



The  
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**Size and Nature of Paid Informal Work  
amongst the Pakistani Community of  
Sheffield: A Case Study**

By

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PhD Thesis

**School of Management**

July 2011

## Abstract

Realising the increasing significance of the informal economy in the agendas of the advanced economies in general and the UK in particular, this study seeks to explore the magnitude and characteristics of the informal work conducted by the second largest ethnic minority group of the UK. Until now, and despite a substantial influx of non-white immigrant workers into the UK economy, little attention has been paid in a UK context to the relationship between ethnic minorities, immigration and informal work. The aim of this thesis is to begin to fill this void by evaluating the size and nature of the informal economy along with the motivations for conducting such work of the Pakistani community in Sheffield. Drawing upon 50 semi-structured and 3 focus group interviews conducted with Pakistani households in three neighbourhoods of Sheffield where this ethnic minority community is concentrated, this survey reveals that the Pakistani community is heavily engaged in both supplying and purchasing paid informal work. Of all the households interviewed, 98% and 58% of the respondents stated that they had purchased and supplied informal goods/services respectively. Nevertheless, not every Pakistani household is equally likely to engage in informal economic activities; in fact there are significant variations in the participation rates of people with different employment status. The paid informal work of the Pakistani workers is heavily concentrated in a narrow range of sectors, including retail, transport, catering and mostly lightly the construction services. Contrary to the conventional belief, however, the engagement of the Pakistani households in the informal economy is not purely motivated by economic gains; in fact, a considerable fraction of their informal trade is also based on certain social motives. The thesis concludes by calling for further research in other Pakistani communities as well as more widely, to explore whether the results are replicated, so as to eliminate the gap in understanding concerning the relationship between the informal economy and ethnic minority communities. This survey method, it concludes, offers a comprehensive survey structure to be replicated in the localities of other ethnic minority populations.

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## **Acknowledgements**

The successful completion of this study certainly owes a great deal of appreciation and gratitude to some of the people, departments and institutions. First, I would like to take this opportunity to thank Professor Colin Williams and Dr Denise Fletcher for their kind supervision that enabled me to identify the potential obstacles and provided me all the essential guidance and tools to complete this research. I am especially thankful to Professor Colin Williams for his assistance with regard to the provision and identification of relevant literature, which eventually expedited the entire course of research. Secondly, I express my gratitude to all my interviewees who spared time for taking part in this survey and shared valuable insights vis-à-vis the subject topic. Finally, I would like to acknowledge the amiability and support of the School of Management at the University of Sheffield as they provided me all the infrastructural support required for achievement this research.

# Introduction

## The Context

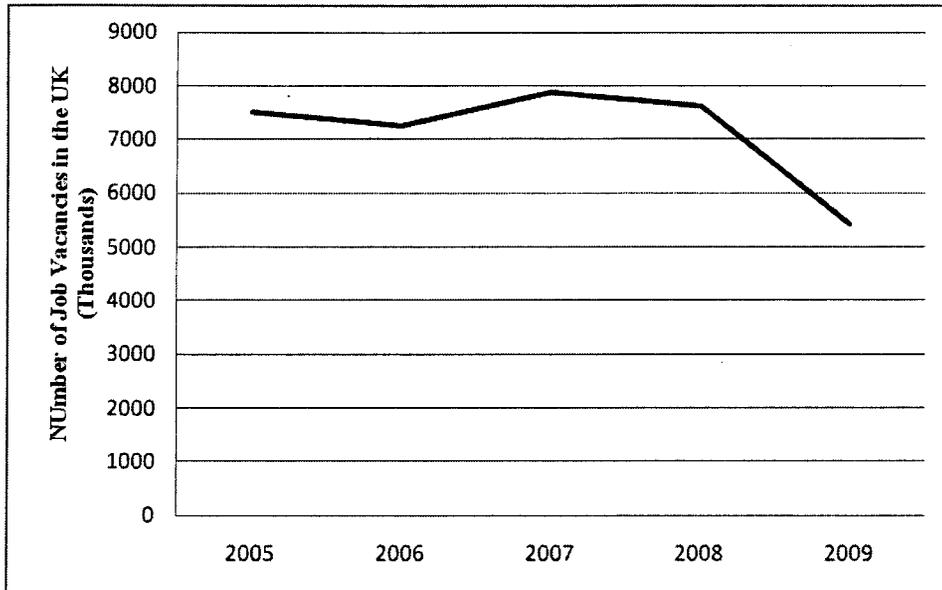
The unemployment rate is increasing, the employment rate is falling, job vacancies are contracting, average earnings are experiencing significant decline and the proportion of the population claiming job-seekers allowance is rising. This is the present trajectory of the UK's formal labour market.

Competency and educational qualifications can no longer guarantee a successful career and secure a steady income stream for someone working in the UK. The entire UK economy is going through turmoil. Official figures disclosed by the National Bureau of Statistics (NBS) and other private organisations confirm that the economy is losing momentum and that business conditions are getting tougher, which is resulting in joblessness for millions of people.

According to the recent data from the National Bureau of Statistics (NBS), the unemployment rate in the UK has escalated to 7.8% in July 2010 marking an increase of 2.4 percentage points in just the last two years. In terms of numbers, the total strength of unemployed people in the UK, with already an alarming magnitude of 1.67 million in 2008, has further expanded to reach 2.47 million in July 2010. Simultaneously, there has been a fall in the overall size of the British labour market, where the employment rate has dropped from approximately 73% in 2008 to almost 70% in the first quarter of 2010, amounting to a considerable plunge in terms of the number of people employed. Another organisation, namely the Confederation of British Industry (CBI), pessimistically predicted in 2008 that more than 200,000 people would lose their jobs by the end of 2009, which in turn would increase the number of people out of work to 1.89 million, declaring it the worst downturn of the decade in the British formal job market.

The aftermath of this recession in the British labour market seems to be lingering. While the currently employed are losing their jobs, the labour market does not appear to be producing enough opportunities for the future workers as well. Graph 1.1 clearly displays erratic changes in the number of job vacancies over the period of 4 years.

**Graph 1.1:** Number of job vacancies in the UK employment market



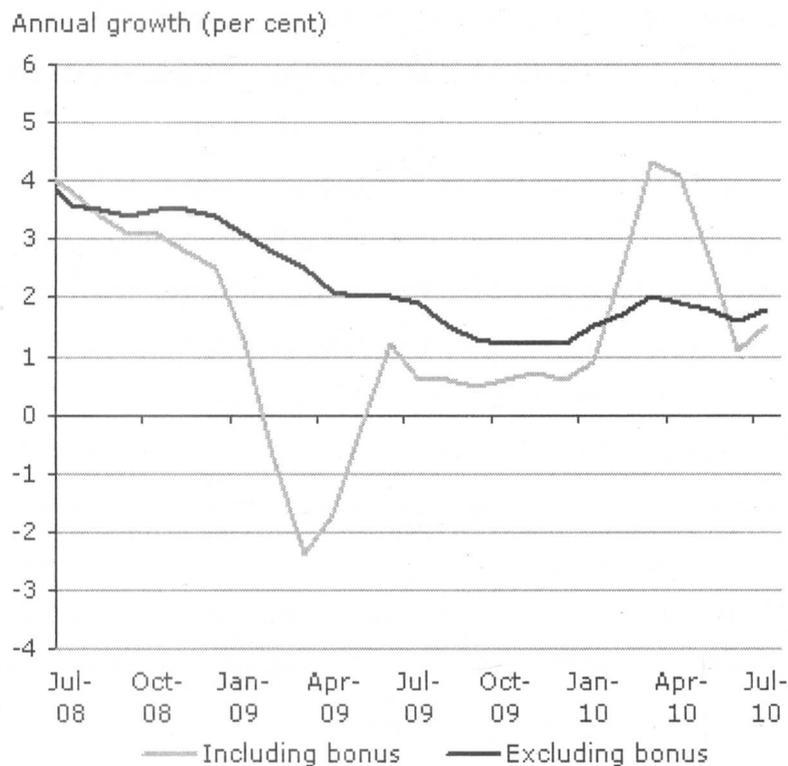
**Source:** National Bureau of Statistics (UK)

The graph illustrates a massive slump during year 2009, the number of jobs available in the formal labour market of the UK decreasing from approximately 7,632,000 in 2008 to the lowest of 5,415,000 in the last quarter of 2009. Strikingly, it has been a massive cut of more than 2 million in the number of job vacancies available in the formal job market of the UK over the period of just one year. More importantly, the most recent statistics have confirmed that same depressing trends continue to hover over the British job market even during the first half of the current year. As reported by the NBS, the year 2010 has witnessed a steady fall in the number of job vacancies to 467,000 in August 2010, down 14,000 over the last eight months – losing an average of 1700 job opportunities per month in the current year. The CBI has also endorsed the fact that now there are a lot more number of graduates for each job than what used to be the case 5 years ago. It has led to the prevalence of demoralisation among young graduates who enter into the labour market with bright expectations.

Another repercussion of the whole recession in the labour market comes in the form of a declining rate of growth in average salaries of formal employment. As discovered by the NBS,

and as illustrated in Graph 1.2, the annual rate of growth in average earnings of people employed with registered organisations as both salaried and self-employed workers has decreased by more than 2% over the period of just 2 years, starting from roughly 4.0% in 2008 to approx. 1.6% in 2010 with a massive plunge in the first quarter of year 2009. In other words, the reward for working in the formal labour market is diminishing for people to offset the increase in their cost of living<sup>1</sup>.

**Graph 1.2:** Average annual earnings in the formal labour market of the UK



**Source:** National Bureau of Statistics (UK)

Surprisingly, the impact of this employment crisis has been much severer and longer in case of the public as opposed to the private sector. Once again, according to the records of the NBS, public sector employment has shown a consistent net fall of 5% from 1992 to 2004 without showing a single year of any considerable growth. From 2006 onwards, also, there has been a consistent negative growth in the public sector employment with occasional marginal upsurges. Most recently, there is a fall of 22,000 jobs in the public sector during the second quarter of 2010. Why it is important to know about the employment recession in the public sector is

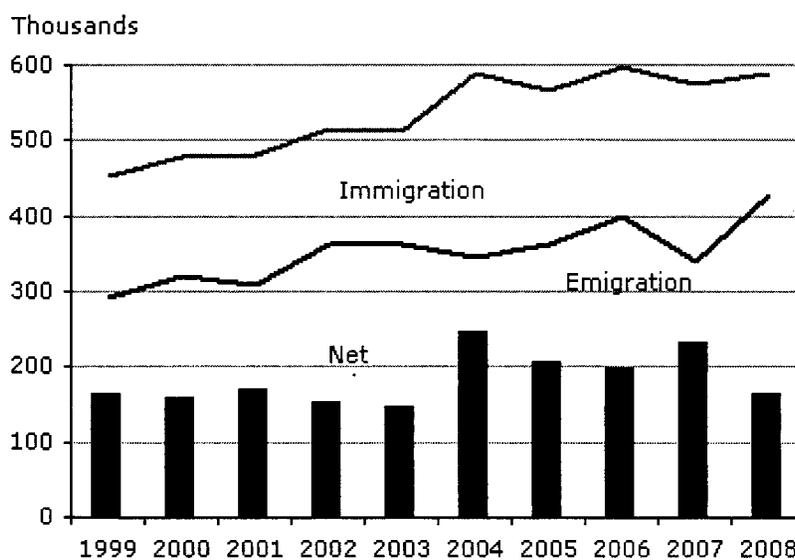
<sup>1</sup> The inflation rate for 2008 was recorded as 5.4% by National Bureau of Statistics

because it depicts a crucial fact concerning the employment preferences of people in the UK. The regular exit of people from the public sector suggests that they are either living jobless, which is very unlikely to be the case, or finding employment in the private sector. And under the situation when the private sector is also suffering from the deflation of job vacancies, the likelihood of people, who have exited the public sector, to initiate their own businesses has become quite significant.

The exclusion of people from the formal labour market is also reflected in an upsurge in the percentage of people claiming job-seeking allowance due to unusual delays in finding jobs after graduation. Referring to the figures quoted by NBS, the claimant count was 1,397,000 at the end of August 2010, up by 630,000 from what was recorded at the end of year 2007.

The crisis does not end at the eradication of employment opportunities for native workers; it is rather accompanied by the arrival of foreign workers. While the formal labour market of the UK is shrinking, there has been a massive influx of immigrant workers over the last decade. As illustrated in Graph 1.3, the number of immigrants arriving in the UK had been consistently increasing over the period from 1999 to 2008.

**Graph 1.3:** Number of immigrants arriving in the UK per annum



**Source:** National Bureau of Statistics (UK)

Increases in the rate of immigration has been so enormous that the annual influx of immigrants in the UK has jumped from almost 450,000 in 1999 to 600,000 in 2008, depicting a rise of 34% in just 10 years. Confronted with the recession of the labour market, immigrant and ethnic minority workers are finding it very hard to insert themselves into the regular economy of the UK. Immigrant and ethnic minority groups constitute the class of workers who are experiencing the worst impact of this economic downturn. The rate of unemployment among ethnic minority and immigrant workers is higher than the dominant white population of the UK, who are more likely to capture the leftover jobs in the formal labour market. According to the figures released by the Office of National Statistics (ONS) in 2008, the average unemployment rate of all the ethnic minority groups (12.6%) far exceeds the unemployment rate of white workers (4.7%). Growing rates of immigration along with their higher exclusion from the formal labour market have caused ethnic minorities and immigrants to be trapped in a vicious circle, where further immigration is causing further exclusion.

There is, however, a very interesting phenomenon going on within the functioning of the UK economy. Under the scenario in which the unemployment rate is constantly rising, job opportunities are reducing, average earnings are declining and more and more foreign workers are entering the labour market, it might be surprising to know that the economic activity of people has gone up. The number of economically inactive people of working age, as presented by National Bureau of Statistics, fell by 84,000 over the fiscal year 2007/08. Similarly, the figures released by the Labour Force Survey have depicted an increase of 17.5% and 7.1% in the economic activity rate of white and ethnic minority workers during the period of 1997 to 2005 respectively.

The situation is certainly paradoxical in the light of increasing unemployment and decreasing employment, but quite stimulating. It compels academics and policy makers to think about what is enabling people to enhance their economic activity when the whole labour market is experiencing a terrible turmoil. How have people managed to stabilise their economic activity when the employment opportunities are eroding? What makes it possible for the labour market to absorb so many new workers when the existing ones are losing their jobs? The answers to these questions lie within an understanding of the dynamics of the informal labour market, a segment of the economy that has been empowering the advanced nations to fuel their economies despite the destabilisation of formal employment, and yet regarded as an inferior and rejected form of employment. The informal labour market, or informal employment, refers to the paid production and sale of goods and services that are unregistered by or hidden from, the state for tax, social

security services and/or labour law purposes, but which are legal in all other aspects (Williams and Windebank, 1998, p.4). It entails businesses that keep a part, or sometimes all, of their income hidden from tax and social security authorities, otherwise selling and producing legal goods and services through legitimate operations. In advanced economies, informal employment is often regarded as an inferior substitute for the formal labour market that consists of small-scale marginal activity which will disappear as the economies become more advanced. Many researchers, however, have recognised this sector of the labour market as an integral part of economy that plays an instrumental role in the functioning of advanced economies as well (e.g. Cappechi, 1989; Gershuny, 1985; Harding and Jenkins, 1989; Thomas, 1992). The expansion of informal economic activity at the expense of formal employment during recession periods has been witnessed on several occasions in different advanced economies (e.g. Amin, 1996; Castells and Portes, 1989; De Soto, 1989; Frank, 1996; Ybarra, 1989).

It was not until recently that the governments of many advanced economies, due to fiscal and welfare problems, started to recognise that they can no longer afford to ignore the significance of informal employment. The UK government is no exception. Given the crisis of the formal labour market explained above, it has become crucial for the government to explore this apparent substitute source of employment, which has so far acted as a buffer for the slump of the regular job market. The formation of effective strategies to deal with informal employment, however, depends on achieving a thorough understanding of the way this sphere operates, which is mainly determined by the nature and extent of the work taking place within this sector. The initiatives concerning the exploration of informal employment are rapidly coming to the top of policy agendas as well as the academic community of the UK (e.g. Her Majesty's Revenue and Customs, 2005; Office of National Statistics, 2005; Renooy et al, 2004; Thomas, 1992; Williams and Windebank, 1998, Williams, 2004a, 2006).

The recognition of informal employment as a substitute for the formal economy under conditions of economic crisis and the insistence of governments on generating knowledge about its size and characteristics have instigated many researchers to conduct studies on various socio-spatial dimensions of the informal labour market. Trying to explore the realm of informal employment, researchers have generated a comprehensive literature on the classification of the informal labour market in terms of employment status, gender and spatial variations based on numerous direct and indirect studies.

# The Theoretical Debate

The unprecedented emphasise on the engagement of people in informal work in the post-capitalist and post-socialist era has led to the emergence of various theorisations attempting to generalise the explanations for the dynamics of the informal economy. Contrasting perspectives are seen to replace each other in different decades. Nevertheless, the dawn of this millennium has brought a widespread conceptual change amongst the scholars and many international organisations with regard to the existence of the informal economy. The informal economy everywhere is now seen as a sizeable and expanding sphere. It is increasingly becoming an international opinion supported in various parts of the world (e.g. ILO, 2002a; Rodgers and Williams, 2009; Charmes, 2009; Jutting and Laiglesia, 2009; Biles, 2009; Maloney, 2004; Schneider, 2008; Williams and Round, 2010; Williams, 2010; Feige and Urban, 2008). In consequence, a great level of interest is visible amongst scholars to unleash the factors/rationales resulting in this massive expansion of the informal sphere.

## 1- Modernisation thesis

It is the first theoretical perspective that came to the fore with regard to the informal economy. Modernisation theory tends to describe informal work as a residue or leftover from pre-capitalist formations that are bound to disappear along the inevitable shift of the global economic system towards formalisation (Williams, 2006). The proponents of this thesis read the informal sphere as an epitome of 'backwardness' and 'under-development', and the formal economy, on the other hand, is portrayed as an accurate symbol of 'modernisation' and 'advancement' (Lewis, 1959; Geertz, 1963). It views the global economy to be embarked on a uni-dimensional trajectory of development that naturally leads to the expansion of the formal sector and the disappearance of the informal one, as nations become more 'advanced'. Consequently, the economies owning relatively large formal sectors are positioned at the front of the development course, and then serve as a measuring rod for other economies with smaller formal realms to be ranked as lagging and underdeveloped (Williams and Round, 2010; Williams and Windebank, 1999a). In short, the informal sector is a primitive, stagnant and shrinking realm currently based on downgraded labour, which is to be overpowered by the formal sector in the course of modernisation/advancement.

Despite its popularity through out the pre-capitalist and capitalist eras of the 21<sup>st</sup> century, the modernisation thesis has confronted strong criticism in the last two decades. Gathering evidence from various parts of the world, a host of scholars have revealed that informal work is persistent, extensive and even expanding with respect to the formal sector (Charmes, 2009; ILO, 2002; Williams, 2002a, b, 2003, 2004a; OECD, 2002; Schneider, 2008). This belief is what led to the development of the 'globalisation thesis'. Instead of viewing the rise of capitalism as a cause for the demise of so-called "residual" economy of informal activities, the globalisation thesis characterises informal employment as 'a new facet of contemporary capitalism' (Williams, 2006, p.34) that is growing in tandem with economic globalisation (Castells and Portes, 1989; ILO, 2002; Sassen, 1997). The result is, and to repeat, the development of different competing explanations for the variable existence and expansion of this activity. Endorsing the fact that the size of informal economic activity is growing all over, these competing theorisations tend to strongly contradict each other when it comes to explain the rationales for this growing participation of people in the informal economy. It is to these theorisations that the focus of debate will now shift.

## 2- Structuralist theory

This is the perspective that views the engagement of people in informal work as a direct result of their involuntary 'exclusion' from the mainstream economy. What is meant by exclusion is the incapacity of workers to work up to the "superior" standards of the formal labour market, and thereby trimmed out of the modern economy to be left with no other alternative but to endeavour informal employment (Williams and Round, 2010). Informal work is therefore deemed as akin to 'downgraded labour' existing at the bottom of the hierarchy of employment and characterised by sweat-shop like exploitative and low-paid forms of work acting as a survival resort for those excluded from the formal employment (Castell and Portes, 1989; Sassen, 1997; Gallin, 2001; Portes, 1994). Another structuralist perspective, as presented by Jeremy Seabrook (2003, p.9-10), a populist commentator, is that 'the Western poor are dead souls ... hustlers and survivors, economic shadows in the shadow economy, the discouraged and despairing who have fallen through the bottom line of accounting system'. Similarly, many political economists, while acknowledging the growth of the informal sector, have termed it as a form of work prevailing as an inherent component of contemporary capitalism and engaging people in a vicious race to the bottom (Williams, 2006). As Davis (2006, p.186), for example, asserts that such 'primitive forms of exploitation ... have been given new life by postmodern and globalization'.

There are two reasons that structuralists put forward as possible explanations for this increasing engagement of marginalised population in the informal work. First, it is the growing quest of formal enterprises to reduce their business costs by sub-contracting their work to informal firms/self-employed individuals under exploitative work relations (e.g. Bender, 2004; Espenshade, 2004; Hapke, 2004; Ross, 2004). Second, it is the failure of states to provide comprehensive welfare system and attain full-employment that has direct bearing on the increasing reliance of the weak on informal employment as a survival strategy (e.g. Amin at al., 2002; Hudson, 2005). The new post-Fordist and post-Socialist era, as argued by structuralists, provides no economic space for those who fail to sufficiently work in compliance with the rules of contemporary capitalism.

The informal realm is solely characterised by ‘negative’ attributes in this structuralist perspective. It is seen as a fraudulent activity that causes enormous financial losses to national accounts, promotes the culture of hypercasualization, provides unfair competitive advantage to informal businesses and adulterates the procedures of collective bargaining; in short, it distorts the whole dynamics of a perfect market (e.g. Grabiner, 2000; Gallin, 2001; SBC, 2004; Jordan and Travers, 1998; ILO, 2002; ).

This perspective seems to draw its basis from the ‘marginality’ thesis, and as a result, reinforces the traditional formal/informal dualism. Meaning, it views the formal and informal sectors as two separate and mutually exclusive spheres of the economy, with the latter being constituted of marginalised groups (Williams, 2006). In doing so, the structuralists provide the strongest divide between the formal and informal economy, defining each as an economic space for two very contrasting classes of population. As for the rationale of informal work is concerned, the structuralist theory very bluntly describes such work as conducted “out of necessity as a survival strategy” (Williams and Round, 2010, p.4).

### 3- Neo-liberal theory

This perspective sees the engagement of people in informal work as rationalised by their voluntary ‘exit’ from the over-regulated realm of the formal economy. Gaining currency in the 1980s, the neo-liberal perspective appears to attract exceptional support in the mid-1990s that continues until today (Williams, 2006, 2010). Indeed, it is the first genuine attempt to challenge the popular strutralistic description of informal work as low-paid, sweat-shop like and exploitative form of employment. In contrast, the neo-liberal account presents the participation

in informal work as a product of voluntary exit from the declared realm in order to pursue more 'flexible' and 'autonomous' forms of employment (De Soto, 1989; Cross, 2000; Gerxhani, 2004; Renooy, 1990; Maloney, 2004; Warren, 1994; Snyder, 2004; Williams, 2004a, 2005b, 2006c). As Gerxhani (2004, p.274) puts it, workers 'choose to participate in the informal economy because they find more autonomy, flexibility and freedom in this sector than in the formal one'.

Neo-liberalists view the formal economy as an arena of over-regulated market, where state interventions and rigid power structures tend to strip away the possibility of a free market economy (De Soto, 1989; Sauvy, 1984; Minc 1982; Williams, 2006). As De Soto (1989, p.255) puts it, 'the real problem is not so much informality as formality'. Meanwhile, the informal sphere is seen as a fair, flexible, free and well-rewarding place that nurtures entrepreneurial spirit and provides unobtrusive opportunities for dynamic workers to voluntarily undertake entrepreneurial ventures, largely by micro-entrepreneurs choosing to operate on an informal basis to avoid time, effort and cost of operating in the formal sector (Small Business Council, 2004; Cross and Morales, 2007; Perry and Maloney, 2007; Franks, 1994; Cornwall, 1998). For the neo-liberals, therefore, as stated by Williams and Round (2010, p.5), 'undeclared workers are cast as heroes throwing off the shackles of a burdensome state'. Recognising the extensive existence of entrepreneurship in the informal economy, neo-liberals urge the academic fraternity to view this realm as an asset rather than obstacle.

This perspective rationalises the participation of people in the informal economy as a matter of "choice" taking place as a result of their "voluntary" exit from the over-regulated domain of the formal economy. Nevertheless, it describes the functioning of the informal sector as premised on the same profit-motivated market-based model as the one governing the formal economy.

#### 4- Post-structuralist theory

More recently, however, a new 'exit' perspective has emerged. This theory also views the expansion of the informal sector as a result of 'voluntary exit' of people from the formal sphere; however, the motives behind this transformation are not the same as explained by the neo-liberalistic perspective. It is a relatively very new perspective, inspired by a small stream of post-capitalist, post-colonial and post-structuralist thought (e.g. Williams and Round, 2010; Williams, 2010; Williams and White, 2009; Zelizer, 2005; Gibson-Graham, 2006; Williams, 2004a; Davis, 1992; Chakrabarty, 2000) attempting to describe the dynamics of monetised exchange beyond its conventional 'thin' depiction of being universally driven by market-like and profit-maximisation

motives. Examining the ‘thicker’ application of this approach in the field of informal work, the proponents of this theory rejects the concept that informal workers always act like rational economic actors working on market-based models of exchange only to improve their cost-benefit ratio. They rather call attention to a large number of occasions where informal work was conducted for and by kin, friends, neighbours and acquaintances not to seek profit, but for community-building and redistributive rationales.

Community-building rationales, as stated by Putnam (2000, p.19), are the development of “social networks and norms of reciprocity and trust worthiness” within or outside the circles of kinship (Williams and Windebank, 2002; Williams, 2004b; Williams and White, 2009). Redistributive rationales, on the other hand, involve the exchange of money purely to help others without attaching any connotation of charity (Williams, 2004; Williams and Windebank, 2002). It is, however, important to note that both types of informal exchanges do not entail any form of profit-motivation despite the monetised exchange involved in the latter case. Stripping away the conventional projection of informal exchanges as purely profit-motivated and market-oriented, post-structuralists do not only reject the ‘exclusion’ thesis of the structuralist theory, but also explains informal work as a response to the ‘exploitation’ of informal workers in the neo-liberal economic system (Whitson, 2007a, b; Biles, 2008, 2009).

Besides social motives, the latest narratives of post-structuralism also tend to include a range of other incentives to engage in informal work. However, none of these incentives are profit-motivated. The post-structuralism, in this different discourse, views the engagement of people in informal work as their “expression of resistance” (e.g. Whitson, 2007) towards the corrupt and exploitative system of the free market economy, which is engineered to provide undue power to certain groups, such as the state and big employers of the economy. Moreover, the post-structuralism also argues that it is not only the influence of structural forces that causes workers to engage in informal economic activities, it is rather their choice to seek certain work identities that they believe may not be achievable in the given opportunities of formal employment. Snyder (2004; p.1), for example, in her study of informal self-employed workers in New York City’s East Village neighbourhood discovers the informal sector as a “conduit of identity change and transformation”. The post-structuralist school, in short, explains the participation in informal work more in terms of social, redistributive, resistance and identity rationales than pure market logics.

The overwhelming conclusion is that there are various competing explanations for participation in the informal economy, each premised on an extremely different set of arguments. However, the dilemma has been that these theories are largely treated as mutually exclusive. The proponents of one theory tend to depict their explanation of informal work as universally applicable while casting doubts on the validity of other competing narratives (Williams, 2010). None of these theories, in reality, are solely able to encapsulate the multifarious character of the informal sphere (Williams and Round, 2010; Williams, 2010). The mutually exclusive character of these theories is therefore strongly contested. Different population types, socio-economic localities and occupational groups are found to rationalise their participation in the informal economy based on inconsistent theories (e.g. Chen, 2004; Perry and Maloney, 2007; Williams and Winidebank, 1998; Evans et al., 2006). Furthermore, as argued by Williams and Round (2010, p.22), 'exit' and 'exclusion' are not neat dichotomous terms. The meanings of these terms may vary across different populations and localities. The 'choice' of an individual, for example, to exit informal work may vary across different areas depending upon the opportunity structures within which an individual is operating (Williams and Round, 2010). Since the meaning of exit and exclusion can vary across different populations, so can the rationales for participating in informal work. It is therefore of utmost importance to develop a more refined and descriptive understanding of how the rationales for informal work change in relation to different contextual factors.

Interestingly, nevertheless, the context-bound validity of these theorisations is yet premised on a very narrow and weak evidence base. In fact, as argued by Williams (2010), the emerging theoretical framework of the informal economy discussed above has emerged out of reviews that simply synthesise the results of few studies conducted in particular areas or populations, but which use very different definitions and methodologies. There is, therefore, a desperate need yet to consolidate the validity of these theorisations by testifying their application in more different types of populations and contexts. It is one of the primary contributions that this research suffice.

Despite the increasing use of the theoretical framework, consisting of structuralist, neo-liberal and post-structuralist theories, in explaining the characteristics of the informal economy in different populations and communities (e.g. Williams, 2010; Rodgers and Williams, 2009; Maloney, 2004; Perry and Maloney, 2007; Williams et al., 2010; Biles, 2009), no study has so far attempted to use this theoretical framework in the context of an ethnic minority community. It is for this reason that although there is a growing pool of studies on the immigrant informal

economy in the developed countries, there is serious lack of compatibility between the theoretical findings of studies conducted on ethnic minorities and those of the dominant white population. Rather, one can see an entirely different form of theoretical framework being used to explain the participation of ethnic minority populations in informal work.

One of the most important theoretical frameworks used to explain the participation of ethnic minority and immigrant workers in informal economic activities is that of the mixed-embeddedness theory. Embeddedness has become a crucial factor in explaining the success of entrepreneurs in general and that of immigrants in particular (e.g. Granovetter, 1985; Granovetter and Swedberg, 1992; Portes, 1995a; Waldinger, 1995; Rath, 1999b), in the latter case also with respect to informal economic activities for as far as they take place outside the regular framework (e.g. Robert, 1994; Jones et al., 2010; Kloosterman et al., 1999; Ram et al., 2008). The concept of mixed-embeddedness finds its theoretical premise in Granovetter's (1985) idea of 'embeddedness', which is based on the study of immigrant entrepreneurs in the US. Granovetter (1985, p.481-482) developed the notion of 'embeddedness' particularly in relation to economic behaviour. He argues that the economic behaviour of immigrants is not solely predicated on some rational self-serving decisions, but also a product of their interpersonal ties and networks, something he termed as 'embeddedness'. In furtherance to his study, he classified his idea of embeddedness in two broad categories: 'relational embeddedness' and 'structural embeddedness'. Relational embeddedness in this context refers to the extent and quality of an immigrant's social relationships with people involved in his work domain, such as suppliers, customers, competitors and so on.. Structural embeddedness, on the other hand, points to the broader institutional networks these immigrants are connected to. It surely surpasses personal ethnic relationships.

