
The low-pay, no-pay cycle: understanding recurrent poverty

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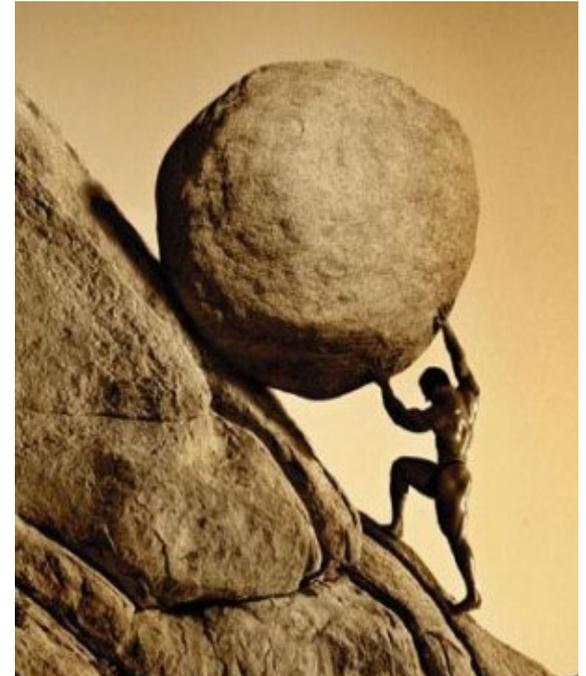
The low-pay, no-pay cycle

‘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 ... **just a job that I can call me own, you know what I mean?** Rather than just looking for one all the time or **just jumping from job to job**’

(Richard, 30)

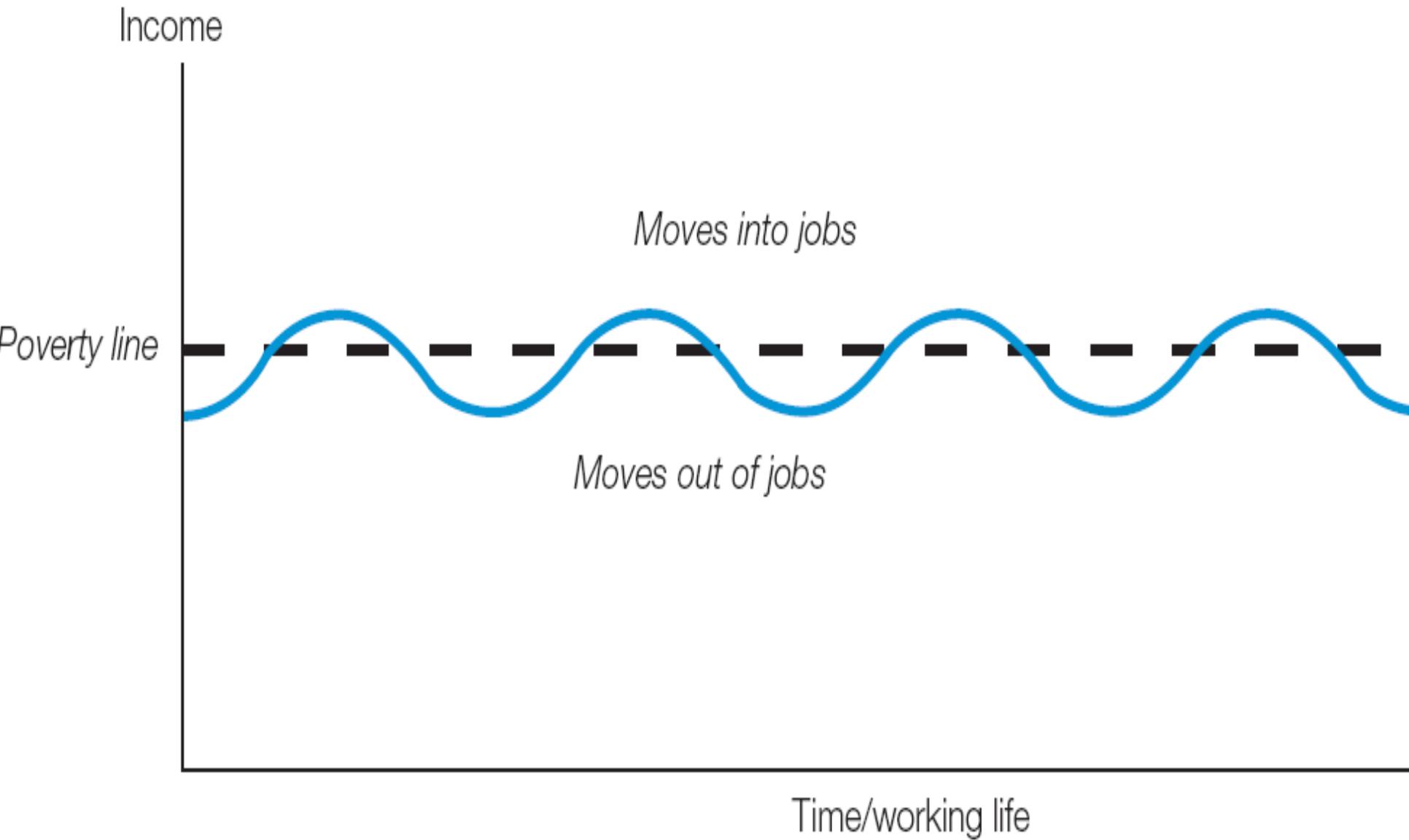
The low-pay, no-pay cycle: understanding 'recurrent poverty'

