techniques that employers can use to support the progression of low-paid, low-skilled workers;
- case study collection – this provides example employer case studies of action to improve progression in the workplace in each of the six main countries and four sectors included in the Progression in Employment project.

We hope the project, through widespread communication of promising and effective employer practice, by employers of all sizes, will encourage other employers to take action to support the progression of low-skilled, low-paid workers.

## Executive summary

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The Progression in Employment (PIE) project has sought to describe the challenges faced by low-skilled, low-paid workers in accessing progression opportunities in four sectors (retail, hospitality, health and social care), across six countries (UK, France, Italy, Spain, Sweden, and Germany), and to identify and showcase promising examples of employer practice to support in-work progression. The work has involved:

- a cross-country data analysis exploring the probabilities of progression for low-skilled workers, and the impact of skills on chances of progression;
- a desk-based review of employer practice;
- a literature review exploring the potential for behavioural insights or ‘nudge’ approaches to encourage more employers to do something to support in-work progression, and how such approaches may be used by employers to ensure their own organisational policies and practices are inclusive;
- in-depth case studies with sixteen organisations from across the six countries and four sectors.

Two employer-focussed outputs have been generated from the evidence with a view to influencing employer practice, namely an employer toolkit and a case study collection<sup>1</sup>.

This paper summarises the evidence collected and the main outputs from the project.

Enabling the progression of individuals in low-paid, low-skilled work is a both a significant public policy challenge as well as a challenge for employers. From a public policy perspective, increasing levels of in-work poverty, the low-pay no-pay cycle, and increasing polarisation in the labour market make inclusive growth a key focus. Equally, from an employer perspective, recruitment and retention challenges as well as the need to raise productivity all mean more focus needs to be placed on improving work quality and enabling people to feel more engaged at work. At the same time, there is growing evidence that the low-pay, low-cost, low-quality business models evident in a number of sectors may not be necessary for survival, nor indeed in the best interests of business success and growth<sup>2</sup>.

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<sup>1</sup> *Progression in Employment: An Employer Toolkit*, available at [https://www.employment-studies.co.uk/system/files/resources/files/Employer\\_Toolkit.pdf](https://www.employment-studies.co.uk/system/files/resources/files/Employer_Toolkit.pdf) and *The Case Study Collection: Progression in Employment, Practitioner Stories from the European Labour Market*, available to download from: [https://www.employment-studies.co.uk/system/files/resources/files/Case\\_Study\\_Collection.pdf](https://www.employment-studies.co.uk/system/files/resources/files/Case_Study_Collection.pdf)

<sup>2</sup> Zeynep T (2014), *The Good Jobs Strategy: How the smartest companies invest in employees to lower*

Progression can mean different things to different people at different stages in their life or career. For some, it may mean increasing working hours in their current job. For others, it's progression into higher-level or more complex roles. It can also mean horizontal as well as vertical moves, perhaps moving into a different area of work, which is a better match for existing skills, or offers more in the way of career development opportunities. There is much that policymakers, employers and third parties can do to enable progression in its multiple forms.

The available evidence suggests that there is cross-country variation in the probability of low-skilled workers moving jobs, and to better jobs. The evidence also suggests that there is variation in the relative probability with which low-skilled workers may change job, or change to a better job, compared to those with medium and high-level skills. In general, though, low-skilled workers are less likely to change jobs compared to those with medium and high skill levels, with the exception of low-skilled workers in Germany and Spain. Crucially, though, low-skilled workers are less likely to change to a better job compared with highly skilled workers in all countries examined save for the UK, where they are more likely (although less than 10 per cent actually move jobs). Regression analysis conducted as part of this project<sup>3</sup> has isolated and demonstrated the adverse impact of low skills on the probability of moving to a better job in Germany, Spain and the UK.

Based on in-depth case studies and a review of employer practice, an employer toolkit has been designed incorporating a 'Progression Readiness Model and Index', comprising eight dimensions that reflect how employers can support in-work progression:

1. **HR Philosophy:** this dimension represents the extent to which an organisation seeks to promote staff from within, operates an open and fair internal labour market, and views the skills and capabilities of its staff as a differentiator in the marketplace;
2. **Pay and financial well-being:** this aspect of the model describes the extent to which an organisation pays a decent living wage, is aware of the potential impact of unpredictable hours on staff (financial and personal), well-being, and the interaction with welfare benefits. The dimension also includes the availability of ways in which employees' can increase their pay and which are open to all;
3. **Fair contract and predictable work hours:** this dimension recognises employees' desire for security and stability in their employment contract and working hours;
4. **Pathways to progression:** this element looks at how employers concerned with progression make efforts to articulate and communicate clearly the different career pathways that are available to staff, how they may move from one role to another and the types of skills, qualifications and experiences required. It also assesses in which ways employers provide a range of support to enable employees to experience different job roles and areas of work, and provide development opportunities to support internal mobility;

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*costs and boost profits*, Brilliance Corporation

<sup>3</sup> Capuano S, Cockett J (2019), *Progression in Employment: A cross country data analysis*, Institute for Employment Studies

5. **Opportunities to develop:** this element evaluates how employers supportive of progression provide both formal and informal development opportunities. They also enable progression through the provision of wider support such as mentoring, and are effective at identifying and developing staff with potential to progress. They also ensure that development opportunities are available to all;
6. **Designing jobs for meaning and purpose:** this dimension reflects the extent to which work and jobs are designed in such a way as to enhance the quality of work, enabling employees to do the best work they can and to use valued skills and abilities;
7. **Supportive line management:** this element assesses how employers who are supportive of progression recognise the critical role played by line managers and invest in their capability to engage in regular conversations with those they manage about their careers and development opportunities. They also support line managers in their ability to conduct effective conversations with staff about their performance and manage their expectations around career development;
8. **Flexibility as a default:** this dimension reflects the extent to which organisations' take steps to ensure part-time and flexible working is not a barrier to progression, and that progression opportunities are available to all.

The 'Progression Readiness Index' enables employers to self-assess their own practice with respect to the eight dimensions of the model described above.

This paper also highlights some potential ways in which policymakers and employers can use behavioural insights or 'nudge' approaches to support in-work progression. These include:

■ **For policymakers:**

- Provide a platform for organisations to make public statements about promoting the progression of low-skilled workers, and benchmark themselves against other organisations. Organisations may be motivated to take action to innovate their corporate social responsibility and HR strategy, and receive public recognition for their good practice. For example, the Business in the Community awards in the UK provide a high-profile opportunity for companies to showcase good practice in human resource management, and/or employee engagement.
- Fit the design of any intervention to the organisations' operating environment and existing constraints (eg resource, time or technological constraints).
- Identify individuals, sector bodies, or other umbrella organisations who are trusted sources of information and/or expertise and who can act as champions for the initiatives.
- Combine training opportunities with sector-wide or supply chain relationship-building opportunities. This could help smaller companies to overcome the

prohibitive costs of providing tailored workforce training. The London Progression Collaboration<sup>4</sup> is a useful example of such an approach.

- Building a strong business case around issues such as talent and diversity management, by linking career progression for low-skilled workers to business aims.

#### ■ For employers:

- 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 and that individuals involved 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, pg 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.

Supporting progression in employment of low-paid, low-skilled workers requires action from multiple stakeholders, and action both within and outside companies. We have identified several suggested recommendations to support all stakeholders involved:

#### ■ HR Professionals can:

- analyse current progression opportunities and practices with respect to the progression of low-skilled, low-paid employees;
- assess the feasibility and benefits of adopting a skills-based pay and progression model;
- ensure that organisational policies and practices are aligned in ways that support progression.

#### ■ Senior managers can:

- set out clear progression principles that make it clear that everyone in the organisation should have the opportunity to progress, and outline practices that will be used to support these principles.

#### ■ Line managers need:

- Support and training to be able to hold effective performance and career conversations with those they manage.

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<sup>4</sup> <https://www.ippr.org/lpc> accessed on 26th February 2020

■ **Trade Unions:**

- Should be involved in conversations with senior managers and HR about development of policy and practice, with respect to progression in-work, and how pay systems can be designed to both enable progression and support productivity.

■ **Policymakers can:**

- adopt a 'dual-customer' model, aimed at designing interventions collaboratively with employers, employees and training providers to meet both employer and employee skills needs, and supporting individuals to progress;
- take a 'What Works' approach, building the evidence base on effective interventions, and sharing this widely with Government, employers, employer bodies, training providers and intermediaries.

# 1 Paper outline

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This paper is structured as follows:

- chapter 2 outlines why in-work progression matters;
- chapter 3 provides a brief overview of some of the barriers preventing in-work progression;
- chapter 4 presents evidence from a literature review and case studies with employers to highlight the range of employer motivations of supporting the progression of low-paid, low-skilled workers;
- chapter 5 provides examples of employer practice to support in-work progression drawn from the literature as well as from sixteen in-depth case studies with employers from across six countries (UK, France, Spain, Italy, Sweden, and Germany) and four sectors (retail, hospitality, health and social care);
- chapter 6 summarises how behavioural insight or ‘nudge’ approaches might support policymakers in encouraging more employers to support in-work progression, and how ‘nudges’ may also be incorporated within organisational policies and practices to ensure a more level playing field when it comes to progression;
- chapter 7 outlines the ‘Progression readiness Model’ and associated ‘Progression Readiness Index’. The complete version is available as part of the Progression in Employment toolkit, available here: [https://www.employment-studies.co.uk/system/files/resources/files/Employer\\_Toolkit.pdf](https://www.employment-studies.co.uk/system/files/resources/files/Employer_Toolkit.pdf)
- chapter 8 outlines some suggested recommendations for a range of stakeholders important to the in-work progression agenda.

## 2 Why employment progression matters?

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Tackling low pay<sup>5</sup> and supporting employment progression have grown in importance across Europe in recent years – driven by increases in low-skilled work, increased employment insecurity and rising poverty levels among those in work. Many of these trends have been long-running, reflecting growing ‘polarisation’ in employment as technology and globalisation have contribute to growth in both low-skilled employment (up by 10 per cent across Europe between 2000 and 2010) and high-skilled work (up by 15 per cent), while mid-skilled jobs have stagnated<sup>6</sup>.

As a result of uneven recovery from the economic crisis, overall one in five part-time workers and more than half of those in temporary work do so because they cannot find full-time or permanent jobs<sup>7</sup>. These trends, often combined with cuts in social assistance for working families, have led to persistently high levels of working poverty – now affecting one in ten workers across Europe<sup>8</sup>.

