

Measuring the size of the informal economy at a borough-wide level in the UK

A description and analysis of Community Links methodology, findings and lessons learnt of measuring the informal economies of the London boroughs of Newham and Haringey

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Introduction

Evidence suggests that a considerable number of people across Europe are engaged in informal paid work. The EU estimates that the informal economy accounted for between 7% -16% of GDP in the European Economic Area in the 1990s (Williams & Windebank 2003). Over the last decade the importance of this sector to the overall OECD economies has been rising. In the UK the annual informal economy is calculated to be around £75-120 billion (Small Business Council 2004, Schneider 2002).

The '*informal economy*' is known by a host of names: the hidden economy, cash-in-hand work, moonlighting; the grey economy, working off-the-books, tax evasion and benefit fraud. We understand that informal paid work involves "...*the paid production and sale of goods or services which are unregistered by, or hidden from the state for tax, benefit and/ or labour law purposes, but which are legal in all other respects*" (SBC 2004).

Research by Community Links over the last seven years suggests that informal paid work is an integral part of the socio-economic fabric of some communities in deprived areas. Current government employment, 'worklessness', business creation and development, regeneration and anti-poverty targets do not take account of the significant numbers of people operating outside the system. In addition, the 'uncounted' are not reached by present strategies, and yet represent a significant proportion of the local economy. To understand and harness informal

economies in deprived neighbourhoods government agencies need to develop relevant strategies, as well as funding mechanisms.

Community Links, an innovative charity running community-based projects in east London, has taken a particular interest in informal economic activity. Jobs, unemployment and the availability of cash-in-hand work have a significant impact on the lives of the local people with whom we work and are integral to their experience of poverty. In our attempts, over the last 30 years, to help people tackle poverty and deprivation, we have come across the barriers and opportunities residents face around work and employment. In our work we became increasingly aware about the existence of the informal economy in the borough¹ and residents involvement in cash-in-hand work.

Employment in the UK is hailed by government officials as a route to lift people out of poverty. In an effort to contribute to these efforts Community Links engaged in a process aiming to understand the size and characteristics of the informal economy at a borough level. Within this process, the team also wanted to gather quantitative and qualitative evidence to inform the work Community Links develops with residents. In addition, the team wanted to produce information to lobby local and national policy makers to broaden the approach towards the informal economy and consider it as part of people's livelihood strategies².

In 2006 linksUK, the national arm of Community Links, concluded a year-long qualitative research based on over 100 interviews of Newham residents about their involvement in the informal economy (Katungi et.al, 2006). This piece of work informed us about the various strategies people engaged in informal paid work use regarding employment and the benefit and tax systems. The evidence gathered, as interesting and informative as it was, could not tell us about the extent of people's involvement in informal paid work; and there was virtually no evidence, at a micro

¹ "Greater London was established in 1965 as an administrative unit covering the London metropolis. It was not defined as a county but had a two-tier structure, with the lower tier being the London boroughs. There are 32 actual boroughs, with a status similar to metropolitan districts, and also the City of London. Boroughs are subdivided into electoral wards. (ONS website, downloaded on May 22, 2007).

² "The sustainable livelihoods approach was developed in the 1980s and gained popularity in the 1990s when it was adopted by the Department for International Development and other development agencies... The livelihoods framework builds on participatory approaches to poverty analysis and it is intended to be used with and by poor people themselves." (Long, Phillips and Reynolds, 2002, p.8).

level, anywhere else in the UK. A probability survey would be needed to have a notion of how common and where informal paid work is at a borough level.

This essay documents the road Community Links travelled to collect and analyse quantitative evidence on informal paid work in two London boroughs: Newham and Haringey. The team conducted a borough level survey to measure the size of the informal economy and to outline the characteristics of the population involved in informal economic activities. Community Links used an innovative two-fold approach.

Given the fact that people's involvement in informal paid work is considered by official channels as an 'illegal' activity, it was fairly difficult to identify our study population. Therefore, the definition of our sampling frame, as defined in any probability sampling methodology, was not straightforward. The first step in our methodology was to use the statistical geographic unit, Super Output Area (SOA),³ developed by the UK Office of National Statistics as the survey's sampling frame.

The second part of the team's approach was to use community volunteers to collect the information. Based on our long experience of working with volunteers we believed that by selecting volunteers who spoke the languages spoken in the borough and who came from all ethnic groups, the reliability and truthfulness of the gathered information would increase.

Analysing the questionnaire results provided the linksUK team with a number of lessons. First of all, the use of the geographical unit along with the method of information gathering supplied us with a representative sample and reliable evidence. The findings revealed informal paid work is extensive but that people involved in informal economy work do not get rich but it is part of their livelihood strategies. In addition, we found that a multiplicity of elements influenced people's decision to work informally, thus, it was difficult to 'construct' a model to be able to predict who would be more likely to work informally. Lastly, the findings challenge accepted wisdom about unemployment and worklessness and the policies geared towards tackling them. It appears that people who are officially unemployed may actually be working cash-in-hand.

