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

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This report examines the progression of low-paid workers in the retail, catering and care sectors of the economy. The three sectors were chosen because of their large low-paid, low-skilled workforces and the rise of in-work poverty as an issue in policy and media discussions.

A review of evidence helped to identify the particular issues faced by employers in each sector. Case studies were conducted with employers who were known to support progression of their low-paid employees to higher-paid roles, to identify key policies and practices.

The report:
• highlights the need to understand the internal and external drivers of employer behaviour, and how different firms respond to them; and
• emphasises the importance of clear progression pathways and transparent internal labour markets that are open to all staff, with champions also needed within organisations to establish and sustain progression opportunities for low-paid workers.
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EXECUTIVE SUMMARY

Getting into work is identified by successive governments as a significant factor in the alleviation of poverty. However, the conditions of people’s employment are key factors in determining their household’s risk of unemployment and recurrent poverty. A body of research shows that entering work does not provide a sustainable route out of poverty if the quality of the work – job security, low pay and lack of progression – is not addressed. If those in employment are not able to progress in the labour market, they are in danger of being trapped in ‘dead-end’ jobs or of cycling between low-paid work and unemployment. This is at huge cost to their careers and livelihoods, and also puts pressure on the welfare system.

Aims and methodology

The aim of this study is to develop the evidence base on progression practices adopted for low-paid workers by employers in the retail, catering and care sectors. The following key questions guide the research:

- What motivates employers to progress low-paid workers? How is the business case made within organisations?
- What progression policy and practice is being used in low-paid sectors?
- What are the implications for information, advice and guidance to support the progression of their low-paid workers?

The research focuses on these three sectors because a large proportion of their workforce is employed in entry-level and low-paid occupations. Rather than acting as a stepping stone, many of these jobs trap people in low-paid
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work so that they are not able to move up from the bottom of the pay ladder, even over relatively long periods of time.

The study is guided by the concept of an internal labour market (ILM) to explore progression at the micro level of the organisation and employer practices related to, for example, recruitment and job quality. The ILM acts as a framework to link different job roles and associated skills for multiple occupations that form a progression pathway for workers. The study is informed by a review of secondary research and by four employer case studies.

Context

The three sectors explored in this study employ almost 6 million workers and account for about a quarter of all employment in the UK economy. A large proportion of workers in each of the sectors is employed in lower-level and low-paid occupations. For example, about two in three in the retail sector are employed in sales and customer service or elementary occupations, four in ten in the catering sector are employed in elementary occupations and one in two in the care sector is employed in personal service occupations. Employment in each of the sectors is forecast to grow to 2020, with an increasing demand for workers in professional and managerial occupations that will open up opportunities for progression for those already in the workforce and for new entrants to the labour market. Forecasts suggest that entry-level, low-paid jobs will remain a characteristic of the economy to 2020.

Employment in all three sectors is often associated with non-standard working contracts (for example, part-time, temporary and zero hours) and low pay. The flexibility afforded by these contracts is generally perceived to suit employer interests – for example, helping them to respond to fluctuations in demand for services to minimise excess labour costs. Some contracts have been criticised for leaving workers with little stability or security and making them open to exploitation. However, working hours are often a key factor in attracting workers (particularly those with commitments outside work, such as caring or education) to all three sectors. Recruitment and selection for entry-level low-paid workers tends to emphasise behavioural and aesthetic attributes and cultural fit rather than qualifications. All three sectors have above-average rates of labour turnover, which is partly explained by their reliance on a transient workforce (including students and international workers). The general view of employment in each of the sectors appears to emphasise employment as a ‘job’ rather than as a stepping stone to a career within the sector.

What motivates employers to progress low-paid workers? How is the business case made within organisations?

To understand firm-level behaviour it is essential to understand the economic context in which the firm operates. In the retail sector, globalisation, technological change and consumer demand are affecting the characteristics of supply chains, exports and in-store operations. The growing number of discount retailers is placing pressure on many retailers to continue to reduce costs. Similarly, in the catering sector, these drivers have resulted in a growth of routinised processes, with some jobs being
Executive summary

de-skilled as a more standardised ‘production line’ approach is taken to secure consistency of provision across different sites. However, in some areas consumer resistance to standardisation is driving firms to upskill their workforce. In the care sector, globalisation and technical change are also providing a range of opportunities to source inputs and sell outputs globally. However, the marketisation of services and a squeeze on public funding appear to be more significant drivers of employer strategy in this sector at the current time.

Within this context, individual employer strategies drive the approaches developed and implemented to support the progression of low-paid, entry-level workers. Simple typologies of strategy such as ‘high road’ and ‘low road’ or ‘added value’ and ‘cost minimisation’ are useful metaphors, but in reality they mask considerable diversity.

Employer strategies in the retail and catering sector appear to be based on reducing workforce costs, sometimes at the expense of innovation and quality (although some employers adopt a hybrid approach that seeks to reduce costs and support innovation and quality enhancements at the same time). The strategic orientation of employers in the care sector appears to have received little attention from researchers. Research suggests that strategies that emphasise value-adding activity tend to support progression. They create an environment that is conducive to employers making investments in their workforce and improving worker engagement, which results in the benefits of training being realised by both the individual and the employer. Cost minimising strategies, on the other hand, tend to result in relatively short-term and ad hoc approaches to worker development, which in turn influence low levels of investment.

High labour turnover is a characteristic of some subsectors and employers, and it can act as a motivation to develop retention and progression practices when employers recognise the costs associated with it. In catering, in particular, there is above-average spend per employee on training, but most of it is induction related and associated with the very high turnover of staff. Across the economy as a whole it is estimated that the process of recruitment costs an average of £4,000 in opportunity costs (management time) and direct costs (recruitment, selection and induction). For these high-turnover sectors there are potential benefits to be realised from retaining and developing workers in entry-level occupations.

Leaders and line managers, in particular, have a key role to play in developing workers, given the limited progression opportunities associated with flat organisational structures and the predominance of small and medium-sized enterprises (SMEs) in each sector. Progression is often thought of in terms of moving from front-line to management positions. Where line managers have the ability to build teams, manage performance and coach staff, they can be key champions of worker development. The case studies suggest a number of critical success factors associated with making the business case for the development of practices. These include:

- developing a persuasive evidence base to ‘sell’ progression of low-paid workers as a cost-effective way of supporting the growth of the organisation, improving quality and service and/or alleviating the costs associated with labour turnover and sickness absence;
- galvanising senior management support for the agenda and, if appropriate, making it part of a high-profile stated policy;
- developing a coalition of champions at different levels of the organisation to develop, implement and sustain progression practices.
Progression practices in the retail, catering and care sectors

While employer practices to support the progression of workers in low-paid and low-skilled jobs may not be widespread in each of the sectors, there are examples where employers have developed comprehensive approaches to employment and training that appear to be a source of competitive advantage. The development of ILMs based on coherent packages of work and learning-related practices are recognised to be an effective means of supporting the development of workers at the organisational level. Interventions such as High Performance Working (HPW) and Investors in People (IIP) have been used as indicators of employer commitment to developing approaches to support worker development in the retail, catering and care sectors. However, neither HPW nor IIP are specifically designed to support the progression of low-paid workers. Surveys of employers suggest that the adoption of HPW is considerably lower in both the retail and catering sectors than in the economy as a whole and reinforce views on the relatively low quality of employment in these sectors. By way of contrast, the adoption of HPW in the care sector is at a similar level to that apparent in the rest of the economy and IIP recognition is significantly higher in the care sector than in the economy as a whole. In the retail and catering sectors, IIP recognition is at a similar level to the economy as a whole. The relationship between HPW, IIP and progression of low-paid workers is uncertain and is probably contingent upon micro-level implementation of the general frameworks. Further investigation is required to understand the dynamics at play.

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

Access to training and development opportunities is often led by regulatory requirements associated with, for example, health and safety. The proportion of the workforce in receipt of work-related training in each of the sectors is significantly lower in the retail and catering sectors than in the economy as a whole. However, it is significantly higher in the care sector. Employees in low-level occupations and on non-standard contracts in each of the sectors are generally less likely to benefit from training than those in higher-level occupations. Employers in the three sectors invest an estimated £13 billion in training but employers in the retail and care sectors invest less per employee and per trainee than employers in the economy as a whole. Employers in the catering sector invest a similar amount per employee and per trainee when compared with employers in the whole economy. However, the evidence points to inefficiencies within this spend, with a large amount spent on induction training as a result of high labour turnover rather than investment in progressive worker development. There is an opportunity for employers to redirect these resources to the retention and development of current workers to realise an improved return on investment.

There are examples of employers, particularly in the retail and catering sectors, that appear to be at the forefront of developing progression practices. These approaches are often characterised by extensive mapping of job roles at lower levels in the organisation, aligned with learning and development opportunities and ‘progression ladders’ which are clearly defined and communicated to all workers. Practices such as line manager assessment and annual review are used to provide a basis for identifying
workers with the aspiration and potential to develop their employability. Other approaches include succession planning at the site level to identify a pipeline of talent from the lower occupations to support organisational growth. Employers encourage development through informal approaches such as job rotation and coaching and mentoring, often linked with formal accredited learning in the form of apprenticeships or national vocational qualifications (NVQs). Employer support for learning (through time off and/or meeting some or all of the costs of learning) and the provision of e-learning opportunities help to overcome some of the barriers low-paid and low-skilled workers face in accessing training opportunities. They can also support the development of skills in dispersed (often smaller) workplaces. Small pay increases can be associated with the successful completion of training, irrespective of promotion to a different job role in the short term, and are used as incentives for workers to learn.

What are the implications for information, advice and guidance to support the progression of low-paid workers?

The retail, catering and care sectors all suffer to varying degrees from a generally negative image associated with low pay and low-quality work. However, each sector offers a range of occupations for workers in areas that include marketing, human resources, buying, finance and administration, and offers entry-level employment opportunities beyond the typical caricatures associated with these sectors (such as shelf stacker, care assistant or bar worker). In addition, while low-paid work in these sectors is likely to remain a feature in the future, higher-level roles in management and professional occupations are forecast to grow in each of the sectors to 2020. This will provide more jobs at a higher level but employment and learning routes at the micro and sector level will be required to support progression towards these occupations.

The development and communication of pathways within a single firm can help to turn ‘dead-end’ jobs into stepping stones to long-term progression in the labour market. These pathways are based on recognition of the specific job roles and associated skills that link multiple occupations together. Where progression pathways work well, employers benefit from, for example, improved quality of service and reduced costs associated with labour turnover. Workers can benefit from multiple routes out of low-skilled, low-paid work.

It is important that learning and employment pathways are aligned to provide a coherent framework for development. There appears to be a growing recognition of the role that apprenticeships can play in providing a supply of people to fill skills shortages and gaps in entry-level occupations, while offering pathways to higher-level supervisory and management roles. Developing the evidence base for the costs and benefits associated with apprenticeships and other forms of learning in each sector may help to ‘sell the benefits’ of progression for both employers and workers.

The most effective progression pathways help to promote a more transparent labour market. Job seekers can easily identify the skills needs of employers at various levels and the development processes necessary to equip themselves with the skills to enter and progress in employment. Some employers help to provide this sort of information to intermediaries such as careers advisors. However, there appears to be an opportunity to increase
the scale and scope of employer engagement and the contribution of micro-level labour market intelligence.

**Key messages for public policy**

This review has identified a number of micro-level practices used by employers in the retail, catering and care sectors of the economy to encourage progression of entry-level workers. It would appear that there is an opportunity to promote these approaches and encourage a much larger proportion of employers in each sector to develop and implement appropriate practices, which would benefit both business and workers. Peer to peer influence will be important here.

Capacity building could realise considerable value. This could be achieved through training for a variety of stakeholders – including various levels of management, supervisors, union representatives, trainers and workers themselves – to develop awareness of good practice and the benefits of progression.