Taking the UK as an example, 4.7 million employees are low-paid (around one in six workers)<sup>9</sup> and more than half of all people living in poverty are in working households. Once in low pay, workers often find it hard to escape – with research suggesting that just one in six of those low-paid in 2006 have sustainably ‘escaped’ low pay by 2016<sup>10</sup>. At the same time, one third of employers report that they have staff whose skills are under-utilised<sup>11</sup>, while UK productivity is significantly lower than in many other countries. So there is a strong case to address low pay and poor progression:

- **for individuals** – because improving progression creates opportunities to increase income, have more fulfilling work and improve wellbeing;
- **for businesses** – because improving work quality, progression opportunities and skills utilisation can lead to more engaged and productive staff and greater success; and;
- **for society** – because increasing opportunity, raising incomes and improving productivity will support inclusive growth and reduce inequalities.

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<sup>5</sup> Low pay is defined as having hourly earnings below two thirds of the median hourly rate

<sup>6</sup> Thompson S, Hatfield I (2015), *Employee Progression in European Labour Markets*, Institute for Public Policy Research

<sup>7</sup> EC (2018) *Draft Joint Employment Report from the Commission And The Council*, European Commission

<sup>8</sup> Ibid

<sup>9</sup> Cominetti N, Henehan K, Clarke S (2019), *Low Pay Britain 2019*, Resolution Foundation

<sup>10</sup> D’Arcy C, Finch D (2017), *The Great Escape? Low pay and progression in the UK’s labour market*

<sup>11</sup> Winterbottom M et al (2018), *Employer Skills Survey 2017*, Department for Education Research Report

## Defining employment progression for low-paid workers

There is no single definition of employment progression for low-paid workers. Most quantitative analysis of low pay and progression focuses on movements from below to above a threshold of two-thirds of the median rate of hourly pay. However, this simple measure does not take into account other factors that evidence suggests can contribute to improvements in work quality, wellbeing and productivity – for example, improvements in job security, job satisfaction, job design, skills utilisation, wellbeing at work, and work-life balance<sup>12</sup>.

Indeed evidence suggests that for many people in low-paid work, progression can in the short term lead to a horizontal step (or even a backward one in terms of earnings), where individuals are able to get more secure employment, a better ‘match’ with their skills, and/or a role with better career prospects or pathways<sup>13</sup>.

Research literature also distinguishes between ‘internal’ (within the same firm) and ‘external’ progression (achieved by moving jobs)<sup>14</sup>. Internal progression can be particularly limited for those in less secure work or in sectors with low growth potential, and as a consequence public policy has tended to focus on measures to support individuals to change jobs, rather than to improve internal career paths. However, there is a growing body of research suggesting that even in low-paying sectors there are opportunities to improve job quality, security and pay<sup>15</sup>.

In this project, we focus particularly on the employer role in supporting progression for low-paid staff, by improving career prospects and job quality. We are interested in all factors that can contribute to improved work quality, wellbeing and productivity, and that ultimately will lead to opportunities for workers to move out of low pay.

## Defining the low-skilled

The UKCES (2012)<sup>16</sup> defined low-skilled as: those who lack basic literacy or numeracy skills; those with qualifications below upper secondary; and those with no qualifications. However, Cedefop (2017) argue that defining ‘low-skilled’ based primarily on educational attainment oversimplifies the concept and does not allow for a range of other factors that can result in individuals becoming low-skilled. These factors include: being long-term unemployed or long-term disengaged from the labour market; having skill gaps which do not meet the current needs and demands of the labour market; socioeconomic factors (eg gender, age, having a migrant background); skill obsolescence as a result of ageing, technological change, and changes in organisational processes or production.

<sup>12</sup> RSA and Carnegie Trust (2018) *The final report of the Measuring Job Quality Working Group*

<sup>13</sup> Webb, J., Parken, A., Hodges, H. and Matias, M. (2018) *Promoting job progression in low pay sectors*, Wales Centre for Public Policy

<sup>14</sup> Sissons P., Green A. and Lee N. (2016) *Supporting Progression in Growth Sectors: A Review of the International Evidence*, Public Policy Institute for Wales

<sup>15</sup> Ton, Z. (2014) *The Good Jobs Strategy: How the Smartest Companies Invest in Employees to Lower Costs and Boost Profits*, New Harvest

<sup>16</sup> <https://dera.ioe.ac.uk/14577/1/evidence-report-43-engaging-low-skilled-employees-in-workplace-learning.pdf>

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*Cedefop (2017)<sup>17</sup> reported that: 'low-skilled status must, therefore, be conceptualised as a multi-dimensional and dynamic phenomenon, which goes beyond educational attainment and considers both its determinants and effects. It should also include a wider typology of people and low skills, such as those with obsolete skills and mismatched workers.'*

Cedefop<sup>18</sup> reported a number of characteristics of low-skilled adults across the EU which includes:

- Low educational attainment.
- Disadvantaged background (eg migrant backgrounds, socio-economic backgrounds, although the strength of this association can vary widely across and within countries and different age groups).
- Those unemployed and inactive (including those with reduced opportunities to find work experience).
- Those trapped in low-skilled occupations and precarious work.
- Those in poor working conditions.
- Those with reduced or no opportunities to participate in life-long learning.

The focus of the progression in employment project is low-paid, low-skilled workers in the retail, hospitality, health and social care sectors. It is worth noting that not all low-paid workers in entry level roles in these sectors are low-skilled, and equally not all low-paid workers will face in-work poverty as a result of wider household incomes. That said, the main focus is how to support employers to progress those who are in low-skilled, low-paid roles in the sectors concerned.

## 2.1 Consequences of being low-skilled

Progression in employment across Europe has been subject to little previous quantitative research. Our research findings<sup>19</sup>, using econometric techniques on the most recent waves of EU statistics on Incomes and Living Conditions (EU-SILC) cross-sectional and longitudinal data, and the European Working Conditions Survey (EWCS) is able to add to current knowledge by:

- focussing on progression chances of individuals with different skill levels, while holding other determinants of progression constant, therefore isolating the effects of skill, and;

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<sup>17</sup> Cedefop (2017), *Investing in skills pays off – The economic and social cost of low-skilled adults in the EU* (pg 9), Cedefop

<sup>18</sup> Ibid

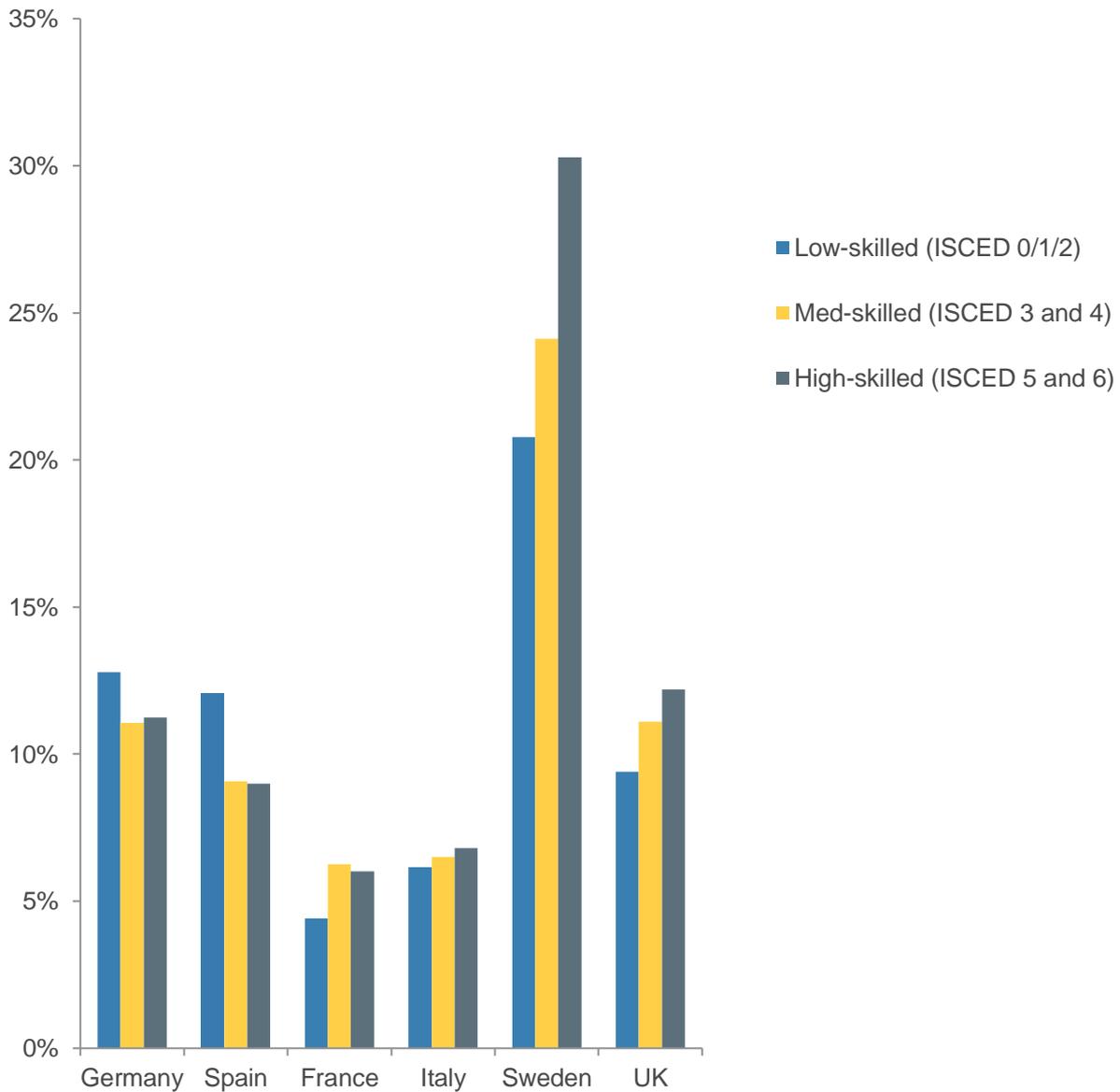
<sup>19</sup> Capuano S, Cockett J (2019), *Progression in Employment: A cross country data analysis*, Institute for Employment Studies

- providing a means to predict the probability of progression for individuals with different skill levels and characteristics and allow for meaningful comparisons between different groups of worker within the same country.

