Opportunities and barriers to progression: a study of low-paid work in the context of poverty

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Declaration

This thesis is the result of the author's original research. It has been composed by the author and has not been previously submitted for examination which has led to the award of a degree.

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Abstract

In-work poverty is now the most common experience of poverty for adults in the UK. One potential mechanism for alleviating in-work poverty is for low-paid workers to progress into higher paid jobs. However, most anti-poverty policy focuses on getting people into work, rather than progressing into higher paid work. Outside the context of poverty, low-paid work and progression have been studied in economics using three concepts: state dependence, where individuals are stuck in low-paid work; cycling, where individuals move between low-paid work and unemployment, and stepping stone effects, where low-paid work is a step towards higher-paid work.

There is evidence for both stepping stone and state dependence effects in analysis using British Household Panel Survey (BHPS) data. But how can both effects occur simultaneously? The answer is likely to lie in the heterogeneity of low-paid jobs, the heterogeneity of workers, or a mixture of both. Furthermore, there could be other intangible effects that are not uncovered through survey methods.

This thesis uses a mixed methods approach to understand opportunities and barriers to progression for low-paid workers in the context of poverty. Analysis of 29 waves of the BHPS and Understanding Society datasets was undertaken to explore differences in socioeconomic characteristics between low-paid workers who remain in low pay and those who progress into higher pay. This showed statistically significant differences between the samples across poverty, firm size, and sector.

Semi-structured interviews were conducted with 22 individuals who were either currently low-paid or were low-paid in the past two years and had progressed to higher paying jobs. This qualitative data underpinned the creation of a framework outlining four components which impact an individuals' ability to progress in work: information and networks, competency, capacity, and aspirations and values. Relevant recommendations for policymakers and employers have been provided based on both data sources.

Contents

1. Introduction

Poverty is still a significant issue in the UK in 2023, with 1 in 5 people living in poverty (JRF, 2023). In 2019/20, 65.9% of children and working-age adults in poverty lived in families where at least one person was in work (The Health Foundation, 2022). For adults in the UK, in-work poverty is now the most common experience of poverty.

Much of current UK government policy focuses on a work-first approach – getting people into work to alleviate poverty – but this is less useful for those who are already in work but are still experiencing poverty. Policymakers need to better understand the experiences and labour market transitions (how individuals move in and out of jobs) of workers in poverty in order to inform anti-poverty policy.

An important place to start in terms of addressing in-work poverty is by looking at the transitions of those in low paid work and poverty, since these individuals have the potential to escape poverty if they transition into higher paid work. Transitions of low paid workers have predominantly been researched in the field of economics, using econometric methods and panel survey data to establish quantitatively the causal impact of being low paid on future transitions. Cai et al. (2018)'s work in particular has been instrumental in designing this thesis: their paper uses data from the British Household Panel Survey (BHPS) to test for three types of transition for low-paid workers. These are: state dependence, where low-paid workers remain stuck in low pay; job cycling, where individuals move repeatedly between low-paid work an unemployment; and a stepping stone effect, where low-paid work acts as a stepping stone into a higher paying job.

However, low paid workers have often been treated as a homogenous group in some respects. While Cai et al. (2018) accounted for individual characteristics such as education, region, and number of children, total household income was neglected. Low-paid workers may have very different household circumstances – for example, a low-paid worker supporting themselves financially is likely to experience work differently to a low-paid worker with a higher-paid worker in their household. If there is interest in progression as a solution to in-work poverty, it is also crucial that households in poverty are considered separately from households with higher incomes.

As well as individual factors, there are also factors related to the labour market which may impact job transitions, such as working in a predominantly low-paid sector. Other less tangible factors such as job quality may impact transitions too. Job quality is defined not just by pay, but also by other

factors including the intrinsic characteristics of work, both objective (e.g., autonomy, skills) and subjective (e.g., fulfilment, social support, work-life balance) (Warhurst et al., 2017).

The aim of this research is to understand the opportunities and barriers to progression for people in low-paid work, with a particular insight into how poverty interacts with low-paid work. The research questions to be answered are as follows:

- How do socioeconomic characteristics and labour market factors differ between those who remain stuck in low-paid work and those who progress into higher-paid work?
- What opportunities and barriers do low-paid workers face when seeking to transition into higher-paid work?
- How do these opportunities and barriers interact with experiences of poverty for low-paid workers?
- How might policies to tackle in-work poverty be designed better for those workers in low paid work and most at risk of poverty?

This thesis provides a literature review which first summarises the evidence for state dependence, stepping stone effects and job cycling. The potential mechanisms for stepping stone effects and state dependence effects of low-paid work are highlighted, drawing on both the economics literature and other disciplines. The author then provides a statistical analysis of the labour market transitions of low-paid workers using data from the British Household Panel Survey and Understanding Society (BHPS and USoc). To better understand the mechanisms of these transitions, evidence is analysed from the researcher's qualitative study interviewing 22 individuals who were either currently low-paid or were previously low-paid and had transitioned to a higher-paying job. The thesis concludes by summarising the findings of the above research questions and highlighting potential policy options for tackling in-work poverty in the context of low paid work and progression.

2. Literature review

This chapter outlines key literature on the possible mechanisms explaining the labour market transitions of low paid workers. Some economists have offered theories on the mechanisms causing state dependence, stepping stone effects, and job cycling. The three main theories concerning these effects are: low paid work reduces human capital, similar to being unemployed; low paid work acts as a negative signal to employers; and low paid work reduces one's ability to search for alternate jobs when compared to unemployment (Stewart and Swaffield 1999; Uhlendorff 2006; Stewart 2007). These mechanisms are explored in sections 2.1 and 2.2.

Evidence from other disciplines on aspects of low paid jobs which may contribute to these impacts are summarised in section 2.3. As in-work poverty is a key focus of this research, poverty as a compounding effect is considered in section 2.4. Section 2.5 summarises current policy related to reducing in-work poverty and increasing progression. Section 2.6 draws conclusions from the findings in literature.

2.1. What are state dependence, stepping stone effects, and job cycling?

There are three key types of labour market transition which have been explored in previous literature. State dependence is where experiencing low paid work increases the probability of continuing to experience low paid work. Cycling is the second concept, whereby individuals move between low paid work and unemployment repeatedly (or exit from the labour market altogether). The third is the stepping stone effect, where individuals can use low paid work as a step into higher paid work. The evidence for each effect are summarised in sections 2.1.1 to 2.1.3.

2.1.1. State dependence

To the researcher's knowledge, true state dependence of low pay was first modelled Stewart and Swaffield (1999) using the first five waves of the British Household Panel Survey (BHPS), where strong evidence was found of the state dependence of low paid work. Stewart and Swaffield utilised a bivariate probit model, of which one equation models employment at time t and another at time t-1. Variables such as parental education and number of siblings are included in the equation for time t-1 – the 'initial conditions' equation – as they help to predict the initial wage of an individual, but should not be correlated with the wage transitions experienced afterwards. Stewart and Swaffield noted that omitting individuals who exit from the labour market after being employed in the initial time period leads to biased estimates.

Several papers have extended Stewart and Swaffield's method. Cappellari (2002) used their model and found significant state dependence in Italian panel data. Using further waves of the same Italian dataset, Cappellari (2007) extended the model into a four-variate probit to include two further equations which dealt with more endogenous selection mechanisms, including the issue of individuals exiting the sample by leaving employment as discussed in Stewart and Swaffield (1999). In both cases, Cappellari found that true state dependence accounts for roughly half of total state dependence of low paid work for the Italian sample. Cappellari and Jenkins (2008 a, b) built on this work further by dealing with more endogeneity problems and reanalysing to the BHPS data used by Stewart and Swaffield (1999) with their updated model, again finding true state dependence. Clark and Kanellopoulos (2013), while not explicitly following Stewart and Swaffield, used a similar method to analyse state dependence of low paid work in 12 European countries and found strong evidence of true state dependence in all 12.

Further evidence of true state dependence in low paid work is presented in several papers discussed in the following sections (Buddelmeyer, Lee and Wooden 2010, Cai 2014, Cai et al 2018, Fok, Scutella and Wilkins 2015, Mavromaras, Sloane and Zhang 2015, Mosthaf, Schank and Schnabel 2014, Stewart 2007, Uhlendorff 2006). Overall, the evidence for true state dependence in low paid work is vast, and the effect seems to be significant.

2.1.2. Cycling between low pay and unemployment

Previous research has also been interested in the relationship between low paid work and unemployment – particularly whether low paid work leads to repeat spells of unemployment (known as cycling) or individuals exiting the labour market. By using the Heckman (1981) or Wooldridge (2005) methods of solving the initial conditions problem, several papers have been able to include both low pay and unemployment in bivariate probit models to study state dependence and cycling together (Stewart, 2007; Buddelmeyer, Lee and Wooden, 2010; Mavromaras, Sloane and Zhang (2015). This also removes the potentially bias-inducing problem of individuals exiting the sample when they become unemployed which Cappellari (2007) attempted to solve, as mentioned in the previous section. Stewart (2007) found the most substantial effects, concluding that there was strong evidence of low paid work causing repeat employment, and even stating that low paid work was almost as damaging as unemployment in terms of the probability of entering higher paid work. However, Buddelmeyer et al. (2010) criticised Stewart's conclusions since the risk of experiencing unemployment after being higher paid was only 1.5 percentage points lower than the

risk for low-paid workers. They also noted that Stewart's evidence of cycling could be inflated, as spells of continuing non-employment were omitted from the model.

Buddelmeyer et al (2010) modelled the phenomena using Australian panel data and found that low paid work was slightly more associated with unemployment than higher paid work, but this was only statistically significant for women in the sample. They found very weak evidence of low paid work causing repeat unemployment. However, these estimates are likely to be biased as they assumed initial unemployment to be exogenous, even though initial low pay was confirmed as being endogenous (Cai, Mavromaras and Sloane, 2018). The conclusions are further criticised by Mavromaras, Sloane and Zhang (2015) because of small sample sizes. Mavromaras et al (2015) remedied this by adding three extra years of data into their model, finding that low paid workers were significantly more likely to be unemployed in the following year compared to higher paid workers. This increase could be related to the fact that Mavromaras et al (2015) extended the data used by Buddelmeyer et al (2010) to include 2008, 2009 and 2010, a period in which macroeconomic factors are likely to have been very different.

The research discussed thus far has made use of probit models, but multinomial logit models are also often used in this field. Fok, Scutella and Wilkins (2015) found evidence of a low-pay no-pay cycle using Australian panel data, but Cai (2014) notes that their model excluding those not participating in the labour market which could lead to sample selection bias. Uhlendorff (2006) also found evidence of cycling in German data but noted that previous non-employment was still by far the best indicator of non-employment in the following year. Studies of Australian and British data, on the other hand, did not find a cycling effect (Cai, 2014; Cai, Mavromaras and Sloane, 2018).

While true state dependence in low paid work is widely accepted, the existence of the low-pay no-pay cycle is much less concrete.

2.1.3. Stepping stone effect

The third key theory in previous literature is the possibility of low paid work acting as a stepping stone in to higher paid work. The existence of a stepping stone effect is confirmed if the probability of being in higher paid work next year is higher for those currently low paid than for those currently unemployed.

This concept has been modelled in relatively few papers. While Uhlendorff (2006) found evidence of a stepping stone effect using German data, their results should be interpreted carefully since they did not differentiate between the unemployed and those not participating in the labour

market (Cai et al, 2018). Knabe and Plum (2013) also found a stepping stone effect for women using German data, while only men without college degrees seemed to benefit from low paid work in their model. Mosthaf (2014) also found that men with less education experienced a stepping stone effect in Germany. Mosthaf, Schank and Schnabel (2014) modelled German women's transitions exclusively and separated those who were part-time versus full-time workers. They found a stepping stone effect for both groups but the effect was greater for full-time employees. Using Australian data, a stepping stone effect was also found by Cai (2014).

The most recent – and perhaps most comprehensive – research on the stepping stone effect is that completed by Cai, Mavromaras and Sloane (2018). Cai et al used all 18 waves of the British Household Panel Survey to repeat the analysis undertaken by Cai (2014) in the British context. The model was also extended to include self-employed individuals, and tested with the first years of Understanding Society data. The results were, again, evidence of a stepping stone effect from low paid work into higher paid work.

2.2. What causes stepping stone and state dependence effects?

While these phenomena (particularly the stepping stone effect and state dependence of low paid work) have been proven to exist in a variety of countries, it is not possible using econometric methods to ascertain *why* these effects exist. What is it about low paid work that causes a stepping stone effect, state dependence, or cycling between low pay and unemployment? Some economists in the field offer explanations that are outlined below.

2.2.1. Mechanisms of state dependence

There are three main mechanisms suggested in the economics literature for the presence of state dependence of low paid work: low paid work reduces human capital, similar to being unemployed; low paid work acts as a negative signal to employers; and low paid work reduces one's ability to search for alternate jobs when compared to unemployment (Schnabel 2016).

Mosthaf, Schank and Schnabel (2014) argue that human capital gains from low-paid work are "probably not much higher than during unemployment – in particular when unemployed persons receive training measures" (p2). Similar sentiments are echoed across this literature (Stewart 2007; Uhlendorff 2006; Knabe and Plum 2013). Knabe and Plum, for example, write that "An undemanding job that requires neither special working skills nor improves the level of qualification can only have a negligible effect on human capital accumulation" (2013: p311).

Even if low-paid jobs do not directly impact human capital as some authors suggest, employers may still assume that it has been reduced (Knabe and Plum, 2013). This is similar to the scarring effect of unemployment periods in one's work history, where periods of unemployment may lead to further unemployment (Heckman and Borjas, 1980; Prowse, 2005). Uhlendorff (2006) believes that this kind of scarring could be causing low-paid work to lead to more low-paid work. McCormick (1990) and Schnabel (2016) suggest that low-paid, low-quality jobs on a candidate's CV may signal to employers that the candidate's future productivity is likely to be low. Some authors even believe low-paid work may be a worse signal than unemployment, suggesting that high-qualified individuals may be better off remaining unemployed while searching for a job (Layard et al., 1991). Stewart (2007) thought employers might 'screen' employees based on their job being low-paid and reject them if this is the case.

Another reason those looking for jobs may be better off unemployed as opposed to in low-paid work according to econometricians is the difference in their availability to actively search for jobs (Schnabel 2016). There is a balance to strike between the scarring effects of unemployment and low pay – some authors argue that job searching while unemployed is more likely to have a positive impact compared to searching while low-paid (Burdett (1979) and Marimon and Zilibotti (1999) in Mosthaf, 2014).

One theory outside of econometric literature which could contribute to state dependence is labour market stratification theory. Labour market stratification theory supposes that instead of the neoclassical assumption that the entire labour market follows the rules of supply and demand, there are two separate labour market segments with different rules – the primary sector and the secondary sector (Leontaridi, 1998). Doeringer and Piore (1971) described companies in the primary sector as having strong internal labour markets (ILMs), hence they are governed by institutional rules and administrative processes, while companies in the secondary sector have poor internal labour markets and therefore follow the rules of conventional economic theory. The primary sector contains jobs with higher pay and greater stability since the strong ILM shields workers from economic fluctuations which affect the secondary sector. If the majority of low-paid jobs exist in the secondary sector, this could also account for state dependence since there are likely additional barriers when moving between primary and secondary sectors.

2.2.2. Mechanisms of cycling

Theories explaining cycling between low-paid work and unemployment are less often discussed in econometric papers. Those proposed are much the same as those for state dependence: experience

of low-paid work and unemployment act as negative signals for employers, and human capital shrinks or stagnates (Hendra et al, 2015). A rare qualitative study in this area by Shildrick et al (2010; 2012) interviewed employers, employment agency workers and individuals with experience of 'low-pay, no-pay' cycling in Teesside, England. The vast majority of low-paid jobs held by the workers interviewed were also low-skilled (requiring only 'physical ability to work' and 'the right attitude') and insecure (e.g. temporary contracts, redundancy, or unwritten/ambiguous contractual agreements). Higher educational attainment within Shildrick et al.'s sample did not seem to correlate with better job opportunities. They found that the sort of work participants could get was trapping them in poverty rather than lifting them out of it, and that their participants were often experiencing extreme hardship since many opted not to claim benefits due to long lead-in times (this research was undertaken before the introduction of universal credit).

There is less evidence of job cycling in the econometric literature compared to state dependence and the stepping stone effect. Based on the findings of Shildrick et al. (2010; 2012), it is possible that this is at least in part due to the local labour market being important to this phenomenon.

2.2.3. Mechanisms of the stepping stone effect

In the case of the stepping stone effect, low-paid work is theorised to improve the skills of employees or provide a route of re-entry into the labour market for the long-term unemployed, low skilled, and those who have been out of the labour market (Schnabel, 2016). Schnabel emphasises that if low-paid work is seen as 'primarily transitory', or if it provides employment skills which contribute to higher productivity in 'good jobs', then it is likely to have less of a scarring effect on workers.

There is a clear contradiction between the theories of state dependence and stepping stone effects: some low paid jobs seem to be increasing human capital (or are seen to be doing so by employers), while others are reducing it and/or sending negative signals. The existence of both state dependence and stepping stone effects in the same data suggests that there is some kind of heterogeneity affecting low paid workers and progression. This is likely either in the heterogeneity of low-paid jobs, the heterogeneity of workers, or a mixture of both.

2.3. Heterogeneity: individual characteristics

Cai et al. (2018) control for several individual characteristics in their analysis of state dependence and stepping stone effects in BHPS data. Firstly, they model male and female workers separately since 'It is well established that males and female behave differently in the labour market' (ibid., p.

291). The word 'behave' possibly places too much emphasis on women choosing to act differently in the labour market versus them being affected by structural factors, but nevertheless the separation of male and female workers is useful in analysing gender differences in low-paid work and progression. A good recent example of the labour market differences for women is Wielgoszewska et al. (2023) which analysed the gendered impact of COVID-19 on the labour market. The paper found that while part of the gendered effects of COVID-19 on the labour market were correlated with pre-pandemic job characteristics (for example, women were over-represented in sectors most affected by the pandemic), there were residual differences between males and females which highlight the importance of factors not observed in the data such as discrimination, preferences, and social norms (ibid.).

Cai et al. (2018) also included age, education, number of children, age of youngest child, disability, and married/partnered status in their model as control variables. Age may impact labour market transitions since people are likely to be in different stages of their careers and wider lives depending on age, but it should also be considered that age discrimination may play a role in labour market transitions by reducing progression opportunities and impacting performance review results (Naegele, Tavernier and Hess, 2018). We have already discussed the important of human capital and signalling for labour market transitions which explains the importance of education as an individual characteristic. Children are likely included as a control variable since papers such as Fok, Scutella and Wilkins (2015) found that there was a higher probability of unemployment for women with dependent children in the context of the low-pay, no-pay cycle. Disabled people may be limited in the type or amount of work they can do which impacts transition probabilities, and though protected by law, they could still face discrimination in the labour market via unconscious bias or social norms which can affect progression opportunities (see, for example, Østerud 2023).

Cai et al. (2018) also include being married or partnered as a control variable, since there is evidence of a wage premium for married people (Pilossoph and Wee, 2021). However, there seem to be some potentially gendered effects at play in the literature when it comes to single versus partnered labour market transitions. Baxter and Renda (2011) found that lone mothers in Australia were more likely to exit employment than coupled mothers, for example, and there is evidence that spousal labour market insecurity can impact spousal wellbeing (Inanc, 2018) which may have an indirect impact on the labour market transitions of the spouse.

As mentioned in the introduction, household income as an individual characteristic has not previously been explored in state dependence literature to the researcher's knowledge. This is a key research gap for labour market transitions for those in poverty.

2.4. Heterogeneity: labour market effects

Mechanisms proposed in the economic literature for state dependence and stepping stone effects are largely focused on the individual. However, transitions could also be affected by factors related to low-paid jobs themselves. This section summarises research in the economics discipline related to job factors and progression, then follows with a discussion of job quality indicators and sectoral effects.