National policy-makers have limited options. However, they may consider the potential of interventions such as IIP and HPW to support this agenda, particularly among smaller enterprises and for those employed on non-standard contracts. A thorough evaluation is required by the relevant government departments/agencies to identify opportunities for further development of these interventions.

Although this study identified little evidence associated with the impact of information, advice and guidance on the progression of low-paid workers, the clear communication of ILMs and wider progression pathways could play a significant role in supporting the progression of workers in low-paid jobs, particularly in medium to large enterprises.

An approach to alleviating poverty based on promoting the use of progression practices provides only a partial solution to a complex problem. While some workers may benefit from small increases in earnings generated through employment on the ‘next rung of the ladder’, this may not be sufficient to remove them from in-work poverty. The extent to which workers will benefit from progression more generally is limited by the number and nature of job vacancies.

The effectiveness of progression practices as a policy tool is limited, for example, by the development of ‘flat organisational structures’, the limited opportunities for hierarchical progression in small organisations and a general lack of demand for quality jobs in the economy. However, the development of progression practices at the micro level appears to have an important role to play in developing the productivity and competitiveness of organisations and in providing labour market intelligence. This may go some way to helping workers in low-paid, entry-level jobs to benefit from progression in the labour market.
1 INTRODUCTION

This chapter introduces the context for the study of progression of low-skilled and low-paid employees in three sectors of the economy. It goes on to outline the aims and objectives of the study, its methodology and the structure of the report.

Context

Getting into and progressing in work is consistently identified by policy-makers as a significant factor contributing to the alleviation of poverty. However, a body of research shows that entering work does not provide a sustainable route out of poverty if the quality of the job in terms of, for example, job security, low pay and lack of progression is not also addressed (Brewer et al., 2012). The conditions of people’s employment are a key factor in determining their household’s risk of unemployment and recurrent poverty (Metcalf and Dhudwar, 2010). In-work poverty has been steadily increasing, and now over half of working-age adults and children in poverty live in working households (Aldridge et al., 2012).

Increasing labour market segmentation (where there is little chance for entry-level workers to move into better-quality jobs) and the continued prevalence of low-skilled, low-paid work is likely to contribute to widening income inequality and in-work poverty in future years. Jobs with little or no formal skills requirements, offering little or no training, act as ‘dead ends’ rather than pathways to development and progression. Relatively large proportions of low-paid workers are not moving up from the bottom of the pay ladder, even over relatively long periods of time (Sissons, 2011).

Low-pay, low-skill workplaces that have few progression opportunities or opportunities for general development have been a common feature of the labour market in sectors of the economy for some time. Structural changes have resulted in the labour market becoming increasingly polarised between low-skilled, low-paid jobs and high-skilled, high-paid jobs, and this trend has been accelerated by the recession (Wright and Sissons, 2012). Even during previous periods of relative prosperity and growth – as globalisation, technological change, the advent of the ‘knowledge economy’ and other socio-demographic trends served to reshape the UK labour market – there were workers cycling between low-paid work and unemployment at huge
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cost to their careers and livelihoods. This also puts pressure on the welfare system.

Poor employment retention among low-paid workers feeds into ‘low-pay–no-pay cycles’ that bind individuals and their families to lives on low, insecure incomes – whether in work or claiming benefits. For example, only 36 per cent of those receiving Job Seeker’s Allowance (JSA) who successfully find a job within six months of claiming are still in work seven or eight months later (Garaud and Oakley, 2013). This is not simply a product of the recession. Of the 2.4 million JSA claims made in 2008, two thirds were repeat claims – a rate of churn virtually constant since the 1980s (Lawton, 2008). There are two competing theories about the relationship between low pay and progression. On the one hand, changing employers is thought to increase moves out of low pay as it allows for better matching of worker skills and employer requirements. On the other hand, staying with an existing employer is seen to be beneficial if it allows low-paid, low-skilled employees the chance to build up firm-specific human capital and progress in the organisational hierarchy (Cuesta, 2006). The retail sector is full of stories of successful progression of entry-level workers to senior management positions (e.g. Devins et al., 2010). Notwithstanding this, the evidence appears to suggest that it is moving between employers (in a low regulated labour market like that of the UK) that offers the low-paid, low-skilled worker the best chance of escaping low pay (e.g. Pavlopoulos and Fouarge, 2006; Pavlopoulos et al., 2009). However, the wage gains can be relatively small and job mobility is certainly no guarantee of escaping low pay (Lawton, 2008). This mobility also plays into the argument that employers often use to minimise investment in developing their workforce because of the propensity of workers to move on before the organisation can realise a return on its investment.

One of the conclusions reached by Brewer et al. (2012), exploring the impact of changes in the structure of employment to 2020 on poverty and inequality, suggests the need for policy to focus on progression routes, labour market structures, regulation and institutional mechanisms to increase the leverage of those in low-paid and low-income households. Current evidence on the practices of organisations that progress their low-skilled staff is scarce and this study seeks to contribute to the development of this evidence base.

**Study aims and methodology**

The aim of the study is to develop the evidence base on the progression practices of employers in the caring, catering and retail sectors who progress their low-skilled staff. The following key questions guide the research:

- What motivates employers to progress low-paid workers? How is the business case made within organisations?
- What progression policy and practice is being used in low-pay sectors?
- What are the implications for information, advice and guidance to support the progression of low-paid workers?

The research focuses on progression of workers in the retail, catering and care sectors of the economy. These sectors have been selected for several reasons:

- They include occupations that are among the lowest paid in the UK
labour market. For example, care workers/home carers, kitchen and catering assistants, retail assistants.

- A significant proportion of all low-paid employees work in the hotel, restaurant, retail and wholesale and caring sectors. Furthermore, labour market projections point to the persistence of low-paid and low-skilled occupations and a growth in higher-level occupations in these sectors to 2020 and beyond.
- There is a lack of evidence relating to the practices of employers in these sectors who have progression routes from their low-paid and/or entry-level occupations.

The study is guided by the concept of an internal labour market (ILM) to explore progression at the micro level of the organisation. The ILM may be viewed as the means by which organisations match and deploy workers in particular roles or occupations (Doeringer and Piore, 1971). While the prevalence of ILMs may have declined in the UK over the last decade, they remain in evidence in some sectors of the economy (Riley and Szivas, 2009) and recent case study evidence suggests that some medium and large organisations have retained or developed ILM-related features in order to maintain competitive advantage (Bickerstaffe et al., 2012). The characteristics of ILMs reflect practices at the micro level of the organisation related to, for example, recruitment, remuneration, working arrangements (such as full-time/part-time, temporary, zero hours), job design (such as rotation and multi-skilling) and training and development. The ILM acts as the framework linking different roles and associated skills of multiple occupations that form a progression pathway for workers within a firm.

The study is informed by both primary and secondary research. The secondary research has provided the foundation for analysis of the sector context and drivers of practices adopted by employers. The analysis of progression draws on evidence at the sector level to explore the service-market strategies that drive approaches to the progression of low-paid workers and the use of non-standard working arrangements that are often a characteristic of employment in these sectors. Service-market strategies tend to identify two contrasting types of business strategy that make the distinction between high value-added and low value-added activities. The distinction is important as high value-added strategies are strongly associated with the level of demand for skills and the quality of the jobs available in organisations (Mason and Constable, 2011).

The analysis draws on evidence of labour turnover among employers acting as a key influencing factor for the development of practices to support retention. It also draws on available evidence to explore the incidence and nature of some training and development activities provided by employers. It uses data on High Performance Working (HPW) and Investors in People (IIP) as indicators of the systematic practices that may be used to support progression in these sectors. The IIP framework of best practice, introduced by the government in 1991, is used to encourage employers to improve organisational performance through practices that support the management and development of their workforce. While not specifically designed to promote the progression of low-paid workers, it has at its heart practices that aim to create a positive environment for the development of the workforce based on trust, co-operation and engagement. Similarly, HPW aims to stimulate more effective worker involvement and commitment to achieve high levels of organisational performance. HPW applies across a range of areas that can influence progression, including work organisation, employment relations,
management and leadership, and organisational development (Belt and Giles, 2009).

The secondary evidence of specific practices enacted at the micro level of the organisation is limited in most sectors. The few case studies conducted as part of this research illustrate examples of the motivations, practices and benefits associated with progression for low-paid, low-skilled workers. The primary research involved interviews with managers with responsibility for the development of low-paid workers in their organisations. However, implementing the methodology proved problematic and the research team experienced considerable difficulty in engaging organisations to participate in the research project. Employers cited time pressures and concerns about the focus of the research as reasons for not participating. Four of the planned six case studies have been developed and these describe the context, practices and benefits of progression routes in the participating organisations.

Report structure

The following chapters of the report explore progression in the retail sector of the economy (Chapter 2), catering sector (Chapter 3) and care sector (Chapter 4). Each chapter outlines the sector context, drivers and practices that inhibit or enable progression of low-paid low-skilled workers. Chapter 5 draws on the sectoral analysis to address the research questions and to identify some policy options for consideration.
2 THE RETAIL SECTOR

This chapter outlines the context for progression in the retail sector. It considers the drivers and practices that inhibit or enable progression for people working in low-paid, low-skilled retail occupations, and concludes with a case study of a retail company with progression routes available to all its workers.

Context

The retail sector (retail, wholesale automotive sales and services, and rental) is the largest UK industry sector accounting for 14 per cent of all employment, 4.1 million employees and contributing over £147 billion in Gross Value Added (Mosley et al., 2012). It is the largest private sector employer in the UK. Retail industry performance and growth have contributed to a continued availability of entry-level employment despite an overall fall in the retail workforce of approximately five per cent over the last ten years (Mosley et al., 2012). Table 1 illustrates employment across retail subsectors.

Table 1: UK employment by retail subsector, 2010

<table>
<thead>
<tr>
<th>Subsector</th>
<th>'000</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail</td>
<td>2,815</td>
<td>68</td>
</tr>
<tr>
<td>Wholesale</td>
<td>734</td>
<td>18</td>
</tr>
<tr>
<td>Automotive retail</td>
<td>480</td>
<td>11</td>
</tr>
<tr>
<td>Rental trade</td>
<td>111</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>4,140</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Mosley et al., 2012

Around half of the retail workforce is employed in either elementary occupations (13 per cent) or sales and customer service occupations (37 per cent) (Mosley et al., 2012). Despite the high visibility of certain retailers and
a concentration of employment in large retail firms, these large employers account for only 1 per cent of UK retail businesses. In 2010, there were 246,000 small retail businesses employing fewer than ten people (Skillsmart Retail, 2010) and 49 per cent of all retail businesses employed between two and four people (Mosley et al., 2012).

Retail is a significant pillar of the UK economy, with further increases in sales turnover figures reported in 2012 despite the economic downturn (ONS, 2012a). Nevertheless, economic concerns, changing consumer preferences and technological developments continue to influence the retail business model and affect retail firm strategies in the short and medium term. In multi-channel retailing, firms have several strands to their operations, including physical stores, online sales, mail order and various delivery service arrangements. These developments have the capacity to alter the retail environment further and consequently may shift many future retail jobs into related sectors such as warehousing and logistics (Mosley et al., 2012). The Centre for Retail Research (2013) estimates that the share of online retail sales will rise to 21.5 per cent by about 2018, reducing physical store numbers by 22 per cent and leading to over 300,000 retail job losses. Notwithstanding these predictions, Working Futures forecasts for the UK Commission for Employment and Skills report a 5 per cent increase in employment in the sector to 2020, with job losses in some lower-level occupations offset by increases in higher-level and customer care occupations (Wilson and Homenidou, 2011).

Characteristics of employment and progression in the retail sector

The highly competitive environment facing many retailers and the emergence of a growing number of operators in the discount retail market has placed increased pressures on many retailers to continue to reduce costs. This has had an impact on their approach to the management of their workers. Economic and structural changes have resulted in retailers focusing their business strategies to a large extent on reducing costs rather than raising prices (Hermann et al., 2010). Facing similar market pressures and adopting similar technologies, many retail companies have developed options for using cheap labour and deploying it only as required. As a result, there has been a weakening of job quality and a trend towards fragmentation of pay and working arrangements (Carré et al., 2008).