A number of key findings were reported including:

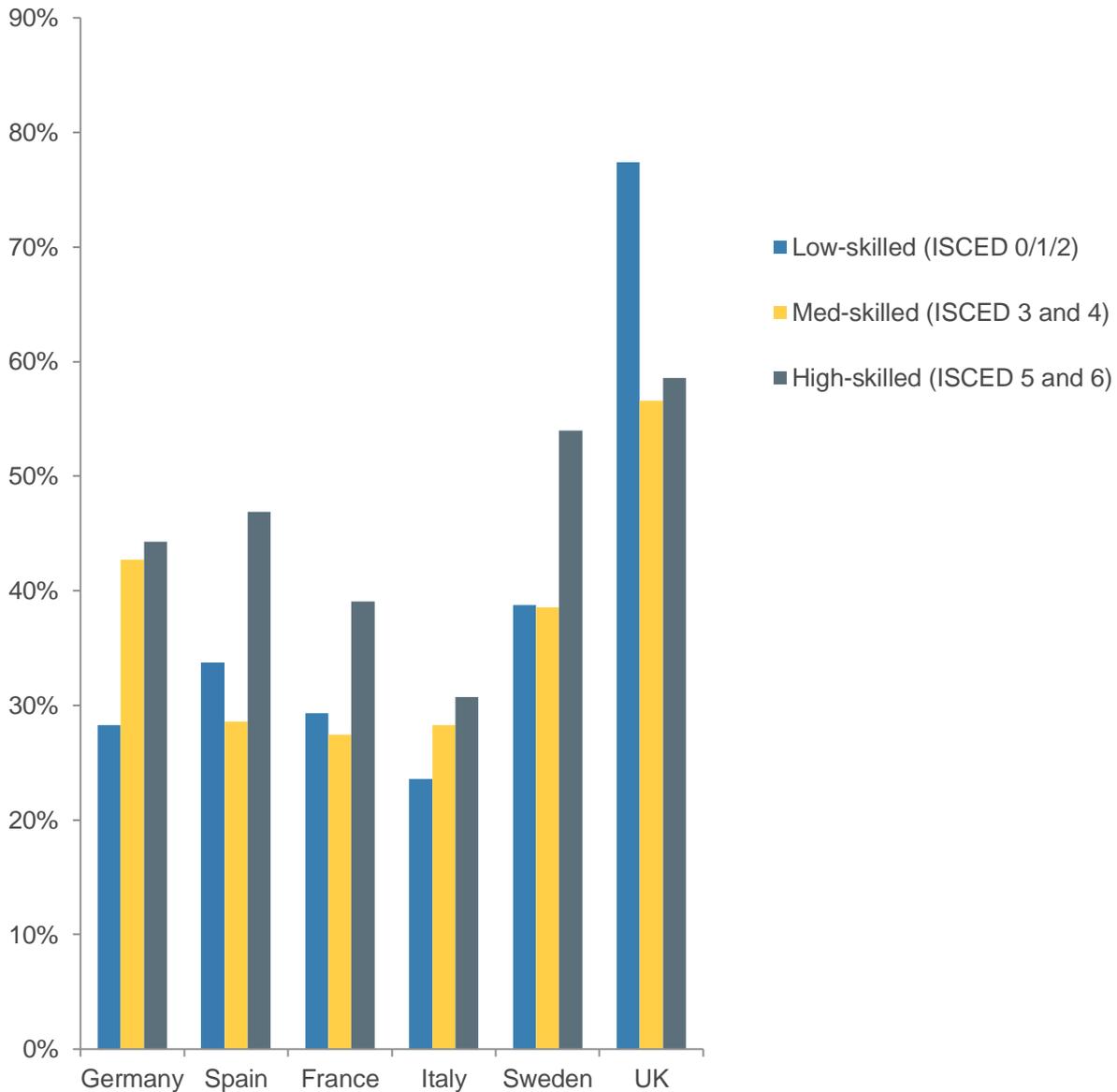
- In a number of countries (eg Germany, Spain), the percentage of low-skilled workers reporting that they moved job in the last year is higher than for more skilled groups (Figure 1). Yet, the probability of those workers moving to a better job was lower than that for more skilled workers (Figure 2).
- In contrast, in some countries such as the UK, whilst less than 10 per cent of low-skilled workers moved jobs in the past year (a lower percentage than for other skills groups), they were more likely than more skilled workers to move to a better job.
- Across several countries (France, Italy, Sweden), low-skilled workers are less likely than more skilled workers to change jobs and to change to a better job.

**Figure 1: Percentage of employees who changed job, by skill level**



Source: Authors' calculations based on EU-SILC cross-sectional data, year 2016 (2015 for Italy). Estimation sample: employees aged 16-65. The percentages shown are weighted using EU-SILC person weights.

**Figure 2: Percentage of employees who change to a better job (over total job-changers), by skill level**



Source: Authors' calculations based on EU-SILC cross-sectional data, year 2016 (2015 for Italy). Estimation sample: employees aged 16-65. The percentages shown are weighted using EU-SILC person weights.

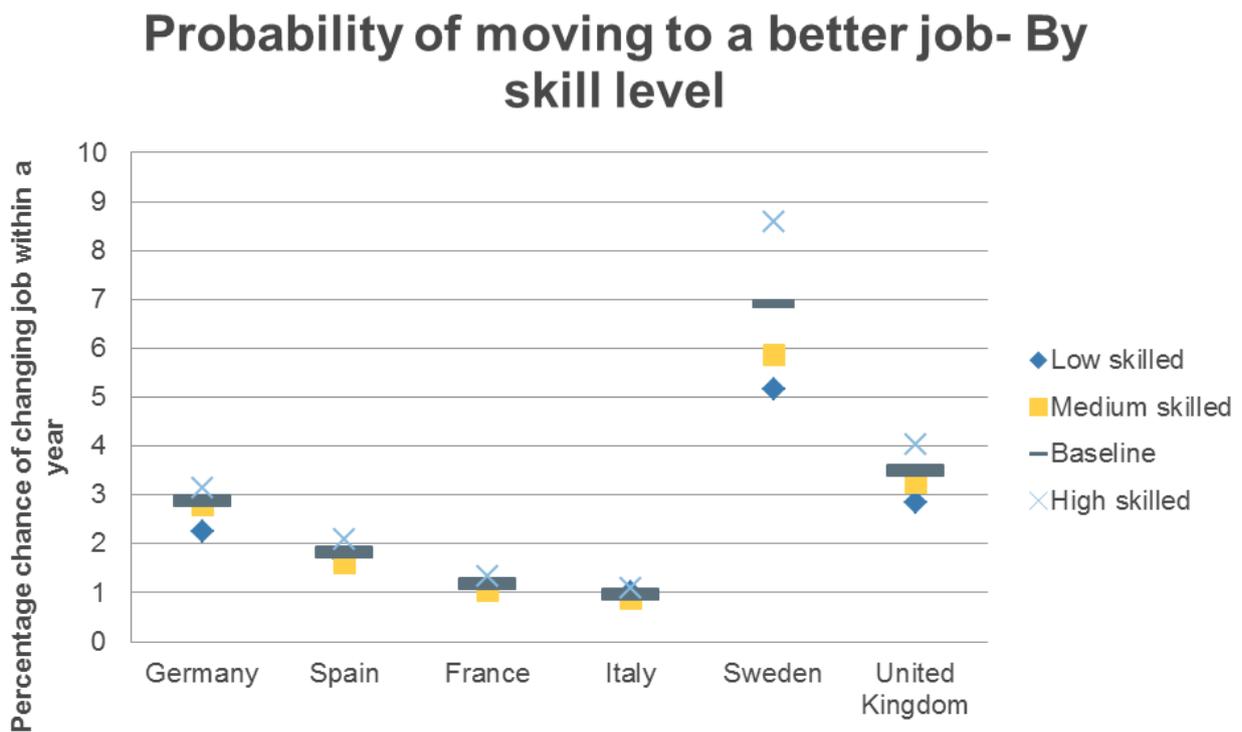
A series of regressions were also undertaken to understand and isolate the impact of low skills and other variables on the chances of employment progression. This is important as it gives us an understanding of the impact of low-skills on progression whilst other potentially contributing factors are held constant, for example sector, age, location. The analysis identified differences in the impact that low skills have on progression changes across the six countries. The key findings included:

- The adverse impact of low skills on progression chances (as measured by the probability of changing to a better job) is higher in Germany, Spain and the UK.

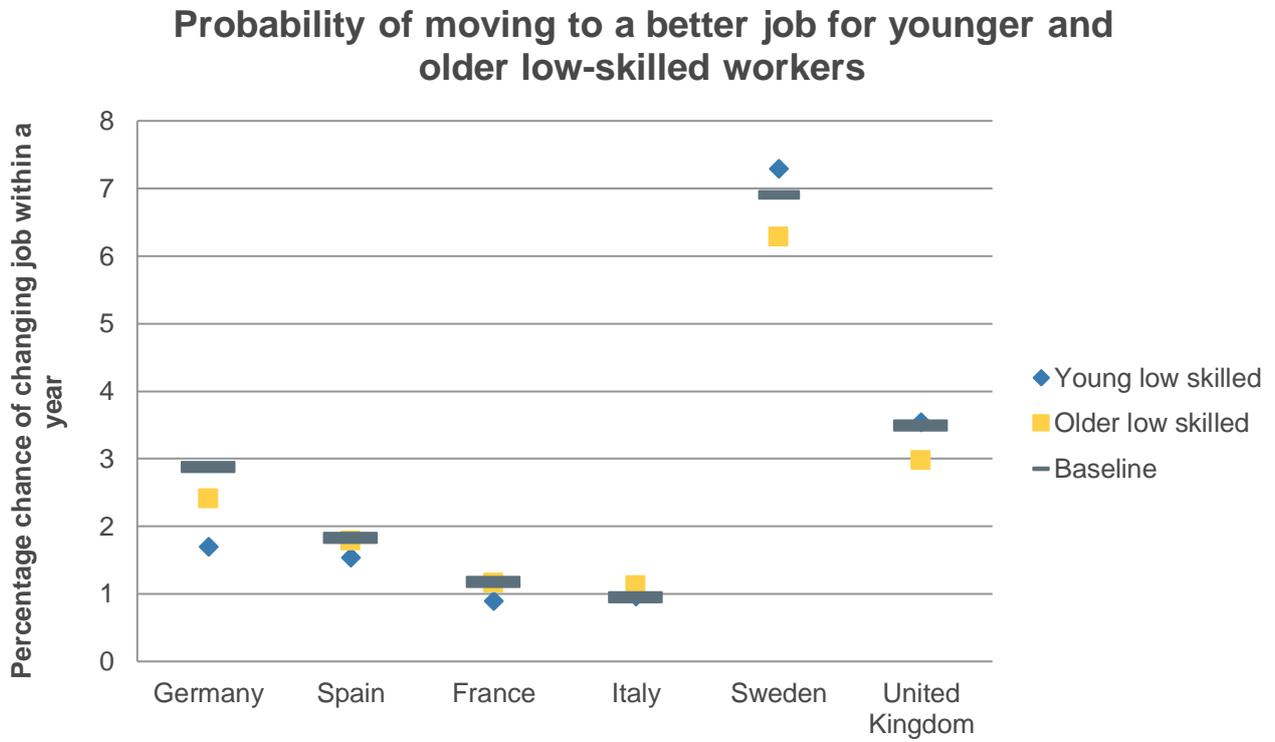
- There appears to be a minimal impact of low skills on progression in some of the countries under study, for example France and Italy.
- In all countries, the low-skilled in the retail sector are less likely to change jobs and move to better jobs than the average employee.
- A variation within countries on progression probabilities for older and younger skilled workers. So, for example, in Sweden, whilst younger skilled workers perform above the national baseline in terms of progression, older workers' progression probabilities are below the national baseline.

