

# **In-work poverty: Lessons for employers and HR practitioners**

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## **ABSTRACT**

In-work poverty has been growing in the past few decades in the UK, with estimates suggesting 15-20 per cent of the working population earn less than the Living Wage, a rate of pay commensurate with covering basic living costs. Despite the growth of in-work poverty in the UK, in-work poverty has attracted very little attention from HRM researchers. In order to address this research gap and help inform HR practice related to in-work poverty, life history interviews were conducted with 44 individuals, representing 35 family and benefits units, currently experiencing in-work poverty. The results highlighted the deep complexity to in-work poverty and in particular the multitude of barriers, both work and non-work related, faced by family and benefit units seeking to exit in-work poverty situations. The findings suggest employers and HR practitioners can make a difference by taking steps to: help employees with finances, build relations with a range of organisations related to poverty, and find ways to individually and collectively empower employees in in-work poverty situations.

**Key words:** In-work poverty; low pay; in-work benefits; lived experience; Scotland; employer; HRM

## **INTRODUCTION**

In recent times the Chartered Institute of Personnel and Development (CIPD) expressed a goal of seeking to become champions of better work and working lives (CIPD, 2015). In order to achieve such a goal the CIPD and HR practitioners will need to consider addressing the working poor, or the 15-20 per cent of the UK working population that earn so little their income qualifies them for in-work benefits. However, at present the issues of the working poor are given scant attention in HRM-related academic research. To address this situation, the current paper provides an empirical basis for employers and associated HR practitioners to work towards creating better working lives for a growing minority of the UK working population. The paper begins with a discussion of a body of literature on in-work poverty (IWP), predominately based on quantitative methods, in order to identify factors known to prevent individuals from exiting IWP. Details of a study designed to explore known and expected emergent factors that prevents individuals exiting IWP are then described and discussed. Results from semi-structured interviews are then presented, linking in with a final section detailing a wide-range of lessons employers and associated HR practitioners may wish to take from lived experience understandings of employees in IWP.

## **LITERATURE REVIEW: IN-WORK POVERTY**

### **Defining in-work poverty**

IWP appears at first hand to be an uncomplicated concept, yet attempts to measure and interpret IWP rarely leads to straightforward answers (Thiede *et al.*, 2015). What makes IWP difficult to conceptualise is the complex relationship between low pay and IWP (Schmuecker, 2014). Poverty level pay in an advanced industrial society is complex enough in itself, yet further complications come along when attempts are made to conceptualise what this translates into in terms of employee experience of poverty level pay.

Attempts have been made, however, to measure and interpret IWP. For instance, according to Marx and Nolan (2012, p. 11), IWP has been defined and measured "as those

individuals who have been mainly working during the reference year (either in employment or self-employment) and whose income equivalised disposable income is below 60 per cent of the median in the country in question". That said, IWP is not all about individuals; IWP is defined and measured in relation to household income (based on family and benefit unit) (ONS Digital, 2015). Despite some fluctuations there is a long-term upward trend in IWP in the UK (MacInnes *et al.*, 2015). IWP is seen by some as an inconvenient truth for politicians hailing employment as the best route out of poverty, with people in work currently representing the largest group experiencing poverty in the UK (Schmuecker, 2014). A further inconvenient truth is that high rates of IWP weaken the economy, as millions of people simply cannot afford a wide-range of goods and services (Poinasamy, 2011).

### **In-work poverty statistics**

According to the DWP (2015), median incomes in the UK currently stand at around £453 per week, suggesting IWP levels for a working person living alone equates to about £272 per week, or just over £14,000 per annum (based on a 37 hour working week). IWP is implicitly acknowledged by the legislative frameworks in the UK, with people on poverty pay usually entitled to Working Tax Credits (WTCs), a state benefit for people on low incomes. For example, a single person living alone is likely to qualify for WTCs if his/her income is below £13,000 per year and couples may be able to claim WTCs with a joint income of up to approximately £18,000 per year (see GOV.UK, 2015). The threshold for WTCs is higher still for individuals and couples with dependent children. IWP links in well with the UK's statutory National Minimum Wage (NMW) (currently £6.70 per hour for adults 21 years of age or above) and the voluntary Living Wage (LW) (currently £8.25 per hour and £9.40 per hour in London), a rate said to be commensurate with earning enough to cover basic living costs (The Living Wage Foundation, 2015). In this instance, a working person living alone, working 37 hours per week at the NMW rate, would qualify for WTCs, yet the same person earning the LW would not.

