



Evaluation of UK Futures Programme

Final Report on Productivity
Challenge 3: Pay and Progression
Pathways in Hospitality and Retail

Briefing Paper
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Evaluation of UK Futures Programme: Final Report for Productivity Challenge 3: Pay and Progression Pathways in Hospitality and Retail

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1 UK Futures Programme

Productivity growth in the UK is currently sluggish. Matching productivity of the US would make each family in the UK £21,000 better off¹. To boost productivity, the UK needs to pay due attention to improving the skills of our workforce and to putting them to better use. Productivity relies on a dynamic economy where good ideas spread rapidly, workers are well matched to jobs, firms can scale up, and where people move into jobs that use their skills.

The UK Futures Programme (UKFP) adopted an innovative approach to tackling workforce development challenges. The Programme is funded by the UK Commission for Employment and Skills (UKCES) and ran from April 2014 to June 2016.

The UKFP offered small scale investments, targeting specific workforce development challenges and, where appropriate a location, occupation or sector where there is greatest scope for learning. The Programme took a Research and Development (R&D) approach to devising and testing skills solutions, it sought innovation and was tolerant to risk taking to promote greater levels of learning about what works, what does not, and how to apply that learning. The aim is to influence the application and implications of this learning in both strategic / policy decisions, and the action taken by employers and intermediaries.

The UKFP saw UKCES and industry co-creating projects to research, develop, pilot and/or scale innovative solutions to identified current and emerging workforce development issues that restrain business performance.

Through the Programme, UKCES was aiming to:

- Support collaborative approaches to workforce development issues amongst employers and, where applicable, wider social partners
- Encourage innovative approaches to addressing workforce development issues
- Identify ways to address new or persistent market or system failures which act as a brake on UK workforce competitiveness
- Identify 'what works' when addressing market failures in relation to workforce development, for adoption in policy development and wider business practice.

The UKFP identified a series of 'Productivity Challenges' which, if solved, had the potential to increase the skills of the workforce and ensure that they are put to good use. Five Challenges

¹ HM Treasury (2015) *Fixing the foundations: Creating a more prosperous nation*, HMSO.

were launched and completed between April 2014 and June 2016. Each Productivity Challenge co-invested in a number of projects identified through a competitive process, which explored different aspects of the Challenge theme / workforce development challenge(s).

Each round of investment followed a staged process through which UKCES first identified the challenge from a combination of research, the knowledge of its Commissioners and staff, and then market testing and consultation with employers and intermediaries to refine that challenge. UKCES then carried out a market making activity to encourage project development and applications that demonstrated shared risk and active cash and / or in-kind investment by employers to the benefit of the design, delivery, reach and / or communication of the proposed solution. These applications were then assessed. The successful projects received co-creation support to nurture learning, collaboration and innovation within and across the projects. This process is shown in Figure 1-1.

Figure 1.1 UK Futures Programme stages



Source: UKCES

1.1 Productivity Challenge 3: Progression Pathways in the Retail and Hospitality Industries

The retail and hospitality industries are two of the most important employing sectors of the UK economy, accounting for 20% of all jobs, or around 6.9 million employees across the country². Whilst these sectors are predicted to see an increase in employment over the coming years, they continue to experience high turnover in labour, leading to significant recruitment costs for businesses. Moreover, company outlays on recruitment and induction draw investment away from developing existing employees through training and progression, leading to pressure on existing staff and reductions in sales.

These issues have been recognised by employers for some time and are related to distinct features of the retail and hospitality sectors. These include relatively low margins and high levels of competitiveness, which lead businesses to focus on minimising costs, rather than investing heavily in staff. Moreover, these businesses tend to have large numbers of part-time workers, who are low paid and often seasonal. However, research reviewed by UKCES has shown that helping these workers progress can lead to improved customer service, reduced staff turnover, better morale and increased customer spending.

Productivity Challenge 3 (PC3) invited proposals for projects aimed at addressing the overarching issue of: how can pay and progression be improved within the retail and hospitality sectors? UKCES set out a number of suggested themes for these proposals to focus on, including:

- employers re-designing job roles
- working with employers to implement “progression pathways”
- working with employers to implement high performance working (HPW) practices
- SME-led collaborative approaches to progression.

This Productivity Challenge was also jointly funded through the Department for Work and Pensions (DWP). DWP were particularly interested in exploring what could be done to support employers during the introduction of Universal Credit and to understand how employers could introduce changes which would support low paid people to progress and increase earning potential. The projects that were successful in receiving funding through PC3 each focused on one or more of the theme above.

² UK Futures Competition brief, Productivity Challenge 3, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/363798/14.10.14_UKFP_Comp_3_Brief_V6.pdf

1.2 Evaluation of the UKFP

UKCES commissioned SQW to carry out a real-time evaluation of the programme. The aims of the evaluation were to:

- Develop a rich understanding about '**what works**' in addressing workforce development issues
- Understand the conditions that can stimulate workplace innovation and learning
- Actively enable **continuous improvement** of the investment approach
- **Communicate the learning** in a way that can readily inform and influence policy and wider practice.

These aims, which guided the evaluation, fall into two broad areas. Firstly, they are concerned with learning what works, what doesn't work, under what circumstances and why in relation to the solutions that are being tested in addressing workforce development issues; and secondly they are focused on exploring the operation of the UKFP and its implications on UKCES delivery and wider policy.

The evaluation of PC3 was aimed at addressing the overarching question: how can pay and progression be improved within the retail and hospitality sectors? It considered what progress had been made by PC3 projects in relation to achieving:

A sustained improvement in earnings for low paid staff, defined as those earning less than or close to £7.65 per hour (gross hourly earnings, excluding overtime, which is two thirds of the median wage).

Positive outcomes for businesses, for example: increased productivity and bottom-line profits, greater staff retention, improved staff satisfaction / motivation and reductions in recruitment and induction costs.

The evaluation gathered evidence against three sets of research questions, which were specific to the objectives of the challenge and also aligned to the programme-level aims (Figure 1.2).

Figure 1.2 Research questions for the UKFP Productivity Challenge 3

Enhancing pay and progression opportunities

What works to deliver improved pay and progression opportunities in the sector?

- **Distance travelled** - How far have projects enhanced pay and progression opportunities in the retail and hospitality sectors? What has worked / not worked and why?
- **High Performance Working (HPW) practices** – What are the features of HPW that best enable progression of low paid workers? What are the steps to achieving effective design and / or change of e.g. pathways, job design? What are the steps to effective implementation?
- **Mode of delivery** - What are the most effective learning methods / modes that balance the needs of the challenge, audience(s) and context(s)? What is the most effective delivery mode? What is the role of technology in facilitating access to learning to support progression?
- **Standards** - What is the role of standards in the development of solutions?

Engaging employers

What motivates individuals working in the sector to engage in progression pathways?

- **Building the business case for progression and better pay** – What are the steps to making the business case for changing business practices? What communication mechanisms support this? What works in influencing employer attitudes and behaviour?
- **Leadership** – What is the added value of employer leadership? What is the added value of an intermediary? How are the strengths maximised and the challenges managed? What mechanisms enable this? What is the effect on the shape, delivery and results? What are the wider / spin-off effects of this?

Engaging Employees

What motivates individuals working in the sector to engage in progression pathways?

- **Employee motivation** – What motivates individuals to engage in progression pathways? What helps overcome barriers to engagement? What communication mechanisms support this?
- **End-user engagement** – What approaches are effective in engaging individuals in shaping the solution, testing and refining it, and ultimately as consumers and champions of it?