2.4.1. Regional effects

Cai et al. (2018) included the regional unemployment rate and the regions of London and the South East as control variables in their analysis. Regional unemployment rate acts as a control for access to jobs across regions in the UK (see for example ONS 2023). However, there could be further regional effects such as a higher prevalence of predominantly low-paid sectors which may not have been captured by the regional unemployment rates. It is assumed that London and the South East are included due to potentially higher wages in these areas – this will be repeated in chapter 3 along with including other regions in the analysis.

2.4.2. Part-time and temp work: evidence of stepping stone and state dependence effects

Another effect of work itself which could impact labour market transitions is the type of low-paid work. Economic papers have tested some hypotheses related to the effects of work being temporary and/or part-time on the stepping stone and state dependence effects. In Australian survey data, Cai, Law and Bathgate (2014) found that part-time work increases the chance of future full-time work compared to those out of the labour, but not compared to those who are unemployed. Jahn and Rosholm (2014) found a stepping stone effect in temp work in Denmark, particularly when temporary positions are used to screen candidates for permanent positions. Autor and Houseman (2010), meanwhile, used Detroit's welfare-to-work programme to test the analyse the effect of temp work and found that temporary work through the programme was not helpful for workers' long term transitions, but that temp positions with direct hire employers were. A meta-analysis of the field studying temporary work by Filomena and Picchio (2021) showed that around a third of studies reported a stepping stone effect, 23% reported mixed findings, and 45% found that temp jobs were a 'dead end' for workers. It seems as though in certain circumstances,

part-time or temporary work could help individuals into more secure full-time or permanent positions, but this is not always the case.

2.4.3. Job quality

Research into job quality is useful in expanding the idea that different low-paid jobs may impact human capital diversely. Findlay, Kalleberg and Warhurst (2013) provide a thorough overview of the challenges of created a unified framework of job quality, including the debate between using objective versus subjective measurement of job quality and the need for interdisciplinary study in this area due to the vast coverage of potential job quality dimensions. An extensive review of the literature has been undertaken by the Warhurst et al. (2017), from which six key dimensions of job quality were derived:

- "pay and other rewards: including objective aspects such as wage level, type of payment (for example, fixed salary, performance pay) and non-wage fringe benefits (such as employer-provided pension and health cover) and subjective aspects (such as satisfaction with pay)
- intrinsic characteristics of work: including objective aspects (such as skills, autonomy, control, variety, work effort) and subjective aspects (such as meaningfulness, fulfilment, social support and powerfulness)
- terms of employment: including objective aspects (such as contractual stability and opportunities for training, development and progression) and subjective aspects (such as perception of job security)
- health and safety: including physical and psycho-social risks
- work–life balance: including working time arrangements such as duration, scheduling and flexibility, as well as work intensity
- representation and voice: including employee consultation, trade union representation and employee involvement in decision-making." (Warhurst et al., 2017)

Low paid jobs are clearly lacking in the first dimension, with pay being minimal and other rewards and benefits less common in low-paid work. There is some evidence that job quality elements seem to cluster, where low pay may indicate a likelihood of lower quality jobs in other dimensions (CIPD, 2020). However, the same report found that some low-paying job types tended to perform better in other job quality aspects than others, suggesting that there are trade-offs occurring between different job quality factors in some roles (ibid).

Job quality factors such as opportunities for training and progression could impact the level of human capital accumulated, while health and safety, representation and voice, and work-life balance could significantly affect the mental and physical health of workers. Therefore, variations in job quality may also contribute to state dependence and stepping stone effects.

The dimensions of job quality impacting low paid workers' lives – and the likelihood of progression – can be seen in several qualitative and mixed-methods studies (Hay, 2015; Kumar, Ussher and Rotik, 2014; D'Arcy, 2017). Hay (2015) conducted qualitative research using focus groups to discuss what would improve low paid employees' working lives, focusing on those in the retail, hospitality and care sectors. Workers reported feeling as though they were at the bottom of a highly structured hierarchy. Among participants, few were involved in (or aware of) unions and there was little understanding of pension arrangements. Many felt they could not raise their own concerns or opinions about work to anyone, and feelings of precariousness were often discussed. Reported 'bad' job factors also included physical and psycho-social stress, bad relationships with managers, and low pay (including certain parts of jobs being unpaid, such as breaks, overtime, and travel time). The individuals in Hay's (2015) focus groups seem to have been dealing with poor job quality on almost every dimension. When it came to progression, most saw progression as either inaccessible due to firm workplace structure or as unattractive based on increased workload and stress for only a small pay increase.

These sentiments were echoed in Kumar et al.'s (2014) policy report on progression from low paid jobs and in D'arcy's (2017) report on Low Pay Britain. Individuals in focus groups reported poor promotion opportunities and being treated like a number rather than a person, and the costs of promotion outweighing the benefits in retail, accommodation and food service sectors (Kumar et al., 2014). Participants in Kumar et al. (2014) also feared working hard to prove themselves for promotion may be exploited rather than rewarded, while informal networks were prevalent and impacted opportunities. Individuals in D'arcy (2017) felt precarious jobs and irregular shift work were impacting their working lives, and desired better promotion opportunities.

2.4.4. Work quality

Job quality is a measure which analyses a job regardless of the individual doing that job. The wider concept of work quality considers a person's job within their broader socio-economic context. Cooke et al. (2013) interviewed 88 workers in rural Canada and Ireland and found that the same or similar jobs could be viewed very differently depending on an individual's circumstances. The authors highlighted that there are many different ways to view work, and that these views, which

are shaped by a person's context, contribute significantly to the experience of work quality. Personal circumstances affect work quality which may therefore contribute to state dependence or stepping stone effects, and may be linked to progression for one person and state dependence for another, even when those individuals hold the same or similar jobs.

Particularly relevant to the state dependence and stepping stone effects of low-paid work is Cooke et al. (2013)'s assertion that 'the research to date fails to acknowledge that job quality is a highly relative concept determined by the opportunity costs of the other opportunities available' (p. 508). One way in which this may manifest is through individuals engaging in satisficing rather than optimising behaviours. Satisficing involves making trade-offs to find a 'good enough' outcome rather than the optimal outcome. Iyengar, Wells and Schwartz (2006) found that out of a cohort of students looking for jobs, although 'maximisers' achieved higher salaries, 'satisficers' were more satisfied with their jobs and experienced fewer negative emotions during job searching. Satisficing may be particularly common for women with care responsibilities (Corby and Stanworth 2009). Schudde et al. (2022) found in their interviews with 56 young people that many, especially those with less resources, were engaging in satisficing behaviours since the pandemic as these posed less risk than optimising behaviours.

Work quality is also connected to the concepts of optimising and satisficing in the labour market. Corby and Stanworth (2009) define satisficing as making satisfactory, but not optimal choices in the context of competing market and emotional requirements. Their work showed that women's work choices may be explained by satisficing behaviours.

2.4.5. Low-paid sectors and structural issues

A lack of clear progression pathways in many low-paid sectors is likely to reduce the stepping stone effect and increase state dependence. Research on sales assistants' progression by the Resolution Foundation found that just 4% of sales assistants became sales supervisors or retail managers after 5 years, and only 1 in 10 managers/supervisors had been sales assistants in the previous 5 years (D'Arcy, 2018). There is also sometimes a lack of support for progression from employers in low-paid sectors due to keeping labour costs low being high-priority (Jones et al 2019). A large number of low-paid workers in these industries are also part-time which reduces their opportunities at work (Kumar, Rotik and Ussher, 2014; Ussher, 2016; Kumar and Jones, 2020).

2.5. Poverty as a compounding effect: evidence from other disciplines

Low-paid jobs are a risk factor for in-work poverty, especially in lone worker households. In-work poverty is now the most common experience of poverty in the UK, which means that in-work poverty is highly associated with household poverty. This section discusses how the experience of poverty may combine with or exacerbate factors relating to state dependence. The connection between poverty and state dependence is important to understand, particularly in the context of policymaking, since progression is potentially a key route out of in-work poverty. If progression is more difficult for those with experience of poverty, this may need to also be addressed by policymakers. Definitions of poverty and its potential impact on progression are discussed in the following sections.

2.5.1. Definitions of poverty

There are many different ways to define poverty. The most commonly used definition in UK policy is the relative poverty rate after housing costs. Relative poverty refers to households where income is less than 60% of the current median income. This contrasts with absolute poverty, where households have less than 60% of the median income in 2010/11 (uprated by inflation) (JRF, 2022a). Both of these measures can be shown before and after housing costs. The Joseph Rowntree Foundation also defines material deprivation and destitution as important measures – material deprivation means being unable to afford certain essentials, while destitution is defined as being unable to afford 'basics such as shelter, heating and clothing' (JRF, 2022a).

Living slightly above the poverty line does not necessarily mean a person is able to afford everything for an acceptable living standard. JRF's Minimum Income Standard (MIS) is a useful benchmark which estimates how much a household needs to earn in order to maintain a minimum acceptable standard of living (JRF 2022b). The MIS is recalculated each year based on the cost of a range of goods and services – in 2022, for example, a single person's MIS is £25,500 a year, while a couple with 2 children require £43,400 (JRF, 2022b).

2.5.2. Impacts of in-work poverty

Poverty has diverse negative impacts at all life stages. In JRF's report, UK Poverty 2022, impacts outlined include: reduced financial resilience due to lower savings and more debt; food insecurity (1 in 5 in poverty in the UK are food insecure); worse health outcomes for both children and adults; poorer educational attainment at all ages; and increased likelihood of high multiple deprivation in an individual's local area (JRF, 2022c). Individuals in in-work poverty are more likely to be absent or late for work – this can be due to poor physical or mental health related to poverty, being unable

to pay to get to work, or being unable to afford childcare (CIPD 2022). Illness can be exacerbated by individuals not taking time off when unwell due to financial pressures (ibid).

Barbara Ehrenreich's book *Nickel and Dimed* provides powerful illustrations of the issues individuals and families face when relying on a low income (particularly low-paid jobs) (Ehrenreich, 2002). Ehrenreich attempted to find accommodation and survive only on income from low-paid jobs for one month in Florida, Maine, and Minnesota – her aim was to see if she was able to afford her next month's rent by the end of the period in each location. She needed to work two jobs in each location to afford rent and dealt with physical and mental exhaustion from the long hours and physical labour. Multiple jobs lead to free time being fragmented and home life becomes harder to manage (Smith and McBride, 2021). Shift work and unsociable hours – common in low-paid, low-skilled jobs – has also been associated with greater time poverty in the UK (Chatzitheocari and Arber, 2012).

The interaction of benefits with work can also exacerbate the state dependence effect. In a longitudinal study of lone mothers entering work in the UK, Millar and Ridge (2013) found that participants reliant on tax credits to boost their low-paid income were not able to attain any real income increases over the 5 years of the study. Their participants were also afraid to change things like their working hours or seek a pay increase due to previous experiences of administrative issues around receiving the correct tax credits (ibid). Women are particularly susceptible to struggles managing work and family life due to the unequal share of unpaid care and housework they tend to take up. The 2000 UK Time Use Survey showed that women workers' time constraints are more numerous and more extreme than other social groups (Chatzitheochari and Arber, 2012).

Ehrenreich witnessed racism towards migrant colleagues from employers, injured and unwell workers refusing to take time off, workers self-medicating for pain from labour, and toxic employee politics. She believed that the poor treatment of low-paid workers was deliberate:

> "My guess is that the indignities imposed on so many low-wage workers - the drug tests, the constant surveillance, being "reamed out" by managers - are part of what keeps wages low. If you're made to feel unworthy enough, you may come to think that what you're paid is what you are actually worth." (Ehrenreich, 2002: p115)

Poverty also brings a sense of shame and 'othering' to individuals experiencing it, which is often emphasised public discourse (Lister, 2015). The impacts on mental health of living in poverty and also working a low-paid, low-quality job are therefore likely to be pervasive.

2.6. Existing policies to tackle in-work poverty

Current measures to tackle in-work poverty primarily focus on improving the pay and conditions of low-paid jobs, with less focus on progression into higher-paid or higher-skilled work. Some key policies are outlined below.

2.6.1. Living wage and living hours

The UK Real Living Wage is a voluntary scheme which employers can join to pledge to pay their workers fairly (Living Wage Foundation, 2022a). The Real Living Wage is calculated each year based on the cost of a basket of goods – similar to the way in which JRF's minimum income standard is calculated, the Real Living Wage is a measure of the pay needed to provide a minimum acceptable living standard in the UK.

Of course, a higher hourly pay only affords a certain standard of living if workers are being given enough hours each week. This is why the Living Wage Foundation have also introduced the concept of Living Hours (Living Wage Foundation, 2022b). The Living Hours standard includes at least 4 weeks' notice for shifts with guaranteed payment if shifts are cancelled within 4 weeks, a contract that reflects the hours actually worked (e.g. not a zero hours contract if a person usually works 20 hours per week), and a guaranteed minimum of 16 hours per week unless the worker does not want this.

2.6.2. Fair work

In 2015, The Fair Work Convention was created in Scotland to promote fair work and advise on improving various job quality aspects across Scotland. Scotland's fair work framework includes five dimensions: effective voice, opportunities, security, fulfilment and respect (The Fair Work Convention, 2022a). It is important to note here that 'opportunity' refers to equal opportunities both to access work and to progress in work (The Fair Work Convention, 2016). But have these policies made real change, or do they remain aspirational?

The success of the Fair Work Convention is difficult to measure due to the highly subjective nature of job quality. The Fair Work Measurement Framework offers a selection of objective measures which are tracked over time, such as median gross weekly earnings and the proportion of employees earning less than the real living wage. While these two measures have improved between 2016 and 2021, other factors such as the percentage of workers who are involuntarily on non-permanent contracts, in part-time work and on zero-hours contracts have worsened (The Fair Work Convention, 2023b). There is only one measure related specifically to in-work progression in

the measurement framework (percentage of workers who agree that their job offers good opportunities for career progression), and there is no data available on this before 2021 (ibid).

Furthermore, the previously mentioned structural issues concerning low-paid sectors can make fair work practices – particularly raising pay and increasing progression opportunities – difficult to implement widely. The Fair Work Convention have been completing sector-specific inquiries to understand the opportunities and barriers to increasing fair work practices in various industries. Their social care inquiry was published in 2019 (The Fair Work Convention, 2019), and was followed by a construction industry inquiry completed by 2022 (The Fair Work Convention, 2022b). An inquiry for the hospitality sector is currently ongoing (The Fair Work Convention, 2023a). The social care and hospitality inquiries are particularly interesting since these industries are known to be low-paid. Both of these industries reported difficulties with raising pay. The Scottish Centre for Employment Research (SCER) has also undertaken a review of fair work in the voluntary sector, which highlighted some issues with low pay and a significant lack of career progression in the sector (Findlay and McQuarrie, 2023).

Overall, progress made in fair work practice has been mixed. The inquiries mentioned above are focused on delivering what could be seen as a basic level of job quality for all workers, such as adequate pay and job security, with increased progression seen as more of an aspirational goal. It is also difficult to attribute any positive change made in the measurement framework to these policies specifically. What is clear is that current policy does not focus sufficiently on career progression as a way out of in-work poverty.

2.7. Conclusions from literature and justification of methods

We have seen evidence in UK data of both state dependence effects and stepping stone effects occurring in low-paid work. It was determined that if both of these effects exist simultaneously, there must be either heterogeneity in individual's circumstances, heterogeneity in labour market effects, or a mixture of both contributing to these effects.

The two key theories relating to decisions made by employers which are said to explain state dependence are that low-paid work reduces human capital, and that low-paid work sends a negative signal to employers. However, when considering how employees navigate the labour market, the economic literature has relatively little to say about personal circumstances which could impact labour market transitions. The literature suggests that low-paid workers may have less time to look for work than unemployed workers, but there are many more factors which could

potentially contribute to a person's ability to transition into higher-paid work, as shown by the work quality literature. The economic literature also does not distinguish between those who are actively looking to transition versus those who may want to stay in a low-paid job due to high work quality (or, for example, because there is another income in the household).

Three hypotheses arose from the literature review. Firstly it is hypothesised that personal circumstances would play a significant role in individuals' ability to progress into higher paid work. Poverty, in particular, is a key individual circumstance which could be impacting individuals' ability to progress into higher paid work by exacerbating the mechanisms driving state dependence. It was therefore next hypothesised that those in poverty would be less likely to transition into higher paid work. Finally, structural factors related to low-paid industries are likely to play a role in state dependence, and so the it was hypothesised that those who transition to higher-paid work would be more likely to do so outside of low-paying sectors.

Due to the literature presenting a combination of objective and subjective factors which could contribute to labour market progression and state dependence, it was decided that a mixed methods approach would be the most suitable research design. This would allow the researcher to test the above hypotheses by analysing quantitative data, and uncover inductively further reasons for stepping stone and state dependence effects using qualitative research. The qualitative methods designed to provide more context to the quantitative findings and to understand some of the mechanisms which may be driving state dependence and stepping stone effects seen in the quantitative research.

The effect of individual circumstances, including poverty, is explored using quantitative data by analysing differences in progression by factors such as age, education, sex, children or other dependents, disability status, and whether a person is married or has a partner in Chapter 3. Chapter 3 also explores the hypothesis that low-paid sectors affect progression opportunities by comparing the transitions of those in low-paid sectors with the transitions of those outside these sectors.

In Chapter 4, the findings from exploratory semi-structured interviews with those stuck in low-paid jobs and those who have progressed to higher-paying jobs are presented. It was deemed important to include those who had progressed successfully in this chapter, since there was no evidence found of previous research including those in higher-paid work. Participants were asked to discuss their experiences of progression and/or state dependence in a holistic manner, with reference to their

life outside of work and individual circumstances. This method was chosen to allow for the less tangible aspects of individual circumstances and labour market effects to be explored, while also allowing for mechanisms not mentioned in the literature to arise naturally.

3. Quantitative analysis of low pay transitions

As mentioned in the conclusion of Chapter 2, this chapter will analyse the extent to which various individual characteristics and labour market factors differ between those who are stuck in low paying jobs, and those who progress into higher paid work. This chapter uses 29 waves of the British Household Panel Survey (BHPS) and Understanding Society (USoc) to create a pooled cross-section of workers who begin in low paid work in time period 1, and either remain in low paid work or transition to higher paid work in time period 2. This sample allows the researcher to test the difference in means of individual and labour market characteristics between those who are stuck and those who progress.

This chapter begins with an explanation of the sample used for analysis, then provides descriptive statistics for low-paid workers before comparing the characteristics of those who are stuck in low pay over one year with those who progress in a year.

3.1. Creating a sample

The BHPS/USoc has been running annually since 1991: this analysis uses data from 1991 to 2019.To create a useful sample for this analysis, the summary statistics of Cai et al. (2018) were followed. Cai et al. (2018) split the sample by sex since men and women are known to have different experiences of, and trajectories through, the labour market. Observable characteristics used include age, highest educational qualification, region, regional unemployment rate, age of youngest child under 16, total children under 16, martial/partner status, and disability status. To this a further category of poverty status based on household income was added. The poverty line used is 60% of median income in each year. BHPS and USoc use three different industry classification systems across all waves, making it difficult to include repeatable analysis covering all sectors. Instead, a variable was created indicating whether someone is working in one of the industries known to be predominantly low paid: retail, food and accommodation services, and health and social care. For a full breakdown of this variable and other variables used to create the sample, see appendix A.

After dropping observations with missing variables, the sample had a total of 490,628 observations, 72,424 of which are low paid. 24,554 low-paid workers in the sample are male and 47,870 are female.