Studies have highlighted ‘high road’ versus ‘low road’ distinctions in UK retail firm product market strategies (e.g. Bullock et al., 2001; Grimshaw and Carroll, 2006). Firms following the high road tend to emphasise higher quality and more rapid innovation. Better-quality jobs and employment conditions, better pay and better progression opportunities tend to accompany the high road practices (Cox et al., 2011). Those on the low road focus on price competition. Many retailers are proceeding via a middle way while many more have found the low road to be the most effective (Mosley et al., 2012). The choices firms make about how to compete in the market often has implications for the quality of jobs they offer.

Retail is a consistently low-pay sector and in 2008 accounted for 26 per cent of British low-paid workers. At that time, 75 per cent of sales assistants and 80 per cent of checkout operators were paid at rates below the low-pay threshold of two thirds median earnings (Mason and Osborne, 2008; Carré et al., 2008). Research conducted with 100 employees of large UK supermarket chains across England revealed experiences where low rates
of pay caused respondents and their children to go without certain foods, clothes and leisure activities. Sixty-four of those interviewed held personal debts (excluding mortgages) of between £500 and £20,000 and had increased their personal borrowing in the previous twelve months. Of these, half had resorted to credit cards, loans, overdrafts, store cards or catalogues, and half had borrowed from family and friends (Donne et al., 2012). Many retail employees are paid at, or just above, the National Minimum Wage (NMW) and consequently pay levels across the sector are sensitive to changes in the NMW level. The lower wage rate set by the NMW 18–21 rate has given retail employers an option for further reducing labour costs (Langlois and Lucas, 2005; Heyes, 2007).

The Annual Survey of Hours and Earnings (ASHE) provides an indication of the average hourly pay associated with the sector and some illustrative occupations within the sector. The median is the Office of National Statistics preferred measure of ‘average’ as it is less affected by a relatively small number of very high earners and the skewed distribution of earnings. It therefore gives a better indication of typical pay than the mean. Table 2 shows the gross hourly pay in several retail occupations and reveals its existence in each occupational group.

Table 2: Retail industry gross hourly pay (£), United Kingdom, 2011

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Median</th>
<th>Mean</th>
<th>Male (mean)</th>
<th>Female (mean)</th>
<th>Bottom 10%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail trade, except of motor vehicles and motorcycles</td>
<td>7.16</td>
<td>9.89</td>
<td>11.15</td>
<td>8.78</td>
<td>5.94</td>
</tr>
<tr>
<td>Example occupations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales and retail assistants</td>
<td>6.56</td>
<td>7.53</td>
<td>8.03</td>
<td>7.19</td>
<td>5.93</td>
</tr>
<tr>
<td>Managers and directors in retail and wholesale</td>
<td>10.99</td>
<td>13.71</td>
<td>15.33</td>
<td>11.33</td>
<td>6.97</td>
</tr>
<tr>
<td>Retail cashiers and checkout operators</td>
<td>6.77</td>
<td>7.12</td>
<td>7.44</td>
<td>6.98</td>
<td>6.20</td>
</tr>
<tr>
<td>Shelf fillers</td>
<td>8.44</td>
<td>8.58</td>
<td>8.85</td>
<td>8.16</td>
<td>6.00</td>
</tr>
<tr>
<td>Shopkeepers and proprietors – wholesale and retail</td>
<td>12.56</td>
<td>15.62</td>
<td>16.18</td>
<td>14.32</td>
<td>–</td>
</tr>
<tr>
<td>Elementary sales occupations (not elsewhere classified)</td>
<td>6.63</td>
<td>7.36</td>
<td>7.08</td>
<td>7.73</td>
<td>–</td>
</tr>
<tr>
<td>All employees</td>
<td>11.14</td>
<td>14.71</td>
<td>16.08</td>
<td>12.92</td>
<td>6.31</td>
</tr>
</tbody>
</table>

Source: Annual Survey of Hours and Earnings, ONS (2011)

Employment in the sector is often associated with non-standard working contracts and low rates of pay, particularly in sales and customer service jobs, which are among the lowest paid. The regulatory requirement to increase pay in line with the NMW has seen retailers continually shift the structure of employment towards part-time roles or those with flexible hours or zero hours contracts in order to keep labour costs down (Tomlinson and Walker, 2010).

Part-time employment in the UK retail sector is high compared with most other sectors and the economy as a whole. The significant use of part-time working by UK retailers is based on a rationale that is considered to have three main advantages. First, employing part-time workers enables
businesses to match staffing to peak trading days and hours, thereby reducing ‘excess’ labour. Retailers now cater for customers who can shop at any time over a 24-hour period, seven days a week, 364 days of the year (Huddleston and Hirst, 2004). Second, the sector is influenced by the economic model that argues that workers performing repetitive tasks under short-hours working arrangements generate high productivity (Lloyd et al., 2008). Third, extensive use of part-time employment creates options for retailers to evade legal or collective bargaining standards for pay and other entitlements associated with full-time employment (Carré et al., 2008).

The flexibility of working hours within retail has been regarded as a main factor in attracting employees. Young people, students and people returning to work are the employee groups most often cited as having the opportunity to gain employment to fit with other family and lifestyle commitments. These groups make up the majority of the retail workforce that works part-time. Part-time employment in itself appears to act as a barrier to progression for some workers in the retail sector, particularly at store level (Foster et al., 2007). Two main reasons tend to recur in research findings. First, the HR policies and managerial structure of larger retail organisations – exemplified by the five main supermarket chains – require trainee managers to work varied shift patterns and to spend periods working at other stores across a particular region. Second, studies focused at store level have revealed that part-time retail working has a lower status than full-time. Because few senior staff work part-time, this reinforces the perception that store management requires full-time working (Harris et al., 2007).

The sector has the most vacancies reported by all UK employers and 15 per cent of all hard-to-fill vacancies in the economy as a whole (Mosley et al., 2012). Recruitment and selection processes for low-skilled/entry-level occupations tend not to be heavily reliant on qualifications (Foster et al., 2007) and a job in retail can enable workers to get on the first rung of the career ladder. Retailing has been regularly promoted as a sector that provides a ‘gateway’ to employment (Bunt et al., 2005). Customer service and elementary occupations – such as sales and retail assistants, cashiers, checkout operators – are identified as entry-level jobs for the sector and the general labour market (Nickson et al., 2011).

However, traditionally retail has experienced problems recruiting and retaining sales assistants, particularly in small and medium-sized enterprises (SMEs), and recruiting the ‘right’ candidate with the right ‘attitude’ has often been reported as difficult (Nickson et al., 2012). Workforce recruitment and development tends to focus on offers of ‘employment in a job’ rather than long-term career development (Huddleston and Hirst, 2004), although there are some noticeable exceptions where large supermarkets actively promote the prospect of a career within the organisation and sector (Devins et al., 2010).

Several studies have highlighted the importance of ‘soft skills’ as a feature of employability for jobs at both the higher and lower ends of the labour market. Whether focused on employees having to manage their own and their customers’ emotions (e.g. Bolton, 2004) or on employers’ concerns with managing their employees’ appearance (e.g. Pettinger, 2004), these studies have highlighted the increasing practice of service sector employers seeking employees who ‘look good’ and ‘sound right’ in order to embody the brand and appeal to customers (Nickson et al., 2004, 2012).

The sector has traditionally experienced significant turnover both in terms of labour and business closures. Although labour turnover is still above average, it has been on a downward trend from the extremely high levels of the late 1990s and early 2000s. In 2002, the sector turnover rate was
as high as 43 per cent (DfES, 2002); in 2008 it had fallen but was still at a high level (31 per cent, CIPD, 2008). However, in 2010 the turnover rate had fallen to 15 per cent, with some of this fall attributable to organisational practices to support retention and some attributable to the current economic conditions (Gamblin et al., 2012). Despite this recent fall, retail generally suffers from a poor image as a high-turnover, low-pay sector. It has been argued that this affects retailers’ ability to recruit and compete for long-term staff, which adversely impacts on performance and inhibits future productivity (Booth and Hamer, 2007; Hart et al., 2007).

The sector has continually reported skills shortages, particularly associated with customer handling and communication skills (Huddleston and Hirst, 2004; Mosley et al., 2012). Retail employers report a lack of job-specific skills, customer service, team working and organisation skills across the sector (Gamblin et al., 2012). Employers in the sector are slightly more likely than employers in the economy as a whole to identify skills gaps among their workforce (15 per cent of employers in retail versus 13 per cent in the economy).

While there is some evidence of drivers of progression (for example, in terms of high levels of labour turnover or skills gaps facing employers), the literature tends to emphasise barriers to progression in terms of a tendency for employers in the sector to adopt lower value-added strategies and in the use of (and attitudes towards workers in) part-time employment.

**Practices to support progression in the retail sector**

The adoption of HPW practices in the retail sector is lower than the average for the economy as a whole. In retail, 22 per cent of establishments are known to have adopted nine or more of fourteen identified HPW practices compared with 34 per cent of all establishments (Wood et al., 2013). IIP accreditation has been awarded to 18 per cent of employers, just above the whole economy rate of 16 per cent. The Employer Skills Survey estimates that employers in the sector invest more than £5.4 million in training and that they invest slightly less per trainee and per employee than employers in the economy as a whole. Moreover, 44 per cent of establishments have not undertaken any training in the last twelve months, which is a slightly higher proportion than apparent in the economy as a whole (41 per cent) (Davies et al., 2012).

According to the UKCES Sector Skills Insight, the proportion of the workforce in receipt of work-related training in the previous 13 weeks is lower (18 per cent) than in the economy as a whole (26 per cent) (Gamblin et al., 2012). This figure is even lower among those in elementary occupations (15 per cent), though this is slightly higher than the national figure for the economy as a whole for this occupational group. Work-related training among those in sales and customer service retail jobs (18 per cent) is just below the whole economy average of 19 per cent.

Gamblin et al. (2012) revealed that 84 per cent of retail employers surveyed were funding or arranging job-specific training, with health and safety and first aid training featuring highly. A significant amount of training in retail occurs on the job and is often completed under the guidance of a coach, ‘buddy’ or mentor. This is true for both large and small retailers, although the extent and nature of training generally available to employees in retail SMEs is dependent upon available resources. There is a fear in retail SMEs of trained employees being ‘poached’ by competitors and there are small economies of scale (Mosley et al., 2012). Case study research has
revealed that, beyond the specific instruction of how to perform certain job-related tasks, much of the firm-specific ‘training and development’ often results from employees’ own initiative and their interaction with colleagues rather than formal practices supported by their employer (Grugulis et al., 2010; Roberts, 2012).

The development of progression practices appears to be directly related to retail business strategies, with better opportunities tending to accompany growth-oriented enterprises and ‘high road’ product market strategies. Yet progression may be possible in other retail firms or those adopting a ‘middle way’ in product market strategies. Career ladders have been established and promoted in the retail sector (United States) for more than a decade (Prince, 2003) and large organisations operating in the sector (notably but not limited to supermarkets) in the UK continue to develop employment and learning opportunities to support the development and progression of entry-level workers. The career ladders can link multiple occupations within a single firm or across a labour market, based on the similarity of the skills developed in each occupation on the ladder. Intermediaries such as careers advisors can facilitate the linkage by identifying the skills acquired at one level of employment and matching them with the skills required at a higher or complementary level of employment. They can also match workers with employer vacancies, as well as with the support, education, and training services needed to enable a successful match.