³ The SOA is a unit grouping people by their place of residence. See footnote 8.

The essay is divided into three parts. The first section describes the methodology used to carry out the survey in the London boroughs of Newham and Haringey. The second part is a thematic summary of the main findings. Finally, the third section addresses lessons learned in this process.

London Boroughs of Newham and Haringey: Two diverse Communities⁴

The London Borough of Newham is located in east London. The London Borough of Haringey is situated in the north. Both boroughs are ethnically diverse, have a young population and both are ranked high in the index of deprivation⁵ (Nomisweb, downloaded on April 16, 2007).

Government policies centred on employment advice and training skills have not reached the expected results regard the decrease in the proportion of unemployment and worklessness. linksUK wanted to develop a more complete picture of the extent and level of informal economic activities at a borough level. In addition, Community Links aimed at understanding people's needs from a comprehensive point of view and thus, tailor its work to better contribute to meet those needs.

In the team we counted on the human resources and skills to gather the quantitative evidence however, we lacked the financial support to carry out the work. The London Borough of Newham, because of the high proportion of unemployment in the area (8%, which is twice the proportion in London), has been involved in the implementation of policies seeking to lower unemployment and poverty in Newham (Newham, Key Statistics). Thus, linksUK approached the 'Access to Jobs' team at the London Borough of Newham to apply the survey in Newham with their financial support. At the end of the year 2005, we were commissioned by the 'Access to Jobs', in Newham; and in June 2006 engaged by the Economic Regeneration Team of the London Borough of Haringey, to apply the survey using the same methodology.

⁴ Please refer to the map in Appendix 1 to appreciate the location of these two boroughs within Greater London.

⁵ Index of Deprivation is a type of 'area-based' index used to measure deprivation. It has six domains (income, employment, education, housing, health, and geographical access) at datazone level, which have been combined into an overall index. (ONS, downloaded on May 22, 2007).

Methodology

The linksUK team started this process by deciding on the definition of the informal economy. The definition we adopted guided the design of the questionnaire and the analysis of the survey. The team wanted to know about people's paid work, their income and the income not acknowledged to Her Majesty's Revenue & Customs (HMRC)⁶ or any other relevant government organisation. Thus, the team used the definition adopted by the European Union (EU) (1988) and the Small Business Council (SBC 2004): 'Informal work involves the paid production and sale of goods or services which are unregistered by, or hidden from the state for tax, benefit and/ or labour law purposes, but which are legal in all other respects.'

The following step concentrated deciding on the type of quantitative we wanted to generate. The team aimed at providing quantitative evidence that would be useful to policy and decision makers. Therefore, the team sought to generate information from which generalisations could be drawn. The survey design and implementation was based on the principles of probabilistic sampling: respondents selected using random sample techniques so that each unit in the population has a known chance of being chosen.

In order to do this we considered two elements: first, there was the study population and second, the sampling frame. We assumed that those likely to be involved in both formal and informal paid work would be people of working age. Therefore, our study population would be Newham and Haringey residents who at the time of the survey were aged between 16 and 65.⁷

Regarding our sampling frame, we faced the difficulty in identifying our 'universe' or study population. Those working informally tend to be hidden from the public realm. This hurdle would, then, challenge the definition of the sampling frame for the survey. The definition of the sampling frame was crucial as the team wanted to produce evidence based on probabilities that would allow some level of generalisation. We selected our sampling frame by concentrating on people's place of residence. We used the geographic statistical

⁶ Her Majesty Revenue & Customs is the national government department in charge of collecting direct and indirect taxes in the UK.

⁷ The Office of National Statistics defines people of working age those individuals who are one year away from the 'statutory' retirement age. Thus, for males the working age is between 16 and 64 whereas for females it is between 15 and 59. (Nomisweb, downloaded on April 16, 2007).

unit developed by the Office of National Statistics, the Super Output Area (SOA).⁸ Each borough and local authority in the UK has been divided into SOAs. By using the SOAs as our sampling frame we then used cluster sampling in Newham and random sampling in Haringey.

In the Newham survey the team used the 159 lower layer SOAs into which the borough is divided into. In this case, we used a two-stage cluster sample⁹ and firstly randomly selected 31 clusters by grouping the 159 SOAs into clusters of five or six adjoined SOAs. Within each cluster we randomly selected streets and we interviewed individuals who lived in the chosen areas. In the Haringey case we drew a random sample by using the 36 middle layer SOAs into which the borough is divided and within each middle layer SOA we interviewed residents of working age.