The researcher followed the guidelines of Cai et al. (2018) in creating a low pay threshold. The threshold used is two-thirds of median hourly pay. For the BHPS wave, the researcher used Cai et al. (2018)'s low pay thresholds as they were already calculated. For the USoc waves, the researcher

took median hourly pay from the Annual Survey of Hours and Earnings (ASHE) for each year and calculated two thirds of this value for each low pay threshold.

The sample is a pooled cross-section. In tables 1 and 2 below, cross-sectional weights have been used. The t-tests performed in the latter part of this section are unweighted, since the effect of interest is the statistical difference between the two sub-samples.

3.2. Characteristics of low-paid workers

First, this research considers the heterogeneity of low-paid workers by analysing their socioeconomic characteristics. Pooling all low-paid and higher paid workers across the sample, the observations include approximately 140,000 observations of employed men and 160,000 observations of employed women. Of the employed men, 24,554 are low paid, and of the women, 47,870 are low-paid. This sample includes employees only and excludes those who are self-employed. Women are more likely to be low paid than men in the sample – this statistic echoes recent figures from The Living Wage Foundation (2022c).

Tables 1 and 2 show the characteristics of all low-paid workers and higher paid workers in the sample split by sex. Female low paid workers are spread quite evenly across age groups, while male low paid workers are more likely to be young compared to higher paid workers. Women have historically had lower wage growth than men – Loprest (1992) found that this was explained mostly by women having less wage growth when changing jobs (men and women had similar wage growth when remaining in the same job). This could potentially be an important contributing factor for women's state dependence.

Low paid workers tend to be less educated than higher paid workers, but 20% of low paid workers do have a first or other higher degree. It is widely accepted that qualifications increase the likelihood of higher pay.

32.5% of low paid workers work in the predominantly low paid industries of retail, hospitality and care compared to 10.8% of higher paid workers.

Low paid men are less likely than higher paid men to have children, while the opposite is true for women. This could be due to the motherhood penalty where women who have children end up with reduced wages (Kahn et al. 2014), or it could be a case of mothers choosing to work part-time jobs which are more likely to be low-paid in order to take on a greater share of childcare

responsibilities – there is evidence in the literature of child care costs acting as a barrier to full-time employment for women (see e.g. Powell 1998).

12.6% of both low-paid men and women are in poverty, compared to just 1.6% of higher paid men and 2.6% of higher paid women. It should be noted that there are a larger number of higher paid workers in the sample, so while the percentage is much smaller, the absolute number of higher paid workers in poverty is not insignificant.

13% of low-paid men are disabled compared to 15% of low-paid women, and both sexes are less likely to be disabled if they are in higher paying jobs. Recent data shows that the disability pay gap is still significant (Disability Rights UK 2024), and research has shown that a large part of this gap is due to potential discrimination (Kruse et al 2018).

Less than half of low-paid men are married or in a partnership, compared with 60% of low-paid women – though both sexes are less likely to be married or partnered when compared with higher-paid workers. This is expected since there is a well-documented wage premium for married and partnered individuals – Pilossoph and Wee (2021) investigated and found that pooled income in the household from being married means individuals can rely on their partner's income when they look for work, allowing them to be more selective in job choice. The paper also found that incentives for married people are different (they tend to climb career ladders quicker than single people) (ibid).

Low paid workers tend to live in regions with slightly higher unemployment rates compared to higher paid workers. Low paid workers are spread quite evenly across regions, while higher paid workers are most concentrated in London and the South East. This chimes with Cai et al. (2018)'s decision to include London and the South East as controls in their model. There is likely greater variation in labour market effects in other regions of the country at smaller geographies than what is shown in this thesis, but smaller geographies were outside the scope of this work.

Low paid workers are more concentrated in small businesses compared to higher paid workers. This supports the commonly found wage gap associated with firm size. Oi and Idson (1999) explain various factors which contribute to this wage gap: in essence, they suggest that the way work is organised, and the way workers are chosen for larger firms to increase productivity means wages tend to be higher.

These differences show that certain characteristics tend to be more likely in either low paid or higher paid workers. The following section will analyse whether these differences can also be seen

between low paid workers who are stuck in low pay and low paid workers who progress into higher pay.

Table 1: low paid versus higher paid characteristics (male)

MALE (PAGE 1)	Low paid		Higher paid	
	Proportion	Std. err.	Proportion	Std. Err.
Age group:				
18-24	0.345	0.004	0.078	0.001
25-34	0.233	0.004	0.238	0.002
35-44	0.141	0.003	0.277	0.002
45-54	0.146	0.003	0.257	0.002
55 plus	0.135	0.003	0.149	0.001
Highest educational qualification:				
First degree	0.122	0.003	0.296	0.002
Other higher degree	0.082	0.002	0.111	0.001
A levels etc	0.296	0.004	0.248	0.002
GCSEs etc	0.289	0.004	0.211	0.002
Other qualification	0.106	0.002	0.080	0.001
No qualifications	0.105	0.002	0.055	0.001
Age of youngest child:				
Youngest child aged 0-2	0.087	0.002	0.115	0.001
Youngest child aged 3-4	0.042	0.002	0.057	0.001
Youngest child aged 5-11	0.099	0.002	0.145	0.001
Youngest child aged 12-15	0.082	0.002	0.076	0.001
No children under 16	0.691	0.004	0.608	0.002
Region				
North East	0.044	0.002	0.042	0.001
North West	0.124	0.003	0.115	0.001
Yorkshire & Humber	0.100	0.003	0.085	0.001
East Midlands	0.090	0.002	0.078	0.001
West Midlands	0.093	0.002	0.085	0.001
East of England	0.089	0.002	0.098	0.001
London	0.076	0.002	0.122	0.001
South East	0.114	0.003	0.148	0.001
South West	0.096	0.002	0.085	0.001
Wales	0.060	0.002	0.042	0.001
Scotland	0.087	0.002	0.081	0.001
Northern Ireland	0.027	0.001	0.018	0.000

MALE (PAGE 2)	Low paid		Higher paid	
	Proportion	Std. err.	Proportion	Std. Err.
Firm size				
1 - 2	0.065	0.002	0.026	0.001
3 - 9	0.206	0.003	0.101	0.001
10 - 24	0.203	0.003	0.131	0.001
25 - 49	0.143	0.003	0.119	0.001
50 - 99	0.109	0.003	0.122	0.001
100 - 199	0.086	0.002	0.118	0.001
200 - 499	0.090	0.002	0.151	0.001
500 - 999	0.041	0.002	0.081	0.001
1000 or more	0.040	0.002	0.143	0.001
Don't know: less than 25	0.002	0.000	0.001	0.000
Don''t know: 25 or more	0.013	0.001	0.007	0.000
	Mean	Std. Err.	Mean	Std. Err.
In poverty	0.126	0.003	0.016	0.000
Regional unemployment rate	6.445	0.017	6.274	0.008
Low paid sector	0.325	0.004	0.108	0.001
Number of children under 16	0.555	0.008	0.691	0.004
Disabled	0.130	0.003	0.091	0.001
Married/partnered	0.468	0.004	0.753	0.002

Table 2: low paid versus higher paid characteristics (female)

FEMALE (PAGE 1)	Low paid		Higher paid	
	Proportion	Std. err.	Proportion	Std. Err.
Age group:				
18-24	0.218	0.002	0.076	0.001
25-34	0.205	0.002	0.243	0.002
35-44	0.224	0.002	0.281	0.002
45-54	0.238	0.002	0.283	0.002
55 plus	0.115	0.002	0.117	0.001
Highest educational qualification:				
First degree	0.110	0.002	0.341	0.002
Other higher degree	0.097	0.002	0.148	0.001
A levels etc	0.247	0.003	0.192	0.001
GCSEs etc	0.308	0.003	0.216	0.002
Other qualification	0.119	0.002	0.065	0.001
No qualifications	0.118	0.002	0.039	0.001
Age of youngest child:				
Youngest child aged 0-2	0.089	0.002	0.096	0.001
Youngest child aged 3-4	0.054	0.001	0.052	0.001
Youngest child aged 5-11	0.182	0.002	0.151	0.001
Youngest child aged 12-15	0.110	0.002	0.089	0.001
No children under 16	0.565	0.003	0.612	0.002
Region				
North East	0.046	0.001	0.041	0.001
North West	0.122	0.002	0.114	0.001
Yorkshire & Humber	0.100	0.002	0.084	0.001
East Midlands	0.093	0.002	0.072	0.001
West Midlands	0.098	0.002	0.078	0.001
East of England	0.092	0.002	0.097	0.001
London	0.066	0.002	0.133	0.001
South East	0.129	0.002	0.151	0.001
South West	0.094	0.002	0.080	0.001
Wales	0.054	0.001	0.041	0.001
Scotland	0.081	0.001	0.088	0.001
Northern Ireland	0.025	0.001	0.021	0.000

FEMALE (PAGE 2)	Low paid		Higher paid	
	Proportion	Std. err.	Proportion	Std. Err.
Firm size				
1 - 2	0.049	0.001	0.027	0.001
3 - 9	0.221	0.002	0.103	0.001
10 - 24	0.213	0.002	0.149	0.001
25 - 49	0.171	0.002	0.140	0.001
50 - 99	0.104	0.002	0.117	0.001
100 - 199	0.070	0.001	0.105	0.001
200 - 499	0.081	0.002	0.118	0.001
500 - 999	0.032	0.001	0.068	0.001
1000 or more	0.038	0.001	0.161	0.001
Don't know: less than 25	0.003	0.000	0.001	0.000
Don't know: 25 or more	0.018	0.001	0.011	0.000
	Mean	Std. Err.	Mean	Std. Err.
In poverty	0.126	0.002	0.026	0.001
Regional unemployment rate	6.368	0.012	6.286	0.008
Low paid sector	0.448	0.003	0.271	0.002
Number of children under 16	0.742	0.006	0.637	0.003
Disabled	0.154	0.002	0.113	0.001
Married/partnered	0.602	0.003	0.708	0.002

3.3. Comparing those who are stuck versus those who progress

Cai et al. (2018) uses lagged labour market status to measure state dependence. This section uses a similar method to look at characteristics of workers and their jobs, labelling those with a lagged labour market status of low pay as low paid at time period 1. then label those with a current labour market status of low paid as low paid at time period 2, and repeat this for those who are currently higher paid. We end up with a pooled cross-section of 32,162 low pay to low pay transitions, and 15,800 low pay to higher pay transitions, meaning that twice as many people who began in low pay remained in low pay after a year compared to how many moved to higher pay. Out of all transitions, 39.3% of men transitioned into higher pay while 29.9% of women transitioned into higher pay. This sample excludes any low-paid workers who became self-employed, unemployed, or exited the labour market in time period 2. These transitions will be referred to as the two 'transition types' from here onwards.

Tables 3 and 4 show the differences in means of observable characteristics for each transition type. The sample has been split by sex and sorted into 5-year periods so that any time-specific effects can be picked out. Poverty has been included at time period 1 and time period 2, while the other observable characteristics are from time period 2. The actual means of each transition type across the whole sample are provided in appendix B for reference.

When we look at poverty in time period 2, we can see that the likelihood of being in poverty for those who are stuck is 7-10% more than those who progressed, while the difference in initial poverty between the two transition types is around 3-5%. An important finding in and of itself is that those who are stuck are statistically more likely to have started out in poverty. As mentioned previously, it was difficult to find previous literature which looked at the effect of poverty on progression using econometric methods, though there is evidence of true state dependence of poverty itself (Fabrizi and Mussida 2020). One potential mechanism is the idea of the cognitive load of poverty (Mani et al. 2013), which could reduce individuals' ability to perform at work and to look for higher paid work. It is possible that this larger difference in period 2 is explained by progression lifting some individuals out of poverty, or by persistent low pay pushing people into poverty.

Those who are stuck were 10.4% more likely to work in a low-paid industry in the period 2015-2019. This effect was significant across all time periods. This is likely explained by the structure of low-paid industries such as retail, hospitality and social care where there are fewer opportunities

for progression due to a flat employment structure (see Webb et al. 2018, p. 12 for an explanation).

Since only pay is used to determine a low-paid job versus a higher-paid job in this analysis, it is not possible to understand the impact of the external labour market on individuals in the sample. This research has not analysed the type of transition present for individuals. If an individual has moved from low pay to higher pay, for example, it is not known whether this person is in the same job with a pay rise, in a higher-paid job within the same organisation or industry, or in a higher-paid job in a different organisation or industry. Variables with this information are available in the data but this analysis was not within the scope of this research.

Regional unemployment rate was included in the analysis to provide an indication of external labour market opportunities. However, this variable did not seem to be significant. This could be due to local labour markets having a greater impact on external labour market opportunities than regional labour markets. Furthermore, as discussed in the literature review, opportunities in the external labour market have differing opportunity costs for different individuals (Cooke et al. 2013) which may mean that the ways in which individuals choose opportunities is too nuanced to be shown in this sample.

Men who progressed are more likely to be married or partnered. The causal direction of this effect is uncertain – men could be choosing to take higher-paid jobs to support an extra person joining the household, or they could be receiving help from their partner in some form which allows them to progress more easily, e.g. in the form of being able to be more discerning in job choice due to extra income in the household (Pilossoph and Wee 2021). Interestingly, from 1996-2005 the opposite was true for women – those who were stuck were more likely to be married or partnered, which may be explained by less of a need for progression since there is another income in the household or by the increased likelihood of women taking on more unpaid work in the home in partnerships. However, this effect flips in 2010-2019 – women in more recent years who progressed are more likely to have a partner, echoing the trend seen in the male sample.

There are some interesting differences related to age in each sample. Men aged 18-24 are more likely to remain in low-paid work, while in some years those between 25 and 54 are more likely to progress into higher-paid work. In the female sample, women aged between 25 and 34 are more likely to have progressed to higher pay, but by age 45 in several time periods women are more likely to have remained in low pay. This effect could be driven by care responsibilities which tend

to affect women more than men, the effects of a dual income household, or even by age-based prejudices which could affect women more than men. It could also be due to a difference in wage growth between men and women previously mentioned which is supposedly tied to women's wage growth being lower than men's when they change jobs (Loprest 1992).

There is a statistically significant difference between transition types which shows that those who progress are more likely to have a first or other higher degree. At the other end of education, those with their highest degree being 'other qualification' or 'no qualifications' are more likely to have remained in low pay. There also seems to be a time effect where the highest qualification being GCSEs was not previously correlated with either transition type, but in recent years it has become correlated with those who remain in low pay compared to those who transition to higher pay. This could possibly signal an increase in the need for qualifications in higher paid work over time. Since the analysis looks at education in time period 2, it is not known whether those who progressed already had higher qualifications, or if they attained them in the year that they progressed.

It would expected to see some differences in regions between transition types due to both wages and opportunities, and those in London and the South East are more likely to have progressed than remained in low pay. In other regions, differences are small and often not significant. As mentioned previously, this could be due to the importance of local labour markets rather than regional ones (Carmichael 1978). Regional unemployment rate was not significantly different for either transition type.

Firm size is highly correlated with transition type. Those who are stuck are much more likely to be in small firms, while those who progress are more likely to be in larger firms. This could be due to individuals moving to larger firms to increase their wages due to the wage gap between small and large firms (Oi and Idson 1999), but this would need to be confirmed by analysing firm size before and after each transition which was not in scope for this thesis.

Differences between transition types by age of youngest child or total number of children are not statistically significant for the most part. There is a small effect where those who progress are more likely to have a youngest child between 0 and 2 for men and women – this could be driven either by individuals choosing to have a child when they are on a good path in terms of their career, or by the choice to prioritise higher pay when pregnancy is discovered. In a couple of years, women with children under 16 are more likely to remain in low pay, which again could be

explained by caring responsibilities which more often fall to women or by a dual income household. Working parents are more likely to suffer from time poverty which could also contribute to state dependence for women (Harvey and Mukhopadhyay 2007).

Table 3: differences in means for low pay to low pay and low pay to higher pay transitions (male)

MALE (PAGE 1)	1991-1995			1996-2000			2001-2005			2006-2010			2010-2015			2015-2019		
	Diff.	Sig.	Std. Err.	Diff.	Sig.	Std. Err.	Diff.	Sig.	Std. Err.	Diff.	Sig.	Std. Err.	Diff.	Sig.	Std. Err.	Diff.	Sig.	Std. Err.
In poverty t=1	**0.053**	*	0.028	**0.048**	**	0.020	**0.031**	*	0.017	**0.052**	***	0.016	**0.038**	***	0.009	**0.042**	***	0.012
In poverty t=2	**0.107**	***	0.023	**0.096**	***	0.017	**0.115**	***	0.015	**0.079**	***	0.015	**0.097**	***	0.009	**0.077**	***	0.011
Unemployment rate	0.043		0.128	0.029		0.085	0.002		0.044	0.107		0.073	0.067		0.042	0.006		0.029
Low paid industry	**0.168**	***	0.033	**0.149**	***	0.025	**0.081**	***	0.021	**0.112**	***	0.020	**0.134**	***	0.012	**0.104**	***	0.015
No. of children under 16	0.044		0.071	-0.031		0.056	**-0.125**	***	0.046	-0.032		0.046	**0.077**	***	0.029	-0.019		0.036
Disabled	**0.034**	*	0.020	0.013		0.017	0.013		0.015	**0.037**	**	0.015	**0.022**	**	0.010	**0.024**	*	0.012
Married/partnered	**-0.134**	***	0.040	**-0.076**	***	0.028	**-0.093**	***	0.024	**-0.074**	***	0.022	**-0.039**	***	0.013	**-0.053**	***	0.016
Aged 18-24	**0.072**	*	0.039	**0.089**	***	0.028	0.033		0.023	**0.054**	***	0.018	**0.047**	***	0.011	**0.058**	***	0.013
Aged 25-34	-0.055		0.034	**-0.050**	**	0.025	**-0.041**	*	0.021	-0.017		0.019	**-0.020**	*	0.011	-0.017		0.014
Aged 35-44	0.021		0.029	**-0.042**	**	0.020	**-0.049**	***	0.017	-0.021		0.018	-0.017		0.011	**-0.046**	***	0.013
Aged 45-54	-0.033		0.025	-0.007		0.019	0.019		0.017	**-0.036**	**	0.017	**-0.019**	*	0.011	0.001		0.014
Aged 55 plus	-0.004		0.022	0.010		0.016	**0.038**	**	0.017	0.020		0.017	0.009		0.010	0.005		0.014
First degree	**-0.031**	*	0.016	**-0.026**	*	0.014	**-0.045**	***	0.011	**-0.045**	***	0.014	**-0.061**	***	0.009	**-0.074**	***	0.012
Other higher degree	**-0.023**	*	0.012	**-0.023**	**	0.011	**-0.024**	**	0.010	-0.010		0.011	-0.012		0.008	-0.014		0.010
A levels etc	0.010		0.034	**-0.046**	*	0.025	**-0.053**	**	0.021	-0.024		0.019	-0.004		0.012	0.021		0.015
GCSEs etc	-0.024		0.036	0.021		0.025	0.011		0.022	0.003		0.020	**0.046**	***	0.012	**0.034**	**	0.015
Other qualification	0.015		0.028	**0.050**	**	0.021	**0.031**	*	0.017	**0.025**	*	0.015	-0.005		0.008	0.012		0.010
No qualifications	0.050		0.035	0.031		0.023	**0.081**	***	0.020	**0.048**	***	0.016	**0.037**	***	0.008	**0.023**	***	0.008
North East	-0.007		0.015	0.003		0.013	**-0.017**	**	0.008	-0.005		0.008	0.003		0.005	-3E-04		0.006
North West	-0.016		0.027	0.002		0.017	-0.020		0.014	0.005		0.013	0.013		0.008	-0.003		0.011
Yorkshire and the Humber	0.008		0.026	0.004		0.018	-0.001		0.011	0.010		0.012	-0.004		0.008	-0.011		0.010
East Midlands	-0.040		0.026	-0.001		0.018	0.015		0.011	0.008		0.011	0.005		0.008	-0.003		0.009
West Midlands	**0.054**	**	0.024	0.011		0.017	-0.015		0.011	0.013		0.012	**0.016**	**	0.008	0.016		0.010