However, in spite of these developments, in a recent large-scale survey of retail and wholesale firms, more than one in three employers (38 per cent) reported that their staff did not have a long-term commitment to the business. Retention problems for retailers are reported as arising from the impact of the benefits trap (35 per cent), low wages (35 per cent) and a lack of progression opportunities (33 per cent) (Mosley et al., 2012). Nearly one in five retail employees reports that they are over-qualified and over-skilled for their current role (Mosley et al., 2012). Considered alongside the lack of progression of women to management occupations (in a sector that employs high numbers of women), for example, these findings suggest that some progression routes may not be fully inclusive and that there are insufficient promotion opportunities for those seeking them. For their part, many SME retailers cannot sustain progression routes and so employees seeking progression opportunities will often need to move to a larger employer to progress in the labour market.

The sector skills assessment for the retail sector (Mosley et al., 2012) highlights perceptions of retail as a low-pay and low-skill sector and highlights the need to ‘professionalise’ management. It identifies the need to develop a ladder of professional development to support individuals who wish to progress, based on the development of new professional standards and continuing professional development (CPD) and leading to better informed and skilled employees able to develop innovative management practices and growth in productivity and jobs. There are examples in various subsectors, including supermarkets, department stores and high-end retailers, of organisations that have developed practices to support progression. The following case study, conducted as part of this research, highlights the importance of factors such as the growth of the organisation and the availability of job opportunities that create openings for progression, the establishment and promotion of a training programme (with financial incentives to be realised on completion) and the development of succession plans at store level.
Pets at Home

Background
Pets at Home is the UK’s largest pet shop chain—employing about 6,500 people across 338 stores nationwide. The company operates two 24-hour distribution centres and anticipates the need for a third in the near future. The company’s main strategy is to focus on the products, services and pets available for customers to purchase in store, while being mindful of the opportunities that e-retailing offers. Further stores are scheduled to open in 2013/14.

Stores operate a lean model of staffing, with the number of staff present based on the average sales and footfall for the particular store. The company also employs agency workers in its distribution centres, depending on levels of demand.

Progression practices
No previous experience or qualifications are required for an entry-level colleague role. The company runs recruitment ‘assessment centres’ in store that are designed to assess customer service and communication competences. The key recruitment characteristic for the firm is ‘cultural fit’, and nearly all employees own pets. Some colleagues are employed on temporary student contracts which can lead to permanent roles.

Each store employs colleagues, assistant managers, a deputy manager and store manager. The firm looks to develop multi-skilled sales and service employees who have knowledge of a range of products and can offer particular services to customers irrespective of their full-time, part-time or temporary employment status. On recruitment, each colleague joins an internal development and progression programme called ‘Steps’. Every employee must complete Steps 1 and 2 as a minimum, with each Step taking up to 16 weeks to complete. Part-time colleagues are given a longer period. A pay rise accompanies the successful completion of each Step. For example, in 2012/13, an employee over 18 years of age would increase their pay from £6.27 to £6.70 per hour by moving from Step 1 to Step 2. A store manager conducts all staff appraisal and is responsible for in-store training, development and progression activities.

Each store has four employees who are each designated as a ‘suitably qualified person’ (SQP), who can meet the statutory requirements for selling animal treatments and medicines. Achievement of an SQP role involves a pay increase and requires these employees to achieve a certain number of CPD points each year to maintain that position. Pets at Home has also trialled a progression route towards the achievement of national vocational qualifications (NVQs) and apprenticeships. Stores undertake annual succession and progression plans and progression is also supported by CPD.

Critical success factor
A growing organisation undertaking succession planning, with an established progression pathway that aligns employment with learning and development opportunities for entry-level workers.

Reported benefits to the business
Enables ‘home-grown talent’ to support the growth of the company. A multi-skilled workforce brings significant flexibility and service quality benefits for the customer.
3 THE CATERING SECTOR

This chapter outlines the context for the catering sector. It considers the drivers and practices that inhibit or enable progression for people working in low-paid, low-skilled catering occupations, and includes a case study of a hospitality company with progression routes available for all its catering workers.

The catering sector (variously referred to as ‘food and beverage services’ or ‘hotel and restaurant’) is increasingly seen to be part of a ‘new’ sector labelled the ‘hospitality, tourism and sport’ sector (see Table 3). This is a significant sector of the economy, employing more than 2 million people (8 per cent of total employment) and contributing 5 per cent of GDP. It accounts for almost 10 per cent of business establishments in the UK, the majority of which (91 per cent) employ fewer than 25 employees. The hotels and restaurants sector alone employs over 1 million people (Williams et al., 2012) and contributes over £36 billion in Gross Value Added (Galbraith and Bankhead, 2012). The sector has been one of the fastest growing in the economy and, while the recession has slowed down growth, an upturn in the sector is forecast as the economy recovers from recession.

Table 3: UK employment by hospitality subsector, 2010

<table>
<thead>
<tr>
<th>Subsector</th>
<th>'000</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food and beverage services</td>
<td>1,110</td>
<td>54</td>
</tr>
<tr>
<td>Sports and active leisure</td>
<td>415</td>
<td>20</td>
</tr>
<tr>
<td>Accommodation</td>
<td>325</td>
<td>16</td>
</tr>
<tr>
<td>Travel and tourism</td>
<td>116</td>
<td>6</td>
</tr>
<tr>
<td>Gambling and betting</td>
<td>80</td>
<td>4</td>
</tr>
<tr>
<td><strong>Hospitality, tourism and sport total</strong></td>
<td><strong>2,046</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Galbraith and Bankhead (2012)
The sector has the potential to expand over the coming decade, although it faces growing international competition and changes in technology and consumer demand that will present challenges to employers operating in the sector. This is particularly the case in terms of raising productivity levels and ensuring excellent customer service (Galbraith and Bankhead, 2012). There has been a growth of standardisation and routinisation in the sector, not only in fast food but also in other subsectors such as budget accommodation, themed bars and restaurants (Lashley, 2009). These changes impact on the sector through simplification of tasks and the increasing use of IT, outsourcing production and controlling the services on offer (Robinson and Barron, 2007; McClelland and Holman, 2011). Many tasks are now standardised and ‘production line’ in nature (Galbraith and Bankhead, 2012) and some roles have been ‘de-skilled’, for example chefs whose tasks simply involve reheating food (Lucas and Mansfield, 2008).

Work in the sector is often labour intensive, with large numbers of semi-skilled and unskilled staff working long and unsociable hours (Nickson, 2007). Almost four in ten catering workers are employed in elementary occupations in the sector (Galbraith and Bankhead, 2012) and these jobs are often low paid and low skilled and have limited opportunities for progression. Employment in the sector is forecast to increase at almost twice the rate of that in the economy as a whole, with the highest growth associated with managerial and professional occupations and considerable growth (24 per cent) in service occupations. There is some evidence that demand for jobs will outstrip supply in elementary occupations as well as in higher level occupations (Williams et al., 2012) and act as a drag on the growth of the sector.

**Characteristics of employment in the sector and progression**

There appears to be tremendous variation in the people management strategies adopted by organisations operating in the sector. Approaches are often associated with the size of the organisation, and smaller organisations are far less likely to adopt formal or systematic approaches to human resource development (HRD) than larger organisations. The majority (55 per cent) of the hospitality workforce is employed by a small number of medium and large (50 or more employees) organisations and firms with multiple outlets (People 1st, 2013).

The service-market strategy adopted by employers is predominantly based on cost minimisation to remain competitive (Nickson, 2007). The cost of labour is a key determining factor in human resource management practices in the sector (Riley et al., 2000) as wages usually contribute to a high proportion of overall costs. Consequently, employers focus on minimising these costs in order to stay competitive (Nickson et al., 2002). However, assessing levels of remuneration in the sector can become complicated by factors such as tipping and non-standard benefits such as the provision of meals and living accommodation (Boella and Goss-Turner, 2005). Table 4 indicates the variation between the mean and the median average pay and also draws attention to the continued existence of the gender pay gap in the sector.
Improving progression in low-paid, low-skilled retail, catering and care jobs

Flexibility is a key factor in recruitment, arguably making part-time and casual workers the ‘core workforce’ in some parts of this sector (Tomlinson, 2006). The hospitality sector has the lowest proportion of full-time employees: 55 per cent compared with an all-sector average of 73 per cent. In food and beverage services, 52 per cent work part-time, including 73 per cent of bar staff, 68 per cent of waiting staff and 65 per cent of kitchen and catering assistants (Galbraith and Bankhead, 2012). The proportion of temporary workers, at 10 per cent, is also higher than average (6 per cent), partly because of seasonal working (Galbraith and Bankhead, 2012). This enables employers to meet fluctuations in short-term demand but can result in an employment history with repetitive periods in and out of work that can have an adverse effect on the worker’s employability.

Many employers use the external labour market to meet skills gaps, offering part-time contracts and using temporary workers rather than upskilling their existing workforce. A reliance on a transient workforce (including students and international workers) is seen to result in a demotivated workforce and contributes to high labour turnover and deficiencies in customer service (Williams et al., 2012). Vacancies often have very low entry requirements and some research suggests that employers only need to invest in a small amount of induction for employees to meet the requirements to perform these jobs (McClelland and Holman, 2011).

Workers are often recruited to lower-level occupations on the basis of the ‘soft’ and ‘aesthetic’ skills (such as attitude and appearance) they possess. Employers consider these skills important for customer service but it is difficult to train people in them because they are considered to be closely linked to individual personality and therefore difficult to define and measure (Lindsay, 2005; Lashley, 2009). Much of the training in the sector consists of firm-specific inductions and rarely extends to developing employees beyond their current role (Williams et al., 2012). The aim of employer recruitment strategies is often to minimise labour costs (Nickson, 2007). However, these
The skills gap in the hospitality sector is the largest of all the sectors and the most common reason is workers being new to their role (People 1st, 2013). The most common skills gap is directly related to the high turnover of staff in the sector. The skills cited as causing these gaps include customer handling, ‘job-specific’ skills and team working. This has remained constant between 2005 and 2012 (People 1st, 2011a; Galbraith and Bankhead, 2012), with the gap in customer handling skills a particular challenge in elementary occupations (Williams et al., 2012) and significantly higher in the hospitality sector (65 per cent) than for all sectors in the economy (48 per cent) (People 1st, 2011a).

Formal training policies are often used to ensure the consistent provision of services in larger multi-site employers operating in the sector (People 1st, 2008) and some firms have begun to upskill their workforce because of resistance to standardisation by customers (Lashley, 2009). Although it is unclear how widespread this practice is, customers are becoming increasingly well informed about products and services and this can create pressure for businesses to exceed expectations regularly with, for example, a more personal customer service experience (People 1st, 2013). This both reflects the diversity of practice in the sector and highlights how approaches to service quality may lead to opportunities for staff development and progression.

The cost minimisation strategy adopted by employers in the sector is seen to influence low levels of investment in HRD activity and employee development. The low-skill model tends to be characterised by a relatively short-term, ad hoc approach to HRD that uses the external labour market to meet skills gaps rather than upskilling or re-skilling the existing workforce (Nickson, 2007; Lucas and Mansfield, 2008). Business planning, training and business performance are often closely linked; however, less than half the employers in the sector have a business plan (People 1st, 2013).
While there is some evidence of drivers of progression in terms of high levels of labour turnover or changing consumer demand, for example, the literature tends to emphasise barriers to progression in terms of adopting lower value-added strategies and a lack of business planning by employers in the sector.

**Practices to support progression in the catering sector**

There is mixed evidence associated with the extent to which employers in the sector adopt more systematic approaches to HRD. For example, the adoption of a bundle of HPW practices in the hotels and restaurants sector is lower than that apparent in the economy as a whole (18 per cent of establishments have adopted nine or more of fourteen identified HPW practices compared with 34 per cent of all establishments; Wood et al., 2013). However, employers in the sector are more likely to adopt systematic approaches to HRD embodied in, for example, IIP than employers in the economy as a whole. One in five employers operating in the hotel and catering sector are IIP accredited compared with 16 per cent in the economy as a whole (Williams et al., 2012). The Employer Skills Survey estimates that employers in the sector invest more than £3.4 billion in training and that they invest slightly more per trainee and per employee than employers in the economy as a whole. However, more than four in ten establishments, a level similar to the economy as a whole, have not undertaken any training in the last twelve months (Davies et al., 2012).

