

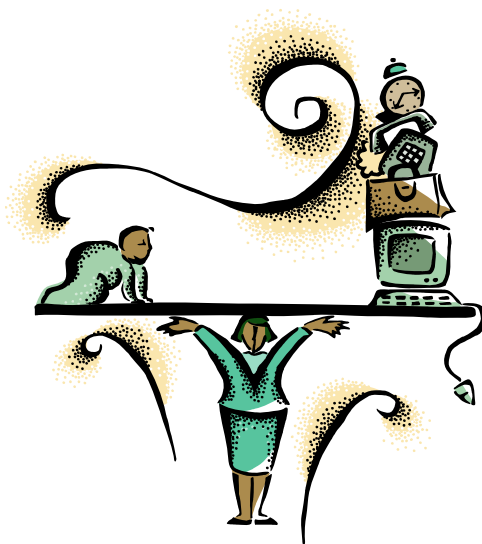
# Wage top-ups and work incentives:

The implications of the UK's Working Tax Credit scheme

## A PRELIMINARY REPORT



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### **Contents**

	page
Executive Summary	2
Background	4
The Research	6
Methods	7
The Sample	8
Employment Histories and Experiences	10
Experiences of Working Tax Credit	14
Understandings of Working Tax Credit	17
Discursive Narratives	23
Conclusions	28
References	30

## Executive Summary

1. Working Tax Credit (WTC) was an in-work means-tested cash transfer introduced in the UK in 2003 as a replacement for earlier stop-gap schemes, from which it appeared to differ in three respects:
  - By embracing a mechanism explicitly intended to top up low wages, rather than low incomes, it portended a permanent shift of principle.
  - It was a benefit expressly for workers rather than their families and could be claimed by low-paid workers without children.
  - Arrangements for payment and the designation of the benefit as a 'credit' were intended to distinguish it more clearly from out-of-work benefits and to make it less stigmatising.
2. This report relates to a study undertaken at the London School of Economics and funded by the UK Economic and Social Research Council under Award Ref: RES-062-23-1833. The study sought to investigate the meanings and expectations that were attached to WTC by its recipients, their experiences of, and commitment to, labour market activity. The investigation entailed in-depth interviews with 52 recipients from different parts of England and a qualitative analysis of the resulting interview transcripts.
3. The WTC recipients who participated included both women and men, of various ages, from two-parent, lone-parent and childless households. Characteristically in the course of their working lives the participants had experienced a series of short-term jobs interspersed with periods of child-care or unemployment. Most participants considered that they were not being paid what they were worth, though many were positive about the jobs they currently held. Nevertheless, several reported experiences of adverse working conditions and/or oppressive management practices.
4. Participants exhibited considerable confusion regarding the WTC: - as to the name of the benefit; its relationship to other benefits; and the basis upon which they were entitled to it. Participants were glad to receive WTC and were by and large supportive of the scheme. However, the opaqueness and perceived unreliability of the scheme could be experienced as disempowering.
5. Of the various understandings as to the purpose of WTC reported by participants, three were dominant:
  - Despite the fact that WTC, unlike the schemes that had preceded it, was supposed to be separate from benefit schemes intended for the support of children (such as Child Tax Credit), parents tended to regard WTC as compensation for families with children.
  - Participants generally understood that WTC provided an incentive for recipients to go to work, though by and large this was regarded as an

- incentive that applied not to them - since they needed no such incentive - but to other people.
- Most participants acknowledged that WTC functioned to lift people out of poverty, and however helpful this might be, there was still - for some - an element of stigma associated with the benefit.
6. Close analysis of the interview transcripts disclosed a variety of intersecting discourses or narratives upon which the participants might draw, albeit to differing extents and in differing combinations. What distinguished these narratives was, on the one hand, the priority participants might attach to having a job and, on the other, whether they felt grateful or resentful about the job they actually had. The dominant narrative revealed by this analysis could be characterised as a 'virtuous worker' narrative that regarded work as inherently virtuous, even when it pays badly. Nevertheless, other narratives provided an undercurrent to this dominant narrative. There was a 'moral pragmatist' narrative in which work was welcome, but not the most important part of life; there was an 'exploited workaholic' narrative in which work was essential but insufficiently rewarding; and there was a 'reluctant worker' narrative in which the terms and conditions of work were simply unacceptable.
  7. The current UK government has proposed that the WTC should, with effect from 2013, be absorbed into a 'Universal Credit', a means-tested cash transfer available to all people of working age, whether in or out of work, but which would be so designed as to ensure that recipients would always be better off even in minimally paid work than not in work at all. The findings from this study suggest that though this is likely to attract significant popular support, acceptance of the idea that making work pay by providing state top-ups to low wages is not necessarily universal. Popular sentiment exhibits undercurrents which are, in some instances, either at odds with the moral utilitarian logic of the Universal Credit, or else resentful of jobs that do not meet people's aspirations and/or wages that are unacceptably low.

## Background

Working Tax Credit (or 'WTC') is at the time of writing an in-work means-tested cash benefit or transfer, payable in the UK to certain low-wage earners. It was introduced in 2003 as a successor to previous benefit schemes designed to top-up low wages: Family Income Supplement (FIS) (1970-1988); Family Credit (FC) (1988-1999); Working Families Tax Credit (WFTC) (1999-2003). At the time of writing it is due to be subsumed from 2013 by a new Universal Credit (UC) (Department for Work and Pensions, 2010b).

The introduction of the WTC scheme was significant for a number of reasons. First, it was intended to be more than an incremental successor to those which had functioned during the previous three decades, not least because it was to be administered not by the social security department (i.e. the Department of Work and Pensions as this was by then called in the UK) but by the Inland Revenue (since subsumed by Her Majesty's Revenue and Customs or 'HMRC') under the direct auspices of The Treasury. This administrative change had a certain symbolic significance: it portended an intention to remodel the basis of state financed income maintenance arrangements for people of working age (Millar, 2003; Piachaud, 2007). The original FIS had been introduced by a Conservative government as a stop-gap measure (Hill, 1990) and FC and WFTC represented essentially pragmatic developments of that original scheme (Dean, 2002). However, in light of the UK Coalition Government's proposed extension of the Tax Credit principle, the 2003 reforms can be seen in retrospect to have signalled the point at which the UK finally and irrevocably accepted a principle that had in a previous era been decisively rejected.

The original precedent for the provision of public subsidies to supplement low wages had been the eighteenth century Speenhamland system, first introduced in the Parish of that name, whereby Poor Law funds were applied to support the families of agricultural labourers whose wages had fallen below poverty-levels (de Schweinitz, 1961). The classical economists of the industrial age objected that this amounted to an interference with free-market forces and the Poor Law Amendment Act sought to ensure that none should receive poor relief except in the workhouse. The less draconian means-tested social assistance schemes that succeeded the Poor Laws in the twentieth century similarly ensured that nobody in full-time employment should receive relief to meet basic subsistence costs. Towards the end of the twentieth century, however, the new economic orthodoxy had come gradually to accept that competitive economies no longer had need of a reserve army of labour, but that labour supply should be maximised so as to promote investment, even if achievable wage levels at the margins of the economy are lower than the cost of living (Jordan, 1998). Following the example of the Earned Income Tax Credit scheme in the USA (Walker, 2005), the introduction of WTC unequivocally acknowledged that it was not only acceptable, but also desirable, that the government should effectively subsidise low-paying employers.

