

Work, poverty and benefit cycling

Findings
Informing change

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This study looks at poverty, work sustainability and progression among low-skilled workers. It examines the experiences of a group of lone parents and long-term unemployed people.

Key points

- Many people experienced financial strain and ‘struggled to get by’ while in work. This was influenced by the nature of the job, household composition and costs, and personal debt. Those in short-term intermittent work were especially prone to feeling financial strain.
- Some struggled to stay in work, especially those returning to the labour market after unemployment or raising children. Factors influencing retention of work included unstable labour market conditions; reconciling work with caring responsibilities; the availability of social and financial resources; and individuals’ attitudes and responses to work insecurity.
- Temporary posts were a key factor in leaving employment. These jobs were also less likely to offer benefits such as sick pay, holiday pay, pensions or progression prospects.
- Among those who left jobs, there was considerable variation in the number, length and pattern of their work spells over two years. Some were able to progress over this period by finding a job with better conditions.
- Workplaces with structured opportunities for training and promotion enabled people to feel supported in taking steps to advance at work. Conversely, progression by moving jobs was often seen as risky, requiring a step into the unknown (undertaking training, leaving a ‘settled’ job); appropriate support was needed.
- The idea of progressing at work did not resonate with everyone, because of low confidence, fatalism about future prospects, and trade-offs with other aspirations and motivations.

The research

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Background

Government policy over the past decade has emphasised paid work as the best route out of poverty. Yet even before the recession, concern was growing about job sustainability for low-skilled workers and the lack of opportunities for progressing out of low pay. These concerns have been heightened in the current climate, as those who are most disadvantaged in the labour market suffer the worst consequences of job losses. Given the emphasis now placed on skills policy as part of the way out of recession, it is timely to examine low-skilled workers' experiences of work retention and progression, to help to inform future policy on work sustainability.

The research draws on data from the ongoing evaluation of a government programme promoting work sustainability: the Employment Retention and Advancement (ERA) demonstration (see www.mdrc.org/project_14_63.html). This study is not part of the ERA evaluation, but its findings have implications for similar policy initiatives. Participating groups included lone parents (not in work or in part-time work) and long-term unemployed people. Analyses for the study were restricted to a low-qualified sub-group of participants, who are a key target of the Government's skills policy.

In-work poverty

For many respondents, moving into work did not mean the disappearance of financial strain. They described 'struggling to get by', or 'just keeping their head above water'. Whether people felt that they were better off in work related to the nature of the job, household composition and expenses such as housing and debt. Those in low-paid jobs felt financial strain when they took on additional expenditure after starting work (e.g. running a car). This was exacerbated for lone parents, who were often working part-time. Men in the study were generally working full-time, but some were in unstable work and they found it especially difficult to 'get on an even keel' because of debt and delays in benefit payments.

Household composition and costs were also interconnected with feelings of poverty. For lone parents, having a new partner and the economic activity

of older children were important. Those with a mortgage or renting privately could find it difficult to manage because of accumulated mortgage debt, or because housing costs took a large part of their income.

While the experience of financial strain was widespread, it was striking that respondents disassociated themselves from the negative connotations of 'poverty'. Poverty was defined as not being able to afford 'the essentials' and not being able 'to put food on the table'. It was also associated with an 'inability to manage' (in others). People had developed effective coping mechanisms and expressed pride in their ability to manage on a low income. Their strategies entailed careful budget management and going without 'extras', such as clothes, household goods, home improvements, family trips and socialising. Pride in their ability to 'get by' on a low income also had implications for whether they were willing to take steps towards progressing out of low pay.

Work retention

Some people in the study had struggled to retain work. Close to a third of the participants had lost their jobs and spent some time out of work within a two-year timeframe. This was much more likely among those entering work from benefits (unemployment or looking after children). Re-entering the labour market for this group was a key transition, with the risk of falling into a cycle of low pay/no pay. Low qualifications, being single, living in social housing and having a child under the age of five also made people more vulnerable to leaving a job.

Four inter-related factors influenced work stability:

- labour market insecurity, which led to people leaving jobs involuntarily because of temporary work ending, businesses failing or poor health (through lack of sick pay);
- employees' flexibility to reconcile their paid work with their household circumstances, including caring arrangements;
- social and financial resources, such as informal networks for childcare or reduced living costs, and formal sources such as financial support through tax credits or professional advisory support;
- individuals' responses to work insecurity, which varied according to age, gender, life stage, family circumstances and previous work experiences.

Moving out of the low-pay/no-pay cycle

The findings of this study add to the growing body of evidence about the 'poor quality' of jobs at the bottom

end of the labour market, resulting in low-skilled benefit leavers becoming trapped in the low-pay/no-pay cycle. Of those who had lost their jobs within a two-year period, two-thirds started in temporary posts. While there was some improvement over time, only two-fifths had permanent work by year two. Such employment also offered few benefits. Less than a quarter of those with a break in employment received sick pay, which further threatened job security when people experienced ill health or injury. Less than a fifth said that they had opportunities for promotion or training at work, and only a handful (4 per cent) had achieved promotion since starting work.