Source: SQW

The evaluation of PC3 was based on a qualitative methodology, and used a variety of research methods to collect data. The following data collection approaches were used by the evaluation team:

- desk-based reviews of project documentation, including stage end reports (monitoring reports completed by the project leads)
- interviews with key UKCES staff
- mid-point interviews with project leads

- end-point interviews with project leads
- deep dive interviews, including:
 - focus groups with employers and individual beneficiaries
 - interviews with project partners
- observations and data collection at two co-creation labs.

The next chapter provides an overview of the seven projects that were funded through Productivity Challenge 3 and their key achievements. This is followed by a summary report of the evaluation findings, structured around the research questions. The final section outlines the resultant conclusions and key messages for employers and other stakeholders.

2 Productivity Challenge 3: Projects

UKCES selected seven projects to work with, and invest in, through PC3. Four of these focused on the hospitality sector and the remaining three focused on retail. The leads for each of the seven projects are detailed in Table 2.1.

Table 2.1 Productivity Challenge 3 – Project Leads

Hospitality	Retail
Fifteen Cornwall	Realm
People 1 st	The Living Wage Foundation
Rocco Forte Hotels	Timewise Foundation
National Coastal Tourism Academy	

PC3 projects ran between 1 April 2015 and 30 June 2016, with a total UKCES/DWP investment of £1.2 million and co-investment of £1.1 million (including cash and in kind contributions). Two of the seven projects were scheduled to finish between August and November 2016, but the dates were brought forward to the end of June due to the announcement of the closure of UKCES. Another project was extended to allow time for an initial evaluation to take place and will be managed by DWP.

The first of the seven projects involved the development of progression routes, training, support and other tools for staff career development at a hotel chain, with help from partners. In addition, this work was centered around the creation of a mobile application (app), accessible by smart phone, to enable employees in the hospitality sector to access information and resources to support progression. The app provides access to a career map showing possible progression routes, as well as access to training and support to help facilitate progression. It enables users to set career goals, access relevant training and receive job advice from career coaches. Initially, a limited version of the app was created and trialed by a single hotel chain, with content and design specifically tailored to that organisation. The full app has now been developed, and is in the process of being tested. Whilst usage of the app is still at an early stage, the project has indicated that feedback from staff has been positive, as were early signs from trials with partners.

In the next project, a third sector organisation worked with a national retailer to redesign manager roles within all of the company's UK stores. The project aimed to address the low proportion of women working in managerial roles within the retail sector, despite the fact that females make up the majority of the workforce on the shop floor. Research with staff found that many female employees were restricted in the number of hours they could work due to childcare and other family obligations, which was acting as a barrier to progression into management roles, which were only available on a full-time basis.

The tasks associated with the managerial roles were analysed and broken down, to enable new roles to be designed that would be available to staff looking to work on a part-time basis. The project aimed to help those employees to progress into higher level and better paying jobs, whilst also improving the quality of managerial staff within stores by broadening the pool of experienced staff that could apply.

HR staff at the business have now been fully trained in the processes and systems required for the job redesign, and vacancies for part-time and flexi-time manager candidates have been advertised for the first time. Staff now have the opportunity to apply for the new part-time and flexible management posts, although no-one had taken these up by the end of the challenge period. The business will continue to promote the new roles and work with the lead project partner to produce guidance for other retailers on developing similar opportunities.

The third project was a collaboration between a restaurant, a hotel and a large hospitality business. It involved the creation of progression pathways for employees in a local area that is heavily dependent on the hospitality sector. The project aimed to address low retention of staff among hospitality businesses, and the lack of long term career opportunities, which was acting as a barrier to attracting high quality staff within the partner businesses. Many positions in the industry only provide short-term, seasonal work, with limited or no prospects for progression. Upskilling these employees not only facilitates their progression to better roles, but makes them sufficiently productive for businesses to keep them on in permanent, rather than seasonal employment.

The project involved the creation of a formalised CPD model, based on one which had been developed by one of the partners, and the situating of this within a skills and qualifications framework that would be delivered within a business, rather than education setting. The project also developed a toolkit, which is a collection of good practice and guidance on key areas with examples and case studies from the three partner employers. Tools such as templates, action plans, self-evaluations and management processes are provided to support other employers looking to attract and retain a skilled and engaged workforce to maximise productivity and customer experience.

The project was intended to create more opportunities for progression, as well as a system to support the development of transferable skills that would strengthen the workforce of the industry across the area as a whole. By the end of the project, partners had embedded the new model within their organisations, and had disseminated it to several groups of businesses in the local area through workshops. Participating companies are using the toolkit to improve their own working practices, and feedback indicates that they expect to see benefits in terms of retention and staff progression. The model is now available for other sector businesses to use, but significant impacts on progression and the development of transferable skills will only become apparent in the longer term.

Another project also focused on developing employee progression pathways, through the provision of support for hospitality SMEs within one particular holiday destination. The aim of the project was to achieve a demonstrable improvement in employee retention, development and progression within a location where hospitality is a key sector for the local economy. In order to deliver on this goal, an Employee Engagement Officer was recruited, who worked with local businesses to understand their induction, recruitment and workforce development practices, and to support them in improving these. The officer also helped the businesses to develop new progression pathways for staff, offered mentoring support to employees, as well as customer service and management training.

The next project focused on the retail sector and was based at a designer outlet in London, which houses a variety of retailers, restaurants and other leisure / recreation businesses. Employers at the location face particular challenges in relation to staff absenteeism and employee retention. The labour force is made up of a large proportion of entry level jobs and part-time workers. The project was intended to professionalise the retailers at the outlet, increasing salaries and productivity, whilst reducing staff turnover and recruitment costs. In order to help achieve this, the project created a skills academy, which was based onsite and worked with employers in the outlet to design and deliver bespoke training to staff. The project has made good progress towards its goals, through setting up of the academy and delivery of training to a range of employees and managers on site. Feedback from employers indicated that the students have shown an improvement in performance and are providing added value to their stores.

The two remaining projects each included a range of activities delivered by employers within the retail and hospitality sectors, and which were overseen by an intermediary project lead. In the first of these, the project lead developed a toolkit to support retailers to develop operational excellence and workforce development strategies, particularly around multiskilling staff to enable them to work longer hours and gain more job security. This initiative was based on the work of US academic Zeynep Ton, who developed a Good Jobs Strategy, based on research on US and UK retailers. The strategy is based on investing in people to improve productivity, create a more committed workforce and improve customer satisfaction.

