



Harnessing Growth Sectors for Poverty Reduction: What Works in Reducing Poverty through Sustainable Employment with Opportunities for Progression

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Traditionally employment has been seen as a key route out of poverty. But the benefits of entry into employment where pay is low are questionable, especially if they form part of a 'no pay, low pay cycle' and poverty reduction strategies which focus solely on moving people into work are insufficient. In-work poverty has become an increasingly important issue as labour market changes have led to shifting working practices (including fragmentation of working hours and zero hours contracts) and a polarisation between lower and higher paid jobs which impedes progression in employment as a route out of poverty. There is a need for more 'good' jobs that people experiencing poverty can both access and progress in to achieve sustainable exits from poverty.

Following the economic crisis of 2008/9 there has been a renewed interest in industrial policy in attempts to stimulate economic growth. Governments have identified so called 'growth sectors'. This research seeks to fill a gap in evidence about 'what works' in harnessing growth sectors for poverty reduction. It recognises that these sectors generate new opportunities for those who are out of work. They are the focus of policy to support the growth of opportunity and are more likely to experience skills deficiencies, so encouraging engagement with skills and training providers. They may also be seeking to reduce staff turnover through developing more clearly defined progression opportunities.





The team have now conducted a detailed search of the available evidence on in-work progression in growth sectors. The growth sectors considered are: Financial and professional services; Manufacturing; Energy and environment; Construction; Social care; and, Hospitality.

The full report can be accessed [here](#) but the key points from the report are that:

- A sizeable proportion of low-paid workers experience limited pay progression, even over extended periods of time. Yet progression has not been a focus for employment policy.
- Policy is beginning to shift in the UK, and recent changes suggest some greater role for a focus on progression. Examples include the introduction of Universal Credit, which will have a progression dimension; the UK Futures Programme which was run by the UK Commission for Employment and Skills (UKCES); and progression initiatives which have been agreed as part of 'City Deals'.
- Overall, there is relatively little evidence relating to initiatives targeting progression that might be classified as 'proven' (i.e. robustly assessed). This is an important finding in itself. The most robust studies come largely from the US. The US evidence is primarily from localised targeted initiatives which target entry into good quality employment opportunities, which are more likely to offer chances for career advancement. These studies provide evidence that initiatives can be designed to support worker progression.
- The US evidence points to a potential benefit of a sector-focused approach to progression. However, there is insufficient evidence to identify the 'best' sectors to target. In some sectors, such as hospitality, the context to supporting progression is more challenging.
- To develop evidence to inform initiatives to support progression there is a need to trial different types of activities. Opportunities to do this include the introduction of Universal Credit, and the potential for local projects and pilot activities as part of devolution settlements with cities and local areas.
- Sector-focused initiatives appear a good place to start, although they are not the only approach. Experimentation which includes testing across different sectors and sub-sectors would provide valuable learning.
- Opportunities to integrate economic development strategy with initiatives targeted at progression can help to secure employer buy-in.
- More broadly, the issues around progression highlight the importance of the consideration of business models alongside employment policy.



Since this publication there have been a number of engagement events and workshops to discuss their findings and explore the potential policy options. The report from the workshop held with the PPIW can be found [here](#). Professor Anne Green has also written an article about this work for the [Conversation](#).

The team are currently finalising the policy recommendations from a number of stakeholder workshops and the full report from the research should be available early in 2017.