Figures 3 and 4 below show graphically selected results from the regression analyses conducted.

**Figure 3: Effect of skills on the probability of moving to a better job**



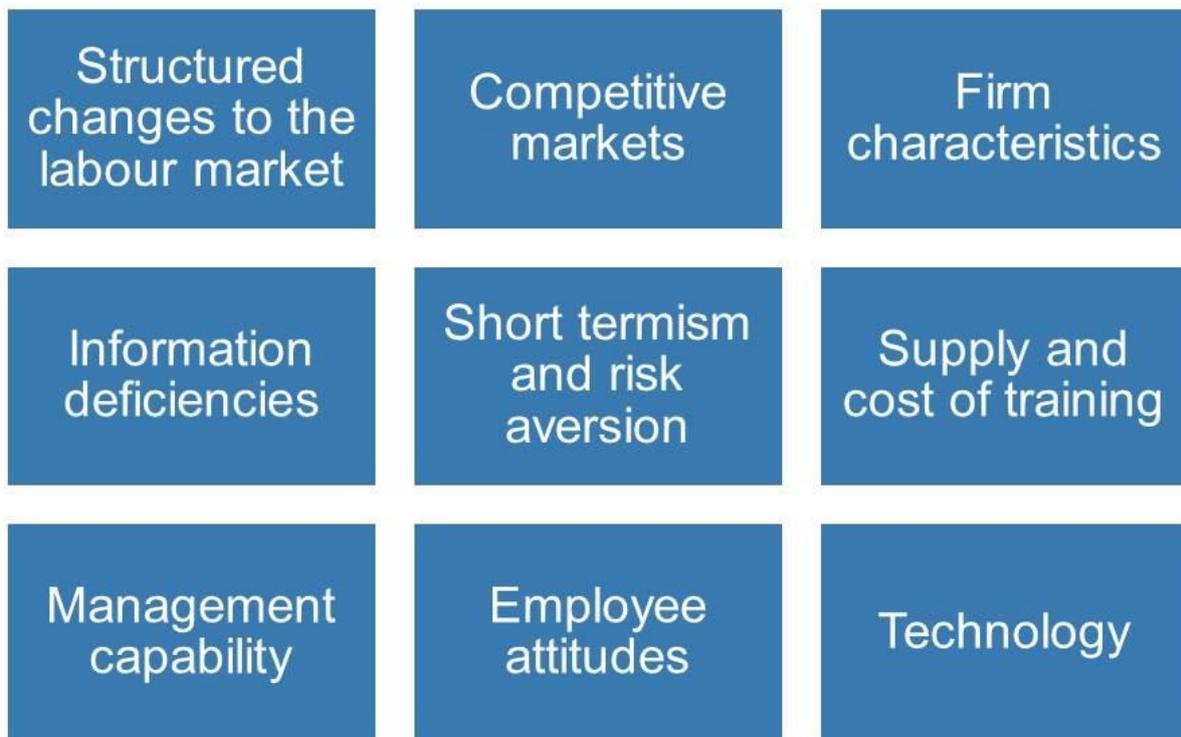
**Figure 4: The effect of skills on the probability of moving to a better job for older and younger workers**



### 3 Mapping the barriers to progression for low-skilled workers

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Although a strong case has been made for progressing low-skilled employees (from a range of stakeholder perspectives), a range of barriers have also been identified.



- **Structured changes to the labour market:** labour market statistics have indicated that there has been a hollowing out of middle-skilled jobs, which can close some routes that those in low-skilled positions were once able to advance to. Additionally, the increasingly specialised nature of a number of highly-skilled jobs and occupations may also act as a limit in progression from the middle to the top.<sup>20</sup>

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<sup>20</sup> <https://www.ippr.org/publications/employee-progression-in-european-labour-markets>

- **Competitive markets:** from an employer perspective competitive markets and demand in fluctuations can encourage organisational behaviours that are dominated by cost minimisation, which can have a negative impact on both employee progression and job security.
- **Firm characteristics:** individual organisations may be structures in ways that inhibit progression. SMEs may be unable to offer progression opportunities to staff as a result of limited chances for hierarchical progression. Larger organisations (who may rely on a larger number of low-skilled employees) may have fewer higher level openings, and consequently traditional upward progression may not be available.
- **Information deficiencies:** this is related to a lack of understanding regarding where skill gaps lie, what training is available to reduce these gaps, and a limited understanding of the benefits of training and progression.
- **Short-termism and risk aversion:** some organisations (especially SMEs) may limit progression opportunities because the opportunity costs of training may be higher – even though on a longer-term trajectory it could be profitable.
- **Supply and cost of training:** organisations may be reluctant to provide training for fear of losing that investment if valued and skilled employees leave to work for competitors. In these instances, training would not have provided a cost-benefit analysis.
- **Management capability:** this is related to the ability of managers to recognise and identify current and latent skill gaps, and their ability to coach and mentor employees.
- **Employee attitudes:** in some sectors some employees are of the belief that progression and promotion may not be worth it, considering the trade-off between the increase in income achieved, the responsibilities that are associated with the additional work and the implications this may have on other areas of their life (eg health and wellbeing, family commitments and childcare costs). There is also anecdotal evidence to suggest that some individuals who do achieve a promotion step down because they find their new role too difficult to sustain.<sup>21</sup>
- **Technology:** significant change is occurring in the labour market, and much of it is technology driven. Technology is shaping the way that work is done, and will be done in the four sectors. Although some of this can enhance employee practice, for some roles it can make skills obsolete. The role that technology has in progression is dependent on how and why organisations introduce it alongside human skills.

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<sup>21</sup> Ussher (2016), *Improving pay, progression and productivity in the retail sector*, Joseph Rowntree Foundation

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## 4 What motivates employers invest in in-work progression?

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Multiple reasons for employers to invest in the progression of low-skilled, low-paid workers emerged from both a review of publically available case studies, and through in-depth work with sixteen employers across six countries.

### 4.1.1 A response to recruitment difficulties or challenges

#### Corbin and King – United Kingdom

Corbin and King is a restaurant and hotel company spread across a number of locations in London. The company invests in the development of its workforce in a way of addressing many of the challenges inherent in the hospitality sector. These challenges include: skills shortages partly created by the closure of vocational colleges offering a pathway into hospitality, the image of hospitality as low-paid and stressful, and a tight labour market. The provision of upskilling opportunities is also provided to enhance the wellbeing of staff and provide work that offers variety and inspiration. Corbin and King has gained a reputation for its training and career progression. It has a management stability index of 86 per cent and has a much lower turnover than is standard in the industry. It has recently been voted one of the Sunday Times' '100 Best Companies to Work for', enhancing its ability to recruit talented staff in a tight and challenging labour market.

#### Penrose Care – United Kingdom

Penrose Care is a homecare business based in Hampstead, which provides in-home care to the elderly and those with disabilities. In the UK, as in other countries, there is a current shortage of health and social care staff. Exploitation of working hours and working conditions is common in the industry, which can result in poor care. Penrose Care was aware of the need to attract and retain care staff, and the providing training, development and progression is seen as a way to do this. Providing progression and training is also a way of ensuring that any 'negative behaviours' perceived to be typical in the industry are avoided, so carers can provide excellent quality care.

*"We genuinely want people to be the best that they can, and we want them to have the working conditions so no one else can poach them"*

(Managing Director)

#### Ambea – Sweden

Ambea is an independent provider of care in the Nordic countries. They, like Penrose Care, have invested in developing employees in response to talent shortages in the sector. The additional challenge for the care sector is the increase in elderly employees leaving the care

sector. This has prompted the focus in offering greater career development opportunities to enhance the attractiveness of working in the sector particularly amongst younger people.

*“Strategic recruitment and strong branding are vital, and career development is an important part in this”*

(Senior Manager)

#### 4.1.2 Enhanced reputation as an employer

##### Koopera Innovación Social y Ambiental – Spain

Koopera is a not-for profit cooperative focussed on supporting individuals at risk of labour market exclusion and integrating them into employment. The company has received several regional and national prizes for its work integrating disadvantaged groups into the labour market and helping them progress in work.

#### 4.1.3 Greater understanding and awareness of the business, as a result of a ‘grow your own’ policy

##### Scandic - Sweden

Scandic is a large hotel operator in Sweden, which employs low-skilled workers such as housekeepers, waiters, kitchen staff and bartenders. Scandic has business values to prioritise the internal development and progression of staff, so that a critical mass of their employees know the values, culture and business ways of working. They also understand that by doing this the staff would be motivated to deliver high levels of customer service. The HR Manager said: *“We want our values and culture to saturate every hotel that we own. Internal recruitment should therefore make up for 50 per cent of that staff for each new hotel we open”.*

##### Zara – France

Zara is a clothing brand focussing on fast fashion and other accessories, shoes, swimwear and beauty products. The Zara stores in the Parisian region recognised there was a need for more managers in their stores. They opted for internal progression and promotion of salespeople into positions of responsibility, to develop an ‘in-house culture’ and to recognise those who have potential. The Head of HR explained that this helps stores to retain staff.

*“Regardless of the career path, all employees can potentially become store managers. This potential programme creates loyalty and commitment to the company”*

(Head of HR Development at INDITEX)

#### 4.1.4 Improved productivity as a result of increased skills and engagement of staff

##### Hera – Italy

Hera is a large multi-utilities company in Italy, and in 2017 the organisation noted that they lacked a number of critical business skills (particularly digital skills). The organisation

consequently developed a learning plan to support staff capabilities internally so they had the necessary skills for operational performance.

*“We wanted to make HERA a more digital workplace”*

(HR representative)

### Uvesco – Spain

Uvesco Group leads in food distribution in Spain, and wanted to recruit and develop the best workers to be able to provide the high-quality customer service that is a core part of its offer. They also recognise their responsibility with respect to public health and the importance of ensuring that workers are trained sufficiently in food handling, preservation and nutrition. Recognising the skills of current staff, and continuing the training and progression of staff helped to ensure these responsibilities were maintained.

## 4.1.5 A desire to cultivate a ‘grow your own’ culture of progression

### Carpigiani Group ALI SpA – Italy

The Carpigiani group produces and exports machines for the production of Italian ice-cream. The company has a philosophy that by enabling employees to grow, the company will be able to grow too. Through investing in the skills of its workforce, managers recognise that they are also investing in the future of the organisation’s success. The HR manager had a philosophy to develop a ‘company positive’ environment, with strategies to create valuable opportunities for employees, and letting them develop their own career path. An employee who had been through the progression programme reported, “I hope that more companies in the future will understand the importance of increasing the education of the workforce”.