Obtaining a representative sample in any quantitative study is a challenge and hardly straightforward. Reliability is crucial to the results of any scientific enquiry. The teams' task was further complicated as a result of the focus of our study, the informal economy. A way to ascertain the reliability of the information gathered in the survey was to design a questionnaire in which we could double-check the information provided¹⁰.

In addition, the team recognised and took into account people's reluctance to disclose their participation in informal economic activities. We decided to use a long used approach: the involvement of community residents in the collection of evidence. To interview people representing the working population in the borough we followed a two-fold method: where to interview borough residents and who would be the interviewers. The team decided to work with a borough voluntary organisation because of their long-standing in the area and their local knowledge. We also considered that people's awareness of the community organisation in the area would dispel any notion that interviewers would be representing local and/or national government officials. In the case of Newham the survey was carried out by Community Links volunteers as we are based in the borough. In the

⁸ The SOA was developed by the ONS to insert consistency in the type of statistical data generated. Before the development of the SOAs data was based on electoral wards/division and these have been subject to regular boundary changes which makes the comparisons over different time periods very difficult. So far, there are two types of SOAs, lower layer and middle layer. The lower layer SOAs has a minimum population of 1,000 with a mean of 1,500. The middle layer SOAs has a minimum population of 5,000, with a mean of 7,200. (ONS website, downloaded on April 16, 2007).

⁹ In a two-stage cluster sample one follows to steps. The study population is first divided into clusters based on a selected characteristic. Once the clusters have been drawn, one randomly selects the individuals to interview. We followed a similar procedure. We randomly selected streets and approached people in the street and made sure that the potential interviewees lived in the selected areas.

¹⁰ Please refer to the questionnaire included in Appendix 2.

case of Haringey, the team established a partnership with a community organisation, The Selby Trust. Its volunteers carried out the survey.

The partnership allowed the linksUK team to address issues regarding representativeness and reliability of the information gathered. In relation to representativeness, the team decided that this would be tackled by doing face-to-face interviews in random public places at random times of day and everyday during the data collection period. This approach allowed the team to ensure that any working age resident living in the cluster and the middle layer SOA would have the same probability to be approached for an interview.

In terms of the reliability of the information, there is the assumption, as in any interviewing process that people would be truthful with their answers. Nevertheless, the team took care in contributing to the reliability of the information by recruiting and training residents who volunteered to interview their fellow residents. These residents were recruited based on their time availability, interpersonal skills and languages, other than English, spoken. The volunteers were sent in mixed groups in terms of ethnicity, gender, and language spoken into the areas randomly selected. The volunteers were sent to areas other than where they lived to avoid potential interviewees' being reluctant to participate because they were acquainted with the interviewer. By working with a local community organisation the team wanted to assure residents that the information gathered would not have any 'legal' or financial consequences arising from their disclosure of working informally.

The information collection was through a questionnaire. Since the questionnaires were to be applied in public places, the interview needed to be, at the most, 10 minutes long. Therefore, the questionnaire was designed to contain structured questions. Interviewers needed only to tick in the appropriate boxes. Only three of the 25 questions were open and these were geared to understand the patterns of entry and exit to the informal economy as well as their views on what would contribute to making the transition to formal economic activity.

Carrying out and analysing the survey

The survey in Newham was the first to be carried out. The information was collected over a period of 8 weeks, in February and March, 2006. 28 volunteer residents and the linksUK team interviewed 1,600 Newham residents, which is approximately 1% of the borough's working age population (ONS, 2001 Census). The survey in Haringey was

carried out over a slightly longer period of time and this may help explain the larger sample. This second survey was applied from July to September, 2006. The Selby Trust recruited and trained 27 residents. They interviewed 2,596 people which represents about 2% of the Haringey's working age population.

Although not rigorously documented, the volunteers informed the team that about one out of four people approached took part in the survey. The relatively low response rates were not helped by a number of issues. In the case of Newham, the survey was carried out in the middle of winter. The short daylight and a particularly cold spell meant that people were hurrying to get to sheltered places and so were less likely to stop when approached by the interviewers. Also, during this time the government ran on television a number of ads targeting benefit fraud on television which may have discouraged people from taking part. In the case of Haringey, the survey was carried out in the middle of the summer, and August is the month when people who can afford to take a holiday usually do so.

Volunteers would move in between public places (i.e. bus stops, shopping areas, libraries) in the selected areas. Each team of interviewers were equipped with maps of the clusters and streets selected. Any person was approached regardless of their age, sex and ethnicity. After people agreed to take part in the survey, residents were asked about their place of residence and whether their age fell into the range 16-65.

Once the survey was completed the linksUK team was in charge of systematising and analysing the information by using SPSS. Below we include a number of themes coming out of these findings.

