

The role of the low-pay, no-pay cycle in recurrent poverty

Findings
Informing change

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This study explores experiences of poverty and the low-pay, no-pay cycle amongst people living in deprived neighbourhoods in Teesside, North East England.

Key points

- Despite moving in and out of unemployment and low-paid jobs over years, people in the study expressed great and enduring commitment to work.
- Repeated engagement in jobs failed to provide routes away from poverty, largely because of few opportunities being available in the local job market.
- The insecurity of low-paid and low-quality work was the main reason why shuttling between benefits and jobs had been interviewees' predominant experience of working life.
- This cycling in and out of low-paid work extended to middle-aged and not just younger workers. Thus, these jobs are not necessarily stepping stones to better employment.
- Caring for children and other family members limited labour market participation, as did health problems. Ill-health was sometimes the result of 'poor work' and unemployment. Wider aspects of disadvantage beyond the labour market led interviewees to lose and leave jobs.
- Financial necessity, their desire to work and the lack of better opportunities led people to take poor quality jobs that trapped them in long-term insecurity and poverty.

The research

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Background

This study is about the lives of people living in some of the country's most deprived neighbourhoods, in Teesside, North East England. Using qualitative interviews, and extending a series of long-term studies in the same area, it sought to understand the dynamics of poverty and marginal work throughout people's lives. The research investigated how people's experience of moving between low-paid work and unemployment (the 'low-pay, no-pay cycle') might relate to repeated episodes of poverty ('recurrent poverty'). It did this from the perspectives of employers, agencies helping people into jobs and – most importantly – people caught up in the low-pay, no-pay cycle. The study was also keen to see how the wider disadvantages faced by people living in deprived neighbourhoods might act as barriers to labour market participation and progress.

Low-pay, no-pay: work motivations and getting jobs

Just jumping from job to job, it's no way to go. It's a nightmare! Jack of all trades, master of none [laughs]. I just want something with a bit of job security – where maybes I can buy me own house in the future rather than just where you've got to be on a wing and a prayer type thing ... Rather than just looking for one all the time or just jumping from job to job. (Richard, aged 30)

Shuttling between unemployment and insecure 'poor work' was the dominant labour market experience for interviewees. A clear message from the research is that people trapped in the low-pay, no-pay cycle over years had great personal commitment to employment. This was based on feelings about what it was financially necessary to do and what it was *right* to do, as well as the benefits of working for health and well-being. Virtually all interviewees had left school at the minimum leaving age of 16, with few formal qualifications. Negative experiences of school did not, however, set in stone negative attitudes to education and many returned later to some sort of education or training.

Gaining further qualifications did help some people in the search for jobs. A significant finding, however, is that overall, levels of educational attainment did not straightforwardly predict improved labour market fortunes. Even the best qualified – those with university degrees – participated at times in the low-pay, no-pay jobs cycle.

Interviewees reported that the support offered by statutory and voluntary sector agencies to help people into jobs can be limited, patchy and sometimes unhelpful. Most agencies were more geared to helping the longer term unemployed, and catered less for people who moved in and out of work with shorter periods of unemployment.

Commonly, informants felt the stigma of being unemployed and having to attend the Job Centre. Most deplored claiming welfare benefits and some avoided it for as long as they could, using savings or loans to tide them over between jobs:

I've seen me not sign on the dole for two months because I'm just so embarrassed going in there. I just can't stand going in the place. (Andrew, 43)

With few exceptions, interviewees were critical of their encounters with Job Centre Plus. Many said that the advice that they received seemed unclear or contradictory. It was not unusual for interviewees to receive decisions that they could not understand yet felt unable to challenge:

They don't believe you when you say you haven't received the forms but we have to believe them when they say they've sent them out ... it took us nine weeks to get a penny. (Janice, 56)

Many interviewees struggled to access more tailored and long-term support when they were unemployed. Because they only had relatively short periods of unemployment, found establishing benefit claims to be an awkward and frustrating process or had moral objections to claiming benefits, some chose not to register as unemployed. As such, they were 'the missing workless': missing from counts of the unemployed and from support services even though they were unemployed and keen to work.

The study found that private employment agencies had a major role in the lives of interviewees. They also acted as a key driver of the low-pay, no-pay cycle because they typically offered only short-term work. Promises of longer-term employment were sometimes not met, meaning that, in the absence of wages and before benefit claims could be re-established, individuals had to seek loans to tide them over. Some interviewees

carried significant debts with them because of these problems.

Informal social networks to find employment were also widely used:

Every job I have had I've got through somebody I know, like family or a friend and his [her partner's] Mam. I got her a job in my old nursing home and then, obviously, she might be doing the same for me. (Mary, 30)

Interviewees spoke positively about this informal help in getting jobs. However, because their friends and families tended to work in insecure, low-paid jobs it meant that they could be further tied into these sorts of work.

Low-pay, no-pay: insecurity and wider disadvantage

Teesside has undergone dramatic restructuring and has lost much of the skilled work in steel, chemicals and heavy engineering upon which the local economy had, until relatively recently, been based. In line with national trends, service-sector employment was widespread amongst the sample, but was not the only sort. Interviewees got jobs as care assistants, as cleaners, in call centres, as shop assistants, in food processing and textile factories, serving in bars and fast food restaurants, and as scaffolders, drivers and construction workers. There was little age differentiation in the types of work done, but some predictable variation by gender (for example, construction work was done by men, cleaning and caring work predominantly by women).