- Our study 1 of 5 in JRF 'Recurrent Poverty' programme
- Our aim to explore:
 - 'the low-pay, no-pay cycle'
 - 'recurrent poverty'
- from the perspective of...
 - those engaged in it
 - employers
 - support agencies
- Also interested in the effects of **multiple, cumulative disadvantage as barriers to sustained work**



Key points

- What the low-pay, no-pay cycle looks like
 - Young & older workers: low-level jobs are not stepping stones to better employment
 - Work motivations
 - Attitudes to & experiences of welfare benefits
 - What causes the low-pay, no-pay cycle
 - Recurrent poverty & everyday hardship
 - The myth of the skills economy?
 - Support for 'the missing workless' & better quality jobs
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Findings: low-pay, no-pay work histories

- ‘Churning’ employment careers of training programmes + unemployment + insecure ‘poor work’ were dominant for young adults in earlier studies
- Low-paid, low-skill, ‘poor work’ – e.g. as care assistants, factory workers, labourers, shop assistants - not a ‘stepping-stone’ to better employment
- Similar pattern for our interviewees aged 30-60 years
- *Long-term* entrapment in low-pay, no-pay cycle



Findings: work motivation

Universal, enduring, resilient work commitment

‘Work? Very important, just to get out the house and that, there’s nowt worse than not working. It’s so depressing. It’s awful, just awful. When I’m working I’m a totally different lad and when I’m not working I’m just down...I dunno, it’s hard to explain ...puts you on a proper depressing mode’.

(Andrew, 43, scaffolder, currently unemployed)



Findings: work motivation & 'poor work'

- Typically, jobs were:
 - **Low-paid** (typically NMW)
 - **Low-skilled** (no qualifications required bar being physically capable, 'right attitude'; routinised but physically/ mentally stressful work)
 - **Insecure** (temporary contracts + redundancy mainly, also dismissals, quitting)
 - **Casualised work** at the bottom of the labour market (but economically & socially necessary)
 - Yet people stressed the value of this work to them (for their **self-esteem, social reasons, health, if not financial benefits**)
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Findings: welfare benefits

- Counter to much current commentary, interviewees *deplored* claiming welfare – and sometimes didn't claim

'The whole thing repulsed me, signing on. I just couldn't be doing with it; sponging off the state. It's the hassle as well. You've got to sign on and then sign off and I just couldn't be *bothered*' (André, 33, intermittently employed care worker)
- The processing of claims was reported as slow & prone to mistakes, leaving interviewees with little or no income for often long periods



Findings: causes of low-pay, no-pay cycle



- 'Employability' a two-sided concept: 'supply' & 'demand-side'
- **Demand-side** – i.e. the impoverishment of employment opportunities (labour market casualisation & insecurity)
- = **prime cause of low-pay, no-pay cycle**

Findings: causes of low-pay, no-pay cycle

- BUT, **supply-side factors**, associated with the multiple disadvantages of deprived neighbourhoods also had effects
 - ❑ e.g. costs, inflexibility of child-care on mother's work histories
 - ❑ e.g. ill-health a barrier to jobs
- ***Demand & supply-side factors intertwined in work histories***
 - ❑ e.g. *because* jobs often demanded unsocial hours it was difficult to find appropriate child care
 - ❑ e.g. 'poor work' & unemployment both *caused* ill-health – which then restricted employment options



Findings: recurrent poverty & everyday hardship

- Employment **not** a route away from poverty for these people
‘I struggle, really struggle because by the time I pay me bills, gas, electric and water rates, TV, all that, **I'm left with a couple of pound that's it...**I wanted to work. **If I didn't work I think I'd go crazy...** I mean, to be honest, somebody in my situation, I would probably be better off on benefits’.