Proportion of residents working informally

People were asked about their involvement in informal paid activities. The team broke down this concept into two indicators: working informally and working informally and in receipt of benefits¹¹. When combining these two categories, a quarter of the respondents in Haringey and Newham said that they had, at some point, during the previous year engaged in informal paid activities.

¹¹ Within the UK welfare structure, the benefits individuals can claim are mostly based on need and some of them are mean-tested. For people of working age these benefits include: income support for single parents who look after the children, jobseeker's allowance for people who are currently unemployed and looking for a job, incapacity benefits. The undeclared income may affect the entitlement to a benefit as well as the level of benefit to receive.

Of those who worked informally and were claiming benefits, there are differences between the two boroughs. In Newham, only 3% of the total sample who said that they worked informally and claimed benefits in the last year. In Haringey, there was one in ten of the respondents who said that they worked informally and claimed benefits. It is only the minority of those working informally who are also in receipt of benefits. These findings challenge the public opinion and government officials' assumptions about benefit fraud.

Income levels of those working informally

The median levels of gross weekly income as reported by the ONS for the boroughs of Newham and Haringey are lower than those for the Greater London area, 85% and 97% respectively (Nomisweb, downloaded on April 16, 2007). This information suggests that the median gross levels of weekly income are substantially lower for the residents of Newham. Newham is one of the most deprived areas in the Greater London area (ranked 4th out of 33 boroughs in the Index of Deprivation, 2004).

The average total weekly income¹² reported by respondents from Newham who had worked informally during the last year is £176.40¹³. This sum represents only 38% of the average gross weekly income for the borough as presented in the Newham Key Statistics (Newham, 2005).

The respondents in Haringey, who worked informally during the previous year, reported an average total weekly income of £183.90. This self-reported average weekly income is about a third of the gross weekly income for the borough (34%) as presented in the ONS Neighbourhood Statistics (ONS, downloaded on April 16, 2007).

The information on self-reported income by those who work informally shows that people engaged in economic activities are those in the lower income brackets. In addition, the low self-reported income seems to dispute the assumption that people engage in informal activities out of personal greed. This suggests that respondents' informal work may be linked to poverty. However, this issue needs further investigation. These findings are based on the assumption that respondents provided honest answers regarding their income.

¹² This figure combines income coming from formal work, informal activities and benefits.

¹³ The figure may be either gross or net income. However, we are not sure of the nature of this income. Respondents are asked to estimate their income. To facilitate people's response the questionnaire and the interviewers did not inquire about the nature of the self-reported income.

For those who worked informally, income from informal activity made up the largest proportion of their income. For respondents in Newham, the income from informal paid work represented 85% of their total income. It is a similar picture for the respondents from Haringey. For those working informally, the income from informal activities represented 88% of their total weekly income.

The findings from respondents in Haringey and Newham seem to provide more evidence that those involved in informal work are struggling to make a living. This also suggests that 'need'¹⁴ is one of the main drivers in people's decision to engage in informal paid work rather than greed

Is it feasible to draw a 'model' of who might be involved in informal paid work?

The population in the two areas of study is young. The population distribution in the two boroughs is bell shaped and resembles that of developing countries. This feature is diametrically different to the population distribution in London and England and Wales (ONS, downloaded on April 16, 2007). Thus, it is not uncharacteristic that a significant proportion of the working age population who are engaged in informal economic activities are between 22 and 40 years of age (66% in Newham and 61% in Haringey). Nevertheless, when running the data to confirm whether or not there was a significant statistical relationship between these two variables the team found that this connection was not strong enough ($r=0.342$)¹⁵. When the team estimated the proportion of the variation in the involvement in informal paid work that could be explained by the variation in the variable age¹⁶, the result was limited. Only 12% of the variation in informal work involvement could be statistically explained by the variable age.

In both boroughs, the majority of the respondents who had worked informally in the previous year were males. In Newham, two out of three of those working informally were males. By testing the level of association between gender and working informally we found that the level of association (r) is 0.361 which suggests that gender has a medium effect on the variable working cash-in-hand.

¹⁴ Need is broadly related to the basic needs. Basic needs can be defined as the goods and services that in a given society and at a particular point in time are accepted as basic to people's lives. The definition of basic needs is relative and relational.

¹⁵ In order to find out whether two variables are associated we used the Pearson correlation coefficient. Two variables can be positively or negatively associated when the coefficient has values of -1 and/or 1. The closer to 1 or -1 the stronger the association between variables is. An r coefficient equal to 0 indicates that the variables are not associated, therefore they can be considered as independent variables. Values of +/-0.1 represent a small effect; +/-0.3 is a medium effect and +/-0.5 is a large effect (Field, 2005, p.112).

