

Understanding workless people and communities: A literature review

By Helen Ritchie, Jo Casebourne and Jo Rick

Introduction

- The literature review examines existing evidence relating to the psychological and social influences on workless people living in deprived areas.

Key findings

- The review argues that worklessness cannot fully be understood without a focus on the behaviour of individuals within the broader social and spatial context in which they live.

Psychosocial theories of unemployment, developed in particular contexts, cannot readily be used to explain all forms of detachment from the labour market and where *not being in employment* is the norm.

- A range of groups who are disadvantaged in the labour market have a higher risk of being workless and living in deprived areas (eg lone parents, disabled people, and carers).
- The vitamin model offers a particularly useful approach to understanding a psychology of worklessness. It combines community and social factors with personal preference to understand the impact of labour market status on well-being of the individual.
- In reality, it may not be rational for individuals to choose to work in the formal economy for a number of (often inter-related) reasons: a lack of opportunities in the formal labour market; a lack of information about the financial rewards from formal employment (eg tax credits); and being motivated by things other than just

financial gain (eg peer group respect or wanting to stay at home to bring up children).

- There is insufficient evidence to categorically state that cultures of worklessness exist in some areas, or that worklessness is, in some cases, intergenerational.
- But, individuals not breaking out of the cycle of worklessness experienced by their parents and staying in deprived areas can result in spatial concentrations of worklessness, as those who do break the cycle and move into employment may also move away from deprived areas.
- Workless individuals can be restricted to living in deprived areas because of the structure of social housing. They can experience compounded disadvantage from living in those areas.
- The barriers facing workless people are likely to be complex and deep-rooted. Support measures need to be delivered in a flexible way, appropriate to the circumstances of the individual.
- However, policy interventions that are restricted to the individual may well be undermined by family or communal pressures. This suggests they should be clustered in ways that affect both individuals and their social network
- The impact of labour market interventions may well be magnified when part of a more widespread community regeneration programme.

Executive Summary

Introduction

The Working Neighbourhoods Pilot has been operating since April 2004, and will run for a period of two years in twelve selected neighbourhoods across Great Britain. This literature review has been commissioned to provide context to the Working Neighbourhoods Pilot evaluation. It examines existing evidence relating to the psychological and social influences on workless people in deprived areas.

A range of disciplines has been drawn on to build an overview of the impact on, and influences of, worklessness, with a particular focus on Psychology within the context of other disciplines such as Sociology, Geography and Economics. It focuses on UK literature, although other literature is cited where relevant.

The literature review firstly examines how psychosocial models were used to explain the effects that mass unemployment had on individuals. It then explores the concept of worklessness and the barriers faced by key groups of workless people. The review moves on to examine in turn how worklessness can be understood at the individual level, the community level and at the level of geographical concentrations of worklessness.

Psychosocial effects of unemployment

Psychosocial theories regarding the impact of job loss on the individual state that shame, anger, guilt, or shock are associated with being made unemployed. After passing through stages of despair or hopelessness at the prospect of finding alternative employment, the most psychologically healthy position in such circumstances is one of adjustment to a situation in which the individual has no control.

Psychosocial theories were developed in particular contexts and can be applied to job loss as experienced as a shock, in areas or times of high unemployment, where employment is the

norm. They cannot so readily be used to explain other forms of detachment from the labour market where *not being in employment* is the norm.

Concept of worklessness

While employment rates have been on an upward trend since 1992, they have not been evenly distributed among the population. There are individuals who are long-term unemployed, despite living in a period of relatively high employment, and a rising number of individuals who are economically inactive and claiming inactive benefits. Geographical pockets of worklessness exist within relatively buoyant labour markets.

Worklessness is defined, for the purposes of this review, as detachment from the formal labour market in particular areas, and among particular groups. Workless individuals include individuals who are unemployed and claiming unemployment benefits, individuals who are economically inactive and eligible for inactive benefits (who may or may not be claiming them), and individuals who are working exclusively in the informal economy (who may or may not be also claiming benefits).

Who are the workless?

There are a range of groups that are disadvantaged in the labour market and that have a higher risk of being workless and living in deprived areas. These include: lone parents, minority ethnic groups, disabled people, carers, older workers, workers in the informal economy, offenders and ex-offenders. Not all individuals within these groups are workless, but being a member of these groups can increase the risk of being workless. Worklessness can be characterised by multiple disadvantage, where people face more than one barrier to participating in the labour market. While some disadvantaged people should not have their chances of working written off as impossible, for others it may be counter-productive to be pushed toward job seeking before they are ready.

Understanding worklessness at the individual level

It is evident that unemployment impacts negatively on well-being compared to full time salaried employment, and lowered well-being can then act as a barrier to re-employment. However, there is limited psychology research that directly relates to people who have been out of work for long periods of time (over three years), or who have never worked. There is also an identified gap in understanding the impact of local re-employment prospects on the well-being of workless individuals.