Kloosterman in one of his latest articles (see Kloosterman, 2010), nevertheless, highlights the restrictive nature of Granovetter's (1985) structural embeddedness. According to him, although Granovetter (1985, p.491) tries to make a clear distinction between 'social relations' and 'institutional arrangements', he does not dwell on this latter category in sufficient detail, and as additionally misses out the notion of 'opportunity structure' while explaining the dynamics of ethnic entrepreneurship. He therefore argues that the concept of embeddedness, as described by Granovetter (1985) and other American scholars (e.g. Portes, 1995a; Waldinger, 1995, 1996), tends to portray only a 'one-sided' explanation of ethnic entrepreneurship (i.e. social integration) and neglects the wider economic and institutional context in which immigrants are inevitably embedded (see also Kloosterman et al., 1999). It, therefore, places both formal and informal economic activities of immigrant workers within a wider social, economic, regulatory and

institutional framework, with special focus on the nature of 'opportunity structures' available to the immigrants. For immigrant entrepreneurs the opportunity structure with respect to business openings, for example, is contingent on market conditions, which themselves are embedded in institutional policies like market rules and regulations, structure of welfare support system, trade and fiscal policies and regulation of business support institutions (Kloosterman et al., 1999). Such are the institutional factors that significantly affect opportunity structures at all cadres of regional and national level. As stated by Kloosterman (2010, p.26), "In a nutshell: the kind of business an immigrant starts (formal and informal) and its role in the immigrant process of incorporation are not just determined by the resources this aspiring entrepreneur can mobilise, but are also decided by time-and-place specific opportunity structure".

The mixed-embeddedness approach, in consequence, does recognise the fact that ethnic entrepreneurs are embedded within co-ethnic social networks and their ability to mobilise social capital is what determines the extent of their economic activities, in both the formal and informal economies. However, it does not describe social capital as the only determinant of ethnic entrepreneurship, but rather calls it just one part of the whole contextual equation. While it adjusts ethnic economic activities in wider sectoral, spatial and regulatory environment, it also places great emphasis on the presence and mobilisation of different forms of capital (in addition to social capital). Furthermore, its strong focus on 'context' and 'opportunity' is particularly significant with regard to the immigrant informal economy. And with regard to opportunity structure in particular, the recent emphasis of Kloosterman (2010) on how 'markets' in advanced capitalist economies are so crucial for the provision of opportunities to ethnic minority businesses (EMB) is of great relevance.

Of course, due to very different theoretical frameworks there appears to be strong disconnect between the theoretical underpinnings of the studies conducted on the dominant white and ethnic minority populations in the developed countries. Nonetheless, on a deeper analysis, one can identify some fairly strong linkages between the two apparently dissimilar theoretical frameworks. The general theorisations prevailing in the literature of the informal economy - structuralist, neo-liberal and post-structuralist theories - seem to resonate with some of the arguments underlying by the mixed-embeddedness theory when applied in the context of the immigrant informal economy. There is, however, so far no empirical study to present concrete evidence attempting to explore this relationship. Accordingly, one of the main contributions of this research will be to bring together the two hereto largely separated theoretical frameworks and to testify their validity in the new context of one of the largest ethnic minority communities

in the UK. In view of the given agenda, this research envisages to address the following theoretical questions in particular.

a- How useful are the theories of structuralism, neo-liberalism and post-structuralism in explaining the participation of an ethnic minority community in paid informal work?

b- Can the participation of an ethnic minority community be explained with the aid of one particular theory, or is it actually the combination of various competing theorisations that is needed?

c- How helpful is the mixed-embeddedness theory, in conjunction with the prevailing theorisations of the informal economy, in explaining the nature of paid informal work conducted by an ethnic minority community?

In order to answer the aforementioned theoretical questions, the following empirical objectives are set to generate data on the “Size” and “Nature” of paid informal work conducted by the Pakistani community of Sheffield.

- To estimate the ‘size’ of paid informal work ‘supplied’ by the members of the Pakistani community in Sheffield;
- To estimate the ‘size’ of informal work ‘demanded’ by the members of the Pakistani community in Sheffield;
- To explain the ‘rationales’ for the Pakistani households to engage in the supply and demand of paid informal work being traded in Sheffield;
- To identify and analyse the major ‘types of informal work’ being supplied and demanded by the members of the Pakistani community;
- To determine the ‘types of Pakistani workers’ who are most likely to participate in the informal labour market of Sheffield;
- To estimate the ‘share of Pakistani men and women’ living in Sheffield with respect to their participation in the informal economic activities.

This thesis has been divided into six major chapters. The first three chapters summarises the relevant aspects of the existing literature on informal employment and helps the reader to develop a general understanding of the subject by reading through the competing theorisations of the British informal economy in general and the immigrant informal economy more particularly.

The fourth chapter involves a detailed account of the research methodology. It explains the selection of research methods against the available range of methods that are normally used for the evaluation of the informal economy. As well as explaining the characteristics of the target population, it also discusses the significance of the selected community with respect to other ethnic minority and immigrant groups of Sheffield. After discussing the sampling and data collection process, the chapter includes a discussion on survey design. The fifth chapter discusses the results. It presents the salient findings of this study in both a quantitative and qualitative manner. Furthermore, it contrasts some of the major findings of this study with the results of the previous surveys and shows how the output of this study fills the gaps in the existing literature. The last chapter concludes by reporting the major findings as well as the limitations of this study. It also hints about how this survey can be replicated in other ethnic minority communities and how all these studies can then be integrated to form a national level projection of ethnic minority and immigrant populations with regard to their engagement in informal economic activities.

Chapter 1  
**(Literature Review I)**

# Informal work: a ‘state of the art’ overview

## Defining Informal Work

Describing the scope of informal work has always been as difficult for academics and economists as determining its nature and magnitude. A wide range of literature can be found struggling with various labels and definitions. Researchers from different parts of the world tend to describe informal work according to the local conventions and jargons prevailing in their region. It is, therefore, not easy to form a universal definition of informal work.

The concept of informality, nevertheless, needs to be understood in order to progress with more complicated issues. Based on various literature and surveys, table 2.1 summarizes a few of the labels being used at national and international level.

**Table 2.1:** Labels used for informal work

Adjectives		Nouns
Black	Shadow	Economy
Cash-in-hand	Twilight	Sector
Hidden	Unofficial	Activity
Off-the-books	Unorganised	Work
Underground	Subterranean	Employment
Invisible	Parallel	
Irregular	Second	
Unregulated	Ghetto	
Precarious		

Source: Williams (2004a, table 1)

In order to reach a precise definition, it is essential to understand the meanings associated with major labels used to denote such an endeavour. An account by Williams and Windebank (1998) and Williams (2004) as a result of their analysis of different labels used in various regions of the advanced economies to indicate informal work can be a good narrative in this regard. In Europe, for example, as described by them, the most favoured adjective as a whole has been

traditionally “black” but the level of usage varies from country to country. For instance, the most popular labels, as further stated in their description, in France, Italy, Germany and the Netherlands are “subterranean”, “submerged”, “shadow” and “black” respectively. In North America the denotation of “black” is seriously condemned because it is likely to give the impression of racial discrimination. Similar is the reason for its rapid demise in use in Europe. The adjectives usually employed in North America are “underground” and “hidden” instead (Williams and Windebank, 1998).

Although all of the aforementioned adjectives are being employed in different parts of the world, each one of them has been criticised and declared inappropriate at different occasions. Labels like “irregular” and “precarious” are considered unacceptable because not all informal activity is of this type. Some are engaged in very regular or stable informal work despite being unregistered and hidden from official authorities. Similarly, the adjectives like “hidden”, “invisible”, “twilight”, “unobserved”, “subterranean”, “underground” and “shadow”, as mentioned by Williams (2004a), are also criticised for their inability to define all forms of informal work. All these terms portray informal work as only existing in the hidden realms of modern society and only known to the ones working in it. On the contrary, informal work in the majority of localities is fairly conspicuous to both civilian and government authorities (e.g. SBC, 2005; Community Links, 2007; HMRC, 2005; Eurobarometer, 2007; Renooy *et al.*, 2004). Furthermore, the denotation of ‘cash-in-hand work’, as stated by Williams (2006), is open to criticism because of the fact that cash is not always the only medium for informal businesses to undertake their transactions, but they may also often use cheques for such purposes. The use of cash-in-hand work to label activities in this case tend to create an impression that it is ‘only’ the work ‘paid in cash’ which should be viewed as lying outside the ambit of the formal economy – the remaining forms of informal work discussed in subsequent sections, meanwhile, may not be read as being part of the subject when labelled under this title.

Care has to be employed on choosing a noun to use with these adjectives. Nouns like “economy”, “sector” and “activity” are normally considered inappropriate. Academics fear to use informal “economy” because it is likely to misguide the readers by giving them the impression of a “dualistic” economic structure i.e. that informal work constitutes a separate economy altogether whereas in reality, the businesses and employment conducted in the informal realm contribute towards the same national economy. Defining it as an “economy” of informal activity would imply that such work maintains a degree of autonomy from other economic spheres, which may not always be the case.

“Sector” is also a controversial term according to the documents of the Standard Industrial Classification index that defines a sector by the homogeneity of goods they produce and the nature of services they offer. The informal domain, in contrast, is a set of extremely heterogeneous tasks and spread over multiple occupations and industrial sectors. This is the most common rationale used to reject the use of “sector”. Many literatures (e.g. COMPAS, 2004; Ram *et al.*, 2004; International Organisation for Migration, 2008; Williams and Windebank, 1998) can be found using the noun “employment” in order to define the informal part of the economy, but this usage is also confronted with a reasonable objection. The objection in this case, as argued by Williams and Windebank (1998), is that the term “employment” only refers to market-like and paid activities of informal work and ignores the unpaid reciprocal exchanges, which is a recently emerging class of informal work (see, Williams, 2005, 2008).

Doubtless, one can see the relevant literature using a multitude of nouns and adjectives quite interchangeably to denote the activities taking place outside the ambit of the formal economy with specific labels being more prevalent in certain regions and groups of scholars, making it difficult for researchers to pick a universal denotation for all such forms of work. Having said that, and following the claim made by Williams (2006, p.5-6), it may be said that of all the labels applied to denote such work, it is the phrase of ‘underground economy’ that tend to find the broadest popularity and usage especially due to its widespread recognition in North America. The adjective, nevertheless, used in this study to represent the ambit of the informal activities that maps the scope of its research, as drawn by the definition discussed later, is ‘informal’ in iterative combinations with nouns, such as ‘work’, ‘activity’, ‘sector’ and ‘economy’. The rationale for using this denotation is quite straight forward. Firstly, it is assumed that this label would make it easier for readers to verbally separate the ‘informal’ work relations and activities of the ‘economy’ from the more ‘formal/organised’ segment of business activity traditionally taught in various management schools. It is, however, important to mention that the word ‘economy’, though largely used to represent the domain of informal work in this study, is not intended to suggest that there exist dual economies in the society. Instead, the only assumption is that the term ‘economy’ would resonate more convincingly with the type of informal activities studied in this research, i.e. the paid informal work, which usually takes place under conventional market-like work relations. Second, as stated by Williams and Windebank (1998), the term ‘informal’ is also one of the relatively popular labels used amongst the international fraternity of commentators and scholars, and thereby may have good instant recognition. No

other rationale should be inferred regarding the usage of these particular denotations in this study.

Despite all these variations and debates with respect to finding an appropriate catch-all label for informal work, one can see a strong consensus, as asserted by Williams (2006), amongst academic commentators and government institutions regarding the definition of such work. Official definitions of informal work from a range of selected countries (see table 2.2) are compiled by the International Labour Organisation (ILO) for the purpose of developing a sense of homogeneity at the international level with respect to mapping the boundaries of what generally constitutes the domain of the informal economy.

**Table 2.2:** Definitions of informal work in selected countries

Country	Source	Definition
Brazil	Urban Informal Economy Survey	Household unincorporated enterprises with less than 6 employees and without complete set of accounts (agriculture excluded)
Mexico	National Survey of Occupation and Employment	Household unincorporated enterprises, which have no complete set of accounts and are not registered (agriculture excluded)
Panama	Household Survey	Household unincorporated enterprises with less than 5 employees (agriculture excluded)
AFRISTAT	1-2-3 Surveys	Household unincorporated enterprises, which are not registered with the national statistical institute or other administrations, and/or which do not have formal written accounts according to the standard plan (agriculture excluded)
Ethiopia	Urban Employment-Unemployment Survey	Household unincorporated enterprises without accounts book, which have less than 11 employees or no license (agriculture included)
Mali	Labour Force Survey 2004	Private enterprises with less than 11 persons engaged, which are not registered with the National Institute for Social Protection and do not have accounts (agriculture excluded)
Tanzania	Integrated Labour Force Survey	Household unincorporated enterprises with less than 10 employees and without complete set of accounts (agriculture excluded)
Rep. of Moldova	Labour Force Survey	Household unincorporated enterprises which are not registered (agriculture included)
Russian Federation	Population Survey on Employment Problems	Household unincorporated enterprises which are not registered as legal entity or have no legal status (agriculture included)
Turkey	Household Labour Force Survey	Household unincorporated enterprises paying lump sum tax or not paying any tax, and with less than 10 persons engaged (agriculture excluded)

India	National Sample Survey, 55 <sup>th</sup> Round (1999-2000)	Household unincorporated enterprises (agriculture excluded)
Pakistan	Labour Force Survey	Household unincorporated enterprises owned and operated by (i) own-account workers or (ii) employers with less than 10 persons engaged (agriculture excluded)

Source: ILO Bureau of Statistics, as cited in Manuals on Surveys of Informal Employment and Informal Sector (2010)

In a bid to conjoint the definitions of informal work from various regions of the globe into an international statistical standard on the topic, the *Fifteenth International Conference of Labour Statisticians (15<sup>th</sup> ICLS)* adopted a resolution concerning statistics of employment in the informal sector (see ILO, 2000). The objective of the resolution was to formulate standard criteria for international researchers and policy makers so as to facilitate them in pursuing their research activities in a more objective and homogeneous manner. The standard conditions set by the 15<sup>th</sup> ICLS, based on its analysis of international definitions, for an enterprise to be declared informal is given in figure 2.1.

Figure 2.1

Criteria of the definition of informal sector enterprises	
Criterion	Purpose
1. Legal organisation: enterprise not constituted as a legal entity separate from its owner(s)	Identification of unincorporated enterprises
2. Ownership: enterprise owned and controlled by member(s) of household(s)	Identification of household unincorporated enterprises
3. Type of accounts: no complete set of accounts including balance sheets	Exclusion of quasi-corporations from household unincorporated enterprises
4. Product destination: at least some market output	Identification of household unincorporated enterprises with at least some market production; exclusion of household unincorporated enterprises producing goods exclusively for own final use by the household
5. Kind of economic activity	Exclusion of households employing paid domestic workers; possible exclusion of enterprises engaged in agricultural and related activities
6.1 Number of persons engaged/ employees/employees employed on a continuous basis: less than n and/or 6.2 Non-registration of the enterprise and/or 6.3 Non-registration of the employees of the enterprise	Identification of informal sector enterprises as a subset of household unincorporated enterprises with at least some market production

Source: Manuals on Surveys of Informal Employment and Informal Sector, 2010; Diagram 2

Undoubtedly, the efforts by the ILO to compile definitions of informal work from various countries as well as the subsequent attempt by the 15<sup>th</sup> ICSL to formulate a set of standard parameters for the description of informal enterprises can be a very useful contribution regarding the subject of the informal economy. There is, however, one very important point to be made with respect to the scope of all the definitions/criteria mentioned above before one can choose an appropriate definition matching the objectives of this study. Examining the way the informal sector is described in various economies (see table 2.2) and the standard conditions set in figure 2.1, it takes a cursory look to recognise the fact that all of them tend to limit the classification of an informal enterprise in terms of either size (No. of employees) or its registration status. According to the criteria given by the 15<sup>th</sup> ICSL (ILO, 2000) and as also asserted in its report, for example, it is only the firms with less than a maximum size of workforce and ‘total’ non-registration of their business activity and employees that can be termed as working on an informal basis. It, therefore, discounts the inclusion of businesses such as those that tend to have a formal business registration and yet keep a part of their business activities or accounts hidden from relevant authorities. Similarly, according to these criteria, an enterprise is informal only if ‘none’ of its employees are registered; absolutely disregarding the count of businesses having a fraction of their workforce employed as unregistered workers. Putting a restriction on the maximum number of employees an informal enterprise can possibly employ, as listed in table 2.2 and figure 2.1, would also make it inevitable for researchers to transcend their study beyond businesses with a specific size of workforce.

Given that the objectives of this study are not set to examine the engagement of the Pakistani informal businesses with any specific size of employment/business activity, none of the definitions compiled by the ILO as well as the criteria presented by the 15<sup>th</sup> ICSL may be suitable for this study to achieve its full scope. Additionally, this study does acknowledge the fact that registered businesses may also tend to keep a part of their accounts undeclared, and hence can not be discounted as potential participants of the informal economy. To limit its definition of informal work only to fully unincorporated enterprises, therefore, would not match the underlying scope of the objectives stated in the preceding chapter. In consequence, this study uses the following definition given by Williams and Windebank (1998; p.4) as the most appropriate description of informal work within the framework of its research objectives.

“The informal work refers to the paid production and sale of goods and services those are unregistered by or hidden from, the state for tax, social security and/or labour law purposes, but

which are legal in all other respects. As such, informal work is composed of three types of activity:

- evasion of both direct (e.g. income tax) and indirect taxes (e.g. VAT, excise duty);
- social security fraud where the officially unemployed is working whilst claiming benefit;
- and avoidance of labour legislation, such as employers' insurance contribution, minimum wage agreements or certain safety or other standards in the workplace, such as through hiring labour off-the-books or sub-contracting work to small firms and the self-employed asked to work for below-minimum wages”

This definition by Williams and Windebank (1998), in addition to addressing a diverse range of informal activities, does not make it conditional for an enterprise to: a- either exist as a fully unregistered entity; b- or not to have any specific number of employees, in order to be counted as working on an informal basis. Furthermore, as asserted by Williams (2006; p.5), “this definition of what is included and excluded in the underground economy confirms in its entirety to nearly all other definitions found in the academic literature”. A comparison with the list of definitions in table 2.2 and the criteria set in figure 2.1 will also reveal the fact that the scope of this definition tends to correspond with almost all the possible variables of informal work collectively stated by them. However, at the same time, it emancipates itself from the limiting conditions of those definitions/standards, giving the researcher a better room for exploration. Furthermore, one can not understate the coherence of this definition with the ones adopted by a bulk of academic and policy institutions (e.g. Feige, 1990; Leonard, 1994; Pahl, 1984; Portes, 1994; European Commission, 1998; Grabiner, 2000; ILO, 2002; OECD, 2002).

Following Williams and Windebank (1998), there are two important points to be mentioned about this definition at the outset of the thesis. First, it does not include any form of unpaid informal work in its scope, and so does this study on informal work of Pakistani immigrants in Sheffield. It does not, nevertheless, tend to understate the recent emphasis on the study of conventional market-like work relations, taking place in the form of unpaid reciprocal exchanges and self-provisioning work (e.g. Williams, 2004a, c, e, 2005c; Jensen *et al.*, 1995; Nelson and Smith, 1999; Cornuel and Duriez, 1985). Attempts can also be seen at the policy level (e.g. OECD, 2002, 2004; Renooy *et al.*, 2004) to integrate unpaid activities into the official definition of informal work in view of the fact that the number of studies, as argued by Williams (2006), identifying the presence of non-market relations lately seems to reach a critical mass so as to make it difficult for the academics and government authorities to ignore it as a potential arena of informal work. Renooy *et al.*, (2004), for example, in their study of undeclared work for the

European Commission (EC) replaces the terminology of “paid activities” from the definitions of earlier publications of EU (e.g. Mateman and Renooy, 2001) with that of “productive activities” as an attempt to include unpaid but productive forms of informal work in the new definition. Second, the definition used by this study (i.e. by Williams and Windebank, 1998) also clearly implies that the only criminality assumed about the informal production and sale of goods/services in this research is their non-declaration for tax, social security and labour law purposes. All the goods/services examined in this study and their respective means of production/distribution, however, are absolutely legal in every sense of the word.

Before proceeding to more concrete topics related to the classification of informal work, it will be useful to include a brief discussion on two very vital distinctions that one may come across in the recent literature of the informal economy. These distinctions will further help the reader to understand the perspective of informal work adopted in this study.

### **Unregulated or Unregistered?**

Informal work has always been perceived as a substandard component of the mainstream economy by regulatory bodies and civilians working in the formal market. By virtue of its informality, this sector is commonly viewed as inaccessible by regulatory bodies and therefore uninfluenced by law. The modern literature (e.g. Williams and Windebank, 1998; Williams, 2004a) strongly negates this view and asserts that informal work is very much influenced by government rules and regulations, both directly and indirectly. State authorities can exercise reasonable control over informal businesses and employment by changing its policies for the formal labour market and things like immigration and work permits. Secondly, and as asserted by Williams (2006), Mateman and Renooy (2001) and Renooy *et al.*, (2004), the size and nature of informal activity in a particular economy is not only influenced by governmental measures, but is also regulated by a range of non-state elements present within the socio-economic environment of the economy. These factors are thoroughly described later in this chapter. Consequently, in view of what Williams and Windebank (1998; p.5) suggest, to see the informal sector as an ‘unregulated’ realm is likely to project it as existing in a “free market operating independently of social, economic, institutional and environmental influences”, which would be an absolutely counter-intuitive and unrealistic assumption to make. Most of these studies, therefore, denounce the use of term ‘unregulated’ for their description of the informal sector, and rather tend to label it as an ‘unregistered’ sphere due to its absence from official records, but yet as the one operating under the influence of different state and non-state regulations.

## **Illegal or Informal?**

Another impression that most of the literatures try to reform is that of informal work as an illegal activity. As argued by OECD (2004) in its attempt to describe the non-observed economy in national accounts, there is a clear distinction between what should be defined as ‘underground’ and ‘illegal’ productive activities. Similarly, a host of studies (e.g. Williams and Windebank, 1998; Williams 2006; Renooy *et al.*, 2004) tend to assert that informal work is the production of legal goods and services through legal processes and distributing them through lawful channels. And it is only the income, which is not declared to government authorities according to methods prescribed in business laws; it is ‘legal’ in all other respects. On the other hand, illegal work involves ‘unlawful’ means of production and distribution of ‘illegitimate’ goods and services. It mostly involves criminal activities, illegal prostitution, smuggling of goods, illegal import of work force, sale of stolen products, income through kidnapping and murder (see, OECD, 2004; Box 5.3). Informal work, in stark contrast, operates in a proper market like setting and exhibits largely legitimate economic behaviour. While the informal economy contains activities that may be said to occur outside the formal institutional boundaries, it is argued that all such activities are located well within the boundaries of an informal institutional domain, which are totally separable from what may be termed as a territory of illegal products, i.e. the renegade economy (see, Webb *et al.*, 2009). This difference between informal and illegal work is more objectively presented in the typology given in table 2.3.

**Table 2.3:** Typology of economic activities outside the formal sector

<b>Sector</b>	<b>Market Transactions</b>	<b>Product</b>	<b>Production/Distribution</b>
Household (goods & services produced in the home for the home)	No	Legal	Legal
Informal (goods & services sold)	Yes	Legal	Legal
Irregular	Yes	Legal	Illegal
Criminal	Yes	Illegal	Illegal

**Source:** European Commission, 2004

A new term of “irregular” sector is introduced in table 2.3 and is defined as the work that produces legal products and services, whereas the production and distribution are conducted in illegal ways. It is a comparatively new term and is still struggling for recognition by academic commentators. Although, one can see a growing class of academics and policy institutions trying to make up a case for the distinction between the informal and illegal economies, it still remains a controversial debate in different parts of the world as to how and to what extent it is possible to disband these apparently connected spheres of the economy.

After having a fair understanding of how informal work is described and labelled in different accounts of academic and policy literature, the proceeding section will now attempt to briefly explore the historical origin of the informal economy as a concept and some of the major developments occurred along the recent course of time in this regard. It eventually leads to the inclusion of some very important theoretical discourses often discussed in the literature.

## **Tracking the History of Informal Work**

### **Prehistoric Origin**

The existence of informal work is as old as humanity, but the archaeological evidence can be traced back to 3000 BC. Archaeological and anthropological evidence strongly suggests that people of all societies regularly adjust their activity within economic systems in an attempt to

evade regulations. According to evidence and acknowledgement from historians, the origin of informal employment can be attributed to “Sumers”. This is the name of inhabitants of Summerian civilization, which existed in Mesopotamia (modern Iraq) during the era of Ancient Egypt and Indus Civilization (3rd Millennium BC) and is identified as owing all the attributes required to qualify as a “formal” civilization (Simpson, 1971; Lamb, 1995). Summerian civilization adopted its earlier ways of earning mostly from Ancient Egypt but made its mark in history by undertaking a formalization of the economy and being the first “formal economy” in human civilization. It is, therefore, the Sumers who drew the division between informal and formal work for the first time. What is relevant to know is that Sumers invented the first writing system, known as “cuneiform” (Deutscher, 2007), which eventually led them to develop the first codified legal and administrative system of courts, jails and government records<sup>2</sup>. Additionally, a formal trading and arithmetic system was created. These inventions provided all the necessary tools and impetus to Sumer rulers to undertake registration of businesses and trade (Duncan, 2003). The existing businesses, mainly in trade and manufacturing, were formally listed in government records in order to calculate the industrial capacity of the Sumerian state. The ones who could not be reached stayed “invisible” on official records and effectively formed the concept of a “dualistic” economy. Interestingly, the informal work during the Sumerian time was usually conducted by slaves as porters, weavers and jewellery manufacturers. These products were finally traded by their masters as a part of formal business. However, the payment of work was not guaranteed.

## **The Contemporary History**

Informal work has kept on taking different forms ever since the era of Sumer Civilization. It was not until the second quarter of the 20<sup>th</sup> century and the advent of advanced economic and social theories that informal work was recognized as a proper subject area. Informal work received its first academic recognition as “traditional work” in the literature of modernization theory in 1950s and was ranked as an inferior form of employment that would disappear with economic progress in developing countries. At that time, informal means of work were believed to exist only in developing and underdeveloped countries and their existence in so called developed countries was not contemplated. Following Renooy *et al.*, (2004), it can be stated that the concept of the informal economy originally came into being from the literature on the problems

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<sup>2</sup> *Bilingualism, Scribal Learning, and the Death of Sumerian* by Christopher Woods, as published in *Margins of Writing, Origins of Cultures* (Sanders, 2006).

of developing countries. Instigated by studies on socio-economic issues from various developing countries, the economist Clifford Geertz in 1963, as stated in Renooy *et al.*, (2004), made a formal attempt to acknowledge the existence of a sector comprising of unregistered and tax evading firms, which was at that time called the 'bazaar economy'. It was set apart from what Geertz characterised as the formal economy of business, productivity, technology and capital, i.e. the firm-centred economy as it was labelled.

The proceeding decade would witness an increasing interest of academic scholars in the type of economic activities taking place outside the scope of registered businesses and to explore how the hidden sector of the economy works. They found that this sector had not only persisted, but in fact had expanded to encompass new developments. In accepting that these forms of work were persistent, scholars started using the term "informal sector", which is credited to a British anthropologist, Keith Hart, in his study on Ghana in 1973 but also alluded to by the ILO in a widely read study of Kenya in 1972. Therefore, in reality, the formal academic acknowledgement of the informal sector was introduced in the early 1970s.

The informal sector had been nothing but a target of severe criticism and discouraging remarks until the mid-1980s, when Hernando de Soto wrote "The Other Path" with a preface from Peruvian writer Mario Vargas Llosa. It can indeed be considered as another milestone in the history of informal work because it highlighted the positive side of informal work for the first time in academic writing. The argument of the book is that informal activity is simply a backlash of the people in Peru to excessive regulations from the government. The author used the case study of Peruvian informal workers and acknowledged their entrepreneurial skills. In short, it was the first effort towards unmasking the hidden entrepreneurial talents of the informal sector workers. The modern debate on the informal economy is, however, structured around a set of contrasting theoretical perspectives, which often serves as a theoretical framework for international scholars to either substantiate or challenge a particular outcome in this regard. It is the introduction of these theorisations that the focus of discussion will now turn to.

### **Modernization Thesis**

According to this thesis, there is a natural and inevitable shift towards formalization as societies become more "advanced" or "modernized". The informal segment of the economy is defined as a "lag" or "residual" from traditional production practices (Castells and Portes, 1989: 13) and unsustainable with the growth of a modern, growing, strong and massive formal sector. The

existence of a supposedly traditional informal segment is depicted as “backwardness” (e.g. Lewis, 1959; Geertz, 1963). A more detailed account of this thesis is included in the next chapter with respect to its relevance for the theories explaining the rationales of participation in the informal sector.

### **Globalization Thesis**

Following this conventional thesis, various alternative theses emerged. One such thesis that provided a contrasting view point and emerged towards the end of 1980s, which gained more support during the decade of 1990s, is the globalization thesis. This states that economic globalization is actually causing informal work to grow (e.g. Amin, 1996; Castells and Portes, 1989; ILO, 2002; Sassen, 1997) and most of its effect can be seen in global cities, particularly in USA. As globalization is taking place, more and more firms are expanding their operations and a larger number of self-employment opportunities are being created as a result. Undoubtedly, the underlying argument of the globalization thesis is gaining prominence but the opponents can still find a considerable amount of evidence to show that the informal sector is not expanding everywhere. Localities can be identified where the size of the informal sector is declining or at least stable with respect to its formal counterpart. The second objection is that expansion of the informal segment cannot be totally attributed to globalization. There are several other cultural, social and geographical factors involved, which function irrespective of globalization.

### **Marginality Thesis**

That informal work is only concentrated among “marginalized” populations is the argument of the marginality thesis (Williams 2010; Williams and Windebank, 2001). These marginalized populations are usually classified as poor, women, immigrants and unemployed people. This thesis promotes the concept that the groups of people who are unable to earn their living through formal means of employment turn to informal work as a last resort, and hence are more likely to participate in the informal economy (e.g. De Soto, 1989; ILO, 2002; Lagos, 1995; Maldonado, 1995; Rosanvallon, 1980). The formally employed, meanwhile, do not contribute to the informal economy and rather form their separate sphere of economic activities that tend to function in total compliance with legal requirements. The marginality thesis, therefore, views the informal and formal sectors as two distinguishable economies and refutes the idea of their

interdependence. The concept of the “dualistic” economy came into existence as a result (Williams, 2006).

The marginality thesis, as argued by Williams (2006), has undergone critical evaluations and is confronted with serious objections. Many direct surveys throughout the developed nations have revealed that informal work is chiefly conducted by those already in formal employment, such as, in France (Barthe, 1988; Cornuel and Duriez, 1985; Tievant, 1982), Germany (Glatzer and Berger, 1988; Hellberger and Schwarze, 1987), Greece (Hadjimichalis and Vaiou, 1989), Italy (Cappechi, 1989; Mingione, 1991, Warren, 1994), and the UK (Howe, 1990; Morris, 1994, Pahl, 1984; Williams, 2002a, b, 2004a, d; Williams and Windebank, 1999b, 2001a, b, c, d, e, 2002a, b, 2003a). A more detailed discussion on the marginality thesis can also be found in the next chapter while attempting to form a theoretical framework to understand the motivations for people to join the informal sector.