¹⁶ To estimate the coefficient of determination, the level of association r is squared. This coefficient is used when one is measuring how well the regression line fits the data points (Fielding & Gilbert, 2003, p.176).

As with age, there is a similar pattern regarding ethnicity. These two boroughs are ethnically diverse in which about 40% of the population is regarded as white¹⁷ and the remaining as people of colour. In the surveys, the proportion of people working informally broken down by ethnicity resembled the composition of the boroughs' population. When we estimated the level of association the results were not statistically significant ($r=0.241$ for Newham and $r=0.04$ for Haringey).

Regarding academic attainment, a quarter of the boroughs residents do not have any formal qualifications, a third have only school (GCSE, NVQ1/s) qualifications. The same pattern was found among the respondents who had been working informally. In Newham and Haringey, when adding up those with no qualifications and only school qualifications, half of those working informally fell into these two categories. However, the level of association between academic attainment and informal work is not strong. The effect of the variable qualifications on informal work is small ($r=0.124$).

In both boroughs there are similarities in the respondents' employment status and involvement in informal paid work. There is an almost equal split between full-time and part-time employment and self-employment and unemployment. There is not a significant level of association between employment status and informal work.

The level of association between the independent variables gender, ethnicity, age, academic attainment and employment status and the dependent variable working cash-in-hand is not strong. The strongest ones were age and gender and their effect can be classified as small. Therefore, the findings in these two surveys do not allow us to build a model that would 'predict' the likelihood of individuals with certain socio-demographic attributes to get involved in informal paid work.

For the Haringey survey the team with the support of the Economic Regeneration Team mapped people's involvement in informal paid work. We used GIS (geographic information systems) mapping to place the information on the survey, based on the middle layer SOA, to pictographically show where those doing informal paid work are located. The 'picture' of the findings was revealing. Those working informally were concentrated in the sub-areas of the borough that are characterised by high levels of deprivation and unemployment.

¹⁷ Please note that the white population in the UK Census is broken down into English white, Irish white, etc. In this ethnic group there is also great variation.

This pictographic characterisation of the area showed that worklessness understood by policy makers and council officials as unemployment did not mean that people were not working. The information provided pointed out that people were working cash-in-hand in highly insecure employment opportunities as part of their surviving strategy. The use of software that allows the geographical breakdown of findings may allow local voluntary organisations as well as local authorities to tailor responses according to the particularities of neighbourhoods in the borough.

Patterns of exit and entry to the informal work market

Respondents were asked about the length of time they spent working informally and whether they did it occasionally or constantly. We found that in Newham, more than 8 of those working informally had done so for up to two years¹⁸. Only a small proportion had worked informally for more than 5 years. The average time spent working informally is at 29 months.

In the case of Haringey, the average time spent working informally is at 22 months. A third had worked informally for less than 2 years whereas less than one in ten had worked informally for more than 5 years.

There is no discernible pattern regarding how often respondents engage in informal economic activities. Respondents were asked whether they worked informally 'on and off', 'seasonally' or 'constantly'. Their responses did not contribute to drawing any firm conclusion about the working patterns. This means it is not possible to understand the complexity of the entry and exit patterns into the informal labour market without time series research to show trends in informal paid work.

Respondents' informal paid work was concentrated in five sectors: maintenance, catering and hospitality, sales, cleaning and child care. Half of the respondents were working in these sectors. These sectors are characterised by being around low-paid and low-skilled jobs. They are also characterised by high levels of employment insecurity. In these sectors, in the last two decades there has been a process of sub-contracting in these sectors. Most of these occupations have lent themselves to sub-contracting and also to hiring practices that may contribute to informal work.

¹⁸ We need to exercise certain caution with this figure for two reasons. First, we have to take into account that we rely on respondents' level trustfulness and/or recollection when answering this question. Secondly, and more importantly, an average 15% of those who said they worked cash-in-hand did not answer the question.

One interesting finding relates to the occupations people engage in when working informally. As the UK economy becomes more concentrated on the service industry, sub-contracting in sectors such as health and childcare, tourism, catering and hospitality, sales/retail and construction has become widespread. The sprouting of sub-contracting firms, a multiplicity of small operations, does not lend them to close governmental scrutiny. These two elements complement each other to 'offer' a fertile ground for informal paid work. The challenge local and national government faces is how to adjust their regulations and working practices without putting too many barriers in the way of entrepreneurship.

Lessons Learned

Measuring the proportion of residents involved in informal paid work has been an interesting learning experience. The learning can be divided into 3 broad areas: i) developing partnerships with other voluntary organisations and the public sector, especially at the local level; ii) develop a two-fold methodology that contributes to the knowledge on the informal economy in developed countries; and iii) generate quantitative evidence that stresses the importance and complexity of the sector to the UK society.