The proportion of people in poverty varies throughout the UK; Northern Ireland has the highest rates (20 per cent), the South East of England has the lowest (12 per cent), with the UK having an average rate of 15 per cent (McGuinness, 2015). In terms of being in work and in poverty, the official IWP rate is eight per cent of the UK workforce, or 2.4 million employees

(ONS Digital, 2015). However, the true IWP rate for the UK is likely to be somewhat higher as other surveys suggest 17 per cent (5.24 million) of the UK workforce are on less than the LW (Markit, 2013). Figures produced by Gottfried and Lawton (2010) suggest it is couples with children who are most likely to be in IWP (51 per cent), followed by single people (25 per cent), couples without children (14 per cent) and lone parents (nine per cent). The jobs most associated with IWP, moreover, tend to be seasonal, casual or agency temping (65 per cent, 56 per cent and 40 per cent, respectively) (Metcalf and Dhudwar, 2010). The risk of poverty is unevenly distributed in society, with women, the disabled and some ethnic minority groups at greatest risk of being unable to make ends meet (Gardiner and Millar, 2006). The cost of poverty level incomes to the UK economy, or an amount paid to employees to subsidise low wage employers, has been calculated at around £11 billion per year (Citizens UK, 2015). The current UK government looking to cut approximately one-third of that cost from April 2016, at the same time as increasing the NWW for those over 25 years of age (e.g. see Milligan, 2015).

### **HRM research and in-work poverty**

IWP does not figure highly in HRM academic literature. However, poverty has drawn some degree of interest from such researchers. This small and emergent body of literature is quite fragmented and based on a wide-range of poverty-related issues and how poverty relates and impacts on organisations. For instance, workers earning poverty pay often turn to undeclared work to escape or ameliorate the harsher features of poverty (Pfau-Effinger, 2009), gender inequality in organisations can impact on poverty rates (Belgorodskiy *et al.*, 2012). Parker (2008) highlights how trade unions and the wider social movements lead the way in lobbying employers and governments on poverty, although such campaigning appears to have only a limited affect. Opportunities to reduce poverty in the UK have been missed because of a failure of governments to increase the NMW above inflation (Sachdev, 2003), an issue left unaddressed in the decade following this study. Further, it has been suggested that poverty is not simply a lack of income; it is a lack of social capital, or when people are unable to access inter-connected networks and groups (Ansari *et al.*, 2012).

In a more specific HRM context, research reveals a range of further dimensions to the relationship between poverty and organisations. In the broadest sense, recent research from

the CIPD (Churchard, 2014) highlights how 56 per cent of HR professionals reported staff asking them for help with personal finances in the previous year. Lindsay (2005), moreover, queried the extent to which low-skilled service work is a way out of poverty. Burgess and Cornell (2008), in turn, believe jobs are instrumental in providing pathways out of poverty, yet a range of non-paid-related dimensions to jobs, such as the rights attached to the job, can often undermine this argument. Self-employment, promoted heavily by recent UK governments, does not offer any guarantees of exiting IWP either, with IWP levels of 25 per cent typical of this growing employment group (Lambrecht and Beens, 2005). What is more, as Bapuji's (2015) findings suggest, high levels of economic inequality can lead to low human development and negative effects on organisational performance.

### **Factors attributed to vulnerability to in-work poverty**

Other than suggesting IWP relates to single earner status and low work intensity at the family and benefit unit (Fraser, 2011; Marx and Nolan, 2012), the vast majority research relates IWP to a range of employer and HR practices, which in turn link closely with how governments manage the economy.

Bailey (in press), for example, believes attempts to address high levels of IWP relate to a failure of successive UK governments to fix labour markets, typified by far too many low paying, insecure, low skill and low progression jobs. Similarly, the CIPD (2014) believes low pay is unlikely to be solved in the UK without a fundamental review of UK skills policy to help stimulate demand for higher skills and improve skill utilisation in the workplace. The CIPD believes the UK's poor productivity record to be a key contributing factor to IWP. It has been suggested that low pay is one of many consequences to the long-term erosion of employment rights, particularly affecting the least paid employees and their dealings with managers (Poinasamy, 2011; Hudson *et al.*, 2013). There is the view that the introduction and expansion of WTCs under Labour governments, 1997-2010, created incorrigible negative employer attitudes to low pay (Citizens UK, 2015).