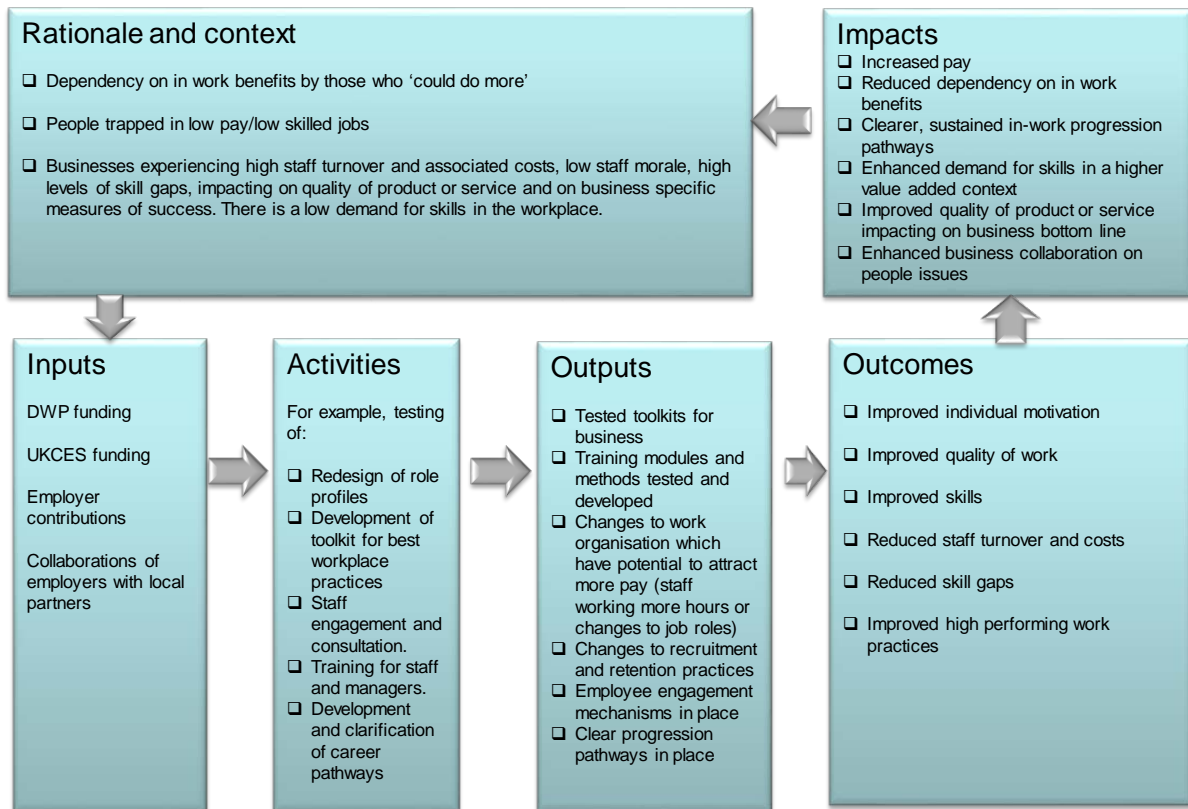
This model was tested by a number of large retail employers, with each making use of a different combination of elements to suit their own particular needs. The project supported businesses to improve staff retention and development, provided practical demonstrations of the different elements of the toolkit and gathered evidence of learning to inform ongoing development of this. The toolkit was updated using the data collected from the testing and will be more widely shared across the sector following the end of PC3. The work has already allowed staff in the partner organisations to increase their skill levels and their working hours, which should have an impact on retention. New training systems have also been put in place which should facilitate job progression, although the impact of this work will only become apparent when enough time has passed for staff to move along these pathways.

The other programme of activities funded by PC3 was led by a sector charity, working with four national employers in the hospitality industry to develop a model that could be used by businesses in the sector to benchmark themselves against, with the aim of improving staff retention and career progression. The data for the project's model was collected from a range of activities that took place within each of the participating businesses, including work around apprenticeships, recruitment of young people, development of progression pathways and the use of multiskilling to redesign staff roles. Towards the end of the project, the lead organisation collated the data from the different strands to develop the model and disseminate the learning to other businesses across the sector. The various strands of the project have now been completed, with positive impacts reported across all project partners. The benchmarking tool has now been developed and the findings of the project have been disseminated.

Each of the projects addressed the objectives of the Productivity Challenge in different ways, but there were some common elements across the seven. Of the suggested areas of focus from UKCES, all projects included some work on high performance working, or progression pathways. However, the projects were led by different types of organisation, with a split between private sector led initiatives, and those that were led by third sector bodies.

Whilst each of the projects had its own distinct logic chain from rationale to impacts, UKCES produced a logic chain to illustrate the delivery of the Challenge as a whole, which is set out in Figure 2.1. The projects were committed to delivering everything in the "activities" stage during the programme, as well as delivering and testing some of the outputs. In practice, the majority of the outputs were delivered, although testing was not fully completed across the Productivity Challenge at the time of writing. However, the outcomes and impact stages have not yet been realised, leaving it unclear to what extent the Productivity Challenge's rationale will be met. The evidence collected by the evaluation has demonstrated some potential for impact, but it has not been possible to catalogue or quantify the full impacts of this Productivity Challenge during the time available.

Figure 2.1 Productivity Challenge 3 Logic Chain



3 Evaluation findings

This chapter reports the findings from the evaluation in relation to distance travelled by projects towards the overarching aim of the Productivity Challenge (to enhance pay and progression opportunities in the retail and hospitality industries), as well as the specific research questions set out in Figure 1.2. It comprises three parts covering: progress made in enhancing pay and progression opportunities and the reasons behind this; what works and what does not work in engaging employers and why; and lessons for engaging and motivating employees to participate in progression pathways.

The key messages in terms of what has worked / not worked and why are summarised in a table at the start of each section. These are then expanded on and explained in more detail in the text that follows.

3.1 Enhancing pay and progression opportunities

The primary objective of the Productivity Challenge was to enhance pay and progression opportunities for low paid workers in the retail and hospitality sectors. This section details the learning from projects in relation to progress made towards this, covering what worked, what did not work and why. It also looks at which activities undertaken by projects have the potential to enhance pay and progression opportunities in future.

3.1.1 What worked?

Table 3.1 Enhancing pay and progression opportunities – what worked?

What worked?	Why/how did this work?
Developing progression routes and pathways within firms	Clearly articulated career pathways are developed to provide a framework to facilitate progression
Communicating progression pathways to all staff	Progression pathways are only effective if they are clearly communicated to all staff, ideally at recruitment
Pathways that balance simplicity with relevance	Models of progression need to be clear and understandable, but not so over-simplified that they have limited relevance and applicability
Competency frameworks that take account of the full range of skills required within roles	These should include not just qualifications and technical skills, but consideration of the range of 'softer' skills that are so important in the retail and hospitality sectors
Encouraging businesses to think of themselves as year-round, rather than seasonal	By demonstrating the commercial benefits of investment in workforce development during low-season in terms of staff retention, reduced recruitment costs and improved standards of service

Building confidence and motivation amongst employees to pursue a career in the sector	Overcoming perceptions that jobs in retail and hospitality are short-term by demonstrating opportunities for progression, and supporting and encouraging employees to pursue these
Offering horizontal and vertical development opportunities	Enables both breadth and depth of progression, which can support job variety and satisfaction, as well as increased flexibility for individuals to take on more hours and / or additional roles and responsibilities
Certified learning	Provides evidence of learning that can facilitate progression within and between employers
Offering longer and more stable contracts	This results in more hours for employees, increased pay, better job security and reduced staff turnover

Three of the seven projects aimed to **enhance internal progression pathways** within national retail and hospitality chains. These each involved the development (or the provision of support to facilitate the development) of frameworks setting out potential career routes and pathways, including redesigned job roles. Success factors identified from these projects include the importance of **engaging staff** at all levels and across all relevant departments in the development of frameworks and redesigned job roles and **clearly communicating them and making them accessible** to individuals across the organisation. One project involved the development of a mobile application, which enabled individuals to access the information on career pathways and development opportunities on their smart phones. This was reported to be an effective means of communicating progression opportunities to staff as they could access the app on their smart phones during quiet times, or during their own time, without requiring access to IT facilities.

A further lesson was that the pathways developed must be **clear, understandable and communicated to all staff**. One project reported that the 'biggest pitfall' they encountered was a failure of national retailers to involve or effectively communicate the aims and benefits of the changes to all staff. The retailers they worked with take a top-down approach to communication and instinctively avoid involving staff in developing solutions. Opportunities were missed to ensure top-level interventions led to the desired changes on the ground, and there was a weak understanding of organisational objectives among staff. The key learning from this was that: employees should be seen as part of the solution, not the problem; they should be involved early and at all stages; they should be invited to engage with proposals and scenarios, rather than concrete plans; and staff unions / employee forums should be involved and consulted wherever possible.