Over 30 years of work with Newham residents Community Links has developed an ethos in which people's participation is essential. In our work, we believed that people know best about their needs and their potential solutions. In order to help residents to find solutions to their needs, Community Links has been developing methods to collect evidence that would inform our work in the borough.

The collection of reliable and representative information regarding the informal economy was a challenge as the team needed to use robust statistical techniques. The methodology used to gather this information needed to be a good first step to lobby decision makers about the "importance" of this sector in the UK economy. Following the principles of probabilistic sampling and taking into account time and resource limitations the team decided to use cluster and random sampling to survey the boroughs of Newham and Haringey. We used the Super Area Output (SOA), geographic statistical division developed by the Office of National Statistics, as the sampling frame from which the sample was randomly selected.

The second and essential part of the strategy was to involve a local organisation to lead the application of the survey and engage local volunteers to interview borough residents. The use of volunteers, trained and supported by the linksUK team, that mirrored

the ethnic make up of the area as well as language spoken was a fundamental factor in the application of the survey.

The application of a survey is a costly and time consuming operation both in financial and human resources terms. Financially, the management of the research process requires that at least one team member is working full time to ensure the smooth development of the process. It is important to be aware that, although we used volunteers, they needed to have travel and food expenses covered as well as childcare paid for those with children.

Logistically, the processing of the information needs to be done using a licensed software. The most common software to analyse social science data is SPSS. The purchase of a user licence is an expensive investment for any organisation. We had to consider future uses in our work. Other organisations could also consider sharing the cost with other organisations working in the area. Specialist quantitative research skills and experience are also needed to deliver the research project and conduct the analysis.

The linksUK team developed, from the beginning, a working relationship with one of the local government departments commissioning the survey. The continuous process of communication throughout contributed to an environment of understanding on the complexities of the application of the survey and its findings. The relationship developed with the commissioning team contributed to the 'acceptance' of the findings. The commissioning team put forward the findings to the executive of the council to be taken into account to draw and/or review council policies.

Due to the nature of informal work and its status as an 'illegal activity', up until recently, translated in government policies were geared towards punishing those involved in informal paid work. Our method of work allowed us to provide local government officials with a new perspective that may be integrated into a more comprehensive policy towards tackling worklessness, poverty and social exclusion. One of the commissioning teams acted as liaison between the linksUK team and the borough council's executive team to present our findings. The support for the survey findings by the commissioning team contributed to the 'listening' ear the findings got from this level of local government.

The findings of the surveys allowed the team to further appreciate the complexity of the informal sector and areas that still need research. A multiplicity of elements transect and contribute to people's involvement in informal paid worked. The most salient,

according to the surveys, were: immigration, formal education, cultural perceptions, childcare, mental and physical illness, social exclusion and poverty issues.

These multiplicity of factors led us to understand that the presence of one or more of these factors, at one point in people's lives contribute have a bearing on their decision to enter the informal labour market. It is apparent that people have not made the decision to work cash-in-hand because they want to become rich. The self-disclosed weekly income from informal activities is well below the average weekly income for the working age population in the boroughs. These findings challenge the public's belief that people 'cheat' the system because of substantial financial gains they believe they can obtain from such activities. The survey findings contributed to the team's understanding that people engaged in informal work make these decisions as part of their survival strategy.

The dissemination of findings were both revealing, illuminating and at the same time politically controversial. At an internal level, one of the two local authorities did appreciate the importance of the findings and decided to communicate the findings to the local agencies that would benefit from this knowledge. At a local authority level the findings were spread and discussed quite openly. This local authority has been open to integrate the findings into a more comprehensive approach to poverty, informal paid work and their 'worklessness' / employment strategies and plans.

At an external level, both councils had been wary of a broad dissemination of the survey findings and so far it has not occurred. The wariness is in great part due to the broad assumptions made by the general public and the tabloid press. Those engaged in informal paid work are perceived as fraudsters, greedy and getting rich off an illegal activity. The general public's perception fuelled by the media have been pressuring both local and national authorities to take punitive measures towards those working cash-hand. However, this approach, according to the survey results and other research, would not contribute to help people out of poverty and to tackle informal paid work, in fact it could drive people further underground, into the hidden economy, as they strive to support themselves and their families.

Conclusion

This piece of work offers quantitative evidence, for the first time at a borough level, in the UK. This work contributed to the development of the team's expertise on the informal economy in London and the UK. The team strengthened its capacity on quantitative research that is contributing to the institutional capacity of Community Links.

In applying the two-fold approach, the use of geographic statistic unit and working with local partners and volunteers, allowed the team to generate information useful to the various teams at Community Links to carry out their work and contribute to better meet people's needs. In addition, the findings are useful to local and national policymakers, in developing a fuller picture of what is actually taking place in local areas, and then being able to develop appropriate and relevant strategies, policies and budgets. These findings have also been challenging as they have contested some of the accepted wisdom around the informal economy, people's involvement and the reasons people engage in informal paid work.