## **Recent Developments: The informal economy – post 2000**

Although a positive voice acknowledging the constructive facets of the informal economy has always existed, ever since the dawn of this century one can witness a much greater emphasis on the prolific portrayal of the informal sector. In recent years in particular, the impression of informal work has started to shift from exploitative, low-paid and sweatshop like work to combining the existence of autonomous, higher-paid and flexible means of income. Surprisingly, this sphere is recently looked at as an asset rather than an obstacle to development in the advanced economies (e.g. Small Business Council, 2004; Evans *et al.*, 2004; Williams, 2004a, c, d, 2005a; ILO, 2002). Furthermore, one can see a growing recognition amongst international institutions of the hidden enterprising culture existing in the informal sector. For example, the ILO (2002, p.3) stated that informal entrepreneurs display “real business acumen, creativity, dynamism and innovation”. This recent prevalence of positive overtones in the literature of the informal economy, especially at the governmental level, may be attributed to the apparent shift in policy towards the informal economy in the last decade from the predominant strategy of eradication to that of proposals for its sustenance and growth (e.g. Cornwall, 1998; Frank, 1994; Rakowski, 1994).

## **Determinants of the informal economy**

What causes the production and growth of the informal economy has always been the most challenging discipline of research for international scholars. Drawing evidence from various regions of the world, one may find it highly eluding to find a 'universal' explanation for the existence of informal economic activities. No individual causal factor is yet able to capture the complexities of this sector, the composition of which is rather depended on a 'dynamic product' of various determinants. In other words, the nature and extent of the informal economy is always explained by a "cocktail" of factors (e.g. Mateman and Renooy, 2001; Williams, 2004a; Williams and Windebank, 1995a, 1998; Williams, 2006). According to Renooy (2004, p.24), *"There are no general, universal causes for the existence and development of underground economy. It is brought by a complex interplay between various variables that varies between countries"*. In view of this multifarious nature of informal work, the following discussion will be structured around the model presented by Williams (2006), synthesising a range of institutional, structural and personal determinants variably responsible for the existence of the informal economy in various regions of the world. Although mainly adapted from Williams (2006), the model will also include some additional factors, such as ethnicity, immigration status, tax morality and risk of detection drawn from various studies conducted in the advanced economies.

### **Structural Factors**

#### **Economic regulators**

These are the factors that design the socio-economic context of any population and determine the level of participation in informal work with the help of following sub-factors:

#### ***Level of affluence and employment***

Recent studies across the world in general, and western economies in particular, have shown that the higher the level of affluence and formal employment, the larger the magnitude of informal work (e.g. Williams, 2004a; Cornuel and Duriez, 1985; Mattera, 1980; Lobo, 1990). It is because, as argued by Williams and Windebank (2002), the affluent and formally employed people have the financial resources as well as the social capital to establish and develop informal

businesses. It is also found that the level of affluence affects the status of informal employment; individuals with money are more likely to adopt autonomous forms of informal employment than the ones belonging to marginalised group of society (e.g. Mingione, 1991; Fortin *et al.*, 1996). An equally large class of scholars, on the contrary, argued that it is mostly the people living in deprived and low-income areas who are more likely to engage in informal economic activities, mainly due to their exclusion from more formal means of employment (e.g. Leonard, 1994; Blair and Endres, 1994; Robson, 1988; Haughton *et al.*, 1993). Given such contrasting trends, one must not tend to rely its estimates of the informal economy plainly on the level of affluence/deprivation existing within a particular locality.

### ***Industrial structure***

Industrial structure of any particular region is defined by the size and diversity of enterprises operating in the region. Based upon reasonable evidence, it can be said that areas clustered with large firms discourage the existence of autonomous self and wage employment. Firstly, the skills acquired in large firms are not transferable and can not be utilized outside the work. Secondly, large enterprises prefer to perform most of their operations in-house and avoid outsourcing. On the contrary, areas with large number of small and medium sized (SMEs) firms provide ample opportunities of being a part of their supply chain and hence, promote autonomous informal work (e.g. Blair and Endres, 1994; Pahl, 1988; Sassen, 1996; Cappecchi, 1989). The magnitude of informal work among SMEs can, however, vary substantially within nations, regions and localities due to influence of other factors. Similarly, areas with high rates of self-employment are found to be highly like to report the prevalence of autonomous informal work (Pahl, 1988; SBC, 2004; Williams, 2005a).

### ***Level of subcontracting***

Level of subcontracting is found to have positive impact on the size of informal employment. If operations are being outsourced by firms, people in the vicinity will feel motivated to offer their services by setting up informal businesses (e.g. Williams and Thomas, 1996; Ghezzi, 2006; Benton, 1990). Most notably, a growth in the rate of 'outsourcing' by formal enterprises leads to a proliferation of informal employees (e.g. Bender, 2004; Hapke, 2004; Barlett and Steele, 2000). At the same time, many researches have shown that subcontracting does not always flourish the hidden enterprise culture. In Italy, for example, Cappecchi (1989) figured out that

subcontracting has a very weak relationship with informal employment. Similarly Grand Filly in France (Legrain1982) noted the existence of strong enterprise culture in areas where subcontracting is absent. Therefore like other factors, subcontracting should also be considered in relation to other factors.

### **Social regulators**

Apart from economic factors, the social context of the region also plays a vital role in forming of deforming the hidden enterprise culture. The main elements of social context vis-à-vis informal economy are as follows:

#### ***Cultural traditions, norms and moralities***

The standards of good and bad in any particular region are defined by its cultural norms and moral values and so is the acceptability of undeclared work. Cross national differences in tax moralities causes different nations to have different magnitude of informal work. Similarly, the countries in which the level of resentment against government is high, people tend to abandon legal forms of work and opt for informal means of income (e.g. Baculo, 2001; Leonard, 1994; Howe, 1988; Legrain, 1982). The magnitude of informal work also increases when there is decline in general ethical and moral standards of the society. Individualistic societies are also more prone to hidden forms of work. These societies are comprised of individuals who are self-centred and have strong urge to form personal identities. Variable acceptability of different forms of undeclared work is also determined by cultural norms and traditions of the particular region. Tax evasion in some countries may not be considered as immoral as claiming social benefits while working or vice-versa (e.g. MacDonald, 1994; Cook, 1997).

#### ***The nature of social networks***

Strength and density of social fabric is another determinant of hidden enterprise culture. A person from a strongly knitted society has much wider span of friends, neighbours and acquaintances, hence, more sources of knowing about informal means of work. On the other hand, societies with weak social networks are always handicapped in terms of social capital and do not feel sufficiently equipped to engage in informal economic activities (e.g. Jones *et al.*, 2010; Ram *et al.*, 2008) . A strong positive correlation is identified between the density of social networks and the propensity to engage in informal economic activities at many occasions (e.g.

Morris, 1994; Mingione, 1991; Warde, 1990; Legrain, 1982). On the contrary, the study conducted by Trinci (2006) with respect to evaluating the role of social networks in determining the size of informal employment concluded an extremely weak relationship between the ability of immigrants to participate in the informal sector and the strength of their co-ethnic social networks.

### ***Socio-economic mix/disparity***

Socio-economic mix determines the number of people with high income and little free time and with low income and much free time in a particular society. If there is considerable distinction between these two groups, the society will witness high levels of autonomous informal work. It is because affluent people with little free time tend to delegate their minor jobs to people who can do it for them on payment. The same trend was supported by the studies of Barthelemy (1991), Pestieau (1985), Portes (1994) and Renooy (1990). Therefore, the localities with high socio-economic disparity are conducive for hidden enterprise culture.

### ***Size and type of settlement***

The affect of type of settlement has been largely studied by various researchers and policy makers. According to reasonable number of studies, rural population is more likely to undertake autonomous forms of informal work than urban population (Duncan, 1992; Levitan and Feldman, 1991; Kesteloot and Meert, 1999). There are equal number of researches which refute this argument and associate informal work more with urban settlements. Mogensen, for example, in Denmark, shows that frequency of participation in urban areas like Copenhagen (17% participation in informal activity) is greater than Western Jutland (10% participation in informal work), which is a rural settlement (see also, Williams, 2004a; Fortin *et al.*, 1996). Having known this, it can not be universally stated that rural areas have high percentage of informal work than urban populations or vice-versa. Importance of other factors should be recognised simultaneously.

### ***Tax morality and acceptance of informal work***

The rate of participation in informal work also seems to vary according to the level of tax morality prevailing in a specific locality or population. Tax morality in this context refers to the degree of social acceptance a particular population displays in relation to the practice of tax evasion by its members. In general, people with low tax morality are found to be more likely to participate in informal activities as compared with those who attach relatively high sense of criminality with keeping a part of their business incomes undeclared. In the study conducted across 27 EU states (Eurobarometer, 2007), for example, countries showing high acceptability for someone who evades taxes by not or only partially declaring his income reported much higher social acceptance for informal work, and hence wider participation in such activities. Likewise, comparing the cultural perceptions of people with regard to the practices of 'receiving benefits without entitlement' and 'evading taxes', many studies have shown the positive scoring of the latter to bear a complimentary influence on the tendency of people to conduct informal work (e.g. MacDonald, 1994; Cook, 1997; Jonsson, 2001). Based on such evidence, one can conclude a fairly strong relationship between tax morality and the rate of participation in informal work; however, whether it is to be read as a universal trend or not, is still a matter of ambiguity.

### ***Ethnicity and immigration status***

Another important factor that appears in the international literature as a potential determinant of the tendency of individuals to participate in the informal economy is ethnicity. In particular, the western studies are recently found to debate the prevalence of informal economic activities amongst immigrants from third world and developing countries against the tendency of their native White population to participate in such activities. Once again, no universal generalisations can be sought. However, a predominant group of studies, mainly from the US, tend to present the immigrants as the major participants of the informal economy (e.g. Fernandez-Kelly and Garcia, 1989; Lin, 1995; Portes, 1994; Sassen, 1989; Stepick, 1989). Not only is this narrative restricted to the US, but a host of studies from within the European Union also tend to confirm the high tendency of immigrant and ethnic minority populations to engage in a variety of informal business activities (e.g. Jones *et al.*, 2004; Ram *et al.*, 2007; Kloosterman *et al.*, 1999; Baldwin-Edwards, 1998). Despite the predominance of the belief that people from minority ethnic groups are more likely to engage in informal work, there are arguments to denounce the generalisation of this thesis. Williams and Windebank (1998), for example, as a result of their criticism of US-

based studies, assert that if immigrants happen to constitute the bulk of the informal labour market in some parts of global cities, it does not mean that they are everywhere more likely to participate in the informal economy. In furtherance to their argument, they assert that when combined with other variables, ethnicity alone is not sufficient to explain the rate of participation for a specific population (see also, Jensen *et al.*, 1995). That it is not only the immigrants who are more likely to conduct informal activities is also supported by the fact that many white localities are also found to engage in informal work a great deal (e.g. Williams, 2004a, Pedersen, 2003; Mingione, 1991; Leonard, 1994).

Beside ethnicity, one can also see some academic scholars describing the participation of immigrant workers as high or low depending upon their respective immigration status. Mostly the distinction is made between 'legal' and 'illegal' immigrants, with latter being normally portrayed as bigger participants of the informal economy in the developed economies (e.g. Ram *et al.*, 2007; Jones, 1994; Moulrier-Boutang, 1991). At the same time, however, an antagonistic stream of argument is also noticeable in the western literature on the immigrant informal economy, rejecting the narrative that it is always immigrants with illegal status who conduct the majority of informal work (e.g. Williams and Windebank, 1998; Wuddalamy 1991). Rather on certain occasions, it is stated that a vast percentage (88%) of illegal immigrants may be paying their taxes in total compliance with the law (see, Mattera, 1985). Hence, given the contrasting notions in the literature, ethnicity and immigrant status alone also seems to be insufficient to fully capture the reason for someone to work on an informal basis.

## **Institutional factors**

### ***Tax contributions***

The level of taxation is mostly defined as a sufficient determinant of participation in the informal economy (e.g. Eurobarometer, 2007). Generally, the rise in taxation causes reduction in profits and increase in cost of doing business in formal sector as a result (e.g. Frey and Weck, 1983; Gutmann, 1977; Renooy, 1990). This is when the informal means of income becomes far more economical and simple as compared with formal counterparts. Nevertheless, cases can be identified where participation in undeclared work is not strongly affected by the level of taxation. Escalation in taxes can result in either shift to undeclared work or engagement in self-provisioning. Some researches have also discovered that all self-employed people and companies

do not instinctively turn to informal practices due to increase in taxation, but their reaction also depends upon other options available to them (see, Wintrobe, 2001). In addition to taxation level, the structure of taxes also contributes to promotion or demotion of hidden enterprise culture. For example, if taxes are collected more from individual employees and established self-employed than companies, more people are likely to engage in off-the-books businesses and employment (Williams, 2006).

### ***Welfare benefit regulations***

The general trend is that states with deeply embedded and fair system of welfare benefits experience lesser degree of hidden enterprise culture. In poor welfare economies lack of access to state benefits leaves deprived citizens with no option except adopting informal work as survival strategy. This argument can also be used to explain high levels of autonomous informal work in weak welfare countries of Southern Europe like Greece, Turkey and Spain as compared with Northern European countries like Denmark, Germany and UK (e.g. Wenig, 1990; Williams and Windebank, 1998). People receiving no social benefits become risk free in informal sector because they have little to lose if caught. On the other hand, for the ones with regular stream of social benefits experience the fear of losing their benefits and have a strong disincentive to engage in informal work (e.g. Del Boca and Forte, 1982).

### ***State interpretation and enforcement of regulations***

The level of informal work is determined not only by state regulations but also the extent to which they are enforced. At times, for example, law enforcement authorities are deliberately oblivious to the existence of hidden enterprises and off-the-books employment. The objective is to allow individuals and families scale up their earning from what they would earn in the presence of regulations. It is the strategy of “purposeful failure” (see Freeman and Ogleman, 2000) on the part of government in order to augment the socio-economic state of its citizens (e.g. Jones *et al.*, 2004; Lobo, 1990a; Portes and Sassen-Koob, 1987; Warren, 1994). Similarly, the magnitude of informal work being conducted by immigrants is controllable by policies like work and residence permits.

### ***Risk of detection***

Linked with the enforcement of regulations is also the probability of detection that people tend to associate with their engagement in practices, such as to hide income, evade social security contribution, pay less than the NMW, hire illegal workers and so on. Many studies in the discipline of economics (e.g. Watson, 1985; Sandmo, 2004; Klepper and Nagin, 1989) have long-held the argument that stringent enforcement of state regulations often result in increased risk of detection as perceived by the public, which in turn retards their involvement in informal practices. People who are involved in informal work tend to consider the risk of detection to be comparatively smaller than those who have not been a part of such activities, and hence are more likely to further enhance the magnitude of their illegitimate practices (see, Eurobarometer, 2007). There appears to be a positive correlation between the risk of detection perceived by a particular individual and his involvement in informal economic activities, but once again no where is it claimed to be the sole determinant of the informal economy. Following the argument of Williams (2004a) and SBC (2005), the factor related to how an individual perceives the risk of flouting the business law in a particular population is to be evaluated in conjunction with a multitude of other variables discussed here.

### **Individual Characteristics**

Besides all the above mentioned external factors, there are factors relevant to personal status of the individuals that lead to emergence of hidden enterprise culture.

#### ***Employment status***

A vast majority of recent literature on informal economy highlights the connection between informal work and employment status of individuals. It has been found that people with formal employment are much more likely to conduct informal work as compared with unemployed individuals (e.g. Williams, 2001, 2004a, b; Pahl, 1984; Lozano, 1989; Nelson and Smith, 1999; Koopmans, 1989; Williams and Windebank, 2001a). The reasons for their higher interest in this form of work are numerous. At the same time, one can find a wide range of studies refuting this argument and supporting opposite trends (e.g. Leonard, 1994; Howe, 1990; Portes, 1989;

Eurobarometer, 2007). In sum, the linkage between employment status and informal work certainly varies from region to region and depend upon a host of other variables.

### *Education and skill levels*

The importance of education in the informal sector is as high as in the formal sector. Better qualified people attain higher levels of hierarchy and end up doing well-paid and autonomous work in informal sector also (e.g. Fortin, 1996; Lemieux, 1994; Pestieau, 1985). Poorly qualified individuals are likely to be positioned at the other end of spectrum i.e. low-paid, exploitative and organised informal work. Likewise, more skilful workers experience substantially better rate of progress in informal employment (self and wage employment) than unskilled workers (e.g. Links UK, 2006).

### *Stage in lifecycle*

A little research has been conducted on the relationship between age and work type of informal entrepreneurs. Comparatively there is more evidence to support that a higher percentage of informal work is occupied by youngsters (e.g. Fortin, 1996; Pederson, 2003; Renooy, 1990), the group which is less eligible for welfare benefits. Nevertheless, these arguments are made at the tip of iceberg and researchers are expected to explore this relationship further. It is indeed an important determinant of the hidden enterprise culture and must contribute to the magnitude of informal work in a particular locality/population.

In summary, it is again important to repeat that each of the aforementioned determinants, indeed, has substantial importance, but it is always a range of factors and the way they interact with each other that results in a particular extent and nature of informal work. Mono causal explanation of the informal economy, as asserted by Williams (2006), would doubtless be an underrepresentation of reality.

## Methods for measuring the size of the informal economy

Estimating the size and nature of informal economy has been a very complicated task for social scientists since they first felt the need to measure it. Given that informal work is hidden from, or unregistered by the authorities for tax, social security, and labour law purposes, no accurate indicator has yet been found or devised that can be taken as truly representative of the size of the informal economy. Different methods of estimation have, however, been used by academics depending upon resources and availability of information. All these methods have inherent shortcomings and as a result are restricted in terms of their accuracy and reliability. Whether the informal economy should be researched using direct or indirect methods is a topic of intensive debate and splits the academic fraternity into two major groups. First, there are those who believe that due to the illegitimate aspect of informal work, it is not an appropriate approach directly to investigate those involved in informal activities. Direct research will not generate honest replies. Such researchers thus rely on indirect indicators and seek evidence of informal employment in macro-economic data collected for other purposes. The basic belief is that although informal workers try to reduce their visibility at the micro level, their activities become apparent in one form or the other at the macro-economic level. Second, there is a group of academics who pose serious objections to the accuracy and appropriateness of macro-economic indicators as proxies for informal economic activities, since most of them are evaluated for remarkably different purposes. The basic belief is that despite their discrete forms of work, informal workers tend to talk openly about their employment. More importantly, it is the only palatable method to examine the nature of the informal economy.

In recent years, there is a good number of attempts both at the academic and policy levels to compile different measurement methods, ranging from indirect macroeconomic estimations to direct survey-based measurements, used across the globe in the wake of estimating the size of the informal economy (e.g. Williams, 2004a; Williams and Ram, 2009; OECD, 2002; Renooy *et al.*, 2004). One of the very recent compilations in this regard can be attributed to the report presented by the European Community Programme for Employment and Social Solidarity (2009)<sup>3</sup> as an attempt by the European Union to promote the use of common indicators and statistical tools by the member states. Based on these studies, and using the classification

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<sup>3</sup> Study of indirect measurement methods for undeclared work in the European Union – A report submitted by GHK and Fondazione G. Brodolini (2009)

presented by Williams (2006), the following section has synthesized most of the methods used in the international literature in connection with measuring the magnitude of informal economic activities in the advanced economies.

## **Indirect methods**

According to Williams (2006, 2004a), three types of indirect methods have been used to evaluate the size of the informal economy across a range of the developed and developing economies. First, there are methods that seek to evaluate the size of the informal economy in non-monetary indicators, second, those using monetary indicators and lastly, there are techniques that premised their calculations on discrepancies between income and expenditure level.

### **Indirect Non-Monetary Methods**

One of the three major non-monetary methods uses national statistics of formal labour force. Second is the one that uses very small enterprises as a proxy for informal employment and lastly the electricity demand method, which calculates the size of informal sector on basis of national electricity demand.

#### ***Labour input method/ Labour force estimates***

Labour input method, as it is named by GHK and Brodolini (2009), is one of the most common and well established indirect methods employed in the advanced economies for dealing empirically with issues related to the informal economy. The basic technique of this method, as the report states, is to compare the supply of labour in a particular country with that of the labour demanded by the firms operating in the market. The difference of the two is then taken as a reliable estimate of the unregistered labour, comprising of people working on an off-the-books basis. In consequence, this method generally calculates the size of the informal economy in terms of the number of informal workers as a share of total employment instead of measuring it as a percentage of GDP. Some countries, such as Croatia, Portugal and Slovenia, tend to integrate this method with data sources on productivity to estimate the value added by the informal sector (see, GHK and Brodolini, 2009; p.30). Other sources of information used in this

method are often the Labour Force Surveys (LFS) and business and firms surveys, where the latter are used mainly to formulate the data set for labour demand.

Another method that tends to determine the size of informal work based on the estimates of the labour market is simply known as Labour Force Estimates, as it is termed by Williams and Windebank (1998). There are primarily two types of statistics used by the researchers who to represent the size of the formal labour force. On the one hand, there is a method of identifying certain types of employment, like self-employment, second-job holding etc, in which the workers are most likely to work informally and then calculating the increase in the number of workers in the same forms of employment in official labour force statistics (Alden 1982, Del Boca and Forte 1982).

On the other hand, the size of informal labour force is determined by examining the difference between two dissimilar national statistics of employment. This difference is then taken as a proxy to informal labour that is not visible in all national statistics but reveal their existence in certain types of statistics. In the USA, for instance, the comparison between Census Bureau's Current Population Survey (CPS) and Bureau of Labour Statistics (BLS) survey of firms is used to estimate the magnitude of informal employment. Similarly, in Portugal the disparity between the number of people registered as salaried workers and the number of working individuals registered with the Ministry of Work statistics has been used to represent the informal labour.

There are, however, some serious problems with this approach. First of all, it makes a flawed assumption that any worker is only either formally or informally employed and by doing so it misses out a fairly large amount of informal economic activity being conducted by the ones who are formally employed. Secondly, it only investigates down to the business level and does not capture the informal activity carried out at the individual level in the form of one-to-one services. Finally, there is no strong reason to assume that informal workers will declare themselves as employed in the household surveys while the employer will not in the business surveys.

### ***Very small enterprises (VSE) approach***

The very small enterprise approach, as it was called by Williams and Windebank (1998), works with the assumption that the number of very small enterprises and the rate of growth/decline in their volume in any particular state represent the extent of informal activity and the rate of change in its scale respectively. This approach has been quite popular amongst a variety of researchers and institutions (Fernandez-Kelly and Garcia, 1989; ILO, 2002; Portes and Sassen-Koob, 1987; Sassen and Smith, 1992). This approach is based on the assumption that VSEs are much more likely to employ informal labour due to their greater flexibility, lesser visibility and thus better opportunity to escape state regulations.

The VSE approach has two major shortcomings, which can result in either over- or under-estimation of the informal economy. First, there is no evidence to prove that all small firms are involved in informal activity and thus an overestimation of the magnitude of informal work is likely to happen (Williams, 2006; Williams and Windebank, 1998). Second, fully informal VSEs are not visible enough to be listed on official records and are prone to be left out during calculations. It will always results in the underestimation of informal work (Portes, 1994). Also, this approach is inherently incapable to capture all possible forms of informal activity. It only takes into account the informal work being undertaken by small firms and totally misses out a considerable amount of such work that is taken place at individual level to meet the final demand. It does not encapsulate the informal work results from the outsourcing of operations by large firms to small informal firms also. Yet despite all these critical shortcomings, it has been widely used to calculate the extent of informal activity.

### ***Electricity consumption method***

It is a relatively recent approach to find the share of informal economy in the overall economic activity. This approach is not widely used, but yet a reasonable number of researchers have based their calculations on it (Friedman et al., 2000; Kaufmann and Kaliberda, 1996; Lacko, 1999). The underlying assumption, according to Renooy *et al.*, (2004) and GHK and Brodolini (2009), in this method is that real GDP, including both formal and informal activities, grows with the same rate as electricity consumption, and hence the latter is a good measurement of the former. By using this indicator as a measure of the whole economy and subtracting from it the official GDP will provide the estimates for unofficial GDP, which is considered as a fraction of GDP

being contributed by informal activity (Williams, 2004a). Calculations have shown that this approach tends to provide higher estimates of informal economy than other non-monetary approaches.

Given the fact all non-monetary methods are based on some crude assumptions, their ability to estimate the magnitude of informal economy is severely limited. In order to overcome these limitations and improve the reliability and accuracy of estimates, some indirect monetary methods have also been devised by researchers and academics.

### **Indirect Monetary Methods**

Unlike non-monetary approaches, as argued by Williams (2006), monetary methods do not derive their results from demographic and industrial data but rather use various financial indicators in relation to each other in order to separate two spheres of economy (see also, Renooy *et al.*, 2004; GHK and Brodolini, 2009). The following section discusses through two important indirect monetary methods of calculating the volume of informal economy.

#### ***Cash-deposit ratio method***

The central assumption of this approach is that in order to conceal income, informal workers tend to work on cash-in-hand basis and carry out their informal transactions in the form of cash. Based on this assumption, the size of informal activity is estimated by calculating the total money required by the operations of legal (formal) businesses, subtracting it from the total monetary mass in circulation and multiplying this difference with the velocity of money within a particular economy (Williams 2004a). It is then divided by the figure of GNP so as to present the share of informal economy as a percentage of total GNP.

This approach was developed by Gutmann (1977, 1978), who later used it to estimate the size of the informal economy in the US. A similar approach was subsequently adopted by many other researchers for estimating the scale of informal work in their respective countries (e.g. Atkins, 1999; Caridi and Passerini, 2001; Cocco and Santos, 1984; Mathews, 1983; Mathews and Rastogi, 1985; Meadows and Pihera, 1981; Santos, 1983; Tanzi, 1980).

Despite its widespread use, the cash-deposit ratio approach has attracted a good deal of criticism. The most vital criticism has been that not all the informal transactions take place in the form of cash and there are many cases in which informal payments are made in cash as well as cheques and credit cards (Williams, 2006; Williams and Windebank, 1998; Smith, 1985). In Italy, for example, there are laws that protect the working individuals from unwilling disclosure of their bank accounts and thus make it feasible for them to use non-cash medium of payment for their informal work (Contini, 1982). Secondly, it is also criticised for its inability to separate the circulation of cash due to informal activity from the currency in circulation due to criminal activities. For countries with high levels of criminal transactions, the implementation of this approach will always result in overestimation of the magnitude of informal economy (Williams and Windebank, 1998).

It has also been challenged for its requirement to identify a base year, which is supposedly the year with no existence of informal employment. Given that the results of this approach are highly sensitive to which year is selected as a base year (O'Higgins, 1981); many academics have condemned the arbitrary selection of base year. This method also assumes the same velocity of currency circulation for both formal and informal sectors. First of all it is very difficult to calculate the velocity of currency circulation in the informal sector and then there is not enough evidence to consider it equal to the velocity of formal sector (Frey and Weck, 1983). Lastly, there is no consideration for the amount of national currency that is held internationally. This method is thus suspected to exaggerate the size of informal employment by counting the internationally kept cash into the national account.

### ***Money transaction method***

This approach recognises the use of cheques as well as cash in the informal transactions and based its estimates of the size of informal activity on the total monetary transaction instead of cash-only exchanges. The rationale for this approach came from the findings of some studies conducted in Europe and the US (for example, Feige, 1979; Isachsen *et al.*, 1982; Smith, 1985). All of these studies found that there were numerous occasions in the informal sphere when bills were settled in the form of both cheques and cash and thus formed the reason for the inclusion of non-cash medium of payment in the volume of informal work. By relaxing the cash-only assumption, this approach successfully eradicated the first objection against cash-deposit ratio

method for assuming that cash is the only mode of payment in the informal sphere. However, the rest of the objections are still equally applicable.

### ***Latent variable method/ Cash demand method***

This method is known by different names at different places; for instance, Latent variable method (GHK and Brodolini, 2009), Modelling method (Renooy *et al.*, 2004) and Cash demand method (Williams 2004a). It is, nevertheless, one of the recently developed methods of calculating the extent of the informal economy and expected to be superior to previous methods in terms of accuracy and reliability. Unlike previously discussed non-monetary methods, it does not rest its estimations on any single cash variable, rather takes into account multiple indicators and multiple causes so as to get more a realistic picture of the informal sphere. Due to enhanced accuracy and comprehensiveness of this approach, it has been adopted by many researchers in recent years (for example, Bajada and Schneider, 2003; Chatterjee *et al.*, 2002; Giles, 1999a, b; Giles and Tedds, 2002). Particularly the DYMIMIC (dynamic multiple indicators multiple causes) model, presented by Schneider (2007), seems to gain high popularity among social scientists. Overall the results of this approach show that similar to other indirect non-monetary approaches, it also tends to provide high estimates of informal work as a percentage of GDP.

Even though it has provided an improved methodology of estimating the size of informal work, cash demand approach is not able to fully satisfy the critiques. The creators of this approach have developed a standard set of causes (indicators) under the assumption that the configuration of the informal economy always and everywhere depends upon the same causes. The configuration of the informal economy is, in contrast, determined by a cocktail of variables that may vary drastically from region to region (Williams, 2006; Williams, 2004a; Williams and Windebank, 1998; Mateman and Renooy, 2001; Renooy *et al.*, 2004). Secondly, it is not these variables *per se*, but the way they combine with each other that defines the level of informal employment in any particular locality (Williams, 2006).

In spite of their widespread recognition by researchers and academics at the international level, the indirect monetary methods of evaluating the informal economy have not been very successful in gaining authenticity. These methods have inherent shortcomings and their results are of dubious validity (Tanzi, 1999; Thomas, 1999; Williams and Windebank, 1998). Such criticism led to the development of a relatively direct monetary approach.

### *Income/Expenditure discrepancies method*

This is considered as a comparatively direct and thus more reliable monetary approach of estimating the size of informal work. According to this approach, the magnitude of informal activity is represented by the difference between income and expenditure at either national aggregate level or microeconomic household level. The underlying concept is that the informal workers can possibly have various means of hiding their incomes, but it is not possible for them to conceal their expenditures. Therefore, as argued by Williams (2006), the disparity between income and expenditure can be used to identify the fraction of expenditure being compensated by informal income. Several studies have been conducted using this approach at both aggregate and individual levels. Aggregate level studies, examining the difference between national income and expenditure, are mostly popular in European states; Germany (Langfelt, 1989), Sweden (Apel, 1994; Hansson, 1994; Park, 1979; Tengblad, 1994) and the UK (O'Higgins, 1981). In the US, meanwhile, Paglin (1994) attempts to base his calculations on the difference between household income and expenditure. Similar household level studies are quite popular in the UK as well (e.g. Dilnot and Morris, 1981). The popularity of this method as a reliable source of estimation also reflects from the fact that the majority of the European Union states (17 out of 29 countries) reported at least one source using this method (see, GHK and Brodolini, 2009).

Although the income/expenditure discrepancy approach offers many advantages over other monetary methods discussed earlier, it still has many shortcomings associated with it (Williams, 2004a; Williams and Windebank, 1998). Many assumptions are required to be made for the difference of income and expenditure to be a reliable measure of informal activity. On the expenditure side, as mentioned by Mattera (1985), it would be unrealistic to assume that households will declare their true expenditure in national surveys. Moreover, the figures of expenditure will always be over or underestimated due to the fact that not all households keep formal records of their annual expenditure and normally tend to provide guesstimated figures (Williams, 2006; Williams and Windebank, 1998). They are also criticised for attributing the entire disparity between income and expenditure to the informal economy and ignoring other influential factors like high expenditure due to unusual major purchase or to the running down of accumulated wealth (Williams, 2006; Williams and Windebank, 1998).

On the income side, there is no technique to distinguish between the fraction of income contributed by informal and criminal activities. The national statistics of household income may

include a considerable amount of earnings through criminal activities and lead to an overestimation of informal activities. Lastly, so far as studies like FES are concerned, there is a good chance of participants not responding or at least under reporting their income (Thomas, 1992).

