

Career progression and intergenerational inequality in contemporary Europe

By

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Summary

Early disadvantage in the labour market has marked and lasting effects on occupational attainment over the life course. The potential for career mobility to reshape initial disparities between social groups in their labour market situation seems to be quite limited.

This policy brief reports on research into the social class dynamics of career mobility patterns. This research found that individuals' careers remain unequal, and become more so, over their lifetimes, depending on their social and educational backgrounds. The picture has changed little over the past century, despite the growth of the knowledge economy. To date, the social cohesion aspirations of the Lisbon Strategy, and latterly the Europe 2020 Strategy, remain to be fulfilled.

We therefore make policy recommendations in four areas. First, we advocate the implementation of measures to offset the costs of education and training for people from lower social classes, to promote wider knowledge and skills acquisition. Second, we argue for lifelong learning policies which challenge, rather than reflect, inequalities, by widening access to lifelong learning opportunities and by reviewing the content of lifelong learning offerings. Third, we suggest that organisational policies should be considerably strengthened to clarify promotion and progression criteria, so that disadvantaged groups are not hampered by 'hidden' criteria. Finally, we advocate bolder gender equality policies that tackle organisational practices in hiring and promotion, and that also strengthen the promotion of flexible working and fathers' involvement in childcare.

The economic and social benefits of healthy career mobility

Career mobility is a central element in the process of human capital development. In theory, it should not only improve economic efficiency, but also advance social equality. Because there remains considerable inequality of access to educational opportunities, people from lower class families have a higher risk of starting their careers in low-level jobs. It is important to understand the differential patterns of careers between social groups, as well as the overall level of career progression taking place in society. Can career mobility correct, at least to some extent, the initial inequality of access to educational opportunities, so that individual talents and work can be exploited and rewarded? Or are career trajectories part of a broader dynamic of cumulative inequality, in which the gap between advantaged and disadvantaged individuals widens further?

In all countries under examination (Germany, Italy, the Netherlands, Sweden, and the UK), we find that social origins have powerful effects on the level of the first job. This is not only due to educational inequality: family background matters even among individuals with the same educational qualifications. Moreover, the effect of family background is not significantly weakened throughout a person's career. Early disadvantage in the labour market has marked and lasting effects on occupational attainment at later stages. There is very limited potential for career trajectories to compensate for the initial disparities between social groups at labour market entry. Furthermore, most career progression tends to be concentrated in the early ten or fifteen years of a work history. This period of potential opportunity is short, and for some, such as women, it is difficult to exploit, for, as other research has shown, the years of career progression coincide with the main years of family formation, which often stall or retard women's careers.

Individuals with low educational qualification - class of origin being equal - also experience slower career progression. If anything, an initial position of advantage in the labour market tends to consolidate and strengthen over time. Highly educated individuals enjoy better chances of promotion than their less well-educated counterparts, in spite of the career ceiling that those entering the labour market towards the top encounter rapidly. So career mobility offers individuals from lower social groups very limited opportunities to overcome their initial labour market disadvantage.

Even though career mobility is not a great equalizer, is it at least increasing over time? Data covering the whole of the twentieth century provide little reason to be optimistic on this score. Economic modernisation and the recent growth of the Knowledge Society have resulted in some occupational upgrading. However, the proportion of people experiencing career mobility has not increased significantly over time. Moreover, the influence of social origins on occupational attainment has not diminished. Neither has the importance of educational qualifications for career progression altered. In summary, the number of better jobs has increased over time, fulfilling some of the aspirations of the Lisbon Strategy, but their unequal distribution has remained largely unchanged.

Towards fairer and more efficient career development

Four types of policy measure would contribute to the reduction of career inequalities:

- Economic measures to *reduce the direct and the indirect costs of further education and training*. In some countries, students from poor backgrounds have to pay for their training, and this excludes many from participating. They may receive help with the direct costs of further education (tuition fees, book purchase, etc). Yet they continue to be underrepresented in higher education, because there are income penalties when students from low-income families remain in post-compulsory education rather than entering the labour market. These direct and indirect costs are a major obstacle to participation in vocational training and higher education.

Financial support should therefore be provided, both to cover the direct costs of training, and to compensate for the indirect costs sustained by lower income families who send their children to higher education.

- Lifelong learning policies which challenge rather than reflect inequalities. Policies need to focus on improving access to lifelong learning, so that all, and not just the better educated segments of society, can benefit from it. The content of continuing training and learning also needs to be reviewed. There is a particular and growing need to improve the general competency levels of the European population, in areas such as literacy and numeracy levels, linguistic and communication skills, and competencies for group working and organisational innovation, as well as technical skills. Such learning opportunities, if aimed at addressing inequalities of access to learning and skills development, should benefit low-skilled employed and unemployed people, and so should improve the source of skills to assist the growth of the European knowledge economy. If the Europe 2020 Strategy is to achieve the inclusive growth it seeks, this must a policy priority for Member States, and the Agenda for New Skills and Jobs must be used to strengthen and monitor actions to this end.
- Organisational management policies and practices to promote more fluid and open career progression. Two types of measures could be used here. On the one hand, there is potential for applying 'hard' measures, such as quotas. Experience with quota systems for promoting, for example, women into senior positions in organisations has proved positive in countries such as Norway and Spain.

On other hand, 'softer' inducements to reform organisational practices could be applied. One option is to incentivise employing organisations and managers to modernise their employment practices, for example, encouraging them to introduce transparent and standard appraisal systems for employee promotion or pay review. Given the limited competence of public authorities, except regarding their own employment practices, one feasible incentive might be an award system that recognises progress or excellence among employers in promoting under-represented social groups, as is currently done in the UK. In general, policy measures to support innovation in all fields (i.e. product innovation, process innovation, organisational innovation, marketing innovation) should be sustained and extended, since innovations of all types tend to rely on, and increase demand for, high skills. This in turn is likely to improve the chances of a wider group of people to benefit from career mobility.

- Gender policies to redress women's career penalties. Women experience significant career penalties, even before maternity, because of employer assumptions about their commitment to their paid employment. Motherhood related career breaks then carry substantial and lasting disadvantages. Employers should be encouraged to implement women-friendly career progression policies. The transparent promotion systems advocated above are a start, but ideally employers should be prompted to implement more proactive measures still, such as those which build innovative, gender-aware criteria (non-numerical performance measures, for example) into progression and promotion systems. Flexible working arrangements which can support paid employment and childcare should be implemented on a much more widespread basis across the EU. Measures for fathers to take a more equal share in childcare, such as through paid leave schemes, should also be extended.

In order to increase their effectiveness, all the above policies should be implemented together, and submitted to systematic impact evaluation analysis.