Despite UK employers facing a wide-range of cost pressures, demand fluctuations and availability of suitable labour, some employers are choosing to offer lower pay and less secure jobs, mainly because there is little pressure to tackle low pay of their own volition (Metcalf

and Dhudwar, 2010). Van Arsdale (2013) believes increasingly common and normalised organisational outsourcing practices, such as temporary staffing, is producing poverty and leading to wider wage stagnation. A range of research, moreover, suggests a lack of progression in organisations keeps many highly skilled and ambitious employees in low paid employment (Ray *et al.*, 2010; Poinasamy, 2011; Schmuecker, 2014). Informal cultures in organisations, as well as a lack of willingness to tackle such organisational cultures, are said to be a key feature of IWP. For example, Hudson *et al.* (2013) highlight how marginal organisational groups can be denied better paid jobs and a chance to exit IWP because of prejudice and stereotyping.

The literature on IWP, whilst identifying a range of angles on IWP, does not provide many nuanced details of IWP, particularly related to the anticipated impact of IWP on wider life, nor is there a good range of research on IWP based on qualitative research approaches. The next section addresses the methodological challenges of filling such research gaps.

## **METHODS**

### **Study details**

The study was situated in Scotland, a part of the UK with a slightly lower than average rate of IWP. Estimates from the Scottish Government (2015) suggest 14 per cent of the Scottish workforce is in IWP, with employees in IWP most likely to work in lower and middle skilled occupations, IWP is more prevalent in the private than the public or third sectors and IWP is most likely to affect employees working in the hotel, retail and administrative support services. Scottish Government statistics suggest IWP is more likely among employees with temporary contracts of employment, and for employees employed by small or micro-firms, compared to larger organisations.

### **Research design**

A qualitative approach was considered the best way to explore and tease out known and emergent factors that cause and prevent individuals exiting IWP. In the broadest sense such

an approach is appropriate as it would serve to balance the bias towards quantitative methods in IWP research. However, the main reason to pursue a qualitative approach is simply because quantitative methods do not allow the collection of rich data (Gilbert *et al.*, 2008), expected to be critical in unlocking the many, varying, hidden and situational factors that prevent individuals exiting IWP. A qualitative approach allows researchers to be flexible and pragmatic, as well as conduct a broad and thorough form of research (Davies, 2006).

The following research questions were used to broadly inform the interviews: what is the lived experience of being active in the labour market, but remaining at or below the poverty line; what are the day-to-day experiences of the working poor; and, how does in-work poverty impact on wider life?

Within the qualitative approach, semi-structured life history interviews were seen as the most efficient means to acquiring rich and wide understandings of employees' experiences of IWP, which in turn is likely to be an efficient means to understanding what employers and HR practitioners can do to work against IWP. Key themes (aside from profile information) explored during interviews included views and attitudes towards poverty, growing up, disability (if applicable), employment history and experience, wider life history and looking to the future. Ethical issues were pertinent in research design, with careful attention given to the likelihood of participants being stigmatised by experiences of IWP. Further attention was given to fully explaining the nature and purpose of the study to prospective participants, as well as making assurances related to the anonymisation of findings, data management and the right to withdraw from the study at any time without consequence.

### **Sampling strategy**

The family and benefit unit was the basis for attempts to recruit research participants. Participation was open to employed and self-employed people who qualified for WTCs, or other means tested state benefits paid out to individual/family units typified by low incomes. Attempts were made to recruit employees who lived alone, as well as employees who lived with a partner, either with or without children. The latter scenario would involve conducting interviews with, for example, an employee and his/her working/non-working partner at the

same time, or an employee representing his/her family and benefit unit. Attempts were made to recruit from groups most affected by IWP, such as women and the disabled.

There were two main ways to recruiting participants. Firstly, participants were recruited via a range of campaigning organisations based in Scotland, as well as local authorities with poverty initiatives. This involved contacting such organisations and requesting help to disseminate research details via email lists and social media. Secondly, participants were recruited through brief study details sent in emails to local Scottish newspapers. All recruitment information referred to the study's website (<http://in-work-poverty-scotland.info/>), a place where prospective participants could find extensive further details of the research project and details of how to contact the research team.

All participants self-selected themselves for the study, typically by texting or emailing interest in participation to the research group. Each participant was telephoned about participation and part of that conversation to establish qualification for the study, as well as provide prospective participants with further information and assurances.

### **Participant details**

A total of 35 interviews, involving 44 participants, were conducted between March and July 2015. Nine interviews involved both adult members of the family and benefit unit. Four interviews involved one person representing the experiences of a couple. One further interviewee represented the views of a dependent parent. The eventual sample in terms of family and benefit unit was made up of eight living alone with no children (23 per cent), ten living alone with children (29 per cent), seven couples living without children (20 per cent) and nine couples living with children (26 per cent). A further participant lived with a dependent parent and fellow sibling (three per cent). Twenty seven participants disclosed a disability before or during the interview.