MALE (PAGE 2)	1991-1995			1996-2000			2001-2005			2006-2010			2010-2015			2015-2019		
	Diff.	Sig.	Std. Err.	Diff.	Sig.	Std. Err.	Diff.	Sig.	Std. Err.	Diff.	Sig.	Std. Err.	Diff.	Sig.	Std. Err.	Diff.	Sig.	Std. Err.
East England	-0.018		0.022	0.000		0.014	-0.005		0.010	-0.016		0.011	-0.007		0.007	0.010		0.009
London	-0.010		0.018	-0.017		0.011	-0.010		0.008	**-0.023**	*	0.012	**-0.028**	***	0.008	**-0.028**	***	0.009
South East	-0.023		0.023	**-0.033**	*	0.017	-0.009		0.012	0.000		0.012	**-0.016**	**	0.008	-0.016		0.010
South West	0.030		0.024	**0.028**	*	0.017	-0.009		0.011	0.015		0.011	0.003		0.007	**0.016**	*	0.010
Wales	0.002		0.021	0.018		0.017	**0.032**	*	0.019	0.002		0.015	0.007		0.007	**0.020**	**	0.009
Scotland	0.018		0.023	-0.016		0.018	**0.037**	*	0.020	-0.006		0.014	-0.005		0.007	-0.012		0.008
Northern Ireland		N/A			N/A		0.003		0.016	-0.005		0.013	0.009		0.006	0.011		0.009
Firm size 1-2	**0.057**	***	0.020	0.004		0.014	**0.029**	**	0.012	**0.027**	**	0.012	**0.016**	**	0.006	**0.023**	***	0.009
Firm size 3-9	0.052		0.033	**0.088**	***	0.023	**0.055**	***	0.020	**0.048**	***	0.018	**0.060**	***	0.011	**0.073**	***	0.013
Firm size 10-24	**0.083**	***	0.032	0.034		0.021	-0.017		0.019	0.021		0.018	**0.030**	***	0.011	**0.036**	***	0.013
Firm size 25-49	0.044		0.029	0.009		0.019	**0.048**	***	0.017	0.010		0.016	0.008		0.009	-0.012		0.012
Firm size 50-99	**-0.077**	***	0.024	-0.025		0.018	-0.019		0.015	-0.010		0.013	-0.014		0.009	-0.009		0.011
Firm size 100-199	-0.023		0.023	-0.027		0.017	-0.009		0.014	-0.004		0.012	-0.007		0.008	**-0.019**	*	0.010
Firm size 200-499	**-0.094**	***	0.020	**-0.034**	*	0.019	**-0.039**	***	0.014	**-0.039**	***	0.013	**-0.022**	***	0.008	**-0.025**	**	0.010
Firm size 500-999	**-0.028**	**	0.014	-0.015		0.010	**-0.020**	*	0.011	-0.004		0.010	**-0.021**	***	0.006	**-0.014**	**	0.006
Firm size over 1000	-0.022		0.016	**-0.035**	***	0.012	**-0.028**	***	0.011	**-0.040**	***	0.009	**-0.046**	***	0.006	**-0.048**	***	0.008
Youngest child aged 0-2	-0.014		0.023	-0.025		0.016	**-0.024**	*	0.014	0.002		0.015	-0.002		0.009	-0.015		0.009
Youngest child aged 3-4	0.002		0.013	-0.004		0.010	**-0.025**	***	0.009	-0.002		0.009	0.005		0.006	0.006		0.007
Youngest child aged 5-11	-0.012		0.024	0.002		0.015	-0.016		0.015	-0.011		0.014	0.008		0.009	-0.001		0.012
Youngest child aged 12-15	0.038		0.024	0.010		0.015	0.007		0.012	0.004		0.011	0.001		0.007	-0.008		0.009
No children under 16	-0.024		0.038	0.008		0.026	**0.054**	**	0.023	0.011		0.021	-0.010		0.013	0.016		0.016

Table 4: differences in means for low pay to low pay and low pay to high pay transitions (female)

FEMALE (PAGE 1)	1991-1995			1996-2000			2001-2005			2006-2010			2010-2015			2015-2019		
	Diff.	Sig.	Std. Err.	Diff.	Sig.	Std. Err.	Diff.	Sig.	Std. Err.	Diff.	Sig.	Std. Err.	Diff.	Sig.	Std. Err.	Diff.	Sig.	Std. Err.
In poverty t=1	**0.035**	**	0.017	**0.066**	***	0.014	0.015		0.012	**0.038**	***	0.011	**0.039**	***	0.007	**0.040**	***	0.008
In poverty t=2	**0.082**	***	0.017	**0.104**	***	0.013	**0.071**	***	0.011	**0.074**	***	0.010	**0.066**	***	0.006	**0.060**	***	0.008
Unemployment rate	-0.050		0.086	-0.013		0.062	0.040		0.030	**0.153**	***	0.052	**0.123**	***	0.032	0.020		0.022
Low paid industry	**0.168**	***	0.033	**0.149**	***	0.025	**0.081**	***	0.021	**0.112**	***	0.020	**0.134**	***	0.012	**0.104**	***	0.015
No. of children under 16	-0.052		0.052	0.008		0.040	-0.052		0.033	0.028		0.031	0.013		0.021	0.065	***	0.025
Disabled	0.017		0.015	**0.032**	**	0.012	**0.022**	**	0.011	0.015		0.011	**0.020**	**	0.008	0.012		0.010
Married/partnered	-0.022		0.023	**0.030**	*	0.018	**0.050**	***	0.015	-0.010		0.015	**-0.019**	**	0.010	**-0.029**	**	0.012
Aged 18-24	**-0.033**	*	0.019	**-0.060**	***	0.015	**-0.022**	*	0.012	0.013		0.012	**0.030**	***	0.007	**0.032**	***	0.009
Aged 25-34	-0.015		0.022	-0.020		0.017	**-0.054**	***	0.013	**-0.026**	**	0.013	**-0.030**	***	0.008	**-0.033**	***	0.010
Aged 35-44	**-0.042**	*	0.023	-0.007		0.018	-0.015		0.015	0.005		0.014	-0.019		0.009	-0.007		0.010
Aged 45-54	**0.051**	**	0.023	**0.070**	***	0.017	**0.039**	***	0.014	-0.005		0.014	-0.002		0.009	-0.001		0.011
Aged 55 plus	**0.040**	***	0.014	0.016		0.011	**0.052**	***	0.011	0.013		0.010	**0.021**	***	0.007	0.008		0.009
First degree	**-0.028**	***	0.008	**-0.038**	***	0.006	**-0.049**	***	0.007	**-0.077**	***	0.009	**-0.110**	***	0.007	**-0.121**	***	0.010
Other higher degree	**-0.024**	**	0.010	**-0.031**	***	0.008	**-0.019**	***	0.007	**-0.025**	***	0.009	**-0.036**	***	0.007	**-0.031**	***	0.009
A levels etc	**-0.046**	***	0.016	**-0.044**	***	0.015	**-0.042**	***	0.014	-0.006		0.013	**0.015**	*	0.009	**0.031**	***	0.011
GCSEs etc	-0.009		0.024	-0.029		0.019	-0.020		0.016	**0.030**	**	0.015	**0.068**	***	0.010	**0.087**	***	0.011
Other qualification	**-0.033**	*	0.019	**0.030**	**	0.015	**0.045**	***	0.012	**0.036**	***	0.011	**0.030**	***	0.006	**0.019**	***	0.007
No qualifications	**0.143**	***	0.024	**0.111**	***	0.018	**0.089**	***	0.013	**0.044**	***	0.010	**0.037**	***	0.005	**0.017**	***	0.005
North East	-0.007		0.015	0.003		0.013	**-0.017**	**	0.008	-0.005		0.008	0.003		0.005	0.000		0.006
North West	-0.016		0.027	0.002		0.017	-0.020		0.014	0.005		0.013	0.013		0.008	-0.003		0.011
Yorkshire and the Humber	0.008		0.026	0.004		0.018	-0.001		0.011	0.010		0.012	-0.004		0.008	-0.011		0.010
East Midlands	-0.040		0.026	-0.001		0.018	0.015		0.011	0.008		0.011	0.005		0.008	-0.003		0.009
West Midlands	**0.054**	**	0.024	0.011		0.017	-0.015		0.011	0.013		0.012	**0.016**	**	0.008	0.016		0.010

FEMALE (PAGE 2)	1991-1995			1996-2000			2001-2005			2006-2010			2010-2015			2015-2019		
	Diff.	Sig.	Std. Err.	Diff.	Sig.	Std. Err.	Diff.	Sig.	Std. Err.	Diff.	Sig.	Std. Err.	Diff.	Sig.	Std. Err.	Diff.	Sig.	Std. Err.
East England	-0.018		0.022	0.000		0.014	-0.005		0.010	-0.016		0.011	-0.007		0.007	0.010		0.009
London	**-0.025**	**	0.010	**-0.018**	**	0.008	**-0.012**	***	0.004	**-0.025**	***	0.007	**-0.044**	***	0.005	**-0.042**	***	0.007
South East	-0.022		0.018	-0.004		0.014	**-0.026**	***	0.009	**-0.021**	**	0.009	**-0.013**	**	0.006	-0.009		0.008
South West	0.030		0.024	**0.028**	*	0.017	-0.009		0.011	0.015		0.011	0.003		0.007	**0.016**	*	0.010
Wales	0.002		0.021	0.018		0.017	**0.032**	*	0.019	0.002		0.015	0.007		0.007	**0.020**	**	0.009
Scotland	0.018		0.023	-0.016		0.018	**0.037**	*	0.020	-0.006		0.014	-0.005		0.007	**-0.012**		0.008
Northern Ireland	N/A			N/A			0.003		0.016	-0.005		0.013	0.009		0.006	0.011		0.009
Firm size 1-2	**0.057**	***	0.020	0.004		0.014	**0.029**	**	0.012	**0.027**	**	0.012	**0.016**	**	0.006	**0.023**	***	0.009
Firm size 3-9	0.052		0.033	**0.088**	***	0.023	**0.055**	***	0.020	**0.048**	***	0.018	**0.060**	***	0.011	**0.073**	***	0.013
Firm size 10-24	**0.083**	***	0.032	0.034		0.021	-0.017		0.019	0.021		0.018	**0.030**	***	0.011	**0.036**	***	0.013
Firm size 25-49	0.044		0.029	0.009		0.019	**0.048**	***	0.017	0.010		0.016	0.008		0.009	-0.012		0.012
Firm size 50-99	**-0.077**	***	0.024	-0.025		0.018	-0.019		0.015	-0.010		0.013	-0.014		0.009	-0.009		0.011
Firm size 100-199	-0.023		0.023	-0.027		0.017	-0.009		0.014	-0.004		0.012	-0.007		0.008	**-0.019**	*	0.010
Firm size 200-499	**-0.094**	***	0.020	**-0.034**	*	0.019	**-0.039**	***	0.014	**-0.039**	***	0.013	**-0.022**	***	0.008	**-0.025**	**	0.010
Firm size 500-999	**-0.028**	**	0.014	-0.015		0.010	**-0.020**	*	0.011	-0.004		0.010	**-0.021**	***	0.006	**-0.014**	**	0.006
Firm size over 1000	-0.022		0.016	**-0.035**	***	0.012	-0.028	***	0.011	**-0.040**	***	0.009	**-0.046**	***	0.006	**-0.048**	***	0.008
Youngest child aged 0-2	-0.001		0.011	-0.006		0.010	**-0.022**	**	0.009	-0.008		0.010	**-0.018**	***	0.006	-0.009		0.007
Youngest child aged 3-4	-0.020		0.012	-0.012		0.009	-0.011		0.007	0.002		0.007	0.004		0.005	-0.003		0.005
Youngest child aged 5-11	0.003		0.021	0.007		0.015	0.000		0.013	0.017		0.012	**0.020**	**	0.008	**0.032**	***	0.010
Youngest child aged 12-15	0.006		0.017	**0.030**	**	0.012	-0.011		0.010	0.000		0.010	-0.004		0.007	0.002		0.008
No children under 16	0.010		0.026	-0.020		0.020	**0.038**	**	0.017	-0.010		0.016	-0.002		0.010	**-0.024**	*	0.013

3.4. Data limitations

The British Household Panel Survey and Understanding Society are very useful sources of longitudinal data. However, all data has its flaws and limitations. The first issue found when using this data were discrepancies in the pay and hours data. In the 18 BHPS waves, 1055 observations had positive pay and hours data but were not classed as working. For the purposes of this study, it was decided to include these observations in the sample and assume that these individuals were employed, but this may not be accurate. There are also 8436 observations in BHPS and 22,399 observations in USoc which state that the individual is employed but their pay or hours is either missing or recorded as zero. The researcher imputed missing hours for 3257 of these observations in BHPS and 6808 in USoc if lagged hours were available and the individual was working in the lagged period. This assumes that the individuals with missing hours are working the same number of hours as the previous year. It was decided that imputing pay was outside the scope of this study – imputed pay could be held constant or could be uprated by inflation for each wave missing, but either option introduces significant assumptions into the data and should be used with caution.

To test whether those missing pay variables are correlated with other observable characteristics, a dummy variable was created indicating whether individuals who are classed as employed have missing pay or zero pay and ran a linear regression. The results are shown in table 5.

Table 5: Regression output of those with missing pay

Employed with missing pay information	Coefficient	Std. err.
Sex	-0.020 ***	0.001
In poverty	-0.008 ***	0.001
Regional unemployment rate	-0.001 ***	0.000
Low paid industry	0.002 ***	0.001
Number of children	0.003 ***	0.001
Disabled	-0.022 ***	0.001
Married or partnered	-0.002 **	0.001
Highest educationan (base = first degree)		
Other higher degree	0.004 ***	0.001
A levels or equivalent	0.008 ***	0.001
GCSEs or equivalent	0.010 ***	0.001
Other qualifications	0.007 ***	0.001
No qualifications	0.015 ***	0.001
Region (base = North East)		
North West	0.000	0.002
Yorkshire & Humber	0.004 **	0.002
East Midlands	0.001	0.002
West Midlands	0.003 *	0.002
East of England	0.002	0.002
London	0.011 ***	0.002
South East	0.000	0.002
South West	-0.003 *	0.002
Wales	0.002	0.002
Scotland	-0.001	0.002
Northern Ireland	-0.008 ***	0.002

Employed with missing pay information (contd)	Coefficient	Std. err.
Firm size (base = 1-2)		
3 - 9	0.003	0.002
10 - 24	0.001	0.002
25 - 49	-0.001	0.002
50 - 99	-0.001	0.002
100 - 199	-0.001	0.002
200 - 499	-0.004 **	0.002
500 - 999	0.001	0.002
1000 or more	-0.004	0.002
DK/less than 25	0.150 ***	0.006
DK/25 or more	0.102 ***	0.003
Age bracket (base = 18-24)		
25 - 34	-0.010 ***	0.001
35 - 44	-0.014 ***	0.001
45 -54	-0.014 **	0.001
55 plus	-0.013 ***	0.001
Age of youngest child (base = aged 0-2)		
Youngest child aged 3-4	0.002	0.001
Youngest child aged 5-11	0.006 ***	0.001
Youngest child aged 12-15	0.009 ***	0.001
No children under 16	0.010 ***	0.001
_cons	0.039 ***	0.003

This regression shows a correlation between missing pay variables for employees and being in poverty. Therefore, an important finding from table 5 to be aware of is that the main sample, which excludes those with missing pay, seems to skew slightly towards respondents with a higher household income.

The second limitation is based on income data. In the BHPS sample, 22,886 households are missing net household income. Net income variables are not part of the original BHPS sample – they were derived by Levi and Jenkins (2012). This may be why the missing values are so high. For this reason, it was decided that in this case it would be better to use gross household income to compute the poverty line. Since the same income variable is used to calculate whether individuals fall above or below the poverty line, this was deemed an acceptable fix. Furthermore, this switch reduces the number of missing income values from around 1800 in later BHPS waves to less than 500 missing

values per wave. Net income variables were included in USoc, so thankfully the latter part of the sample does not suffer the same issue.

3.5. Conclusions of Chapter 3

This chapter has analysed the difference between low paid and higher paid workers, followed by the differences between low paid workers who remain stuck in low pay and those who progress into higher pay. There were several significant differences in individual characteristics between the two samples. It was found that 29.9% of women progressed and 39.2% of men progressed. Men aged 25 and over were more likely to progress, while women at the older end of the working age spectrum were more likely to remain stuck in low pay. Those with degrees were more likely to progress, while those with only GCSEs or no qualifications were more likely to remain stuck. Men across all time periods and women in the latest time period were more likely to progress if they were married or partnered, but there was a historical effect were women who were married were more likely to remain stuck. Those who were disabled were more likely to remain in low pay.

As for labour market factors, there was a significant correlation between firm size and progression outcomes. Those in small firms were more likely to remain in low pay, while those in large firms were more likely to progress. Further investigation of initial firm size in data is recommended to understand this effect better. Those who were stuck were also more likely to be working in predominantly low paid industries.

A factor which has not previously been researched in relation to progression is poverty status. It was found that initial poverty was 3-5% higher for those in low pay who remained in low pay, and this increased to a 7-10% gap in the second time period. The relationship between poverty, low paid work and progression will be investigated further using qualitative methods in chapter 4.

This chapter has set out the prevalence of effects of various characteristics and their correlation to progression outcomes. Where possible literature has been included which may explain the mechanisms linking individual characteristics and labour market effects to labour market transitions. The following chapter aims to dig into the complexities of these mechanisms and uncover potential mechanisms which are less tangible and therefore more difficult to capture in quantitative data.

4. Qualitative analysis of low pay transitions

Chapter 3 showed that there are many statistically significant differences between those who remain stuck in low pay and those who progress to higher pay. This chapter provides the results of qualitative research which was undertaken to investigate these differences in more detail and to unpick some of the mechanisms which may be driving state dependence and stepping stone effects. This chapter also takes a more in-depth look at how poverty may exacerbate state dependence for low-paid workers.

Section 4.1. covers the methodology used in the qualitative research. Sections 4.2., 4.3. and 4.4. provide information about the participants included in the sample. Section 4.5. explores how the socioeconomic characteristics of the participants impacted their work quality and opportunities for progression. The socioeconomic characteristics covered include financial circumstances, education and skills, disability, and part-time workers. Section 4.6. considers the structure of low-paid sectors and how this impacted opportunities for progression for participants. Section 4.6. shows that low-paid sectors had limited high quality progression opportunities, informal promotion practices, and poor work-life balance for participants which dissuaded them from progression within these industries. Section 4.7. concludes the chapter with the main findings of the qualitative research.

4.1. Methodology

As a reminder of the aims of this research, the research questions were as follows:

- How do socioeconomic characteristics and labour market factors differ between those who remain stuck in low-paid work and those who progress into higher-paid work?
- What opportunities and barriers do low-paid workers face when seeking to transition into higher-paid work?
- How do these opportunities and barriers interact with experiences of poverty for low-paid workers?
- How might policies to tackle in-work poverty be designed better for those workers in low paid work and most at risk of poverty?

Section 4.1. describes the methodology used in Chapter 4 of the research, including the research project's wider philosophical context, sample selection and recruitment, data collection methods, and data analysis.

4.1.1. Research philosophy and mixed methods research

The quantitative methods used in Chapter 3 indicated the extent to which those who remain stuck in low pay and those who progress differ through correlations. The methods for Chapter 4 were designed

to provide more context to the quantitative findings and to understand some of the mechanisms which may be driving state dependence and stepping stone effects. Like many proponents of mixed methods research, this research took a pragmatist approach to research philosophy.

