Employment key to social mobility

Research demonstrates a negative relationship between worklessness and outcomes for children over and above what would be expected due to other factors, such as material deprivation and low income. This underlines the importance of supporting parents to move into the labour market. In addition, the high number of young people not in education, employment or training is a huge risk to the skill development of the current cohort of young people. Other research points to the pressing need for interventions, such as apprenticeships, that improve employability combined with strategies to improve the quality, flexibility, sustainability and progression routes of the jobs on offer.

Key findings

- Family background characteristics are still influencing who gets the UK’s top jobs. Consistent with other evidence on social mobility, this trend appears to have worsened for many of the top professions over time.
- The extent to which our economy will be able to produce more and more ‘top jobs’ needs to be considered. Avoiding future poverty may for many people be just as much a matter of being able to make a ‘good life’ from lower paid, lower status employment, and to find this worthwhile.
- The first few years of life are not totally decisive, and interventions aimed at promoting mobility throughout the rest of childhood, adolescence and into working life are also important. Interventions that change students’ decisions at key points (eg, the decision about whether to stay in full-time education beyond age 16) rather than influence their skills directly, could still have a positive impact on social mobility.
- Apprenticeships used to offer not just skill acquisition but also five years of structured, disciplined relationships with adults. For many young people who have not experienced this at home, the apprenticeship system offers a chance of psychological growth and development. However, demand from potential apprentices for training significantly outstrips the supply of places made available by employers.
- Targeted educational opportunities for mature women from ethnic minority groups are needed to assist ethnic minority women into the workplace, improve workplace culture and to progress in employment.
- Developing the evidence base on ‘what works’ in terms of intervention is vital. Robust field trials of promising interventions should become a core part of the child poverty strategy, building an evidence base of action which is proven to work, cost-effective and capable of being scaled up to the required level.
- While inducing lone mothers to work could lift some children out of poverty, encouraging young mothers to take up any employment might also impact negatively on their children, particularly in the absence of good quality child care. Supporting employment through the provision of good quality childcare is a priority.
- Undertaking interventions to improve social mobility at the very bottom of the skill or income distribution may be more difficult and more expensive than interventions to improve the social mobility of those nearer the middle of the distribution.
- Understanding how to manage money requires complex skills and those with poorer levels of education can find financial decisions difficult, particularly in terms of accessing appropriate advice, products and services.
Who gets the best jobs?

Some of the top professions are increasingly being filled by individuals who look less different to the average in terms of ability and more different to the average in terms of family income.

Family background characteristics are still influencing who gets the UK’s top jobs1. Evidence suggests that those who go on to become lawyers and doctors are from substantially richer families than those who go on to become engineers or nurses. Consistent with other evidence on social mobility, this trend appears to have worsened for many of the top professions over time.

For those born in 1970 compared to those born in 1958, the gaps in family income between top professions and the sample average has increased. However, evidence on the ability levels suggests that while those who became doctors and lawyers were of higher ability than the average, this trend has decreased over time. This would suggest that there is a widening social gap in entry to the top professions.

Interventions needed to promote mobility into working life

Investment in policies which target non-cognitive skills specifically should be considered for older individuals.

While the first few years of life are important in terms of later life outcomes, they are not totally decisive. Interventions aimed at promoting mobility throughout the rest of childhood, adolescence and into working life have potential benefits too.

Evidence suggests that educational performance, higher education and post-compulsory education labour attachment are all crucial to social mobility. Specific policies likely to play an important role in increasing mobility include:

- the Academy School programme which has been shown to significantly improve the educational performance of schools that contain high proportions of pupils from disadvantaged backgrounds and are situated in poor communities;
- the Sure Start programme, which provides high-quality early-years education that was previously only accessible by children from more advantaged backgrounds;
- job guarantee, which provides a guaranteed job or training scheme for young people who have been out of work or education for a set period of time.

In addition, apprenticeships used to offer skills acquisition and five years of structured, disciplined relationships with adults. For many young people who have not experienced this at home, the apprenticeship system offered a chance of psychological growth and development so policy moves towards increasing the numbers of apprenticeships may have additional beneficial consequences for health and well-being.