The team's strategy also contributed to develop and strengthen partnerships among the third sector and between the public and the third sector. The implementation of the survey in partnership also added to the skills capacity of residents and the local organisations for which they volunteered given that residents were trained on interview techniques as well as data entry. The partnership with the public sector contributed to soften the resistance from public officials to even acknowledge the existence of the informal economy.

The survey findings show that informal paid work is part of people's livelihood strategies. Informal paid work is not a way to get rich quick, but people engaged in this activity are struggling to make ends meet. Finally, the survey results added to the existing evidence on the informal economy and its role within the UK economy. We look forward to using our approach in other parts of the country.

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Appendix 1: All London Boroughs Map



Appendix 2: Survey Questionnaire



Economic Activity Survey

Questionnaire No

Interviewer use only

Postcode

Interviewer name.....

THIS QUESTIONNAIRE IS COMPLETELY CONFIDENTIAL. NONE OF THE INFORMATION YOU GIVE US WILL BE SHARED WITH ANY AUTHORITY. WE DO NOT NEED YOUR NAME AND YOU CANNOT BE IDENTIFIED BY YOUR ANSWERS.

QUALIFYING QUESTIONS	
A	Do you live in Haringey? <input type="checkbox"/> Yes <input type="checkbox"/> No <i>If NO, do not continue If YES, ask for full postcode.....</i>
B	Are you aged between 16 and 65 years old? <input type="checkbox"/> Yes <input type="checkbox"/> No <i>If NO, do not continue</i>
SECTION 1 : ABOUT YOUR WORK	
1.	Please begin by telling us about any educational qualifications you have <input type="checkbox"/> None <input type="checkbox"/> BA / BSc / Degree <input type="checkbox"/> School (GCSE / NVQ1 / NVQ2) <input type="checkbox"/> MA / MSc <input type="checkbox"/> A levels or equivalent (NVQ3) <input type="checkbox"/> PHD <input type="checkbox"/> Other (please state) <input type="checkbox"/> Professional qualifications
2.	Please tell us your current employment status (<i>can tick more than one</i>) <input type="checkbox"/> Full time employee <input type="checkbox"/> Retired <input type="checkbox"/> Part time employee <input type="checkbox"/> Student <input type="checkbox"/> Self employed <input type="checkbox"/> Unemployed (<i>go to question 4</i>) <input type="checkbox"/> Currently unable to work (please give reason.....) <input type="checkbox"/> Receiving benefits (which ones.....)
3.	Please tell us about the MAIN type of work you do: (i) Type of job: (ii) Type of organisation you work for: <input type="checkbox"/> Agriculture <input type="checkbox"/> Manufacturing <input type="checkbox"/> Construction <input type="checkbox"/> Wholesale & retail trade <input type="checkbox"/> Financial services <input type="checkbox"/> Hotels and restaurants <input type="checkbox"/> Transport, storage & communication <input type="checkbox"/> Health <input type="checkbox"/> Real estate <input type="checkbox"/> Public sector <input type="checkbox"/> Education <input type="checkbox"/> Voluntary & Community <input type="checkbox"/> Other
4.	Please estimate your total income in the last week? (<i>circle one answer</i>) Under £55 - £99 / £100 - £199 / £200 - £299 / £300 - £399 / £400 - £499 / £500 - £599 / Over £600
5.	Have you at any time in the last year (<i>can tick more than one</i>) <input type="checkbox"/> Worked 'cash in hand' or 'informally' (<i>go to Section 2</i>) <input type="checkbox"/> Worked and claimed benefits (<i>go to Section 2</i>) <input type="checkbox"/> None of the above (<i>go straight to Section 3</i>)