### Katolischer Hospitalverbund Hellweg GmbH – Germany

This is a Catholic hospital and the underlying principles of its charity mission are that every individual should be valued and respected. The hospital group believes strongly in the development of staff in preference to external recruitment. Acknowledging that refugees in Germany face issues in finding and securing work, the organisation has sought, as part of its charitable mission, to recruit, train and progress employees.

*“The hospital has many initiatives to encourage all employees, regardless of their qualifications or positions in corporate hierarchy”*

(HR Manager).

Some employers also cited improved retention rates and reduced turnover as a result of a focus on internal progression.

More details on each of the above mentioned employer case studies can be found in ‘The Case Study Collection’.<sup>22</sup>

<sup>22</sup> *The Case Study Collection – Progression in Employment: Practitioner Stories from the European Labour Market*, available to download here: [https://www.employment-studies.co.uk/system/files/resources/files/Case\\_Study\\_Collection.pdf](https://www.employment-studies.co.uk/system/files/resources/files/Case_Study_Collection.pdf)

## 5 Employer approaches to supporting in-work progression

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Both a review of the literature and in-depth employer case studies conducted as part of the Progression in Employment project identified a range of possible ways in which employers, large and small, can support the progression of low-skilled, low-paid staff. These include:

- open recruitment and development opportunities for all members of staff, or in some cases approaches targeted at particular groups of workers;
- development of progression pathways that align job roles, competencies; and training and development opportunities;
- provision of, and employer support for, accredited learning;
- increases in pay directly linked to training completion or development of competencies;
- regular performance appraisal and development planning;
- designing jobs in ways that make higher paid roles feasible for people who wish/need to work part-time, or who need to balance work with other commitments;
- job rotation and coaching to develop multi-skilled staff;
- job placements, secondments and opportunities to act up or take on supervisory roles;
- support from mentors;
- succession planning and staff development as a core element of an organisation's aims, ethos and practice.

Case studies uncovered as part of the literature review and conducted across the six countries and four sectors covered by the Progression in Employment project highlighted a range of positive employer practices with respect to progression.

### 5.1 Employer case study examples

#### 5.1.1 Clear progression pathways

Examples of positive progression practices often included employers taking steps to articulate and communicate clearly the different career pathways available to staff, and how the move from one role to another would require different types or levels of skills, experiences or qualifications. This enables employees to have the opportunity to consider

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what employment path they think would be most suited to them and engage in development opportunities to reach their goals. Some organisations have undertaken organisational skill audits to see where skills need to be developed and what needs to be put in place to achieve this.

### Corbin and King – United Kingdom

Corbin and King publishes a ‘training journey’ for every position in the business, which clearly outlines the career trajectory, the core skills that are required for each of the roles, and the training experiences that are needed to progress at every development stage. All staff are provided this in an information pack when they start at the company, and the ‘journeys’ can also be found online. This then helps an employee (with the aid of their line manager) start their training pathways.

*“We found that in order to retain our staff, it was incredibly important to show them what their journey could be, but also not to impose on them that this had to be their journey.”*

(General Manager)

### Koopera Innovación Social Y Ambiental – Spain

Koopera is a not-for-profit cooperative focussed on supporting individuals at risk of labour market exclusion to integrate them into employment. The core business strategy is the recycling and selling of second-hand products such as toys, books etc. The company has a specific programme where low-skilled employees join the organisation for three years and are supported with the development of social and professional skills to enable their (re-) integration into the labour market. Employees can build their experience through a wide range of tasks. Six months before the end of the programme, individuals are supported in identifying and preparing for future employment opportunities.

### Hera – Italy

HR in the company developed a ‘Learning Plan’, which contained an analysis of the current workforce and identified organisational skills gaps. A learning strategy was then created, which highlighted the actions that needed to be undertaken to fill the professional skills gaps. Consequently there was investment in the professional development paths of its employees, including discussions about the training and development needs to achieve their career aims.

## 5.1.2 Job design

To encourage employee commitment and motivation, the way that jobs are designed and constructed is important, so employees can derive meaning and purpose from their employment. There were examples from our case study organisations where progression was enabled through jobs and roles being designed in ways that supported the skills and employment choices of employees, enabling the opportunity for them to gain meaning, value and knowledge from their work.

### Hantverket – Sweden

In their approach to developing low-skilled employees, Hantverket offers the opportunity to ‘job craft’ to some extent, in that roles can be customised to fit individual strengths to potential

positions. In this way the organisation can best use the skills of the individuals to develop a career for them in the company. This practice is supported by regular reviews and meetings so that managers understand the employee strengths and develop them appropriately.

*“Hantverket is good at supporting those who they see as taking responsibility. During the performance reviews, you first discuss the things you already do within the company and secondly the areas you want to develop. That way they develop a more personalised role for each individual.”*

(Member of staff)

### **Katolischer Hospitalverbund Hellweg gGmbH – Germany**

The management group at the care home believe that every employee should be valued and respected for the skills that they have, and strongly believe in the development of their staff. This is reflected in the fact that they offer differentiated career paths dependent on specific interests. For example, those who are interested in developing technical skills can follow this specialist career route, while those who have the desire or are aspiring to take on leadership positions can follow an affiliate executive career model. Employees are also offered a variety of opportunities dependent on their interests and competencies.

### **5.1.3 Career development opportunities**

A number of career development opportunities and methods of delivery were evidenced, both formal and informal, to enable participation in development and training opportunities. This occurred in many guises including: appropriate scheduling and funding of training, supporting employees through making coaching and mentoring available, and by making opportunities available to work shadow and experience different areas of work.

### **Penrose Care – United Kingdom**

As well as providing an externally provided national minimum training standard course for Care Workers, their training and progression model also requires thirty hours of professional work shadowing. This involves observing an existing care worker to gain an understanding of the responsibilities and services required. In addition to any further non-compulsory training, it was believed that the work shadowing provided the relevant experience that care workers need to work independently. One carer noted that, *“Sometimes the manager says “which area do you want to learn more in?”, and I have the opportunity to do more courses.”*

### **Hantverket – Sweden**

Hantverket is a small restaurant, known for its focus on sustainable food. The restaurant decided to invest in developing its staff to deliver customer service through engaged and motivated employees. Given its small size, Hantverket’s approach to staff development is relatively informal:

*“It is important that we assist each other all the time. We should serve each other more than we actually serve our guests.”*

(Business Manager).

There are many opportunities for career development, including: job shadowing across various roles, visits to other organisations in the sector, and employees can attend regular talks and

seminars from external speakers in the sector. Employees and employers described a strong focus on building a collegiate culture where staff can learn from each other and build a team ethos, which they explained was important for the provision of excellent customer service.

*“I believe it is because Hantverket is good at supporting those who they see are taking greater responsibility”*

(Member of staff)

### Uvesco – Spain

Uvesco recognises the importance of its workers’ knowledge and skills, and thus provides a variety of policies and practices that support the progression of workers. They provide an open internal labour market so that new job opportunities are open to all workers. Employees are offered paid-for training (to qualify in certain roles eg a butcher or a fishmonger), and these programmes last two months. The training is also validated by a public authority. In addition to this, Uvesco also ensures that all staff attend an induction, or ‘welcome day’, where they have a day of training to learn organisational basics as well as the company’s ethical code.

### Carpigiani Group ALI SpA – Italy

In their progression programme, any costs of teaching materials were covered by the organisation, and training took place at the organisation so that employees could easily attend. To encourage increased participation a wide range of both formal training and workshops were provided.

An internal ‘factory school’ was developed providing specific courses on more technical subjects to train new employees with necessary organisational skills, which importantly could be put directly into practice.

## 5.1.4 Line managers

Line managers are considered to be critical for the employment relationship, and are often organisationally responsible for understanding how well the employees they manage are performing and what further development or training opportunities they need. Line managers are also important for supporting employee wellbeing at work. Successful line management and progression also depends on a manager’s ability to coach their staff, and have regular engaging conversations about employee careers and development routes. Consequently, it is also important that individual line managers are given the means and the capabilities to provide suitable line management.

### Corbin and King – United Kingdom

The organisation has a strong belief that people are their biggest asset, and they show this through the way in which staff are managed. Employees have regular one-to-ones with line managers to discuss career goals and progression. Every year employees also receive a yearly appraisal, including 360° feedback so that they receive an accurate assessment of staff performance.

*“One of the biggest parts of my journey at Corbin and King has been the people in the support system...I feel they’ve 100% supported me...I’ve been given a chance”*

(Employee)

Staff are also encouraged to attend management and supervisory training. The 'potential leaders' scheme is helpful in developing the skills and confidence of low-skilled workers to move into management positions.

### Scandic – Sweden

Scandic has prioritised the internal development and progression of staff, and does this by combining a number of support practices. This includes line managers performing regular one-to-one's to: assess and monitor performance, discuss progress to achieving development goals, yearly performance reviews to understand individual career aspirations, and identify suitable development opportunities. Line managers also act as mentors to provide coaching and career development.

### Coop Alleanza 3.0 – Italy

Coop Alleanza 3.0 focus strongly on the professional and personal development of all its employees as part of its approach to HR management. Recognising that line managers are critical for people development, the company organised workshops for line managers focussing on a number of themes including: line manager social and professional capabilities, line management responsibilities, collaboration and information sharing, planning and monitoring objectives and creating effective teams.

### Uvesco – Spain

Uvesco also recognised the importance of effective leadership and management for the quality of customer service that employees provide. The company developed an internal project known as the '300 Plan', which describes the 'Uvesco' leader and the competencies that a leader within Uvesco must have. Managers take part in a two-year leadership course that has been developed in partnership with the Chamber of Commerce.

Additionally, the company has the 'Cantera Plan', which supports internal promotion into management roles. The programme identifies workers who are not currently in management roles, but could be promoted into such roles in the future having been seen as having potential. Interested employers can volunteer to take part in the plan, and receive training in the skills to become a manager or supervisor, particularly where skills gaps have been identified.

*"Training is essential in our company at all levels. We look for excellent professionals to offer excellent services. Line managers are trained in management skills so that all our workers can offer an excellent service"*

(HR Assistant Manager)

## 5.1.5 Innovative use of technology

There were a number of case studies which highlighted innovative use of technology to help with the development and progression of staff. This includes simple ways of communicating what promotion and progression opportunities are available through internal communication channels, the development of apps and podcasts to help with training, and the use of pulse surveys to measure satisfaction with action plans which can then be amended following feedback.

### Scandic – Sweden

As part of their progression practices Scandic developed an 'App' which features e-learning courses and customised learning journeys for each of the main professions or areas of work.

*"We are developing so-called learning journeys for specific roles. For instance, if you work with housekeeping you should easily see which courses you must attend, which movies to watch in the app"*

(Learning and Development Manager).