Three things united these jobs: they were *low-skilled*, *low-paid* and *insecure*. Perhaps surprisingly, they were often described in highly positive terms. This is explained by the strength of interviewees' attitudes towards work and their negative attitudes towards unemployment. At the same time, interviews told of the physically and mentally demanding nature of jobs. Employers often seemed to operate 'flexibly' in terms of the hours of work offered or required and the pay given. There was limited support for workers in respect of sickness and holiday leave or training. Interviewees described: not being paid for extra work done; being required to do extra hours at very short notice; having to work 'unsocial hours' and being denied time off for pressing family reasons; being required to undertake unreasonable tasks; being treated unfairly in relation to other workers; being sacked for taking a day's sick leave, and so on. Food processing factories in particular were reported as offering easy-to-get but hard and demeaning work:

The management, they just don't care about the staff. They treat you like robots ... If you went over and said 'I've cut my finger off', they'd just say 'make sure you don't get any blood on the food'. That's what they were like. (Alfie, 46)

The study also provided a contrast to these experiences by showing how a handful of interviewees had secured better quality jobs with voluntary-sector employers that had social as well as commercial goals.

Ill-health sometimes limited research participants' employment. They reported high levels of ill-health and of bereavement, as is often the case in deprived neighbourhoods. Depression was widely reported. In addition, the jobs people did were sometimes responsible for their physical or mental ill-health, which then restricted their efforts to work. Unemployment, too, was associated with depression.

The impact of gender on the low-pay, no-pay cycle is played out most obviously in terms of the different impact of child-bearing and childcare on men and women's work histories. Many of the mothers in the study reported that they had to search for work in their immediate neighbourhoods to accommodate childcare demands. Beyond finding appropriate childcare, people sometimes had to choose between fulfilling wider caring duties for their families and remaining in employment. Caring for ill relatives was demanding and widespread, and limited people's ability to access and keep jobs (and training and education courses). For others, programmes such as Sure Start led to increased opportunities and positive experiences. A less commonly reported finding, from this study, is that the demands of caring for drug-dependent children can also seriously inhibit engagement by parents and grandparents with employment.

Poverty across working lives

The main cause of interviewees' repeated experiences of poverty was leaving employment. Losing income from even low-paid jobs typically dropped households back below the poverty line. Whilst jobs sometimes brought limited financial gains, these were only ever short-lived and were overshadowed by longer-term economic hardship. Welfare benefits failed to protect people from poverty. For informants, day-to-day life was a juggling act which demanded strict routines, such as getting to the shops in time for the daily price reductions. Women, who had greatest responsibility for running household budgets and for childcare, talked most about financial strain:

I walk to my eldest daughter's house and I'll ask her to give me a meal. I go to Sainsbury's about 9 o'clock and look for all the reduced items. Buy a loaf of bread and it'll last you for four days. Reduced eggs, they'll last you a week ... I'll have vegetables with rice, bread and egg. (Amanda, 48)

Outgoings on debts had a direct impact on living standards. Debts were often accrued because of the failures of the benefit system or during low-paid, insecure employment and these were carried long-term across periods in and out of work. Borrowing from family and friends was a regular and necessary experience for the majority.

Intriguingly, people in often severe financial hardship would typically reject 'poverty' and 'the poor' as terms that related to them, preferring to stress the normality of their lives and their ability to manage. A sense of pride at getting by in adversity was clung to, in opposition to the stigma and shame still attached to the words 'poverty' and 'the poor'.

Policy implications

The limited opportunities of the local labour market were the main cause of the poverty and 'churning' between low-paid work and unemployment reported by research participants. The study's findings show that popular ideas about 'cultures of worklessness' and 'benefit dependency' in deprived neighbourhoods do not tell the whole story. Confirming the findings of the wider programme of JRF research on 'recurrent poverty', this study suggests:

- Firstly, the importance of improving the quality and pay of jobs at the bottom of the labour market. The working lives of people in poverty would be improved significantly by policies that 'make work pay', such as raising the National Minimum Wage.

- Secondly, this study has highlighted the need for greater support for 'the missing workless': the recurrently shorter-term unemployed who sometimes choose not register as such. Even when they do, they can often miss out on services and help that might enable them to access better quality and sustained employment.

Conclusion

Poverty and economic marginality defined the lives of people in the study. Churning low-pay, no-pay careers at the bottom of the labour market were primarily responsible for the widespread and recurring experience of poverty. One of the most disturbing aspects is that this marginality occurs among people possessing strong, resilient work motivation and life histories that showed repeated engagement in jobs. Thus, the study recommends a rebalancing of policy so that people are not just moved from 'welfare to work' but are helped by policies that allow them to find better quality, better paid, more secure employment that lifts them out of poverty.

About the project

The research was carried out in two very deprived neighbourhoods of Middlesbrough, in Teesside, an area that has experienced widespread deindustrialisation and socio-economic change. Fieldwork comprised: semi-structured interviews (10) with local employers; semi-structured interviews (13) with agencies that supported people into jobs; and qualitative interviews with 60 local residents (aged 30 to 60). Younger interviewees were recruited from previous research samples, and were those known to have earlier experiences of low-pay, no-pay churning. For older interviewees, the researchers employed the following recruitment criteria: aged 40 to 60 years, long-term resident in the area and having had recent periods on unemployment benefits and in jobs.

For further information

The full report, **The low-pay, no-pay cycle: understanding recurrent poverty** by Tracy Shildrick, Robert MacDonald, Colin Webster and Kayleigh Garthwaite is published by the Joseph Rowntree Foundation. It is available as a free download from www.jrf.org.uk

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