However, prospects for moving on were not completely bleak. The number of jobs people had and the length of time spent in work over two years varied considerably, indicating differences in the quality of 'broken work trajectories'. Some people spent longer periods in work, which allowed experience and earnings to accumulate, and some were able to move into better quality work over the two years. Although starting from a much poorer position in terms of job quality (on a range of measures including permanence, paid holidays, sick pay, pension, supervisory role, work autonomy, promotion or training opportunities, job satisfaction and work-life balance), substantially more people with broken employment than with stable employment reported improvements over the two-year period. This indicates that some people were able to move into better quality work by switching jobs, even if they spent some time out of work.

Progression and its risks

Despite some evidence of improvements in job quality through moving jobs, a key enabler for work progression was being in a workplace that supported opportunities for progression, such as structured promotion pathways and training at work. This enabled people to feel supported in taking steps towards progression. However, these channels were sometimes blocked to those with caring responsibilities because of the way work hours were organised in more senior positions.

Progression through job mobility was perceived to be more risky. Some people were able to use training outside of work to progress to a better job. Financial support and professional advice about choice of training courses were key facilitators in this. However, others who took up training were not able to convert this experience into work progression. Capitalising on training could require people to leave an existing job to move into a new field which might be potentially more insecure (such as agency work or self-employment). In

these cases, people were often unwilling to take that step, prioritising stability over progression.

There were also people for whom 'progressing at work' had little resonance with their experiences and aspirations. Some expressed fatalism about their prospects for work improvement and were unable to see themselves in 'better work'. In combination with their ability to 'manage' and 'get by' on a low income, they were ambivalent towards opportunities to progress in work. Others did not see the possible progression routes open to them as realistic; for example, they wished to avoid the extra responsibilities of management, or lacked confidence about training.

If I ... can get into a job and up a ladder, I would do, with training at a place where I've got a job ... But [not] if you said it [was] in a classroom ... (Single man, 40s, not working)

People also made conscious trade-offs between improving their income and other things that were important to them, such as spending time with their family, leisure time, or staying in a job they enjoyed. In short, people often wished to avoid disrupting the stability of their lives for the uncertain rewards of work progression.

I enjoy my job too much. I would rather be comfortable in the job I love than in a higher paid job that I might not enjoy. (Lone mother, 40s, working part-time)

Such attitudes and understandings were not set in stone. There was evidence that people could become more receptive to the idea of progressing at work over time, for example for lone parents as children got older and they were able to devote extra time and energy to paid work. Attitudes could also change as a result of a 'lucky break', where someone moved into a job with progression opportunities and they were encouraged to take these up, or as a result of guidance or coaching from professional careers advisers. Sources of emotional and practical support, either from informal networks (family, friends, colleagues) or formal resources (teachers, supervisors, managers, professional advisers) were key in this transition.

Conclusion

This research suggests that 'work as the best route out of poverty' does not always resonate with people's experience. Although helping people to 'move on' from low-paid, low-skilled jobs is a key theme in government policy, achieving better quality employment is not easy. It is facilitated or constrained by an interaction of

personal characteristics and circumstances and social structures. Three factors are paramount:

1. 'Poor quality' employment, often associated with temporary positions and part-time work, offers limited job security and lacks the means for progression.
2. The relationship between stability and progression is complex. It is sometimes possible to progress despite breaks in employment; but on the other hand, work stability does not necessarily lead to progression. Capitalising on progression opportunities by changing employers entails risk, which low-paid, low-skilled workers are often unable to take.
3. The idea of taking individual responsibility for work progression (for example through training) had little resonance for some respondents, who lacked confidence, feared moving outside their 'comfort zone', or traded financial gain in favour of other things that were important to them. While attitudes can be changed, innovative approaches to engaging people are needed, and a single approach is unlikely to be realistic for all.

Policy and practice implications

The researchers suggest that:

- specialist guidance and support to enable those in temporary and insecure jobs to progress to more sustainable work over the longer term is important;
- the rights and employment protections of agency workers need to be further strengthened;
- more emphasis needs to be placed on developing internal career ladders within sectors that allow people to progress out of low-paid work in a supported and incremental way. Such career ladders must be available to part-time workers;
- high-quality careers advice, based on local labour market intelligence, is crucial for progression.

Innovative approaches are needed to engage those who are unlikely to proactively contact a careers service;

- more emphasis on improving the quality of jobs, in terms of pay and conditions, would help to address financial hardship among people in lower skilled occupations who are unable or reluctant to improve their position in other ways.

About the project

The research was undertaken between 2008 and 2009, using the following methods:

- Secondary analysis of longitudinal survey data, conducted at 12 and 24 months after entry to the ERA programme. The analysis was of a low-skilled sub-group (qualification level 2 or below) to explore retention and progression for the most disadvantaged workers. The sample was not representative of the low-skilled population of the UK as a whole, but provided a useful case example for studying the trajectories of low-skilled workers.
- Secondary analysis of qualitative longitudinal interviews for the ERA evaluation, comprising 58 respondents and 2–3 waves of interviews. Participants who had taken steps towards progression were over-sampled, to explore their experiences. The dataset was re-analysed for this study to examine the influences on work trajectories and people's subjective experiences.
- In-depth interviews for this study with 27 low-skilled individuals who were purposively sampled to examine differences between 'broken' and 'steady' work trajectories. The interviews examined the interconnectedness of work histories and life events, and individuals' feelings about poverty in and out of work.

For further information

The full report, **Better off working? Work, poverty and benefit cycling** by Kathryn Ray, Lesley Hoggart, Sandra Vegeris and Rebecca Taylor, is published by the Joseph Rowntree Foundation. It is available as a free download from www.jrf.org.uk

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