## **Direct survey method**

The direct survey method, as argued by Renooy *et al.*, (2004), Williams (2006b) and OECD (2002), is the only approach that offers researchers an opportunity to come into direct contact with the participants of the informal economy and listen to the story directly from the horse's mouth. Participants of the informal economy are approached by researchers through suitable sources and are brought under explicit or implicit investigation with regard to their informal exchanges. Direct survey methods have been acclaimed for the versatility of information they can generate on informal work. They can be employed to evaluate the volume, value and characteristics of work in the informal domain and easily supersedes indirect methods of estimation in terms of knowledge generation. This approach is not restricted to any specific group of researchers or economies, but seems to be adopted in various parts of the world with high popularity in advanced economies. For instance, the following studies have been undertaken in Belgium (Kesteloot and Meert, 1999; Pestieau, 1983, 1985), Canada (Fortin *et al.*, 1996), Germany (Frey *et al.*, 1982), Italy (Baculo, 2001; CENSIS, 1979), Norway (Isachsen and Strom, 1985), the Netherlands (Van Eck and Kazemeier, 1985; Renooy, 1990), the UK (Leonard, 1994; Pahl, 1984; Williams, 2004a; Williams and Windebank, 2001a, b, 2002a, 2003a), Sweden (Jonsson, 2001) and the USA (Ross, 1978; Jensen *et al.*, 1996; Nelson and Smith, 1999; Tickamyer and Wood, 1998).

As for the *volume* of undeclared work, direct surveys, on the one hand, allow researchers to investigate households or businesses as the users of informal work and generate data on the extent to which such type of work is demanded by the society as a whole. On the other hand, it enables researchers to examine the same individuals and businesses as the suppliers of informal work. This is when the participants can be asked whether they have supplied any informal goods and services and specific data can be attained regarding the supply of off-the-books services and goods. However, most of the research to estimate the volume of informal work has been conducted at the household level and has assessed the participants both as suppliers and purchasers of informally-produced goods and services (e.g. Leonard, 1994; Pahl, 1984; Warde,

1990). Similarly, the direct survey methods allow researchers to request information as the amount of money spent by the purchasers and/or earned by the suppliers as a result of the exchange of informal goods and services. Consequently, the magnitude of the informal economy can also be estimated in the form of monetary *value* by using direct surveys.

Surveys conducted to estimate the value of the informal work have also tended to include questions both on the purchase and selling of off-the-books goods and services. It is done to assess the participants of surveys as purchasers as well as suppliers of informal work (e.g. Fortin *et al.*, 1996; Isachsen *et al.*, 1982; Lemieux *et al.*, 1994). This high flexibility of direct survey methods enables researchers and policy makers always to adapt their questions according to the information they desire to attain. A further unique kind of information that can be generated through direct surveys is about the 'characteristics/nature' of informal activity. Direct survey methods enable to ask the participants a range of specific questions in relation to their informal activities. The ability to investigate the characteristic of informal work has been largely recognised as an advantage of direct survey methods over indirect method of estimation. As stated by Frey and Weck (1983, p.24), '*One of the main shortcomings of all these approaches (indirect) is that they do not concentrate on the causes and circumstances in which a shadow economy arises and exists*'. The need for carrying out direct surveys so as to explore the nature of informal work has also been asserted by Williams (2006, p.56), '*(indirect approaches) [do not] explore the character of underground work beyond crude estimates of its sectoral and occupational concentrations. To do this, it is more direct approaches to investigating underground work that need to be examined*'

There are examples of both quantitative and qualitative surveys, but most of the times surveys pertinent to the evaluation of informal work tend to be carried out as quantitative studies consisting of structured interviews with closed-ended questions. Structured interviews are quite often found to be followed by more open-ended and qualitative sort of discussion in a secondary capacity for in-depth exploration of certain aspects (e.g. Leonard, 1994; Pahl, 1984). Perhaps the predominance of quantitative techniques in direct survey methods reflects the lack of data on this subject (Williams, 2006, 2004; Williams and Windebank, 1998). So far as data collection is concerned, a variety of techniques have been employed such as mail-shot questionnaires (e.g. Fortin *et al.*, 1996), telephonic interviews (e.g. Jonsson, 2001) or face-to-face interviews of the unstructured (e.g. Baculo, 2001; Howe, 1998) or structured nature (e.g. Williams and Windebank, 2001a; European Commission, 2006).

Direct survey methods even seem to be quite rich in terms of their reach. Studies conducted by using this approach range from the surveys of local populations to regional and national level surveys. Until recently, direct survey approach had been criticised for its small-scale applicability and was not acknowledged as a technique to gather data at the national scale (Williams, 2006) This scepticism was caused by the fact that most of the direct studies to date have been targeted toward particular localities (e.g. Barthe, 1985; Fortin *et al.*, 1996; Leonard, 1994; Pahl, 1984; Renooy, 1990; Warde, 1990; Williams and Windebank, 2003a) or socio-economic groups (e.g. Phizacklea and Wolkowitz, 1995) and have taken households as their unit of analysis. Even the studies that choose businesses as their unit of analysis have been unable to expand beyond firms located in particular localities and working in specific sectors (e.g. Lin, 1995; Jones *et al.*, 2004; Ram *et al.*, 2001, 2002a, b, 2003).

This small-scale impression of direct survey methods has, however, been broken by recent developments, applying this technique to determine the size and nature of informal work at national and even cross national levels (e.g. European Commission, 2007; Pederson, 2003; Annual Small Business Survey, 2004/05). Annual Small Business Survey was conducted by Small Business Services (SBS) in the UK and is considered as the first ever nationwide survey in an advanced country that was conducted with regard to prevalence and impacts of informal employment. It was instigated by the findings of the report published by Small Business Council in 2004 identifying the need to study the nature and extent of informal economy and proposing different strategies to tackle businesses working on off-the-books basis. Although the survey was not specifically designed with the purpose of examining informal businesses, it was targeted towards highlighting the concerns and measuring the potential of small businesses (formal and informal) in general. It also involved some questions concerning informal business practices and encouraged academia and relevant government departments to think about applying direct survey methods at much bigger scale than local populations (e.g., SBS 2006; OECD, 2002). Similar to all the indirect methods, the practicality of direct survey approach has also been criticised by a group of researchers. The forthcoming methodology chapter also includes a more detailed critical evaluation of this approach in relation to this thesis.

Chapter 2  
**(Literature Review II)**

# The British Informal Economy

## Introduction

As discussed in chapter one, the British literature on informal work is characterised by variable theorisations and findings (e.g. Williams and Windebank, 2002; Pederson, 2003, European Commission, 2007; SBS, 2006; Thomas, 1992; Community Links, 2007) vis-à-vis the nature and size of such work. A widespread consensus exists concerning the definition of the informal economy amongst British scholars and policymakers. As previously discussed titles such as ‘underground’, ‘cash-in-hand’, ‘informal’, ‘hidden’ and ‘undeclared’ are frequently used at different occasions (see Jones et al., 2005; Renooy, 2007; ONS, 2005; Williams, 2002; Ram, 2001, 2002a, b). Nonetheless, an overwhelming majority of studies on the UK tend to define informal work as:

“The paid production and sale of goods and services that are unregistered by, or hidden from, the state for tax and social security purposes, but which are legal in all other respects” (e.g. Williams 2004a, p. 2; Williams and Windebank, 2002; Williams, 2006; Renooy et al., 2004; Thomas, 1992)

Based on this definition, and as is also widely the case in other developed economies, the bulk of the UK-based evidence on the informal sector tend to cover mostly the paid forms of informal work that is illegal due to the non-declaration of income to the state for tax and/or welfare purposes (Williams, 2007). Paid forms of informal trade where the products and services themselves are illegal (e.g. drugs trafficking, prostitution and smuggled products) tend to be excluded from the discussion of informal work in the British literature. However, so far as the non-monetised forms of informal work (e.g. self-provisioning and mutual aid) are concerned, there have been a growing number of UK-based studies in recent years trying to highlight such activities as a significant part of the British informal economy. The proceeding sections will include a thorough discussion on what has been generally regarded as informal work on various occasions in the British literature.

This precise definition is important. Simply to lump everything that is not ‘formal’ into a catch-all ‘informal’ sphere would be highly problematic because there are many diverse forms of

activities that exist beyond formal employment, yet which do not constitute a part of the conventional informal economy, e.g. criminal activities (Williams and Windebank, 2002, p.230).

Interestingly, the same definition of informal employment seems to be widely accepted even amongst the British policy makers. Most of the government sponsored studies in the UK (e.g. Grabiner, 2000; Evans and Syrett, 2006; SBS, 2006) tend to rely on the same standard definition as mentioned above. Unlike the British academic fraternity, however, the UK government is not able to make an equally clear distinction between 'criminal' and 'informal' activities. Some government departments, such as Her Majesty's Revenue and Customs (HMRC) and the Department of Work and Pensions (DWP) are quite conservative while drawing a line between criminal and informal exchanges. For them the only important fact, as stated by Community Links (2007), is that people in both the domains are not complying with existing rules and regulations and, hence, are involved in something that is antagonistic to the British law. At the same time, some government programmes and agencies, like DWP's New Deal, appear to make a fairly strong separation between informal and criminal activities in the UK, disregarding the inclusion of illegal activities characterized by criminal motives (e.g. smuggling, trade of drugs, human trafficking) as a part of the informal economy.

The informal economy in the advanced countries is widely viewed as a fraudulent form of employment, obstructing state authorities from achieving full employment and comprehensive welfare provision, as argued by Williams (2004), by depriving the state of tax and making illegal welfare claims. Such a negative narrative of the informal economy constitutes the dominant impression of both the national and super-national governments across the globe (e.g. Hasseldine and Zhuhong, 1999; European Commission, 1998; ILO, 1996, 2002; OECD, 1994).

Inspired by this global narrative, the British government, until recently, also had maintained a strong negative approach towards the informal sector (Williams, 2004, 2006; Williams and Windebank, 1998; Community Links UK, 2006), mainly comprised of stringent punitive measures discouraging people from pursuing informal economic activities. In the UK, this negative impression of the informal sector amongst policy makers was further reinforced when in late 1999 the Chancellor of Exchequer advised Lord Grabiner to carry out a detailed study of the British informal economy. The findings of Grabiner's report (Grabiner, 2000) were firmly grounded in the discourse that viewed informal employment as a deterrent for the overall British economy, and something that should be tackled in a punitive manner. Following Grabiner's study, several other public reports were published to confirm the steadfast negative attitude of

the British government towards informal economic activity (e.g. HM Customs and Excise, 2003; Home Office, 2003a, b; Small Business Services, 2003). Ever since, the British informal economy is generally described as an irritant that is to be stamped out (Link UK, 2006).

Recently, however, there has been a growing appreciation of the fact that the informal economy does not come without benefits. Intrigued by the study of Small Business Council (SBC, 2004), many government departments and agencies have started to contest their blind rejection of informal economic activity as purely detrimental. Reports published by the Office of National Statistics (ONS, 2005) and HMRC (HMRC, 2005, 2008) strongly assert the need to understand more comprehensively the way informal activities are integrated into the wider UK economy, and to combine the existing deterrence approach with certain enabling measures in order to add some 'carrots' to a purely 'stick-oriented' strategy (SBC, 2005, Williams, 2006). In short, though predominantly negative, the perception of informal work at the policy level is changing. An increasing acknowledgement of the informal sector as a sphere of entrepreneurial ventures and economic growth can also be observed in the narratives of the British academic fraternity (e.g. Williams, 2004a, c, 2005a, Leonard, 1998a, Jones et al., 2004; Evans, Syrett and Williams, 2006), who regularly insist on the adoption of what Williams (2006) calls an "enabling" option.

Having gained the perceptual understanding of the informal economy amongst different circles of British commentators, a stage is set to advance to a more theoretical and empirical comprehension of the subject. The subsequent section, therefore, will explore through a range of theorisations regarding the magnitude and nature of informal work with the aid of findings from various surveys conducted by different government and private research organisations as well as academic researchers in the UK. This will help to integrate a range of understandings as to how and to what extent people are different, or similar, in terms of their participation in informal economic activity across the socio-economic landscape of the UK. Eventually, and most importantly, the discussion will converge to an in-depth analysis of the participation of ethnic minority and immigrant populations in the British informal economy.

## **Size of the British Informal Economy**

Given the fact that the informal economy is by its nature hidden from tax authorities and other state departments, it has always been a challenge to estimate its absolute size in every part of the world. The UK is no exception in this regard. Various British researchers ranging from policymakers to social scientists have struggled with calculating the size of the informal economy in different decades. A variety of measures have been generated as a result, each has a set of criticisms/problems.

As argued by Williams and Windebank (2004), the overwhelming majority of western literature tends to focus upon measuring the magnitude of informal economic activity at the cost of neglecting the nature of such work (e.g. Blair and Endres, 1994; Button, 1984; Castell Portes, 1989; Gutmann, 1978, Rosanvallon, 1980). In the UK, on the contrary, the official as well as the academic account of the subject is certainly as deprived of size estimations, if not more, as that of accounts on the nature of such employment. In fact, recent years can see a growing number of UK-based empirical studies (e.g. Williams, 2009, 2004a, 2003; Capisarow and Barbour, 2004; Community Links, 2006; Evans and Syrett, 2006) aiming to understand the multifarious aspects of the nature of undeclared work in the UK; whereas over the same period, relatively fewer studies could be identified measuring the size of the informal sector in equal depth. This paucity of data is even starker when it comes to estimations generated by British scholars themselves. Most of the nationwide estimations of the British informal economy are provided by foreign agencies and/or researchers (e.g. Pedersen, 2003; Eurobarometer, 2007; Schneider, 2003; OECD, 2004; Feige, 1979).

### **Indirect Estimates**

The estimates of indirect methods, as discussed in the previous chapter, are premised on the belief that even if informal workers intend to hide their income from informal work, it eventually becomes apparent at the macroeconomic level in one form or the other. It is believed that there are definite statistical traces existing in the form of diverse variables when evaluated at the national level (Williams, 2006). The formal origin of academic research in relation to indirect estimates of the British informal economy can be traced back to the studies of two American

scholars, namely Gutmann (1979) and Feige (1979), who provided the founding analytical evaluation regarding the size of informal economic activities in the UK. Using different indirect techniques, Gutmann (1979) and Feige (1979) respectively generated time series data on the magnitude of the UK informal economy in terms of the percentage of GNP. Interestingly, however, both the studies concluded a decline in the overall extent of informal activities in the UK during the period of 1970 – 1985. Table 3.1 provides a comparative illustration of different indirect estimations, including Feige (1979) and Gutmaan (1979), for the size of the informal sector in the UK.

Table 3.1: The size of the UK informal economy as %age of GNP: by year and measurement method

Measurement method	1970-75	1976-80	1981-85	1986-90	1990-95	1996-2000	2000-
Tax Auditing		9.7-12.9					
Income/expenditure discrepancy	2.5	3.6	5.5		10.6		
Physical input Method				13.2	13.1		
Currency demand (Tanzi)	4.3	7.9	8.5	9.7	14.3	12.7	12.5
Cash-deposit ratio (Gutmann)	14.0	7.2	6.2				
Transactions approach (Feige)	17.2	12.6	15.9				
MMIC method (Frey-Weck)		8.0					
Cash demand (Schneider)	2.0	8.4		9.6	12.5	13.0	12.3

Sources: SBS (2005; Table 2); Williams (2006; Table 4.2)

A range of British scholars also attempted to apply different indirect techniques to identify the traces of informal activities in various macroeconomic indicators (e.g MacAfee, 1980; Mathews, 1982; Smithies, 1984; Frey and Weck, 1983). Given their use of different indicators and

theoretical models, it has been impractical to present a comparative analysis of these estimates. Examining the underlying methods of these studies, however, one can see a range of indirect methods, such as income/expenditure discrepancy (MacAfee, 1980), circulation of high denomination notes (Mathews, 1982), cash-to-deposit ratio (Mathews, 1982; Smithies, 1984) and MMIC (Frey and Weck, 1983), being used by the academic scholars of the UK in order to determine the size of the informal sector in the country. Despite the use of remarkably different indirect techniques, and unlike the American research (i.e. Gutmann, 1979 and Feige, 1979), all of these UK-based estimations have unanimously confirmed a dramatic increase in the scale of informal economic activities mainly during the decade of the 1970s. MacAfee (1980), for instance, evaluated a massive increase in the extent of British informal economy both in terms of monetary value and as %age of national income, rising from £390 million in 1970 to over £3000 million in 1978 (see Mathew, 1982; table, I). Although one can see a significant increase in the absolute magnitude of informal work inside the UK, the expansion of the British informal economy relative to the size of the informal sector in other advanced European economies seems to present a much moderate portrayal. Measuring the relative size of informal economic activities across different European countries, Frey and Weck (1983; table, 5), for example, ranked the size of the UK informal economy as 'small' when compared with 'large' informal economies of the Netherlands, Belgium, Austria, Italy and France.

The British literature then remains a barren account on indirect estimations until the study of Friedrich Schneider, an Austrian scholar, who attempted to present a cross-national analysis of 145 countries across the globe. His study was based on economic modelling using DYMIMIC (Dynamic Multiple Indicator and Multiple Causes) approach. The study concluded that the size of the informal sector in the UK has expanded manifold over the last 30 years, starting from 2% of GNP in 1975 to 12.3% of GNP in 2003 (Schneider, 2003, 2007; Bajada and Schneider, 2003). In relative terms, however, the size of the British informal economy, as estimated by the study, tends to fall towards the lower end of the scale.

There are also attempts, though very few in numbers, at the official level. A comprehensive report<sup>4</sup> on the hidden economy of the UK produced by the National Audit Office in 2008 under the orders of House of Commons argues that most of the indirect methods tend to quantify the size of informal work usually as a percentage of GDP, and thus remain oblivious of other forms of monetary indicators. It, therefore, attempts to present the size of the British informal economy in terms of 'amount of tax lost to the hidden economy'. Coupled with the analysis of the data

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<sup>4</sup> HM Revenue and Customs – Tackling the Hidden Economy, National Audit Office, 2008

from HMRC, National Audit Office compiles a trend of the number of informal cases<sup>5</sup> detected by its hidden economy teams over a specific period of time (2003/04-2006/07). The number of cases is 12% lower in 2006-07 than in 2003-04. Almost 7,800 more cases of the hidden economy in the UK, however, were investigated by other teams of the department in the year 2006-07, which amounts the accumulative number of informal cases in 2006-07 to 36,100. Consequently, there is an overall increase of informal cases in the last three years. A joint study commissioned by Street UK and Community Links (Capisarow and Barbour, 2004) has also identified a widespread prevalence of informal work in the UK; however, it fails to provide a quantified indicator in this regard. The study asserts that “the vast majority of people in the UK have, at some point in their lives, dealt with or played a part in the informal economy... the informal economy is diverse and straddles all sections and sectors of the UK’s economy” (Capisarow and Barbour, 2004, p. 29).

Some traces of official estimations are also visible in studies attempting to calculate the scale of informal activities on the basis of various macroeconomic indicators available in national accounts. As cited in OECD (2004; table, 5.5), the national-accounts-based estimate for the share of the informal economy in the UK, as calculated by the UK National Plan for Employment (EC, 2003), amounts to about 1.5% of GDP, which once again appears to be significantly low in relation to official estimates of other European countries shown in the study. It is consistent with the calculations of the Office for National Statistics (ONS), which evaluates the size of the British informal economy as around 1.66% of GDP (approx. £17 billion)<sup>6</sup>.

In summary, there are some deficiencies in the British literature in terms of indirect estimation of the informal economy. Very little new data has been recorded since the time of Mathews (1982) and MacAfee (1980). According to a very recent study commissioned by the European Commission (GHK and Fondazione G. Brodolini, 2009; table, 4.1, 6.1), the UK offers an extremely sparse sources of academic as well as administrative data on indirect measures of informal work. Of all the six indirect methods analysed across 27 EU countries, for example, the UK was found to have used absolutely none of them. Even the available sources of administrative account are found to be of dubious standards. The report concludes at emphasizing the lack of commitment by the British government vis-à-vis its pursuance of indirect methods as a strategy to determine the extent of the informal economy.

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<sup>5</sup> A detected case is where the department has identified people or businesses that are not registered for tax and have subsequently filed a tax return following action by the department.

<sup>6</sup> The 2004 Blue Book, Office for National Statistics

## Direct Estimates

Despite their well debated shortcomings, as discussed in an earlier section, direct methods of studying the size and nature of the informal economy have lured considerable acknowledgement in Europe in particular and at the international level more generally. Regional organisations such as European Commission (Renooy at al., 2004) and OECD (2002) have categorically complimented the use of direct methods as a better strategy to determine the size of the informal sector. Not only have the American studies (e.g. Ross, 1978; Jensen at al., 1996; Nelson and Smith, 1999; Tickamyer and Wood, 1998) suggested direct survey methods to evaluate the extent of informal activity, but so too have a host of British scholars (e.g. Williams, 2004a; Williams and Windebank, 2001a, b, 2002a, 2003a; Thomas, 1992; Smith, 1986; Leonard, 1994). In the UK, there is growing effort even at the government level, as mentioned by Williams (2006), to commission the design of a formal methodology for undertaking direct surveys regarding the magnitude of informal activity in the UK (e.g. HMRC, 2005; SBS, 2004/05). The possible impression is that the British literature and policy agendas are not as deprived in terms of direct estimates as they are in case of indirect evaluation. However, the majority of them are small-scale local studies, nothing with intensive national representation yet (SBS, 2005; Williams, 2006). Most of the national level studies with regard to the UK informal economy are once again attributed to international research organisations (e.g. Eurobarometer, 2007; Pedersen, 2003).

Examining the findings of local surveys conducted across a range of varying socio-economic areas of the UK, one finds it difficult to confirm a single definite figure for the scale of informal economic activities. There are variable differentials between different geographical areas in terms of their usage of informal work depending upon the unit of measurement used to evaluate the size of informal activity. When measured in terms of percentage of tasks conducted using cash-in-hand work, the landscape of the British informal economy seems to present a fairly even size of informal activities across different geographical regions. In case of the English Localities Survey, for instance, while in rural areas only 5% of the tasks surveyed were conducted using cash-in-hand work, almost a same fraction of tasks (5.8%) involved informal work in urban areas (Williams, 2004; table, 6.2). Similarly homogeneous results are found in the survey of the Small Business Council (SBS, 2004/05), which spans over seven widely spread regions of the UK and a diverse range of 14 business sectors. The overall spread of the informal work, as determined by

SBS (2004/05), fluctuates in a narrow range of 7% to 13% between different parts of the UK; however, when relatively synonymous geographical regions (e.g. East and West Wales) are compared, the size of the informal sector becomes even more uniform.

This apparent homogeneity of the British informal sector should not, nevertheless, undermine the striking geographical variations in the extent of informal work when measured in terms of its monetary contribution. Various spatial and socio-economic regions are found to earn considerably different amount of income from their engagement in informal work, ranging from approximately £46 per annum in urban higher-income areas to about £921 per annum in rural higher-income areas with urban and rural 'lower-income' areas ranked in between (see Williams, 2004a; table, 6.3). In consequence, as of now, it is highly eluding to quantify the magnitude of the UK informal economy using a direct survey approach when it comes to determine the national monetary contribution made by this sphere. To attain that, there is certainly a need of large-scale surveys that can encapsulate nationwide data on the subject.

In spite of their geographical limitations, all the direct surveys conducted on English localities display a firm agreement on the fact that the size of the informal sector in the UK is growing. There is increasing reliance on informal means of task performance in both low- and high-income localities, while the share of the formal sector appears to erode down to less than 25% in the completion of everyday household activities (Williams and Windebank, 2002; table, I). The prevalence of informal work is also asserted by the cross-regional study of the Small Business Council (SBS, 2005).

At the national level, the British literature seems to rely on the findings of surveys conducted by international scholars and research organisations. The one of fundamental significance in this regard is the study conducted by a Danish scholar, namely Pedersen in 2003. The study determined the economic contribution of the UK informal economy as marked at 0.6% of GDP, with only 7.8% of those surveyed (n=1572) were found to have worked on an informal basis (Pedersen, 2003). More importantly, and perhaps strikingly, the study confirms that irrespective of the indicator used, the UK informal economy displays the smallest magnitude of informal activities amongst all the Northern European states. The reason, however, he provides for such an abnormally low figure of informal activity is that there are far more activities which are "non-taxable" in the UK as compared with other North European countries. He further asserts that if the activities that would be taxable in the Scandinavian countries were included in the estimates for the UK, "this would increase the size of the black economy in Great Britain to about 2.3% of

GDP, i.e. about the same level as in Norway and Sweden” (Pedersen, 2003, p.111). That the UK contains the smallest of all the informal economies in Europe is also a highlighted fact in the recent cross-national study of the European Commission (Eurobarometer, 2007). Of all the respondents in the UK, only 2% were found to have worked in the informal sector during the last 12 months, which is the lowest figure recorded in the survey.

To conclude, we have discussed through various direct and indirect methods as well as estimates of the magnitude of undeclared work in the UK. There are a couple of very important observations to record. First, and as asserted by the Small Business Council (SBS, 2004/05) and Williams (2006), there are stark variations in the estimates provided by different sources for the UK informal economy, ranging from just 2% by Eurobarometer (2007) to over 12% by Schneider (2003), and then there are many in between. With its respective caveats, each study has uniquely evaluated the spread of informal economic activities in the UK and provided a diverse range of quantified indicators, leading to considerable confusion especially at the policy level. Second, irrespective of the method used, the size of the UK informal economy appears to fall at the lower end of the scale, which tends to form the thesis that the UK faces one of the lowest levels of undeclared work amongst the western nations. Nevertheless, in more absolute terms there is sufficient evidence to suggest that the UK informal economy is growing faster than the formal economy as a percentage of GDP (SBS, 2005).

How large is large?

With so many empirical and analytical estimations in hand, this leads to complexity and lack of clarity regarding what is to be taken as a good estimation of the scale of informal activity in the UK. This has instigated a particular class of British scholars (e.g. Thomas, 1999) to contest this blind quest for the quantification of informal economy and an uncritical acceptance of these inconsistent indicators. Thomas (1999) in his article, “Quantifying the Black Economy: Measurement without Theory, Yet again?” raises some unusual questions with regard to the size of the informal economy. Does the absolute size of the black economy matter? What is important, the absolute level of the black economy, its relative size or its rate of change over time? (Thomas, 1999, p.381-382). He asserts that most of the scholars of the informal economy, especially the economists are overwhelmed with search for the “magic” number that corresponds with the size of the black economy without giving due consideration to more important theoretical issues. Whilst making a special reference to Feige’s (1981) estimates of the size of UK informal economy and exploring the “fallacy” of similar time series studies, he further

suggest that it would be irrational to accept that the production of goods and services in the black economy could increase from 8% of GDP in 1971 to 22% in 1974 and then fall to 14% in 1975 “without being observed” (Thomas, 1999, p.388). He concludes at emphasising the need for studies on more substantial issues, such as who engage in informal work, how they engage in such work and where they engage in such work. It is to the investigation of such questions in the context of the UK informal economy that the proceeding sections will now turn.

## Nature of the British Informal Economy

Until recently, most of the research on the informal economy has tended to rely on single causes to explain its existence. Increasingly, however, a more textured and practical view point has started to emerge, recognising the fact that the formation of the informal employment in different localities and groups is never a product of one single factor, but a complex “mix” of multiple elements (e.g. Mateman and Renooy, 2001; Williams, 2004a; Williams and Windebank, 2004). In other words, as put by Williams (2006), it is caused by a ‘cocktail of factors’.

The contribution of British scholars with regard to devising ways to understand the nature of informal work is absolutely commendable. Given the aim of this section, it might be useful to include a brief introduction of the model presented by Williams and Windebank (1998). Reviewing the extensive literature on various reasons for the informal economy, the model, as discussed thoroughly in the preceding chapter, attempts to encapsulate most of the potential determinants of the nature of informal work in the advanced economies. See figure 3.1.

Figure 3.1: Regulators of the informal economy

<p><b>Economic regulators</b></p> <ul style="list-style-type: none"> <li>• Level of unemployment</li> <li>• Level of affluence</li> <li>• Duration of unemployment</li> <li>• Industrial structure</li> <li>• Level of sub-contracting</li> <li>• Tax and social contributions</li> </ul>	<p><b>Social Regulators</b></p> <ul style="list-style-type: none"> <li>• Socio-economic mix of area</li> <li>• Social cohesiveness of population</li> <li>• Existence of shared political values</li> <li>• Local and regional cultural traditions</li> <li>• The nature of social networks</li> <li>• Education levels</li> </ul>
<p><b>Institutional regulators</b></p> <ul style="list-style-type: none"> <li>• Welfare benefit regulations</li> <li>• Taxation levels</li> <li>• Labour law</li> <li>• State enforcement of rules and taxation regulations</li> <li>• Corporatist agreements</li> </ul>	<p><b>Environmental regulators</b></p> <ul style="list-style-type: none"> <li>• Size and type of settlement</li> <li>• Type and availability of housing</li> <li>• Access of formal goods and services</li> </ul>

The preceding section will now explain in the context of these regulators the characteristics of informal activity prevailing in different localities and populations of the UK. Given the multiplicity involved in the existence of informal work, the UK-based account of such work is being presented in variable forms. Each of these forms attempts to explain the nature of informal work within the scope of selected determinants, and none has yet been able to investigate the simultaneous effects of all the relevant variables in one single study. So, it is quite a segregated picture overall.

This section of the thesis has tried to bring all the pieces of the puzzle together in order to form a more comprehensible picture of the UK informal economy. In doing so, attempts have been made to divide different determinants and their respective effects on the nature of informal work into definite categories. Given the complexity of the nature of such work, however, it is not possible to completely single out the effect of a particular variable at all occasions. Hence, a certain level of overlapping was necessary. It is important to note that the following discussion borrows its structure mainly from Williams (2004a) in order to better synthesise and present the empirical and theoretical narratives related to the nature of the British informal economy. However, the content itself is very different and diverse.

## **Who participates in the British informal economy?**

Until the 1990s, there was a widely held prejudice in the advanced economies that the informal economy was concentrated in what is called by Elkin and McLaren (1991) as “disadvantaged populations”. This conventional discourse tends to define informal employment as a survival strategy used by marginalised groups, in particular the unemployed, women and ethnic minorities (e.g. Pahl, 1985b; Brindle, 1995; Parker, 1982; Button, 1984; Gutmann, 1978; Henry, 1982; Mathews, 1983; Petersen, 1982). Based on this assumption, the same class of scholars, including some British commentators, tend to describe informal forms of employment as being more prevalent in areas where these populations are concentrated, usually labelled as “deprived localities” (e.g. Leonard, 1994; Links UK, 2006; Robson, 1988; Blair and Endres, 1994; Haughton et al., 1993).

Over the last decade, nevertheless, the conventional projection that marginalised populations disproportionately participate in, and benefit from, informal employments is broadly debunked

across all the advanced economies. The contribution of UK-based studies in this regard can not be underestimated. A range of empirical studies conducted by British scholars, with occasional support from public organisations (e.g. SBC, 2005) has presented concrete evidence to refute the concentration of informal work amongst the unemployed (Williams, 2001, 2004a, b; Williams and Windebank, 2001a, b; Pahl, 1984), deprived areas (Williams, 2004a; Williams and Windebank, 1995; 1998; 2003), women (Pahl, 1984; Williams and Windebank, 1998) and ethnic minorities (Williams and Windebank, 1998).