A focus on policies to improve the non-cognitive attributes of poor children may also improve mobility2. There is emerging evidence that later inventions may be more effective if they are targeted at skills ranging from, for example, time management to teamwork and leadership skills, and from self-awareness to self-control. There is clear evidence that such skills are highly valued by employers.

Interventions that change students’ decisions at key points (eg, the decision about whether to stay in full-time education beyond age 16), rather than their skills directly, could have a positive impact on education outcomes and hence social mobility. These will be most productive where they also increase subsequent educational attainment.

The fact that early policy interventions have the potential to be more productive than later investments does not preclude the need for later investment, nor does it suggest that well designed late interventions cannot be effective. In fact, according to the Institute for Fiscal Studies, early investments are most productive if they are followed up with later investments3.

The research evidence confirms that cognitive skills – including basic skills such as literacy and numeracy – are highly valued in the labour market; indeed basic skills have higher economic returns in the UK than in many other countries. However, it is difficult at present to pinpoint effective interventions in adulthood that improve cognitive skills.

Apprenticeships fail to attract employers

Nowhere near enough employers have yet proved willing, of their own accord, to be involved in apprenticeship provision.

While politicians of all parties are attracted by the idea of apprenticeships, their enthusiasm has not yet been shared

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1 Macmillan, L. (2009) Social Mobility and the professions, CMPO
3 Crawford, C., Johnson, P., and Vignoles, A. Pitfalls on the path to social mobility, Observations, IFS, (April 2011); www.ifs.org.uk/publications/5541
by employers to anything like the required degree, suggest researchers from the ESRC-funded Centre on Skills, Knowledge and Organisational Performance (SKOPE)\(^4\).

Successive governments have proposed ever more ambitious targets for apprenticeship numbers. Indeed, while the Coalition government has abolished the targets established by the Leitch Review of Skills for 500,000 apprentices in learning by 2020 in the UK, it still has priorities including that at least one out of every five young people will be undertaking an Apprenticeship programme by 2020.

SKOPE researchers have found that demand from potential apprentices for training significantly outstrips the supply of places made available by employers by a wide margin. The Wolf Report (2011) suggests the figure is about 15 applicants for each apprenticeship place, and for some high-profile apprenticeship schemes, such as BT and Rolls Royce, the number of applicants per place is far higher.

Reports on the proportion of employers actively involved in the apprenticeship system vary, but best estimates lie between four and 13 per cent. The reasons are complex, say researchers, but range from employers favouring other routes to competitive advantage such as offshoring or outsourcing and the possibilities afforded by the single EU labour market to find well-trained, well-educated workers from the accession states.

Many of these problems are deep-seated and, say researchers, policymakers have tended to overlook this situation. “The lack of employer engagement has been a recipe for endless disappointment over the past 25 years or more, and yet signs of policy makers learning this lesson are hard to find,” say SKOPE researchers. Based on case study examples, research suggests that a starting point for government and employers to think about the development of expansive work environments for apprentice skill development is to consider quality over quantity, acknowledge learner status as well as worker status and to benchmark level 3 qualifications.

**Findings suggest that policy needs to consider ethnicity issues for this type of family, especially when they are low-income**

The child poverty strategy, ‘A New Approach to Child Poverty: Tackling the Causes of Disadvantage and Transforming Families’ Lives’, makes very little reference to differences between ethnic groups. However, there are substantial differences between the proportion of mothers working in different ethnic groups\(^5\).

A ‘couple family’ with one male earner is the family model for some groups, particularly where the mother has no or low qualifications, Pakistani and Bangladeshi families, and a small minority of other ethnic groups. Based on evidence from the Millennium Cohort Study, researchers argue: “If we want to see greater employment participation from Pakistani or Bangladeshi mothers, one key is for these groups of women to gain higher qualifications.”

The policy implication is that targeted educational opportunities for mature women from ethnic minority groups are needed. But as an Equal Opportunities Commission’s investigation into Black and Asian women’s employment suggests, better educational qualifications are not the only lever: A range of initiatives could be introduced to assist ethnic minority women into the workplace, improve workplace culture and to progress in employment.