The participants were employed across a range of industries (12 employed in public sector, 18 in the private sector, eight in the third sector, and six were not currently in employment but living in a household denoted by IWP). Participants were employed in a range of jobs, with approximately two-thirds in lower skilled and status occupations, yet a further third

worked in middle skilled and status occupations, such as an employment support officer, creative learning co-ordinator and a psychological therapist. Academic achievements of the participants was strikingly high, with 20 holding at least an undergraduate degree and only four possessing general high school leaving qualifications. Participants reported a range of housing arrangements - 21 rented, including 12 privately, two housing association, one sheltered accommodation and six local authority. Four owned their home outright and 10 had a mortgage on their property. In eleven instances no working tax credits was claimed. Reasons for not claiming working tax credits varied and related to a decision not to claim based on poor previous experiences of claiming, currently being assessed for WTCs, a very recent expiry of WTCs due to children leaving full-time education, and income so low qualified households for wider means tested benefits, such as Housing Benefit and Council Tax Relief. Several participants claimed Disability Living Allowance.

Single earnership and low work intensity was very much an evident feature of the sample (Fraser, 2011; Marx and Nolan, 2012). Indeed, while 21 of the participants lived alone with or without children, a further seven reported a single earnership household. Low work intensity varied in nature, yet what explained low work intensity beyond single earnership related to a disability preventing full-time employment, or that full-time employment would lead to little economic benefit, due to the broadly equivalent withdrawal of in-work benefits for working longer hours.

Interviews lasted between 60 and 240 minutes, averaging approximately 100 minutes each. Interviews were conducted face-to-face in the participant's home or a place close to the participant's home. Interviewees were spread geographically throughout Scotland, from Shetland to Dumfriesshire and from Fife to Wester Ross. The sample was split almost 50:50 in terms of participants living and working in urban areas (e.g. Glasgow and Edinburgh) or rural/semi-rural areas (e.g. Scottish Borders and Morayshire). Participants were aged between 25 and 69 years. The average of age of participants was 42.

### **Data and data analysis**

All interviews were transcribed verbatim by a professional transcription company, resulting in transcripts with a word count of approximately 550,000 words. Following transcription,

data were manually coded, using both priori and ad-hoc codes, by the lead author. The coding process involved initially identifying ad-hoc codes through a sample of six interviews, with further ad-hoc codes identified when all transcripts were fully analysed. Data was analysed using template analysis. Template analysis was used because it allowed priori codes to be identified in the literature on IWP and incorporation of post-hoc codes arising from the data (King, 2004). Template analysis was used because it is an efficient means to make sense of large qualitative data sets (Berta *et al.*, 2010). Priori codes (19 in total, e.g. employment markets, social capital and low work intensity) and post-hoc codes (20 in total, e.g. benefits, finances and food) were used to inform data analysis.

## FINDINGS

Experiences of IWP for the people interviewed varied, yet IWP in each situation was based upon a very large range of factors that mitigated against exiting IWP. As employment is central to IWP, this section is structured on the basis of presenting and analysing interview extracts related to factors directly and indirectly related to employment. Further consideration is given to factors unrelated to employment, yet also likely to have a negative impact on exiting IWP.

### **In-work poverty and employment**

As previously identified by the CIPD (2014), demand for higher skills and improved utilisation of skills in the workplace is important in the fight against IWP. While the findings broadly supported such views, it was evident that employers demanded higher skills from employees, but appeared less willing to compensate employees providing such skills, as the following interview extract suggests:

“You know, I'm on a Band Three at the moment, I think I should be on Band Five. So just even looking at the job descriptions they don't match up... I'm at the top level of my band so there's no pay increase, there's no job promotions, there's nothing coming up in the pipeline because everything's been frozen [sighs].” (Janet, interview 32).

Gender inequality emerged from the findings (Belgorodskiy *et al.*, 2012) and how women capable of promotion can remain in low paying positions if faced with competition from men:

[Woman:] "I hate to say it but when a young male in a suit comes in and gets promoted over and above those young women who are doing a fantastic job, and have the track record of doing it. And that really annoys and I've seen that so many times." (Elizabeth, interview 4).