### Hera – Italy

Amidst a range of practices that helped with internal skill development and progression of staff, Hera developed a range of podcasts by experts both internal and external to the organisation. These podcasts could be easily downloaded by staff, and listened to or watched on more than one occasion, to enhance learning.

*"The video podcasts were interesting, engaging and catchy!"*

(Employee)

### Corbin and King – United Kingdom

At Corbin and King, development opportunities are open to all staff and widely publicised through weekly emails sent to all staff. The staff intranet outlines upcoming training courses and opportunities for promotion. All staff also have access to an online training programme, with courses available twenty four hours a day. These have proved very useful for those who work unsociable hours. Additionally, for non-British staff all training manuals are translated into ten different languages, and there are bespoke online English language courses which are focussed on relevant restaurant vocabulary.

### Rocco Forte Hotels

Rocco Forte Hotels worked alongside Artizian to develop a structured in-house training and career progression programme for low-paid staff. The delivery of the programme is carried out via an online application available on smartphones, tablets and computers, enabling staff to have twenty four hour access to their career map, training materials and on-site coaches. The app includes: a career map for all staff to identify progression opportunities, a competency framework defining what you need to know and do to progress, 24/7 access to training materials and tutorials, and 24/7 access to a career coach to help staff realise their potential.

## 5.1.6 Effective use of HR practices

As well as implementing the practices discussed above, case study companies also effectively implemented common HR practices. Processes such as: yearly performance appraisals, discussing and reviewing career development plans, providing clear job descriptions detailing the job roles and the skills necessary to complete the role are all HR practices, which can help employees understand what they need to do to progress.

### Hantverket – Sweden

Hantverket is an SME, and although some aspect of staff development is informal, the company does provide formalised job descriptions to provide transparency about the types of jobs that are available, the skills that are needed to complete them. Discussions can then be had regarding the possible ways to develop a career in the company. These practices are supported by regular performance reviews and weekly meetings between staff and line managers, to discuss how employees are performing.

### Maison de Retraite Publique Intercommunal de la Durance – France

The residential home has a specific 'Paths to Qualifications' programme to help low-skilled workers gain the skills and qualifications they need for a career in the care industry. Key factors to the implementation of this programme included: undertaking yearly reviews with employees to discuss training and development needs and career goals. Following this, training plans are then developed and reviewed. There was clear communication of training and role opportunities, so all staff had equal opportunities for progression.

## 5.1.7 Financial wellbeing and secure working hours

Employers supporting the progression of low-skilled, low-paid workers took steps to ensure that minimum basic salaries were offered as well as stable, sufficient and guaranteed working hours. They also took steps to support employees in understanding the interaction between pay and in-work benefits to ensure that individuals did not lose out overall in terms of income when either working more hours or moving into higher-paid roles. Employers also took steps to link increased skills with increased pay levels, providing a way in which increases in the organisation's pay bill could be offset with increased productivity.

### Hobbs

The Living Wage Foundation worked with Hobbs, the retail company, to explore some of the challenges and barriers to progression of low-paid staff. Underemployment emerged as a key issue with many staff wanting to work full-time. Short contracts and staff schedules organised around consumer traffic made it hard to build in time for training and development. The consequences of voluntary turnover negatively impacted the business with increased recruitment costs, reduced staff productivity, and the time lost in getting new staff up-to-speed with working practices. Hobbs initiated a range of interventions including increasing contracted hours and weekly paid training.

### Ambea – Sweden

Vardaga, part of the AMBEA group, one of the leading independent providers of care in the Nordic countries, supports the progression of its employees, particularly its assistant nurses (defined as low-skilled) through its Dementia Academy. Thirty three care homes within the group are certified Dementia homes. All staff in these homes go through the Dementia Academy and receive a certificate to say that they have completed the training. Individuals can undertake additional training to be appointed 'Head of Dementia', a form of upskilling for staff offering greater responsibility and the opportunity of a salary increase. It's also seen as a great

asset on the CV when applying for jobs or seeking promotion within the company or more widely in the sector.

## 5.2 Benefits of investing in progression

The literature review and employer case studies covered in the Progression in Employment project identified a range of employer and individual benefits of investing in progression. An outline list of benefits is illustrated in Table five below.

**Table 5: Benefits of employer practice**

Benefits for Employers	Benefits for individuals
Retention of knowledge, skills and experience	Development of (specialist), marketable skills
Improved service quality	Increased pay
More diverse management population	Promotions to more senior roles
Lower sickness absence	Adjustments to existing roles/new roles that fit in with other commitments/needs
Reduced turnover	Enable staying in work/role longer than might otherwise be the case
Increased productivity	Enable individuals to fully utilise their skills/potential
Greater efficiency and employee commitment achieved through employees' who know the business, its values, routines and practices	Opportunities to discuss and develop career

When discussing the key outcomes of progression programmes and policies there was little evidence of detailed evaluation. However perceived benefits for both the organisation and employees were highlighted.

### 5.2.1 Organisational outcomes

Many case study organisations reported a reduction in staff turnover and improved retention, as well as improved service quality.

#### Penrose Care – United Kingdom

The care home reported that through continued investment employees felt valued and increased their loyalty to the company, which was reflected in high levels of customer satisfaction. They also reported high levels of employee retention, which is uncommon in the sector.

#### Koopera – Spain

Koopera calculated that approximately 70 per cent of employees who entered their specific training programme progressed into other organisational roles, or continued into full-time positions.

*“The company has changed my life...I am proud of my work, and I do not see myself anywhere else”*

(Employee)

### **Corbin and King – United Kingdom**

Corbin and King reported a management stability index of 86 per cent, and lower levels of turnover than the industry standard. As a result the organisation was able to offer increased earning potentials and aid expansion.

A number of the case study organisations noted that they were able to grow the critical skills that they needed, which may not have been available in the labour market, thus reducing their identified skills gaps. Some also suggested that skills gaps could be reduced as a result of the development of talent pools.

### **Zara – France**

It was reported that Zara stores in the Parisian region have, as a result of their management programme promoted five hundred and thirty five employees to higher positions. This both filled their skills gap and resulted in a reduced need to for recruiting managers externally.

### **Scandic – Sweden**

The hotel manager reported that Scandic’s progression approach had been successful in developing their management population of the future. A significant proportion of employees have progressed from their frontline roles. More than half of the participants in their leadership programme have progressed into management positions.

Finally, some organisations reported that undertaking progression practices were successful in enhancing employer brand and attracting new employees.

### **Katolischer Hospitalverbund Hellweg GmbH – Germany**

The ‘Human Future’ programme was viewed as a major success as many of the refugees involved had moved beyond the initial internship and continued with their training in nursing and administration. This meant that the hospital had effectively tackled the skills shortages that they were experiencing. The hospital was now also viewed as an attractive organisation to work for, and has a competitive advantage, which they discussed as being very helpful when there is a shortage of healthcare professionals.

## **5.2.2 Employee outcomes**

Employees supported to progress also highlighted a range of benefits.

### **Hera – Italy**

The case study findings reported that employees in the progression programmes undertook an average thirty hours of training which was higher than the sector average. The format of the training delivery (downloadable podcasts) was incredibly accessible. Importantly managers at

the organisation wanted to receive employee feedback about how training and the downloadable podcasts could be improved for future development.

### **Penrose Care – United Kingdom**

Employees at Penrose Care welcomed the choice of additional training to match their areas of interest within the care industry (they have both compulsory training and are further encouraged to take advanced courses).

*“The best thing about my training is that I can know more about different topics, maybe you can go to a client with a different condition...but if you’ve had training or online courses it’s more easy to work”*

(Carer)

Importantly, employees appreciated the practical and technical skills that they gained and the opportunity for professional growth, which for a number of case study employees put them onto a pathway to a new career. Receiving training that was job-relevant and practical was highly appreciated.

### **Carpigiani Group Ali SpA – Italy**

Gaining the ‘Diploma in Carpigiani’ was viewed by participants as significant for their personal and professional growth. The course enabled some of the employees to change their role within the company after completing the programme, whilst others have continued to develop further skills. The fact that the learning was directly related to jobs was a key learning outcome. Employees also added that as well as gaining technical skills, the project also served to help employees build personal networks and relationships across the company.

### **Corbin and King – United Kingdom**

The case study provided lots of individual stories of workers who started in low-skilled roles and have since progressed into higher organisational roles. For example, the current Managing Director joined 15 years ago as a Personal Assistant. There were also other examples of staff joining in temporary positions and moving into management positions. One employee commented: *“It went from a job to a career”*.

## 6 Behavioural insight approaches

In addition to collating evidence on employer approaches to supporting progression at work, the Progression in Employment project also explored the potential for using behavioural insights, or ‘nudge’ approaches, to encourage employers to support progression in work.

Behavioural insight approaches combine an understanding of economics and psychology to consider how individuals make decisions, and how these decisions can be influenced. When these are applied to encourage individuals towards a particular behaviour, this practice is known as ‘nudging’. Nudges are non-coercive and still retain an individuals’ freedom to choose to alter their behaviour (making decisions based on previous experience or context), which differ from financial or regulatory incentives that seek to explicitly force a type of behaviour. A number of frameworks and tools have been developed to support policy-makers and organisations in changing individual behaviours. These can be seen in the table below:

**Table 6.1: Overview of key behavioural insights frameworks**

Framework	Purpose
MINDSPACE (Dolan et al, 2010)	Developed for UK policy makers, the MINDSPACE mnemonic identifies nine key, non-coercive influences on individuals’ behaviour. These include ‘incentives’, ‘defaults’ and ‘ego’. The framework is intended as a ‘checklist’ for policy-makers to use to ensure they consider these influences when designing policy.
COM-B (Michie et al, 2011)	COM-B describes behaviour as influenced by three factors: capability, motivation and opportunity. These three factors combine to create behaviour that leads to a particular outcome.
EAST (Service et al, 2014)	This framework was developed by the Behavioural Insights Team to condense behavioural theory into four very simple principles to apply when aiming to change individuals’ behaviour: Easy, Attractive, Social and Timely.
ORGANISER (Cabinet Office, 2016)	This framework was developed for the UK government with the specific intention to nudge organisations. Nine common themes are identified in the mnemonic and they describe the key influences on organisational decision-making.
Inclusion Nudges (Nielsen and Kepinski, 2016)	Inclusion Nudges are initiatives designed to support meaningful and lasting changes in organisations to improve inclusion and diversity in the workforce.

### 6.1 ‘Nudging’ organisations

Nudging is based on the fact that individuals’ decision-making is to a large extent automatic and influenced by contextual factors. In a typical organisation, however,

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decision-making is unlikely to be carried out by one individual and is more likely to be group-based. This is likely to make their decision-making more rational and reflective, with decisions being made to consciously further the aims of the business. Organisations are also more likely to be more competitive with each other than individuals are, and organisational decision-making will vary depending on the size and aims of the business, as well as on how that organisation's particular decision-making processes operate. These differences mean that there are slightly different levers to use to nudge organisations than to nudge individuals (Wilson et al, 2016)<sup>23</sup>.