There is also a need to ensure that they take account of the **full range of skills and competencies** required within roles, including 'soft' skills which can be more difficult to articulate and measure than more technical, job-specific skills. An employee engagement survey carried out by one of the projects found that 'soft' skills were **more important to tourism businesses** than specific job related skills, with the most important attributes being: positive attitude, being adaptable, customer focussed, well presented and good spoken English.

A key barrier to career progression within both retail and hospitality is the **seasonal nature** of these industries, with large numbers of staff recruited to cover busy periods and then let go during quieter times. This approach to workforce planning perpetuates the high levels of "churn" within entry level positions in the industry, which impacts on recruitment costs, as well as service quality and consistency. Encouraging employers to move away from this model, using off-peak times to focus on staff development and diversification of job roles, can help overcome this and has been a particular focus for two of the projects.

A further lesson from projects in relation to what works to improve pay and progression opportunities relates to interventions aimed at **raising awareness** amongst individuals of the range of possible career routes and pathways available to them. This helps to address the perception that jobs in retail and hospitality are **short-term** offering limited opportunities for progression. Ideally, progression pathways should be **introduced to new employees at induction** to get them thinking about the longer term opportunities from the outset. Linked to this is a need to incorporate **progression considerations into recruitment decisions**, which involves looking for individuals who are willing to develop and progress and leaders / managers who value investment in staff training and development. Guidance for employers on **criteria for hiring** can help with this.

In terms of developing the existing workforce, there is a distinction between **horizontal and vertical development** within roles, offering both breadth and depth of progression. 'Horizontal' development is about multiskilling employees within a role in order to broaden the scope of tasks that they are able to take on or to improve their skills in existing tasks. In some cases, this is done with a view to supporting future 'vertical' (upward) progression, but in others it is about increasing the value of those employees with a view to increasing their pay. This type of multi-skilling can support **job variety and satisfaction**, although the longer term intention in relation to increased pay or promotion needs to be communicated to employees so that they make the connection with the progression opportunity. It also increases the **flexibility of the workforce**, enabling individuals able to take on additional hours to cover different job roles, as well as additional responsibilities.

Table 3.2 Horizontal and Vertical Progression

Type of progression	Description	Why/how does this work?
Horizontal	Skills development at current level through enhancement of existing skills or learning new skills	<p>Up-skilling enhances the value of employees to the business</p> <p>Multi-skilling enables employees to take on additional tasks and / or responsibilities, which can be linked to increased pay and / or hours</p> <p>Multi-skilling also increases job variety and satisfaction, thereby improving staff retention</p>
Vertical	Skills development to support progression to a different role at a higher level	<p>Promotion to a more senior role is usually associated with an increased in hourly rate</p> <p>This may also be associated with increased hours</p>

Two of the seven projects had a particular focus on horizontal development through up-skilling of employees. Some horizontal development opportunities were directly linked to increased pay, and some were not, although they were associated with improved business performance. For example, one project has opened up opportunities for participating staff to take on **additional hours** as they are now able to cover different job roles as a result of the training received. Another provided sommelier training to waiting staff, which has led to **an increase in wine sales**. Over a fifth (21%) of low wage employees that received training through one of these projects had gained an increase in their hourly pay by the end of the challenge period.

The provision of **certified learning** was identified as having helped to facilitate the progression of individuals both within and between firms. It demonstrates learning, skills acquisition and a commitment to career development to current or prospective employers. Over 40% of all individuals that participated in certified learning within one project subsequently achieved an increase in their position and / or responsibilities, and most of these also increased their wage rate. However, it is difficult to determine the extent to which this is attributable to participation in the training as most had been selected to take part on the basis that they had expressed a willingness to progress.

In one project, two national retailers introduced a range of measures aimed at tackling underemployment and improving training, with the aim of reducing staff turnover and improving customer service. In one case, **all staff were offered the opportunity to increase their hours** and 650 employees across 330 stores took this up, receiving an uplift of 9.2 hours a week on average – translating to around £4,500 more per year. The other store introduced a minimum contract of 12 hours, preventing store managers from offering contracts of less than this unless specifically requested by staff, and an increase in paid training. This resulted in an increase of one hour of training a week per staff member in six stores, and a small increase in the number of guaranteed hours in six stores, covering nine stores overall. Both companies have increased pay during the course of the project.

3.1.2 What did not work?

This section reports on what did not work to enhance pay and progression opportunities in the sector. In some cases, this appears to have been a timing issue and so there is a possibility that they may work in future.

Table 3.2 Enhancing pay and progression opportunities – what did not work?

What did not work?	Why not?
Developing and testing tools / toolkits within the available timescales	These have been much more complex than originally envisaged, particularly those involving the development of digital solutions
Gathering and collating data from employers on pay and progression	There was reluctance by some employers to share data on pay and progression to enable benchmarking and development of the evidence base to demonstrate impact
Convincing shareholders to invest in staff development and progression	This was found to be a particular issue for large retailers, where shareholders are often looking for short term returns on their investments
Translating research and evidence into effective strategy	Projects were successful in identifying the key issues and challenges to be addressed, but in some cases faced challenges converting this into effective strategy

Five of the seven projects involved the **development of tools, toolkits and / or guidelines** for employers in the retail and hospitality sectors aimed at supporting development and delivery of high performance working (HPW) practices. In all cases, these have proven to be **more complex**, and have therefore taken **longer to develop**, than originally anticipated. This is particularly true in the case of digital solutions, although was also an issue for those involving the development of non-digital solutions. One project reported a particular challenge in **effectively managing IT developers** to deliver on time and to the required standard. Lessons from this include the need to take a very structured (rather than flexible) approach to managing external developers, including mechanisms for tracking and monitoring issues raised, and being very specific in detailing the scope of requirements upfront.

Several projects cited challenges in gathering and collating data from multiple employers as a barrier to developing their toolkits as planned. A key issue was reluctance on the part of some employers to **share commercially sensitive data on pay and progression** for the purposes of benchmarking. One consultee reported that:

“Developing the toolkit has been a challenge as the businesses want to make it effective, but do not want to share too much. There is a fine line between sharing and giving away competitive advantage.”

This led one project to focus on gathering **qualitative case study examples**, rather than the quantitative data required for benchmarking. In cases where data has been shared, this has required extended negotiation and assurances around how the data will be used, as well as compromises which have limited the usefulness of the data received. For example, one employer provided data in hardcopy to prevent duplication. Another insisted on carrying out the analysis themselves, rather than sharing the basic data, which resulted in it being provided in a synthesised format that is not directly comparable with data collected from others. One project also experienced technical difficulties in accessing data from employers due to the large file size.

The development of enhanced pay and progression opportunities for low paid employees requires a level of upfront investment on the part of employers. This is a **long term investment** that is likely to take some time to be returned given the low profit margins and high levels of staff turnover within some sub-sectors of the retail and hospitality industries. There is also a risk that some of the investment will be lost as employees that have been supported to progress move on to take up opportunities elsewhere. In developing the business case for this, it can be difficult to overcome objections from stakeholders who are looking for short term returns on their investments, which incentivises keeping staff costs to a minimum and avoiding risk. This was found to be a particular issue for one project involving a national retailer, where a decision was taken at board level to implement compulsory redundancies across the business to save costs following a period of poor trading. The result is that some of the individuals who have been engaged in development and progression opportunities are now facing redundancy.