Second, and associated with this shift in perception, the WTC formed part of a Labour Government 'welfare-to-work' strategy, summed up in the mantra that 'work is the best form of welfare' (Department of Social Security, 1998). The strategy had several strands. It had entailed on the one hand 'New Deal' schemes intended to assist or compel unemployed people, lone-parents and disabled people to participate in the labour market; an approach that was sustained for a decade and is in now the process of being further developed by the UK's Coalition Government (Department for Work and Pensions, 2010a). On the other hand, it has also entailed measures to 'make work pay', including a National Minimum Wage, set at such a level (beneath the European Decency Threshold) that for many households it needed to be supplemented through the new tax credit schemes (Exell, 2001; Grover, 2005). Whereas the WFTC had been little more than a more generous version of previous in-work benefit schemes intended for working families with children, the 2003 reforms entailed a structural separation between a Child Tax Credit, aimed at both low and middle-income households, and the more rigorously targeted WTC aimed at low-wage earners, including disabled workers previously covered by a separate scheme and including certain workers without dependent children. Unlike its predecessors WTC was not a benefit intended primarily to support children, but to compensate for low-wages. It was every bit as much a labour market policy as a social security policy.

Third, a key (albeit untested) assumption behind the idea of a WTC administered by a tax authority, rather than a social security agency, was that payment would be more closely associated in the minds of recipients with work: it would be seen as reward for work and no stigma should attach to it:

As a tax credit rather than a welfare benefit, it would reduce the stigma associated with claiming in-work support; it would prove more acceptable than social security benefits to most claimants and taxpayers and taxpayers as a whole (Taylor, 1998: 22)

Initially, the intention had been that tax credits should be paid on behalf of the government by employers through the pay-packet. This proposal was modified before the scheme was introduced and subsequently dropped in 2006, not least because of employer objections and problems with compliance (Godwin & Lawson, 2007a). In any event, low take-up rates for the new WTC in the early years of the scheme (HM Revenue and Customs, 2006) provided no evidence to suggest that it was being perceived by potential recipients as any less stigmatising than previous schemes.

Earlier research on low-income workers' experiences (Dean, 2007a, 2007b; Dean & Coulter, 2006), though not expressly focused on WTC, incidentally revealed that at least for some recipients of WTC, having to rely on means-tested top-ups left them feeling somehow undervalued at work. While the explicit purpose of WTC is to 'make work pay', it emerged that some (not all)

working parents looked upon their receipt of WTC as a form of welfare dependency, not as proper wages from a 'proper' job. Their reservations stemmed not from the considerable administrative difficulties that some had experienced with the WTC scheme (Citizen's Advice, 2005), but the fundamental principle of the scheme. Understandably, none of the respondents in the study would readily acknowledge that they were being paid what they were worth by their employers, but for a few, it seemed this was a troubling issue: an issue relevant to their sense of identity and self-esteem.

There are subtle, underlying aspects of the relationship between WTC and recipients' behaviour and attitudes to employment that have not been captured in previous research. Research on the 'low-pay/no-pay cycle' (McKnight, 2002) questions whether much of the low-paid work characteristically to be found at the margins of the labour market is sufficiently secure to ensure that work is the best form of welfare. There has also been considerable amount of commentary upon the administrative failings of the tax credit system and the implications these have for income security (Godwin & Lawson, 2007b; Smithies, 2007). Particular attention has been paid to the practical tensions experienced by lone-parents in receipt of WTC (Millar, 2008). Nonetheless, WTC will have contributed to a redistribution of incomes to lower income households (Sefton & Sutherland, 2005) and if the labour market were more stable and tax credits could be better administered, could it still be said that work - even low paid work - is the best form of welfare? Holding paid employment clearly can bring psychological and other non-material rewards (Coats & Max, 2005; Jahoda, 1982), but how might working for Tax Credits rather than for wages affect those rewards?

## **The Research**

The research conducted for this report was an in-depth qualitative study that focused explicitly on the effects of WTC upon the work ethic and upon the meanings that people in subsidised low-wage employment attach to their jobs. Critics of the eighteenth century Speenhamland scheme referred to above had feared that wage top-ups financed under the Poor Laws might undermine the work ethic. Twenty-first century policy makers, in the UK and elsewhere, have come to believe that state financed wage top-ups can bolster the work ethic by providing appropriate incentives for participation in a low-wage labour market (Bennett, 2005; Millar, 2003). The UK Coalition Government has plans to take this further with the proposed introduction of UC (Department for Work and Pensions, 2010b) which is to be constructed to ensure that, in financial terms, claimants will always be marginally better off in employment.

The policy thinking that had informed the WTC, similar schemes in other developed countries (Forman, 2010) - and now the proposed UC in the UK - is that it is desirable and even necessary in a competitive global economy indirectly to subsidise low-paying employers. Whether this is acceptable so far as low-



waged employees are concerned depends not only upon whether they are able to obtain a sufficient income despite the nature of their employment, but upon whether this is achievable with dignity and a sense of self-worth and whether it is commensurate with a right to 'decent' work (International Institute for Labour Studies, 2003; International Labour Organisation, 1999).

This research has used in-depth qualitative methods to explore just what implications WTC might have had for low-paid workers from different backgrounds and in different circumstances. Our aims were

- To investigate the meanings and expectations that recipients of WTC attached to the scheme and the extent to which these may have varied according, for example, to gender, parental and/or disability status.
- To identify the different ways in which the recipients of WTC experience their jobs and, in particular, their motivation and the sense of identity and self-worth that they obtain from work that is subsidised through WTC.
- To explore the potential effects of the WTC scheme upon the changing nature of the work ethic among workers engaged in low-paying employment.

## **Methods**

The research was funded by the UK's Economic and Social Research Council under Award Ref: RES-062-23-1833 and began in June 2009. Though the fieldwork was concluded by February 2010, as a result of unavoidable delays to the data analysis phase of the project, the writing up of the findings of the investigation was not concluded until April 2011. Prior to the project, between early 2007 and mid 2008, concerted efforts had been made to secure the co-operation of HMRC with a view to drawing a suitable sample of WTC claimants for the purposes of the study. However, following extended correspondence with different officials and an abortive attempt to engage the relevant Minister, it was made clear that such co-operation would not be forthcoming. The sample for the project was therefore constructed initially with assistance from CACI Limited, which is responsible for developing and maintaining the 'ACORN' geo-demographic tool (see [www.caci.co.uk/acorn/](http://www.caci.co.uk/acorn/)). CACI provided a list of 24 output area based sample points (i.e. groups of 100-150 dwellings) at various locations in England with high proportions of low-income working households and fulfilling criteria that would make it likely that we could achieve a sample containing a mixture of single parent, two parent and childless working households in receipt of WTC.

Fieldwork visits were made initially to 12 of the 24 output areas, in various parts of the country. Fieldwork visits, lasting in some instances several days, entailed door-knocking and the posting of letters (including a description of the project, an interview consent form and a freepost reply envelope) at addresses where there was no reply; 'snowballing' methods to elicit personal introductions to neighbours

or acquaintances of interviewees; and visits to businesses or community organisations in the neighbourhood concerned in order to elicit personal introductions to potential interviewees. In the event the sampling method proved less efficient than had been expected and the fieldwork visits, including return visits, achieved a poor response rate. This was partly because there appeared to be fewer WTC claimants than might have been predicted from the characteristics of the output areas and partly because of the reluctance of potential interviewees to participate.

As it became clear that the CACI designated output areas were unlikely to generate enough participants within the time available, assistance with sampling was additionally sought first, through Renaisi, a regeneration consultancy in East London, who put us in touch with some of their past clients from their 'Ways to Work' project (the New Deal for Families element of the London Borough of Hackney's welfare to work programme); and second, through the Union of Shop and Distributive Allied Workers (USDAW), a trade union with a large number of lower-paid members, who distributed a mailshot to 500 active members seeking their assistance. This enabled us significantly to boost the sample.