In order to use nudge techniques in an organisation, it is important to understand the particular decision-making processes in place and its particular business aims. Fundamentally, if an organisation can be persuaded that an intervention will further its business aims; it is more likely to adopt it (Wilson et al, 2016).

The ORGANISER framework was commissioned by the UK government to inform policy-makers' attempts to nudge organisations. It divides organisational drivers into three groups of three levers that can be used to encourage change in an organisational context. These are considered in more detail below.

### 6.1.1 External drivers

Consideration of the environment in which an organisation operates is important for understanding how to nudge the employer towards a particular intervention. This includes understanding the regulations they are subject to, and the degree of competition in the market. For example, if the organisation operates in a highly competitive environment, some form of benchmarking against other similar organisations could be a very effective nudge. Similarly, if an organisation is particularly concerned about its corporate image, encouraging it to publicly commit to an intervention may hold particular weight.

#### Health and Safety Executive

The Health and Safety Executive (HSE) wanted to increase health and safety training within SMEs but found that it was not always easy to engage employers to do so. HSE therefore made use of the fact that most organisations depend on relationships with other parts of their supply chain to encourage employers to do more to train their workers.

HSE provided venues for the delivery of free training and guidance. The convenience of these centres, situated for example on a local industrial estate, increased the appeal of the training for local employers because it also created an opportunity to network and strengthen relationships with other key local organisations and the rest of the supply chain. It is also likely that an element of local market competition may have encouraged participation if competitor organisations were seen to be participating.

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<sup>23</sup> Wilson S, Sonderegger S, Buzzeo J (2016), *Understanding the behavioural drivers of organisational decision-making*, Cabinet Office

### 6.1.2 Internal drivers

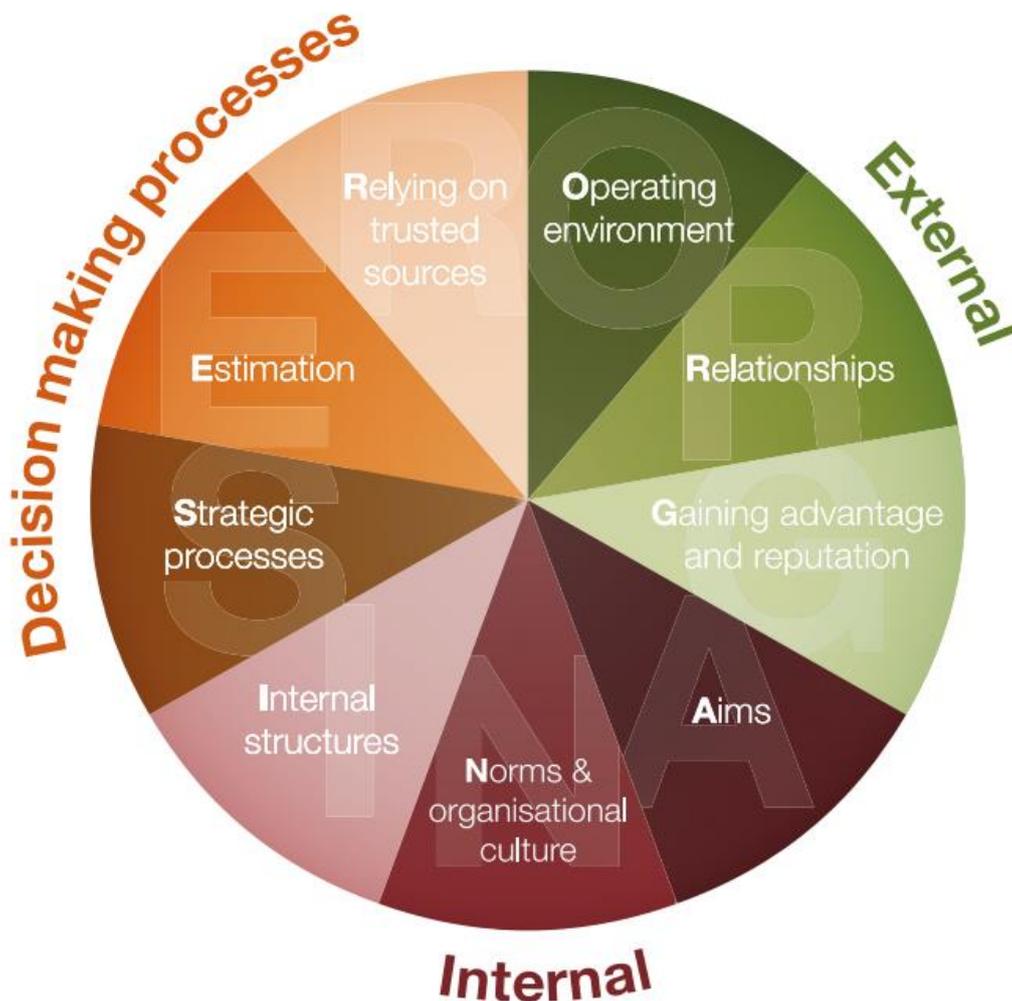
Organisational activity is primarily driven by the business aims. By identifying these aims the intervention can be tailored to highlight the particular benefits to the organisation. Understanding the organisational culture is also a key success factor, especially identifying where decision-making occurs in the organisation and at which level and within which business area, in order to appropriately pitch the intervention (Cabinet Office, 2016).

### 6.1.3 Decision-making processes

Most organisations operate under some level of constraint, such as time or resource. Recognition of this means that the intervention can be designed to fit within these constraints. Interventions should be simple and align with the processes already in place within an organisation. Through this process, it is also possible to identify what the main factors are that affect decision-making in the organisation.

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<sup>24</sup> Cabinet Office (2016), *Organiser: A Behavioural Approach for Influencing Organisations*, Cabinet Office

**Figure 1: The ORGANISER Framework**

Source: Cabinet Office (2016), *Organiser: A Behavioural Approach for Influencing Organisations*, Cabinet Office

## 6.2 Inclusion nudges

Research into barriers that prevent progression in employment identified that stereotyping and bias are often factors prohibiting underrepresented workers from progressing in their careers (Rickard et al, 2018). Although unconscious bias is increasingly recognised as a barrier to organisations becoming more diverse, it still remains a prohibiting factor to inclusion in organisations (Nielsen and Kepinski, 2016).

Inclusion Nudges have therefore been developed as a set of approaches informed by behavioural economics that can be used to support inclusion and diversity initiatives in organisations. They are practical interventions that organisations can implement to alter the decision-making of employees when it comes to inclusion and diversity, and ensure that their conscious intentions are reflected in decision-making on issues such as recruitment and promotion (Nielsen and Kepinski, 2016).

Inclusion Nudges are divided into three categories, discussed in turn below:

### 6.2.1 “Feel the need”

If the extent of individuals’ bias can be demonstrated to them at a personal level, they may be more motivated to consciously change their behaviour to overcome this. It is one thing to be told that we all hold unconscious bias, but more powerful to be shown a situation where an individual’s unconscious bias has altered their decision-making. Introducing an exercise that exposes such personal behaviour is likely to cause the individual to commit more fully to their good intentions to rationally overcome unconscious bias (Nielsen and Kepinski, 2016). A full explanation of the exercise is provided in Case study 1.

#### Case study 1: highlighting bias in recruitment and promotion

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.

(Nielsen and Kepinski, 2016)

### 6.2.2 “Process”

Changing the environment in which decisions are made so that the intended behaviour is made the default or simplest option, can also be an effective way of shifting behaviour. The aim is to make the negative behaviour more of a burden for the individual than the positive behaviour. This type of intervention often involves a process change, such as changing the format of an interview process, or introducing a reminder in the middle of a process to nudge individuals back to a desired behaviour (Nielsen and Kepinski, 2016). Case Study 2 discusses an example of a recruitment process nudge in more detail.

#### Case study 2: 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.

(Nielsen and Kepinski, 2016)

### 6.2.3 “Framing”

Specific linguistic terms may trigger particular concerns for individuals. In the case of classically gendered job roles such as those in the social and health care sectors, for example, individuals may be influenced by the linguistic framing of the role. By changing the language used, individuals may view it differently or react more positively to the opportunity (Nielsen and Kepinski, 2016) (see Case study 3).

#### Case study 3: 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.

(Nielsen and Kepinski, 2016)

## 6.3 Applying behavioural insights in practice

From an organisational practice perspective, (in) direct discrimination and or unconscious bias can be a barrier to progression for low-skilled workers. A number of inclusion nudges may help to ensure that promotion processes and opportunities are genuinely open to all. These include:

- 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. pg 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.

(all Nalty Consulting, year unknown).

In addition, from a public policy perspective, the ORGANISER framework suggests some potential ways of encouraging more employers to support progression in-work. These include:

- Provide a platform for organisations to make public statements about promoting the progression of low-skilled workers, and publically benchmark organisations. Organisations may be motivated to take action in order to support their corporate social responsibility strategy, and to endorse initiatives which have the potential to highlight them favourably alongside competitors. For example, the Business in the Community awards in the UK provide a high-profile opportunity for companies to showcase good practice in human resource management and/or employee engagement.
- Fit the intervention to the operating environment, and ensure it can be accommodated within the existing business landscape eg resources, regulations. All organisations operate under some level of constraint, such as time or resource, and interventions should be designed to work within these parameters.
- Identify individuals and/or sector bodies or other umbrella organisations who can act as champions for the initiatives. Organisations are likely to be influenced by trusted sources, so identify key individuals or sector leading organisations who can promote the initiative to target organisations.
- Combine training opportunities with sector-wide or supply chain relationship-building opportunities. Organisations are often dependent on relationship networks and supply chains, and combining training with opportunities to build or enhance such business relationships could increase employer support for training initiatives. Creating networks of organisations to provide training also helps smaller organisations to overcome the prohibitive costs of providing tailored training for a small number of employees.
- Linking improving career progression for low-skilled workers to business aims by building a strong business case (ie talent management and diversity management).

## 7 Progression readiness model

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From the analysis of progression literature and employer case studies, we have developed a progression readiness model. This is an evidence based model that provides a holistic view of what organisations can do to help support progression in employment.

The model has eight dimensions – all of which are supported by a ‘progression readiness index’. The index provides a scoring system through which organisations can self-assess the extent to which their current organisational policies and practices both supports and enables progression, and to shed light on areas of strength and improvement.