The final issue highlighted as a key challenge for projects related to the **translation of research and evidence into effective strategy**. In general, projects were successful in identifying the issues and building the evidence base relating to poor pay and progression opportunities within the sector, but found it more difficult to develop effective workforce development strategies for employers to address these. This could be linked to the point raised above around the short timescales for projects to deliver, as strategy development and implementation is a long term process, particularly when aimed at achieving cultural change. It could also be due to a lack of engagement or willingness on the part of employers to address the issues, the costs associated with potential solutions or a lack of ideas around what would constitute an effective solution.

3.1.3 What might work in future?

Table 3.3 Enhancing pay and progression opportunities – what might work in future?

What might work in future?	Why/how will this work?
Redesigned job roles	Projects involving job redesign are at too early a stage to demonstrate impact, but should facilitate progression in future
Models that facilitate progression between firms	Getting the message to employers that progression between firms can be positive as it helps raise the quality of the industry workforce as a whole
Making tools / toolkits accessible to other employers in the sector	Most projects have plans to disseminate the outputs and learning from projects more widely across stakeholder networks, with the aim of enhancing pay and progression opportunities across the sector as a whole

Disseminating the evidence and learning from projects	A key focus for projects has been on developing the evidence base to demonstrate return on investment, which will help other firms in the sector to develop the business case for increased investment
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As highlighted in the previous section, most of the tools / toolkits were still in development, or had only recently been finalised, at the end of the challenge period. Take up of these was therefore **mainly limited to those that had participated in the testing phases**. All of the projects offer the potential to enhance pay and progression opportunities in future as these products are launched, newly developed progression opportunities are taken up and the evidence and learning is disseminated more widely across the sector.

For example, one of the projects involved the **redesign of management roles** within a national retailer. The new job roles have been rolled out nationally and the first set of vacancies were being advertised at the time of reporting. However, there was some evidence of reluctance on the part of middle / senior managers to take people on within the new roles as it would result in an increase in their own workload, or at the very least have knock on effects for others in the business (for example around who would be responsible for opening and closing a store). A key lesson from this was the importance of explaining to senior / middle managers the benefits of the changes. Without demonstrating that allowing and enabling job shares and part-time managers will benefit the business, there is a danger that they will view the changes as simply a lot of extra work. There has also been a need to address concerns amongst some potential applicants about being able to fulfill the roles in a part-time / flexible structure.

For large employers, progression pathways tend to be **developed internally** and this was the main focus of project activity during the challenge period. However, for smaller employers within a defined geographical area, **pathways are likely to need to be developed between them**. It can be difficult to get employers on board with this model, particularly when they may be in competition for staff. However, messaging around the benefits of building a talent pool for the benefit of the sector as a whole can help. There was evidence of 'informal' progression between firms involved in three of the projects, which appears to have developed naturally from businesses working together to address common skills issues and challenges. The leads for each of these projects have plans to further develop and formalise a model of progression between firms within their respective areas, through the development of employer networks and partnerships. This was viewed by one consultee as *"part of a wider opportunity to develop a network of businesses, all working on skills and progression, enabling all partners access to a shared recruitment pool"*.

Most projects had **plans to launch their tools** by the end of the challenge period and to make them widely available to employers across the sector. A couple had already launched theirs at the time of reporting. There are also plans to **disseminate the learning** from projects through existing networks and beyond, with several projects reported to be in discussion with other sector employers and stakeholders about expanding the reach of the project beyond the challenge period.

The consensus is that it will **take time to see the outcomes and longer term impacts from the projects on the wider industry**, with a key focus to date having been on building the evidence base to demonstrate the benefits of taking action to address low pay and poor progression opportunities. As this evidence base is further developed and disseminated, it will provide a resource for others in the sector to make the case for investment. In this context, the Futures Programme could be considered to be the first step in a process, with each of the projects looking to move on and further develop in different ways beyond the end of the challenge period. This is illustrated in the logic chain for the challenge (see Figure 2.1 in Chapter 2), which sets out the activities, outputs, outcomes and impacts associated with the challenge. The focus of project activity during the challenge period was on delivery of activities and the development and testing of outputs. The outcomes and impacts are expected to come later.

3.2 Engaging employers

This section reports the key messages from the evaluation in relation to the question of: what motivates **employers** to take action to address low pay and poor progression opportunities in the retail & hospitality sectors? It first considers lessons from PC3 projects in relation to what works in relation to this and why, followed by discussion of what was found not to work and the reasons for this.

3.2.1 What works?

Table 3.4 Engaging employers – what works?

What works?	Why/how did this work?
Engaging senior teams	Securing senior level engagement is vital to changing perceptions and driving change within employer organisations
Taking a whole-organisation approach	Securing commitment to investment in staff development and progression requires engagement and buy-in at all levels (including senior and middle management) and across all relevant departments, including HR / finance / operations
Workshops	Workshops are a useful tool for bringing together employer teams to discuss and agree on the challenges and issues faced, and to develop solutions Bringing groups of different employers together to discuss common issues and challenges can foster solidarity and a willingness to develop and share best practice
Intermediary organisations	These are viewed as independent, non-competitive and genuinely motivated to improve the performance of the sector and its workforce
Face-to-face engagement	Retail and hospitality employers are very much ‘people’ businesses and respond best to this type of direct engagement, particularly at the outset
Tailored messaging	Understanding what motivates employers, what their particular issues are, and tailoring the messages accordingly can help secure buy-in
Demonstrating return on investment	Employers need to make the connection between investment in human capital and improved business performance
Case studies and testimonials	In addition to quantitative evidence on potential outcomes / impact, relevant case studies or ‘human stories’ can be a powerful way of illustrating the benefits from investment

In order to effect cultural change within employer organisations, and commitment to investing in staff development and progression, it is important to secure **senior level engagement and buy-in from all relevant departments**. This usually includes HR, finance and operations teams. It is also important to engage **middle management** at as early a stage as possible, given that responsibility for successful implementation of the solutions developed will ultimately sit with them. One of the projects was successful in securing early buy-in at a senior level within a national retailer, but was less proactive in engaging middle management in the development of the solution. This has negatively impacted on delivery as some are not fully on board with the concept. Another project secured buy-in at director level from a number of major hospitality businesses. However, they have struggled to keep track of progress and learning from implementation as the directors have limited time to commit to project updates. A project manager within each of the participating businesses could have helped address this.

Workshops can be an effective way of engaging employers and staff in the development of solutions, particularly when combined with insights from research with employees on issues such as job satisfaction. Bringing groups of employers together to discuss common issues and challenges can also **foster solidarity** and a willingness to share best practice. One project engaged a steering group of six SMEs within the hospitality sector. Initially, they showed some reluctance to fully engage given the competitive nature of their relationships. However, over time, this has been overcome as they have each seen and experienced the benefits of working together through initiatives such as the pooling of resources to invest in staff training and development.

The status of **some intermediary organisations and social enterprises** can be helpful in facilitating this type of engagement as they are seen as independent, non-competitive and operating on behalf of the sector (rather than individual interest) or for social good. However, a general lesson from the challenge is that the effectiveness of the various intermediaries involved has been variable. Those that have been most successful are those that have kept fully abreast of all elements of project activity throughout, addressed potential issues as and when they arise and continued to identify and exploit opportunities to further expand and develop. A key success factor appears to be the skills, competencies and proactivity of the project managers.

Retail and hospitality employers are ‘**people businesses**’ and the best form of initial engagement and communication is **face-to-face**. This is particularly true for small and micro-firms, as well as engagement at the level of the individual outlet / branch of national firms. In engaging employers, it is important to take the time to **understand what their individual issues and motivations are** and to tailor the messages accordingly. For example, some are primarily concerned with improving sales, turnover or profitability and so making the financial case for investment is likely to work best. Others may be motivated to address high levels of staff turnover, and so highlighting the potential benefits from investment in relation of staff satisfaction and retention can be more powerful. One project produced three different versions of a slide pack used for introducing the project, each tailored to different types of employer audiences.