Employers in the sector are as likely as employers in the whole economy to invest in training and the sector has one of the highest training expenditures per employee in the economy. However, much of this appears to be related to initial training of new recruits, which may be seen as a symptom of high labour turnover in the sector (Galbraith and Bankhead, 2012). The UKCES Sector Skills Insight reports that the proportion of the workforce in receipt of work-related training is lower (19.4 per cent) than in the economy as a whole (25 per cent) and appears to have been falling over recent years (Williams et al., 2012). Workers in elementary occupations are far less likely to receive training than workers in professional occupations (one in five compared with one in three). The sector’s involvement with apprenticeships is slightly below average. However, it has increased dramatically in recent years (threefold between 2007/8 and 2010/11) with much of this growth attributed to older apprenticeships (aged 25+).

Some employers are unaware of the benefits of training and formal vocational education, and training programmes appear to struggle to engage SMEs. Further obstacles to training include employer antipathy towards institutional training providers and formalised learning, the perceived inappropriateness of educational and training content and delivery, and the belief that it is the responsibility of employees or the state education system, rather than the employer, to develop human capital (Nickson et al., 2002; Boella and Goss-Turner, 2005).

There is some evidence of embedded and systematic approaches to progression among larger employers although the sector may be seen to have developed over time using a relatively high proportion of transient labour seeking short-term job opportunities rather than a career in the sector (Williams et al., 2012). Where there are examples of progression practices, they appear to be associated with routes towards specific technical roles or ‘fast track’ management programmes.
The incentives to progress from entry-level jobs are often relatively small. Those who are promoted from entry-level positions often receive only a small pay increase and it can take several promotions to reach average earnings levels (ONS, 2012b). For example, a kitchen porter in a hotel or restaurant may progress to a junior chef role and progress again to being a chef and yet still be earning less than £20,000 per year (People 1st, 2008). Those in part-time work are often the least likely to be offered training and, even if they are, may struggle to attend because of other non-work-related commitments (for example, caring). Most part-time work is in elementary occupations and some part-time workers may be valued enough for them to be retained after switching from a full-time contract (such as on return from maternity leave). For others, working part-time is a major factor that severely limits their opportunities for progression (Tomlinson, 2006).

High labour turnover, low skill specificity and lack of fixed promotion criteria hamper the development of progression pathways in the sector (Riley and Szivas, 2009). Trade unions have been identified as an important factor in the development of progression (Holzer and Martinson, 2005) but a very low proportion of workers in the sector are trade union members. Trade union density in 2007 is less than a quarter (5.6 per cent) of that apparent in the economy as a whole (25.8 per cent; Lucas and Mansfield, 2008). Progression may be self-initiated rather than a result of organisational initiative. However, opportunities for progression can be limited to those who have greater flexibility to meet employer demands or who are willing to take on extra responsibility for only a small financial reward.

Different business strategies at the micro level of the organisation, often related to the type of service offered, can mean large differences in the price of goods and services and associated expectations of staff in relation to their efficiency, speed and skill level (Galbraith and Bankhead, 2012). Consequently, the workings of progression pathways differ between subsectors and can vary within organisations. In some subsectors (for example, some hotel companies), employer practice and support for progression pathways are part of an established business model, though a very small minority of employers appear to adopt more progressive HRD practices to support progression of low-paid or low-skilled workers (Baum, 2002; People 1st, 2011a). There are, however, examples of larger employers operating in a variety of subsectors, which have been encouraging more internal progression and in-house training.

Case studies of employers conducted by People 1st have highlighted practices such as using internal apprenticeship programmes. These consist of off-the-job learning, management courses, mentoring, work shadowing and business-related project work (People 1st, 2011b). Enrolment on apprenticeships can be a requirement for progressing to roles such as team leader or assistant manager (People 1st, 2011c). In addition, People 1st (2011a) has showcased a hotel chain providing employees with structured customer service training and introducing performance measures linked to career progression. The findings emerging from case study research undertaken by People 1st (2011a, 2011b and 2011c) suggests that employers gain a variety of benefits from supporting progression, including improved customer service, decision-making abilities and business knowledge among employees, reduced labour turnover rates, faster progression of staff to managerial positions and increased customer spending.

The following case study conducted as part of this research reinforces the importance of some of these practices. It also identifies other practices,
such as those associated with succession planning and the development of progression routes that align job roles, competencies and qualifications at various levels. Another practice identified is to link increases in pay directly with successful completion of training so that the employee remains in the same job until an appropriate vacancy arises but receives an increased financial reward.

### Case study: The Spirit Pub Company

**Background**
The Spirit Pub Company is a hospitality company that manages over 800 pubs across the UK and also includes a lease division that operates well-known brands such as Chef and Brewer, Flaming Grill, Wacky Warehouse and Good Night Inns. The company’s aim is to become the UK’s number one hospitality company as well as the UK’s most successful pub company. Alongside its focus on the experience of its guests and the importance of appropriate returns to investors, the company believes that careful succession planning and general staff development are central to its aims.

Across the various sites, the company employs about 16,000 team members and has a dedicated Learning and Development Centre. Each individual site includes front-of-house (for example, service to the general public) and back-of-house (for example, kitchen workers) ‘team players’, team leaders, a deputy general manager, kitchen manager and general manager. Team players are typically paid the NMW, but receive pay rises upon the successful completion of certain training, as well as through progression to team leader and beyond.

**Progression practices**
General managers recruit at site level, following company policy to recruit the ‘right’ employees with appropriate attitudes and abilities to interact with customers. No existing formal skills or qualifications are needed for either of the entry-level front- or back-of-house team player roles. Progression routes are available from team player through to general manager and district manager (a new career pathway). These are embedded with qualifications and technical skills, for example NVQ Level 2, Level 3 and up to Level 6. Progression is supported through the achievement of development milestones which open up further opportunities for qualifications.

The development of relevant skill sets may involve switching between different roles. Yet employees typically focus on their main role for formal development processes, and progression routes follow a dedicated front- or back-of-house path. Work is closely aligned with education and training for those seeking to progress. Team players train for a Level 2 qualification to progress to a team leader role. Team leaders join a twelve-month team leader development programme which is underpinned by a Level 2 apprenticeship. Much apprenticeship training occurs on the job and is supported by off-the-job workshops and further technical qualifications. From team leader, employees can access training, development and qualifications to progress towards a deputy general manager role. Apprentices must work a minimum of 16 hours per week and ideally 30 hours per week. They receive one-to-one support from a dedicated training officer every four to six weeks.
Critical success factor
The development of an environment where everyone from senior managers to team players can see the benefits of working and progressing in the business, and in the sector more generally.

Reported benefits to the business
Reduction in costs (financial and management time) associated with labour turnover and recruitment; improved worker commitment, leading to consistently high levels of customer service and a pool of talent to fill future job vacancies.
This chapter outlines the context for progression in the care sector. It considers the drivers and practices that inhibit or enable progression for people working in low-paid, low-skilled care occupations, and ends with two case studies highlighting the progression practices of a national charity and a key provider of childcare in Leeds.

**Context**

The care sector (see Table 5) is a significant sector of the economy employing almost 2 million people, equivalent to 6 per cent of total UK employment (Skills for Care, 2013a). The Inter Departmental Business Register indicated almost 40,500 enterprises operate in the care sector (about 3 per cent of all establishments in the UK). More than half (52 per cent) are commercial organisations and the remainder are not for profit. Employment in the sector is dominated by a small number of large employers. It is estimated that 1 per cent of employers in the care sector employ about 40 per cent of the workforce. About one third of the workforce is employed by smaller employers (less than 50) which account for approximately 93 per cent of all enterprises operating in the sector (Skills for Care, 2013a).

Skills for Care (2011) reports that public and private expenditure within the care sector is significant: over £30 billion. Labour market analysis of the sector tends to draw out key characteristics of the sector in terms of, for example, location of services (residential/non-residential) and employment in the public, private or third sectors. The Sector Skills Insight report for the UK Commission for Employment and Skills (Tamkin et al., 2012) reports that the majority of the sector workforce are employed in non-residential services (52 per cent) with a sizeable minority (40 per cent) employed in residential care. Almost half the workforce is employed by private sector/commercial organisations, with over a quarter (29 per cent) employed by the public sector and just under a quarter employed by the third sector (almost half of these workers are working in a voluntary capacity).
Table 5: UK employment by care subsector, 2011

<table>
<thead>
<tr>
<th>Description</th>
<th>'000</th>
<th>percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential nursing care activities</td>
<td>169</td>
<td>11</td>
</tr>
<tr>
<td>Residential care activities for learning disabilities, mental health and</td>
<td>51</td>
<td>3</td>
</tr>
<tr>
<td>substance abuse</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Residential care for the elderly and disabled</td>
<td>241</td>
<td>15</td>
</tr>
<tr>
<td>Other residential care activities</td>
<td>213</td>
<td>13</td>
</tr>
<tr>
<td>Social work activities without accommodation for the elderly and disabled</td>
<td>244</td>
<td>15</td>
</tr>
<tr>
<td>Other social work activities without accommodation</td>
<td>666</td>
<td>42</td>
</tr>
<tr>
<td>Total</td>
<td>1,584</td>
<td>100</td>
</tr>
<tr>
<td>Staff employed in childcare*</td>
<td>383</td>
<td></td>
</tr>
</tbody>
</table>

Source: UKCES Care Sector Skills Assessment (Skills for Care, 2012)
*DfE Childcare Early Years Survey (Brind et al., 2011)

Private funding of care services accounts for an estimated one third of all expenditure. However, the majority of social care funding is through local government which is set to experience a significant reduction in funding. The public sector environment may be characterised as ‘doing more with less’ and this places considerable short-to-medium-term pressure on organisations operating in the sector. Productivity in the public sector is notoriously hard to measure and is often a contested issue. Current output measures for the sector make no allowance for quality, nor do they take account of intensity of need. Output measures cannot readily respond to changing delivery methods of care if, for example, an increasing proportion of people have services provided to them at home instead of being taken into residential care (Skills for Care, 2011).

The sector skills assessment reports that employment in the care sector has grown faster over the last decade than is apparent in the overall economy. The sector has experienced incremental growth in employment from 1.3 million in 2002 to 1.7 million in 2010. Future projections forecast a small increase in the total care sector workforce to 2020. However, short-term reductions may result from public sector budget restrictions. Future expansion of the workforce will depend to a large extent on the level of public funding for care (particularly for older adults), which remains largely undecided and a matter of public debate.

In terms of the occupational profile of the sector, care assistants and home carers (more than 700,000) account for a significant part of the workforce. These workers are often at risk of low pay. In common with labour market projections for other sectors, an increase in demand for higher-level occupations is forecast to 2020 along with a significant increase in caring occupations. An ageing workforce in the sector is forecast to lead to significant replacement demand in all occupational groups.

Globalisation and technological change bring both threats and opportunities to the care sector. While some aspects of personal care cannot be delivered at a distance, developments in telecare mean that international markets are becoming increasingly accessible and globalisation more generally presents opportunities for the sector to source inputs and sell outputs globally.
Economic, regulatory and consumer demand are driving the personalisation of care services, including an increased emphasis on home-based provision and direct employment by service users. It is argued that this will require reorganisation of the entire supply chain through redefinition of all services that are needed to deliver ‘direct care’, including a reallocation of investment and infrastructure among hospitals, nursing homes, community services and the skills required in each of these settings (Simonazzi, 2009). Highly differentiated workforce requirements on an occupational basis are forecast to lead to ongoing development of gateway qualifications for managers, professionals and personal service occupations in the sector (Tamkin et al., 2012; Skills for Care, 2013a). These include new National Occupational Standards such as nutrition and food safety, assistive technology, integrated working and ICT skills; specialist qualifications in response to the growing incidence of dementia, sensory services, nutrition and diabetes; skill sets relevant to the personalisation of services agenda, such as the Diplomas in Leadership and Management for care services, and leadership and management skills to cope with budgetary constraints and the need to effect transformational change.