Ultimately, the landscape of the informal economy in the UK appears to be fairly heterogeneous. Different localities and populations tend to show different levels of engagement under different economic, social, institutional and environmental scenarios. Level of influence of a particular locality does not seem to determine the extent of informal work single-handedly. The subsequent section will discuss the findings of some empirical studies conducted in different urban and rural areas of the UK with the aim to comprehend the influence of variables, like area-type, social relationship, gender and employment status, on the magnitude of informal economic activities.

### Participation: by area-type

There is a multitude of texts investigating the “uneven geographies” of the informal economy both at the cross-national level and at the regional and local level. The majority of literature on the geographical variations of informal work, as argued by Williams (2004a), tends to focus upon cross-national studies (e.g. Dallago, 1991; European Commission, 1998; Feige, 1990; ILO, 2002; Pedersen, 2003; Schneider, 2001). Although, recently there has been an increasing focus on investigating the uneven contours of informal work at more regional and local levels, it still remains a relatively uncharted territory (Williams, 2004a).

That the deprived and low-income localities have higher propensity to engage in informal work has been the dominant assumption amongst a large circle of academics in the advanced economies (e.g. Blair and Endres, 1994; Elkin and MacLaren, 1991; Robson, 1988). On the contrary, a wide range of direct empirical studies from different countries calls into question the validity of this thesis and discovers that it is rather the affluent and high-income areas and households who are more likely to conduct informal work (e.g. Van Geuns et al., 1987; Cornuel and Duriez, 1985; Tievant, 1982; Dewberry, 1984; Mattera, 1980; Mingione, 1991). In the UK,

drawing upon evidence from a number of affluent and deprived English neighbourhoods in both urban and rural areas, one can find neither of these views to present a universal explanation of people's participation in the informal economy of different socio-economic wards.

The spatial segmentation of informal work in the UK is further cross-cut by the type of informal work a particular locality is engaged in. Specific localities exhibit higher tendencies for specific types of informal work, with of course occasional exceptions to the rule. So far as the self-provisioning informal work is concerned, the affluent suburbs are generally found to have higher propensity to carry out their routine household tasks on a self-provisioning basis than their respective lower-income counterparts (e.g. Williams, 2004a; Williams and Windebank, 2002; White and Williams, 2009). This finding is indeed against the popular perception that the affluent tend to buy formal labour in order to prevent them from the need to carry out self-provisioning work. One of the primary reasons for the affluent households to engage in greater self-provisioning work was the higher level of task performance, i.e. the 'ability' to perform a specific task, which in turn depends on credentials like, confidence, knowledge, practical skills, and physical ability, and of course money (see Williams and Windebank, 2002, p.236). The lower-income neighbourhoods, on the other hand, were more likely to be composed of low skilled, disabled and ailing households. Despite their higher tendency for self-provisioning work, it is not always the affluent neighbourhoods who constitute the majority of such work. Rather, there is strong occasional evidence to assert the concentration of self-provisioning labour in relatively deprived English localities (e.g. Williams, 2008; Leonard, 1994).

The second kind of informal work being studied in relation to geographical variations of the British informal economy is mutual aid, which involves paid/unpaid work performed by households for members of households other than their own (White and Williams, 2009; p.5). In this regard, the majority of the UK-based evidence suggests higher concentration of mutual aid amongst lower-income neighbourhoods. Surveys in different affluent and deprived English localities have confirmed that it is the low-earning segment of the British population which is more likely to participate in the informal exchange of mutual aid as compared with ones belonging to the higher socio-economic class of the society (e.g. Williams, 2004a; Williams and Windebank, 2002; Williams, 2009; Leonard, 1994). Apparently, it substantiates the general perception (see Home Office, 1999) in the UK that describes lower-income neighbourhoods as a solidaristic working-class, indoctrinated with the spirit of community help, and thus is more likely to engage in mutual aid (Williams and Windebank, 2002; Young and Wilmott, 1975). However, no generalisations can yet be developed. In some areas, it is the affluent population

that tends to display higher levels of participation in the activities of mutual aid, such as paid favours (e.g. Williams and Winebank, 2005). Interestingly, in both the deprived and affluent neighbourhoods of the UK, there is very less desire to engage in 'unpaid' forms of mutual aid. Most of the activities like community self-help and reciprocal favours are found to be paid as instant monetary payments, since it prevents mutual relationships from 'getting sour' in case one of the parties fails to return in the form of what Leonard (1994) calls 'symmetrical reciprocity' (see also Williams and Windebank, 2005; Williams, 2009; 2008).

Moving on to the last, and probably the most talked-about form of informal employment, that is, paid informal work. Contrary to the American dominant thesis (e.g. Portes, 1994; Castel and Portes, 1989; Sassen, 1997) which is that mostly the deprived neighbourhoods constitute the bulk of informal paid work, a vast majority of UK-based studies (e.g. Pahl, 1984; Leonard, 1994, Williams and Windebank, 2002; Williams 2004a, White and Williams, 2009), confirms the concentration of paid informal activity in higher-income neighbourhoods. Not only do affluent localities constitute the bulk of informal paid work in the UK, but they also tend to earn remarkably more than the relatively deprived localities from their engagement in such work (e.g. Williams, 2004a, Williams and Windebank, 2002).

The concept of "cultural alienation" as presented by Roberts at al., (1985), however, seems to influence a particular narrative of paid informal work existing within the British literature. According to this concept, the more the community is culturally marginalised by the wider society, the more it is pushed to create unconventional means of economic self-reliance. Using the same line of argument, a group of UK-based studies have rejected the concentration of informal paid work amongst affluent localities and rather described it as a central economic activity of people living in marginalised wards of the country (e.g. Links UK, 2006; Leonard, 1994). Similar mindset appears to dominate the conceptual perspective of British policy makers, who often tend to associate such work with deprived areas surviving at the 'margins of labour market' (SBC, 2005; p.54).

Apart from the type of informal work itself, the participation of deprived and affluent localities also differs in terms of social relationships governing their informal trade. Overall, people living in high-income neighbourhoods tend to acquire the bulk of their informal work from sources previously unknown to them, such as private firms or non-acquainted self-employed individuals. (e.g. Williams, 2005; Williams and Windebank, 2002). Conversely, people living in deprived English localities (e.g. White and Williams, 2009; Williams, 2004a) are found to rely more on

previously known sources (i.e. friends, relatives and kin) for the provision of informal work. The percentage of informal work supplied by kinship relationships, however, far exceeds the fraction of such work acquired through non-kinship sources like friends and neighbours across all types of English neighbourhoods (White and Williams, 2009). Areas existing at the lower end of the economic spectrum in the UK, as discussed above, tend to behave quite differently from affluent English localities; meanwhile, however, they draw stunning similarities with low-income communities of developing nations so far as their participation in the informal economy is concerned (see Leonard, 2000).

In sum, the socio-economic landscape of the British informal economy is quite heterogeneous. Varying factors seem to combine in varying ways to produce a particular composition of informal work in a particular locality. Overall in the UK, however, high-income areas tend to rely to a greater extent than their low-income counterparts on using either paid informal work or their own endeavours of self-provisioning work. The deprived neighbourhoods, on the other hand, are more prone to draw upon the resources of wider community networks, especially in the form of one-to-one mutual aid in their coping practices.

### **Participation: by gender**

The vast majority of research on the uneven contours of the informal economy has focused on how this economic sphere varies across different socio-economic and spatial groups (e.g. Feige, 1990; Fortin et al., 1996; Renooy, 1990). Following the global tradition, the British literature has also very often restricted to investigate the geographical disparities of informal work (e.g. Williams and Windebank, 2002; Williams 2005; White and Williams, 2009; Leonard, 1998; Thomas, 1999; Pahl, 1984). The gender-based variability of informal employment, as argued by Williams (2004) and Williams and Windebank, 2006, has not yet been given due consideration amongst the academic fraternity of the advanced economies. All the same, it would be wrong to say that the literature of informal work has been entirely 'gender-blind', but it certainly fails to give the gender dimension so much emphasis as to spatial and socio-economic disparities.

Some popular narratives can be found dominating the international thought on this subject. Inspired by the marginality thesis, a host of scholars have asserted that women are more likely to participate in informal work due to their marginalisation from the mainstream economy, which happens to be dominated by the men (e.g. Portes, 1989; Button. 1984; Gutmann, 1978; Mathews,

1983; Petersen, 1982; Henry, 1982). Furthermore, such work is seen as mirroring the inequalities in the formal labour market, where women are believed to engage in relatively low-paid and exploitative forms of informal employment to make extra money 'on the side' so as to help the household get by (e.g. ILO, 2002; Hellberger and Schwarze, 1989; Fortin et al., 1996; Lemieux et al., 1985; Howe, 1990; Morris, 1987; MacDonald, 1994).

In the British literature, however, such a gendered view of the informal economy has been criticised for being seen through the lens of what is predominantly men's representation of such work, postulating deeper analysis of gender-based divisions of informal employment (e.g. Williams and Windebank, 2006, 2003; Williams, 2009, 2004). At present, the bulk of the UK-based evidence tend to refute the argument put forth by the proponents of the marginalisation thesis as stated above, and thus promotes an understanding that falls at odds with the popular narrative of gender segmentation of informal work. Studies conducted in various parts of the UK, mostly deprived localities, have profoundly negated the women as bigger participants of the informal economy, and rather prove it as a constituency heavily dominated by male informal workers (e.g. Leonard, 1994; Pahl, 1984; MacDonald, 1994). The evidence provided by international research organisations seems to reinforce this finding even further (e.g. Pedersen, 2003; Eurobarometer, 2007). According to the survey conducted by the European Commission, for example, 80% of all the informal tasks undertaken in the UK during the last 12 months were executed by male members of the community (Eurobarometer, 2007). This lack of participation on the part of the English women is not generally described as their 'unwillingness' to undertake informal work, but is more of an upshot of their 'excessive commitment' with familial domestic obligations (Leonard, 1994).

It shows that despite being, what Parella (2003) calls, a 'non-familistic society, the society where the state takes much of the responsibility for the provision of elderly and child care, the UK still seems to hold the conventional model of "male the breadwinner" and "woman the home maker". The dominance of the men in the informal sector is not only restricted to their higher tendency of doing such work, but they are also responsible for the overwhelming (68%) demand of informal goods/services sold in the British informal market (Eurobarometer, 2007). Evidently, the whole equation of the informal economy is driven by the male members of the English community, while the women constitute only few and far between positions in the informal labour market. This predominant finding, nevertheless, does not come without exception. It is not always the men who constitute the majority of informal work in the UK. Examples are identified in some English localities where the female workers of the community are responsible for more than half

(55%) of the informal activities being taken place (see Williams, 2004a; Williams and Windebank, 2003). This evidence is surely not sufficient to subdue the overall economic hegemony of male workers within the UK informal sector.

Women's engagement in the UK informal economy is not only marginalised in terms of their rate of participation, but similar trends tend to persist even in the wage structure of the informal labour market. That the women cash-in-hand workers engage in low-paid forms of informal employment has been a major conclusion of many British and international studies (e.g. Howe, 1990; Leonard, 1994, MacDonald, 1994; Rowlingson et al., 1997; Morris, 1987; Fortin et al., 1996; Pedersen, 2003; Eurobarometer, 2007). The English Localities Survey, for instance, reports many instances of women working as informal wage labourers for highly exploitative wages, much lower than the national minimum wage (£3.60/hr) at that time. Some females, for example, worked as waitresses at hourly rates of as low as £2.00 and others were working as bar staff for the rate of £3.00 (Williams and Windebank, 2003). This clearly demonstrates the women as smaller participants of the British informal economy even when evaluated in terms of money earned through the informal activity. The reason for female informal workers to earn less than their male counterparts in English localities is often linked with their higher tendency to restrict their informal economic activities to people/firms (i.e. friends, kin, neighbours) previously known to them (Williams, 2004a; Williams and Windebank, 2003, 2006). It is a kind of informal trade which is primarily conducted by females to acquire 'intrinsic satisfaction' from helping others rather than to seek 'extrinsic economic rewards', and therefore involves lower monetary payments than males (Leonard, 1994; p.199).

Lastly, the participation of men in the UK is claimed to be more frequent and full-time, while the women engage in informal work on a more temporary and part-time basis (Williams, 2004; Williams and Windebank, 2003, Leonard, 1994). There are also inconsistencies in the formal employment status of men and women who carry out such work in the UK. This difference, as argued by Williams (2004) and Pahl (1984), is greatly attributed to the type work undertaken by both genders. Men are more likely to engage in jobs related to home improvement, which if not masked by formal employment, becomes apparent and thus, questionable to observers. Women, on the other hand, most often than not provide routine domestic services those are not noticeable in the first place, and if at all, are perceived as unpaid informal activities.

## **Participation: by employment status**

In the conventional narratives of the labour market the unemployed are often stigmatised as ‘villains’ rather than ‘victims’ of the economic restructuring across the globe. The same perception appears to dominate the academic and policy discourse of the informal labour market, especially with reference to the advanced economies. According to Williams (2004a), the belief that the unemployed participate in and gain from the informal employment comparatively more than the employed, and that they use such activity as a survival strategy to mitigate the ramifications of their economic exclusion has been a long-standing view in most parts of the world. It gained popularity in the 1970s and 1980s (e.g. Gutmann 1978; Henry, 1982; Petersen, 1982; Rosanvallon, 1980), and has remained widely acceptable in the 1990s (e.g. Blair and Endre, 1994; Lagos, 1995; Maldonado, 1995) with considerable recognition until the present day. In the UK, however, the formal recognition of this view can be linked to the recession of the early 1980s, when the state as well as a group of academic researchers began to view the informal economy as an alternative employment proposition for those abandoned by the formal labour market (e.g. Mathews, 1983; Parker, 1982). Examining the dynamics of the recession, Parker (1982, p33), for example, concluded that ‘with high unemployment more and more people are getting caught up in the web of the underground economy’.

The later discourse of British academics, nevertheless, calls into question the validity of this long-held view. A host of studies from different decades have shown that it is rather the employed who are more likely to engage in informal economic activities (Williams and Windebank, 1998). Criticising the tendency of earlier academics to overstate the participation of unemployed workers in informal work, Pahl (1984) asserts that the belief concerning the relationship of unemployment and informal economy is likely to become “a social scientists’ folk myth”. Later on, Pahl and Wallace (1985, p.222) described the status of one’s formal employment as ‘the key to participation in all forms of work both in the formal and informal economy’, where the formally employed are better positioned to carry out informal economic activities. The decade of the 1990s in the UK presents a much wider negation of the belief that the unemployed are more likely to engage in informal work than their employed counterparts (e.g. Morris, 1994, 1995; Howe, 1990; Williams and Windebank, 1998).

More recently a sizeable fraction of formal enterprises are found to seek opportunities for regular engagement in informal activities while they operate in deprived English localities. Off-the-books subcontracting and cash-in-hand overtime employment forms a perpetual part of their

business operations, which surely supersedes the magnitude of informal work being undertaken by unemployed workers of the host community (e.g. CESI, 2005). Not only do formal organisations happen to engage heavily in off-the-books activities, so too the employees of these companies. Drawing evidence from various English communities, one can doubtless argue that it is those who are working on formal employment that forms the bulk of the informal labour market in the UK (e.g. Williams, 2004a; Pedersen, 2003). This recent insistence of British scholars fits well with wider European literature, which describes the informal sector as a tool for those already in employment so as to consolidate their 'advantage' in the labour market (e.g. Lobo, 1990; Van Geuns et al., 1987; Barthe, 1988; Glatzer and Berger, 1988; Mingione, 1991; Warren, 1994).

The popular prejudice of the early 1980s that the British informal economy serves as a buffer for those abandoned by the formal labour market, and thereby is over represented by the unemployed does not seem to lose its support completely. Interestingly, most of the supporting evidence in this regard finds its grounding in the Belfast region of North Ireland (e.g. Leonard, 1994; Howe, 1990; Harding and Jenkins, 1989). Favourable 'local labour markets' and 'opportunity structures', as argued by these studies, are what facilitates the engagement of unemployed community members in informal economic activities as opposed to those who are already involved in some form of formal employment. This deviation in case of Belfast and other similar populations in general, from the predominant trend of English localities, as discussed above, is explained by Williams and Windebank (1998) within the framework of certain social, economic and environmental factors.

First, the endemic employment crisis of the state of Newbury has been an important factor for its unique structuring of the informal labour market. High level and long duration of unemployment in the estate is not merely a temporary job market downturn, but it is a consequence of persistent political problems with Northern Ireland. With no foreseeable recovery of the formal labour market in the near future, the residents of the estate have rightly sought immediate and long-term employment opportunities in the informal sector. Second, it is the nature of social networks prevailing within the estate. It is not a kind of locality where most of the social networks are created through workplace. Rather, there are many non-employment modes of socialisation, which serve as more effective sources of knowing about informal employment opportunities. Hence, dense social networks within the estate considerably reduce the reliance of households on formal employment to know about informal job opportunities and mitigate the effect of their unemployment to some extent, which might elsewhere obstruct their participation in the informal

economy. Third, it is the strong social homogeneity of the estate, which otherwise is believed to have adverse effects on the magnitude of informal work in a particular locality. Conventionally, the more heterogeneous the socio-economic mix of the locality is, the higher the participation in informal employment (e.g. Sassen, 1991; Renooy, 1990; Barthelemy, 1990; Pestieau, 1984). However, in the case of Newbury it is the 'local multiplier effect'<sup>7</sup> that is enabling the unemployed to create community-based informal businesses despite lacking the desirable level of 'socio-economic heterogeneity'.

The participation of the employed and unemployed in the informal economy is also evaluated in terms of their respective wages earned from this form of employment. In fact, as stated by Williams and Windebank (1998), it is the wage rate that perhaps highlights the most daunting segmentation of the informal labour market by employment status. The conventional discourse, in this regard, describes that the unemployed engage in relatively organised forms of informal work, which are often low-paid and exploitative. The employed, on the other hand, tend to participate in autonomous and well-paid cash-in-hand work (Fortin et al., 1996; Renooy, 1990; Mattera, 1980). The overwhelming majority of UK-based studies have supported this thesis, confirming the substantial disparity in average hourly wage rates of the registered unemployed and employed, with latter being the higher-earner of the British informal economy (e.g. Howe, 1990; Pahl, 1984; MacDonald, 1994; Williams and Windebank, 1997). The propensity of unemployed workers to earn less in connection with their informal work in the UK is further reinforced by international research (e.g. Pedersen, 2003). The marginalization of unemployed workers with regard to economic rewards of their informal activities, however, can not be read as a descriptive of their occupational exploitation. Rather, the reason for them to earn less is grounded in the fact they conduct most of their informal work for people previously known to them (i.e. friends, neighbours and kin), which in turn subsidises their motive of profit-maximisation. The employed, on the other hand, undertake the bulk of their informal activities on more commercial terms for firms/people unknown to them (Williams, 2004a; Leonard, 1994).

In the end, it is not only the unemployed who are likely to work on an informal basis; a considerable fraction of those in formal employment also illustrates heavy engagement in such modes of employment. Therefore, to classify workers as purely 'formal' or 'informal' is not always as easy as it appears in the conventional literature. At times, the boundaries are increasingly getting blurred. This is what is described by CESI and Boundaries Unlimited (2006,

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<sup>7</sup> A Westall, P Ramsden and N Foley (2001): Micro-entrepreneurs: Creating enterprising societies

p.43) as “operating at the fringes” of both the formal and informal economy, i.e. to move between the two or existing in both at the same time.

### **Participation: by type of informal work**

The emergence of a refined and multilateral understanding of informal work amongst British scholars and policy makers has urged them to broaden the horizon of informal work beyond its conventional depiction of ‘organised’ and ‘exploitative’ employment. Many autonomous and rewarding forms of informal employment have been identified (e.g. SBC, 2005; Leonard, 1994, 1998; MacDonald, 1994; Pahl, 1984; Williams, 2004a, b, c; Williams and Windebank, 1998, 2001, a, b). A crucial contribution in this regard has been the “Simplistic Dual Labour Market Model” presented by Williams and Windebank (1998). This model rejects the portrayal of informal employment as lying at the bottom of the formal labour market, and rather defines it as a heterogeneous labour market possessing a hierarchy of its own in which the type of work may range from well-paid autonomous forms of ‘core’ informal employment to low-paid exploitative forms of ‘peripheral’ informal work (Williams and Windebank, 2004a, p.7).

This recognition of the informal economy as a segmented labour market constituting of a variety of informal work has instigated the interest of British scholars and policy makers to evaluate the magnitude of participation in different categories of this work. Drawing evidence from a diverse range of English localities, one can see a strong consensus emerging in British literature on the segmentation of informal work across different typological categories. Undoubtedly, an overwhelming majority of informal work in the UK is conducted jointly in the form of self-provisioning and mutual aid, followed by organised informal employment and self-employed paid informal work respectively (e.g. Williams, 2004a; Williams, 2009; SBC, 2005; Williams and Windebank, 2004). In the city of Leicester, for example, of all the informal activities investigated during the survey, almost 90% were undertaken on a self-help and mutual aid basis, while only 8% of the informal jobs involved organised employment or any other form of paid informal work (see White and Williams, 2009). It is, however, yet a highly under-researched area of the informal economy and postulates a wider empirical support in order to establish sufficient credibility.

## **Why people participate in the British informal economy?**

What causes people to engage in a diverse of range of informal economic activities to varying extents in different locations, age groups, genders and socio-economic groups has always been an issue of intense uncertainty. It has been the case not only in the UK, but across almost every region of the globe where this subject has ever been studied. Until a decade ago researchers had attempted to seek mono-causal explanations for the existence of the informal economy (e.g. higher tax rates, illiteracy, cultural traditions). The result is nothing but a 'thin' and an 'underdeveloped' understanding of the rationales for participating in the informal economy. The increasing use of direct surveys and small scale locality-specific studies has now enabled the scholars and relevant organisations to examine the factors responsible for the existence of the informal sphere from a wider and multifaceted lens. There is almost undisputed opinion, as discussed earlier, about the multiplicity of factors that combine together in variable ways to form reasons for people to endeavour informal work (William, 2006, 2004a; Mateman and Renooy, 2001; Williams and Windebank, 1995a, 1998; Renooy, 1990; SBC, 2005).

Until the beginning of the last decade, the UK-based literature could be seen as dominated by such profit-based explanations for the existence of informal activities in the country. Whether it is the studies exploring different types of informal work, ranging from organised to autonomous forms of jobs (e.g. Leonard, 1994; Pahl, 1984; Williams and Windebank, 1998), or the studies trying to explain spatial variations in the nature of informal work across a range of geographical regions in the UK (e.g. Leonard, 1998; Williams and Windebank, 1992, 1998; Pahl, 1984), the market-based profit-motivated discourse seems to dominate the UK-based literature everywhere as far as the rationales of informal work are concerned. The rejection of the marginality thesis and the recognition of the existence of informal work across a wider cross-section of society, including affluent and high-income populations, as asserted by Williams and Windebank (2001), have instigated British and other international scholars to also seek the involvement of other intentions behind the existence of informal work than merely describing it as a pursuit of profit maximisation (e.g. Cornuel and Duriez, 1985; Ram at al., 2000; Jones at al., 2006; Basu, 1998; Williams and Windebank, 2002; 2001; Williams, 2004a, b; Smith, 2002; White and Williams, 2009). This recognition of non-economic motives can also be witnessed at the policy level in the UK (e.g. HMRC, 2008; Small Business Council, 2005; Links UK, 2006).

In the UK, the accounts concerning the motives of informal work still do not present a very descriptive picture especially when read across different types of context. A number of contemporary studies can be seen emphasising the need for more context-bound understanding of the rationales of informal work (Williams and Windebank, 1998; Jordan and Travers, 1998; Community Links, 2006; SBC, 2005). As the report presented by the Small Business Council UK (SBC, 2005, p.25), states that ‘the reasons why businesses operate in the informal economy are complex, multi-layered and subtle and the causes can only be meaningfully captured by explanatory models that include a whole range of factor’. The following section, however, presents the findings of various studies in this regard in an attempt to explore the multiplicity and richness of factors responsible for the participation of people in the British informal economy.

### **Motivations: by area-type**

On the whole, the not-for-profit motives, such as desire to help others, social networking, trust building and norms of reciprocity have been mostly assigned to high-income and affluent localities (e.g. Pahl, 1984; Williams and Windebank, 1998). The low-income and deprived populations, meanwhile, are widely assumed to be working under market-like and profit-centred motivations in relation to their informal economic activities (e.g. Howe, 1990; Jordan et al., 1992; Leonard, 1994; MacDonald, 1994; Jordan and Travers, 1998). This conventional division of motivations appears to dominate the research of government departments and private organisation as well (e.g. Links UK, 2006; SBC, 2005; CESI and Boundaries Unlimited, 2005), where the informal work of different deprived localities in the UK are found to be driven by pure economic rationales.

#### *Deprived English localities*

Undoubtedly, the majority of empirical evidence from different deprived and low-income localities of the UK, and as asserted by structuralist commentators, tends to portray the participation of people in informal work as involuntary acts rationalised by their exclusion from the mainstream economy. Prevalence of informal work in low-income communities of the UK can widely be read as a direct repercussion of lack of ‘opportunity structures’ and ‘earning opportunities’ available to the residents of such communities (Howe, 1990; Morris, 1990; Links, 2006). The decline of formal employment market in deprived wards of the UK is often attributed

to the perpetual phase of de-industrialisation characterised by the collapse of large industrial units, a wave started during the recession of the 1980s. All these factors have a direct impact on the plunge of formal wages in most of the low-income areas of the UK (Links UK, 2006). One very conspicuous and perhaps a very forceful implication of these eroding job opportunities and shrinking wage rates has been the economic marginalisation of people living in these areas, forcing them to eke out existence at the margins of the formal labour market or to make a permanent shift in the realm of informal economic activities to secure a course of survival in the face of their exclusion from the mainstream market (e.g. MacDonald, 1994; Jordan et al., 1992; Hudson, 1989; Leonard, 1994; Eurobarometer, 2007).

Another structuralist perspective that seems to prevail in British literature is based on the recognition of 'unrestrained competition' between businesses operating in deprived English localities. The prevalence of unregulated market conditions in deprived areas has developed into a situation of hyper-competition, forcing formal businesses and self-employed individuals to undergo an 'involuntary' adoption of informal price-cutting measures, such as to hire cash-in-hand subcontractors, to offer off-the-books service and to underreport working hours (CESI and Boundaries Limited, 2005; Jordan and Travers, 1998). The economic motive of such workers cannot be overstated. The involuntary exits of deprived populations are at times also caused by certain self-inflicted shortcomings, such as lack of skill, poor education and low self-confidence (e.g. Links, 2006; SBC, 2005).

A strict structuralist narrative, nevertheless, does not enable one to understand fully the rationales of deprived populations for their participation in the British informal economy. There is emerging UK-based evidence, and as asserted by the post-structuralist narrative, to support the widespread existence of social/redistributive rationales amongst low-income localities. First, it is the community-building motive, that is, to offer informal work as a means to either cement the existing social ties - 'bonding' social capital - or to use this informal work relation as an opportunity to establish new social networks - 'bridging' social capital. Second, a considerable amount of informal work amongst rural and low-income communities of the UK is supplied not as a regular income generating activity, but rather as an act of generosity to supply subsidised services motivated by the urge of providing financial help to the buyer without attaching any 'connotation of charity' - the redistributive rationale (Williams, 2004a; Williams and Windebank, 2002b; White and Williams, 2009). It is, however, important to note, and as emphasised by Williams (2004a), the community-building rationales prevail when the informal work is supplied to friends, neighbours and unknown persons. The redistributive rationale, on the other hand, is

very often restricted to the work supplied within the networks of kinship. Another form of socially-driven motive is embedded in the organised employment of informal employees, who work on a cash-in-hand basis for informal businesses. The major incentive for these employees to engage in such forms of employment is not usually a response to economic marginalisation, but it is rather a voluntary decision premised on the notion of mutual 'trust' and 'obligation'. Better social integration, a strong sense of social security and development of friendship networks are the desired motives in this case (Leonard, 1994; Links UK, 2006; Williams, 2002, 2004a; Williams and Windebank, 2002b; Eurobarometer, 2007).

There is also evidence to support the neo-liberal description of informal work. Such are the cases where the engagement of poor informal workers is found to be rationalised by either the rigidity of state institutions or the biasness of specific state regulations against low-income populations of the country. On the one hand, it is the rigidity and complexity of the welfare system that intrudes the re-entry of would-be declared workers due to the involved risk of losing their existing claims and making new ones; and hence, giving them an incentive to engage in fiddly work (MacDonald, 1994). On the other, a great deal of low-income populations appear to be discouraged by certain structural regulations (i.e. procedural inflexibility and administrative complications), as imposed by the state, to undergo the process of formalisation (e.g. Links UK, 2006; Morris, 1990). Such workers are likely to describe their engagement in informal activities as 'a way to beat' the inherent injustices of state regulations, which according to them are impartial in the favour of affluent segments of the economy (CESI, 2005; Leonard, 1994).

### *Affluent English localities*

Very little research is dedicated to the nature of informal activities prevalent in affluent areas of the UK. However, based on whatsoever little evidence we have, there are significant variations between the primary rationales of those living in higher and lower income areas. In both urban and rural areas, a much higher fraction of undeclared work is conducted for profit-motivated purposes in higher compared with lower income areas (e.g. Williams, 2004b; Williams, 2005; White and Williams, 2009). The primary reason for this predominance of economic rationales in affluent English localities is doubtless the fact that a much larger proportion of paid informal work in these localities is conducted either for businesses or on self-employed basis for people previously unknown to the supplier (Williams, 2004a, b; 2005). In contrast, and as discussed

above, most of the informal work in deprived areas is undertaken as an exchange between friends, neighbours or kin, largely motivated by social incentives. Furthermore, most of the studies conducted in affluent areas tend to imply a strong element of 'voluntarism' behind the supply of informal work by high-earning households across the landscape of the British informal economy (Williams, 2004a; Williams, 2007).

Profit-maximisation is, however, not the only incentive driving the informal economy of affluent English localities. Strong social motives are found to prevail amongst affluent households, in both urban and rural context, when they supply informal work for closer social relations, such as friends, relatives, neighbours and kin (e.g. Williams, 2004a, b; Williams and Windebank, 2002; White and Williams, 2009). Largely, it involved the kind of informal work supplied on the basis of mutual aid, in contrast to paid informal work, which is generally conducted on pure economic terms in these areas.

#### *Deprived and affluent English localities: a demand-side perspective*

Also, very little is known about the rationales of the purchasers of the informal economy. Evidence emerging from both affluent and deprived regions of the UK, as argued by Williams (2009), tends to include very sparse portrayals of rationales driving the demand-side of the informal economy. Evaluating the socio-spatial variations in the motives of purchasers across different English localities, the economic motives prevails much widely in affluent areas of city as compared with deprived and low-income areas, whose purchase of informal work mainly revolves around social motives, such as to cement existing social ties with the supplier, to develop new social relationships or to use informal exchange as a medium for distributing money amongst kin and relatives in order to improve their financial state (Williams, 2004a, 2005; White and Williams, 2009). The purchasers of informal work in deprived localities are, nevertheless, not everywhere driven by social and morale motivations. A host of studies from different low-income areas of the UK rather confirms a more structuralist description of their engagement. For most of the formal businesses operating in deprived industrial estates of the country, the prime incentive behind the employment of cash-in-hand subcontractors or labourers is to possibly seek reduction in their operational cost so as to cope with competitive pressures (CESI and Boundaries Unlimited, 2005). The use of informal employees in many cases has become a matter of necessity for these firms, causing them to undergo an 'involuntary' purchase of informal work (services and goods) to support their 'economic' stability (MacDonald, 1994; Eurobarometer, 2007).

