IN-WORK POVERTY, ETHNICITY AND WORKPLACE CULTURES

Persistent in-work poverty and the high representation of ethnic minorities in low-paid work call for a better understanding of the role of workplace cultures in routes out of poverty for people of all ethnicities. With falling demand for low-level skills, more attention should be paid to skills development and career progression for low-paid workers.

Key points

- People in low-paid work across all ethnicities shared difficulties in living on a low income. Many aspired to move up the career ladder, initially to the post of supervisor.

- Many organisations supported career progression, but informal workplace practices trapped some workers in low-paid work. Power imbalances between managers and low-paid workers shaped daily interactions in which some workers were recognised and included, while others were marginalized. These practices undermined equal opportunities policies and disproportionately affected ethnic minorities.

- Barriers identified by managers for low-paid worker progression included low staff turnover and workforce restructuring. Additional barriers for ethnic minority staff were low self-confidence and language skills, a lack of ethnic minority role models in leadership positions and a lack of organisational understanding of ethnic minority communities.

- Low-paid workers emphasised support from line managers as crucial in facilitating progression to better paid work. Supportive line managers provided regular and constructive feedback and highlighted opportunities for development, but were rare.

- Other factors contributing to low-wage traps were the focus of formal training on the existing job and lack of informal opportunities such as shadowing. Barriers identified by ethnic minority workers included unequal access to opportunities for development, not having clear information about training opportunities, prejudice, stereotyping and under-recognition of their skills and experience.

- Employers need a more strategic approach towards supporting career progression among low-paid workers from diverse ethnic backgrounds. Leadership from the top and clear organisational commitment is essential. Managers' objectives should include the development of low-paid staff and monitoring recruitment, progression and take-up of opportunities.

- National and local government and equality organisations can play a major role in highlighting links between unequal progression opportunities for low-paid workers and persistent in-work poverty. Jobcentre Plus, work programme providers, local authorities and Local Enterprise Partnerships should develop a specific focus on progression in work across ethnicities.

The research
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INTRODUCTION

For many families in the UK, employment does not provide a route out of poverty. Ethnic minorities tend to be highly represented in low-paid work, particularly Bangladeshis, Pakistanis and migrant workers. Furthermore, there are indications that demand for low-level skills are falling. Yet, to date, little attention has focused on the influence of employer attitudes and behaviour related to skills development and progression for low-paid workers.

This study examined the links between the poverty experienced by working adults, the role of ethnicity and other identity markers in the workplace and the contribution of informal workplace cultures to progression opportunities beyond low-paid work. It also aimed to identify ways of supporting and encouraging more inclusive and progressive workplace cultures that could contribute to tackling in-work poverty among people from different ethnicities. The approach taken by this study was that solutions to in-work poverty cannot be arrived at without allowing low-paid workers to voice their experiences and needs.

Low-paid workers: household circumstances and work aspirations

Low-paid workers experienced many common difficulties in living on a low income, such as paying for food, fuel and transport costs. Most likely to be experiencing financial hardship included sole earners in a household with two or more young children, with recent arrival in the UK also exacerbating difficulties. Some of the strategies adopted by ethnic minorities for managing on a low income differed from those used by the majority population. For instance, they were more likely to live with family members to share housing costs.

Many low-paid workers aspired to move up the career ladder to improve their circumstances and quality of life. Many wished to become a supervisor or team leader. Others had less clearly defined aspirations, but wished to explore progression opportunities within the same organisation, or within an area of interest. A common issue for women was the challenge of combining work with looking after children. Some women felt that career progression would increase these challenges.

Employer initiatives and managerial perspectives on low-paid worker progression

Many case study organisations had good practice examples which were supportive of low-paid workers. Good practice initiatives included adoption of the Living Wage, easy access to extensive training opportunities and an anonymous helpline for complaints and concerns. However, few initiatives were specifically directed towards enabling low-paid workers, including ethnic minorities, to develop a career path. Private sector case study organisations were least likely to adopt initiatives that supported ethnic minorities in the workplace. Where monitoring of workforce data was undertaken, this tended to focus on recruitment rather than progression.

Managers and human resources staff often believed that there were no specific differences in the prospects for progression between majority and minority ethnic staff, in contrast to the experiences of low-paid workers themselves. The current climate of recession and austerity was seen to contribute to low staff turnover, workforce restructuring and cuts to lower and middle management posts, all of which adversely impacted on opportunities for progression. Lack of adequate line management support was identified as compounding these difficulties.