SECTION 2 : ABOUT WORKING INFORMALLY	
6.	<p>If you said yes in question 5, please tell us about the MAIN type of work you do:</p> <p><input type="checkbox"/> Maintenance <input type="checkbox"/> Catering & Hospitality <input type="checkbox"/> Cleaning <input type="checkbox"/> Sales <input type="checkbox"/> Construction</p> <p><input type="checkbox"/> Childcare & Carer <input type="checkbox"/> Driving & Deliveries <input type="checkbox"/> Handyman / Gardener <input type="checkbox"/> Beauty</p> <p><input type="checkbox"/> Office Admin <input type="checkbox"/> Education <input type="checkbox"/> IT <input type="checkbox"/> Manual <input type="checkbox"/> Mechanic</p> <p><input type="checkbox"/> Other.....</p> <p>(ii) Type of organisation you work for:</p> <p><input type="checkbox"/> Agriculture <input type="checkbox"/> Manufacturing <input type="checkbox"/> Construction <input type="checkbox"/> Wholesale & retail trade <input type="checkbox"/> Real estate</p> <p><input type="checkbox"/> Hotels and restaurants <input type="checkbox"/> Transport, storage & communication <input type="checkbox"/> Financial services</p> <p><input type="checkbox"/> Public sector <input type="checkbox"/> Education <input type="checkbox"/> Health <input type="checkbox"/> Voluntary & Community <input type="checkbox"/> Other</p>
7.	Is this work: <input type="checkbox"/> Seasonal <input type="checkbox"/> On and off <input type="checkbox"/> Constant
8.	How long have you done this for? (<i>please be as accurate as possible</i>) Days.....Months.....Years.....
9.	When you do this informal work, how much do you earn each week? (<i>circle one answer</i>) Under £55 - £99 / £100 - £199 / £200 - £299 / £300 - £399 / £400 - £499 / £500 - £599 / Over £600
10.	Why did you decide to start working for cash? (<i>can tick more than one</i>) <input type="checkbox"/> Problems getting formal work <input type="checkbox"/> Problems doing formal work <input type="checkbox"/> Personal issues <input type="checkbox"/> Family issues <input type="checkbox"/> Financial issues <input type="checkbox"/> Other.....
11.	Does working like this make you feel worried or anxious? <input type="checkbox"/> Never <input type="checkbox"/> Sometimes <input type="checkbox"/> All the time
12.	Would you like to 'go legit' or 'go legal'? <input type="checkbox"/> Yes <input type="checkbox"/> No (<i>go on to Section 3</i>) <input type="checkbox"/> Don't know
13.	What would help you to make the move? (<i>can tick more than one</i>) <input type="checkbox"/> Education / training and work experience <input type="checkbox"/> More / better paid, formal work opportunities <input type="checkbox"/> Work permit / NINO <input type="checkbox"/> Students / overseas students <input type="checkbox"/> Loan / support for business <input type="checkbox"/> Help with finding a job <input type="checkbox"/> Lower taxes, more money <input type="checkbox"/> Childcare / flexible working <input type="checkbox"/> Housing / rent <input type="checkbox"/> Don't know <input type="checkbox"/> Other.....
SECTION 3 : ABOUT YOU (<i>please ask everyone to answer this section</i>)	
We need to collect some information about you so that we can ensure the results of this survey are representative of the whole population of Haringey. This information CANNOT be used to identify you.	
14.	Please tell us what type of housing you live in: <input type="checkbox"/> Council <input type="checkbox"/> Housing Association <input type="checkbox"/> Temporary <input type="checkbox"/> Private rented <input type="checkbox"/> Owner occupier
15.	Please tell us how many children under 18 you support financially? <input type="checkbox"/> 0 <input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6+
16.	Are you a lone parent? <input type="checkbox"/> Yes <input type="checkbox"/> No
17.	Do you consider yourself to be disabled? <input type="checkbox"/> Yes <input type="checkbox"/> No

18.	Gender	<input type="checkbox"/> Male	<input type="checkbox"/> Female				
19.	Please tell us your age (years)	<input type="checkbox"/> 16-21	<input type="checkbox"/> 22-30	<input type="checkbox"/> 31-40	<input type="checkbox"/> 41-50	<input type="checkbox"/> 51-60	<input type="checkbox"/> 61-65
20.	Please tell us your ethnic group	<input type="checkbox"/> White British	<input type="checkbox"/> White & Black Caribbean	<input type="checkbox"/> Indian	<input type="checkbox"/> Caribbean	<input type="checkbox"/> Chinese	
		<input type="checkbox"/> White Irish	<input type="checkbox"/> White and Black African	<input type="checkbox"/> Pakistani	<input type="checkbox"/> African	<input type="checkbox"/> Other ethnic group	
		<input type="checkbox"/> White other	<input type="checkbox"/> White and Asian	<input type="checkbox"/> Bangladeshi	<input type="checkbox"/> Black other		
			<input type="checkbox"/> Mixed other	<input type="checkbox"/> Asian Other		
21.	Please tell us your country of birth, if not UK (please state.....)						
22.	If you were not born in the UK, which year did you enter? (please state... ..)						
23.	When will you leave the UK? (please state.....)						
24.	What proportion of people in Haringey do you think work 'cash in hand' right now? 0%.....100%						
25.	What do you think is the main reason why people do this?						
	<input type="checkbox"/> Need: (e.g. low income, high living costs)		<input type="checkbox"/> Greed / Fraud		<input type="checkbox"/> Other.....		
	<input type="checkbox"/> Barriers to formal work: (e.g. lack of jobs, skills & issues related to being from abroad)						

Thank you very much for your time