



(USA)

Need Not Greed Encourages People to Take "Informal Work"

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The practice of people taking 'cash-in-hand' low-paid jobs or not declaring work while on benefits is being used as a last resort response to acute poverty or crises according to a new report funded by the Joseph Rowntree Foundation in the United Kingdom. The report is informed by six years of work by Community Links, an innovative charity running community-based projects in east London.

People in low-paid informal work: 'Need not greed' conveys the experiences of people who work informally to pay for food, heating or who face mounting debt.

The report demonstrates how informal work is often a response to poverty and to times of crisis such as family breakdown. It shows how low benefit rates, low wages and rules which limit the hours some groups can work are the drivers for most informal work for those who took part in the study. In addition, the research highlights how childcare or health problems can act as barriers to formal work.

People who took part in the study do want to work and have a wide range of under-used skills and abilities. However, participants felt there were more informal than formal opportunities for people like themselves with few skills and qualifications. Many felt working informally increased their confidence, skills and work experience; provided financial support and offered potential pathways into formal work. They also identified wider social benefits for families and communities.

Participants also cited a complicated and inefficient tax and benefit system as one of the main reasons they resorted to informal low-paid work. Despite the introduction of measures such as tax credits, they felt the system often trapped them in a cycle of poverty with few financial incentives to work formally. In their opinion, punitive measures to tackle informal working were unlikely to work if poverty had forced them to work informally.

The report also makes a range of policy recommendations. These include support, training and development for those who want to move into formal work; tax and benefit reform based on an understanding of why people work informally and employment flexibility to accommodate needs around childcare or health issues.

Aaron Barbour, report author and Community Links' Research and Policy Development Manager said, "People in deprived areas are resorting to informal paid work because they are trying to support, feed and clothe their families. They are hard-working, ordinary people trying to survive day by day. The Government needs to understand and include the informal economy in all its strategies if it is to reach its employment, anti-poverty and regeneration targets. They should harness the assets of people working informally - their effort, skills and willingness to work - rather than seeing it as a problem."

Several case studies featured in the report demonstrate how people felt they had no other option but to take on informal work, often with salaries well below the minimum wage. One father of a disabled child described how he carries out a mix of formal and informal work to keep some benefits, and how he needs additional money to cover care costs for his daughter. He cites the main reason for not declaring his informal work as fear of not being able to afford the high rent and council tax if these were not covered by benefits. He earns £6 an hour through his formal job but just £4 an hour for his informal work.

Others taking part in the research felt they could not rely on inefficient bureaucratic systems which might leave them

without money for extended periods. A lone parent with a medical condition said, "Some people out there think because you get these benefits you are comfortable; which is not the case. I still struggle to pay my bills. Finding informal work is a struggle for survival." Another lone parent felt under pressure from "loan sharks" who would not wait for her to find a formal job. A 30-year-old man said "informal paid work would be impossible to tackle," unless its underlying causes were confronted.

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