Moreover, and as asserted by the neo-liberals, the accessibility and quality of formal service provision is also a significant factor for purchasers to exit the legitimate formal realm and to make their purchases in the informal sector (Williams, 2009). The rationale for purchasers to participate in the informal economy in such areas can certainly be described as a backlash against the incapacity of the regulated sector to encapsulate their requirements. The paucity of data pertinent to the demand-side of the informal economy, however, can not be over emphasised. There is a pressing need to generate a much wider understanding of spatial variations of the subject across the socio-economic landscape of the British informal economy.

### **Motivations: by employment status**

In the UK, the conventional distinction in the motivations for participation in informal employment between the employed and unemployed seems to reflect the same dichotomy as generally debated for affluent and deprived populations. The engagement of the employed in the British informal economy is traditionally explained around the arguments of neo-liberal and post-structuralist theories, while the participation of the unemployed are broadly viewed through a pure structuralistic lens. For the employed, especially those with relatively high formal incomes, the execution of informal work is a matter of 'voluntary' engagement motivated by social as well as economic reasons. Meanwhile, the participation of the unemployed are described as a result of their 'involuntary' exclusion from the formal labour market (Williams and Windebank, 1998). The informal work of those who are formally employed is, therefore, not solely a response to economic crisis, but rather a means of either enhancing their social cohesion or getting a 'top-up' income just to supplement their primary earnings from the formal employment (Leonard, 1994). In the study conducted by CESI and Boundaries Unlimited (2005), for instance, in different resident boroughs of Merseyside, a fair number of skilled workers was found to 'moonlight' or 'work on the side' for additional income while being employed with large construction firms operating in the town. The income earned through such part-time informal activities was said to be used to meet extra household expenditures and not as a substitute of formal income.

The involuntary participation of the unemployed, on the contrary, is simply defined as their response to poverty or other economic crisis, with the only objective of earning basic income in order to make ends meet. That the unemployed in the UK conduct informal work for pure

economic rationales is confirmed by a host of UK-based studies conducted on the unemployed populations of several English localities (e.g. Howe, 1990; Jordan et al., 1992; Leonard, 1994; Rowlingson et al., 1997; Community Links, 2006). The engagement of unemployed labourers in sub-contracting work on an off-the-books basis is purely a consequence of their inability to survive on what they call unfair distribution of social welfare benefits. To offer them to extremely exploitative forms of sporadic sub-contracting work is an indispensable survival strategy. There is of course no element of voluntarism in their participation, since many of them wish to quit informal work and instead would like to work in the formal sector (MacDonald, 1994). Similarly, Rowlingson et al., (1997) discovered that the main motivation for the unemployed to engage in the practice of claiming while working, also known as 'doing the double', 'taking a backhand', or 'off the cards', is not to earn extra money but to buy essential items or pay bills, which could not be materialised through benefits alone.

It is, however, important to note that all of the aforementioned studies draw their findings from deprived and/or low-income areas of the UK, which are generally characterised by high unemployment rate, and thus may tend to provide a unilateral projection of the rationales involved. At the broader level, a more diverse and contrasting understanding of the subject seems to emerge, presenting an overwhelming rejection of the structuralist account vis-à-vis the engagement of deprived English localities. On many occasions, there is evidence from varying socio-economic areas of the UK that the engagement of the employed in informal work is much more likely to be driven by profit-motivation than the unemployed, who are primarily driven by the same social motives of community-building and redistribution (Williams, 2004a; Williams and Windebank, 2002, 2001). A pure structuralist account even fails to explain fully the informal work conducted by the employed, who are also found to carry out almost half (43%) of their cash-in-hand tasks to either nurture their existing social bonds or to establish newer contacts without any intent of economic returns (see Williams, 2004a; table 4.5). It would not, therefore, be wrong to argue that the post-structuralist discourse appears to prevail in a fairly large segment of population, both amongst the employed and unemployed in the UK.

## **Motivations: by gender**

The landscape of the British informal economy projects distinct gender variations so far as the motives of informal work are concerned. Across a range of UK-based studies, males and females are found to engage in informal activities for very different reasons (see Williams, 2004). The overwhelming viewpoint of the British literature is that women mainly participate in informal work to make money, most often than not motivated by the need to generate extra cash for household activities. Another predominant motive for the female members of the household is to use informal work as a good match with their domestic caring responsibilities, such as child and elderly care. Informal work provides them better flexibility to manage their familial and domestic obligations simultaneously (e.g. Howe, 1990; Jordan et al., 1992; MacDonald, 1994; Morris, 1987, 1995; Rowlingson et al., 1997). The prime motive for men, on the other hand, to participate in the informal economy is to earn 'extra cash' or 'pocket money' so as to fund their social activities as well as to establish their distinct social identity, which needs to separate them from females and the so-called domestic realm (e.g. Leonard, 1994; MacDonald, 1994; Morris, 1995).

The motives for informal activities of women, as argued by Morris (1987), refer to the conventional division of labour where women are held responsible for running everyday household activities. Similarly, and as argued by Leonard (1994), the 'self-centred' nature of male informal workers urges them to engage in a range of informal activities mainly to satisfy their personal social and economic needs. Women, meanwhile, draw their motivation for informal work from their family's everyday needs, and hence regard their informal income as a part of the basic family wage.

Whether males and females working in the UK informal economy can solely be regarded as rational economic actors working to maximise their earnings is also a point of great uncertainty. Overall, a relatively far bigger percentage of male informal workers appear to comply with this profit-oriented portrayal of the informal economy. Men on many occasions in the UK are found to function as rational economic actors, whose informal activities are widely embedded in profit-motivation. Females, on the other hand, tend to display an equal mix of both social and economic motives in their informal activities (e.g. Leonard, 1994; Williams, 2004). This difference in motivations is attributed to women's greater propensity to work for kin, neighbours and friends

as opposed to men who are more likely to supply their informal work to unknown firms/persons (Williams, 2004a).

Further evidence to substantiate the greater economic drive of male informal workers comes from the study of Leonard (1994). It was discovered that a considerable portion of females' informal activities is influenced by their desire 'to help other' especially those community fellows who otherwise are unable to pay for the services. Women therefore tend to follow, as stated by Leonard (1994, p.199), 'variable pricing strategy' depending upon the perceived purchasing power of the customer. Men, meanwhile, tend to charge uniform prices and offer unpaid favours only to those who they believe is in the position to return their favours in the future. Women's unpaid mutual aid, nevertheless, takes place on purely altruistic terms. This compassionate nature of women's informal work, as revealed by the survey, allow the male members of the household to use them as a medium of entrepreneurial advantage, since forming social contacts and friendships is often used to acquire business.

In the end, having gone through a range of empirical evidence from various parts of the UK concerning different socio-economic, gender and occupational groups engaged in informal activities two important conclusions can be drawn. First, the dominant discourse that views all informal exchange as motivated by the pursuit of monetary gain and as structured around market-based models has failed to show universal applicability in the UK. Although there is informal work that is market-like and profit-motivated, there is also informal work that takes place for a whole different range of rationales and under remarkably different work relations. Second, no one theory accurately encapsulates the rationales for participation in the British informal economy. If there are populations that illustrate voluntary participation in informal employment for economic and/or social purposes, there is also a considerable class of people who join the informal sector as an aftermath of their exclusion from the formal labour market. Hence, there is need to transcend the conventional tendency to seek explanations in one particular theory and disregard others. Only by analysing how all these theories 'interact' in different populations, can the multifarious rationales of informal work be truly understood.

## **What type of informal work people carry out?**

The earlier sections have presented an in depth analysis as to what extent people participate in the British informal economy and what sort of factors are responsible for their engagement in this mode of employment. The next important task to explore is the type of informal work they undertake.

Although some UK-based studies seek to examine the prevalence of informal work in different sectors, such as restaurants (e.g. Ram et al., 2002a, b), taxi driving (e.g. Jordan and Travers, 1998), hospitality business (Williams and Thomas, 1996) and garment manufacturing (e.g. Ram et al., 2002b), very few of them, as argued by Williams (2006), have attempted to evaluate the cross-sectoral distribution of informal work. Recently, however, this gap has started to be bridged by a range of local and international studies conducted on the prevalence of informal work in the UK.

### **Supply side sectoral break-up**

Unlike the issues pertinent to the level of participation in and motivations for informal work, the narratives of sectoral distribution regarding the British informal economy present an extremely homogenous projection. There is widespread consensus on the question of which sectors constitute the bulk of informal work in the UK. Interestingly, in the UK, an overwhelmingly majority of informal economic activities are undisputedly concentrated in a handful of sectors. In short, there is very clear sector polarisation regarding the formulation of the informal labour market.

Drawing quantitative evidence from various surveys conducted in different parts of the country, one can easily see that more than 70% of informal work is associated with the sectors of construction and domestic services (Williams, 2004a; Eurobarometer, 2007; Pedersen, 2003), with the former constituting nearly half of all the informal tasks carried out in the UK (see Renooy et al., 2004; table, 4.4). Domestic services, meanwhile, at different occasions are found to entail just over an other quarter of all the informal activities taking place within the British informal economy (see Williams, 2004a; table 5.2). The construction sector in this case, as explained by these studies, involve activities in the domain of house maintenance and home

improvement, which can further be broken down into tasks related to painting, plumbing, electrical work, carpentry, plastering, house insulation, building an extension and so on. Similarly, the description of domestic services with regard to informal work usually refers to the broad categories of consumer and caring services, which further involves activities like gardening, cooking, cleaning, knitting, hair dressing, babysitting, child care and elderly care. A strong qualitative support to the fact that an overwhelming share of informal work in the UK takes place in the form of repair, maintenance and domestic activities is also provided by the studies of Leonard (1994) and Pahl (1984). Apart from academic research, studies conducted by different government organisations (e.g. SBC, 2005) also appear to recognise the significance of the construction and domestic services sectors as the overall hub of informal activities prevailing in the UK, describing them as being responsible for 85% of such activities (SBC, 2005; p.20). The UK-based evidence identifies strikingly similar results concerning its overall distribution of informal work to the findings of surveys from other advanced economies, such as the European Union (Eurobarometer, 2007; Pedersen, 2003), Sweden (Jonsson, 2001), Denmark (RSV, 2000) and Germany (Schneider and Enste, 2002).

On the secondary level, the sectors that seem to dominate the British informal economy are identified as manufacturing (Pedersen, 2003), hospitality (CESI and Boundaries Unlimited, 2005) and transport (MacDonald, 1994; Jordan and Travers, 1998). The share of these sectors, however, is of course infinitely small when compared with the magnitude of informal work in construction and domestic services.

It is important to note that the aforementioned distribution only depicts the sectoral distribution of paid informal work, the activities that were paid in the form of cash-in-hand. Analysis of the same set of tasks from the perspective of unpaid informal work, however, reveals a noticeably different sectoral segmentation. Activities like 'caring' and 'routine housework', which happens to fall low in the list of paid informal work, seem to occupy the largest share of unpaid domestic work in the UK, while the construction related activities like 'home improvement' and 'house maintenance' constitute a much smaller fraction of unpaid informal work as opposed to their share in the paid informal economy of the UK. (Williams, 2004a). Such findings clearly call for the need for devising invariable policies to deal with the prevalence of informal work in the paid and unpaid spheres of the informal economy.

Examining the gender segmentation of informal work in English localities, the survey highlights some more interesting findings. Strikingly, women undertake a very different set of informal

activities than men (Williams, 2004a; Williams and Windebank, 1998). Hence, there is clear gender segmentation by sector in the informal labour market. More importantly, the gender segmentation of the informal sector appears to be akin to what exists in the formal labour market, where women tend to be heavily concentrated in the service sector. The engagement of women in informal work is universally read as being concentrated in 'female-oriented' jobs, such as cleaning, cooking, washing and child-care, while the majority of male informal workers are employed in what is seen as 'masculine' tasks, such as building and repairing work (for example, Williams, 2004a; Fortin et al., 1996; Jensen et al., 1995; Mingione, 1991; Williams and Windebank, 1998). Also, in the UK, a good number of studies have endorsed the concentration of men in masculine informal activities and those of women more in the tasks related to their general domestic responsibilities (e.g. Leonard, 1994; Pahl, 1984).

### **Demand side sectoral break-up**

So far as the demand of informal work in the UK is concerned, a slightly different distribution of sectors seems to emerge. The retail sector is reported to constitute a considerably higher percentage of informal purchasers than the sectors like construction and household services. 33% of all informal goods/services acquired are purchased in the retail sector, while 22% and 21% of informal purchases tend to take place in the construction and household services sectors respectively. Surprisingly, the sectors such as transport and personal services, which seem to form a fairly reasonable fraction of the supply of informal work, happen to constitute a negligibly small part of the market when it comes to the demand of such work (Eurobarometer, 2007). On deeper analysis it is revealed that the British informal economy is characterised with the same mix of demand as the overall informal economy of the European Union, with retail, construction and household services be the leading sectors. However, the need to expand the repository of research concerning the demand-based distribution of informal work in the UK is undoubtedly a hard-pressing issue.

Chapter 3  
**(Literature Review III)**

# **Participation of Ethnic Minorities and Immigrants in the British Informal Economy**

## **Introduction**

The engagement of ethnic minorities and immigrants in informal work is not one of the best explored areas in the subject of the informal economy. In particular, the European literature, as argued by Williams and Windebank (1998), has been fairly deficient in terms of its knowledge about the 'racial' aspect of the informal economy. Although a plethora of studies focusing on the engagement of native populations can be sought all across the European landscape, little is known about the size and nature of informal work being conducted by immigrant and ethnic minority workers (Jones et al., 2004). US- based studies, with of course certain caveats, have provided some useful insights as well as the impetus for the European scholars to tap the ethnic facet of the informal economy.

It is, nonetheless, important to note that most of the US-based literature draws its empirical evidence from studies conducted on either deprived neighbourhoods or low-paid and exploitative industrial sectors, both with high concentrations of ethnic minority and immigrant workers (e.g. Lin, 1995; Portes, 1994; Sassen, 1989; Stepick, 1989). In consequence, the understanding predicated on such US-based evidence seems to be grounded in certain popular prejudices. That is, ethnic minority and immigrant populations are highly likely to engage in informal work, and that their engagement is mostly characterised by organised forms of exploitative low-paid informal employment (e.g. Light, 2000; Freeman and Ogelman, 2000). These studies further assert that it is because immigrant workers are less familiar with the economic and regulatory framework of the advanced economy that they tend to apply the same informal standards as prevailing in their home countries. This is what leads to another prejudiced narrative that immigrants bring informality as a 'cultural trait' to be utilized as a survival tool for them in the regulated labour markets of the host countries. Freeman and Ogleman (2000, p.114), for instance, asserts that "immigrants who bring with them ingrained habits..... which clash with the norms of the host society, may generate underground activities". However, the British literature predominantly tends to denounce the participation of ethnic minority and immigrant

workers as a cultural attribute. In a study conducted on informal work of South Asian Businesses in the clothing and restaurant sectors of Birmingham by Jones et al., (2006, p.4) it is asserted that “it is not that immigrants bring informality with them as a cultural trait, but rather that the informality is generated within the functioning of the UK economy. The fact that it embraces people born in the UK also questions the idea of it as a cultural import”.

The relationship between immigration and informality, however, can not be totally understated. There always remained a fair deal of connection between the two (Jones et al., 2004). As argued by Sassen (1991), the post-industrial prevalence of upper-middle and middle class over the last two decades has resulted in the creation of a growing segment of cash-rich and time-poor population, which in turn has instigated the inevitable demand for a whole new range of consumer goods and services. Much of this demand is driven by low prices and shrinking margins for producers. It is this gap between retreating profit margins and growing consumer demand, as stated by Jones et al. (2004) that creates a ‘natural’ space for immigrant and ethnic minority entrepreneurs, whose material expectations are less than those of non-immigrants, to pursue wider informal economic activities than local populations. So strong is the response to this demand for informal labour that immigrant and ethnic minority workers are apparently willing to circumvent certain legal or political requirements to ensure their participation in the informal economy (Starring, 2000; Light, 2000, 2004).

That there is clear distinction between formal and informal immigrant firms is another popular upshot of American research that seems to dominate the literature of the immigrant informal economy. Light (2004), for example, draws a sharp division between the immigrant firms operating on an informal basis and those working within the legal ambit. As a result, the general tendency has been to describe immigrant firms either as purely formal organisations conducting all their operations in line with legal requirements, or as wholly informal businesses functioning totally outside the legal domain and showing no existence, whatsoever, on official records. The concept of ‘partial’ informal businesses is seldom acknowledged while discussing the informal employment of immigrant and ethnic minority populations. Some UK-based scholars, on the contrary, tend to argue that the wholly underground firms now constitute only a small fraction of the informal sector, whereby most of the firms are conducting ‘some’ or ‘much’ of their work on an informal basis (e.g. Williams, 2004). Even in the case of ethnic minority and immigrant businesses in the UK, the notion of “complete” informality is not widely accepted (e.g. Jones et al., 2004).

## Participation in immigrant informal work

So far as the participation rate is concerned, the overwhelming impression in the UK, as stated by COMPAS (2004)<sup>8</sup>, is that ethnic minority groups in general and illegal immigrants in particular are far more likely to participate in informal activities than local English communities. This high tendency of migrant groups to participate in the informal economy is publicly perceived to be a direct repercussion of deregulated labour markets, which have led to the creation of 'flexible' and 'casual' work contracts enabling local firms to engage ethnic minority workers in unregulated and informal modes of employment. The advanced economies, including the UK, have not been successful in achieving their ambitions of full employment and universal welfare provision (Slavnic, 2009; Williams and Round, 2010). In many advanced economies, as argued by COMPAS (2004), the formal sector has been unable to provide sufficient fulfillment of social needs purely on its own, which makes it kind of essential for some people to rely on the informal support system. As a response to this problem of under-employment and social deprivation, most of the advanced states have started to abandon their role as a guarantor of social protection, and rather seek to develop opportunities for self-development at a more individual level (Carnoy and Castells, 2009).

In the UK, this has occurred through the policy orientation of the 'third way' with the state practicing gradual encouragement for 'communities' to devise socio-economic strategies for self-development. Given the strong visibility of ethnic minority communities and irregular immigrants in the UK, such policies have been quite stimulating in relation to their unusual participation in informal economic activities (COMPAS, 2004, p.4). There is also fairly sufficient empirical evidence to confirm the high tendency of immigrant and ethnic minority populations to participate in the British informal economy. In Jones et al., (2004), for example, all the 20 South Asian firms surveyed in the clothing and restaurant sectors of Birmingham were found to be engaged in some kind of informal activity, with every employer using at least one undocumented worker in order to avoid labour regulations (also see, Ram et al., 2000; Ram et al., 2007, 2006; Links UK, 2007). Although these studies do not include any analytical measures for determining the size of the immigrant informal economy in the UK, almost all of

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<sup>8</sup> Informal Employment and Immigrant Networks: A Review Paper by Centre on Migration, Policy and Society Working Paper No. 2, University of Oxford, 2004

them have acknowledged the widespread prevalence of informal work amongst ethnic minority communities.

Clearly, the academic and policy literature in the UK, with some exceptions, is not very comprehensive in presenting an empirical portrayal of the informal work conducted by immigrant and ethnic minority populations. There is indeed a wide range of studies in the area of ethnic entrepreneurship and immigrant businesses in general. For example, the determinants and economic significance of ethnic minority businesses in the UK (e.g. Dhaliwal and Adcroft, 2005; Ram et al., 2002; Basu and Goswami, 1999), ethnic minority self-employment (e.g. McEvoy and Hafeez, 2009; Clark and Drinkwater, 2000), diversification in ethnic minority businesses (e.g. Smallbone et al., 2005), ownership succession in ethnic minority firms (e.g. Ram and Jones, 2002; Scott and Hussain, 2008), cultural segmentation of immigrant businesses (e.g. Chaudhry and Crick, 2003; Metcalf et al., 1996), historical perspective of ethnic minority entrepreneurship in Britain (e.g. Dahya, 1974; Werbner, 1990) and the policy agenda for the development of ethnic minority entrepreneurship in the UK (e.g. Ram and Smallbone, 2003, 2001; Ram, 1997). Yet, not many of them, with of course some exceptions, have attempted to present a direct discussion on the 'informal' aspects of immigrant businesses and employment. In consequence, many important issues related to the 'size' and 'nature' of immigrants' informal economic activities, as argued by Williams and Windebank (1998) and COMPAS (2004), are yet to find sufficient empirical support. It is for this reason that studies related to general ethnic entrepreneurship and immigrant businesses are kept outside the scope of this thesis and may not form a substantial part of literature review. Instead, the focus is to examine the findings of the studies that have attempted to explain any possible aspect of immigrants' and ethnic minorities' engagement in informal activities.

The British literature has not been totally oblivious to the nature of the informal economy prevailing within ethnic minority and immigrant groups of the country. There is a recent and vibrant stream of studies conducted by a limited group of British scholars (e.g. Jones et al., 2004, 2006a, b; Ram et al., 2000; Ram et al., 2007; Werbner, 2001) as well as private research organisations (e.g. Community Links, 2007), attempting to discover the dynamics of informal work being undertaken by ethnic minority and immigrant workers. Altogether, however, the range of informal activities discussed by these studies is quite limited yet, where most of them have just focused on either the role of co-ethnic work relationships or the underpayment of wages with regard to the participation of immigrant populations in the British informal economy.

One of the most debated issues in the British literature of the immigrant informal economy is the concept of 'ethnic enclave'. A host of British researchers tend to associate the participation of ethnic minority and immigrant populations with their tendency to exist in the form of ethnic enclaves (e.g. Ram et al., 2000; COMPAS, 2004; Waldinger, 1993). The notion of ethnic enclaves itself, however, draws its popularity from US-based studies of ethnic entrepreneurship and is often attribute to the work of Alejandro Portes (see, Portes, 1981; Portes and Jensen, 1987; Portes and Bach, 1985), especially to his work on Cuban immigrants in Miami. Majority of the UK-based studies, which try to explore the role of ethnic enclaves as a determinant of the immigrant informal economy also tend to rely on the definition presented by Portes (1981; p.290-1):

*“Enclaves consist of immigrant groups who concentrate in a specific spatial location and organise a variety of enterprises serving their own ethnic market and/or the general population. Their basic characteristic is that a significant proportion of the immigrant labour force works in enterprises owned by other immigrants”*

Clearly, these enclave-based approaches tend to emphasise the importance of 'family' and 'co-ethnic' networks as one of the major factors that determine the level of participation for ethnic minority and immigrant workers in the informal sector of the UK (Ram et al., 2000). The ethnic enclaves/networks in the British literature, however, have been viewed as both 'enabling' and 'disabling' with regard to their role as the determinant of informal work. While there are studies that view ethnic enclaves as a source of ethnic solidarity and socio-economic capital for immigrants to aid their participation and growth in informal activities (e.g. Werbner, 2000; Warde,1991), the narrative that the formation of ethnic enclaves actually constraints the entrepreneurial abilities of informal immigrant workers and exposes them to various types of economic exploitation also seems quite pervasive (e.g. Ram et al., 2000, 2007; Jones et al., 2004). Even Portes (1995, p.8) himself acknowledges this double-edge characteristic of ethnic enclaves with regard to the immigrant informal economy, “networks are important in economic life because they are sources for the acquisition of scarce means, such as capital and information, and because they simultaneously impose effective constraints on the unrestricted pursuit of personal gain”. Hence, co-ethnic networks can construct places for ethnic solidarity and exchange of social capital for its members, and yet can marginalise and exploit certain members and sub-groups of the enclave.

In order to clearly understand the role of social networks vis-à-vis the participation of ethnic minority and immigrant groups in the British informal economy, one can rely on the study of Centre on Migration, Policy and Society (COMPAS, 2004). It includes a theoretical framework developed by Ellie Vasta, a British Scholar from the University of Oxford, who explains the multi-dimensional relationship between immigrant networks and informal work. The framework is premised on three different theses that emerged from a number of theoretical currents in the field of ethnic networks. The following section will now attempt to analyse these theorisations one-by-one in relation to the participation of ethnic minority and immigrant communities of the UK in informal work.

## **Solidarity thesis**

The basic argument of the solidarity thesis, according to COMPAS (2004), is that ethnic enclaves are favourable for the promotion of work strategies, both formal and informal, amongst ethnic minority and immigrant populations. The tendency of such groups to exist in the form of strong ethnic networks facilitates them to accumulate social capital and to mobilise their accumulated resources in order to develop sustainable and rewarding informal economic activities, which otherwise would be difficult to accomplish. This thesis seems to be quite popular amongst a specific class of British scholars investigating the subject of ethnic entrepreneurship in the UK (e.g. Basu, 1995; Ward, 1991; Werbner, 1990). Such studies assert that strong ethnic enclaves serve as a means of ethnic solidarity, reciprocal obligations, learning opportunities, competitive advantage, and above all as a source of alternative economic space for the immigrants excluded from the mainstream economy (see for example, Wahlbeck, 1999). It further asserts that immigrant workers are likely to earn better wages if they choose to work within the ambit of their ethnic enclaves (e.g. Portes and Bach, 1985).

Furthermore, in the UK, Pina Werbner (Werber, 2001, 1990) presents one of the most daunting evidence with regard to the role of ethnic enclaves in the development of immigrant businesses. Examining the development process of South Asian informal businesses in Manchester, she identifies that the presence of strong ethnic enclaves within the community of South Asian immigrants has not only enabled them to replace the monopoly of Jewish firms in the clothing sector, but also to achieve commendable horizontal and vertical integration along the clothing supply chain on the basis of their “invisible” networks of trust and credit. Invisibility, as stated by Werbner (2001, p.679), refers to the practice of Asian-businesses to ‘operate from home or be

located in warehouses and back streets', and to subdue their presence in the official accounts. It is the strong networks of trust and solidarity between these co-ethnic businesses that make it possible for them to engage in mutual business exchanges, both up and down the supply chain. Such are the 'vertical interconnections', as called by Werbner (2001), which enable them to expand the size of their invisible exchanges and ultimately cause the whole enclave to expand together. The sales of large Asian manufacturers and wholesale traders in the clothing and knitwear industry of Manchester, for example, strongly relies on what she calls the 'army' of informal self-employed traders who operate from their homes and form a critical part of the same ethnic enclave economy. Profits generated within the ethnic enclave of textile were found to cause a strong multiplier effect, making all the firms reap benefits from each other's growth.

Apart from economic returns, the research also identifies ethnic enclaves as a major facilitator of 'ethnic solidarity', which in turn is descriptive of growing forms of paid and unpaid mutual aid amongst the South Asian community of Manchester. A strong culture of reciprocal favours, for instance, was found at the occasion of new immigration, where the new migrants are supported by established Asian workers both in the form of credit loans and business training, mainly on the basis of moral grounds. The study concludes that ethnic enterprises, both formal and informal, tend to form expanding clusters, which eventually improves their competitive advantage and social mobility.

## **Anti-Solidarity Thesis**

While ethnic networks and ethnic enclaves can play a phenomenal role in the promotion of ethnic entrepreneurship, they are equally capable of imposing some serious constraints on the growth of immigrant entrepreneurs, and can expose them to the worst kind of marginalisation and exploitation. This is what forms the basic argument of the anti-solidarity thesis (COMPAS, 2004; p.16). Members of a particular ethnic community can display dramatic differences on a range of dimensions, such as social status, annual income, age, gender, access to job opportunities, cultural integration and so on. This differentiation accounts for their inconsistent integration and power status within the community. As a result, every ethnic community tends to form an impartial social structure, giving more power and control to certain groups of individuals, while compelling others to adjust themselves in weaker positions (e.g. Meagher, 2004). It leaves the latter to be exploited both socially and economically by the more powerful members of the community. As Tilly (1990; p.93) puts it, the differentiation emerging within an

ethnic enclave can lead to a 'hierarchy of advantage and opportunity'. Particular to informal ethnic workers, COMPAS (2004) argues that it is the socio-economic polarisation of an ethnic minority community and the variable access of opportunities to its members that defines their inconsistent level of participation in the informal economy. This concept of differentiation certainly echoes with the idea of 'super-diversity' (Vertovec, 1999) as explained in a later section.

In the UK, the study conducted by Virshina et al. (2009) on two different lots of Polish informal workers in Leicester confirms the anti-solidarity thesis. The study identifies a strong relationship between the relative positions of two Polish groups – contemporary and post war immigrants – in the opportunity structure and their access to different forms of capital, which in turn seems to determine their level and nature of participation in informal entrepreneurial activities. The weaker of the two groups, i.e. contemporary Polish immigrants, due to their over-reliance on co-ethnic networks and ethnic enclave economy clearly occupies the lower scales of the informal labour market. Most of them are into low-paid and exploitative forms of organised informal employment working for well established older Polish employers. On the contrary, the post-war Polish immigrants have displayed much less reliance on co-ethnic networks in relation to their entrepreneurial activities and hence are engaged in more rewarding and unconventional forms of informal work.

Another classical example of the case where immigrant informal businesses are confronted with high levels of restriction and marginalisation due to their presence in an ethnic enclave economy is illustrated in the operation of South Asian food outlets inside the 'Balti Quarter' of Birmingham (Jones et al., 2006; Ram 2002b). Balti Quarter is the local name for a high concentration of South Asian restaurants in the Sparkbrook and Sparkhill area of this city. It contains as many as 60 South Asian restaurants with a combined annual turnover of around £8.5 million (Ram, 2002b). The underlying purpose of this spatial concentration is to form a local agglomeration of co-ethnic firms in order to generate a 'collective pulling power' (Davies and Harris, 1990) with the aim of attracting a wider clientele from all across the city. This strategy normally works in contrast to what Ram (2002b) calls a 'local niche strategy' where an ethnic minority firm decides to break out of ethnic clusters into a neighbourhood market of high potential and limit itself to a selected niche of customers. Although, as the study (Ram, 2002b) suggested, the agglomeration effect has enabled these informal South Asian businesses to create a considerable size of collective customer base (ethnic and non-ethnic), the same phenomenon is elsewhere (see Jones et al., 2006) discussed as imposing a counter-productive pull on the growth

of these informal food outlets. There are widespread concerns amongst South Asian owners regarding the existence of sheer competition between them by the virtue of operating inside the Balti Quarter. There is little, if any, differentiation on the basis of product or service; however, an overwhelming majority of these informal immigrant owners were purely competing on price, ultimately setting themselves on a 'self-destructive course' (Jones et al., 2006). It has compelled these immigrant entrepreneurs to engage in perpetual means of informal cost-cutting, which leads to the state of economic marginalisation and self-exploitation. Self-exploitation in this context refers to the willingness of owners to continue operating in the absence of sufficient commensurate rewards (Wright Mills, 1957) for one's own self to ensure business survival under extreme competitive pressures. This economic marginalisation of informal immigrant businesses also reflects in the form of salary erosion for their cash-in-hand employees, who are consequently paid below than the NMW (e.g. Jones et al., 2007).

These cases have illustrated the limiting effect of ethnic enclave economies and co-ethnic networks on the magnitude of immigrant informal activities and their growth potential. Surely, an overreliance on co-ethnic resources and ties at times can lead to extreme exploitation and marginalisation of ethnic minority workers. The proceeding sections will present a more in-depth analysis of the cases discussed above.

## **Social Networks: A Critical Approach**

Until very recently, much of the previous UK-based research is structured around the discussion of whether ethnic enclaves serve to promote the growth of informal activities or rather play a more restrictive role in relation to ethnic entrepreneurship in general. Questioning the role of networks both in terms of 'solidarity' and 'differentiation', the critical approach presented by COMPAS (2004) takes the debate of the informal migrant economy to a much broader level, and places it in line with the current stream of discussion amongst British scholars.