The research design complied with the ESRC Research Ethics Framework and was formally approved by the Research Ethics Committee of the London School of Economics and Political Science. Verbal and written explanations of the purposes of the research were provided to all participants, together with explicit undertakings as to confidentiality. Participants would be assured that they could withdraw from the research at any point, that their participation would not be disclosed to HMRC or their employers and they would not be identified in any published findings from the research.

Interviews were conducted in most instances in the participants' own homes, though some were conducted in cafés or workplaces. Each interview explored - the biographical details of the participant, including her/his educational background and past employment; her/his understanding of the function, purposes and intentions of the WTC scheme and her/his support for its underlying principles; her/his sense (if any) that s/he is (justly or unjustly) disadvantaged in the labour market; her/his current employment and her/his motivation and feelings with regard to the satisfaction and sense of identity and self-worth provided by that employment. Interviews, subject to consent, were digitally recorded and fully transcribed in anonymised format. Copies of each participant's transcript were sent to her/him with an invitation to change or clarify the account s/he had given and the views or feelings s/he had expressed. The resulting transcripts were analysed with assistance from qualitative discourse analysis software (NVivo).

## The Sample

Interviews were conducted with 52 participants. For the purposes of this research, the sample was not and was never intended to be statistically representative of the population of WTC recipients. Nevertheless, the achieved sample was reasonably inclusive and fairly reflected the composition of that population in several key respects (see Her Majesty's Revenue and Customs Analysis Team, 2009). Of the 52 participants, 36 were women and 16 were men. This was broadly consistent with the proportions to be found in the population of working adults in households receiving WTC at that time, of whom approximately two-thirds were women. Of the participants approximately one fifth (11) were aged under 35 years, just under two-thirds (31) were aged under 45 years and just over a third (21) were aged over 45 years. Once again this was broadly consistent with the proportions to be found in the WTC recipient population as a whole, albeit that older recipients were slightly over-represented in our sample and, unfortunately, the limitations of the sampling strategy meant that no under 25 year olds were included (although only about 5 percent of WTC recipients were aged under 25 at that time and under 25 year olds without children were in any event ineligible for WTC). Of the participants 26 were partnered and had dependent children; 13 were lone parents and 13 had no children (of whom one was partnered and 12 were single). Overall, therefore, around three-quarters of the sample were caring for children, a proportion that was only slightly less than that in the WTC recipient population as a whole.

Of the participants, 41 were White (including one EU migrant from Hungary) and 11 were from Black or Minority Ethnic Groups (including five of South Asian heritage). The sample was evenly divided between participants from the North of England (26 participants from the North East, North West and Yorkshire & Humberside regions) and from the South and Midlands of England (26 participants from London, the South East, South West, East and the East and West Midlands). Two-thirds of the sample (39) were living in owner-occupied housing, with the remainder in social sector (11) or private rented sector (12) accommodation, proportions very similar to those of the English population as a whole (see Department for Communities and Local Government, 2011).

All the participants had had experience of claiming WTC, albeit that at the time of the interviews, only 35 were currently in receipt. Forty-two participants (or their partners) were in employment at the time of the interviews (26 on a full-time basis); four were self-employed and six were currently unemployed. Four participants were disabled<sup>1</sup> and 21 reported that they had had health problems at some stage during their working life, including four who were on sick leave at the time of the interview. The sample included participants with a range of educational attainment levels. Though nine participants had no qualifications and

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<sup>1</sup> Of the four, only two identified themselves as disabled, though neither considered that they had been especially disadvantaged in relation to their labour market opportunities. The other two, while reporting currently life-limiting impairments, chose not to identify themselves as disabled.

11 had only school leaving level (GCSE) qualifications, 19 had post-school qualifications, including eight who had degrees. Nevertheless overall educational attainment levels were beneath those of the general population (see Office for National Statistics, 2008).

It was an extraordinarily diverse sample and participants had often endured or were currently experiencing challenging circumstances. For example, the participant with the highest qualification - a PhD in Forestry - was a divorcee who had been limited for much of her working life to undertaking poorly paid freelance advisory work while caring for her daughters, one of whom had Downs Syndrome. On the other hand one of the participants with no qualifications at all had come from Ghana where she had once helped her mother selling second-hand clothes in the market: she had come to the UK in order to look after an aunt's baby, but was now living alone and working as a cleaner. The participant with the most family commitments was a Pakistani man with a wife and five children who was also supporting his aged parents while working at a supermarket and trying to pay off a £4000 overdraft. In contrast, perhaps the loneliest participant was a man who had left his home in the North of England to live alone in lodgings while taking a low-paid job valeting cars for a garage nearly 200 miles away on the South coast.

## **Employment Histories and Experiences**

The employment experiences described by the participants reflected by and large the nature of peripheral labour market conditions. At the time of the interviews the participants were in a range of occupations, though not necessarily on a full-time basis: ten were in un- or semi- skilled manual jobs; eight were in routine clerical/retail jobs; five were in low-paid personal social service roles (e.g. childminder, care assistants, a hostel worker); nine were in professional or self-employment (including two teachers, a 'training consultant' and three small business owners).

### *Employment trajectories*

Most participants' working lives had involved a series of short-term jobs, often interspersed with periods of full-time child care or unemployment. The experiences of the older members of the sample demonstrated that such patterns of employment were nothing new:

I have one daughter and most of these [*short-term*] jobs were while I had her and she was growing up ... they fitted in between school times. Um, I then went back into office work as she got older so that um, I could earn more. She was 14 when I divorced her father. He'd moved out of the area by then anyway um, so more or less I've supported her meself just by travelling from job to job. I've been made redundant from office work five

times and one driving job once. ... And also at that time, my daughter was six, seven and she was getting childhood illnesses so I'd have to have time off work to look after her. Some jobs because I had to use the transport service, it was awkward to get to a job if I had to nurse her for a couple of hours and then take her around to somebody to mind her while I went to work. So most of the jobs were handy while I was earning and then something'd crop up and I'd have to leave or whatever. [59 year old divorcee]

Albeit that changing labour market conditions (e.g. Doogan, 2009) meant that it had been getting more difficult to find employment:

"...when I left school I mean you could walk out of one job one day and walk straight in another the next and the longest I was on, um, after I finished at the fruit shop because I just sort of walked out of that, I didn't give notice or anything, and I went to sign on and before the end of the week I had a job in the milk factory ... Back then you could in a factory, you could just walk out of one straight into another. You can't these days. [59 year old widow]

In this context, participants were often mindful of the growing preponderance of part-time jobs, including those providing less than 16 hours per week, the threshold beneath which workers did not qualify for WTC. Access to jobs was very much dependent on local labour market conditions:

Um, one of [*the 40 or so jobs I've recently applied for*] I, er, I just couldn't get to, um, because of the distance and the other one was the distance weren't too bad ... but it was night work so you've got to try and get there for, um, sorry no, it was 3 o'clock so that's OK but you finished at 12 and there's no buses after 12 o'clock and I couldn't expect my husband to come and pick me up. He starts at 6 o'clock in the morning so I couldn't take that one. Erm, the other one I didn't like the sound of to be quite honest. I didn't like – the money was rubbish ... [48 year old partnered woman - unemployed at time of interview]

What is more, access to jobs was often quite by chance, through families or friends:

[*I've been*] ... signing on, working part-time, signing on, working, signing off ... Erm, I worked part time and then er at a friend's garage just like sweeping up and carrying bags for them and that, you know, just helping - fetching some paints for him, you know, and erm signed on and er, yeah, no, for a while I was unemployed for a good time, you know. I think between then and now I've probably done about three odd years, three and a half years, on the dole I think in between then. [40 year old partnered man with children]

That was through, erm, the lady in - a little boy who's in my daughter's class, his mum was the manageress [*in a hairdressers*] ...And I knew her! Yeah and I knew her and I just said to her 'if there's any job', I said 'the rumours are that they're going to be selling the salon', I said 'if anything comes up' I said 'can you let me know?' and she said 'oh yeah, definitely'. She said 'I'll definitely, you know, get in touch and that' and a couple of months later she collared me in the playground and she just said 'I've got a job coming up... [*41 year old lone mother*]

Only three participants now had what they saw as either significantly better jobs than those they had had in the past or the jobs that they had really wanted. Participants offered various accounts of the constraints that had in the past prevented them achieving better paid or more satisfying jobs: bad luck, child-care constraints and/or the unacceptable nature of the terms on which promotion had been available:

.... my sort of journey from leaving university [*was*] just having what I would describe as rubbishy jobs kind of you know, kind of not really that direct in this kind of by luck and chance, just picking them up and just 'oh, a job's a job' kind of thing [*27 year old partnered woman with children*]

There's always promotion, either in my job or in the company that you can always apply for, but ...That's up to you as a person. I mean, I used to be a senior, but when I had my second child he was sick so much the stress with home and work it just got too much, so I stepped down. [*25 year old partnered woman with children*]

I had a choice of whether to take a grade down or take a voluntary [*redundancy*] or go on nights as a Manager. Er, but I mean I was thinking about it and I thought 'it's better to take a drop down than go on nights or take a redundancy really' to be honest. I took a drop down and went to a normal General Assistant at the time. [*52 year old partnered man with children*]

### *Adverse terms and conditions*

A substantial majority (38) of our participants considered that they were not being paid what they were worth. This was particularly salient for participants who felt that the responsibility and challenges entailed in their work were going unrecognised:

I'm on the minimum wage like most of us [*in this workplace*] are. We haven't had a pay rise last year at all. It's either that or the jobs again. I have to be quite responsible for quite a few different jobs that we have to do. It's like a supervisory or management role really in charge of things

but we're just classed as just part time. A number at the end of the day, that's how I feel. A lot of people are like that and they just give you more and more. They know you can do it, they just give you more work and more responsibility... [47 year old lone mother]

No [*I am not paid what I'm worth*]. Not at all 'cause I'm earning three pound an hour [*this is beneath the minimum wage, but presumably refers to net takings*]. ... all the paperwork I do. I spend all my evenings upstairs doing all the paperwork, Ofsted [*the Office for Standards in Education*] throw at us and that's all unpaid and that, I definitely, I think we should get, I think childminding should get more money for all the work Ofsted throw at us to do which we can't do when we're looking after the kids, of course, because our main priority is playing with the children and doing activities and taking them out. [29 year old partnered women with children, working as a childminder]

It's quite poor pay for what you're doing. It's hard work and, like you say, you do a lot of - there's people with quite special needs that you sort of care for. It's a lot of responsibility, a lot of medications and things like that and, you know, the pay is terrible. [38 year old lone mother, working as a carer in a residential home]

Nevertheless, participants rarely explicitly recognised the sense in which the WTC was subsidising their employment. The following response was in fact untypical:

Well to be quite honest with you I don't [*think I 'm paid what I'm worth*], I don't know how people work things out but I feel if I was earning a proper wage or a decent wage, I would have no need to claim Working Tax Credit. But according to them [*management*] they think they're paying us a good wage and I said well if you're paying us a good wage why do I need to claim? [59 year old widow]

Beyond the question of pay, the participants were often positive about their jobs, as will be seen below, but their accounts sometimes revealed poor conditions of work and shoddy employment practices. Several participants conveyed the extent to which they were undervalued by management ('for them, you're just a number') or worse, they were subject to petty and humiliating discipline:

You're standing there [*during the lunch break*], 'what ya doing there?', you know, you know, 'you don't pick your tray up from the canteen', 'right, we'll have a word with you. This is a formal warning, you've not picked your tray up from the canteen', ... Half an hour: you've got to take five minutes up the stairs, then you're in the queue, er, waiting. You've got about five minutes to rifle your food down and you're thinking 'oh, you're watching',

you've got to eat your food fast and run back downstairs and just get in for the clock machine. *[40 year old married man with children]*

It was noticeable that the worst instances of harassment or bullying at work were reported by participants from Black and minority ethnic groups, two of whom at the time of interview were off work with a combination of stress and physical illness. One of these was awaiting resolution of a formal grievance that he had lodged after being racially abused and assaulted by a line-manager.

It was also clear that the physical conditions in which some participants work could be poor. The most extreme example, being the following description of working in a chicken factory:

I work at, sometimes minus forty, I have to go in the blast freezer and it goes down to minus forty, so it does, it's pretty.... And then the other, the flip side of the coin, is *[the room]* where they de-feather them, and I'll tell you what, that's like a sauna, it, it's well it's boiling hot water. You know, when you go in, and it's ammonia smell, and it's oh, just, it's so you're going one extreme to the other.... *[49 year old partnered man with children and who had had health problems]*.

Participants seemed by and large to have low expectations of the terms and conditions that pertained at work and, with few exceptions, little understanding of their employment rights. Though not all the participants were silent, the interviews were characterised by the relative absence of a tendency or willingness on the part of the participants to place the blame for unfair wages or poor terms and conditions on their employers.

## **Experiences of Working Tax Credit**

Insofar as previous research, as we have seen, has focused on recipients' experiences of claiming tax credits our interviews did not set out to explore those experiences in great detail. Despite this, participants often had much to say on the subject.

### *Terminology and meaning*

Though all participants had received, or were members of households that had received, WTC since its introduction in 2003, some had previously been in receipt of Working Family Tax Credit (the in-work social security benefit that preceded the introduction of WTC) and in those households with children, participants were receiving WTC in conjunction with Child Tax Credit. In practice, participants receiving both benefits found it difficult or impossible to distinguish between WTC and CTC elements of the payments they received and many



continued blithely to refer to payments as 'Working Families Tax Credit' or, quite commonly 'Family Tax Credit'.

Participants were expressly asked whether it made any difference calling the money they received from WTC a 'credit' as opposed to a 'benefit'. Participants tended to say they hadn't really thought about it or else that it made no difference so far as they were concerned. Some were clearly unimpressed by the attempt to re-badge in-work benefits as credits:

I see it as benefits. I see it as taking it out of the social. I don't see it as any different. I don't think the wording makes any difference. If you're entitled to it you're going to claim for it regardless of the name and most people will do. [32 year old lone mother]

Some participants, however, clearly did latch on to the positive connotations of the word 'credit', inferring that WTC gave them 'credit for working' or for 'doing something good', or else that being entitled to a tax credit identified you as a tax payer rather than a benefit recipient, because 'if I stopped paying tax, I wouldn't expect to get a tax credit'. More particularly, a couple of participants contrasted the word 'credit' with the pejorative connotations of the word 'benefit':

... when something's called a benefit, it gives the impression that you're scrounging. It gives the impression that you don't really need it. But if it's called a credit, it gives a different interpretation of it. I think it's a good idea, yeah. [39 year old lone father]

I think credits sounds better than benefit. It doesn't sound quite so much as like you're claiming som'at, if you see what I mean. [40 year old lone mother]