It was apparent that organisations that campaign on low and poverty levels of pay (Parker, 2008) can end up alienating their membership if they do not provide results. The following quote reveals this to be the case for a local council employee:

"...it was something to do about equal pay, men were getting more pay than women in the XYZ Council so -- and it was basically that -- for that reason [I left my trade union]." (Nancy, interview 11).

As Lindsay (2005) suggests, low skilled jobs are by no means a guaranteed passageway to better skilled and paid jobs. The following interview extract gives an example of how long-term employment in low-skilled jobs can leave employees with a strong perception that they cannot aspire to anything more ambitious:

"It's a job. As I said to you, I need the money, so I do whatever I need to because I don't have graduations to go for work like an accountant. I don't know, better jobs that could fund childcare or this or that. Nobody going to employ me because I don't have a clue about what's what. So the best thing I can do here is supermarkets or cleaning. It's okay, it's a job, it's money, pay the bills." (Catarina, interview 8).

Non-paid-related dimensions to jobs getting in the way of job progression are said to be a factor in a failure to break out of jobs associated with low pay (Burgess and Cornell, 2008). In the following instance, fear of reporting a health and safety matter and powerlessness to enforce employment rights, further supports this view:

"The gaffer was a guy, a Geordie guy, called X and he was meant to do something about this asbestos, tell the proper authorities... So he told him, he came, told us to back off, crossed his arms, told the labourer just to screw them up, fill the holes, clean up the mess and go and that was it.

We were just told to get on with our job again and they should have shut the job down and got it all taken out.” (Andrew, interview 10).

The findings demonstrate how self-employment is by no means a guarantee of exiting poverty (Lambrecht and Beens, 2005), with the interview extract below just one example of how such employment comes with no guarantees, often leaving self-employed individuals continually looking for new ways to maintain a consistent amount and flow of income:

“I have been trying hard to earn money [through self-employment] in the last few years but trying even harder, if you like. So I've got a job interview tomorrow actually to go and be a... lecturer at (XYZ) College, it's a... zero hours contracts... [my] savings are going down and that's making me really, you know, nervous.” (Karen, interview 12).

Participant accounts of IWP confirmed previous views of how IWP is likely to impact on organisational performance (Bapuji, 2015), with the following interview extract demonstrating how the slightest deviation from an already tight budget can leave an employee with no means of getting to work until the next pay day:

“[I]t does have a massive effect on your work. I think the month of January I didn't have any money to get into work for the whole of January. I was like, how the hell am I going to get into work ...so I ended up going off sick... you don't want to say anything bad to your employers because you think it will reflect.” (Mary, interview 1).

Local labour markets (Bailey, in press) were a key feature of the findings. The following example shows how difficult it can be to find suitable and stable employment:

“[Woman:]: It's hard, it is hard [finding paid employment]. [Man:] There's a big company that works up at the industrial estate and they've just closed their doors this morning. The guys turned up for work this morning and the MDs closed the doors. [Woman:] You'll occasionally, and this is the sort of thing that I will probably have to look at for when Z starts nursery, is you occasionally see like retail positions, eight hours a week, 16 hours a week. But to get a full-time, permanent position is. [Man:] It's quite difficult. [Woman:] Tough. You know it is tough in any kind of sector really, you know.” (Susan and Steven, interview 7).

In a similar vein, many of the participants believed many employers see low pay as the norm (Citizens UK, 2015) and low paid employees find it difficult to put pressure on employers to pay more (Metcalf and Dhudwar, 2010), as the following extract suggests:

“[Woman:]: And sadly I think employers know that [employer will not pay above NMW]. [Man:] And you won't get better than that. [Woman:]: It's a buyer's market. So they know they can offer the minimum wage and treat you like dirt.” (Kathleen and Matthew, interview 30).

It was further evident that many of the participants, despite being highly skilled and ambitious, were trapped in IWP because of a lack of progression opportunities (Ray *et al.*, 2010; Poinasamy, 2011; Schmuecker, 2014):

“[Man:] I effectively run the department I'm working on so but there's been no supervisory position paid for that role you just by virtue of being the guy who's worked there the longest. I'm expected to run that department and I get paid the same as the guys who've just started.” (Catherine, interview 33).

Details of informal cultures in organisations were evident in the findings (Hudson *et al.* 2013), with the quote below providing an example of how highly skilled and ambitious employees can face major anxieties each month, which relate directly to hidden dimensions of formal organisational practices:

“[Woman:]: I think the one aspect I don't think either of us find okay is when I work I have to claim the hours back [from casual academic work for a university] and that actually takes a long time to put in the claims to the department. When I get paid I get paid for a certain number of hours so it doesn't show what jobs it came from. So there's all of that side of things which isn't necessarily about the money but the process by which we get the money which I don't enjoy. It causes quite a lot of stress at the end of month making sure the pay claim's done in time. And even if I do everything right there's been so many times that the university haven't paid me.” (Ruth and Gregory, interview 17).