There is growing awareness (e.g. Jones et al., 2010; Ram et al., 2008) that the past research on ethnic minority businesses in the UK is overwhelmed by what Vertovec (2007, p.1024) calls "large, well-organised African-Caribbean and South-Asian communities of citizens, originally from Commonwealth countries or formerly colonial territories". The same group of scholars also presents a profound criticism of previous research for its tendency to overemphasise the significance of ethnic solidarity and co-ethnic networks concerning the participation of

immigrant workers in informal employment. They rather assert to develop a much 'finer-grained' and 'multifaceted' understanding of the immigrant economy - formal and informal - by placing it in a broader framework of various economic, political and institutional factors prevailing both in the UK as well as the respective home countries of migrant workers. They also emphasise that it is not only these macro-level factors themselves that are important, but also the 'dynamic' interplay between them that determines the nature and size of informal migrant entrepreneurship in the UK (e.g. Jones et al., 2010; Vertovec, 2006, 2007; Vershinina et al., 2009). Central to this critical approach is the concept of "Mixed-Embeddedness". It is to the description of the mixed-embeddedness theory and its supporting evidence from the studies conducted on ethnic minority communities of the UK the focus of the discussion will now turn.

## Mixed Embeddedness

The most important of them is of course the concept of 'mixed-embeddedness' coined by a group of Dutch scholars, namely Robert Kloosterman, Joanne van der Leun and Jan Rath, as an upshot of their research on informal economic activities conducted by immigrants in the Netherlands (Kloosterman et al., 1999). Interestingly, this approach is specifically structured to study the development of ethnic entrepreneurship in the advanced economies, with special focus on, as stated by Kloosterman et al., (1999), the entrepreneurial activities taking place outside the formal institutional framework. The concept of mixed-embeddedness finds its theoretical premise in Granovetter's (1985) idea of 'embeddedness', which is based on the study of immigrant entrepreneurs in the US. Granovetter (1985, p.481-482) developed the notion of 'embeddedness' particularly in relation to economic behaviour. He argues that the economic behaviour of immigrants is not solely predicated on some rational self-serving decisions, but also a product of their interpersonal ties and networks, something he termed as 'embeddedness'. In furtherance to his study, he classified his idea of embeddedness in two broad categories: 'relational embeddedness' and 'structural embeddedness'. Relational embeddedness in this context refers to the extent and quality of an immigrant's social relationships with people involved in his work domain, such as suppliers, customers, competitors and so on.. Structural embeddedness, on the other hand, points to the broader institutional networks these immigrants are connected to. It surely surpasses personal ethnic relationships.

Kloosterman in one of his latest articles (see Kloosterman, 2010), nevertheless, highlights the restrictive nature of Granovetter's (1985) structural embeddedness. According to him, although Granovetter (1985, p.491) tries to make a clear distinction between 'social relations' and

'institutional arrangements', he does not dwell on this latter category in sufficient detail, and as additionally misses out the notion of 'opportunity structure' while explaining the dynamics of ethnic entrepreneurship. He therefore argues that the concept of embeddedness, as described by Granovetter (1985) and other American scholars (e.g. Portes, 1995a; Waldinger, 1995, 1996), tends to portray only a 'one-sided' explanation of ethnic entrepreneurship (i.e. social integration) and neglects the wider economic and institutional context in which immigrants are inevitably embedded (see also Kloosterman et al., 1999). It, therefore, places both formal and informal economic activities of immigrant workers within a wider social, political and economic institutional framework, with special focus on the nature of 'opportunity structures' available to the immigrants. For immigrant entrepreneurs the opportunity structure with respect to business openings, for example, is contingent on market conditions, which themselves are embedded in institutional policies like market rules and regulations, structure of welfare support system, trade and fiscal policies and regulation of business support institutions (Kloosterman et al., 1999). Such are the institutional factors that significantly affect opportunity structures at all cadres of regional and national level. As stated by Kloosterman (2010, p.26), "In a nutshell: the kind of business an immigrant starts (formal and informal) and its role in the immigrant process of incorporation are not just determined by the resources this aspiring entrepreneur can mobilise, but are also decided by time-and-place specific opportunity structure".

The mixed-embeddedness approach, in consequence, does recognise the fact that ethnic entrepreneurs are embedded within co-ethnic social networks and their ability to mobilise social capital is what determines the extent of their economic activities, in both the formal and informal economies. However, it does not describe social capital as the only determinant of ethnic entrepreneurship, but rather calls it just one part of the whole contextual equation. While it adjusts ethnic economic activities in wider sectoral, spatial and regulatory environment, it also places great emphasis on the presence and mobilisation of different 'forms of capital' (in addition to social capital). Furthermore, its strong focus on 'context' and 'opportunity' is particularly significant with regard to the immigrant informal economy. And with regard to opportunity structure in particular, the recent emphasis of Kloosterman (2010) on how 'markets' in advanced capitalist economies are so crucial for the provision of opportunities to ethnic minority businesses (EMB) is of great relevance.

Forming an analytical 'model of the opportunity structure', Kloosterman (2010) suggests that market-related factors, such as demand for ethnic products, purchasing power of immigrant and indigenous customers, location of EMBs and so on play the most vital role in deciding the extent

and nature of business opportunities for ethnic minority populations (see p.30). This recent article also mitigates the shortcoming of the previous narrative of mixed-embeddedness in terms of its struggle to conceptualise the mutually interacting nature of structure and immigrant agency. Immigrant agency refers to immigrant networks as process of resistance, and pays attention to specific obligations, personal ties, community and neighbourhood (see COMPAS, 2004, p.22). Now, the model of the opportunity structure presents a systematic coupling of general market characteristics to the characteristics of individual immigrant entrepreneur. Hence, it bridges the previously unexplained gap between what Kloosterman (2010) calls the meso-level (structure) and micro-level (agency) of the opportunity structure. This development, as argued by Kloosterman (2010), makes the mixed-embeddedness model fall under the 'interactionist' approaches, whereby agency and structure are rationally linked with each other.

## **Empirical perspective**

One of the most comprehensive contributions to this prevailing stream of discussion is the study conducted by Jones et al., (2010) on the informal businesses of a relatively newly arrived community of Somali immigrant in Leicester. Case histories of 25 Somali businesses were explored across a range of trades, such as internet café, grocery shops, money transfer, butcher shops, computer repair, travel agent and auto repairs. This study can surely be taken as a good reflection of the immigrant informal economy, since the "widespread nature of 'informal' activity in the sample" is clearly recognised (Jones et al., (2010; p.18). An overwhelming majority of these migrant enterprises were found to be engaged in a variety of informal activities ranging from evasion of National Minimum Wage to the use of illegal co-ethnic workers and the development of informal remittance exchange networks.

Most of these informal Somali entrepreneurs seemed to maintain a rich resource of co-ethnic networks both in the UK and at the transnational level. Excessive reliance of new Somali immigrants on the pre-existing networks of intra-community ties especially kinship networks is quite discernible in the process of initial settlement and business start-up. The majority of informal Somali entrepreneurs, for example, keep a strong diaspora of social and business networks with relatives and friends not only in Somalia but all across Europe, North America and Arabia. Indeed, the informal Somali entrepreneurs of Leicester are embedded in a strong and resourceful structure of, what Vertovec (1999) calls, a 'transnational field'. Therefore, according to the traditional narrative of ethnic transnationalism and entrepreneurship (e.g. McEwan et al.,

2005; Dwyer and Jackson, 2003; Saxenian, 2002; Portes, 1996; Nee and Sanders, 2001), and also the solidarity thesis, the Somali enterprises must have excessive social and economic capital flowing through their diasporic networks, and thereby they have a far better chance to develop their informal economic activities, which in turn improves their socio-economic status in the host society. On the contrary, as the research concluded, despite the existence of profound cross-border solidarity, the Somali community, and so too the informal businesses, are characterised as acutely disadvantaged ethnic minority group on many social and economic scales. Confronted with the same dilemma of marginality, struggle for survival, sectoral trap, illegal cost-cutting strategies and cut-throat competition, the informal businesses of the Somali community can hardly be distinguished from the economic activities of any other 'under-resourced' and 'under-privileged' ethnic minority group of the UK. Evidently, the rich repository of transnational networks does not seem to translate into the desired level of growth for Somali informal businesses. There are doubtless many benefits of these extensive co-ethnic and familial ties for ethnic minorities in general (Ram et al., 2003; Jones et al., 1994) and the Somali business community in particular (Jones et al., 2010), yet they are severely incapable of mitigating the deficiency of other forms of capital, such as cultural, human and financial (see also, Ram et al., 2008).

This is where the dynamics of informal economic activities undertaken by EMBs goes beyond the concept of transnationalism and ethnic solidarity. As argued by the mixed-embeddedness theory, it is rather placed in the framework of opportunity structures and other wider contextual variables as explained by the mixed embeddedness model discussed earlier. Market structures, in this regard, for instance, appear to play a phenomenal role in deciding the extent and nature of Somali informal enterprises. First of all it is the phenomenon of 'entrepreneurial overpopulation' (Jones et al., 2000) that is causing the marginalisation of the Somali businesses. Due to heavy concentration in what can be called 'typical' immigrant sectors (e.g. retail, restaurant, grocery shops, personal services), the Somali informal businesses are also confronted with the problem of intensive business saturation. It has led to the creation of cut-throat competition and engagement of firms in self-destructive cost-cutting strategies of business survival. The profit margins for these sectors, and so too for Somali informal enterprises, have incredibly squeezed, compelling them into a vicious circle of informal/illegal activities. So much so, as stated by Ram et al., (2008), all the Somali businesses surveyed in Leicester are inevitably incapable of paying their workers in compliance with the National Minimum Wage (NMW). Another market-related structural constraint that tends to limit the development of Somali businesses is the phenomenon of 'vacancy chains' (Ram and Jones, 2008). It refers to the process of entrepreneurial succession

amongst ethnic minority communities, where a community of established entrepreneurs progresses to higher-level businesses for new migrant communities to substitute them in their existing trades. This is precisely what happened in the case of newly arrived Somali immigrants. Most of the informal businesses of Somali entrepreneurs in Leicester are created only in the market spaces left by an older community of the South Asians. Even so, they are bound to low-level market opportunities by the virtue of their late arrival in the UK.

Furthermore, the growth and profit of businesses such as retailing and consumer services are highly dependent on the size and affluence of the surrounding locality (Rekers and van Kempen, 2000). A favourable business location facilitates small suppliers to gain better market access and as well plays a crucial role in determining the size and purchasing power of potential customers. Unfortunately, none of the Somali entrepreneurs appears to own any of these geographical advantages with respect to their business operations. Given the excessive reliance on co-ethnic and kinship networks, an overwhelming majority of these Somali entrepreneurs prefer to operate within the bounds or at maximum in close neighbourhoods of their ethnic enclaves, a factor that severely limits the socio-economic status of their customers as well as their ability to reach out for a larger customer base. Even in case where a Somali enterprise is located within a strategic cluster of other ethnic businesses in an attempt to capitalise on, as called by Ram et al., (2002), the “agglomeration effect”, it is likely to be marginalised by stronger ethnic businesses of the locality. Only ‘leftover’ customers are entertained. Unpleasant social factors, like racism and other forms of discrimination also echoed widely in the replies of Somali entrepreneurs as a description for their disadvantaged market position compared with other ethnic minority businesses. All these antagonist market structures or ‘the sheer banality of the local’ can possibly more than offset ‘all the high promises of the transnational’ (Jones et al., (2010; p.16).

A recent study on the informal Polish entrepreneurs in Leicester (Virshinina et al., 2009) offers another piece of latest UK-based evidence in relation to analysing the phenomena of mixed-embeddedness in the context of the immigrant informal economy. The study was conducted on two different groups of Polish immigrants – post war immigrants and contemporary immigrants. The former reflects the group of long-established Polish migrants, who moved to the UK as a result of extensive ‘exile’ of Polish citizens by the Soviet or German forces after the World War I. Most of them were refugees from Europe’s labour camps or were demobilised from Poland’s Free army. Contemporary Polish immigrants, on the other hand, constitute a class of very recent migrants, moved to the UK as a result of the liberalisation of immigration policies for Polish residents by the European Union countries at the start of the 1990s. However, most of the

contemporary Polish immigrants surveyed migrated to the UK as late as after 2003. Some of the emergent themes of the study are quite instrumental in comprehending the nature of self-employed informal activities undertaken by immigrant groups in the UK. Most notably, the analysis of two different immigrant groups belonging to same ethnicity has clearly refuted 'ethnic solidarity' and 'ethnic enclaves' as the only possible determinants of ethnic entrepreneurship in general and informal economic activities in particular. It rather asserts that the social capital arising from shared ethnicity and nationality is just one form of capital utilised in the pursuit of informal entrepreneurial activity. Other forms of capital, such as cultural capital (e.g. educational qualification, language competence) and economic capital (convertible assets, access to financial markets) are equally significant in this regard (see also, Ram et al., 2008). In other words, it is their embeddedness in a mixed context of the host country that drives their participation in the informal economy.

The analysis of Polish entrepreneurs in terms of two different groups uncovers some striking intra-ethnic dissimilarities not only in the sense of their participation in the informal economy, but also in the way they are embedded in the wider economic, social and political context of the UK. The most noticeable of these similarities, as argued by Vishinina et al., (2009), is reflected in the 'mix of capital' being used by each group of Polish entrepreneurs. While contemporary Polish immigrants tend to rely heavily on pre-existing networks of established Polish communities in the wake of setting up their informal businesses, the community of long-settled Post-war Polish entrepreneurs at the same time illustrates the use of diverse forms of both ethnic and non-ethnic capital to pursue their informal businesses in a much wider segment of the host society. The latter group of immigrants are not 'typical' entrepreneurs, who tend to rely on co-ethnic workers, suppliers and customers in order to ensure the growth of their informal businesses. Instead, due to their better integration with the host culture; development of cross-community ties; and better understanding of how things work in the UK, their informal businesses serve a much bigger segment of the society and display a much rapid growth. On the contrary, the unwillingness of the contemporary immigrants to interact with the local English culture; to learn the dynamics of mainstream markets; to seek non-ethnic sources of capital accumulation; and to break-out of their ethnic enclaves has a profound 'limiting impact' on the growth and profitability of their informal businesses.

Furthermore, both the groups were found to differ in terms of their ability to convert one form of capital to other. In the case of Post-war entrepreneurs, for instance, their wider and deeper embeddedness in the mainstream economy and society of the UK has enabled them to instantly

convert their cultural capital (competence in English) to economic capital (number of English customers). Meanwhile, the tendency of contemporary immigrants to restrict themselves within strong ethnic enclave economies has severely curtailed their ability to convert any community-based capital into another useful form of capital at the wider economic level. The research has also noted how changes in the wider political, economic and regulatory framework of the UK have impacted the mix of capitals available to each of these immigrant groups at a certain point in time. Changes at the broader structural level seem to cause a dramatic impact on the ability of informal immigrant entrepreneurs to accumulate and convert a particular kind of capital. Social capital, for example, arising from shared ethnicity does not have a fixed and an immutable value; the value of this and other forms of capital changes with use. Hence, what can be used at one point in time may not be valuable or available at another due to certain contextual changes taking place simultaneously at the wider structural level (Vishinina et al., 2009).

In the end, some insightful conclusions can be drawn premised on our analysis of emerging conceptual theorisations in the latest stream of British literature and its implication on the entrepreneurial activities of ethnic minority and immigrant populations, both in the formal and informal economies. Firstly, as evident from the empirical base (e.g. Jone et al., 2010; Ram et al., 2008; Virshinina et al., 2009), the unconditional rejection of the solidarity thesis in case of informal ethnic entrepreneurship in the UK would be far from reality. Although recently criticised, the traditional discourse of transnational and national co-ethnic networks as a prime determinant of the extent of informal economic activities amongst ethnic minority groups does stand true in certain situations. Use of transnational and national co-ethnic networks as a crucial resource along the entrepreneurial trajectory, ranging from business start-up to business development and growth, is evident in almost all sectors of the migrant informal economy in the UK. However, at times, and as argued by the anti-solidarity thesis, the excessive use of co-ethnic networks may also act as a limiting factor and actually retards the growth of immigrant informal businesses.

Second, based on the concept of 'super-diversity' (Vertovec, 2006), nevertheless, the description of the solidarity thesis as the sole reason for the growth of informal ethnic businesses is highly misleading in the context of the British informal economy. The idea of 'diversification of diversity' (Vertovec, 2006) finds strong empirical support in the ethnic minority population of the UK, where remarkable differences are identified within and between various immigrant groups with regard to their engagement in informal work. Hence the traditional classification of immigrant groups purely on the basis of ethnicity or nationality is refuted, and rather a more

nuanced understanding of ethnic entrepreneurship has emerged based on a range of diversity variables (see Vertovec, 2007). Thirdly, one can see an increasing use of the 'forms of capital framework' (Nee and Sander, 2001) by British scholars while they attempt to explain the development of informal ethnic businesses in the UK. Once again the empirical evidence has shown that immigrants belonging to same ethnicity, let alone the members of different ethnic communities, tend to consume a variable mix of entrepreneurial resources – financial, human and social – in order to pursue their informal economic activities. Their level of participation in the informal economy is not exclusively determined by the richness of their social capital, but it is rather contingent upon what Vertovec (2007) calls a 'dynamic interplay of diversity variables'.

Lastly, in the UK, the dynamics of the immigrant informal economy appears to sit smoothly with Kloosterman et al.'s (1999) 'mixed embeddedness' approach. It is not only the use of various forms of personal capital that determines the extent of informal entrepreneurship amongst ethnic minorities, but also the way they adjust these personal resources in their receiving context, which often include structural factors, such as competition, immigration policy and most crucially the state regulatory regime. As shown by the studies of Polish and Somali informal businesses, all these structural elements coupled with the ability to 'access' and 'consume' various forms of capital is what creates specific opportunity structures for migrant entrepreneurs in the UK, and thus determines the level of their participation in the British informal economy. To seek explanations of ethnic entrepreneurship merely in the networks of co-ethnic exchange is apparently a good portrayal of globalisation-from-below (Portes, 1996; 1999; Vertovec, 2006; Light, 2007). However, at the more practical level, as asserted by Jones et al. (2010; p.1), such explanations fall considerably short of the neoliberal depictions of globalization, which tend to describe the phenomenon of ethnic entrepreneurship as deeply grounded in the structures of political and economic regimes.

## **Rationales for immigrant informal work**

The immigration regimes in the UK have displayed erratic trends ranging from excessively liberal immigration policies in the late 1970s to a swift implementation of strict immigration barriers for the next two decades, which continue even till today in their more conservative form. The pursuance of dichotomous immigration regimes by the British government coupled with rise in the magnitude of global people trafficking<sup>9</sup> has led to the influx of two different classes of immigrants in the UK: legal and illegal. This division of immigrants based on their legal status also reflects in their motivations for participating in the British informal economy (e.g. Williams and Windebank, 1998; Jones et al., 2006, 2004; Ram et al., 2007).

Generally, the motivation behind informal work of ethnic minority and immigrant workers is one of the least explored areas in the discipline of the informal economy. However, one can see certain popular narratives dominating the international literature. Most often than not, the engagement of immigrant populations in the informal economy is read through a structuralist lens, describing their participation as an 'involuntary choice' stemming as a result of their 'exclusion' from the mainstream labour market. This structuralistic description of rationales appears even stronger in case of illegal immigrants. Hence, by and large, the motivations of ethnic minorities and immigrants to participate in informal work in the advanced economies are described on the same lines as that of other deprived populations, like the unemployed and low-income localities (Williams and Windebank (1998).

In the UK, however, the understanding of the rationales driving the immigrant informal economy is quite ambivalent. At one level, it appears to be a 'voluntary' choice of immigrants to work in the informal sector, while at another they tend to describe their informal employment as a direct repercussion of their 'involuntary' exclusion from the mainstream economy (Jones et al., 2004). Similar dichotomous notions appear to emerge even when British scholars attempt to examine whether the participation of immigrants in the informal economy is driven by 'economic' necessity or it is predominantly grounded in some implicit 'social/non-economic' incentives. In consequence, one can observe a growing stream of post-structuralist narrative in some recent UK-based accounts of the subject. Despite the fact that the overall description of immigrants' and ethnic minorities' rationale to work on an informal basis tends to suffer from sheer

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<sup>9</sup> Economist, 24 June 2000

confusion, a handful of British scholars have attempted to make this portrayal a bit comprehensible on the basis of a few empirical studies.

## **Rationales of employers**

(self-employed informal work)

The motivations for ethnic minority employers to undertake informal activities as a part of their business operations in the UK can predominantly be explained with the aid of the structuralist theory. One of the most comprehensive empirical evidence in this regard comes from the study of South Asian retailers in the clothing and restaurant sector of Birmingham (Jones et al., 2004, 2006; Ram et al., 2002b). Based on interviews with 20 South Asian employers in each sector, it was unleashed that the engagement of immigrant employers in informal economic activities is mainly described as a survival strategy of the last resort. Evidently, shrinking profit margins and industrial decline are forcing these retail owners to resort to extreme cost-cutting measures, seeking every possible opportunity to cut corners in order to minimize their operational cost, and such measures, as shown by the research, are mostly implemented in the form of hiring cheap co-ethnic labour, who are willing to work for less than the NMW. This blatant violation of regulatory obligations straightaway puts the South Asian employers in the domain of informal work. On a deeper level, the research identifies that it is the context of hyper-competition in both the clothing and catering sector that is ‘forcing’ these immigrant business owners to use informality as a cushion for their business survival. As Jones et al. (2006; p.10) puts it, “informality itself is a critical buffer”.

The Indian restaurant industry, in particular, as observed by one of the earlier studies (Ram et al., 2002b), has witnessed incredible openings of new restaurants, takeaways and curry houses in the last couple of decades. This massive influx of immigrants in the restaurant trade was of course initially driven by economic imbalance of supply and demand, where the number of Indian restaurants failed to catch up with soaring affluence and trends of “exotic” dine-out in urban areas of the UK (Jones et al., 2004). However, due to what Ram et al. (2002b) calls ‘gold-rush-effect’ the former very soon seemed to supersede the latter. One can see a plenty of South Asian businesses rushing to fill in the supply gap and ultimately getting trapped in what can truly be said an over-crowded market. As noted by Jones et al. (2006), an overwhelming majority of immigrant food outlets, including both takeaways and curry houses, also suffer from an abject lack of product differentiation – selling in the same area, same food, same service and same

quality. In consequence, the only parameter of competition that remains is 'price-cutting', compelling them into an inevitable environment of low profit margins and retarded business growth.

Having their operational costs already cut to the bone, these immigrant employers have 'no choice' but to engage in illegal ways of cost reduction in order to gain an extra life line for their survival. Although the situation of the clothing sector does not reflect any different story, one additional adversity in this trade is the overall decline of the clothing industry in the UK due to increasing overseas competition from low wage economies of China and Eastern Europe (Jones et al., 2004). Hence, the businesses in the clothing sector are even more likely to link informal activities with their cut-throat struggle for survival and economic necessity. The excessive reliance of immigrant businesses on informal cost-cutting measures due to sheer competitive pressure also echoes in the study of Somali entrepreneurs in Leicester (Ram et al., 2008; Jones et al., 2010). Once again, the immigrants (Somalis) were found to be heavily concentrated in the over-saturated sectors of clothing and restaurant. Since due to the phenomenon of 'vacancy chains', as discussed in the earlier section, the Somali businesses are likely to exist at the peripheral levels of trade due to the existence of stronger South Asian communities; and their engagement in informal work is more truly rationalised as an involuntary exclusion from higher segments of the market.

It is not only the marginalization due to market-based factors, such as competition, which is causing immigrant businesses to engage in informal practices. Evidence from some immigrant communities has also reported their engagement in informal self-employed businesses as a direct implication of their lack of human capital. In Leicester, for example, many professionally experience Somalis with reasonably good qualification was found to start low-graded self-employed businesses, mostly on an informal basis, due to their inability to find a decent job in the formal sector (see, Ram *et al.*, 2008). The human capital obtained by these Somalis in the form of educational degrees and work experience was discounted as worthless in the British job market, since it was obtained abroad and did not match the local standards. No institutional or market forces are involved in this case as such; it is rather the lack of 'relevant' human capital that is driving this involuntary participation of immigrants in informal self-employed businesses. The significance of human/personal capital as a reason for immigrant workers to engage in autonomous informal work, however, needs more investigation.

Nevertheless, it would be erroneous to rely on a pure structuralist lens in order to explain the engagement of ethnic minority and immigrant employers in the informal economy. At the secondary level, one can find some explanation coming from the neo-liberal perspective of the informal economy in the sense that it is a 'voluntary' and an 'economic' choice of immigrant employers in the UK to undertake informal activities. Although predominantly crushed by hyper-competition, for example, a minor group of South Asian immigrants working in the clothing and restaurant sectors of Birmingham were found "flouting the NMW despite being well able to afford it" (Jones et al., 2006; p.11). In this case, the violation of the NMW is not merely driven by the precarious nature of business, but is rather an implication of employers' willingness to hire undocumented workers, who are presumed to be more reliable, flexible, respectful and, needless to say, more productive in terms of their performance.

Of all the 40 informal business owners interviewed (see Jones et al., 2006; table 1) in Birmingham, more than two-thirds were motivated by non-survival rationales, with almost 20 of them stated non-economic factors as a reason for their 'voluntary' hiring of undocumented co-ethnic workers (also see, Jones et al., 2004). Another overwhelming reflection of their voluntary participation is evident in their use of illegal employees not to beat the competition but to compensate for the lack of legal co-ethnic workers. There are concerns by existing South Asian owners that a substantial proportion of the British-born generation is drifting away from all kinds of traditional family businesses due to their higher wage expectations, let alone the low-paid and exploitative forms of informal employment. The possible alternative could have been the hiring of legal workers from non-ethnic labour markets, but they voluntarily chose to employ illegal workers from within the community instead. The reasons for which are stated as, "because they are cheaper to employ for overtime", "the employer will get more for the money he pays", "the employer will get needy workers willingly tolerate low wages", "their output is better" and so on (Jones et al., 2006; p.141). It is, therefore, very clear that for a limited fraction of immigrant employers the prime rationale for participating in the informal sector is not grounded in the notion of survival, but it is actually a strategy to deal with certain structural shortcomings of the labour market or simply to improve their business performance, which they believe is not attainable within the bounds of the legal domain.

A survey conducted by Community Links (Community Links UK, 2007) on the informal businesses of self-employed immigrants in some deprived neighbourhoods of East and North London also presents daunting evidence on the neo-liberal perspective. Of all the 23 respondents interviewed, the overwhelming majority expressed profound resentment against state regulations,

and described regulatory compliance as a major limiting factor for their business growth and profits. Criticising the restrictive nature of regulatory obligations (e.g. business registration, paper work, administration), many migrant entrepreneurs expressed their engagement in informal work as a backlash against state's regulatory regime. Interestingly, most of the immigrants surveyed were aware of the need to register their economic activities, yet 'chose' to work on an informal basis premised on the justification that their business profits are not lucrative enough "to make regulatory compliance worthwhile", at least for what they called the 'grace period' of business (Community Links, 2007; p.23). It was deemed essential to flout the law in order to reach a point of 'steady income'. Two-thirds of the respondents believed that working informally does not hinder their business expansion; in fact, it enables them to contain business cost and improve profitability. Clearly, the immigrants strongly tend to relate business profits with the time they spend working informally; the longer the period of informal trade, the higher the profits. Overall, the neo-liberal rationale – transcend the law to improve business profitability – is quite prevalent in this case.

This dichotomy of voluntary and involuntary violation of formal practices is also discernible in the comparative study of post-war and contemporary Polish entrepreneurs with respect to their informal self-employed businesses in Leicester (Virshinina et al., 2009). The latter group of Polish immigrants is a genuine example of involuntary start-up of informal self-employed businesses caused due to their economic marginalisation in organised forms of informal employment. Most of these self-employed business owners started as low-paid wage workers eking out an existence on the economic margins of their ethnic enclave economy. Despite their levelling up into autonomous forms of informal work, they are unable to cause any noticeable change in their occupational and professional status due to consistent lack of financial, cultural and human capital (Ram et al., 2008; Virshinina et al., 2009). Due to emerging tensions between old and new Polish immigrants in the UK, as noted by Burrell (2008), Garapich (2008) and Ryan et al. (2009), this ethnic minority community is even falling short of their social capital, which in retrospect has been a vital source of entrepreneurial success for them.

In consequence, and similar to their Somali counterparts, the businesses of contemporary Polish entrepreneurs are being forced by the competitive impulse of stronger co-ethnic as well as non-ethnic businesses to use the informality cushion for their survival. On the contrary, the engagement of post-war Polish entrepreneurs in informal activities reflects a considerable level of autonomy and voluntarism typically to improve their business performance. Their deviation

from formal obligations is generally motivated by the need of attaining financial independence and accessing better market niche (Virshinina et al., 2009).

## **Rationales of employees**

(organized informal work)

The rationales of the immigrant workers working on an organised basis in the form of informal waged labour have always been a matter of sheer ambiguity. Most of the British literature, in this regard, is found to be struggling with developing a deterministic stance concerning the motives of immigrant workers to engage in organised forms of informal work. However, one predominant discourse that can be stated with reasonable certainty is that for most of the immigrant workers in the UK their engagement in organised forms of informal employment is mainly a pursuit of economic gains. Now, whether this adoption of informal employment should be characterised as a 'voluntary' or an 'involuntary' participation is a matter of great confusion. Nothing decisively deterministic seems to emerge from whatsoever little empirical evidence we have in the British literature on the informal economy of ethnic minorities and immigrants. If on one end of the spectrum one can see expressions of 'absolute necessity' on the part of immigrant workers in relation to their organised informal employment, on the other, the same group of workers can be seen, as stated by Jones et al, (2004; p.112), as 'self propelling agents setting their own agendas' of employment.

So far as illegal immigrants are concerned, the neo-liberal perspective seems to dominate the British literature. The engagement of immigrants entering in the UK through clandestine channels in organised forms of informal employment is often read as a consequence of stringent state regulations – labour market and immigration – that impede these workers to take up any formal means of income generation (e.g. Jones et al., 2004, 2006). The explanation to this issue is partly grounded in the structural clash between the economic state of the British labour market and the political agendas of its government. As Jones et al. (2004; p.134) puts it, 'the employment of illegal migrants stems primarily from this collision between an economic necessity and a political expediency, which insists on criminalizing those who respond to that necessity'.

Up until the early 1970s, the influx of immigrants in the UK and other West European states could purely be seen as an economic strategy to import cheap manpower from labour-surplus

countries in order to satisfy the labour deficit of growing industrial sectors in the West (Castles and Kosack, 1973; Miles, 1982). There was a fine balance between the number of job vacancies and the influx of foreign workers as a result. The post-Fordist era, nonetheless, brought along a wave of profound economic turmoil across all the European states and left many of these immigrant workers absolutely unemployed. Needless to say, the delicate balance of labour supply and demand totally collapsed and stringent immigration restrictions became the order of the day (Castles, 1984). In case of the UK, the long established migratory channels of the New Commonwealth virtually ceased by the start of the 1970s. Despite restrictive immigration regimes in the West, globalisation and its consequent economic polarisation, as noted by Castles (2000), have once again developed an irresistible thrust of immigrants from the deprived to the developed economies of the world. The UK being no exception to such international trends has witnessed a dramatic increase not only in the overall volume of immigrants, but also in the diversity of their geographical origins in recent years. Interestingly, the bulk of these migrant workers are comprised of individuals who enter through subterranean routes and do not hold any legal status both socially and politically. The report published by Home Office (2000), for example, records an increase of seven times in the magnitude of illegal immigrants during the period of 1989-1999.