**Characteristics of employment and progression**

Organisations operating in the care sector are facing considerable challenges as they seek to adapt to a changing environment where the increased marketisation of services combined with budgetary pressures are significant drivers of approaches to managing workers. This has led to high use of transient, often temporary, workers which results in high staff turnover (Simonazzi, 2009). Poor terms and conditions and low pay rates are identified as key reasons why employers find their vacancies hard to fill (Skills for Care, 2013a). Table 6 indicates the variation between the mean and the median average pay, and also draws attention to the continued existence of the gender pay gap in the sector.

<table>
<thead>
<tr>
<th>Table 6: Care sector gross hourly pay (£), United Kingdom, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Median</strong></td>
</tr>
<tr>
<td>Care workers and home carers</td>
</tr>
<tr>
<td>Senior care workers</td>
</tr>
<tr>
<td>Childminders and related occupations</td>
</tr>
<tr>
<td>Nursery nurses</td>
</tr>
<tr>
<td>Residential, day and domiciliary care managers and proprietors</td>
</tr>
<tr>
<td>Houseparents and residential wardens</td>
</tr>
<tr>
<td>Playgroup leaders and assistants</td>
</tr>
<tr>
<td>All employees</td>
</tr>
</tbody>
</table>

Source: Annual Survey of Hours and Earnings, ONS (2011)

Pay and conditions of employment vary in the sector. However, workers employed in the public sector tend to earn more than those in the private sector and workers in the residential care segment tend to earn more than...
those employed in domiciliary care (Simonazzi, 2009). Rules concerning employment and pay differ across the public and private sectors, and relate to wage profiles, recruitment and promotion, and the role of different trade unions. Recent analysis of pay rates in different types of care organisation found a £2 per hour difference between direct care workers in the public and private sectors. Employees in larger organisations were also found to earn more although there were notable exceptions, especially among ‘micro providers’ (employing fewer than ten staff members) where workers received above average wages (Hussein, 2010).

There are mixed views associated with the attractiveness of the sector to potential workers, with some identifying its capacity to provide worthwhile and rewarding work (McFarlane and McLean, 2013) while others note its poor image as a low-pay sector that is physically and emotionally demanding (Atkinson and Lucas, 2012). It is argued that a pool of recruits choose to work in the sector for its intrinsic rewards rather than for pay or status. The sector is perceived to offer an opportunity for workers (women in particular) to gain employment if they lack the qualifications necessary to enable them to enter other higher-level occupations, even if they have not shown a particular inclination to undertake caring work in the past (Carroll et al., 2008; Nutbrown, 2012)

Flexibility of working hours is a key factor in attracting job applicants, particularly for women who need to fit childcare duties around their employment (Skills for Care, 2013b). Such flexible working includes job sharing, working compressed weeks or term time only (Atkinson and Lucas, 2012). The evidence from a variety of sources provides an insight into the use of non-standard employment contracts in the sector. It suggests that a relatively high proportion of workers are part-time (37 per cent) compared with other sectors of the economy (27 per cent) (Skills for Care, 2013a). The sector is female dominated and has become increasingly reliant on migrant labour in recent years (Sardadvar et al., 2012).

High labour turnover rates and vacancy rates are a key defining characteristic of the sector (Atkinson and Lucas, 2012). Social care has a labour turnover rate of 19 per cent compared with 13 per cent for the economy as a whole (CIPD, 2012). The rate was considerably higher in the private sector (22 per cent) and voluntary sector (16 per cent) than in local-authority-based care (12 per cent) (Skills for Care, 2012). The Cavendish Review (2013) identified annual labour turnover rates for care assistants as high as 30 per cent in the domiciliary care subsector.

Low pay is recognised by employers in the sector as a contributory factor to the level of labour turnover. There have been calls for a remuneration framework which would make care work more attractive and encourage workers to stay in their posts for longer periods (Cavendish 2013).

The UK Commission for Employment and Skills Employer Skills Survey 2012 found that 18 per cent of establishments in the sector had vacancies which, if they remain unfilled, can adversely affect service quality and organisational performance. This is higher than the all-sector average in the economy (12 per cent). The skills gaps associated with the ability of the existing workforce to work effectively is relatively high (17 per cent) in the care sector, compared with an all-sector average (13 per cent) in the economy as a whole (Skills for Care, 2013a). Skills gaps occur among all occupational groups in the sector. The consequences of these skills gaps include increased workload for other staff, difficulties introducing new working practices and meeting quality standards, and increased operating costs. The steps employers take to overcome the skills gaps include more
supervision, performance reviews and mentoring schemes. The most frequent response by employers is to increase spending on training.

Workers in the care sector typically have low skills and few qualifications (Cameron and Boddy, 2006; Atkinson and Lucas, 2012). The majority of employers in the sector (84 per cent) are more likely than employers in the economy more generally (59 per cent) to provide training for their staff. However, in common with many other sectors, employers are more likely to train higher-level workers than other occupational groups (Skills for Care, 2013a). Nevertheless, almost 70 per cent of workers have completed induction training and almost half the workforce is qualified to at least NVQ Level 2 (Skills for Care, 2012). Workers in some subsectors (for example, childcare) are likely to be qualified to at least Level 3 in a relevant subject (78 per cent of all childcare workers and 46 per cent of those in non-managerial or supervisory roles) (Brind et al., 2011). However, higher-level qualifications do not guarantee a higher-paid role (Carroll et al., 2008).

In common with the other sectors in this review, the evidence of drivers of progression – for example, in terms of service-market strategies, relatively high labour turnover or skills shortage vacancies – appear to exert little influence on the progression of low-paid workers in the care sector.

Practices to support progression in the care sector

The Employer Skills Survey suggests that a small proportion (16 per cent) of establishments (compared with 40 per cent in the economy as a whole) have not undertaken any training in the last twelve months. Estimates suggest that employers in the sector make a significant investment in training (£5.4 million) but they invest less per trainee and per employee than employers in the economy as a whole (Davies et al., 2012). The level of uptake of apprenticeships in the health and social care sector has grown considerably, almost doubling from 44,150 in 2009/10 to 86,120 in 2010/11 (Tamkin et al., 2012). There is mixed evidence associated with the extent to which employers in the sector adopt more systematic approaches to supporting worker progression. The adoption of IIP has permeated the sector, with employers far more likely to be accredited to the standard (27 per cent) than employers in the economy more generally (18 per cent). In terms of HPW, one third of employers in the health and social care sector (33.3 per cent) have adopted nine or more HPW practices, a level similar to that in the economy as a whole but substantially higher than in the other low-pay sectors investigated in this study (Wood et al., 2013).

The care sector is highly segmented, with considerable differences in approach to employment and progression identified between private contractors, not-for-profit organisations and public employment, between home care workers and residential care workers and between regular and irregular workers (Simonazzi, 2012). A lack of progression opportunities (especially for those working in smaller establishments) is cited by employees planning to leave the sector (Carroll et al., 2008). While regulation in the care sector appears to have increased training and qualification activity, it has not created wider progressive people management practices outside the public sector (Gospel and Lewis, 2011; Atkinson and Lucas, 2012). The broad requirements set out in the regulations were elaborated in a set of National Minimum Standards which stated that all staff must:

A lack of progression opportunities (especially for those working in smaller establishments) is cited by employees planning to leave the sector (Carroll et al., 2008).
• receive induction training to a set of common standards;
• have an individual training and development assessment and profile;
• receive a minimum number of paid days’ training each year depending on whether they are caring for the elderly, people with disabilities or children.

In addition, all registered managers, who are the people directly responsible for the running of homes, were required by April 2005 to have both an NVQ Level 4 in Care (or a Diploma in Social Work (DipSW)) and an NVQ Level 4 in Management (or equivalent). In the case of care workers, employers were required to ensure that their care homes satisfied the following minimum qualification ratios:

• In homes for elderly people and for disabled people, a minimum of 50 per cent of care staff had to possess an NVQ Level 2 in Care or Health and Social Care (or equivalent).
• In the case of children’s homes, at least 80 per cent of staff should have an NVQ Level 3 in Caring for Children and Young People (or equivalent).

All new staff in children’s homes were required to begin working for an NVQ Level 3 within three months of joining a home, a requirement which implied that, ultimately, all staff should be qualified to that level.

However, qualification requirements for occupations such as community support or outreach workers and care workers vary, from no formal qualifications to formal qualifications at NVQ Levels 2 and 3, and attainment of these qualifications is no guarantee of an increase in pay. The recently published Cavendish Review into healthcare assistants and support workers in the NHS and social care settings found training to be ‘highly variable with some employers not meeting their basic duty to ensure that their staff are competent’ and ‘asking employees to pay for mandatory training out of their own pocket’ (p. 7). Barriers to training include the cost of courses and the time available for workers to train and learn (Rubery and Urwin, 2011; McFarlane and McLean, 2013).

The marketisation of care services is seen to lead to a tension between the cost pressures associated with care commissioning by local authorities and the promotion of better HRD practice among independent providers (Rubery et al., 2013). The Cavendish Review (2013) recommends that local authorities should start to commission services on the basis of care outcomes (rather than regulatory compliance) and that workers should be paid for travel time since non-payment can push their earnings below the NMW. This gives an indication of the progress some employers in the sector have yet to make if they are to support improved employment practices and promote progression. The changes in the nature of the relationship between the care worker and service user will involve more one-to-one contact with service users. This is identified by some stakeholders as an opportunity for improvements in job quality and has implications for the induction and continuing development of workers in these roles (Skills for Care, 2013b). However, the nature and implications of these changes for workers’ progression is not clear.

In common with the other sectors in this review, the financial incentives to progress from entry-level jobs are often relatively small. Employment projections for the sector indicate a growing need for higher-level skills to accompany the forecast growth in managerial, professional and associated professional occupations. The care sector offers a range of opportunities but many of these (for example, social workers, occupational therapists, youth workers) require degree-level qualifications. However, the care sector
Improving progression in low-paid, low-skilled retail, catering and care jobs

Similarly, it appears to suffer from a lack of clear, simple career ladders and the aligned training opportunities that could support progression of entry-level workers to higher-level occupations. The importance of aligning employment and learning opportunities is illustrated in the health sector where the NHS Career Framework depicts a ladder rising from Band 1 to 9, implying a smooth progression route. However, the reality of making the leap from occupations requiring low or no qualifications to those that require degree-level qualifications limits access for many workers in the sector who do not possess the required entry-level qualifications (often A-levels). Research in the care sector suggests a lack of clarity associated with the skills needed for different roles and the required qualifications. This can be compounded by a lack of available funding for training or by restrictions on progression caused by small care settings that have limited positions for employees to move into (Nutbrown, 2012).

Employers in the sector are seeking to train, retain and motivate workers while under considerable financial pressure. The Cavendish Review, which focused on healthcare assistants and support workers in the health and social care sector, calls for a ‘rigorous quality assurance mechanism for training courses and vocational qualifications’ and recommends that ‘the main trade associations and social care employers lead a process to agree national core competencies that go beyond the minimum’ (2013, p. 7). The review proposes that employers be consulted on the possibility of creating a career development framework for health and social care workers and that higher-education institutions give more weight to care experience so that talented staff can progress into therapy, social work, nursing or other frontline occupations.

Line managers have a key role to play in encouraging talented workers to remain in the sector, given the limited progression opportunities associated with flat organisational structures and the predominance of SMEs in some subsectors. As social care expands, it will require more new managers to meet the demand. Progression is often thought of in terms of moving from front line to management positions; line managers who are able, for example, to build teams, manage performance and coach staff are central to improvements in the quality of care provided. However, line managers often have little or no training in supervision in the sector and opportunities to improve performance by improving management and leadership are not being realised (Care Quality Commission, 2012).