Evidence of potential return on investment in **financial terms** can help address misperceptions amongst retail and hospitality businesses that taking action to address poor pay and progression represents a ‘cost’ rather than an ‘investment’. **Case studies (‘human stories’) and testimonials** can also be a powerful way of engaging employers and illustrating the potential benefits and returns, particularly if they come from high profile and highly regarded employers in the sector.

3.2.2 What does not work?

Table 3.5 Engaging employers – what does not work?

What does not work?	Why not?
Email / written communications	A lot of employers in the sector, particularly SMEs, tend to be informal and many don’t have access to IT facilities in the workplace, meaning that they don’t respond well to written communications
Trying to engage during peak seasons	The retail and hospitality sectors are both seasonal and projects reported major challenges engaging employers in these sectors during busy periods
Scaling up projects from local to national	It has proved challenging to engage the Head Office functions of national chains to get involved in local / site-specific projects

Jobs in the retail and hospitality industries don’t tend to be desk-based, even at the owner-manager level, and employers can often be **unresponsive to written communications**, such as emails. As noted above, **face-to-face communication** works best, particularly for securing initial engagement. This was a consistent finding across all projects involved in the challenge. Employers engaged in one project reported having received multiple emails at the outset, but not paying any attention to them. The connection was eventually made through a site visit from the project manager. They commented that:

“When the email came in, I didn’t really pay much attention. I think most people were the same. However, when [the project manager] came to talk to us about it, and explained it, all that’s when I got involved.”

A further issue is that many employers in the sector, particularly small and micro-firms, take an **informal approach to management and operations** and don’t engage well with lengthy written materials. These need to be clear, concise and visually engaging if they are to have an impact. One project decided to convert their paper-based guidelines into an online format to make them more accessible and engaging for employers.

A key learning from projects is that it is **not possible to fully engage retail and hospitality employers during peak seasons**. For retailers, this means the Christmas period and for hospitality businesses it is the busy summer months. These times are best avoided as employers simply don’t have the time to commit and attempts to force this can be counter-productive. Two of the projects had to change their planned schedule of employer engagement activities to accommodate this. An upshot for one of these projects was that they used the unplanned downtime to successfully engage a much broader network of SMEs in the retail sector.

Three of the seven projects involved engaging retail and hospitality businesses within a **defined geographical area**. Attempts to scale these up nationally have so far proved challenging, with one barrier being resistance from the Head Offices of national retailers to engage in local / site-specific projects. This also limits the potential for broadening the scope of projects locally given the lack of financial and decision making autonomy at store level. **Replicability** of the models being developed within similar contexts is more likely to be achievable than national roll-out. This could involve rolling out solutions more widely within the same geographical area (scaling up), or replicating the model in different geographical areas. This is likely to be achieved by project leads who either have interests in other similar areas or a national remit.

3.3 Engaging employees

This section considers the learning from PC3 projects in relation to what works for motivating **employees** in the retail and hospitality sectors to engage in progression pathways. The headline messages are set out in Table 3.3, with the detail in the following text.

3.3.1 What works?

Table 3.6 Engaging employees – what works?

What works?	Why/how did this work?
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Independent research and engagement	Surveys and focus groups that are managed and facilitated externally can help encourage openness and willingness to share experiences and issues
Social media	This can offer a direct route to engaging employees without having to go through employers
Use of technology	Most people working in the sector have access to smart phones and so this can be an effective means of communication and engagement
Face-to-face communication and engagement from senior colleagues	There is an emotional element to cultural change that needs to be acknowledged and addressed, which is best done through face to face rather than via electronic communications (email or extranet)
Mentoring / coaching	Having someone within the company to reinforce learning and development can help maintain engagement and motivation
Use of appropriate language	The terminology used to describe development and progression opportunities can act to motivate / demotivate individuals and therefore needs to be carefully considered
Short, sharp, motivational courses	This requires minimum time commitment and can be very effective in motivating individuals to engage in development and progression opportunities in the sector
Certified learning	This can be a major draw for many employees working in the sector, many of whom have low or no qualifications
Clear links to progression opportunities	Individuals need to know that there is a purpose to engaging in development opportunities – that it will benefit them

The use of some intermediaries and social enterprises, who are viewed as impartial and motivated to support the development of staff working in the sector, was found to help **secure engagement and openness** on the part of employees to discuss issues, challenges and aspirations. For one project, the independent status of the project manager within the intermediary organisation has been a key success factor in encouraging individuals to engage, particularly in cases when they were initially unsure about this. Several examples were provided of where employers had raised the prospect of participation with employees and then sent them to discuss this in more detail with the project manager, who was viewed as impartial.

One project reported that they had successfully used **social media**, mainly Facebook and Twitter, to engage directly with employees in the sector rather than having to go through employers. This offered the additional benefit of providing fora for discussion and networking between individuals, as well as a mechanism for gathering feedback. One project has developed a social media strategy and dedicated hashtag to encourage staff to Tweet. This has directly resulted in increased engagement from employees working in the hospitality sector. Most employees in the sector have **smart phones** and so engagement via media that works well on these platforms have been found to be effective.

Good leadership and change management requires **face-to-face communication** between senior management teams and employees. Feedback from consultees was that there is often too much dependency on electronic communications (email and extranet), particularly within large retail and hospitality chains, meaning that messages don't get through. There is also an **emotional element** to change that needs to be acknowledged and managed, which is best done face-to-face. However, geography can be a barrier to this, particularly for national firms with multiple sites or those based in remote / rural areas. In these cases, the use of different types of media, such as videos, can be effective.

Individuals are more likely to engage in development and progression opportunities, and maintain that engagement, if they are appropriately supported and encouraged to do so. To this end, several projects introduced a **mentoring / coaching** role into employer organisations to champion and support individuals to progress. One project provided training to mentors and are now looking to having that accredited, based on feedback from participants that they would welcome this. The same project also found varying degrees of engagement on the part of mentors, with some fully embracing the role and others much less so. This seems to be attributable to differences in individuals, highlighting the need to select appropriate mentors who are motivated to take on the role. In this case, they were put forward by employers, but a better approach may have been to open it up to volunteers.

The **language** used in communications aimed at motivating employees to pursue development opportunities can be an important factor in securing engagement. For example, terms like 'novice' can be demotivating, whilst 'colleague' is more inclusive. Similarly, phrasing that focusses on the development opportunity is more effective in securing engagement than messaging centred on addressing perceived failings or shortcomings.

Short courses, masterclasses and videos focussed on raising awareness of career opportunities within the sector, and motivating individuals to pursue these, were found to be an effective means of engagement. They require minimum commitment in terms of time off the job to participate, and the high energy, non-classroom based approach to delivering these was reported to be particularly appealing to individuals working in the sector. Longer courses work best when delivered in a comfortable environment, rather than a traditional classroom-based set up, and when they involve a combination of theory and practical exercises, such as field trips and site visits. One project which commissioned the development of a bespoke course that was tailored to the specific needs of the target audience incorporated all of these success factors. The feedback on this type of delivery approach has been overwhelmingly positive, but there is limited evidence of the outcomes and longer term impacts from engagement.

The offer of **access to certified learning** was found to be a successful route to engaging employees in the sector, particularly those working in entry level positions who often have little or no formal qualifications. It offers a tangible benefit to them from engagement and a means of supporting future progression, both within and between firms. This was described by the beneficiaries of one project as the “*main motivating factor*” for participation. In this case, there was no cost to the individual associated with gaining the accreditation, although some individuals did have to attend the training (and the exam) in their own time. Another project offered the opportunity for a similar type of accreditation for a fee of £25 per person and only a third of participants opted to take this up.