The model and index are both available as part of the Progression in Employment Employer Toolkit.<sup>25</sup>



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<sup>25</sup> *Progression in Employment: An Employer Toolkit*, available to download here: [https://www.employment-studies.co.uk/system/files/resources/files/Employer\\_Toolkit.pdf](https://www.employment-studies.co.uk/system/files/resources/files/Employer_Toolkit.pdf)

## 7.1 HR philosophy

This represents that extent to which organisations operates an open and fair internal labour market; promotes staff from within and sees how the skills and capabilities of organisational staff can be a differentiator in the market place. Questions in the index include:

- Securing a supply of future skills is essential to the success of our organisation.
- The skills and capabilities of our people differentiate us from other employers.
- We try our hardest to fill vacancies from within the organisation.
- There are no high profile examples of senior staff who have risen through the ranks.

## 7.2 Pay and financial wellbeing

This dimension refers to the extent to which organisations pays a decent living wage; the availability that employees' can have to increase their pay and which are open to all; and are aware of how unpredictable hours can have an impact on staff wellbeing and how this can interact with welfare benefits. Questions in the readiness index include:

- We are aware of how much our employees can earn without impacting their welfare benefits.
- We are good at responding to staff need for consistent, predictable hours.
- The ways in which employees can progress and increase their pay are equally open to all.
- Training and development opportunities are accessible to staff who need to work flexibly.

## 7.3 Secure contract and stable working hours

This recognises an employees' desire for stability and security in their employment contract and working hours. Questions in the readiness index include:

- We frequently find it hard to provide extra hours to those employees who want them.
- Offering more employees permanent contracts would put our organisation at risk.
- We have a good record of moving employees onto more secure contracts as soon as practical.

## 7.4 Pathways to progression

The readiness model highlights employers who are concerned with progression and are making effort to communicate different career pathways that are available; how staff can move from one role to another; and the types of skills, experience and qualifications that employees need to progress. This also discusses the range and level of support available

to enable employees to experience different areas of work, and the opportunity to support internal mobility.

- The career paths which can be followed here are clear to all of our employees.
- Every employee is clear what they need to do to get on in this organisation.
- Progression opportunities are very limited in this organisation (-).
- There are good senior role models here who demonstrate that career progression is a realistic expectation.

## 7.5 Real opportunities to develop

This dimension explores the extent to which employers are supportive of progression and development opportunities (both formal and informal); the provision of coaching or mentoring; and how effective employees are at identifying employees with the ability to progress. Questions in the readiness index include:

- All of our managers are very accomplished at guiding employees towards career development opportunities.
- The lack of progression opportunities here is a major source of employee dissatisfaction.
- Career progression opportunities are genuinely open to all employees.
- We are very good at spotting and nurturing those employees who have exceptional potential for progression.
- We frequently use existing staff to 'act up' for maternity cover or to cover long-term sickness.

## 7.6 Designing jobs for meaning and purpose

This reflects the level to which jobs and work are designed to enhance the quality of work as this then enables employees to do the best work they can, using their skills and ability.

- All of our staff get the training they need to do the best work they can.
- Most of our jobs can only be done one way and have limited scope for flexibility.
- We have often crafted a job around the skills and talents of an employee to help them deliver exceptional performance.

## 7.7 Supportive line management

Supportive employers recognise the critical roles undertaken by line managers, and invest in line management capability to improve their career development conversations. Line managers also need to be appropriately skilled in engaging with their staff around performance management.

- Career development and staff progression are key responsibilities of all of our managers.
- Most of our managers struggle to manage employee expectations of progression and career development.
- All of our managers are excellent at coaching and mentoring their direct reports.
- Our employees do not know who to talk to about progression and development opportunities here.

## 7.8 Flexibility as default

This dimension reflects the extent to which organisations' take steps to ensure part-time and flexible working is not a barrier to progression, and that progression opportunities are available to all. Readiness index questions include:

- Part time or flexible working is no barrier to progression in this organisation.
- We can demonstrate that women in this organisation have equal progression opportunities to men.
- Black and ethnic minority employees in this organisation face no barriers to progression.
- Employees with disabilities are always given opportunities to progress here.

## 8 Recommendations

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Addressing in-work progression, enabling the potential benefits for individuals, employers and society identified in this project to be realised is something that HR professionals, policymakers, business leaders, trade unions and a range of other stakeholders can contribute to. In this section, we outline some suggested recommendations for a variety of these stakeholders.

### 8.1 HR professionals

#### **1. Analyse current progression opportunities and practices with specific reference to the progression of low-skilled employees.**

Future practices aimed at improving progression need to be based on an understanding of how progression processes currently operate. Employee movements between roles, job levels and grades and the decisions which govern them should be overseen by HR professionals as should the process by which vacancies are filled. Taking stock of these aspects of progression will provide a 'baseline' understanding, which will allow the organisation to answer questions like 'how many employees at each job level progress either within or between pay grades each year?', 'how many promotions do we sanction each year?', 'how many promotions are 'pull' promotions to fill vacancies and how many are 'push' promotions which recognise that the employee is performing at the next level?', 'what proportion of our vacancies are filled by external recruits and what proportion by internal candidates? What policies govern this process and what would be the effects of favouring more internal candidates to boost progression and promotion opportunities?'

Within this kind of analysis or 'stock take', it should also be possible to determine whether progression opportunities differ with regards to gender, age, diversity, length of tenure etc. The results of these analyses can then be used to review and improve policies and practices with regards to employee progression and development and to help establish metrics and set targets for future progression opportunities for employees at all levels.

#### **2. Assess the feasibility & benefits of a skills-based pay and progression model.**

Skills based pay is an approach to skill acquisition, progression and reward, which makes explicit what skills are required for a range of tasks and roles and links these to a progression and reward hierarchy. Employees are then paid for each new cluster of skills they acquire and deploy. This approach has the advantage of allowing the employer to control access to each skill 'block', based on an assessment of how many of these skills it needs and allowing employees to see clear progression pathways and to have their progress up the skills 'escalator' to be recognised and rewarded. We recommend that HR professionals should assess whether adopting these skills-based pay principles may be

beneficial in some functions of the business and, if so, trialling or piloting the approach to see if it has the potential to deliver both performance and progression benefits.

### **3. Ensure that organisational rhetoric about progression matches people development policies.**

Organisations need to demonstrate that they are sending consistent messages about their policies and practices on pay progression, skills and performance management and other systems through which progression decisions are made. HR professionals have an important role in developing policies discussing employee performance, potential, growth, development and progression. These need to be codified clearly in HR policies, communicated to all employees and line managers need to be trained to discharge their roles in implementing them. Senior managers also have an important role in ensuring that these policies and practices are applied consistently throughout the organisation.

## **8.2 Senior managers**

### **4. Set our clear progression principles.**

It should be the role of senior managers or senior leaders to set out principles that make it clear that everyone in the organisation has the opportunity to progress, to gain new skills and to feel that they are invested in by the organisation. They should then set out some examples of the practices which they will implement which deliver on these principles.

## **8.3 Line managers**

### **5. Line managers should be trained to have effective performance management and progression conversations.**

As noted in the literature and case study analysis, line managers play a critical role in organisations when taking and implementing performance assessments, opening up learning opportunities and making progression decisions or recommendations. It is important that all line managers are adequately equipped to undertake performance appraisals and performance management conversations. It must be understood that, on occasions, these conversations can be difficult to have, thus training should be given as to how line managers have honest and authentic conversations and that they are using organisational policies to uphold any decisions made.

### **6. All line managers undertake yearly performance appraisals in which progression conversations and training and development needs are discussed.**

As well as on-going performance management, line managers should also undertake yearly performance appraisals, where conversations about potential internal progression opportunities should occur. Appraisal discussions should also include training and development needs and what the employer can do to help an employee develop the skills they need to progress, and develop an action plan to achieve these. Once again, it is important to ensure consistency in the way these appraisals are conducted across the organisation.

### **7. Line managers should be able to signpost their direct reports to training and development opportunities.**

It is important that line managers are fully aware of all the training and development (including self-development) opportunities that are available internally. This means maintaining close links with senior managers and HR, as well as with other managers in the organisation so effective signposting can occur.

## **8.4 Trade unions**

### **8. Trade Unions should have early social dialogue and consultation with HR about organisational progression policies and implementation.**

Trade union membership and the roles that trade unions have in organisations varies across the six countries included in this research. However, where they are recognised for bargaining purposes, trade unions should be involved in early conversations with HR and senior managers when discussing employment progression policy development and measuring the impact of its implementation. Trade unions should be involved in discussions regarding how pay and reward structures are designed and how this fits with progression policies, and how skill development and length of time in a role is linked to the notion of progression. In this way, trade unions become more stakeholders in ensuring the progression is achieved fairly and consistently across the organisation.

## **8.5 Policy makers**

### **9. Develop co-ordinated policies to ensure that progression pays.**

As discussed earlier in the report, for some individuals, vertical progression is not always the best or most available option for employees, especially if it negatively affects the level of benefits that an individual is able to claim (leaving them worse off financially). This can also have negative implications for work-life balance and overall satisfaction. This highlights the need for greater co-ordination at higher levels of policy making, in order to ensure that the systems are cohesive and joined up, so that progression in employment does actually pay or that there are not perverse incentives for employers to impede progression for those in low-paid and low skill employment.

### **10. Engage more actively with businesses and individuals to deliver improved guidance.**

Although this report has indicated that there are many benefits to employee progression, there are also a range of barriers. Policy makers need to engage with employers across a number of sectors to understand what is currently driving and limiting progression and what processes organisations use to progress employees. Better guidance can then be produced across policy making departments, emphasising and promoting the business benefits to devising and promoting progression opportunities.

### **11. Emphasise the importance of fairness & inclusiveness in progression opportunities.**

As highlighted in the economic analysis of low-skilled employees and their opportunities for progression, it is clear that disparities still occur. For example, there are differences between sectors, age, gender, and other research has also shown inequalities in progression for individuals with disability.<sup>26</sup> It is therefore important to ensure that progression opportunities are demonstrably fair for all and do not negatively discriminate against certain groups of employees.

#### **12. Engage proactively in progression ‘myth-busting’.**

It is recommended that policy makers should ‘myth-bust’ some of the common perceptions about progression in employment, to highlight to organisations why it is something that they should be considering and implementing, and ways in which it can be effectively managed.

#### **13. Adopt a ‘dual-customer’ model.**

Adopting a ‘dual-customer’ model aimed at designing interventions collaboratively with employers, employees and training providers, to meet both employer and employee skills needs, and support individuals to progress.

#### **14. Take a ‘What Works’ approach.**

Taking a ‘What Works’ approach, building the evidence base on effective interventions, and sharing this widely with Government, employers, employer bodies, training providers and intermediaries.

#### **15. Ensuring appropriate careers advice and guidance support is available.**

As for employees and individuals more widely, people need support to understand their strengths, work opportunities and help in navigating those opportunities. Policymakers can help ensure that such support is widely available.

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<sup>26</sup>[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/49779/sayce-report.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/49779/sayce-report.pdf)