For other participants the terminological associations were confusing:

Credit means you're still owing them, you're going to pay it back, doesn't it? Credit, I think you're still going to pay it back one way or the other because it's a credit. And benefit is benefits. Benefit means they're entitled to it, a benefit, I don't think so. I don't know what to call it to be honest with you. [35 year old lone mother]

### *Opacity and disempowerment*

None of the participants clearly understood how their WTC entitlement had been calculated. For most it remained a complete mystery:

I tell you, I am always uncomfortable with it. The working they do, I never get it. You know the breakdown, the calculation. I tell you, I sit down, I even phone them up, 'How did you do it?' even they explain to me, I still

never get it. And they should make that so simple, they make it so difficult and confusing, I mean, when they send it to you, [*they say*] 'if you're not happy with it', you know, 'let us know', but you know, the working out they did, I don't even know if they know. If they put it down so simply, then we would know [*how*] to work out easily. [*41 year old partnered man with children*]

I just think it's really daft how they've done it, how they work out everybody's situation because when you phone up and say, 'am I entitled for this?' ... they'll give you a rough estimate on the phone. 'Yeah, you're entitled to this, this and this.' And then when you actually get it, you can find it's about a hundred pounds short of actually what they said .... Or if you do it online yourself, 'coz there's websites where you can do it and find out an estimate, and then they send you the stuff out, and it's like, it can be like up to fifty to a hundred pounds out than what .... So I don't know how they calculate it. I don't know how they work it out cause they don't give you a breakdown, and 'Right, because you've got a child at such an age, this is what that child's entitled to.' They just don't explain what you're actually getting. It's just a sum and that's what you get each week. [*30 year old partnered woman with children*]

For some, the disempowering uncertainty of their entitlement had been compounded by early administrative failures of the WTC system, which had led to many tax credit recipients receiving overpayments that they were subsequently required to repay:

There was that overpayment and then they got it wrong and then the housing [*i.e. withdrawal of mean-tested housing benefit*], then they all hit kind of the same time, which I actually ended up being - I was a single parent at the time, I actually ended up giving up work because I'm like, 'I can't - I've got too many financial commitments now that I'm now in a position that I can't cope'. Also, I had to give up work which meant in the government's eyes it's worse because I've given up work, you're now paying my full rent, you paid me dole, right, stopped 'um, Income Support, etc., because you, in theory, you put me in a situation that I couldn't get myself out. So now, because I was a single parent I was like, 'I'll give up work', but then I went back to my job because I sorted myself out. But in my eyes, the government have put me there, because it was the government and the tax credits because the way that they messed all my money about. [*30 year old partnered woman with children*]

The fear and resentment occasioned by past administrative failures had for some participants undermined their sense of entitlement and/or deterred them from claiming future entitlements:

I could claim Tax Credit, but I'm not doing it because er ... they ended up saying I owed them £1,000 and I [*sighs*] I made a number of phone calls, I tried to work out what was wrong, I got different information and I decided this is just better to keep a distance from them, because these people are ghastly and I wonder whether part of the way of trying to reduce the number of claimants is to actually persecute people and let it be known, because I, you hear quite a lot on the radio about it and that's why I've decided to leave it be, I'm not, I don't want to go there because these people are nasty ... that is one aspect of this Tax Credit, which in my view is criminal, it's, it's people should be tried for it or at least put right. [56 *year old single man*]

### **Understandings of Working Tax Credit**

Despite the opaqueness of the WTC system and the disastrous experiences that some had had with the administration of the WTC, participants in the study by and large approved of the WTC, albeit that they expressed a variety of understandings as to its purpose. Broadly speaking there were three dominant understandings. The first conflated the role of WTC with that of Child Tax Credit and saw it as additional compensation for parents, or as money to benefit children and family life. The second understanding assumed the purpose of WTC to be to provide an incentive for labour market participation or as extra money for working, albeit that it was seldom acknowledged as an incentive so far as participants themselves were concerned, but as an incentive for nameless others. The third understanding conceived of WTC as a way of relieving poverty or hardship among the working poor. In the course of the interviews some participants - especially women - identified more than one underlying purpose or saw such purposes as overlapping.

#### *Money for families*

This understanding of WTC was favoured especially by women and younger participants. In several instances it was premised on a misunderstanding of the distinction between WTC and Child Tax Credit or an assumption that they had a common purpose, namely to compensate parents for the 'expense' and/or the 'responsibility' of raising children. In other instances it was possible that participants simply preferred to think of WTC as compensation for the responsibilities of parenthood, rather than as a supplement to their wages.

Beyond this general appreciation for the extra money that WTC brought in there was a range of interpretations as to the relevance of WTC and its effect on family life and relationships. WTC, like the benefits that had preceded it, could be regarded as a contribution to a 'family wage' (Land, 1999). This, however, could be seen in different ways. On the one hand, it could be seen as a way of sustaining established gendered roles or indeed to perpetuate a male

breadwinner household, because it allowed mothers to work fewer hours or not at all:

I think it was a good idea. Because any mums especially can go to work, don't feel like 'Oh I have to stay at home because I don't have enough money if I go to work, all the money will be on childcare.' They can still go to work, have a little bit of money and still spend time with the kids. And with that little extra of money either on childcare or whatever the child needs, instead of trying to, scraping all your pennies together between your husband's pay and your pay, to pay for things, and this is just a little bit extra to help people in these situations. [25 year old partnered woman with children]

I know it's helped us because without it I probably would have to work and obviously with my son with special needs, it would be extra difficult for me because I would have to, I would find it stressful because I'd basically have to work within school time which puts restrictions on what jobs I could do anyway and obviously the money does help towards me staying at home. [42 year old partnered woman with children - partner is sole earner]

However, WTC could also be regarded as a means to ensure that women secured control over a key element of the family budget:

I read it in [my husband's] bank statement, I says, 'what the hell is this?' .... I found it in his bank statement, 'Working Tax Credit'. So I says, 'what's this about?' And he says, 'oh, this is what we get'. So I rang up tax credit, I said 'put it in my bank account from now on, don't put it in his'. It's - end of day, it's work, child working tax, it's supposed to be for the kids, do you get what I mean? [35 year old partnered woman with children]

On the other hand, WTC could be seen as a way of compensating for the consequences of relationship breakdown, of allowing lone mothers greater independence, or - particularly with regard to the child care element of WTC - of compensating for the decline of the supportive extended family:

I mean at the time when I was receiving it, it meant that I could pay for my daughter's child care and still have a standard of the thing that was you know, quite comfortable and it meant that we could the things that I like to do without you know, resorting to uh, having to uh, up the, up our maintenance payments. [chuckles] No. It meant that we could continue living as we had done as a two parent family, as a one parent family. And that made a huge difference. [40 year old lone mother]

... because it's [my relationships] all set in boundaries ... Now maybe that's me who's put [i.e. done] that, not society, but you know, there's no

encouragement for me to live with somebody or move in with somebody. I might as well live on my own until they [*my children*] are 18 and then think about finding a partner. So it's all, because it's an extra wage coming in. [*32 year old lone mother*]

If it wasn't for [*WTC*] I couldn't go out to work, even if I worked full-time it still wouldn't be enough to live on, and pay childcare. You know, I think, back in the olden days, like, people had a lot of relatives to look after their children whereas most relatives move away now. You know, I've got brother and sisters, but they don't, they're wrapped up in their own lives, they've moved away. Apart from my mum, and that's only because she's out of work sick at the moment. ... there isn't anybody else. [*32 year old partnered woman with children*]