Where distinct barriers were identified for ethnic minority staff, these were related to weak language skills, lack of self-confidence, too few ethnic minority role models in leadership and little organisational understanding of cultural differences. Worryingly, managers did not appear to recognise the scope for informal workplace practices to undermine equal opportunities policies and processes, for example, through informal recruitment through social networks, particularly in the private sector.

Low-paid worker perspectives on development and progression

Among the steps that low-paid workers reported that they took to progress to better paid work were involvement in further education and training. They faced considerable challenges in combining work with study, which involved dealing with physical and mental fatigue, and meeting the cost of such courses. Those involved in modern apprenticeship schemes spoke positively of the benefits of a structured route which allowed them to gain work experience and widen their career options.

The role of supportive line managers was identified as crucial to skills development. Such managers provided regular and constructive feedback and offered encouragement to employees to develop:

"I had a chef who always wanted me to get involved in the kitchen, rather than concentrating on the washing up. So he kept on pushing me ... and I ended up being the breakfast chef."
Ghanaian male store assistant

However, these managers tended to be the exception rather than the norm. Examples of unsupportive managerial practices included lack of engagement in personal development review processes and holding back staff from progression opportunities. Training that was easily available tended to be focused on enabling workers to do the current job well, with less training enabling workers to develop new skills. This is of concern within the wider context of a declining demand for low-level skills.

For ethnic minorities, a key issue was a lack of transparency surrounding developmental opportunities which would facilitate being considered for promotion. This was related to their degree of integration within the workplace, including inclusion in the same flows of information as their white Scottish and British counterparts. Many felt that their skills and experience were under-recognised within the workplace, citing a tendency for stereotyping and prejudice. For example, one individual felt that management stereotyping of her capabilities and her language skills was preventing her career development. Some ethnic minority workers questioned whether people from an ethnic minority background conformed to managers' expectations of who would readily fit into managerial roles:

"Well, I have known people to apply for jobs and you know they can do it, they have got all the qualifications, they have had all the right experience and everything. But then somebody else has got it, because sometimes I do think it is the case of the face fits."
Housing association ethnic minority worker, resident in UK for 40 years

Ethnic minorities were also more likely to complain of unequal treatment or exclusion within the workplace, which was often difficult to challenge through formal processes.

Low-paid workers of all backgrounds spoke of informal workplace practices which had the potential to undermine equal opportunities policies and processes, for example, informal recruitment practices. It was clear that managers' mindsets had a powerful influence on the informal workplace practices restricting progression. Where managers are positively disposed to certain groups of employees, this could result in developmental opportunities which would ultimately result in promotion. Conversely, where managers are negatively biased (consciously or unconsciously) towards certain groups of employees, this could result in persistent low wage traps and wasted potential.

Conclusions

The study identified multiple ways informal workplace practices can contribute to a lack of progression opportunities for workers on low pay. Managers have a key role in fostering cultures of progression free of either conscious or unconscious discrimination. While many low-paid workers are interested in career advancement and are keen to improve their skills and experiences, power dynamics within the workplace limit the scope for individual action. Ethnicity plays a key role in influencing the degree to which the contribution of individual workers is recognised in ways that support career development.

The research recommends that employers, national and local government, agencies and equalities organisations improve progression opportunities for low-paid workers. Some of the key recommendations are that:

- Employers should take a strategic approach towards developing skills among low-paid workers and enabling them to progress to better paid work.
- Such approaches should be sensitive to the additional challenges faced by ethnic minorities and of the potential for informal workplace practices to undermine equal opportunities policies.
- Managers' objectives should include providing development opportunities for their staff and ensuring that workers from all backgrounds are included in these.
- Procurement policies and processes should ensure that low-paid workers providing outsourced services are supported to progress out of poverty, including through payment of the Living Wage and implementation of equal opportunities policies.
- Employers should adopt monitoring and benchmarking, not only of recruitment but also of progression, development activity and retention.
- Workforce data should be regularly reviewed at national, local and organisational levels and action taken to ensure that ethnic minorities are represented at all levels.
- Government should make more explicit links between anti-poverty and equality strategies.
- Jobcentre Plus and Work Programme providers should monitor outcomes for customers from different ethnic backgrounds, including sustainability and progression in work.
- Local authorities should work with stakeholders in Local Enterprise Partnerships to encourage employers to support progression.
- Trade unions and community organisations have a continuing role to play in improving the position of low-paid workers and ensuring that anti-poverty strategies are inclusive of ethnic minorities.

About the study

The study adopted a qualitative approach involving nine case study organisations (four in Scotland and five in England). In-depth interviews were carried out with 65 low-paid workers and 43 managers. Key informant and deliberative workshops were held with a range of stakeholders at the start and at the end of the fieldwork.

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