Recent research has suggested that inadequate employment (for example, working part-time involuntarily or for very low pay) may have similar effects on well-being to unemployment. More research is required to understand further the relationship between well-being and work histories characterised by cycles of worklessness and low-paid insecure jobs.

In reality, it may not be rational for individuals to choose to work in the formal economy for a number of (often inter-related) reasons: a lack of opportunities in the formal labour market; a lack of information about the financial rewards from formal employment (eg tax credits); higher financial gains from working in the informal economy than the formal one; and being motivated by things other than just financial gain (eg peer group respect or wanting to stay at home to bring up children).

The theory of planned behaviour demonstrates that individuals' perceptions of their ability to perform tasks are more important in determining how they will behave than their actual ability to perform them. The theory could potentially provide a framework for understanding how personal attitudes, social pressures and control beliefs combine to predict behaviour in workless populations or individuals. The vitamin model offers a useful approach to understanding the psychology of worklessness. It combines community and social factors with personal preference to understand the impact of labour market status on the well-being of the individual.

Understanding worklessness at the community level

Recently there has been discussion about whether there is a 'culture of worklessness' in certain communities in the UK. Where cultures of worklessness are said to exist they are characterised by: lowered incentives to work where peers are also unemployed and the informal economy has a strong pull factor; and a view of joblessness as unproblematic within a context of lowered aspirations; and short-term horizons.

Such accounts, however, are balanced by research that has found no evidence of a culture of worklessness. Similarly, there does not appear to be sufficient evidence to support theories of transmitted deprivation, partly because it is very difficult to unpack the inter-relationship of education, low income, parenting skills and unemployment.

It can be said that cultures of worklessness *may* exist in some areas, within which worklessness, in some cases, is intergenerational. Individuals not breaking out of the cycle of worklessness experienced by their parents and staying in deprived areas can lead to spatial concentrations of worklessness, as those who do break the cycle and move into employment may also move away from deprived areas.

Geographical concentrations of worklessness

The changing geography of employment has also led to geographical concentrations of worklessness as some areas that experienced de-industrialisation have not benefited from new economic growth. Spatial mismatches have occurred as individuals are unable to access employment located in other parts of their local labour market because childcare responsibilities or a lack of public transport confine the areas in which they can work.

Workless individuals can be restricted to living in deprived areas because of the structure of social housing. They experience compounded

disadvantage because of poor reputations of areas, and the fact that their social networks may be made up of other economically inactive people. It is recognised in some literature that in certain areas there are deficiencies in the demand for labour. There are arguments for job creation schemes in those areas, undertaken in conjunction with local people.

Conclusions

This literature review has shown that, in order to fully understand the phenomenon of worklessness, it is necessary to look at individual behaviour in the broader context of the communities and areas in which these individuals live. Approaches that address only one aspect of the problem of worklessness may be undermined by the dynamics of the other issues at play. Certain implications for the direction, content and development of active labour market policy are drawn from the review:

- 1 In some measure the causes of persistent worklessness transcend individual psyches and purely personal psychological characteristics. Consequently, policy interventions which are restricted to advice, guidance, confidence-building and motivational encouragement (or indeed to sanction, penalty and retribution) are unlikely to be sufficient to make significant quantitative inroads into workless communities. Policy measures encouraging employment which are restricted to the individual may well be undermined by family or communal pressures, suggesting they should be clustered in ways that affect both individuals and their social network.
- 2 The persistence of worklessness in the face of labour market buoyancy opportunities suggests that the objective barriers and constraints to taking work are likely to be complex, multifaceted, deep-rooted and individually varied. Consequently, the ready accessibility of a wide range of support measures, each separately tailored to overcome these individual barriers, should be a necessary feature of the policy measures

to address worklessness. Support measures should be delivered in a flexible way, appropriate to the circumstances and problems of the individuals.

- 3 Workless people often have problematic experiences of work. It should be recognised that the impact of labour market interventions may well be magnified when part of a more widespread community regeneration programme. Any intervention needs to include pre-employment preparation, such as the acquisition of sufficient skills to access satisfactory jobs, support in retaining that job, and continuing support and assistance in moving on to a better one. This longer-term investment may be necessary if the unemployment-unsatisfactory employment-unemployment cycle is to be broken.

The full report of these research findings is published for the Department for Work and Pensions by Corporate Document Services (ISBN 1 84123 832 5. Research Report 255. June 2005).

It is available from Paul Noakes at the address below.

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Paul Noakes, Social Research Division, 4th Floor, The Adelphi, 1-11 John Adam Street, London WC2N 6HT.

E-mail: Paul.Noakes@dwp.gsi.gov.uk