### *Money for working*

A different understanding of WTC's purpose emerged when participants acknowledged the sense in which it is an incentive to, or compensation for, labour market activity. This was especially noticeable among lone parents on the one hand and single participants on the other. The benefits of WTC were generally interpreted in simple utilitarian terms as a way of helping people, especially mothers, go to work, by making them 'better off'. Several participants were conspicuously enthusiastic about this and embraced the sense that the work which WTC had enabled them to do had its own value in terms of how it made them feel about themselves:

I mean they've [*tax credits*] made a huge difference in the fact that erm, without it, there wouldn't really – without the – the childcare [*the childcare element of WTC*] is the main one, without having assistance paying towards the childcare there'd be absolutely no point me sat here, we'd be in a minus, negative amount each month, so that wouldn't be a – so the childcare's invaluable and also the extra money to make you feel that it's worth your while if you are on a low wage, which this is quite a low wage really for a London job, it just gives you that extra boost. [*27 year old partnered women with children*]

For me, it is like a respect. If you are not working [*in*] this country they think you are stupid mother, something like that, but if you are working, I feel like I am eating my money. My children know it is going from my money, so it's not just you are sitting waiting for some money to come. Like you are disabled, they come in, "Why you buy this one?' Who gave you money?" something like that. That's why, for me, the job, if you are working, it's your money, because you are working hard for your family yourself. [*36 year old partnered woman with children*]

I think it was really good. I think it's, I'm, it's brilliant that you feel, you feel that you've earned it, because you're getting it because you're working not because you're not working. [55 year old single woman]

In other instances, although the intention behind the WTC scheme was understood, it was seen as irrelevant to whether people worked or not, or even as an unintended disincentive, because the tapered withdrawal of the WTC as earnings rise acts as a motivational disincentive that, in some instances, may even devalue the meaning of work, particularly if it locks people into menial jobs:

I think if people are going to go back to work they will, if they're not, they won't. [29 year old partnered woman with children]

We were talking the other day about him [*her husband*] going back to doing 40 hours a week but then we worked it out that we'd be no better off because we'd lose the Working Tax Credit and some of the Child Tax Credit but the wages would kind of just even it up. So it wasn't particularly worth it, but I suppose, in a way, it does, we need to earn a lot more to be better off without the benefits than we are now, so it kind of hinders you in that way, where you can't, kind of, progress, you get stuck in a rut ... [36 year old partnered woman - partner is sole earner]

... what annoys me is I go out and better myself and I get less Tax Credit and I'm no better off. I might as well just work in a – like now for example, when I was earning in recruitment and to claim my salary I got next to nothing. As soon as you go and work in a job where you don't have to use your brain and you don't have to think and you're less likely to be questioned in your job, you still get the same money coming in so it doesn't inspire you to get any more – why would you when you can earn less? It's silly really isn't it? [32 year old lone parent]

The incentive effect of WTC was widely seen as of relevance to *other* people and not to the participants themselves. They asserted that they did not need an incentive to work. What is more, though participants may have been glad of the assistance WTC provided, not all of them were comfortable about depending on it. WTC is not devoid of stigma and some looked forward to the day they would no longer need it:

So um, obviously I think it was an incentive for people hopefully to try at least do something, you know, to go back to work. 'Cause I think a lot of mums who I know from school, it's so easy for them not to work at all and they earn just about the same amount of money as what I take home without doing anything at all really. So, uh, I mean I could never, never do that at all. I've always got to do something so and what they do all day, I don't know ..... but I think once the kids are a bit older, I probably will work full-time and not hopefully try and rely on this anyway, so, it's um, I

try to be honest. I know a lot of people won't do but I cannot do that. I have to try and make me own way if I can but obviously this money does help. [38 year old lone parent]

### *Money for the poor*

This connects to an extent with the readiness of a majority of participants - older participants in particular - to recognise that WTC was a policy that had been intended to lift people out of poverty. Significantly, however, only three participants resorted to the actual word 'poverty'. In identifying the relief of poverty as a purpose of WTC, participants might have been avoiding directly identifying themselves as poor or needy. Instead, the point was expressed in general terms, sometimes in the manner of an analytical observation:

I was under the impression it was to bring everyone up to kind of a level of standard of living - an income. So you didn't have this, you know, poor, very poor, you know, then working class and everything else. It was trying to bring everyone up to a reasonable level of living. Um, that was my understanding but I, I can honestly think there must be better ways to do it or better ways to run it. Must be. [39 year old partnered man with children]

I think to help mostly families and people who don't get enough money from their own job. Because a lot of jobs, they, it just doesn't pay enough, like with your house and then your food and ..... So I think they brought in this scheme to try and help out a little bit more, than to go on sick leave and to try to get loads of money from the Government that way. I think they want people to still stay in their jobs but to get a little extra for doing it, and also to pay for your kids. [25 year old partnered woman with children]

For other participants their appreciation of the part played by WTC in alleviating poverty was based on their own experience:

...it's a necessity really, as I say like for people who can't you know afford to live basically, you know 'cos even now as I said on full time wage, I'm like - I mean I - I still think that I should be entitled to Council Tax benefit and stuff as well like you know because it is really, really hard, cos there's no erm - it - that's all I'm doing is living, I'm not benefitting, but I'm not like going out and you know being able to afford things that I'd like to afford, it's a case of 'well, no - no you can't' and I've been like that all my life basically, like you know since I've had me kids and that, there's never been like any bonuses or anything like that, so you just get by like, you know. [51 year old partnered woman]

It helps me out a lot. It pays me rent. It um, pays the childcare. Not that I have much left over but you know, at least the two main things are paid

for. Um, yeah, so I am glad, it does help a lot even though I moan about it, but it does help. [*30 year old married woman with children*]

Occasionally, WTC had been experienced as something that enabled recipients to do a little bit more than merely survive, but as something to 'give me and me children a bit more choice' [*38 year old lone mother*]: as something that afforded a slightly more acceptable life style.

## **Discursive Narratives**

Our interviews were intended to explore how participants felt about their work. An inductive examination of the interview transcripts revealed patterns to the narratives disclosed by the participants. These were not clear-cut patterns in the sense that participants could be categorised by the accounts they gave, because participants often had ambivalent feelings or made contradictory statements. Nevertheless we identified two dimensions or distinctions that could be used to classify their narrative accounts.

### *Modelling the narratives*

The first of these distinctions was between discourses that valued work as an end in itself on the one hand, and those that valued work as a means to an end on the other (cf. Dean, 2007b; Dean & Coulter, 2006). Sometimes participants implied that work gave particular meaning to their lives. Sometimes it was implied that they were working merely in order to obtain a living. This dimension was revealed - at an initial superficial level - the classic 'lottery question': participants were asked whether, if they were to win the jackpot in the National Lottery, they would still go to work. The question, though often used in explorations of the work ethic (Furnham, 1990; Gallie & Vogler, 1994) is on its own a crude device that would not necessarily reveal whether, for example, people prefer having a low-paid job to being unemployed (Dunn & Saunders, 2010), though this was something that in-depth interviews could go on to explore. Characteristically, most (but not quite all) participants asserted that if - hypothetically - they became millionaires they would still have to 'do something', even if it were voluntary work of some kind, but the strength and conviction of such responses varied and could be differently interpreted in the context of other elements in their substantive accounts. For some participants more than others having a job was necessary to their sense of identity and self-worth (Jahoda, 1982; Warr, 1987). Talking about why it was important for them to work for a living, participants often revealed conflicting rationalities, and this ambivalence reflected an underlying tension between 'living to work' and 'working to live'.