Furthermore, the findings correlated well with previous studies that suggest marginal organisational groups, particularly disabled employees, face a range of added challenges in low paying organisations (Gardiner and Miller, 2006; Hudson *et al.*, 2013), as exemplified in the following interview extract:

“[The Access to Work Assessor] was like my fairy godmother and I thought he was going to come and, you know, do this [dyslexia] assessment and I was going to get all these things and they're going to get put into place and, you know, my working life would be so much less pressure. But my organisation are dragging their heels on it and don't want to put up the money for it.” (Donna, interview 15).

Worryingly, interview quotes provided evidence to suggest many employees in IWP appear resigned to not being able to change their situation, at least in the short-term. Such employees also struggled to plan for retirement because of poor employer pension provision:

“... I think I'm so stuck in a rut and it's what I've always done and it'd be hard for somebody to see my potential, if I've even got any left. I don't know [if could earn more] because all I've got to say is sort of like all these waitressing and cooking and all that sort of stuff, and I've got nothing to sort of single me out and put me above everybody else and make me look more promising and worth investing in for a better paid job or something more challenging.” (Joanne, interview 28).

“[Man:] We could have paid [into employer pension scheme], it was optional but last year we brought in this that everybody had to have a pension through their work. But I opted out because here was no point in me putting a pension in for one per cent of my wage. It's not worth it.” (Maria and Donald, interview 6).

### **The wider impact of in-work poverty**

The effects of IWP and attempts to exit IWP were not just felt in relation to employment. The findings made it clear how IWP impacts on non-working life. For instance, all participants reported severe hardship and only capable of affording the minimum of goods and services beyond bare necessities (Poinasamy, 2011):

“ ...I'm like a parasite, always stuck in the house, sometimes I'm a bit depressed or stressed, but I cannot go anywhere, not even for a weekend with my daughter.” (Patricia, interview 2).

In order to address minimal employment-related incomes, participants reported the use of a wide-range of income generating poverty avoidance strategies (Pfau-Effinger, 2009). The following example demonstrates how many facing IWP resort to selling off almost any possession to help make ends meet:

“I've sold lots of things off to pay bills... the last few years I've sold lots of stuff... Furniture, jewellery, not a lot of jewellery but a watch, CDs; we've sold a lot of CDs that we accumulated, we've sold all of them off, books things like that.” (Annette, interview 21).

It was the case that participants reported limited access to employment and career enhancing networks and groups (Ansari *et al.*, 2012), with the following interview extract revealing the difficulties of finding improved employment opportunities through such networks for people in IWP:

“In terms of friends, don't have very many and most of them are in a similar situation...” (Janet, interview 32).

Furthermore, participants widely reported going without basic goods and services (Poinasamy, 2011), despite income topped up by in-work benefits. Interviews revealed how employees not being able to eat well, keep warm in winter and put petrol in the car to take them to their place of work:

“Well, I eat a lot of toast [laughs]. I think most nights generally I have a chicken pie and I'll probably have peanut butter on toast. So I'd say that [low pay] has an impact on what I myself eat.” (Angela, interview 26).

“[I]f I put the sitting room [heater] on I can't afford the hall one to heat the hall. So the sitting room's warm but everything else is freezing. If I put the hall one on and the kitchen one on then I can't afford to put this living room on.” (Jessica, interview 23).

“Oh, yeah, there's been a few days like that where you're just running on fumes, so hoping you get there [work]. Yeah, no, that happens fairly often.” (Sandra, interview 14).

The findings revealed how IWP can have a significant impact on well-being. The interview quote below demonstrates how IWP can be detrimental to well-being, which can impact on organisational performance as well:

“Your health does suffer as well, there's no doubt about it. You're not eating properly, you're not exercising because you've not got the time. You're not sleeping maybe at times as well, you know, because you've got too much going on in your head.” (Andrea, interview 24).

The interviews were very efficient at revealing how IWP can become a source of shame and a hidden burden many people in IWP carry around on a daily and on-going basis. The following interview extract reveals how in one way individuals get on with employment as if not affected by IWP, yet demonstrates the invisible stigmatising effects of IWP:

“Yeah. I do sometimes feel embarrassed that I've not got a lot of money, but I think I've got quite strong work ethics, I've never not worked. So I would always want to work, I wouldn't really like to be stuck in the house not doing anything...” (Margaret, interview 8).