There has been criticism of pragmatism's lack of engagement with research philosophy in the past. The researcher follows Morgan (2014)'s philosophy based on Dewey's work: traditional arguments in research philosophy require a post-positivist or constructivist stance regarding the nature of reality; Morgan argues that pragmatism views both of these stances as 'social contexts for inquiry as a form of social action, rather than as abstract philosophical systems' (2014, p. 1049). This research therefore uses quantitative and qualitative methods as different social contexts in which to understand and answer the research questions.

Mixed methods were also seen as beneficial for this research due to the argument that qualitative and quantitative methods complement each other by 'cancelling out' the perceived weaknesses of each method (Teddlie and Tashakkori, 2011). While the quantitative methods used in Chapter 3 provided correlation effects using a representative UK sample, qualitative methods with a small sample were able to provide rich detail and uncover unexpected or less tangible mechanisms not explored in the quantitative research.

4.1.2. Sample selection and recruitment

Sample selection in this research was designed to complement the quantitative work of Chapter 3. Participants were required to be of working age and either currently working in a low paid job, or currently working in a higher paid job but had worked in a low paid job within the past two years. The time frame of two years was chosen so that participants would be able to answer questions based on recent memory rather than experiences from long ago. Full-time students were excluded as was the case in the quantitative work. Purposive sampling was used in an attempt to reach participants with a wide range of socioeconomic backgrounds and household characteristics.

At the time of data collection, the minimum wage was £8.91 per hour for those aged 25 and over. The real living wage of £9.50 per hour at the time of interview was used to distinguish between low pay and higher pay. This value was chosen because based on ASHE data from 2021, the low-pay threshold used in the quantitative research (two-thirds median hourly pay) in the UK was £9.46 (Nomis, 2024). The real living wage was also chosen since the low-pay threshold was expected to be a fuzzy boundary – someone earning £9.45 and someone earning £9.46 may have very similar experiences. It was further hypothesised that employers paying the real living wage may also be providing better quality jobs for their workers in other dimensions too, which could act as a second type of boundary between low-paying jobs and higher paying jobs.

The researcher attempted to use gatekeeper organisations first to access participants. Since the research focus was on in-work poverty, it was hoped to be able to recruit through organisations who work with those in this category. However, due to COVID, these organisations were very busy supporting their clients at the time of recruitment and the organisations contacted via email did not have sufficient capacity to act as gatekeepers. Many were not open in-person due to public health restrictions, so it was also not possible to turn up physically in order to make connections.

Instead, the main method of recruitment used in this research was social media – specifically, posting in Facebook community groups. The benefits of this method of recruitment included fast responses, a wide range of interest, and the ability to focus research on certain geographical areas. Community groups local to the researcher's home in Glasgow were identified and accessed through a 'join request' – some groups only allow locals to participate which necessitated the Glasgow-based geography of the research. Groups for local information and events, as well as local buy, sell and give away groups were accessed. Some groups were excluded as their group rules did not allow advertising of any kind. The researcher posted an informal advert in each group, explaining the research and asking anyone interested to send her a message. The researcher had the most success posting in community groups which she had previously used in her personal life, as previous posts in the group by each member can be viewed by others – this built trust with potential participants and group moderators.

Naturally, this method created some sample bias. All participants were white and lived in more urban areas (though some had previously lived in rural locations), which was to be expected based on the demographics of the community groups. More women than men participated, which is likely due to the higher percentage of women being regular users of the community groups accessed. As mentioned previously, purposive sampling was used to try to access a wider range of participants. This was done by informally screening potential participants through a combination of direct questions about their work (sector, hours and wages) using Facebook Messenger, and by using their public profile information to ascertain sex, age range, and whether they had a partner and/or children. A wide range of sectors, roles, hours and household makeup were achieved in the sample.

4.1.3. Data collection

The goal in designing the qualitative research instrument was to gather rich qualitative data surrounding the findings of the literature review and the quantitative analysis. Topics to be covered using the instrument included: current and recent jobs; human capital; social capital; financial circumstances; job factors such as sector, perceived job quality and work quality; other relevant socioeconomic factors such as disability and dependent; and of course, how all of these factors interacted with progression and/or state dependence. Consideration was also given to the impacts of

COVID on work and how the experience of the pandemic may have impacted participants' views of work.

The data collection method chosen for the qualitative element of this research was semi-structured interviews. Hay (2015)'s work made use of focus groups which generated good discussion between low-paid workers, and it was considered whether two focus groups (one for low paid workers and one for higher paid workers) would be appropriate. Focus groups were decided against for two main reasons: firstly, the fuzzy nature of the low-pay/high-pay boundary may have caused conflict and difficulty for participants near the boundary; and secondly, due to the focus of this research on in-work poverty and financial hardship, it was felt that focus groups may not facilitate sharing of personal issues to the researcher as well as one-to-one interviews could. Semi-structured interviews were chosen as a flexible approach to guide the participants through themes relevant to the research, while allowing for unexpected or novel discussions to be explored.

Interviews included a detailed discussion of participants' pathways through work, training and education since leaving school to understand their interactions with the labour market over time. It was also noted whether participants had supporting income in the household. The interview then focused on their current job (and previous low-paid job if they transitioned to higher-paid work) where their satisfaction with the job(s) was discussed as a way to unearth positive and negative aspects of the job in terms of job quality, work quality and fair work dimensions. For those in low-paid work, it was discussed whether they want to progress and if so, what were the opportunities and barriers they perceived for this. For those who had already progressed, they were asked what factors they felt had supported them in this transition (and any that had hindered them, if applicable). Participants were prompted to discuss the impact of COVID on their work, progression opportunities and wider life if this was not raised organically. The full interview schedule can be found in Appendix C.

Interviews were conducted between October 2021 and March 2022. The researcher ceased data collection in March due to minimum wage being increased on the 1st of April 2022, which would have meant recalculating the low-pay/high-pay boundary. During this period, the researcher interviewed 22 participants. Interviews lasted between 30 and 80 minutes and were conducted in cafes local to participants. The interview guide used is included in the appendices.

4.1.4. Data analysis

Interviews were recorded and transcribed by the researcher. The qualitative analysis software NVivo was used to complete the data analysis. The researcher used a mixture of inductive and deductive coding, starting with a coding framework based on the literature and quantitative findings and adding to this when novel themes arose. When coding parts of the interviews related to

opportunities and barriers to progression, for example, the researcher had previously hypothesised that individual circumstances would play a significant role. Codes were therefore created before analysis began which referred to personal circumstances and their interaction with work and progression.

NVivo was also used to analyse participants' codes based on their socioeconomic characteristics and job attributes. This allowed the researcher to understand whether specific themes were clustered around particular attributes. Participants were sorted into job categories (higher salaried pay, higher hourly pay, low pay) and income groups ('doing okay', financial difficulty, below poverty line). The details of these groups can be found in section 4.3.

4.2. Summary of participants

Table 6 shows the details of the participants. All names have been changed to protect their identities.

Table 6: Research participants

Name	Age range	Sex	Job	Pay	Hours
Ryan	40s	M	Support worker	£9.50/hour	30-46 per week
Jennifer	30s	F	Hospitality supervisor, retail worker	£9.20/hour, £9.36/hour	169 per month, 10 per week
Anna	30s	F	Retail worker, hospitality worker	£9.36/hour, £8.91/hour	20 per week, 12-15 per week
Fiona	30s	F	Driver/transport	£8.91/hour	15 per week (variable)
Claire	30s	F	Cleaning services, hospitality manager	£9.00/hour, £11.00/hour	15 per week, 5-40 per week
Dan	Early 30s	M	Modern apprentice (office)	£24k/year	35 per week
Michelle	20s	F	Hospitality worker	£8.91/hour	30 per week

Helen	30s	F	Recruitment/communications	£33k/year	35 per week
Josie	Late 20s	F	Call centre worker	£9.50/hour	37.5 per week
Callum	Mid 20s	M	Modern apprentice (office)	£24k/year	35 per week
Pauline	50s	F	Cleaning services	£8.91/hour	7.5 per week
John	50s	M	Support worker	£10.50/hour	39+ per week
Alice	30s	F	Fundraising	£9.50/hour	16 per week
Christina	Late 20s	F	Communications/events	£24k/year	35 per week
Jane	40s	F	Receptionist	£10.20/hour	22.5 per week
Vicky	40s	F	Freelance writer, hospitality worker	Variable (higher paid), £8.91/hour	Both variable
Mia	30s	F	Software tester	£8.91/hour	16-24 per week
Audrey	40s	F	Support worker	£10/hour	12 per week
Leanne	30s	F	Hospitality worker	£9.91/hour	16 per week
William	Late 20s	M	Receptionist	£9.00/hour	30 per week
Susanne	30s	F	Counsellor	£23k/year	28 per week
Chloe	30s	F	Fashion (office)	£24k/year	37.5 per week

The participants in this research had a wide range of circumstances and experiences. They have been grouped into simple categories in the following sections to provide clarity.

4.3. Sorting by pay

Some participants noted a distinction between hourly paid work in the higher paid bracket and salaried work in the higher paid bracket, hence these have been separated out for clarity.

4.3.1. Recently progressed to salaried job

Dan, Callum, Christina, Susanne and Chloe progressed from low paid jobs to higher paid, salaried jobs between 2019 and 2021. Helen made this transition more than 2 years ago (hence her higher pay). While Helen did not strictly fit into the original criteria of having transitioned to higher pay within the last two years, her participation was still valuable due to previous experience of living in a low-income household. Making an exception to the criteria in this case enriched the data available. Chloe is a unique case since at the time of the interview, she had quit her higher paid job and was retraining in a different industry. Her experience of progression was enlightening for this study and therefore she also remains included in the findings.

4.3.2. "Higher paid" hourly paid work

Jane, Audrey, John, Josie, Leanne and Ryan earned £9.50/hour or above at the time of interview. John and Jane had recently received a pay rise in their roles as part of company policy. Audrey and Josie had previously been paid below £9.50 in different jobs. Leanne had received a promotion in her job (she was previously paid minimum wage). Ryan, at £9.50/hour, felt he was still earning a low wage and was aiming to secure a higher paid job in a different role (not with his current employer).

Alice was starting a job paying £9.50 per hour the week she was interviewed – she had previously been unemployed after leaving a long run of hospitality jobs and starting a part-time Masters degree. She was hopeful this 6-week position would lead to further work in the same area.

Vicky is a unique case since she does a mixture of high-paid freelance work and minimum wage hospitality work. She continues to work in hospitality for two primary reasons: it helps with cash flow when pay from freelance work is not regular, and she enjoys the hospitality work.

4.3.3. Low paid work

Jennifer, Anna, Fiona, Michelle, Pauline, Mia and William are all classed as low-paid based on the original sample criteria. Claire had two jobs at the time of interview, one of which was low-paid and the other higher-paid. However, her higher-paid job was cash-in-hand with no contract and with highly varied hours (sometimes as few as 5 per week). She was therefore grouped into the low-paid bracket.

4.4. Household income

Household characteristics have a significant impact on both poverty and general financial difficulties. Participants have been split into three groups which arose naturally throughout the interviewing

process. All hourly paid participants are included in this section (salaried participants and Vicky have been excluded due to their significantly higher income).

4.4.1. "Doing okay"

Participants with a partner who earned a higher income did not tend to report financial stress. Their reasons for working included enjoying their job, getting out of the house, and bringing in a little extra cash each month – they did not consider themselves the main 'breadwinner' of the household. Jane, Mia and Audrey fell into this category. The exception to this is Ryan, who had recently moved in with his partner who earned a higher wage. He felt uncomfortable leaning on his partner's income and was still aiming to progress to higher paid work.

Michelle and William were part-time Masters students. Michelle lived at home with her parents and was working to have expendable income and savings. William lived independently but did not seem to be struggling on his income. William mentioned that his parents had offered to pay for him through his degree, but that he had chosen to work instead for the experience. Based on the information shared, it is believed he would be supported by his family if he were to have any financial issues.

Josie had recently transitioned to a job paying £9.50 per hour (she was previously in a lower-paid job). She had also managed to help her partner find work – a temporary position for a few months. At the time of interview, she was comfortable with their earnings while she was studying part-time.

John was previously very highly paid in a different industry. He switched careers because he wanted to help people, hence his role as a support worker. He owned his house outright and had recently had a pay rise to £10.50 per hour (although he was being back paid since this pay rise should have been implemented several months ago according to company policy).

Claire felt she was 'doing okay' financially, too. She had a maximum number of hours she could work in her cleaning job due to disability benefits. Her second job was cash-in-hand through friends with very variable hours, so she did not report this as official income.

4.4.2. Financial difficulties/stress

Although above the poverty line, Jennifer lived alone and therefore dealt with some financial stress. She discussed how it felt like the world was geared towards low-income people living as couples, and the difficulty of managing bills and unexpected expenses as a single person living alone. Jennifer mentioned having a significant amount of debt to pay off. She was also having difficulties with her flat – she owned the property due to one of her parents acting as a guarantor when she was a student, but she had found dry rot in one of the beams in the ceiling and her neighbour was refusing to cooperate with the necessary construction. She has had to go to court to try to get the repairs done,

and until then her flat is “unsellable”, meaning she was stuck in her flat with a “giant hole in my ceiling”.

Fiona was on disability benefits due to a long-term health condition. She had experienced significant poverty when she first became unwell and had to leave her job, but felt her income was more stable now that she was working part time and receiving benefits to top this up. Like Claire, her benefits came with a maximum number of hours she could work. This suited Fiona as she dealt with a lot of fatigue due to her condition and could not have feasibly done any more hours than her current amount. Fiona talked about the trauma of experiencing poverty, and a daily fear of returning to it. She was consistently worried about disability benefits changing or being revoked.

Leanne had been doing live-in work for a couple of years with very long hours and a lot of isolation involved. After having what she described as “a bit of a mental breakdown”, she quit her job and moved in with her mother to recover. Since then, she had been working part-time in hospitality. She was hoping to move in with her boyfriend soon but was struggling to find somewhere that she could afford on her income. She was also worried about being declined for a flat due to her job being low-paid and part-time, and she did not want her boyfriend to miss out on a “great place” because of her work situation.

4.4.3. Under the poverty line

Due to their household make-up, Anna and Pauline fell under the poverty line. Anna provided for her partner who was studying full-time with no income, while Pauline had a teenage son.

Anna did not consider herself to be in a difficult situation financially. She put this down to their lifestyle – “We are not smokers, not drinking, we don't like night life, we don't like going out, we're just gamers and nerds, so we're just stuck inside” – and the fact that her rent had not been raised in the last few years. She was also focused on her position being temporary – once her partner graduated, her hope was that he would “have a good job and I can quit work for like three years.”

Pauline was claiming benefits and as such had a maximum number of hours she could work on minimum wage. She too felt she could ‘manage okay’, but she was concerned about how her benefits and requirement to work would change since her son was turning 16 and moving into a full-time job. She also talked about being unable to pay a sudden extra expense which had occurred when a friend gave her an old tumble-dryer and her energy bill increased to £400 in one month.

Alice was working in hospitality up until September 2021. Her furlough income was supplemented with universal credit which she originally applied for in 2020. However, after difficulty getting jobs outside of hospitality, Alice made the decision to quit her hospitality job while she pursued her

master's degree part-time (paid for with inheritance funds after the death of a family member). This left Alice with £600 per month to live on. Her new job which she started the week of her interview was part-time and temporary work in an office – she hoped it would lead to further opportunities outside of hospitality.

4.5. Socioeconomic characteristics and work quality

Chapter 3 discussed the extent to which those with various socioeconomic characteristics tend to remain stuck in low pay or progress into higher paid work. The literature review in Chapter 2 hypothesised that personal circumstances would be an important factor in whether individuals progress or remain stuck. This section explores the interaction of socioeconomic factors and personal circumstances and how these affected work quality for the participants in the qualitative research. It was found those with higher perceived work quality in low paid jobs were less likely to want to progress, while those with lower work quality wanted to progress. It was also found that some socioeconomic characteristics such as poverty, disability and difficulties with education acted as barriers to progression.

4.5.1. Work quality and aspirations to progress amongst the low paid

Participants in low-paid work tended to belong to one of three groups: those who were actively trying to progress to higher pay; those who were not actively trying to progress but viewed their low-paid work as temporary in some way; and those who were not looking to progress at all. Those who were actively trying to progress were either aiming for a career in their current industry, in which case they reported higher work quality, or they were aiming to progress outside of their current industry and reported lower work quality. Those who viewed low-paid work as temporary or who did not wish to progress reported mixed work quality depending on how long they had been in low paid work. A fourth category also existed in some cases, where participants wanted to progress but felt it was impossible for them (this is discussed further in later sections). The following sections focus on the experiences of those who were not actively trying to progress.

4.5.1.1. Low-paid work as temporary

For some participants, their current job was viewed by them as a temporary position until they could find something better. They did not see the industry they worked in as a career – it was simply there to pay the bills until they secured their preferred role. These participants tended to be younger and had other endeavours outside of their low-paid work, such as education, training, or their own business ideas. For part-time students Michelle and William, low-paid jobs were (hopefully) only for the duration of their studies, as they aimed to transition into a role which would use their new degree after graduating.

> *"I don't want to work in hospitality. I kinda don't like it very much? But I really like the people that I work with, I get paid weekly, I'm getting a lot of hours, tips are really good. So at the moment - I don't want to be stuck there for the rest of my life, but better than nothing at the moment."* – Michelle (hospitality worker and part-time student)

Leanne and Josie were also working toward careers outside of their low-paid jobs: Josie was studying at college so she would be qualified to start a nursing degree, and Leanne was working on her own business in the fashion industry. Leanne was working part-time at her low-paid job for two reasons: to make time for her business, and because she could not bear being in the job any longer than was necessary to get by financially. Leanne could afford to do this since she had moved back in with her mother after difficulties with her mental health. Josie was working full-time but was planning on dropping to 30 hours to carve out more time for her studies.

When asked if she had ever considered progression in hospitality, Leanne said the following:

> *"No. And I've always thought that was because when I was younger, it was like, Oh, I have been offered like supervisor roles, manager roles. But I've just not wanted to take it because for me that's like, that's me stuck, that's me now on that ladder, and it'll be even harder for me to leave."* – Leanne (hospitality worker)

Alice, Dan and Christina – all of whom had previously worked in low-paid industries – all spoke of taking low-paid jobs as a temporary holdover in the past, much like the participants above. However, they ended up staying in these low-paid jobs much longer than intended, which reduced their work quality over time.

Those who viewed their low-paid work as temporary reported higher work quality over shorter time periods, but their work quality decreased the longer they were working in the low-paid job. This group were predominantly in their 20s and 30s, so their work quality was also impacted by their life stages – at student-age, they were happy with low-paid work, but when peers started to pursue careers or relationships became more serious and they remained stuck in low pay, their work quality decreased. The context in which participants viewed their work greatly affected their perceptions of it as Cooke et al. (2013) suggested.

4.5.1.2. Low-paid work as a choice: optimising or satisficing?

Pauline, Vicky and Mia were happy with their low-paid work and did not intend to progress. Audrey also fell into this category: though she was technically higher paid at £10 per hour, she only worked 12 hours per week so still earned a relatively low income. Mia and Audrey had a partner who earned the primary household income, and both had primary caring responsibilities for their children.

Pauline was a single mother and also had caring responsibilities in her community. Vicky had higher paid freelance work with variable income, and worked in hospitality to supplement her pay. These participants reported high work quality and enjoyed their work. Their low-paid work was not their primary concern – other work, both paid and unpaid, was more important to them.

For those who remain in low-paid work because it fits with their lifestyle (e.g. a mother with caring responsibilities), it can be asked whether this is a truly optimal choice. Satisficing, as mentioned in the literature review, describes the concept of settling for a satisfactory, but not optimal, choice in the labour market. There is some qualitative evidence of this concept accurately describing women's work and careers in the southeast of England (Corby and Stanworth, 2009). The findings from participants in this study were similar to those from Corby and Stanworth's work, which found that women had 'emotional' goals (such as work-life balance) and 'market' goals (such as pay) when it came to work, and tried to reach a satisfactory level in both with the incomplete information available to them. This echoes Audrey's experience in particular: Audrey was previously in a salaried role, but due to the high costs of childcare for her autistic child, she made the decision to work part-time and low-paid while claiming carer's allowance as this left her in a similar financial position.