The second distinction was between discourses that valued the particular job the participant held (or had most recently held) on the one hand and those that disparaged the job on the other. Sometimes participants implied they were



'grateful slaves' (Dean & Shah, 2002; Hakim, 1991). Sometimes it was implied that they were 'resentful drudges'. As we have seen, most (but not quite all) participants recognised that they were to some extent underpaid if not exploited by their employers, but this did not necessarily mean that they were unequivocally resentful. Talking about the jobs they did, how they were treated and how they felt about their employers, participants sometimes revealed conflicting expectations and emotions, and such ambivalence reflected an underlying tension between gratitude and resentment.

These two dimensions connected and intersected with one another to produce four characteristic discursive narratives, as illustrated in the diagram below:



This thematic model may be used, not so much to describe the participants who took part in the study as to understand the range of the discursive repertoires on which they would draw. It is not suggested that our participants could necessarily be classified as 'willing workers', 'moral pragmatists', 'exploited workaholics' or 'reluctant workers'. But these were the narratives that characterised their discursive accounts. For around two-thirds of the participants, one narrative would tend to dominate, though they would generally draw upon more than one. Other participants would draw on several or even all the narratives, though no one narrative dominated. Nevertheless, by using this model we can reflect upon the different ways in which WTC affected the participants' lives.

#### *The 'virtuous worker' narrative*

This was the most frequently deployed narrative in so far as 22 of the 52 participants called upon it at some stage during the interview, and for 12 of the

35 participants it was their dominant narrative. Women and younger participants were more likely than men and older participants to do so. Of the four disabled participants, the two who had initially declined to identify themselves as disabled (one had a hearing impairment, the other a speech impediment following a stroke) both drew enthusiastically on this narrative, but not the two who had self-identified as disabled and whose sense of identity was less dependent on their role as workers.

The 'virtuous worker' narrative can be understood as a discourse that embraced the Third Way mantra: 'work is the best form of welfare' (Blair, 1997; Giddens, 1998). It is a narrative that regards work as a social responsibility and as inherently virtuous. To be in work, however menial or low paid, is to be economically productive; to be, if not wholly independent, less of a burden on others; to be a good example (especially, in the case of parents, to one's children); 'it helps your state of mind sometimes, yeah and it gives you a purpose' [28 year old partnered women with children]; 'it makes you feel a better person, I suppose' [35 year old partnered man with children]. Within this discursive narrative, WTC had helped participants to feel better about themselves.

At root, therefore, this was a narrative concerned with how participants defined themselves. For some this was about being defined by one's vocation on the one hand, or by one's ability against the odds to achieve 'normality':

With the work I do as a carer, I see it as really, really important. Um, in the community, yeah, people hear you're a carer or working for the NHS, and, I don't know, they seem to respect you a bit more, [pause] because you're there to help. [53 year old lone mother working in a hospital as a healthcare assistant]

They think you are sick or whatever, whatever, I don't – I don't want people to – I'm not sick ... I am controlling with my medication. I can live normal and healthy, yeah. [41 year old partnered women with children, suffering from diabetes]

Alternatively, the narrative was concerned with how participants defined themselves in terms of their parental responsibility or with reference to how they might be perceived by their children:

... it's important that I work. Not necessarily the job I'm doing now but it's important that I work for me and put work ethics to the kids that they've got to earn their own money regardless of what they do. [32 year old lone parent]

... thing is, without a job, you know what I mean, I mean like a, from my kids growing up, I give them the idea, look dad's working, not staying at home. [41 year old partnered man with children]

It [*being at work*] means I'm not lazy. It means at least I'm setting a good example for my children. They know that yes, mummy goes to work. At least they know that yes, you don't have to, you know, you don't sit in one place and everything fall on your lap. You have to work for to make ends meet because there was a time I was sitting at home. For a long time I was sitting at home, they were like 'what does your mum do?', 'she just sits at home', you know, even though she does help but you have to do more than just help, you know, so get out and I say 'oh yeah, mummy's gone to work', 'what does your mum do?', 'oh, she works in [*a high street retailer*]', then they used to love it .... [*35 year old lone mother*]

Often, however, the significance of the 'virtuous worker' narrative was that, especially for women, it defined the participant by who she was not. For some mothers it was about being more than 'just a mum', thereby accepting that increasingly it is expected that both lone mothers and partnered mothers should participate in the labour market. But there were also instances of a more corrosive version of the discourse in which the WTC recipient was pitted against the 'otherness' of, 'track suit mums', 'scroungers', 'dossers' and the undeserving poor (e.g. Lister, 2004):

I am a Mum and that's like the hardest job, but it is again now I can answer 'no, I'm – I'm actually a Health Trainer'. I don't know, you feel that people take you more seriously just if you're in a – just people's perception of you, it's just different from kind of 'ah, you're just one of those Mums who live on an estate and like just gets loads of benefits to sit at home', that kind of image, even though it wasn't anything like that at all, it's gone that you kind of feel that now society takes you more seriously and kind of sees you as erm a positive part of it rather than a kind of benefit, at home, in a track suit Mum, which was a horrible tag to feel that you were labelled with by other people. [*27 year old partnered woman with children*]

I feel I contribute. I can sit here on a night time and watch .... these horrible programmes that come on with, um, bloody scroungers and these people that have 24 kids and have never paid a penny in tax. And we can sit and say, no, we pay our way. We pay our bit and you know, we contribute to the things that we get out of society. And on the other hand, obviously, you see the scroungers etc, who don't, and it's a little bit frustrating. [*39 year old partnered man with children*]

... having employment and knowing that I work and doing my share in the community. It just makes me feel better in meself that I'm working and not just lazing about. I don't like to be classed as just a dosser really, to be honest. [*47 year old lone mother*]

I'm contributing to society and I feel like I have the right to, erm, use services and things whereas I'm not - I don't think I'm a snob, but I believe if people don't work or have never worked, I don't see them as being equal, which sounds really hard but I don't see them as being equal to me because I do believe that everybody should contribute and, you know, work, basically, unless you can't. ... If you can't, that's different, but if you can then ... [28 year old partnered woman with children]

### *Undercurrent narratives*

The three other narratives were less consistent with the policy rationale that had informed the WTC scheme in that they did not embrace work as the best form of welfare because:

- work was not necessarily regarded as a means to maximise personal utility (the 'moral pragmatist' narrative);
- work was failing to reward participants' commitment and aspiration (the 'exploited workaholic' narrative);
- work was experienced as exploitative and/or inherently unsatisfying (the 'reluctant worker' narrative).

The 'moral pragmatist' narrative by its nature had a modest and less obtrusive profile than the 'virtuous worker' narrative, but nevertheless it surfaced only slightly less frequently as a dominant narrative among our participants. It is a narrative concerned less with the sense of identity that participants may have derived from their employment and rather more with what Duncan and Edwards (1999) have referred to as moral, as opposed to utilitarian, rationalities. Paid employment may be experienced as a means to obtain a legitimate livelihood and as an incidental obligation that is willingly embraced, albeit that one's moral priorities in life are not necessarily or invariably rooted in one's job. Alternatively, people may undertake employment not for economic gain or self-fulfilment but because they attach moral value to the nature of the work itself. Within this discursive narrative, WTC had perhaps helped ensure the commensurability of low paid employment and moral commitments that may or may not be connected to work, but of itself it added little or nothing to life's meaning.

