

‘High wage, high skills, high productivity!’ Is progression in employment high enough on the employer agenda?

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As the post-lockdown economic and employment analysis continues, a topic of frequent discussion has been up-skilling the workforce and the ‘levelling up’ agenda. This was highlighted during the recent debate about removing the £20 Universal Credit (UC) uplift that the government had introduced during the Covid lockdown to help those on low incomes. Although ministers said that their preference was for people to find work rather than to languish on benefits, given that over 40 per cent of those on UC are already in work, it might be more appropriate to focus at least as much attention on how we improve progression in work.

We know, of course, that career progression to higher skilled roles can offer higher salaries, improved working conditions, greater challenges and more interesting work. But for some people on low incomes and in low skill jobs, talk of progression can sometimes feel fanciful. There has been an increase in UK in-work poverty since the 2008 recession, creating challenges for people with lower skills who would like to progress. In addition, those in low-skilled roles are less likely to be offered or participate in any training or development activities.

However, those in low-paid, low-skilled employment find it a challenge to climb onto the progression escalator. For example, only 1 in 6 low-paid workers managed to escape low pay a decade after starting work, and women and those in part-time employment are those most likely to be negatively affected by structural barriers to progression. At the same time, one-third of employers report that they have staff whose skills are under-utilised. This highlights that there is now a strong case to address low pay and poor progression, from a number of perspectives:

- 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.
- For society - because increasing opportunity, raising incomes and improving productivity will support inclusive growth and reduce inequalities.

So, what can be done at both sectoral and business level to open up progression opportunities for those at risk of being trapped in a low pay, low skill equilibrium? Part of the IES Progression in Employment two-year research study, supported by JP Morgan Chase Foundation, was to undertake a range of diverse case studies, across 6 EU countries (France, Germany, Italy, Spain, Sweden and the UK), in three sectors in which low-skilled work is prevalent (health and social care, retail and hospitality). The case studies captured evidence and insights into how employers are developing and implementing upskilling pathways for workers in low-skilled, low-income roles, whilst at the same time addressing real business needs such as talent-shortages, recruitment and retention difficulties and economic challenges. A typical barrier to progression in employment came from a gap between intent and practice, and a lack of 'know how'. The case studies provided some key learning points that if applied by employers and HR could aid the progression of low-skilled, low-paid workers:

Organisations need to show employees they are valued

Although we reviewed a diverse set of organisations, there were a consistent set of organisational principles used. The underlying philosophy existed that 'people are differentiators in the labour market' and must be valued to do their jobs more effectively. Progression is one way through which this is done. To not invest in people is risky to an organisation, as they risk not having the staff they need to do their roles. Within the case studies the organisations faced talent and people shortages, and deliberately sought to address these by developing and progressing staff and widening their talent pools.

Look beyond the job

In all our case study examples, managers addressed employee basic needs, be this through offering more hours of work if needed, implementing secure working hours, and paying more than the market rate. But managers went further than this, supporting staff development, and offering continuing support and development to help employees think about and discuss career pathways. Thus, there was an understanding of

needing to look beyond the job, to enable workers to think about longer-term career opportunities.

Clear alignment between stated organisational intention and the lived reality of the employee

The case study collection emphasised the importance of ensuring that there is a consistency in the organisational rhetoric about the progression and development of staff and what is implemented in practice. HR has a really important role here in emphasising employee performance, potential growth, development and progression across organisational policies, and managers have an important role in implementing them effectively and consistently across all levels of the organisation.

Employee progression is for the many, not the few

There was a clear understanding in the case studies that creating good quality work for all, which includes progressing staff, is not only for the well qualified but for those at all organisational levels. Everyone should have access to good work, including aspects related to fairness, reward, skill use and personal and professional development. The organisations studied recognised that providing good quality work enabled better flexibility, engagement and retention, offsetting the costs of providing progression.

Good implementation of common HR practices

Progression is not just about training. Organisations need to use holistic and interconnected practices to ensure successful progression. Across all case studies it was not just one practice in isolation that led to progression, but a combination of practices and conditions including senior management support, line manager development, a culture of learning and support and the good implementation of common HR practices (e.g. performance management, annual appraisals, pay and reward structures, clear communication structures, etc.).

The good practice case studies all carried the underlying message that organisations need to create a place where people belong. Progression in employment does not have to be difficult, and although low-skilled employment will always exist, using these five principles, organisations have the scope to make it so much better. Just because someone is in what is considered to be a low-skilled, low paid sector, this does not mean that they lack potential. Employers need to be creative and use the resources from within that industry to develop the skills and people they need and want.

So, while ‘progression’ is now high up the political agenda as part of the ‘high wage, high skill, high productivity’ narrative, to deliver this vision will need more employers in traditionally low paying and low-skilled

sectors to think creatively about the ways they can open up progression opportunities for their staff, perhaps with some encouragement from the government?

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