It should be considered by policymakers whether the emotional and market goals of women in the labour market – particularly those with care responsibilities – are opposing, and the extent to which this could be contributing to women's state dependence in low pay.

4.5.2. Financial circumstances

Participants' financial circumstances interacted with their progression opportunities in a number of ways. Some participants were motivated to progress because of financial difficulties related to low pay. Others were satisfied with low pay if they did not perceive themselves to be financially struggling, even when they were on objectively very low household incomes. Pauline, for example, was living under the poverty line but was satisfied with her low-paid work as she felt she was managing with the money she had. Participants' views of their work quality in relation to financial circumstances were shaped by their previous experiences and their communities, as was found by Cooke et al. (2013).

4.5.2.1. Financial circumstances and networks

Those who were had access to social networks containing people with higher-paid jobs – and therefore, better financial circumstances – were able to use these networks as an opportunity for progression. 4 of the 6 participants who had recently transitioned to a salaried job cited a specific person who had helped them secure that job. Help provided ranged from looking over applications to running mock interviews with the participants and helping them to prepare interview responses.

For Dan, Helen and Callum, this person was a close family member or family friend. Christina's contact came from her volunteering in a role that related to her preferred career path while she was working in a low-paid job. Vicky also discussed the benefit of contacts in her industry – they were crucial for securing freelance work, and she also felt she could easily transition to a full-time job in her industry through her contacts if she wanted to in the future.

> *"It gave me a leg up for sure, because, because she had been through the process, she knew what they were looking for. [...] So I kinda, I guess it was a bit of a hack that I had her on side, and I knew what they were looking for with the interview. […] So I was able to tailor my answers to how it fit around their values."* – Dan, modern apprentice

> *"I'd say being able to interview well has probably been the biggest kind of asset. There's probably a lot of people that have the skills but just don't interview well. Especially going into like [certain industries], they have competency-based interviews, so there's a very specific way to answer each question, if you don't know how to answer the question you're never getting in. Even if you are the most skilled at the job. It's probably a wee bit unfair and sort of nepotistic, you need to know someone that can coach you through that."* – Helen, recruitment/communications

> *"Yeah, so my uncle who I was talking about, the police officer. He's pretty high up. And he does a lot of interviews and stuff like that for the police so he helped me do prep. Also, my aunty who's his wife. She's quite high up in a company. And she also done fake interviews, basically."* – Callum, modern apprentice

> *"I think I'd emailed her. And I was like, 'What do you think' when I was applying. And she like, had a look at my application and stuff. So it's just kind of like, good luck to like, have bumped into her and stuff. But it was nice to kind of have a link to it."* – Christina, communications/events

Josie, who was in the higher-paid hourly pay category, felt her network had been crucial to her employment too:

> *"…if there's one conclusion that all my experience could come up with, is that the the main thing that's always helped me with regards to my work in life has definitely been other people. Like anytime I've got on in life has been other people. […] I would struggle to think of a time when I got a job where it was just an application process and I sent in my CV and my application and I received a response."* – Josie, call centre worker

Conversely, participants without access to contacts in higher-paid jobs were missing key information needed to succeed in progressing. Support worker Ryan, for example, was unaware of the STAR approach commonly used in competency-based interviews. It is unclear whether job centres provide this kind of information as Ryan had not attended one due to being employed in low-paid work rather than unemployed.

Evidence has previously been found of networking improving wage growth over time (see for example Wolff and Moser, 2009). The effect of networks on progression could also be explained by the level of social capital an individual possesses (Burt, 1992). Poverty may further reduce individuals' ability to obtain information through networks. There is a wealth of literature exploring the relationship between poverty and social capital/networks: an excellent review of this literature has been conducted by Lubbers, Small and Garcia (2020). In their review they highlighted complex and contrasting effects of networks which have been found in research. Summarising five decades of research, they highlighted that dependent on local circumstances, social networks for people in poverty can create solidarity, isolation or both. Poverty can also exacerbate state dependence in the form of networks withholding information (ibid).

These participants' experiences highlight that poor financial circumstances can reduce network access and social capital, which in turn reduces opportunities to progress into higher-paid work. In contrast, those who are low-paid who have access to networks of higher-paid individuals with good financial circumstances may use this as an opportunity to progress.

4.5.2.2. Financial risk as a barrier to progression

A common theme in interviews was the need for financial risk-taking to progress from low-paid to higher-paid work. Those in low-paid sectors with few promotion opportunities felt the only way they could earn higher wages would be to re-train and change industries. However, particularly when participants were older, this presented a financial risk since many did not have access to free education and had bills to pay and families to provide for.

Jennifer wished to retrain but felt she could not take the risk as an adult living alone. She was dealing with extra costs in her flat due to damage which were expected to last for some time, and she felt safer staying in the same jobs rather than risking not being able to pay for the work that was required. Ryan had a partner who was happy to support him financially while he returned to university, but he did not want to place this burden on his partner and felt ashamed of needing help. Susanne successfully transitioned to salaried work after taking the financial risk of borrowing money from friends to pay for a much-needed training course. However, she was still paying her friends back many months into her new job.

Dan and Callum, both modern apprentices, found that the modern apprenticeships they undertook were an ideal way of minimising this financial risk. They could pursue a degree while earning money and gaining valuable work experience. Chloe, who had better financial circumstances due to her salaried job, was able to decide to retrain once she had progressed through retail and into office work.

From these participants, the researcher learned that better financial circumstances provide greater agency to workers to choose their career path. Once participants are of an age where they have financial responsibilities, it becomes more difficult for them to progress in work as options which involve an element of financial risk do not feel feasible. Even those who can access financial support to retrain do not always wish to do so due to shame. This effect is partly driven by the lack of opportunities in low-paid industries, forcing individuals to change career paths when they reach a wage ceiling. The effects of low-paid sectors on progression are discussed further in section 4.6.

4.5.3. Education and skills

Chapter 3 showed that those with higher levels of education tend to progress to higher-paid work more than those with only GCSE-level education. The literature review in Chapter 2 also showed that one of the key mechanisms suggested for stepping stone effects and state dependence is the extent to which human capital is gained or lost while working in a low-paid job. There is, however, a competing theory also mentioned in Chapter 2 which states that the signalling of high human capital is more important for progression than actual human capital accumulation. This section explores participants' experiences of education in relation to progression, as well as how ascribed skills may impact progression opportunities.

4.5.3.1. Higher education and progression

In Chapter 3, it was found that higher education levels were correlated with progression at a statistically significant level. Out of the six participants who had progressed to salaried higher paid work, three earned a degree before progressing (Susanne, Chloe and Christina). However, all three struggled to find a higher-paid job soon after their degree. Susanne did not find a higher-paid role until she completed a specific training course in her field, Christina spent around a year working a low-paid job and gaining unpaid experience and networking before progressing, and Chloe, who had studied fashion, had to work her way up through retail to progress to a higher paid role in her industry. Susanne and Chloe both felt their industries were very competitive for graduate roles, and Christina wanted to take some time off before starting a graduate role. Helen was in the higher paid hourly pay bracket before completing her degree and then transitioned to a salaried job. Dan and

Callum had both dropped out of university but were gaining a different degree through their modern apprenticeships.

Out of the six in the higher paid hourly pay bracket, only Audrey had a degree-level qualification. Audrey previously worked in a salaried role which she attained after graduating but chose to move into low-paid work due to family circumstances. Ryan, Josie and Leanne dropped out of university, and John and Jane did not attend higher or further education. As for the seven low-paid participants, three were educated to degree level. Fiona was educated to the postgraduate level, and Michelle and William were studying part-time for their Masters degrees. Fiona had previously worked in higher-paid roles but did not do so any longer because of her disability. Jennifer, Anna and Mia all dropped out of university, and Pauline did not attend further or higher education.

For participants in this research, it was found that education acted as an opportunity for progression, but this was not guaranteed due to competition in the labour market. Personal circumstances also affected participants' ability to leverage their degree as a progression opportunity. This is the key theme which came across when speaking to individuals with higher education who had not transitioned to salaried roles.

Another clear pattern was that dropping out of university had a strong negative impact on participants' progression opportunities. Eight participants in total had dropped out of university and struggled to transition into careers. Only Dan and Callum, who pursued modern apprenticeships including new degrees, had successfully found higher-paid salaried work. Participants who had dropped out of university, even after attending for up to four years, did not feel that they could use that experience as leverage to gain jobs. Ryan, who was one module away from finishing his degree before dropping out, felt applications were a 'tick-box exercise' and that a degree certificate counted more than any experience he had. In his 40s at the time of interview, he felt his experience was worth less to employers than a degree would be.

> *"Well that's it, I mean, I think that's the one thing with what I've done and I've done so many different things, in varying different environments. That it's given me a lot of skills, given me a lot of life skills that I can transfer to different things, and apply in different ways. I think the frustrating thing is getting people to recognise that. And I think a lot of people, they just kind of follow the tick sheet. Right have they got this, they haven't got that, you know, it's like, well, if they haven't fitted that criteria, then they can't be any good instead of actually sitting and talking to the person"* – Ryan (support worker)

At the time of interview, Ryan was working towards enrolling in a college course which he hoped would increase his chances of progressing, since he would have a formal qualification on his CV which would provide a positive signal to employers. As a candidate in his 40s, he also hoped that the recent date of qualification would indicate his continued motivation to learn new skills.

There is some evidence from Walker and Zhu (2013) which suggests that for men in the UK, dropping out of university has the same effect as never attending university when comparing wages. For women, Walker and Zhu found a wage penalty where women who had dropped out of higher education were actually worse off than those who had never attended university. Schnepf (2015), on the other hand, found that university dropouts tended to fare better on average than those who had never gone to university across 15 European countries. However, dropouts in the UK did not fare significantly better than those who had not attended university.

This section has highlighted the importance of education as a lever for progression, as indicated by the results from the previous chapter and the wider literature. It was also found that negative experiences in education could act as a barrier to progression since the experience was not valued by employers. Evidence of this has been found in UK data by other researchers.

4.5.3.2. Ascribed skills and low-paid work

Warhurst, Tilly and Gatta (2017) discuss education and training as 'achieved' skill, and soft skills as 'ascribed' skills which are socially constructed. There is an argument that including soft skills or 'personal attributes' as skills at all has rendered the definition of skills as 'essentially meaningless' (Keep and Payne, 2004, p. 57). But as Findlay (2019) points out, others have noted that 'rebranding personal attributes and qualities as skills is now well entrenched in the discourse of employers and policymakers' (p. 3). Warhurst et al. (2017) argue that due to changes in both the way skills are defined and who defines them, skill ascription is now more common than ever, and the lines between achieved and ascribed skills have become increasingly blurred.

One example from Warhurst et al. (2017) especially relevant to the findings of this research is the way in which skills such as customer service, communication and care have been ascribed as innate qualities possessed by women. This leads to jobs reliant on these skills being associated with women, which creates an assumption that these jobs require 'natural qualities ascribed to women' rather than learned skills (ibid, p. 75).

A common theme in interviews was participants feeling uncomfortable with low-paid work being labelled 'unskilled'. When low-paid jobs are labelled 'unskilled', participants felt this may send a negative signal to employers about this type of work. Several participants brought up the fact that

potential employers of higher paying jobs did not seem to appreciate the skills practiced in low-paid work. The label 'unskilled' was seen as harmful by participants, with their jobs often requiring a variety of strengths and abilities that not everyone has.

> *"Retail's hardcore. I think people don't realise how much it... I hate when people call it unskilled labour. […] Because it's not. A lot of people can't do it. The manual side of things, you have to be able to work with numbers very quickly, you have to be really good with people, you have to be a good communicator, and you have to manage people. There's a whole load of skills."* – Chloe (previously retail worker)

> *"I think people associate like, unskilled, and then low wage. And they think unskilled means that anyone can do it, which is not that. It just means that you don't need a degree to do it. Which is a good thing, because there's so many like over-qualified roles for things, when you don't need that. So just because I'm like, a carer, social worker, special needs teacher, these are all unskilled jobs officially, and so ridiculously underpaid. I don't know how anyone really, that could put enough effort into it. And everyone always says, like everyone should do like a mandatory year in hospitality."* – Alice (previously hospitality worker)

Two participants spoke about an idea that has often spread around customer-facing roles: a mandatory amount of time where all citizens need to work in a customer-facing role in hospitality or retail (similar to a military service period). They discussed their experience of working in hospitality and being able to tell easily whether a customer had previously worked in a low-paid job depending on the way they treated staff. There was a feeling from many participants that both employers and customers 'just won't get it' unless they have previously worked as a low-paid employee in a customer-facing role.

Further literature suggests that this effect may be particularly prominent for jobs seen as similar to domestic unpaid work such as care work, cleaning, and hospitality:

> *"Because skill is a socially constructed concept, employers are likely to make a 'value association' between unpaid work performed in the home by women and similar work performed in the wage economy: if the tasks are widely undertaken outside the workplace without formal training then it is judged 'unskilled'."* (Grimshaw et al., 2017 p. 8)

This point is echoed by Findlay, Findlay and Stewart (2009), who highlighted that 'many skills associated with women's work continue to be undervalued' (p. 423). As Warhurst et al. (2017)

showed, this falsely diminishes the value of low-paid work. The idea of low-paid jobs being 'unskilled' should be further assessed in the context of the label's potential impact on progression, possibly through research which gathers employers' opinions on the term.

Poverty reduces individuals' access to skills acquisition which could exacerbate the above issues. The UK's poverty related attainment gap is significant and reduces young people's chances to acquire skills though education, as well as their outcomes in the labour market when higher education is achieved (Findlay 2019). Findlay also notes that public systems in the UK are not set up for the provision of lifelong learning which is increasingly required in the labour market (ibid). This places the responsibility for lifelong learning on the individual, which further disadvantages those who have minimal financial resources. Social class also interacts with achieved and ascribed skills, with employers sometimes viewing those of middle class being more 'skilled' than those of working class (Warhurst et al., 2017).

The section has found the social construction of ascribed skills – and the discrimination which follows – to be a potential barrier for progression. Employers may view those in low paid work as having less human capital due to gendered way in which skills are ascribed to low-paid roles.

4.5.4. Disability and health

This section considers the ways in which disabilities and health conditions can act as a barrier to progression. The two disabled low-paid participants in this research explored the ways in which disability benefits can act as a barrier to progression. Furthermore, it was found that there was a negative cyclical relationship between low-paid work and both physical and mental health for some participants which contributed to state dependence.

4.5.4.1. Disability and work – barriers to progression

Fiona and Claire were receiving disability benefits that capped their work based on pay and hours per week – they could work up to 16 hours a week and earn a maximum of £143 for this work weekly (which worked out at 16 hours of work at minimum wage at the time). Claire's disability meant that low-paid, repetitive work was preferable to her, although she used informal cash-in-hand work to top up her income. Fiona was physically unable to work more than 16 hours per week due to her disability, but wished she would be able to earn a little more without losing her benefits entirely. The cut-off for permitted earnings led to a benefits cliff, where she would have to find a significantly higher paid job that she could work part-time before her income would match what she was earning including benefits. Fiona's skills and high human capital due to her degree qualification had been recognised in her job before, but she had to turn down the work she was offered due to her wage cap.

> *"So like I had a senior manager come up to me about 18 months ago to say like, oh, there are these research opportunities come up and basically, you're too smart to do what you're doing, and you're being a pain in the backside. Can we give you something to do that's better paid for a short period of time, that would be kind of more strategic. But she hadn't understood like that, earning more money for six months is no good to me. Like I need to jump into, if I'm going to make a jump, it has to be into, it can be into better paid work, but it needs to be enough hours that I can live on then, like, I still can't earn more than, like, 140 odd quid a week. So she's like, and then she was quite offended that I turned it down."* – Fiona (driver/transport)

Fiona had recently done some training to take on a little extra responsibility in her role. While she found the role more rewarding as a result, she ended up slightly less well-off financially due to changes to her pay and hours.

> *"It's a bit more responsibility, but it's a grand total of £9.42 an hour. So it's still, and actually ends up, it works out as less than what I'm currently getting. Because they were asking us to work 6pm to 6am for £9.42 an hour. And I was like, no. So we're doing 2pm til 12 midnight-ish. So it's not actually a pay rise."* – Fiona (driver/transport)

Claiming disability benefits is likely to be a significant barrier to progression for disabled people. A cap of 16 hours per week at the minimum wage does not allow disabled individuals the opportunity for any incremental pay increases which may come with experience. The cap also means that individuals on this type of disability benefit are not able to take advantage of any potential stepping stone effects of part-time work such as those found by Filomena and Picchio (2021) which were discussed in Chapter 2. This finding also provides some explanation for the quantitative findings of Chapter Three which showed that disabled people are less likely to progress into higher paid work than non-disabled people.

4.5.4.2. Physical and mental health

Long hours, physical labour and stress from work had an impact on low-paid participants' health. Susanne, who had transitioned into a salaried job, explained that she was spending some of her new disposable income on treatment for chronic back pain which she acquired while working in care and cleaning roles. John, a support worker, had a heart attack the year before his interview. He put this down in part to the stress and long hours of his job.

A common complaint from hospitality workers was being unable to find time to eat during their shift, and the need to 'grab something quick' without thinking about nutrition. Jennifer spoke of

doing a 10-hour shift and only managing to “grab a croissant”’ due to how busy she was. Salaried workers tended to report that their higher-paid jobs were less tiring and less labour-intensive, while the higher-paid, hourly paid workers did not see much of a difference in job intensity compared to low-paid workers. Short notice of shifts also made it more difficult to organise doctor appointments.

Those who were relying on their low-paid job as a main source of income were more likely to associate negative mental health issues with their job. Participants struggling financially were often dealing with mental health difficulties. Feeling ‘stuck’ in a low-paid job or feeling a lack of agency to change their situation tended to go together with mental health difficulties for participants. Participants who worked in low-paid jobs as a supporting income for the household rather than the main outcome generally reported higher satisfaction with their jobs and better mental health.

Small impacts on health may accumulate and cause health issues for low-paid workers over the longer term, which in turn may impact individuals’ ability to perform and therefore progress. These effects may exacerbate the theory that state dependence is caused by a lack of capacity to look for work. Furthermore, the mental load of poverty has been shown to reduce cognitive function (Mani et al., 2013) which means there may be even more difficulty faced by low-paid workers in poverty.

Effects on physical and mental health contribute to job quality (Warhurst et al., 2017). This section suggests that poor job quality in aspects other than pay may contribute to state dependence for individuals in low-paid work, and that poor job quality in regard to health may be more common for workers in low-paid sectors due to the nature of the work.

4.5.5. Part-time workers

Some participants felt that working part-time meant they were not afforded the same progression opportunities as their full-time colleagues. This mainly affected participants who were not working in predominantly low-paid industries, where full-time work was seen as the ‘norm’. Audrey had previously worked in a full-time salaried position and reduced her hours to part-time to care for her child, but found her job impossible as the office was not ‘set up’ for part-time workers. She felt she had the same workload as she did when she was full-time which quickly became unmanageable, and this led to her switching to hourly-paid work in a low-paid industry.

Jane was interested in progression in her workplace which was not in a low-paid sector, but felt she was not given the opportunity since she worked part-time.