There were participants for whom work was in some respects or at certain times less important than other aspects of their lives. Some of these were partnered mothers who were 'comfortable' working part-time; who would undertake menial cleaning jobs, because 'you can choose your hours and it fits in better with children'; or who accepted flexible work in a local shop on a clear understanding with her employer that 'the children come first, no matter what'. Other instances were provided by men who had modest ambitions and had committed themselves relatively contentedly to low-paid, low-status jobs. Sometimes the narrative expressed itself explicitly in terms of the value that was attached, not to

pay or prospects, but to what might be called moral contentment; to a congenial environment at work and time with family at week-ends:

Well, the best things [*about my job*] are the hours and the people I work with. We have a great laugh. There's days where it gets a little bit heated, but most of the time, it's, it's a nice relaxed atmosphere. Um, I enjoy what I do, um, and that's pretty much it. I'm getting to the age now where, I just want to, I don't want to live my life at 100 miles an hour anymore. I want to slow things down and enjoy what's around me. So, and I get that opportunity. This is the only job I can probably say where I've had all my weekends to myself. There's never a possibility of having to work at weekend. And that's a nice thing, to finish on a Friday and know that's it. [39 year old partnered man with children]

There were also instances in which pay and prospects were willingly sacrificed because a participant's work was regarded as morally essential, however demanding. Our sample included some remarkably self-effacing women who were working as paid carers in residential settings and for whom a sense of moral compassion to some extent outweighed the resentment they might have expressed about their terms and conditions of employment. Though this was a narrative that could sometimes co-exist with a 'virtuous worker' narrative, there were instances in which an ethic of care transcended all concerns with desert and reward:

The best thing's helping the patients and talking to them. I love talking to them. Got loads of information to tell you and stories to tell you. It's brilliant. .... [Interviewer asks 'How important is your job to you?'] Extremely important but not just for the money. .... Yeah, yeah, cause I remember back in the days when I was in the ambulance [*earlier in her working life*], I'd have been there even if they didn't pay me. [53 year old lone mother]

The 'exploited workaholic' narrative was a less prominent but significant discursive narrative in which work was constituted as a civic duty and the *sine qua non* of individual autonomy and identity. It was a narrative of frustrated ambition, drawn upon particularly, but not exclusively, by men and by older participants. Within this discursive narrative, WTC is potentially a negative influence, since it perpetuates low paid employment and may lock ambitious workers into menial jobs. We have seen above instances in which participants experienced difficult employment trajectories in the course of their working lives and adverse terms and conditions in their current jobs. Though sometimes these were born with equanimity, in other instances participants voiced resentment.

Some participants had had experience of higher paid employment or of running their own businesses in the past and found it hard to work in low-paid, low-status

jobs, though nonetheless they would take pride in the effort they put into such jobs, never taking time off and sometimes working masochistically long hours:

I do at least two to three people's jobs, you know right now as a Team Leader I do two or three people's jobs. I work any shift they ask me to do. If you are on lates up to 11 o'clock, 12 o'clock, midnight I don't mind and I can start even 6 o'clock in the morning and do until 11 o'clock, I've never refused those types of shifts or anything. But that's why I feel I'm underpaid. ...I mean in Kenya I had my own business, but over here, in this country I'm just employed. But I what ... I did over there was totally – it is totally different from what I do here ... I mean I've never stayed away from work – from almost 35 years I've never stayed one single day away from work. I've worked through all my life, I can't stay at home basically. There is a time when [*at the supermarket where he now works*] I worked 7 days a week from 6.00 in the morning till 10.30 at night, without any rest, for 7 months at a go. [*48 year old partnered man with children*]

Finally, the 'reluctant worker' narrative, though the least prominent, figured strongly with at least half a dozen participants. One again, this applied when participants' sense of identity was not rooted in their work. Within this discursive narrative, WTC was something of an irrelevance. In a couple of instances, this was because participants placed value on commitments outside work:

I work on a chicken counter at [*supermarket*], so I mean I could you know I don't want to be doing that the rest of my life because there are things I'd rather be doing than that, you know, within the Union or within the political framework. [*36 year old partnered man with children*]

I'd rather not be doing this. There are a lot more things I'd far rather be doing down at Church, erm, like helping with the kids. [*51 year old partnered woman with children*]

Additionally, however, there were middle aged women who had worked and brought up children in the course of their lives, but for whom the labour market no longer offered any enduring attraction:

I've worked sort of pretty hard all me life, I mean bringing up my kids up and everything and that. Me husband always worked hard in his life. We never really claimed much at all so when there's other people claiming for everything, no, I don't see why I shouldn't get it. ... [*speaking about her current job*] um, like all jobs because it's the same day in, day out, more or less, I mean you get bored and fed up with it, um, but I should imagine you'd do that in any job you do, get fed up with it. I mean there are days when I just think, 'oh, I just don't want to go back tomorrow', but you get up and go. It's a case of having to. No, it's – and I'm due to retire next - well, supposed to be May ... [*59 year old widow*]

These undercurrent narratives illustrate that the motivations of WTC recipients are complex and amount to more than simple responses to financial incentives. They suggest, albeit in a variety of ways, that though the WTC had provided very welcome additional income to the participants, it could not of itself compensate for the injustices or adverse effects of a flexible, low-wage labour market.

## **Conclusions**

The narratives disclosed by the research are complex and contradictory and suggest considerable confusion among recipients as to the purposes of tax credits. While there was significant popular support for the WTC, there was also an undercurrent of competing moral rationalities and resentments. Acceptance of the idea that the subvention of low wages by the state amounts to 'making work pay' is far from universal and may prove in the longer term to be precarious.

The 'Universal Credit' (UC) that will succeed WTC with effect from 2013 will be a means-tested cash transfer available to all people of working age, whether in or out of work, but which will be so designed as to ensure that recipients will always be better off in work - even if it is minimally paid, part-time and/or occasional - than not in work at all (Department for Work and Pensions, 2010b). It is proposed that UC will subsume not only WTC, but Child Tax Credit, Income Support and the income-related Jobseeker's and Employment Support Allowances, and Housing Benefit. Though the new transfer payment is to be called a 'credit', administration will revert to the Department of Work and Pensions, rather than HMRC. At the time of writing a range of issues, including details of support for childcare and housing costs, have still to be fully resolved. Though the radical simplification of the benefits system portended by the proposed reform is likely to be welcomed by recipients, its day to day administration will be complex and will wholly depend on the introduction of a real-time on-line system that will interface with the national Pay-As-You Earn tax system. Additionally, pressure upon recipients to seek or to take work on any terms will be increased as conditions are tightened and associated sanctions increased.

Recipients of UC who substantially or to some extent subscribe to a 'virtuous worker' narrative may paradoxically feel less virtuous, if indeed the 'credit' they receive is not so clearly distinguishable from that received by 'others' who are not in work. Recipients of UC who subscribe to some extent to a 'moral pragmatist' narrative are likely to find themselves no less at odds with the utilitarian moral logic of the UC than that of the WTC. Recipients of UC who subscribe to some extent to an 'exploited workaholic' narrative are likely to be no less resentful of jobs in which their contribution is not fairly recognised and their ambitions are not properly fulfilled. Recipients of UC who subscribe to some extent to a 'reluctant worker' narrative are likely to be no less resentful of working under terms and conditions that they regard as unacceptable.

To the extent that UC, like WTC, will make work pay it is only by marginally increasing the income of recipients who accept low-paid employment. It will not necessarily secure any non-monetary or deeper moral satisfaction from the work that a worker performs. It will not necessarily secure for a worker that which she might regard as proper recognition or a just reward from her employer for the work she performs. Our study suggests that though UC, and WTC before it, might assist in accommodating workers to a flexible and competitive low-wage labour market there will still be circumstances in which workers may feel in various ways aggrieved.

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