The interviews revealed many further and critical details of the lives of people affected by IWP beyond the workplace, which is likely to rebound in some way on the effectiveness of organisations, as well as more generally in terms of a large minority of employees being unable to consume the goods and services the vast majority employer organisation are run upon. Such factors include a range of struggles unlikely to be known to, or widely understood, by employers and HR practitioners. Such struggles include, for example, employee difficulties with making in-work benefits claims:

“[Woman:] I heard about [Working Tax Credits] but it's really difficult to call to HMRC because the last time I called them for two hours, you know I was waiting for two hours for a connection with some adviser. And after this, they ask me why I didn't call them before, you know, to tell them that I changed my job, I changed my income and everything. I said this is no point to call, you know, two hours and you can, you know, tidy up your house and everything in this time...” (Agata and Jan, interview 27).

Participants reported a range of further issues unrelated to employment, yet related and likely to compound more specific struggles associated with exiting IWP. Such struggles reported included overcoming domestic abuse, balancing childcare responsibilities and balancing debt and finances:

“I first started suffering from [MHC] in XXXX. I was in an abusive relationship and the guy tried to kill me so I left him [laughs]...” (Tanya, interview 5).

“... I would quite like to be a bit more sociable mum within Z's school, sociable and I think my lack of flexibility with childcare has an impact on our relationship [partner] because I'm looking after

my daughter for mostly 100 per cent of the time, if I'm not working or training, you know.” (Carrie, interview 29).

“We struggle, we do struggle. Some days there's no money at all until the next day, until the next lot of tax credits goes into the bank or... It is very much hand to mouth and one day to the next a lot of the time.” (Ellen, interview 22).

“... towards the end of the month I start using my credit card a lot more and then when I get paid I paid that back off and that takes a chunk off the wages again. So it's a bit of a cycle at the moment...” (Jean, interview 35).

Further struggles beyond the workplace included dealing with complicated housing arrangements, accessing healthcare related to a disability, as well as coping with prejudices towards disability in wider social settings:

“Where I stay it's a flat so I've always got to maintain the flat and stuff so there just, it feels as if you're trying to kind keep hassling people, but nobody else wants to pay towards common repairs and stuff.” (Shirley, interview 25).

“I've spent two years trying to persuade the mental health and the doctors that I needed medication to stop me feeling suicidal all day every day, and it's been very unhelpful and useless.” (Laura, interview 20).

“[Man:] Well, the trouble with that is it's a bit like what I mentioned before about coping with depression; people think there's nothing wrong with you. People look at X [partner] and don't see that she's got these problems. You know, for example, for different reasons staircases and lifts are both difficult and there are situations in which she can't face either, and people are going well what's the hell the matter with you? You know, just come up the stairs, you know, and it can get very difficult, can't it?” (Lisa and James, interview 9).

Overall the findings present wide-ranging, powerful and detailed accounts of the wider impact of IWP on employees, as well as, where relevant, the even wider impact of IWP on the family unit. The next section considers the wider implications of the findings, in this instance what employers and HR practitioners can learn from exploring the lived experiences of people in IWP.

## LESSONS ON IN-WORK POVERTY FOR EMPLOYERS AND HR PRACTITIONERS

The most striking feature of the findings is the multitude of disadvantages faced by individuals seeking to exit IWP. A further striking feature is how the findings shine a spotlight on a very much hidden side to employment - what wider life looks like for people experiencing IWP, especially in terms of how employment under such circumstances appears to involve little more than working just to hand all the money over to parties that provide the bare minimum in life. If money equates to the main source of freedom in the modern age, and employment is the main source of money for the vast majority of the population, then it is reasonable to suggest that there are two types of employment at this present time: one that aids the freedom process, and one that locks in millions tightly to a life bereft of choice and control. Clearly there is the potential for shades of grey between two such types of employment, but the findings suggest employment for a growing minority of individuals is broken and in need of urgent attention and repair.