Case studies of social care providers have found that many employers in the sector lack the organisational infrastructure required for newly trained employees to satisfy their hopes of progression and higher pay through further training. One study found that the supervisory experience required for higher-level qualifications was greater than that associated with most of the roles occupied by those wishing to take it, making it hard for trainees to acquire and demonstrate the competences required (Gospel and Lewis, 2011).

However, there are examples of employers operating in the care sector (Cavendish, 2013) that have taken steps to support the recruitment and retention of workers to improve staff retention and user satisfaction. For example, MacIntyre, a national charity providing support and care for people with learning difficulties, worked with an occupational psychologist to identify a distinctive profile of people ‘most suited’ to care. The organisation reports that this has led to better staff retention, less sickness and fewer performance management issues. Families of users have commented on the quality of care and support received. HC-One provides dementia, nursing and specialist care for older people and has created a blended corporate learning programme called ‘Touch’ to provide a wide range of specialist

Line managers who are able, for example, to build teams, manage performance and coach staff are central to improvements in the quality of care provided. However, line managers often have little or no training in supervision in the sector and opportunities to improve performance by improving management and leadership are not being realised (Care Quality Commission, 2012).
training courses through e-learning, video, podcasts and other more conventional approaches such as workshops and supervision. A range of support tools for home managers and shift leaders is helping to promote good practice and personal development among the wider workforce. Priory Group is an organisation providing mental health services, special needs education and social care for people with learning disabilities, and care homes for people with dementia. It has established a standardised three-month induction programme for each new manager. This includes the assignment of a buddy and setting measures of success. Each manager must complete leadership and management training before the end of their first year. Priory has also developed a programme, ‘Foundations for Growth’, in which every employee is expected to complete a series of mandatory training modules, specific to their job roles, which can then be used to assess their capability and potential for progression.

The following case studies, conducted as part of this research, reinforce the importance of development practices such as the development and use of competency frameworks, line manager support and mentoring, the use of apprenticeships and a policy of advertising opportunities to all workers (including those on part-time and temporary contracts).

**Case study: United Response**

United Response is a national charity that supports people who have learning disabilities, mental health needs and physical disabilities to enable them to take control of their lives. Its work ranges from supporting people to live as independently as possible to helping them access community services, secure training and seek work opportunities. It employs 3,500 across 300 sites. The majority of workers are employed in front-line positions as support workers and senior support workers.

**Progression practices**

A ‘people-centred approach’ lies at the core of the organisation’s values and this informs its practices to support progression. United Response has established a competency framework for roles within the organisation against which workers are assessed. Line manager reviews are a central element of the approach, with assessments of workers’ qualifications, informal learning, attitudes and behaviours made against the competency framework. Line managers are also expected to offer coaching and mentoring in line with the people-centred approach favoured by the organisation.

United Response offers apprenticeships wherever possible and workers are expected to indicate a commitment to complete the qualification, which then opens up opportunities for progression to a senior support worker role. However, apprenticeships may not always be suitable for workers who are working in the community or in small organisational settings, and a Level 3 qualification is not a requirement for the role of senior support worker. Although willingness to undertake training does play a role in progression, other factors such as a good attendance record, strong organisational values and an affinity for the role are also important.

**Critical success factor**

The organisation prides itself on supporting progression and this is reinforced by managers and supervisors who have themselves progressed in the organisation. Developing and sustaining strong values,
attitudes and behaviours among the workforce as a whole is a key to United Response’s successful growth.

**Reported benefits to the business**
A people-centred approach is seen to reduce labour turnover and improve the quality of service. United Response reports that it is much more cost-effective to progress and promote existing staff than to recruit externally.

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**Case study: Leeds Childcare**

**Background**
Leeds Childcare has a statutory duty to support the children’s workforce in Leeds. It is responsible for 54 Children’s Centres employing about 700 workers. Each centre has a centre leader, deputy leader, 5–10 nursery officers and 20–30 childcare nursery assistants. Leeds Childcare also provides information and training services to the remaining independent, voluntary and private sector organisations (about 200 establishments) and childminders (1,000) in Leeds.

Regulations guide the qualifications and skills required by the workforce. For example, centre leaders must be qualified to degree level and hold the National Professional Qualification in Integrated Centre Leadership. Ofsted requirements allow for up to 50 per cent of employees in any type of childcare setting to be unqualified.

The health and social care reforms, particularly the shift of public health duties into local authorities, has led to the development of a programme of service change to support the integration of front line health and social care services through the merging of previously separate training pathways and management structures.

**Progression practices**
The organisation has supported the acquisition of qualifications among the workforce and almost 90 per cent of Leeds City Council’s childcare assistants are qualified to Level 3. In the private, voluntary and independent sectors, most organisations maintain a level of around 50 per cent of staff who are qualified at Level 2 or above.

Leeds City Council is an equal opportunities employer and progression opportunities are made available to all employees whether full-time or part-time. All employees can request training and requests are almost always supported by line managers. Line managers play an important role through supervision and appraisal as well as by providing general support and guidance. A formal mentoring programme is provided, with mentors completing a relevant NVQ related to training and mentoring.

**Critical success factor**
A wide range of support structures support progression; the role of line managers through review and coaching is a crucial element of these processes.

**Reported benefits to the business**
Investing in the workforce in this way helps to maintain and improve the quality of service and supports innovation as workers are more likely to support change.
5 CONCLUSION

This final chapter provides a summary of the key findings and addresses three important research questions: what motivates employers to progress low-paid workers? What progression practice is being used in low-pay sectors? What are the implications for information, advice and guidance to support the progression of low-paid workers? The section concludes with a discussion of some key messages for public policy.

This study has focused on the progression of workers in the retail, catering and care sectors of the economy. The three sectors employ almost 6 million workers and account for about a quarter of all employment in the UK economy, with a large proportion of workers in each of the sectors employed in low-paid occupations. Employment in all three sectors is often associated with poor job quality and non-standard working contracts (for example, part-time, temporary and zero hours).

The flexibility afforded by these contracts is generally perceived to suit employer interests, helping them to respond to fluctuations in the demand for services and to minimise labour costs. However, some contracts have been criticised for leaving workers with little stability or security and open to exploitation. All three sectors have above-average rates of labour turnover and the general view of employment in each of the sectors appears to emphasise employment as a ‘job’ rather than a ‘stepping stone’ to a career within the sector.

There are competing theories about staying with an employer or moving elsewhere in order to progress and move out of low pay. On the one hand, staying with an existing employer may provide the opportunity to progress in the organisational hierarchy. On the other hand, the evidence tends to suggest that changing employers increases moves out of low pay, even if the wage gains are minimal and job mobility is no guarantee of escaping low pay. This movement between employers informs the argument used by some employers to minimise investment in the development of their workforce, given the inclination of workers to move on before the organisation can realise a return on its investment. Case study evidence
in this research, and in the literature more widely, shows that a minority of employers have chosen to reduce the cost of labour turnover and improve the return on investment in employee development by adopting policies and practices that support retention and progression of low-paid workers.

Progression is largely vacancy-driven by the quantity and quality of the jobs available in the overall labour market, as new jobs are created and workers leave their current jobs. Employment in each of the sectors is forecast to grow to 2020, with a noticeable increase in demand for workers in professional and managerial occupations, which will open up opportunities for progression in the sectors. However, the future may reinforce labour market segregation (where there is little chance for entry-level workers to move into better-quality jobs) as the labour market continues to polarise between low-paid, low-skilled work and high-paid, high-skilled work. The reality of making the leap from occupations that require low or no qualifications to those that require degree-level qualifications (increasingly a requirement of some management roles) may limit access for many workers who do not possess the required entry-level qualifications (often A-levels).

The study has highlighted a general lack of evidence of progression pathways within the retail, catering and care sectors. ILMs appear to be in decline in the UK, though recent case study evidence suggests that some medium to large enterprises have retained or developed ILM-related features in order to maintain competitive advantage. This could be an important development for the prospects of low-paid workers. This study has sought to develop the evidence base associated with the progression of low-paid workers in the retail, catering and care sectors of the economy. The following sections summarise some of the key conclusions and their implications for policy and practice.

**What motivates employers to progress low-paid workers? How is the business case made within organisations?**

The analysis of progression in the retail, catering and care sectors suggests that a combination of internal and external factors motivates employers to consider the development of low-paid and low-skilled workers. Key external drivers of change are having a significant impact on the three sectors in many and different ways. In the retail sector, for example, globalisation and technological change are affecting the characteristics of supply chains, exports and in-store operations and this has implications for the nature of work and job quality. These drivers also present challenges to employers in the catering sector, particularly in terms of raising productivity levels in the sector. Globalisation and technological change bring both threats and opportunities to the care sector. While some aspects of personal care cannot be delivered at a distance, developments in telecare mean that international markets are becoming increasingly accessible and globalisation more generally presents opportunities for the sector to source inputs and sell outputs globally.

Consumer demand is also shaping the retail sector in different ways. For example, luxury retailers, discount retailers and multi-channel retailing impact on the development of the sector and influence work in terms of levels of pay and skills sets required by the workforce. Consumer demand is influencing practices in the catering sector, most noticeably in terms of the expectations associated with excellent customer service. Regulatory and consumer demand are driving change in the care sector, particularly through
the personalisation of care services and the projected increase in the level of demand for care services, home-based provision and direct employment by service users. These are seen to have considerable implications for the organisation and skills base of the sector workforce. Organisations in each of the sectors adopt strategies to align their goals, values and resources with the expectations of the market. The service–market strategy that they adopt often drives the progression practices at the micro level of the organisation.

The evidence suggests that service–market strategy in each sector is highly differentiated, with the result that significant variations in employer policy and practice are apparent. It is important not to over-generalise the strategic approaches adopted by employers based on simple typologies of ‘high road’ and ‘low road’ or ‘added value’ and ‘cost minimisation’. However, they are useful metaphors and research tends to suggest that strategies that emphasise value-adding activity, rather than cost minimisation, support progression by creating an environment that is conducive to employers making investments in their workforce and improving worker engagement. This can result in the benefits of development being realised by both the individual and the employer and a ‘win–win’ situation emerges which creates a positive environment for progression of low-paid workers. While the majority of organisations invest in their workers’ skills, there remain questions as to whether investment is as efficient and effective as it could be and whether more organisations would benefit from investing (UKCES, 2013).

High labour turnover is a characteristic of some subsectors. It acts as a motivation to develop practices to ensure that turnover does not hamper productivity or have an adverse effect on service levels. How organisations recruit, induct and manage workers has a significant impact on the performance of the organisation. While some employers recognise that investing in effective recruitment, induction and development for entry-level workers brings a positive return on investment for the organisation, many do not. Surveys suggest that employers are aware that workers most commonly leave for reasons associated with gaining promotion, level of pay or a lack of development opportunities (CIPD, 2004). Dealing with the consequences of labour turnover can be a time-consuming and expensive process. On average it is estimated to cost an employer more than £4,000 to recruit an employee in terms of opportunity cost (management time) and direct costs (recruitment, selection and induction). When these costs and the adverse impacts of labour turnover are recognised (in terms of worker motivation, health, engagement and service quality), they act as a strong motivating factor for employers to develop practices to retain and develop their workers. At present it appears that a large number of employers are inefficiently spending training budgets on induction brought about by high turnover, rather than investing in the development of their existing workforce. This is particularly the case in the catering sector.

The experiences described to us in the case study interviews and in the wider literature suggest that the business case for developing progression pathways has to be made successfully to members of the senior management team who may be sceptical of a return on investment in this area. The business case appears to be made by selling the benefits – a cost-effective way of supporting the growth of the organisation; improving performance, quality and service levels; and alleviating the costs associated with labour turnover or sickness absence. Senior management support for the agenda is a necessary prerequisite for the development of progression practices. A stated policy can help to demonstrate a commitment to the agenda in some instances, but on its own it is not enough. A common theme

The business case appears to be made by selling the benefits – a cost-effective way of supporting the growth of the organisation; improving performance, quality and service levels; and alleviating the costs associated with labour turnover or sickness absence.
Improving progression in low-paid, low-skilled retail, catering and care jobs across the case studies and wider research in this area is that a coalition of champions at different levels of the organisation is required to implement, sustain and develop progression practices. These champions may include middle managers, line managers and supervisors, union representatives, trainers and workers themselves.