> *“We get overlooked for doing absolutely everything. Even learning new skills. The girls are all, cos they're full time, are getting, are on the pipeline of learning how to do like the insurance and things like that. Me being part time, I'm not. So it does be a bugbear.*

> *And I'm probably the one who's got the most time, because I work, although I work a Sunday morning, I work Monday, Tuesday and Wednesday nights from five o'clock to 10 o'clock. But after eight o'clock it's quiet. So 8 to 10 I could, I could be doing the stuff. But as I say, hey ho. That's just the way it is. When you're part time you've got no progression options at all, they don't see any reason to progress you."* – Jane (receptionist)

It is unlawful in the UK to deliver a detriment to part-time workers on account of their part-time status. However, this may not always be enforced, and it is possible that low-paid workers without access to unions may not be aware of this fact. As a mother, and with an anxious dog at home, Jane did not have the flexibility to work full-time. Her motivation to progress was not for money – her partner worked full-time so income was not an issue – she simply wanted to be working to her full potential. But her employer seemed to prioritise the younger full-time staff, leaving her feeling left behind and undervalued.

A potential explanation for the negative treatment of some part-time workers is "the persistence of traditional sexist stereotyping of mothers' *employment commitment*, which imposes a kind of 'negative externality' of childbirth to working mothers (Self, 2005)" (Grimshaw et al. 2017, p. 8, emphasis added). In Jane's case, it seemed as though a lack of capacity for full-time work was being mistaken by her employer for a lack of commitment to the job and therefore career progression. Arguably, Jane's employment commitment is equal to or greater than those of her full-time counterparts since she undertook unpaid training in her own time which full-time employees were able to complete on the job. It is possible that there is an ableist mechanism contributing to similar issues for disabled workers, but this is difficult to unpick this from the structural constraints of the maximum allowed earnings associated with disability benefits.

4.6. Structural effects of low-paid sectors on progression

Section 4.5. explored the effects of various socioeconomic characteristics and personal circumstances on progression opportunities. Section 4.6. looks at low-paid sectors specifically, such as hospitality, retail, and care. These industries have structural effects and unique features which were found to decrease work quality and progression opportunities within-sector. These features include a lack of high-quality progression opportunities, informal progression practices, and poor work-life balance.

4.6.1. Lack of high-quality progression opportunities

Low paid sectors are known for their flat organisational structures which lead to reduced progression opportunities. However, even those who had such opportunities in this study were often unlikely to

take them due to the poor quality of the jobs available. Only two low-paid participants were actively seeking progression within their workplace in a low-paid industry (Jennifer and Anna). Many of the others were either not looking to progress or were aiming to progress outside of their current industry. Within-industry progression was seen as 'not worth it' for various reasons.

Some participants did not feel progression within their workplace or industry was worth the money, citing too much responsibility or overtime for only a small pay increase. This was common with individuals whose partners also worked, but several participants without a supporting income in their household also said they would choose, or had chosen, not to progress due to the pay increase not reflecting the increase in effort required.

> *"Like team leads for a project, they'd get 20p extra an hour or something ridiculous and involved literally like three plus hours extra because they had to log all the bugs that we filed after work, they'd have to submit them all, they'd have to check them all and then they'd have to coordinate, and it was so much extra work for like, almost nothing. And there'd be loads of people who were like, Oh, I've been promoted! And I'm like [exasperated noise]. I have another friend who's like, she did it once. And she's permanent, so she can kind of say no, I guess, but she was like, no, I'll be a tester."* – Christina (communications/events)

> *"Same with the TV production stuff. Like it would have been at least four or five years working myself like that until I even stepped up and then still be doing the same hours but with more responsibility. It was just a trajectory that I couldn't see myself doing for the rest of my life. Once you get to a certain stage, you can pick and choose your jobs and you can work less because you're getting paid way more, but the 20 years that it would take me to get to that point, I didn't have, did not have it in me."* – Leanne (hospitality worker)

Alice had worked in hospitality for a decade before pursuing a master's degree and looking for more admin-focused jobs. She discussed the conflict between following a career path that is seen as valuable by society, versus doing a job in hospitality you enjoy.

> *"I also think like, if you have decided on a career in hospitality, then that is a really good pathway for you to think of like, I'm going to get somewhere that has more status. I think it would be a less enjoyable job. But it's that balance that you have to make, it's like, it has more status to other people, and so this is gonna be seen as more of a career move. So you're making these decisions that don't fit with hospitality work, but they fit with other kinds of employment trajectories. And so you have less of a good time as you go up*

> *and up and up. So it's kind of like, even though it's seen as lesser, and not as good, it may be better to kind of stay at one level in a shittier smaller independent place, than try and move up into something more posh."* – Alice (fundraising)

Others were opposed to progressing within their industry because it went against their values – Ryan and Susanne had negative perceptions of the care industry due to their jobs.

> *"If it's a case that I'm just moving one step up to put the same pressure on people below me again, you know, that's, you know, I've got morals at the end of the day. You know, if they don't, that's fine, you go knock yourself out. But you know, I couldn't live with myself, you know, putting that pressure on people. And I think there's a lot of pressure on those senior support workers as well, because it's like, if they can't fill a gap, then they're expected to jump in and fill that gap, but also do all the extra admin and phone calls and all the rest of it on top of that. That doesn't work. You can't, you can't expect somebody who's supposed to be overseeing a service to be working in the service at the same time, you know, unless it's pre planned, and it's happening."* – Ryan (support worker)

> *"I... I guess I honestly feel like all of these jobs are so exploitative, that I wouldn't have been able to see myself in a position managing other people, and being a more managerial part of that? But I also don't know if it would have been possible because often there's maybe a little bit of, in those sectors it's quite... Let's put it this way, I've never seen a migrant in that sector, like taking a managerial role. Even if I'm [inaudible] you know, white, but none of the people that I've seen."* – Susanne (counsellor)

Pauline had similar experiences when she moved into the care sector after completing her 10-week caring course, which caused her to leave entirely and take up cleaning work instead.

> *"I thought they can't, that's no good man, that's no good. I didn't study all this time and learn the right way to do it for all these people that have got into bad habits and just take the piss out of the people and, why do a job like that if you don't want to be caring? Why do it? And I thought, my family's all NHS. We've got doctors, porters, nurses, everything in my family and that could not sit with me. I says to my mum, do you know what? I'd rather go and pack shelves in [a supermarket] than have to have those visions in my head of what I even seen in there for a week."* – Pauline (cleaning services)

In some cases, the opportunity for progression within low-paid industries was not felt to be available at all. Many of the participants' workplaces had a large pool of low-paid workers with a very small

number of supervisors or managers earning more money. Alice said that in her experience, there was a ceiling for progression in hospitality unless you were able to open your own venue.

These quotes and experiences show that low-paid industries commonly have few progression opportunities for low-paid workers, and the opportunities which are available are often seen as poor job quality options since they come with greater stress and not enough pay compensation to justify this stress. Some low-paid workers also feel they would be adding to a culture of poor job quality if they took these positions. This means many low-paid workers feel they must progress outside of low-paid sectors, which can be difficult due to the skill issues discussed in 4.5.3. The poor-quality progression opportunities in low-paid sectors therefore act as a direct barrier to progression for low-paid workers.

4.6.2. Informal progression: managers as gatekeepers in low-paid industries

Within predominantly low-paid industries, participants gave examples of managers acting as gatekeepers to their progression. Their relationships with managers in these sectors seemed to be 'make-or-break' – a good relationship with your manager could help you to build a career in a low-paid industry, while a poor relationship could cost you your job.

Chloe progressed over several years from a worker on the shop floor to her 'dream job' working in fashion. She cited her ability to initially make the jump to supervisor in her shop as being down to her supportive manager:

> *"I think I was very lucky in that I had a really amazing manager when I first went in, who really supported and like really nourished, and that's the key difference I find, having a good manager makes a world of difference."* – Chloe (progressed through retail)

Jennifer, who was keen to progress in the hospitality industry, also noted her boss's support as important in her confidence to seek opportunities. Jennifer – who was being paid £9.50 per hour as a supervisor in 2018 – was encouraged by her manager to seek out either the same role in a larger venue, or to progress to an assistant manager position. Jennifer felt she was 'missing bits' and decided to take a pay cut at her job in order to work in a different area of the business. Her boss supported this transition so that she could round out her skills in preparation for progressing later.

Audrey was a support worker who worked part-time and claimed carer's allowance as she looked after her disabled daughter. In her first support work job, she dealt with management who were not accommodating to her situation.

> *"I wanted to ask for a week's holiday. And they said, No, we're too busy. We're too stretched. We can't let all, you know, the clients down. You can't have any time off. They*

> *also started making me work weekends. And I was like, I can't do this. You know, I was getting my shift on a Thursday. And they were saying, right, you're working all weekend, or you're working till nine at night on Saturday. I'm like, I have got kids. I've got a daughter with special needs. I've got a son who's in the football team and needs running here, there and everywhere. We only have got one car between us. So if I was out working, my husband couldn't do anything, he was stuck. And they knew all this, I had a meeting with them, and they were like, Well, I'm sorry, we're too busy, this is the situation. Or maybe it's not the right job for you. So I handed my notice in and left."* – Audrey (support worker)

Since Audrey had her husband's income as a supporting buffer, she was able to leave at this time. She was then recruited into a new support work company through a social worker who had noticed her skill in her work. Audrey's satisfaction increased significantly due to her new manager who was much more accommodating and "a better communicator". Although this new job paid her the real living wage, she said her manager made such a difference that she would not have minded if it had been the same wage as her previous job (£8.50 per hour).

> *"Any questions, my boss is, if she doesn't know the answer, she'll find out. You know, her communication's brilliant. You know, it makes such a big difference, doesn't it, having a boss who listens and, and to be honest, if this was the lower paid one, I think I'd still stick in it anyway."*

John recounted his experience of a manager in his company exploiting his position.

> *And what had happened was one of them had got a senior manager's job, a very, very senior manager's job. And then just started inviting his friends to come and work, and giving them management roles within like weeks of them coming. And they were coming from call centres and things like that. And it was just like this group of mates. [...] So there's all these managers that weren't capable of managing. And that's what I was rallying against, the fact that this money was going and there was no control, and that the places weren't being run properly, and just everything had turned to shit."* – John (support worker)

John explained that at one point this manager seemed to think John was 'part of the club', but this changed when John was outed as genderfluid at work. His whistleblowing ended up getting him suspended – he was not fired as he received support from his union representative.

Ryan had a higher-paid job at £10.50 per hour as a support worker from mid-2019 to mid-2020. However, his contract was not renewed with the company after his probationary period. Ryan was

clearly passionate about support work and wanted to ensure that he was making a difference to people's lives, to the point where one of his more experienced co-workers told him he needed to 'care less' as they could only do so much within the job they were given. He voiced his opinions to management on two occasions, showing concern for some of the support work policies, and raising issue with the type of PPE provided to himself and his colleagues during COVID. When discussing why he felt his contract was terminated, Ryan said "I think that I just shouted a bit too loud and they just went, you know, find a reason to get rid of him". He also felt the decision had been made before he had had a chance to discuss it with management.

> *"I was slightly brashed off because a lot of the evidence that they provided to me was actually stuff that was said between me and the deputy manager when there was no one else there or that was said that at a supervision you know, and they used that as evidence against me which you're actually technically not allowed to do. So I didn't I didn't chase in the end, I just went you know, fine, you've made your decision there's no point me fighting this because you know, when the letter came through to say well that's you kind of terminated, I was like well, it was clear to me that you'd already decided before you sent the letter because there was nothing within the letter that we discussed at the meeting." – Ryan (support worker)*

There is a clear issue of power dynamics in manager-employee relationships, and this could be made worse if individuals are experiencing poverty. Lubbers, Small and Garcia (2020) discuss the fact that many relationships when a person is in poverty have power imbalances, and this leaves people in poverty vulnerable. Combined with Warhurst et al.'s assertion that 'Soft skills are *par excellence* an example of habitus that is moulded by upbringing, peer culture and early work experience' (2017, p. 86 in Findlay, 2019, p. 7), it is not difficult to see how poverty could have a mediating impact on perceived competency and also place employees in a difficult position with managers.

These quotes show that informal modes of progression exist within low-paid industries, with managers acting as gatekeepers for higher positions. Sometimes this can be an opportunity for progression if the employee has a good relationship with their manager. At other times, particularly in situations where there are disagreements between employees and managers, this informal practice can contribute to state dependence and even risk of job loss.

4.6.3. Work-life balance in low-paid sectors

Many participants in the qualitative research spoke of a need for a high level of flexibility on their part in order to succeed in low-paid industries. While some people enjoyed the regular change, others had reduced work quality due to the expectations placed on them.

Chloe is the only participant to have successfully progressed from low pay to higher pay through a traditionally lower-paid industry (retail). After graduating with a degree in fashion, she was struggling to find work in fashion and decided to work her way up through retail instead. By the beginning of the pandemic, Chloe had progressed to her second supervisor position at £9.20 per hour. Unfortunately, COVID meant that positions such as Chloe's became less valued and were likely to be cut during furlough. Her only other option was to take a management position – but this was located in Ireland and would mean uprooting her life. She decided to take the opportunity, moving away from her family and her partner in order to secure a salaried job.

Chloe's flexibility was rewarded – she landed her dream opportunity after agreeing to move again from Ireland to the South of England after just over 6 months. However, the pandemic gave her pause to reflect on what was important to her. Chloe ultimately decided that living away from her family and her partner was not worth it for the job. She moved back to Scotland to re-train in a career with more opportunities close to home.

Jennifer has also made a lot of sacrifices in the pursuit of progression in the hospitality industry. After progressing to a certain point of responsibility in her place of work, she realised that she did not have the experience to progress further as the next roles she would take would have a broader business focus than what she had done previously. She spoke to her manager and decided to take a pay cut and switch to a different part of the business to cover her 'missing skills'. Long-term she hoped this would help her progress further.

Flexibility and showing a willingness to go above and beyond was also rewarded during recruitment. Due to low-paid jobs usually having a large pool of applicants, participants reported a sentiment of 'if you don't like it, leave' when it came to the treatment of workers in some establishments. Alice recounted an experience of applying to a minimum-wage, zero hours job in which she was required to attend a full-day (8 hour) assessment with no breaks or food/water provided.

> *"There were icebreakers, there were team games, there were stand up and tell us the most embarrassing thing that's ever happened to you. There was go and meet this other person and then tell us like five things about them. Yeah, nothing. No refreshments, no break, just like, just a parade of humiliation. And everyone around, they're all students,*

> *because they need something. And it's flexible. And it's just like we're clawing to try and get anything."* – Alice (fundraising)

If offered the job, applicants had to attend 3 days of unpaid training where "water would be provided". Alice was offered the job but turned it down after reading the details of the contract and mandatory training.

This need for flexibility created a vicious cycle for some participants, where their low-paid jobs ended up affecting their mental and/or physical health to a point where their capacity to work (or to look for other jobs) was reduced, as discussed in section 4.5.4.

Overall, it was clear from participants that the sometimes extreme need for flexibility in low-paid industries was often detrimental to their work quality. There was a prevailing culture of there being more applicants than jobs available, both in higher paid and low-paid roles. This is another factor which is a barrier to progression in low-paid sectors and which may lead low-paid workers to want to progress outside of low-paid industries.

4.7. Conclusions of qualitative research

This chapter has examined the findings of Chapter 3 in more detail using qualitative methods. The Chapter's findings were split into two key areas: interactions of socioeconomic characteristics and personal circumstances with progression, and structural factors of low-paid sectors impacting progression.

4.7.1. The personal

It was found that, as hypothesised in Chapter 2, personal circumstances played a significant role in individuals' opportunities, and indeed aspirations, to progress into higher paid work. Some low-paid participants were actively trying to progress into higher pay, while others were not. Those who were not trying to progress either perceived low-paid work as temporary during a particular life stage, were satisfied with the work quality their low-paid job provided long-term, or felt it was impossible for them to progress into higher pay.

Socioeconomic characteristics also interacted with participants' opportunities to progress in a number of ways. The impact of financial circumstances on work quality depended on participants' previous experience and surrounding communities and networks, as was found in Cooke et al. (2013). Individuals with access to networks with better financial circumstances tended to be less content with their low-paid work, and some were able to use these networks to leverage progression opportunities. Participants with better financial circumstances due to supporting income in the household tended to be more satisfied with their low-paid work, particularly if they had other

work responsibilities such as unpaid care for their children or for their community. Participants with poor financial circumstances were also sometimes satisfied in this way as long as they felt they were earning enough to 'get by'. The interaction of financial circumstances with progression raised the question of whether those with care responsibilities were optimising or satisficing when it came to their work choices.

Financial risk acted as a barrier to progression for several participants. As participants grew older, they had more financial responsibilities which prevented them from being able to retrain or risk a career move.

Education experiences provided opportunities and barriers to progression. Higher education helped some participants to secure salaried roles, while other participants with higher education struggled to progress due to personal circumstances or competition in the labour market. Many participants had dropped out of higher education and found this to be especially detrimental to their progression opportunities, particularly when considering retraining as they no longer had access to free higher education. Modern apprenticeships including higher education were one successful route into higher-paid roles for these participants.

The gendered way in which skills are ascribed to low-paid work acted as a barrier to progression for some participants. The label 'unskilled' was thought to be detrimental to progression opportunities, and also a poor indication of the skills required to successfully work in low-paid roles. These findings corroborated Warhurst et al.'s (2017) assertion that skills such as customer service are ascribed as innate qualities held by women, which wrongly diminishes the value of low-paid work.

Disability was a clear barrier to progression for disabled participants due to the nature of disability benefits. Disabled workers claiming certain disability benefits were only able to work a maximum of 16 hours and earn around £140 per week, which equalled 16 hours' minimum wage work. This created a benefits 'cliff' whereby disabled individuals could not increase their wages even incrementally without losing access to benefits. Participants would have needed to make a large wage 'jump' to cover both their pay and their benefits in order to progress without suffering financially. Low-paid work was also found to have a negative impact on both mental and physical health for some participants, which could also act as a barrier to progression.

One issue not covered in Chapter 3 which was apparent from the qualitative research was the potential for part-time work to act as a barrier to progression. Some participants felt sectors which were not predominantly low-paid prioritised full-time workers. This could have a further negative impact on those who are limited to part-time work by health or other circumstances.

4.7.2. The structural

The second key area of research findings were those related to the structure of low-paid sectors. It was found that some aspects of job quality are poorer in low-paid sectors and these act as barriers to progression.

Progression opportunities in low-paid sectors are limited due to the flat structure of these industries. Participants reported that even when higher positions were available, they were often undesirable due to a large increase in responsibility and work-related stress paired with a minimal pay increase. Participants also noted that progression opportunities were often filled in an informal manner based on applicants' relationships with managers. This produced opportunities for some participants who had positive relationships with their managers, and barriers for those who did not get on well with their managers.

Participants further reported that low-paid industries offered poor work-life balance due to their requirement for employees to be highly flexible with their time. This impacted those applying for low-paid roles and progressing into higher-paid roles. A prevailing culture of there being more applicants than jobs available made participants feel undervalued in their positions.

Overall, this chapter has confirmed the hypotheses stated in Chapter 2 which suggested that personal circumstances and the nature of low-paid industries would act as opportunities and barriers to progression. This chapter has also provided some potential mechanisms for the statistically significant differences based on socioeconomic circumstances in Chapter 3, such as financial circumstances, education, and disability.

5. Conclusions

This thesis has sought to answer the following research questions:

- How do socioeconomic characteristics differ between those who remain stuck in low-paid work and those who progress into higher-paid work?
- What opportunities and barriers do low-paid workers face when seeking to transition into higher-paid work?
- How do these opportunities and barriers interact with experiences of poverty for low-paid workers?
- How might policies to tackle in-work poverty be designed better for those workers in low paid work and most at risk of poverty?

5.1. Findings and contribution to knowledge

Chapter 3 used quantitative methods to answer the first research question: how do socioeconomic characteristics differ between those who remain stuck in low-paid work and those who progress into higher paid work? The chapter first analysed the differences between low paid workers and higher paid workers to contextualise the discussion of transition types. The second half of chapter 3 compared low-paid workers who had remained in low-paid work over a year with low-paid workers who had progressed into higher paid work over a year.