3.3.2 What does not work?

Table 3.7 Engaging employees – what does not work?

What does not work?	Why not?
Email communication	Most jobs in the sector are not desk-based, and some employees don't have access to IT facilities in the workplace, meaning that email communication can be ineffective
Mandatory participation	It needs to be a choice on the part of the individual to participate in development / progression opportunities, otherwise they will not fully engage
Conflict between attrition and progression	There needs to be a level of staff turnover to enable vertical progression, which can act as a barrier to engagement (i.e. engaging with no link to progression, or opportunity for progression) – opportunities for horizontal progression can help address this

As with employers in the sector, email was found to be an **ineffective means of engaging employees**. Most job roles are non-desk based, meaning that individuals have limited access to IT facilities during working hours. Furthermore, many people working in the sector (particularly young people) either do not have email addresses or do not use them.

A prerequisite for successful engagement and participation of employees in project activity is a **willingness and motivation to progress**. In the absence of this, engagement is likely to prove unsuccessful. There was an example from one project of where an individual had shown reluctance and hesitation at first, partly because they did not understand why they had been selected to participate and interpreted this to mean that they were doing something wrong. However, coaching and reassurances provided by managers, colleagues and the project team helped to address this and secure agreement to participate. The individual developed substantially through the project, much more than originally envisaged either by themselves or employer, and more than if they had been forced to attend against their will.

There needs to be a **clearly articulated link to horizontal or vertical progression opportunities** from engagement and participation. For example, a guarantee that if employees participate in training aimed at broadening their skills, they will benefit either through increased hourly pay, increased hours or access to promotional opportunities. If there are no immediate progression opportunities with the organisation, employees need to be assured that they are **working towards this** and that they will be in line for progression when future opportunities do become available.

4 Conclusions and key messages

The findings from Productivity Challenge 3 have provided useful learning in relation to what works to enhance pay and progression opportunities for low paid workers in the retail and hospitality industries. These findings lead to a series of key messages for employers and individuals in the sector and policy makers. These are set out later in this chapter, following a summary of our key conclusions around each of the three sets of research questions.

4.1 Enhancing pay and progression opportunities

Mapping **internal career progression routes and pathways**, and making these accessible to employees alongside access to training, can facilitate improved pay and progression opportunities for staff within large retail and hospitality businesses. Progression **doesn't have to be linear** and opportunities for multi-skilling within roles can increase job variety and satisfaction, as well as pay. This also brings wider benefits to the business from having a more flexible workforce.

Progression pathways **between SMEs** for people working in retail and hospitality are also possible, but these take more time to develop. They are best done through the establishment of **employer networks**, offering opportunities for businesses in the sector to work together to address common skills issues and challenges. For example, businesses might accept that it is better for staff to move to another business in the sector, based locally, which might help build/maintain critical mass and quality, than leave the sector altogether. Networks can help to build trust and a foundation from which employee progression pathways can be developed across employers, even if these are informal and ad hoc.

Having an engaged and motivated workforce starts at recruitment and there is therefore a need to **incorporate progression considerations in to recruitment decisions**, rather than focussing on technical skills and abilities that can be more easily be learned. This conflicts with the seasonal approach to recruitment taken by some employers in the sector, which involves hiring people to cover a season and then letting them go at the end. Encouraging employers to move away from a seasonal approach through a co-ordinated economic strategy will better enable the development of career pathways in the sector.

The development of digital solutions to enhance pay and progression opportunities requires **effective project management**, particularly when the technical elements are outsourced to external developers. This involves developing a tight specification of requirements, tracking delivery of agreed milestones and keeping a record of all issues raised and monitoring effective resolution of these. Ideally, someone with experience of outsourcing the development of digital products should lead on this.

Successful implementation of solutions require engagement and buy-in from staff at all levels within employer organisations, but particularly from **the managers who will ultimately be responsible for delivering them**. Managers should ideally be engaged from the outset and offered the opportunity to input at the design stage, based on their operational and delivery knowledge and expertise. This type of input can help mitigate against potential issues or challenges to successful delivery. Piloting approaches within a single site or geographical area can also help highlight any design issues prior to full roll-out. However, for this to be effective there needs to be a 'change agent', a respected manager or member of staff who will take the messages / approach wider and, in large organisations, support from Head Office.

Finally, the culture change required within the retail and hospitality industries to significantly enhance pay and progression opportunities is going to take time, and will only really become widespread as evidence builds of the advantages some businesses have gained from implementing changes so that such changes come to be seen as attractive and increasingly 'the norm'. The UK Futures Programme can be considered the first stage in the development of projects aimed at addressing this, each of which have plans to further build upon what has been achieved through the challenge.

4.2 Effective approaches to engaging employers

For large employers, it is important to secure engagement and buy-in from as **broad a team as possible**. Ideally, this should include finance and operations, as well as HR / reward teams. It should also include representation from employees at **all levels** within the organisation.

Workshops can be an effective way of engaging employers and staff in the development of solutions, particularly when combined with insights from research with employees on issues such as job satisfaction. Bringing groups of employers together to discuss common issues and challenges can also foster solidarity and a willingness to share best practice. The status of **some intermediary organisations and social enterprises** can be helpful in facilitating this type of engagement as they are viewed as independent and operating on behalf of the sector or wider social good.

Retail and hospitality employers are 'people businesses' and the best form of initial engagement and communication is **face-to-face**. This is particularly true for small and micro-firms, as well as engagement at the level of the individual outlet / branch of national firms. In engaging employers, it is important to take the time to understand what their issues and motivations are and to **tailor the messages accordingly**.

Evidence of potential **return on investment** in financial terms can help address misperceptions amongst retail and hospitality businesses that taking action to address poor pay and progression represents a 'cost' rather than an 'investment'. Case studies and testimonials can also be a powerful way of engaging employers and illustrating the potential benefits and returns, particularly if they come from high profile and highly regarded employers within the sector.

A key learning from projects is that it is **not possible** to engage retail and hospitality employers during peak seasons. For retailers, this means the Christmas period and for hospitality businesses it is the busy summer months. These times are best avoided as employers simply don't have the time to commit and attempts to force this can be counter-productive.

Three of the seven projects involved engaging retail and hospitality businesses within a defined geographical area. **Replicability** of these models developed within similar contexts could be more attainable than national roll-out so long as those in the other localities have similar freedoms to act (sometimes independent of Head Offices). The local focus may also help to gain shared buy-in. As with any rollout, it would require leadership and encouragement to transfer and promote the key messages.

4.3 Effective approaches to engaging employees

The use of **independent intermediaries and social enterprises** can help secure engagement and openness on the part of employees to discuss issues, challenges and aspirations. However, the success of intermediaries in this role is largely dependent on the skills, competencies and proactivity of project managers. **Social media** can also offer an effective route to engaging directly with employees, rather than having to go through employers.

Internal communications to employees relating to change should ideally **be carried out face-to-face**. The **language** used in communications aimed at motivating employees to pursue development opportunities can be an important factor in securing engagement. Similarly, phrasing that **focuses on the development opportunity** is more effective in securing engagement than messaging centred on addressing perceived failings or shortcomings.

Short courses, masterclasses and videos focussed on raising awareness of career opportunities within the sector, and motivating individuals to pursue these, are an effective means of engagement. Longer courses work best when delivered in a comfortable environment, rather than a traditional classroom-based set up, and when they involve a **combination of theory and practical exercises**, such as field trips and site visits.