(Winnie, 44, currently doing two part-time cleaning jobs)

- Debt a major problem & sometimes a direct result of moving from benefits to low paid, short-term jobs
 - Resilience, self-respect & pride in ‘**managing**’ & ‘**getting by**’ (versus the stigma of ‘poverty’ or ‘scrounging’)
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Findings: support for ‘the missing workless’

- Because they sometimes did not ‘sign on’ as unemployed, because they were relatively short-term unemployed, interviewees did not fit easily with the support on offer:

‘No, I think I have to be unemployed longer to qualify for things like that [a welfare to work programme]... I haven’t had any sort of advice from anywhere. I actually did it all off my own back [i.e. exploring retraining as a Maths teacher] (Alan, 38)

Un(der)employment & the 'skills economy' myth?

- Government (& academic?) orthodoxy =



- ❑ Youth unemployment ← low aspiration & low skill
- ❑ NEET solved by 'up-skilling' – e.g. 'Raising Participation Age' to 18 years
- ❑ Numbers of low-skilled jobs will decline drastically
- ❑ More high skilled workers (graduates) needed for the current/ coming 'high-skill, information economy'

Un(der)employment & the 'skills economy' myth?

- Government says numbers of jobs requiring no/ low qualifications in 2020 = 0.6 million
 - "Of the 3.4 million unskilled **jobs** today, we will need only 600,000 by 2020" (Gordon Brown, Budget Speech, 2006)
 - BUT this is
 - "a **fundamental government misunderstanding** of employers' demand for qualifications among young people" (*The Guardian* 2nd February 2010)
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Un(der)employment & the 'skills economy' myth?

- Leitch Report (2006) says numbers of people with no/ low qualifications in 2020 = 0.6 million, BUT...
 - **Numbers of jobs requiring no qualifications will remain at around 7.4 million in 2020** (IPPR, 2010)
 - *Supply* of better skilled workers is set to increase markedly
 - No equivalent *demand* from employers for skilled/ graduate workers, therefore...
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Some implications?

- ❑ ↑ competition for 'graduate jobs'
- ❑ ↑ supply of (over)-qualified workers = taken by non-graduate employers
- ❑ ↑ degradation of 'graduate jobs' – degree as filter
- ❑ ↑ disadvantage of non-graduates in labour market
- ❑ **Abundant no-skill 'poor work' – who does it/ what to do about it?**



Main conclusions

- Strong **work commitment** & repeated engagement with jobs, despite 'poor work' & possibly 'better off on benefits'
 - = **Not** unemployment as a 'life-style choice', nor 'culture of worklessness'
 - i.e. residents of high unemployment locales have varied relationships to the labour market: **the story of low-pay, no-pay rarely heard**
 - Financial necessity, a desire to work, abundant 'poor work' & lack of better opportunities led people to take jobs that trapped them in long-term insecurity and poverty
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Main conclusions

- Policy/ practice recommendations?
 - Importance of demand-side: **quantity & quality of employment** (e.g. raising NMW)
 - **Better support for** those trapped in low-pay, no-pay cycle: **'the missing workless'**



The future?



- Low-pay, no-pay cycle evident for interviewees *across* better & worse phases of national economy
- Slow economic recovery + public sector job cuts + public services cuts + welfare cuts = **worsening of social conditions & economic prospects of our interviewees**
- **BUT** low-skilled, insecure jobs likely to remain substantial part of **UK labour market** (despite much talk of 'a high-skills economy')

Our current study: 'intergenerational cultures of worklessness'?

- JRF, 2010-11 (5th study in series)
- 'We have got places where there are **three generations of men who have never worked**. If your grandfather never worked & your father never worked, why would you think work is the normal thing to do?' (Dame Carol Black, 2008).
- Fieldwork in Teesside/ Glasgow
- Community & family processes over decades in respect of shared hardship, poverty & worklessness

