

## Some employment practices leave 1 in 8 working people out of pocket and trapped in poverty, warns the CIPD

4 years ago



The CIPD has launched a suite of [online resources](#) to help employers play their part in making work a more reliable route out of poverty.

Drawing on [insights and expertise from the Joseph Rowntree Foundation \(JRF\)](#), the new web hub shines a light on the factors that were keeping one in eight working people in the UK trapped in poverty – well before the latest cost-of-living crisis emerged.

Crucially, it identifies the key employment practices that can help or hinder those that are struggling to make ends meet.

The CIPD acknowledges that poor pay and employment practices are not always to blame for in-work poverty – there are concerns around the cost of living and the social security system, for example, which policy makers must address. Nevertheless, employers have an important role to play in helping working people to escape poverty's grip.

The professional body is calling on all employers – large and small – to put in place a financial wellbeing policy that sets out their commitment to tackling in-work poverty. It is urging employers to not only ensure they pay a fair and liveable wage, but to also explore how they can support financial wellbeing through employee benefits and financial education, and how they can help low-paid workers progress into higher paid roles.

Charles Cotton, Senior Adviser for Performance and Reward at the CIPD, comments: 'Work can and should

be a reliable route out of poverty. No one in our society should face the injustice of poverty, but too many people – including working people – find themselves trapped in poverty. Providing a fair and liveable wage is of course important, but inflation-beating wage increases will not be realistic for all employers, and there's much more employers can do help people escape poverty's grip.

'Supporting your people to achieve a decent standard of living is an essential element of good work and responsible business. With the cost of living rising to crippling levels for many people, the moral case for tackling in-work poverty has never been more evident, and there's a compelling business case too.'

## Employers can loosen poverty's grip in three key ways

Although employers cannot solve in-work poverty on their own, they can make work a more reliable route out of poverty. The most obvious role employers can play is to provide a liveable income that helps prevent people from falling into hardship in the first place. Inflation-beating wage increases will not be realistic for all employers, but there's much more employers can do. In a [recent CIPD poll](#), 72% of respondents agreed that employers need to look at all three of the following types of support:

**Pay a fair and liveable wage:** Pay a wage that enables people to lead a dignified life and meet the real cost of living. This could entail paying the voluntary Real Living wage but also removing any barriers that prevent people from working enough hours to earn a decent living. Employers should also protect people on low incomes from one-sided flexibility and insecure working arrangements that may not suit their needs. To support fairness, employers should also be transparent about how they set pay and how people can secure a pay rise.

**Provide financial wellbeing support:** This could be as simple as sign-posting relevant advice and guidance, but employers can also consider reviewing their benefits package to include perks that help incomes go further and protect people from unexpected financial shocks. Creating a safe place to talk about money worries is important too. Employers have a role to play in normalising conversations about money worries in the same way in which they've begun to do with things like mental health and the menopause.

**Support in-work progression:** Too many people get stuck in low-paid roles through no fault of their own. Employers should ensure that everyone – particularly those in the lowest-paid roles – knows what they need to do to progress at work, and invest in targeted training and development to support that progression. Employers can also help people to maximise their earning potential by tackling cases of direct or indirect discrimination that can hold people back.

Morgan Bestwick, Policy and Partnerships Officer (Work), at JRF, comments: 'Trying to budget on low wages and with uncertain working hours – or struggling to find a good job which fits around your caring responsibilities – can cause huge stress and strain. And worrying about how to stretch your income to cover the rising cost of living will sadly be a serious and growing concern for many households across the country. But it doesn't have to be this way.'

'We know that many employers across the UK already work to ensure their employees are financially secure and stable, from paying the Real Living Wage, to implementing financial wellbeing policies and providing more secure working hours. This is the good practice we really want employers to share, learn from, and build on in their own workplaces'.