The offer of access to **certified learning** can be a successful route to engaging employees in the sector, particularly those working in entry level positions who often have little or no formal qualifications. However, there is a question around the extent to which employees in the sector are motivated enough by the certification to be willing to pay for this.

A prerequisite for successful engagement and participation of employees in project activity is a **willingness and motivation to progress**. In the absence of this, engagement is likely to prove unsuccessful. There also needs to be a **clearly articulated link to progression opportunities** from engagement and participation. If there are no immediate progression opportunities available, employees need to be assured that they are working towards this and that they will be in line for progression when future opportunities do become available.

4.4 Concluding comment

Overall, the conclusions above suggest businesses seeking to make progress in this area need to undertake a review of their policies and practices, and communicate the opportunities available to staff to ensure that they are taken up. This needs to happen in the wider context of the business and its market. Cultural change will take longer, but will be initiated and supported by small incremental improvements.

4.5 Key messages

The learning from PC3 points to a set of key messages for a range of audiences and these are set out in Table 4.1 below.

At its most simple, a key message for employers in the sector is that it is possible to take small steps to make a difference to some of the long-established and more recent challenges faced, for example, small differences to recruitment criteria, or articulating progression routes to employees. Further messages for employers, individuals and policy makers are provided in the table below.

Table 4.1 Key messages by audience

Audience	Key messages
Retail and hospitality employers	<p>Problems</p> <p>Seasonal trends encourage a ‘low risk’ approach to workforce planning and recruitment and create barriers (low incentive, low perceived ‘payback’) for businesses and individuals to develop a high quality and high performing workforce. But there are potential means of addressing this.</p> <p>Staff motivation and retention are key issues across the sectors, the costs of which are not always quantified, or quantifiable. However, employers have noted improvements in both when they have sought to improve pay and progression opportunities.</p> <p>Providing training for staff to do their job may not be enough on its own. The brightest talent will spot opportunities elsewhere with progression opportunities or better managed workplaces, and so these issues need to be addressed</p> <p>The sectors are known for being less well paid than many others, but the National Living Wage, Apprenticeship Levy, introduction of Universal Credit and the uncertain consequences of the EU referendum outcome all point to a need for the sectors to consider how they value and reward staff.</p> <p>Recruitment practices</p> <p>An engaged and motivated workforce starts with effective recruitment – progression considerations should form part of the criteria for hiring.</p> <p>Workplace practices</p> <p>Having clearly articulated progression routes for employees can help with staff retention and motivation.</p> <p>Changes to management practices or job design can help with staff retention by allowing employees to increase their earnings, increase their job satisfaction and by professionalising the sector.</p> <p>Progression doesn’t always have to be linear – multi-skilling employees can result in increased job satisfaction, as well as benefits to the business from having a more flexible workforce.</p> <p>Interventions aimed at enhancing progression opportunities need to consider both supply and demand-side factors:</p> <ul style="list-style-type: none"> ➤ On the supply side, it is important to understand individuals’ aspirations and motivations – not everyone wants to progress. ➤ On the demand side, there needs to be opportunities for individuals to progress into, which could involve the expansion of existing roles and / or new or promoted roles.

Audience	Key messages
	<p>Managers at the highest level and across the business, and staff need to be engaged in the design and development of new working practices to ensure buy-in, prominence and a model that suits the business. Effective engagement and communication are key.</p> <p>Collaboration</p> <p>Working with others to address common skills issues and challenges can be more effective than trying to develop solutions on your own, by pooling time and effort and developing a common understanding of the problem and solution.</p> <p>It may be better for individual businesses to encourage / enable people to progress by moving between employers in a locality, rather than losing their skills and experience to the area/sector completely.</p> <p>Local businesses combining with the public sector in initiatives to tackle seasonality (e.g. strategies to attract year-round trade) could be an important step in being able to move away from heavily seasonal recruitment.</p> <p>Many local initiatives will require 'head office' approval, which may take more time for some businesses.</p> <p>Benefits</p> <p>Potential returns on investment include: increased sales / turnover, improved productivity, improved staff retention and reduced recruitment costs.</p> <p>Better sharing of data can help employers to benchmark their own practices and the effectiveness of any changes that they make.</p> <p>Benchmarking and the quantification of benefits can be good ways of focussing priorities and demonstrating impact.</p>
Individuals	<p>Before employment</p> <p>Ask a prospective employer at interview what progression opportunities they can offer.</p> <p>In employment</p> <p>Do you know what progression opportunities exist for you at work? If not, try asking your employer.</p> <p>Explore all opportunities for progression and development where they are offered.</p> <p>Look sideways as well as upwards for development opportunities, consider expanding your experience and skills into different areas, not just upwards.</p>
Policy makers	<p>It takes time to effect the type of cultural change that the challenge was aiming for.</p>

The Futures Programme could be considered to be the first step in a process, with projects looking to further develop in different ways beyond the end of the challenge period, having learnt valuable lessons through the testing approach applied.

The projects all have plans to disseminate the outputs and learning more widely, although it remains to be seen the extent to which this is likely to have an impact on the sector as a whole.

The toolkits and approaches developed through UKFP would be relevant to other employers and localities, the challenge is for Government to support that dissemination, e.g. through the 'How Good is Your Business Really' site³.

Their communication could also be promoted through existing economic development bodies, such as Local Enterprise Partnerships in England, and Jobcentre Plus. These could play significant roles in bringing businesses together, in signposting to the right information and even funding similar programmes to this to encourage replication of the activities undertaken here, in different geographies.

Efforts to enhance pay and progression fit well alongside efforts to improve sector or local area performance, and should be built into such initiatives. In particular, LEPs could replicate approaches here as part of a strategy to develop retail, hospitality or other low wage sectors in their locality. Indeed, any approach to grow particular sectors should, and undoubtedly will, have a focus on skills, but there should also be a focus on workplace practices, as with the UKFP projects.

Similarly, the economic development bodies should promote the importance of employer collaboration in taking forward these initiatives, and by implication in helping employers work through their response to other policy initiatives.

These may include the National Living Wage, the Apprenticeship Levy and the outcome of the EU Referendum. Skills and workplace practices are critical to the successful introduction of these initiatives and Government should promote skill development AND workplace practices as important in successful and optimal business implementation of these policies. Promotion might also be followed by appropriate support to businesses.

Jobcentre Plus could advise applicants to look for jobs that offer progression opportunities, and to ask about these when applying for jobs.

Employers in the sectors are not just looking for job-related skills, they are seeking staff with confidence, adaptability, technology-savvy. JobCentre Plus should reflect on this as they help prepare jobseekers to have and demonstrate these skills and abilities in recruitment processes?

³ <https://howgoodisyourbusinessreally.co.uk/>

The Government holds data on pay, earnings progression and staff retention within the retail and hospitality sectors, which could be made available as a resource for employers to benchmark themselves against and to support managers to build the case for increased pay. Tools such as LMI For All⁴ is one example of how this is currently brought together and could be further developed.

The challenge has raised questions around the extent to which individuals and employers in the sector are willing to pay for access to opportunities that support staff progression – there clearly remain time and cost barriers for investment in skills. Supporting greater clarity on the value of such investment through information and facilitating the sharing of best practice should be a key role for Government. This could help reduce the risk of such investments, as has the UKFP, by co-investing in innovative solutions to long-standing problems.

⁴ <http://www.lmiforall.org.uk/>

The UK Commission for Employment and Skills (UKCES) is a publicly funded, industry-led organisation providing leadership on skills and employment issues across the UK. Together, our Commissioners comprise a social partnership of senior leaders of large and small employers from across industry, trade unions, the third sector, further and higher education and across all four UK nations.

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