**Mother’s employment can have negative impact on children**

There is a negative and significant effect on children’s education attainment among mothers working full time when their child is five or under.

Policies aimed at increasing employment rates among lone parents may have some unwelcome consequences. While inducing lone mothers to work might lift some children out of poverty, encouraging mothers to take up any employment when their children are very young could also have a negative impact on their children’s educational outcomes.

A recent study finds a negative, significant effect on children’s education attainment among mothers working full time when their child is five or under\(^6\). The effect of part-time employment is smaller, but still negative. Stronger adverse affects are found for children of less educated mothers.

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\(^4\) Keep, E. and James, S. (2011) ‘Employer demand for apprenticeships’ in Rethinking Apprenticeships: IPPR

“On one hand employment is good because it brings in income,” researcher Professor Marco Francesconi points out. “On the other hand, it takes the mother away from her child which can have a negative impact on the child’s outcomes. However, if it’s a stable job with good career prospects then any negative effects of the mother being away from home can be minimised through, for example, high quality childcare.”

A greater problem would concern mothers – lone mothers particularly – who are pushed into poorly paid, bad jobs with few prospects, flexibility or access to good childcare. In these cases, mothers’ employment would further disadvantage their children.

“This study is not saying that mothers should not work but rather indicates that working mothers need ‘good’ rather than bad jobs, more flexible working practices and better access to high quality childcare,” Professor Francesconi states.

**Work does not always lift families out of poverty**

There is a danger that families may simply move from non-work poverty to a long-term in-work poverty trap

Recent policy initiatives have focused on facilitating formal paid employment for parents as a means of lifting children out of poverty. A new study by researchers from the Institute for Fiscal Studies (IFS) explores the degree to which simply moving into work is an important factor in lifting families out of poverty or whether significant retention and progression within employment are key elements in allowing families to escape from poverty.

Using data for 2001-2006 from the Families and Children Study, findings show that 65 per cent of families who were in poverty in the month prior to work entry move out of poverty when a parent enters work. The proportion of parents with income below the poverty threshold falls from 48 per cent to 20 per cent with work entry.

However, the study also shows that a substantial fraction of families with children remain in poverty or fall into poverty during the three years following work entry. Among those remaining in work for three years or more, there is a considerable decline in the likelihood of poverty for lone mothers (31 percent to 18 percent), but there is little change for mothers in couples (unchanged at 9 percent and fathers (from 18 percent to 16 percent).

Most of the decline for lone mothers reflects a reduction in the likelihood of poverty for these mothers, but much of the smaller declines in the poverty rate for mothers in couples and for fathers can be accounted for by those in poverty being more likely to leave work than those not in poverty.

While there is a steady decline in poverty rates among those working full-time, poverty rates tend to increase among those working less than 30 hours per week after two years in work.

The evidence indicates that while work entry is an important factor in reducing child poverty for all types of parents, work retention and progression only reduce the poverty risk for lone mothers, with little benefit to mothers in couples or fathers. All in all, the small role currently played by work retention and work progression in reducing the likelihood of poverty for families with children leaves considerable scope for improvements in advancement within work to help lift working parents and their children out of poverty.

**Poor financial skills have psychological costs**

Regardless of how much money they have, people require financial management skills. The consequences of a lack of financial capability are becoming progressively more serious.

Understanding how to manage money requires complex skills and low income households are at a clear disadvantage when education levels in the household are also low. Those with poorer levels of education can find financial decisions difficult, particularly in terms of accessing appropriate advice, products and services.

Using data from the British Household Panel, researchers have constructed an index of financial capability. Findings show that for both men and women, low capability has significant and substantial psychological costs over and above those associated with low income or deprivation. For men the size of this effect is similar to that associated with being unemployed, while for women the effect is similar in magnitude to that of being divorced.

This suggests that improving people’s financial management skills would have substantial effects not only in terms of reducing problem debt and increasing saving, but also on stress-related illnesses and the outcomes associated with

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such problems. Hence improved financial capability could have lasting benefits for individuals and the wider economy.