IWP, as stated earlier, as well as through the findings attained in the current study, is far more than low levels of pay. IWP is the root cause of deep-seated and long-term significant levels of distress for individuals and family units, which in turn is likely to have consequences far and beyond the concerns of employers and HR practitioners. Yet, despite findings that may have implications for up to a fifth of the working population, IWP appears to be a largely invisible phenomenon, in terms of making an impact on HR research and practice, but especially so in terms of how it may manifest in work organisations and beyond. IWP can be made visible if time and thought is given to how it can be conceptualised and time and thought is given to how it can be made visible. However, such considerations are only just the beginnings of what needs to be done in terms of stemming the rising tide of skilled and educated people stuck in poorly paying and low prospects jobs, disempowered by employers practices and employment law, and by virtue of a lack of spending power, becoming increasingly disenfranchised and disconnected members of a wider society.

A key issue to come from both existing and the current research is that IWP is an inherently complex phenomenon, and in terms of impact, has implications that go far beyond that of the shopfloor or the office door. However, as IWP appears to be largely the making of employer organisations, and the HR profession is seeking to be the champions of working life,

employers and HR practitioners are in a very strong position in terms of what can be done to address the problems associated with IWP. Not least the more telling fact that employers, as well as increasingly the case with the HR profession, have much wider influence, as collective organisations in themselves, as well as through an ability to effectively lobby both national and international governments. As such, the main and first port of call when it comes to providing strategies to counteract IWP should be employers and HR practitioners.

A more specific, yet key issue to come from the study, is how the impact of IWP is difficult to appreciate in the work organisation and even more difficult to appreciate beyond the work organisation. Despite a limited research sample, based on employees from private, public and third sectors, and based on a particular part of the UK, the findings suggest IWP is of concern to all employers and HR practitioners, as all working people are consumers of the goods and services provided by working people. IWP is clearly far from being something that relates to the recent growth in zero hour contracts, self-employment and other forms of employing people on terms asymmetrically in favour of employers. IWP is a massive financial burden for all tax payers, including businesses and individuals. It is a burden not just in terms of in-work benefits; IWP represents a major burden in terms of a wider impact on social, healthcare and social security provision, and it is likely that the burden of IWP will continue to grow, even if governments are successful at better managing the finances of the nation's social, healthcare and social security systems.

Therefore, there is not going to be a one size fits all solution to the problems of addressing poverty pay and the impact of poverty pay on wider life, society and economy. Employer and HR strategies against IWP will need to be based on short, medium and long term approaches, as well involving both traditional and less immediate parties to the employment relationship, such as trade unions, social, healthcare and welfare providers, a range of advocacy/campaign organisations, as well as the many tiers of governments and politicians. However, exploring IWP by considering the household, rather than seeing the problem as relating to individual employees, as well as factoring in equally generic characteristics such as gender and disability, makes the job of seeing what is really happening in the lives of millions of people much easier to do. Being aware of and factoring in the external and lived experience of IWP is critical in developing anti-IWP strategies.

So, what does this all mean? Employers and HR practitioners should be willing to consider the following, all of which are dependent on employers and HR practitioners working with a range of external parties. The simple first steps employers could perhaps consider is providing employees with access to affordable credit. For instance, building or developing existing relationships with credit unions. Such steps could consider the development of both informal (particularly in the case of small organisations) and formal ways (company policy) by which employees can obtain an emergency loan from the employer or an employer affiliated/recommended credit union, in order to pay for financial emergencies, such as an unexpected car repair bill, or simply money to get to and from work. Secondly, and mostly in the shorter to mid-term, employers and HR practitioners should consider building relations with organisations, such as the DWP, the Citizens' Advice Bureau, as well as a wide range of advocacy groups that represent marginal organisational groups, in order to at least better understand the complexity of IWP. Such relations would help make employees more aware of the services of such organisations. As the research has suggested in detail, unlocking IWP requires more than being an expert on employment and HR, and as such requiring expertise on benefits, financial management, marginal social identities and poverty. Thirdly and finally, further, more long-lasting and sustainable steps to solve IWP should involve more meaningful attempts to empower the least paid employees in organisations. This can be done in more ways than one and it is likely that employers and HR practitioners, based on recent trends, are likely to favour individualised methods of empowerment, such as providing employee access to personal and development reviews, leading in most cases to some sort of training, development and supported/semi-supported career plan. However, it seems that employers and HR practitioners should be considering how employees can be more empowered in collective terms, such as encouraging trade union membership and professional association. Employers and HR practitioners should in turn consider starting or rebuilding relations with trade unions and collective bargaining processes, because as the findings strongly suggest, IWP may well be experienced at the household level, but in a wider sense, IWP is a symptom of collective disempowerment.

The study is limited in a range of ways and there is clearly scope for more research considering HR practice and IWP. For instance, a priority for further HR practice on IWP research should be on organisations that have successfully adopted anti-poverty strategies.

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