There were some significant differences between those who remained stuck and those who progressed. It was found that those who were stuck were more likely to be in poverty in both time period 1 and time period 2. This is a key finding for both the first and the third research question, since it indicates that those who are low-paid and in poverty are less likely to progress than those who are low-paid and not in poverty.

Those remaining stuck in low pay were more likely to have less education, be single, and work for a small firm. Women with children were also sometimes more likely to remain stuck in low-paid work. Chapter 3 showed that there are statistically significant differences between those who remain in low pay and those who progress to higher pay which is an important finding for policymaking.

Chapter 4 provided more context and detail for the quantitative findings by summarising the results of qualitative research with currently low-paid or previously low-paid participants. This chapter aimed to answer research questions 2 and 3, focusing on the opportunities and barriers faced by low-paid workers looking to progress.

When considering socioeconomic characteristics, Chapter 3 found that personal circumstances were a crucial component of individuals' work quality and hence their aims to progress or remain in low

pay. This finding highlights the heterogeneity of low-paid workers and the importance of separating out those who are aiming to progress when discussing state dependence and stepping stone effects.

Chapter 4 considered how financial circumstances may impact progression opportunities in light of Chapter 3 finding that those who are in poverty are less likely to progress from low pay. Again, the heterogeneity of workers was a key factor, particularly in terms of their social networks. Those who had access to networks with better financial circumstances tended to want to progress and were sometimes able to use these networks to leverage progression opportunities. Other participants with a variety of financial circumstances were content with their low-paid work, particularly when their work quality was high due to factors such as unpaid care work for their children or community members. However, there remains the question of whether low-paid workers in these instances are optimising or satisficing. Financial risk also acted as a barrier for some participants, particularly those with financial responsibilities such as dependents.

Experiences of higher education were found to be complex within the qualitative sample, with many participants in low-paid work having dropped out of university. Negative experiences with higher education acted as a barrier to progression, while attaining higher education provided opportunity for progression. However, those with higher education could not always leverage this opportunity due to personal circumstances.

This research also found that the nature of ascribed skills in low-paid sectors as discussed by Warhurst et al. (2017) could act as a barrier to progression. The gendered ascription of soft skills necessary for low-paid industry work such as customer service has led to low-paid work often being labelled ‘unskilled’, which participants felt negative signals to employers of higher paid workers and diminished the value of the experience and skills held by low-paid workers.

Disability benefits were a clear barrier to progression for disabled participants, with wage caps preventing any kind of incremental progression in work without participants reducing their hours. There was also some indication of low-paid work causing physical and mental health issues for some participants, which may reduce individuals’ ability to progress.

Chapter 4 also considered how poverty interacts with other socioeconomic factors – in most cases, it was found that experience of poverty was likely to exacerbate socioeconomic barriers to progression.

Chapter 4 considered the nature of low-paid industries and how this may impact on progression opportunities. Participants commonly reported certain aspects of poor job quality in low-paid sectors, including a lack of high-quality progression opportunities, informal progression practice, and

poor work-life balance. These factors led participants to seek progression outside of low-paid industries, which was often difficult due to the previously mentioned 'unskilled' label attached to low-paid work.

A key contribution to knowledge from this research is that individuals in poverty are disadvantaged when it comes to job progression in myriad ways. As hypothesised in Chapter 2, poverty could act as an exacerbating factor when barriers to progression are already in place due to socioeconomic factors and the structure of low-paid industries. Those in poverty are less likely to have access to higher education and are more likely to be disabled. Financial risk in particular may be more acute for those experiencing poverty: paying for a training or education course, for example, may or may not lead to progression opportunities, but will create a financial burden for the household regardless. While paid placements are available for those in low-income households, these are more accessible for unemployed individuals since they tend to run during the day. Evening courses tend not to be subsidised which acts as a barrier for low-paid workers.

When those in poverty have less access to achieved skills, ascribed skills become even more important. Soft skills are clearly entrenched in policy and in the ways in which employers hire. Therefore, there must be consideration given to the labelling of low-paid work as 'unskilled'. There should also be consideration given to both the work quality and the progression opportunities of disabled people on disability benefits and other part-time workers.

5.2. Policy and employer recommendations

In light of all of this information, how might policies to tackle in-work poverty be designed better for those workers in low-paid work and most at risk of poverty?

Individuals who are low-paid and in poverty are the least likely to have access networks which could help them progress into higher paid work. Policymakers could help with this issue by providing more centralised information about hiring processes and interview practices for low-paid workers to access, such as advice about competency-based interviews and aptitude tests. Employers can also play a large role in this process by being transparent about their interviews and assessments, and by providing routes into their sector for those with less experience such as apprenticeships.

When it comes to soft skills, there needs to be a better understanding from government and employers about the skills gained through low-paid work. The label of 'unskilled' work for low-paid jobs is misleading when the skills landscape in the UK is now so inclusive of soft skills. Education and access to achieved skills is also important for transitioning into higher-paid work, and those in poverty are less likely to be able to attain these. Continued action on the poverty-related attainment

gap and improvements to access to lifelong learning for those on low incomes is crucial to tackling in-work poverty.

Some low-paid workers, such as those with disabilities or with caring responsibilities, only have the capacity to work part-time. Some participants in these situations were highly qualified but could not find part-time high pay work suitable. Policymakers should ensure that part-time workers' protections are known to workers and enforced by employers. For those with disabilities, the focus should be on decoupling pay from disability benefits. When those claiming disability benefits are able to find higher-paid part-time work, they face a benefits cliff which acts as a significant barrier to progression and entrenches them in low-paid jobs. Capacity to look for higher paid work is also a problem for low-paid workers in poverty, which employers and government can help with by providing easy-to-access information about opportunities and advice on progression.

The fair work agenda in Scotland is crucial for tackling progression barriers related to aspirations and values. Qualitative research participants were against progression in some of their workplaces and industries due to insufficient pay increases and poor work environments. However, it should also be recognised that not everyone working in a low-paid job is looking to progress. Whether this is due to optimising or satisficing, low-paid workers deserve work that provides security and satisfaction as much as higher-paid workers.

Two final issues which must be considered to reduce in-work poverty is the lack of progression opportunities in low-paid industries and the problem of firm size being tied to wages. There is no easy fix for these since they are structural issues. Something the government can do to help those stuck in low-paid industries is the promotion of apprenticeship schemes outside of low-paid industries, since these allow low-paid workers to more easily transition into sectors with greater opportunities for progression. The success of apprenticeship schemes should also continue to be monitored – in particular, we should pay close attention to the destinations of apprentices after their apprenticeships to ensure progression is achieved long-term.

5.3. Strengths and limitations of the research

The strengths of this research included the use of mixed methods to gain both breadth and depth of understanding of the research questions. Quantitative methods provided a representative UK sample and showed with statistical significance the differences between low-paid workers who progress and those who remain in low-paid work. The qualitative methods used allowed a deeper dive into the quantitative findings and considered potential mechanisms contributing to differences between progressing workers and stuck workers.

Data limitations were the main weakness of Chapter 3. These included missing pay, hours and work status variables as well as missing net household income in the BHPS part of the sample. The missing variables correlated with some socioeconomic characteristics, so care should be taken when interpreting the quantitative results. The limitations of Chapter 4 included a relatively small sample based on the wide variety of circumstances of participants, and the sample was biased towards white and urban-based participants. Qualitative data collection was time-limited due to changes in the minimum wage level.

This research did not consider the impact of the state of the external labour market on progression, which would have provided further insight into progression opportunities. However, the researcher did ask participants to discuss progression and state dependence within a certain time period in an attempt to have consistent labour market effects for the qualitative sample. Regional effects were also not studied, since this would have required access to small area statistics and qualitative analysis of multiple regions, both of which were not within the scope of this project. Social class was also not explicitly addressed in the qualitative data collection which would have bolstered the rigour of the findings.

5.4. Further research

This research has prompted several new avenues of inquiry. While this study focused on employees, employers play a key role in progression, especially in the consideration of how soft skills and low-paid work experienced are evaluated. Research with employers to understand how hiring decisions are made and how these impact low-paid workers, both in low-paid sectors and outside of low-paid sectors, would be beneficial. External labour market competition is another issue for further research, since participants had mixed experiences with higher education and success in attaining salaried roles.

Another key area for further exploration is the impact of the benefits system on opportunities for progression. This study only contained two disabled workers and one Universal Credit claimant, so further research exploring the potential barriers created by the benefits system would be useful. Researchers interested in this area may refer to Jones et al. (2024) and their recent findings in this area which confirm that barriers to progression may be created by the benefits system.

Cai et al. (2018) included self-employed workers in their quantitative analysis which was not included in this research. Further research should be conducted into the pay levels of self-employed workers who transition away from low-paid employment, and whether they are progressing in pay or simply moving to being low-paid and self-employed.

Participants were based in and around Glasgow, therefore regional impacts could be explored by repeating interviews in different areas of the UK. Quantitative research analysing transitions in local labour markets using small area data would also be beneficial. In general, further research considering more of the initial conditions of workers and how they move from firm to firm to progress is warranted, particularly in terms of firm size as the quantitative research showed that this could be important for progression opportunities.

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Appendix A: Variables used in BHPS and USoc

Table 7: Variables used in chapter 3

Variable	**Definition**	**Waves used**
W_sex	Respondent's sex based on data from the latest interview	All waves
W_age	Age at date of interview	All waves
W_hiqual_dv	Highest qualification, UKHLS and BHPS samples	All waves
W_gor_dv	Government office region	All waves
W_jbstat	Current labour force status	All waves
W_mastat	Marital status	BHPS waves
W_marstat_dv	Harmonised de facto marital status	USoc waves
W_hlltw	Health limits type or amount of work	BHPS waves except waves 9 and 14
W_hlsf4d	Phys health: difficulty performing work	BHPS waves 9 and 14 (w_hlltw not recorded in these waves)
W_sf2a	Health limits typical activities	USoc wave 1
W_scsf2a	Health limits moderate activities	USoc wave 2 onwards
W_julk1, w_julk4	Looked for work in the last 1/4/ weeks	BHPS all waves
W_paygu_dv	Usual gross pay per month: current job	All waves
W_jbhas	Did paid work last week	All waves
W_jboff	No work last week but has paid job	All waves
W_jbsemp	Employee or self-employed	All waves
W_jbot	No. of overtime hours in normal week	
W_jbsic	Industry (SIC) of employer: current job	BHPS waves 1-11
W_jbsic92	Industry (SIC92) of employer: current job	BHPS waves 12-18

W_jbiindb_dv	Current job: Industrial classification (CNEF), two digits	USoc all waves
W_jbsize	Number employed at workplace: current job	All waves
W_nkids_dv	Number of children in household	All waves
W_agechy_dv	Age of youngest child in household	All waves
W_fihhmngrs_dv	Gross household income: month before interview	BHPS all waves (net income not available)
W_fihhmnnet1_dv	Total household net income – no deductions	USoc all waves
W_fieqfcb	HH equivalence scale before housing costs	BHPS all waves
W_ieqmoecd_dv	Modified OECD equivalence scale	USoc all waves

To create a variable indicating whether a person is in a low paid industry, I used the SIC codes from 1980 and 1992 for BHPS waves. For SIC 1980, low paid industries include those numbered 6410-6670 and 9510-9560. For SIC 1992, low paid industries include those numbered 5200-5552 and 8500-8532. For the USoc waves, I used the variable w_jbiindb_dv and included those in Retail, Restaurants and Health Service.

Appendix B: Differences in means across all waves of sample

Table 8: means and differences in means for characteristics between transition types for all years combined (male)

MALE					
	Stuck	Progressed	Diff.	Sig.	Std. Err.
In poverty t=1	0.164	0.122	**0.041**	***	0.006
In poverty t=2	0.155	0.063	**0.093**	***	0.005
Unemployment rate	6.332	6.209	**0.123**	***	0.031
Low paid industry	0.346	0.223	**0.123**	***	0.007
No. of children under 16	0.655	0.641	0.014		0.017
Disabled	0.159	0.132	**0.028**	***	0.006
Married/partnered	0.571	0.624	**-0.053**	***	0.008
Aged 18-24	0.252	0.210	**0.043**	***	0.007
Aged 25-34	0.225	0.251	**-0.027**	***	0.007
Aged 35-44	0.171	0.195	**-0.025**	***	0.006
Aged 45-54	0.182	0.189	-0.006		0.006
Aged 55 plus	0.170	0.154	**0.016**	***	0.006
First degree	0.103	0.152	**-0.049**	***	0.005
Other higher degree	0.075	0.087	**-0.012**	**	0.004
A levels etc	0.264	0.271	-0.007		0.007
GCSEs etc	0.289	0.261	**0.027**	***	0.007
Other qualification	0.122	0.111	**0.010**	*	0.005
No qualifications	0.134	0.103	**0.031**	***	0.005
North East	0.035	0.037	-0.002		0.003
North West	0.111	0.107	0.003		0.005
Yorkshire and the Humber	0.088	0.089	-0.002		0.005
East Midlands	0.088	0.085	0.003		0.005
West Midlands	0.094	0.080	**0.015**	***	0.005
East England	0.073	0.075	-0.003		0.004
London	0.070	0.090	**-0.019**	***	0.004
South East	0.086	0.099	**-0.013**	***	0.005
South West	0.087	0.077	**0.010**	**	0.005
Wales	0.103	0.094	**0.009**	*	0.005
Scotland	0.096	0.104	-0.008		0.005
Northern Ireland	0.069	0.063	0.005		0.004
Firm size 1-2	0.073	0.051	**0.021**	***	0.004
Firm size 3-9	0.227	0.165	**0.062**	***	0.007
Firm size 10-24	0.205	0.176	**0.028**	***	0.007
Firm size 25-49	0.140	0.131	0.009		0.006
Firm size 50-99	0.104	0.120	**-0.016**	***	0.005
Firm size 100-199	0.087	0.099	**-0.012**	**	0.005
Firm size 200-499	0.085	0.116	**-0.031**	***	0.005
Firm size 500-999	0.037	0.053	**-0.017**	***	0.003
Firm size > 1000	0.034	0.075	**-0.041**	***	0.004
Youngest child aged 0-2	0.104	0.112	-0.008		0.005
Youngest child aged 3-4	0.048	0.046	0.002		0.003
Youngest child aged 5-11	0.118	0.116	0.002		0.005
Youngest child aged 12-15	0.073	0.071	0.002		0.004
No children under 16	0.642	0.639	0.004		0.008

Table 9: means and differences in means for characteristics between transition types for all years combined (female)

FEMALE					
	Stuck	Progressed	Diff.	Sig.	Std. Err.
In poverty t=1	0.139	0.101	**0.038**	***	0.004
In poverty t=2	0.135	0.065	**0.070**	***	0.004
Unemployment rate	6.336	6.123	**0.213**	***	0.023
Low paid industry	0.467	0.355	**0.112**	***	0.006
No. of children under 16	0.763	0.747	0.015		0.012
Disabled	0.168	0.149	**0.018**	***	0.004
Married/partnered	0.661	0.665	-0.005		0.006
Aged 18-24	0.154	0.144	**0.009**	**	0.004
Aged 25-34	0.197	0.229	**-0.032**	***	0.005
Aged 35-44	0.247	0.258	**-0.011**	**	0.005
Aged 45-54	0.272	0.258	**0.014**	**	0.005
Aged 55 plus	0.131	0.111	**0.020**	***	0.004
First degree	0.085	0.176	**-0.091**	***	0.004
Other higher degree	0.090	0.121	**-0.031**	***	0.004
A levels etc	0.234	0.237	-0.003		0.005
GCSEs etc	0.324	0.280	**0.044**	***	0.006
Other qualification	0.124	0.096	**0.028**	***	0.004
No qualifications	0.135	0.078	**0.057**	***	0.004
North East	0.042	0.033	**0.010**	***	0.002
North West	0.104	0.096	**0.008**	**	0.004
Yorkshire and the Humber	0.089	0.086	0.003		0.003
East Midlands	0.089	0.077	**0.012**	***	0.003
West Midlands	0.085	0.084	0.001		0.003
East England	0.077	0.079	-0.002		0.003
London	0.049	0.083	**-0.034**	***	0.003
South East	0.103	0.117	**-0.014**	***	0.004
South West	0.087	0.081	0.005		0.003
Wales	0.102	0.087	**0.015**	***	0.004
Scotland	0.100	0.108	**-0.008**	**	0.004
Northern Ireland	0.074	0.070	0.004		0.003
Firm size 1-2	0.048	0.040	**0.007**	***	0.003
Firm size 3-9	0.229	0.164	**0.065**	***	0.005
Firm size 10-24	0.224	0.191	**0.033**	***	0.005
Firm size 25-49	0.172	0.157	**0.014**	***	0.005
Firm size 50-99	0.109	0.115	-0.005		0.004
Firm size 100-199	0.066	0.090	**-0.024**	***	0.003
Firm size 200-499	0.082	0.100	**-0.018**	***	0.003
Firm size 500-999	0.028	0.046	**-0.018**	***	0.002
Firm size > 1000	0.028	0.079	**-0.051**	***	0.002
Youngest child aged 0-2	0.080	0.093	**-0.012**	***	0.003
Youngest child aged 3-4	0.051	0.054	-0.003		0.003
Youngest child aged 5-11	0.191	0.174	**0.017**	***	0.005
Youngest child aged 12-15	0.111	0.110	0.001		0.004
No children under 16	0.543	0.548	-0.004		0.006

Appendix C: Interview Schedule

Interview Guide (60-80 mins)

Introduction: 5 minutes

Introduction, explanation of research, introduce myself, answer any questions, consent form

Overview of job(s) and work history (10-15 minutes)

Work history should be open conversation – when did you first start working, what kind of jobs did you do, how often did you change jobs, what kind of wages were you getting, was it part time/full time/seasonal/shifts etc, any time not working and if so why (children, illness, education, redundancy, other circumstances). Start from leaving school if useful to participant – can also ask about education (highest qualification).

2019 onwards job(s): what did you do, how long did you work there, what wages, hours worked, overall satisfaction with job (out of 10 with 1 being completely unsatisfied and 10 being completely satisfied). Ask why they are/were satisfied/unsatisfied, what aspects of the job are/were good and bad.

Progression in last 2 years (20-25 minutes)

For low paid workers: Did you try to look for a higher paid or better suited job during 2019 or later? Probe experiences of this if yes.

What would a better job have looked like for you?

What was the likelihood of being able to progress in that position (pay increase or promotion internally), and would you have wanted this?

Would you need/prefer to have moved companies to get a better job?

What would you change about your recent and current job(s) if you could make it better?

For individuals who progressed to higher pay in 2019 or later: what made you successful in getting a higher paid job? What factors contributed to this?

What helped/hindered your experience?

What did the process look like from starting to look for a better job to landing this one (what actions were taken by yourself and/or others)?

If any previous experiences of feeling stuck in low paid work, explore this in relation to points above.

If not already covered: household income during the low paid period

Do you live with anyone else? Did you live with anyone else while you were in a low-paid job?

Do/did you have to support anyone financially?

Did you have anyone else supporting your income while working in a low-paid job?

Impact of covid-19 (20-25 minutes if not already covered in previous questions)

Changes to job(s)

Did your hours/pay change? Were you put on furlough? Were you made redundant? Did you resign?

Did have to look for secondary employment to supplement income?

Ask about job quality changes – how did the nature of the job change throughout 2020 (for better or worse)?

Progression

How did covid-19 impact your plans to progress if you had any? Did any new opportunities or barriers arise?

Looking to the future, what are your plans? How have these changed as a result of covid-19?

Wrap up (5-10 mins)

Opportunity for participant to mention anything they feel is relevant that hasn't been covered yet, conclusion of interview, thank participant, provide contact details, ask to share with anyone they who may be interested in taking part.