“As well as the expected benefits of reducing problem debt, welfare dependency and poverty and increasing savings, our results indicated that improving financial capability will also have wider impacts through improving psychological health,” says researcher Dr Mark Taylor.

“The size of these improvements in psychological health dwarf those associated with raising household incomes, which indicates that the ability to manage income is more important than the level of income in determining psychological health.”

While lack of financial literacy may be one reason people get into debt, for some individuals a lack of numeracy skills can exacerbate their problems. Although there has been an improvement in numeracy skills among British adults over time, a large minority of British adults do not have the basic numeracy skills that would help them to manage their finances more effectively. For example research using the 1958 British Birth Cohort Study found that 23 per cent of the sample at age 34 had numeracy skills at entry level 2 (GCSEs grades A*-C) or below while in the 1970 British Birth Cohort Study 14 per cent were found to have numeracy skills at entry level 2 or below.

The ESRC Centre for Economic Performance (CEP) examines the determinants of economic performance at the level of the company, the nation and the global economy by focusing on the major links between globalisation, technology and institutions (above all the educational system and the labour market) and their impact on productivity, inequality, employment, stability and wellbeing – cep.lse.ac.uk

The ESRC Centre for Lifecourse Studies in Society and Health (ICLS) investigates processes throughout the life course that relate the development of personal and professional skills to health and wellbeing and to patterns of employment and social participation. This research is possible due to the unique longitudinal birth cohort studies that have been carried out in the UK and the availability of comparative national and international data – www.ucl.ac.uk/icls

The ESRC Centre for Longitudinal Studies (CLS) is an ESRC Resource Centre which houses three of Britain’s internationally-renowned birth cohort studies:
• 1958 National Child Development Study (NCDS)
• 1970 British Cohort Study (BCS70)
• Millennium Cohort Study (MCS)

The studies involve multiple surveys of large numbers of individuals from birth and throughout their lives. They have collected information on education and employment, family and parenting, physical and mental health, and social attitudes – www.cls.ioe.ac.uk

The ESRC Centre for Market and Public Organisation (CMPO) is a leading research centre combining expertise in economics, geography and law. The centre aims to study the intersection between the public and private sectors of the economy, and in particular to understand the right way to organise and deliver public services – www.bristol.ac.uk/cmpo

The Institute for Fiscal Studies (IFS) promotes effective economic and social policies by increasing understanding of their impact on individuals, families, businesses and the government’s finances. The IFS has hosted an ESRC research centre since 1991. The ESRC Centre for the Microeconomic Analysis of Public Policy (CPP) aims to carry out core analytical research that will allow informed microeconomic analysis of major public policy issues, from productivity growth to poverty reduction, and from promoting employment to ensuring sound public finances – www.ifs.org

The Institute for Social and Economic Research (ISER) is jointly core-funded by the ESRC and the University of Essex. ISER hosts the ESRC Research Centre on Micro-Social Change (MiSOC) and the ESRC UK Longitudinal Studies Centre (ULSC). ISER is also home to Understanding Society. The central focus of MiSOC’s work is the individual life course and the changing nature of society and its team of world-class researchers and associates come from a range of social science disciplines including economics, sociology, psychology, demography, geography and statistics. The ULSC goal is to ensure the collection of longitudinal data of the highest quality to meet UK social research needs and to promote its widest and most effective use – www.iser.essex.ac.uk

The ESRC Poverty and Social Exclusion (PSE) in the United Kingdom – the 2011 Survey project’s primary purpose is to advance state-of-the-art theory and practice of poverty and social exclusion measurement. To improve current measurement methodologies, the research will develop and repeat the 1999 Poverty and Social Exclusion Survey – www.poverty.ac.uk

Understanding Society is the largest household panel survey in the world. It collects information annually from 100,000 people across 40,000 UK households and provides valuable new evidence about the people of the UK, their lives, experiences, behaviours and beliefs. The study allows for deeper analysis of a wide range of sections of the population as they respond to regional, national and international change. Understanding Society will greatly enhance our insight into the pathways that influence people’s longer term occupational trajectories, their health and wellbeing, their financial circumstances and personal relationships – www.understandingsociety.org.uk