However, converting case study experiences and existing research into a robust evidence base to underpin the business case is methodologically challenging and time-consuming and often limits activity in this area (Anderson, 2007). CIPD research reports that less than 10 per cent of employers calculate the cost of labour turnover policies and only about one third of employers seek to capture the effect of learning and development on the bottom line. A vast majority of learning and development professionals believe that training and development deliver more value to the organisation than they are able to demonstrate. It is therefore difficult to make the business case in the financial and economic terms that tend to take precedence when employers consider investment choices. Champions of the agenda tend to supplement (often rudimentary) financial data with powerful stories of progression and career success to reinforce the benefits for individual workers. This is particularly the case in the retail sector where progression from ‘shop floor to top floor’ is promoted widely. Champions also draw heavily on examples of employee behaviour to demonstrate commitment to the organisation and the benefits that this can bring to an organisation’s bottom line. The managers contributing to the case studies suggest that the business case has to be made on a regular basis as circumstances change and different areas of the business continue to compete for scarce resources.

What progression practices are being used in low-pay sectors?

Organisations operating in the three sectors adopt a wide range of practices associated with the progression of low-skilled and low-paid workers. There is some evidence of systematic approaches to worker development among a minority of employers in each of the sectors, evidenced by the use of HPW and IIP, for example. One might expect HPW and IIP to provide an infrastructure to support worker development and progression. However, there is a lack of evidence to assess their impact on low-paid, entry-level workers. There is also evidence that workers and employers tend to view employment in terms of short-term jobs rather than as a stepping stone to a career in the sector. The incentives to progress from entry-level jobs are often relatively small. Those who are promoted receive only a small pay increase and are often expected to take on more (sometimes considerably more) responsibility and (for workers on non-standard contracts) commit to working longer hours.

The quality of work (in terms of the nature of employment, pay and access to training and development opportunities) are key factors influencing the opportunities for progression. Each of the sectors uses non-standard (i.e. not full-time) contracts of employment relatively extensively and variable demand for services means that flexibility is a key factor. This arguably makes part-time and casual work the core workforce in some parts of each sector. The extent to which development opportunities are made accessible to those on standard and non-standard contracts is a key factor that influences opportunities for the progression of low-paid and low-skilled workers. Workers in many lower-level occupations and those on non-
standard employment contracts are considerably less likely to be in receipt of work-related training than workers in similar occupations in the economy as a whole. While employers in each of the sectors invest a considerable sum in training and development-related activities, employers in the retail and care sectors spend less on training – both per trainee and per employee – than employers in the economy as a whole. Employers in the catering sector spend more per trainee and per employee than employers in the economy as a whole. However, the evidence points to inefficiencies in this spend, with significant amounts committed to induction because of high labour turnover in the sector, rather than to the development of workers. There is an opportunity for employers to redirect these training resources to the development of existing workers, which would benefit both the employer and the worker.

Employer practices to support the progression of workers in low-paid and low-skilled jobs may not be widespread in each sector. However, there are examples where employers have developed approaches that appear to have contributed to their business performance and have become a key element of sustained competitive advantage. The small number of case studies undertaken as part of this research provide illustrations of successful practice (see Table 7). These practices have been identified as significant within the context of the sector and the individual organisation by this and by other research. They are indicative rather than exclusive or exhaustive and they (or forms of them) may be transferable to different contexts and sectors. They represent key elements of progression practices among a very small sample of case study employers and are part of more comprehensive development practice.

Table 7: Illustrations of successful practice

<table>
<thead>
<tr>
<th>Retail</th>
<th>Catering</th>
<th>Care</th>
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<tr>
<td>• The development and promotion of a bespoke internal development and progression programme for all workers.</td>
<td>• Treating succession planning and staff development as a core element of the organisation’s aim to be the number 1 hospitality company in the UK.</td>
<td>• Line manager assessment and annual developmental reviews.</td>
</tr>
<tr>
<td>• Job rotation and coaching to develop multi-skilled sales and service employees.</td>
<td>• The development of progression routes that align job roles, competencies and qualifications at various levels.</td>
<td>• An established competency framework linked to training and development opportunities.</td>
</tr>
<tr>
<td>• Opportunities that are dependent on completion of training, which is itself rewarded by an increase in pay.</td>
<td>• Increases in pay directly linked to successful completion of training.</td>
<td>• Employer support for accredited learning.</td>
</tr>
<tr>
<td>• Annual succession and progression plans developed at the workplace level.</td>
<td></td>
<td>• Provision of e-learning opportunities.</td>
</tr>
<tr>
<td>• Progression routes that align training with the skills required for specific job roles (including use of NVQs and apprenticeships).</td>
<td></td>
<td>• Making promotion and training and development opportunities open to all members of the workforce.</td>
</tr>
</tbody>
</table>

These approaches are often characterised by mapping of job roles at lower levels in the organisation and aligning them with learning and development opportunities and ‘progression ladders’. These are clearly defined and communicated to all workers – regardless of their contract type. Practices such as line manager assessment and annual review are used to provide a basis for identifying workers with the aspiration and potential to develop their employability. Other approaches include succession planning at the employer site level to identify and nurture a pipeline of talent from the
lower occupations to support organisational growth. Employers encourage development through informal approaches such as job rotation, special projects, and coaching and mentoring, often linked with formal accredited learning in the form of apprenticeships or NVQs. Employer support for learning (through time off and/or meeting some or all of the cost of learning) and the provision of e-learning opportunities help to overcome some of the barriers low-paid and low-skilled workers face in accessing training opportunities. They can also support the development of skills in dispersed (often smaller) workplaces. Small pay increases associated with the successful completion of training, irrespective of promotion to a different job role in the short term, provide an additional incentive for workers to develop their skills.

What are the implications for information, advice and guidance to support the progression of low-paid workers?

The retail, catering and care sectors all suffer to varying degrees from a negative image associated with low pay and low-quality work. The ability of these sectors to recruit and retain a high-quality workforce diminishes as the perception grows that they offer poor-quality work with limited opportunities for progression. This in turn leaves workers with few options other than to look outside the sectors for employment. It also contributes to employers’ turnover costs and potentially impacts adversely on performance, for example in terms of quality of service. However, each sector offers a range of entry-level occupations for workers in organisational areas that may include marketing, human resources, buying, finance and administration, for example. These entry-level employment opportunities extend beyond the typical caricatures of jobs associated with these sectors, such as shelf stacker, care assistant or bar worker. Higher-level occupations in management and professional roles are forecast to grow in each of the sectors to 2020 and will provide more and, on balance, better-quality jobs in each sector in the future.

The development and communication of pathways within a single firm can help to turn ‘dead-end’ jobs (to be avoided or left as soon as possible) into stepping stones to better jobs and long-term progression in the labour market. Such pathways are based on the recognition of the specific job roles and associated skills that link multiple occupations together. Where ILMs and progression pathways work well, this research shows that the employers providing them are convinced of the benefits from improved quality of service and reduced costs associated with labour turnover. Workers benefit from multiple avenues out of low-skilled, low-paid work in a relatively fair and equitable way.

There appears to be a growing recognition of the role that apprenticeships can play in providing a supply of people to fill skills shortages and gaps in entry-level occupations, and offering pathways to higher-level supervisory and management roles. At the same time, there appears to be recognition of the role that both accredited and informal learning plays in the development of workers. It should help to promote this agenda if the evidence base of the costs and benefits of various forms of learning is developed and if the benefits of accredited training are sold to employers and workers. However, many senior positions and professions increasingly require higher-level qualifications. Unless processes are in place to recognise work-based learning, this may limit access for those who do not possess
Pathways help to promote a more transparent labour market where job seekers can easily identify the skills needs of employers at various levels and the development processes necessary to equip themselves with the relevant skills. Information about these pathways needs to be available to intermediaries providing careers information, advice and guidance to job seekers. This would enable careers guidance advisors to be realistic when discussing career goals, opportunities for advancement and the type of learning and skills required. Some employers do already provide careers intermediaries with information about pathways, but there appears to be an opportunity to develop the scale and scope of this activity further in the future.

Key messages for public policy

This review has identified a number of practices used by employers in the retail, catering and care sectors of the economy to encourage progression of entry-level workers. It would appear that there is an opportunity to promote these approaches and encourage a much larger proportion of employers in each sector to develop and implement appropriate practices. This would benefit business, workers and society more generally. Peer to peer influence among employers will be important here.

Although this study identified little evidence of the impact of information, advice and guidance on the progression of low-paid workers, the clear communication of ILMs and wider progression pathways could play a significant role in supporting the progression of workers in low-paid jobs, particularly in medium to large enterprises.

Policy-makers have limited options for intervention in this agenda as it mainly concerns the service-market strategies chosen by employers. However, they may consider the potential of interventions such as IIP, HPW and apprenticeships to support the progression of entry-level workers, particularly in smaller enterprises where penetration tends to be lowest. A thorough evaluation is required by the relevant government departments/agencies, focusing on potential to support the progression agenda and increase the impact of these interventions. Capacity building could support organisational change. This could be achieved through training for a variety of stakeholders — including various levels of management, supervisors, union representatives, trainers and workers themselves — to develop awareness of good practice and the benefits of progression.

A small proportion of employers in each sector appear to be committed to the development and implementation of progression practices for entry-level workers. These employers identify a number of commercial benefits, including reduced costs of recruitment, improved worker engagement and performance, better customer service and the development of a positive brand associated with the development of progression pathways. Promotion of these benefits (preferably by the employers themselves among their peer group) and the sharing of good practice may support the development of productive practices more widely in each of the sectors.

However, it should be recognised that an approach to alleviating poverty based on promoting the use of progression provides only a partial solution to a complex problem. While some workers may benefit from the qualifications (often A-levels) to satisfy entry requirements to higher education.

There are firm-based examples of pathways that clearly map a variety of job roles from entry-level to more senior positions, and the skills and competencies necessary to work effectively in these roles. Pathways help to promote a more transparent labour market where job seekers can easily identify the skills needs of employers at various levels and the development processes necessary to equip themselves with the relevant skills. Information about these pathways needs to be available to intermediaries providing careers information, advice and guidance to job seekers. This would enable careers guidance advisors to be realistic when discussing career goals, opportunities for advancement and the type of learning and skills required. Some employers do already provide careers intermediaries with information about pathways, but there appears to be an opportunity to develop the scale and scope of this activity further in the future.

Conclusion
increased earnings generated through employment in higher-level jobs, the extent to which this will occur more generally is limited by the number and nature of job vacancies. The utility of internal progression as a policy tool is restricted, for example, by the development of ‘flat organisational structures’, the limited opportunities for hierarchical progression in small organisations (employers with fewer than 50 workers account for a substantial minority of the workforce in each of the sectors) and a general lack of demand for jobs in the economy. The development of employer progression practices appears, however, to have an important role to play in developing the productivity and competitiveness of organisations and in providing opportunities for workers in entry-level jobs to progress and achieve the improved pay and conditions often associated with higher-status occupations.
1 High Performance Working (HPW) aims to stimulate more effective worker involvement and commitment to achieve high levels of organisational performance. Available at http://www.ukces.org.uk/publications/er71-hpw-in-the-employer-skills-surveys

2 Investors in People (IIP) is a framework used to encourage employers to improve organisational performance through practices that support the management and development of their workforce. It is designed to be aligned with business strategy, whether that is a ‘high value-added’ or ‘cost minimisation’ strategy. Available at http://www.ukces.org.uk/ourwork/investors-in-people
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