This intensifying influx of illegal immigrants in the UK is a product of certain 'push' and 'pull' factors. Most significant of which is of course what Castles (2000) terms the recent enforcement of 'ever more restrictive' immigration regime in the country. Most of the latest immigration policies devised by the British government, such as The Highly Skilled Manpower Programme (Home Office, 2000), are designed to fill up specific job vacancies that are biased towards high-skill and high-qualification jobs, leading to a complete abandonment of unskilled immigrants. However, at the same time, as argued by Sivanandan (1991), the demand for unskilled flexible workers at the lower segments of the British labour market both in the formal and informal sectors, is even more striking than it was during the Fordist period. The failure of the local labour to satisfy this hard-pressing demand at the peripheral level coupled with stringent immigration controls has created a self-propelling system of illegal immigration and underground recruitment in the British economy (Jones et al., 2006). In short, and as confirmed by Sivanandan (1991), this confrontation of economic and political structures has made it virtually impossible for unskilled migrant workers to break into the British labour market through formal recruitment channels, but to forcefully rely on illegal routes and informal modes of employment. In this perspective, the rationales for immigrant and ethnic minority workers to engage in organised informal employment appear to match the neo-liberalist narrative of the informal economy,

where the participation of individuals in informal employment is purely a strategy of making a living under a restrictive regulatory regime.

At this point, it might also be important to highlight the notion of 'voluntarism' involved in the migration of these illegal immigrants and their choice of working against the law. As determined by Jones et al. (2004) in their study of illegal South Asian immigrants working as cash-in-hand labourers, for most of the illegal immigrants coming to the UK especially from developing countries there exists a strong self-created motive behind their migration. This is what Jones et al. (2004; p.111) describes as a 'colossal pent-up migratory impulse' that works irrespective of employment opportunities in the UK. As one of the Bangladeshi respondents in the survey reported, "Everyone in Bangladesh wants to come here". Unlike the demand-driven migratory system of the 1950s and 1960s, the current migration of undocumented workers is more a matter of 'human agency of the migrants' themselves (p.112). Apart from this unconditional impulse, the 'choice' of these immigrants to work on an informal basis in a hostile regulatory environment also reflects from their 'rational' economic considerations, which may be entrepreneurial at times also. Also, for some respondents their willingness to work at odds with the British regulatory regime is grounded in their assumption of attaining better living and working conditions as compared with their respective home countries.

Clearly, there is a reasonable element of 'freedom of choice' for these illegal immigrants in their informal employment. That the illegal immigrant do have a certain degree of choice in the selection of their employment is also asserted by Williams and Windebank (1998; p.85), who argues that "in reality, they (illegal immigrants) do have other options. They can use falsified or other person's documents to gain access to either welfare benefits of employment without their employers' collusion. Alternatively, they can work as an employee with the consent of the employer who pays taxes for the worker, with the worker remaining undetected as an illegal immigrant".

However, strictly clinging to such neo-liberal perspectives could be highly misleading in the case of legal immigrants for whom the engagement in organised informal employment is a direct repercussion of their exclusion from the British labour market not because of regulatory constraints, but rather due to lack of personal capital. The case of contemporary Polish workers, who migrated through a proper legal channel as a result of a 1991 Europe agreement, presents a very relevant case in this regard (see Virshinina et al., 2009). Despite being granted a legal right of entry and residence in the UK, the majority of these Polish workers reported as working in

low-paid organised forms of informal employment mainly for co-ethnic employers. The reasons reported for their exclusion from the mainstream labour market are not related to state-imposed structural barriers, but mainly revolve around their personal inability to accumulate what Virshina et al. (2009) calls sufficient financial, human and cultural capital. In the case of three respondents, for example, their Polish held qualifications and language skills rendered absolutely useless in the context of the British job market. Furthermore, factors like little collective knowledge of 'how things work' in the UK as well as their unwillingness to accumulate local cultural capital have played a pivotal role in their economic marginalisation and the subsequent reliance on organised informal employment. Seen in this way, the motives of organised informal work amongst immigrant and ethnic minority communities of the UK tend to be a descriptive of the structuralist discourse. The engagement of immigrants and ethnic minorities in more autonomous forms of informal work (i.e. self-employment), as explained earlier, is also on some occasions observed to be a result of lack of personal and human capital (e.g. Ram *et al.*, 2008). However, and to repeat, the role of personal/human capital as a potential determinant of the immigrant informal economy in the UK, especially with respect to unpaid informal work, is still not a very rich portrayal and calls for further evidence.

### **Agency Vs Structure: A post-structuralist perspective**

Up until this point, the reasons for the engagement of immigrant workers in the British informal economy are mostly explained on the basis of mere 'observed regularities', taking into account only the constant conjunction of certain events occurring in the process of immigration and the dynamics of market structure. Very few studies (e.g. Ram *et al.*, 2007; Jones *et al.*, 2006) have actually attempted to evaluate the mechanisms, processes, structures, or whatever implicit 'real' underlying forces, which also account for this continued reproduction of the immigrant informal economy in the UK. This viewpoint echoes with Williams and Windebank's (1998) call for the development of an "embedded understanding" with respect to the informal work conducted by immigrant and ethnic minority populations. In the last few years, however, one can see an ever more intensive 'realist' school of thought emerging amongst the British fraternity of academics regarding their analysis of immigrants' rationales to engage in informal work. It has enabled them to look beyond the explicit market-based profit-motivated models of informal exchange and develop a much deeper and insightful understanding grounded in what Ram et al. (2007) calls a tacit "workplace negotiated order".

The well known phenomenon of workplace negotiated order (Burawoy, 1979; Hodson, 2001) refers to an implicit structure of social relations that govern the everyday dynamics of employment relations between the boss and the worker. Taking lead from the concept of workplace negotiated order, a group of British scholars has recognised some deeply embedded social exchanges as forming the core rationale and driving force for the propagation of the immigrant informal economy in the UK. This emerging understanding clearly transcends the traditional narratives of immigrant informal work that tend to describe the motivations of such work being driven by an economic necessity under the influence of either relentless forces of market (structuralism) or restrictive state regulations (neo-liberalism). In its latest form, the informal economic activity of immigrant workers in the UK is increasingly seen through a post-structuralist lens, in which the economic behaviour of actors is described as driven by a range of social incentives conspicuously embedded in their routine work relations (e.g. Ram et al., 2007; Jones et al., 2004).

One of the most comprehensive pieces of evidence related to this argument is attributed to the study of Ram et al. (2007). While analysing the impact of the NMW on pay practices of South Asian businesses in Birmingham, Ram et al. (2007) discover that the enforcement of state regulations (e.g. NMW) does not have any significant influence on the tendency of immigrant businesses to engage in informal practices. They do identify some impact of market structure and competitive forces in this regard; however, the prime driver of informality in this case is grounded in the notion of 'paternalism' existing in the employer-employee relationship of Asian immigrants. The significance of paternalism, a type of work relations consisting of face-to-face personalised exchanges in which the owner is often seen as a father-like figure by his employees (Jones et al., 2006), with regard to economic functioning of small ethnic minority firms is widely regarded as a mainstay of firm's labour process (e.g. Barnett and Rainnie, 2002; Chapman, 1999; Ram 1994; Scase, 2003). In case of South Asian immigrants, as determined by Jones et al. (2006), the factor of paternalism is even more exaggerated due to shared 'Asian-ness' that further subdues the conventional 'boss versus worker' relationship, and creates a sense of what elsewhere is mentioned as 'mutual identification' and 'interdependence' (Ram et al., 2007; p.323). The research also identified that these tacit trust based relationships of paternalism do not only prevail in situations where informal workers were hired from within the networks of kinship. In fact, equally strong feelings of belongingness and paternalism tend to exist even in case of non-family employees for whom the 'authority relations are softened and humanised by face-to-face personal interactions' (Ram et al., 2007; p.323). This 'humanised informality', as stated by Jones et al. (2006), is what has empowered these South Asian businesses to keep the

formal employment contracts of a capitalist labour at bay and still manage to survive in a cut-throat environment.

This paternalistic structure of informal work relations has enabled the South Asian workers to form a 'collusive labour process', in which all the socio-economic terms and conditions of the employment are implicitly negotiated between the worker and his co-ethnic boss. One can see many vivid examples of this workplace collusion between an immigrant worker and employer. In case of South Asian firms working in the clothing sector, for instance, this implicit contract between the employer and co-ethnic workers plays a pivotal role in manipulating the labour inspector, who visited them to check the compliance of the NMW (Jones et al., 2006; Ram et al. 2006). The employers were of course engaged in the evasion of the NMW (6 out of 8) by underreporting the number of working hours of their employees, but interestingly this whole informal activity included a full consent of the employees. The employers have obvious benefits for veiling the number of working hours; however, the employees as well do not want to be dealt with formal rules of work organisation. For employees, a full declaration of working hours translates into a loss of illegitimate welfare claims they are entitled to at the moment. This bilateral exchange of favours has not only enabled immigrant businesses to manipulate official authorities, but has also helped the employers to pacify the wish of their employees to be paid at the NMW (Ram et al., 2007). It has led these informal firms to develop their own informal self-regulating wage system, which operates totally independent of the wages (NMW) decided by the state.

At the face value, this whole process of mutual cooperation seems to be motivated by economic gains. However, at the core of it, such a profit-based proposition does not seem to match the reality, and merely serves as a superficial cover masking the true spirit of informal employment relations prevailing amongst immigrant firms, which is rather constructed by implicit social contracts and obligations (Bailey, 1987) between the employer and the worker. These social contracts, as observed by Ram et al. (2007), often constitute elements, such as feelings of paternalism, sense of belongingness, family-like environment, social integration, job flexibility and cultural homogeneity. Jones et al. (2006; p.146), as a result of their study on informal South Asian businesses, also confirm that "from this (mutual consent) flow all manner of intangible benefits such as pleasant working atmosphere and significant individual bargaining leverage over pay and time, on overall package, which might be seen as compensating somewhat for the leanness of monetary reward". Therefore, most of these recent UK-based studies have concluded on the fact that it is not simply the brute fact of economic marginality or state over-

regulation that explains the reproduction of informality; instead, it is the 'immigrant agency' that forms the propelling force for the immigrant informal economy.

This recently acclaimed notion of agency, however, does not go without criticism in the British as well as international literature on the immigrant informal economy. Many scholars (e.g. Mitter, 1986; Phizaclea, 1990), have attempted to describe these norms of paternalistic reciprocity as a smokescreen for extreme exploitation on the part of informal employers. In case of South Asian businesses, for instance, many owners were found to justify their under-payment of wages purely on paternalistic grounds, as they tend to argue that the immaterial benefits given to the workers more than compensate for the monetary deductions from their salaries (Jones et al., 2006; 2004). On the contrary, on the part of the workers, such informal payments in kind may not often be seen as sufficient enough to mitigate the implications of economic marginality. For example, as echoed in the study of Ram et al. (2007), many immigrant workers raised serious grievances against their economic exploitation by co-ethnic employers. There were voices like, 'I feel really demoralised that pay has not kept up with the cost of living', 'they pay you less because you can not say anything', 'you just have to keep quiet and put up with it' (Ram et al., 2007; p.332 & Jones et al., 2006; p.146).

Clearly, for these informal workers, the sentimental motivations of the collusive labour process do not form the prime reason for them to engage in informal work, it is rather the lack of choice that is maintaining the work discipline, be it exploitative, in this case. This balance of what Ram et al. (2007) calls co-option and coercion, or what can also be termed as a clash of structure and agency, is too complex to be switched in the favour of either of them. At the end of their studies, Jones et al. (2004) and Ram et al. (2007) tend to conclude that be it based on social exclusion and exploitation, the decisive quality of the immigrant informal economy is the informal relationships of mutual exchange, in which the workers are 'consulted' and 'respected' rather than dictated. Having said that, both the studies, including Ram (1994), fail to deny the fact that this negotiated balance of structure-agency is highly fluid in practice and does not maintain an invariable status. Instead, it is often challenged and renegotiated by immigrant workers and employers depending upon the ever-changing tension between material and sentimental motivations.

Analysing the rationales of immigrants and ethnic minorities to participate in the British informal economy in the light of structuralist, neo-liberal and post-structuralist narratives, one can see that none of these approaches are solely able to capture the complexity and the dynamic nature of

immigrants' motivations. Based on empirical evidence, the British literature tends to present a range of dichotomous views on this subject, ranging from voluntary to involuntary participation, and profit-motivations to social necessity. However, one definite conclusion is, of course, the fact that it calls into question the traditionally over-emphasised descriptions of state-regulations and structural forces as universal causes of immigrant's engagement in informal employment. It unveils the tacit dynamics of socially motivated networks of exchange and attempts to explain how such networks are embedded in everyday work relations of immigrant businesses to form a perpetual rationale for their informality. Overall, nevertheless, the British literature, by the virtue of its limitedness, appears to struggle with the development of any clear-cut stance on the subject, and hence cries for the execution of further research in the discipline of immigrant informal economy, especially with regard to the confusing balance of structure and agency.

## **Gender division of immigrant informal work**

Most of the UK-based literature discussed above on the engagement of immigrant and ethnic minority populations in informal work has remained fairly blind of gender segmentation in this sector. Generally, there is a host of studies attempting to explore various facets – entrepreneurship, migration patterns, labour market discrimination, waged employment – of women immigrants in different ethnic minority communities of the UK, such as Caribbean (e.g. Jayaweera, 1993; Dodgson, 1984; Stone, 1983; Phizacklea, 1982), Chinese (e.g. Baxter and Raw, 1988) and South Asians (e.g. Werbner, 2000, 1990; Rafiq, 1985; Brah, 1992; Warriar, 1988). But very few have attempted to present an exclusive account of the size and nature of informal work being undertaken by immigrant female workers.

The most detailed recent account to be included in this regard is contributed by the study of Community Links (2007) carried out on informal businesses of various ethnic minority groups in East and North London. The study reveals some noticable differences between males and females with respect to their informal economic activities. First of all, the female immigrant workers were found to have higher propensity to engage in informal work as opposed to their male counterparts. Of all the female workers interviewed, more than 45% (6 out of 13) were of the view that working informally does not have a negative effect on their business operations, in other words, informality does not hinder their business growth. Hence, they expressed a higher propensity to engage in informal work than the male members of their community, for whom the informality was perceived as imposing lots of regulatory constraints on business growth and limiting their profit margins. This finding runs in a stark contrast to most of the studies of informal work conducted on English communities in the UK (e.g. Leonard, 1998; MacDonald, 1994; Pahl, 1984; Pedersen, 2003; Eurobarometer, 2007). As discussed in an earlier section, all these empirical studies have confirmed that women are much less likely to participate in informal work compared with the male members of the community. Interestingly, however, the higher tendency of immigrant female workers to work on an informal basis resonates with the findings of the English Locality Survey, which also suggests a higher degree of participation (55.5% of informal work) on the part of female individuals. It is, however, important to note that Community Links (2007) takes into account only the paid informal work and absolutely discounts the forms of informal work conducted on a self-provisioning or mutual-aid basis, which was widely considered in case of the English Locality Survey.

The high involvement of minority ethnic women in unpaid informal work is, nevertheless, confirmed by the study of Pina Werbner (Werbner, 1991). The study puts special emphasis on the role of immigrant women as the 'controller' of the domestic sphere and their position in what Werbner (1991, p.197) calls the 'connecting role' of the community. Pakistani women, for instance, were found to be heavily engaged in locally based friendship networks, facilitating their male partners to use these networks as a social capital for the growth of their entrepreneurial activities. This whole 'women centred' system of social exchanges is what necessitates their involvement in sporadic acts of unpaid informal work. For example, in case of the Pakistan community it entails minor acts of giving lift if one has a car, caring for neighbour's children, putting up neighbour's wedding guests, guarding their houses when they are away, taking gifts to Pakistan for them etc. The motive for immigrant women to involve in informal reciprocal exchanges can also be read as a part of their familial obligations, imposed by the male members of the family with the aim of consolidating their personal social capital. Another relevant upshot of this female-oriented social cohesion is the development of informal financial system amongst the immigrant female workers (Werbner, 1991). Very traditional example of it in the Pakistani community is the system of rotating credit associations, or *kommitti* as they are often called. It is an absolutely informal saving instrument that runs under the supervision of a focal person, who regulates the collection and distribution of deposits made by other community fellows. Most of the Pakistani female workers who were working on cash-in-hand basis in small garment factories of Manchester tended to use this informal system of credit rotation to make savings for specific projects. It was a perfect way of avoiding the need of formal financial institutions, and yet be able to save their undeclared earnings.

The gender differentiation of the immigrant informal economy in the UK is further highlighted by the importance that males and females associate to their earnings from informal work. As determined by Community Links (2007), the vast majority of male informal worker (5 out of 6) regarded their informal work as the main source of their regular income, which was most often than not assumed to be the primary source of financial support for their families. On the contrary, the majority of female members in all ethnic groups described their informal earning as just partially important for household income. Rather, they view it as a part of their 'extra' earning that simply serves to compliment income from their formal employment. The cash-in-hand income of immigrant females is normally seen as a buffer to fund, as termed by Werbner (1991), 'incidental' and 'recurrent' expenses. Once again the nature of immigrant informal activities seems to deviate from that of the dominant white population, where males were found to use the larger fraction of their informal income on funding their personal social activities, and

women at the same time used it to consolidate their family income (Leonard, 1998; Williams and Windebank, 2004a).

There seems to be an association between gender and time spent trading informally. The male immigrant workers tend to carry out their informal economic activities on a more regular and full-time basis as opposed to their female counterparts, who are more likely to engage in part-time and sporadic informal activities, conducted to meet occasional shortfall of funds (Community Links, 2007). Women expressed the burden of domestic obligations, such as caring responsibilities, as a major reason for them to be unable to engage in more permanent and time-consuming forms of informal employment. Contrary to the aforementioned findings, this particular gender division of immigrant informal work appears to draw strong parallels with the overall British informal economy. Even in case of white population, the informal work of male and female workers is characterised as being undertaken on a full-time regular and part-time temporary basis respectively (e.g. Williams, 2004; Williams and Windebank, 2003; Pahl, 1984).

Another important finding that emerges from the survey is an invariable nature of relationship between informal work and social welfare benefits for male and female members of ethnic minority communities. Females, as a whole, were found to be far more likely to work on an informal basis as well as make a range of illegitimate welfare claims, ranging from carers allowance, income support, jobseekers allowance to working tax credit. Conversely, only one of the male informal workers was involved in any kind of illegal welfare entitlement. Even for him it was an undesirable and a disliked act, necessitated by the fact that he was heavily dependent on his parents in terms of living.

## Types of immigrant informal work

In western advanced economies, as argued by Williams and Windebank (1998), the overwhelming finding has been that immigrant and ethnic minority populations (both legal and illegal) tend to engage in peripheral exploitative forms of organised informal employment as opposed to the dominant white population, who happen to be a part of more autonomous and rewarding segment of the informal economy (e.g. Lin, 1995; Sassen, 1989; Portes, 1994; Stepick, 1994; Phizacklea, 1990; Martino, 1981; Mingione, 1991). The informal sector is, therefore, generally viewed to mirror the same kind of racial inequality as the one prevalent in the formal labour market. The view that the immigrant informal economy is only characterized by exploitative and low-paid work is contested by the “Simplistic Dual Labour Market Model” presented by Williams and Windebank (1998). The model, as described in an earlier chapter, rather explains the informal sector as a composition of diverse economic activities ranging from exploitative organized employment to absolutely autonomous and well-paid businesses.

The majority of the UK-based evidence on the immigrant informal economy seems to correspond with the argument put forth by the model. In particular, the studies conducted on South Asian businesses in Birmingham (e.g. Ram et al., 2002b; Jones et al., 2004, 2006; Ram et al., 2007) have unveiled the engagement of immigrant workers in heterogeneous forms of informal work, ranging from extremely low-paid exploitative kinds of organised cash-in-hand employment to more autonomous and progressive informal businesses especially in the catering sector. One of the indicators for the profitability and growth of immigrant informal businesses is certainly the level of investment they are putting into activities like product differentiation and infrastructure improvement. In case of South Asian curry houses, for example, a good number of owners were found to be regularly engaged in minor investment on creating a cuisine, improving the décor of their restaurants, opening new branches etc. (Jones et al., 2006). In other words, they showed signs of what Ram and Hillin (1994) calls ‘breaking-out’ of unprofitable ethnic niches and heading into more creative ways of doing business.

The second aspect of immigrant informal businesses that discounts their conventional descriptive of the marginality thesis is grounded in their execution of entrepreneurial activities aiming to connect themselves with the mainstream British market. One evident example in this regard is that of post-war Polish entrepreneurs working on an informal basis in Leicester (Virshinina et al., 2009). Displaying high levels of enterprising growth in their informal ventures, these Polish

entrepreneurs have strongly refuted the image of 'typical' ethnic entrepreneurs as presented by Waldinger et al. (1990), who tend to limit themselves to traditional ethnic businesses operating to serve a small ethnic niche under an unprofitable market environment. These immigrants, on the contrary, exhibit impressive growth patterns and use their informal businesses to serve the mainstream economy, something that would not have been possible had they been operating solely on exploitative terms.

Furthermore, the confinement of immigrant workers to only organised forms of informal employment is rejected by the fact that a considerable fraction of them works on an autonomous self-employed basis also. The most startling UK-based evidence in this regard is once again the study of informal immigrant workers in London (Community Links, 2007). Not only does the study confirm the engagement of immigrants in informal self-employed businesses, but it also finds many of them as operating at considerable economic returns. Evidently, the study classifies the informal immigrant entrepreneurs into the categories of 'getting-by' and 'getting-ahead' depending on their growth potential. Getting-by represents the conventional class of informal ethnic minority workers, who do not and cannot expand their activity beyond finding sufficient work; whereas, the getting-ahead category are people who are engaged in informal economic activities but see it as a stepping stone for them to break into the formal economy (e.g. Williams, 2005; Ram et al., 2007).

Although there are traces about the engagement of immigrant and ethnic minority workers in autonomous and rewarding forms of informal work, it remains undeniable that many of them still appear to trap in the lower order segments of the British informal labour market. Studies that tend to examine the informal businesses of various immigrant communities in the UK, such as Polish (Vershina et al., 2009), Somalis (Ram et al., 2010) and South Asians (Jones et al., 2006), have discovered a good number of immigrants working as low-paid cash-in-hand workers often employed by co-ethnic businesses (e.g. Jones et al., 2006; Jones et al., 2010; Virshina et al., 2009; Ram et al., 2009). Given the fact that there is evidence to show the engagement of immigrant and ethnic minority workers in both autonomous and organized forms of informal economic activities, the existing composition of the immigrant informal economy in the UK seems to correspond with what Williams and Windebank (1998) calls the hierarchy of informal work.

## Sectoral distribution

As discussed in the previous chapter, there is an overwhelming consensus between the empirical findings of different studies with respect to the sectoral distribution of informal work. Most of these studies, although tentatively, stated that a vast majority of informal work (more than 60%) take place in two main sectors: construction and personal services (see Williams, 2004a; Eurobarometer, 2007; Pedersen, 2003; SBC, 2005). In that sense there appears to be a strong occupational polarisation existing in the British informal economy. The argument that the British informal economy is concentrated in specific sectors and occupations appears to resonate with the findings of international literature, which also find the domestic services and construction sectors as the leading custodian of informal economic activity (e.g. Phizacklea, 1990; Sassen, 1989; Mingione, 1991; Boris and Prugl, 1996).

Apparently, the sectoral distribution of informal work undertaken by ethnic minority and immigrant populations of the UK does not seem to comply with this dominant discourse of the international as well as the British literature. Most of the immigrant informal businesses as well as organised employment is found to exist in the sectors of clothing (Ram et al., 2007; Jones et al., 2004), catering (Ram, 2002b; Jones et al., 2006), low order retailing (Jones et al., 2010; Ram et al., 2009) and transport (Werbner, 2001). It is, however, important to note that Werbner puts special emphasise on the involvement of Pakistani immigrants in taxi driving. As she mentions, “Throughout Britain, Asians and particularly Pakistanis have moved into taxi driving in large numbers, even though they regard this occupation as morally shameful”(p.387). The concentration of informal ethnic minority businesses in the retail, clothing and catering sectors is also supported by the study of Community Links (2007), where 18 out of 23 informal businesses were identified as operating in the stated sectors with only 3 of them as working in the personal services sector. Given the limited scale of these studies on ethnic minority communities, however, caution is required to conclusively contrast their findings with what has been determined in studies conducted on the dominant English population, which themselves present a tentative portrayal.

Having examined the limited evidence available on the types of sectors which constitute the bulk of the immigrant informal economy in the UK, one may conclude that immigrant and ethnic minority communities tend to conduct most of their informal work in some specific sectors. This phenomenon appears to illustrate what Jones and Ram (2003) termed as ‘sectoral-inertia’,

drawing parallels with what has also been identified in the case of the dominant English population as described in the previous chapter. Once again care must be taken to read the sectoral inertia of certain ethnic minority communities as a universal trend across all the ethnic minority populations in the UK, until a wider empirical base is established on the subject. Moreover, there are now a growing number of studies (e.g. Werbner, 2001; Ram *et al.*, 2007) that have witnessed these sectoral concentrations being gradually put to challenge as the new generation of immigrant workers are taking over the economic drive of their respective communities. Especially British-born immigrants with all their better qualifications, wider social integration and loftier pay expectations are probably set to break-out of this long-held sectoral trap, both in the formal and informal sector.

The racial segmentation of the informal labour market, as stated by Williams and Windebank (1998; p.87), is further cross-cut by gender so far as the sectoral and occupational division of informal work is concerned. The engagement of ethnic minority women in informal work is generally described as being restricted to those occupations that reflect their everyday work in domestic life. This argument takes its lead from the studies that have sought high concentration of immigrant female informal workers in sectors like domestic services (e.g. Mingione, 1991) and manufacturing homework (e.g. Phizacklea, 1990; Sassen, 1989). Immigrant men, on the other hand, are found to conduct most of their informal work in what can be termed as 'masculine' sectors of the economy, e.g. construction, repair and maintenance, and retail. The gendered analysis of the immigrant informal economy in the UK seems to fit well with these predominant findings of the international literature. In the case of London immigrants, for example, while the majority of male entrepreneurs were found to carry out their informal businesses in the restaurant and retail sectors, more than 60% (11 out of 17) of informal female workers were concentrated in domestic occupations, such as catering and tailoring (Community Links, 2007; table, 2). Therefore, it would not be wrong to say, though based on very limited evidence, that the immigrant informal labour market tends to produce the same gender segmentation as observed in the case of dominant English communities (Williams, 2004a).

## Summing up and gap identification

The British literature, despite its richness in the area of ethnic entrepreneurship, is yet to offer sufficient empirical evidence for someone to draw any definitive trends with regard to the size and nature of the immigrant informal economy. Most of the studies discussed above are small-scale community-specific research with their focus on a narrow range of informal economic activities conducted by immigrants and ethnic minorities in a few specific cities of the UK. It is for this reason that when compiled together, the evidence drawn from these studies, albeit very insightful in certain manners, can only be read as a set of tentative findings. Nothing very conclusive is seen to emerge about the scale and character of informal work undertaken by the immigrant and ethnic minority populations of the UK. However, the knowledge contribution by the existing repository of evidence discussed above can surely be used as an effective stepping stone towards the exploration of additional facets of the immigrant informal economy with the aid of more comprehensive targeted surveys.

Compared with the 'diversity' and 'comprehensiveness' of the evidence generated with regard to the dominant English population in the UK, the literature on the immigrant informal economy strongly calls for contributions especially in the following gaps.

- First of all, there is need for '*general expansion*' in the number of ethnic minority communities studied and the type of data collected with respect to their engagement in informal work. Clearly, the data discussed in the literature is based on the ethnic minority communities living in a few specific cities of England, such as Birmingham, Leicester, Manchester and London. Many more cities with high ethnic minority concentration are yet to be tapped from the perspective of informal work. Secondly, most of the data gathered in relation to informal economic activities of immigrants tend to revolve around a few specific themes, mainly the NMW, work relations and more recently the forms of capital; however, the international literature or even the one on English localities seem to have discussed many other facets of the informal economy. Surveys with a more diverse set of questions and targeting immigrants working on an informal basis in new geographical areas could be a vital contribution in the existing literature. Without having done so, the subject of the immigrant informal economy may not attain the desired level of empirical validity and will subsequently fail to provide wider claims. Some of the more specific gaps are discussed as follows.

- So far as the '*quantification of the size of the immigrant informal economy*' in the UK is concerned, nothing comparable to the studies conducted on English localities (e.g. Williams 2004a; Eurobarometer, 2007; Pedersen, 2003), has so far been reported on ethnic minority communities. So, unlike the estimates of the overall British informal economy, not many objective/analytical indicators are available with respect to the participation of ethnic minority and immigrant workers, particularly through the use of direct survey methods. Without such contributions being made, it does not seem possible for academics and policy makers to single out the share of informal economic activities conducted by ethnic minority households/businesses from the overall size of the British informal economy. It is important to derive data that exclusively deal with the size and prevalence of informal work amongst ethnic minority communities so that a kind of quantifiable indicator can be developed.
- The contribution of existing studies has certainly been quite valuable with regard to understanding certain aspects of immigrants' engagement in informal economic activities. Studies conducted on informal South Asian businesses (e.g. Jones *et al.*, 2004; Ram *et al.*, 2007), for instance, give an insightful account of different motives causing these immigrant enterprises undertake informal practices. What is not very obvious in the literature of the immigrant informal economy is the '*evaluation of some important theorizations*' emerging in the recent discourse of informal work. Following the structure of some latest studies undertaken on the native populations of different countries (e.g. Williams, 2010; Williams and Round, 2010; Williams and White, 2009), therefore, it is needed to expand the existing theoretical framework of the immigrant informal economy. Perspectives, such as the neo-liberal, structuralist and post-structuralist theories, are yet to be formally evaluated in relation to the participation of immigrant and ethnic minority communities in the UK. It is indeed an important gap to fill so as to set up the academic debate of the immigrant informal economy in the perspective of emerging theorisations.
- Until very recently, not many studies had attempted to apply the general concepts/theories of ethnic entrepreneurship on the subject of the immigrant informal economy in the British literature. Some of the recent exceptions, as discussed earlier in this chapter, are the studies of Jones *et al.*, (2010) and Vershinina *et al.*, (2009), which tend to bring a '*new perspective to the debate of the immigrant informal economy*' by discussing the engagement of migrant businesses in informal practices through the lens

of, for example, transnationalism, super-diversity and the mixed-embeddedness theory. These debates, in the UK, are yet based on very limited empirical evidence, and reflect a considerable gap in the British literature for the researchers to fill by further attempting to discuss the informal work of ethnic minority communities in the framework of these new theoretical concepts.

- There also appears to be a noticeable gap, especially in comparison with studies conducted on English localities, in terms of empirical data related to issues, such as types of informal work supplied by ethnic minority households; types of ethnic minority workers who are most likely to participate in informal work; social relationships involved in the exchange of informal work amongst ethnic minority communities; substitutes of informal work, if any, available for ethnic minority households in the formal sector; and lastly the gender segmentation of ethnic minority populations with regard to their participation in informal economic activities. Undoubtedly, some of the existing studies have taken into account the issues related to the types of informal work supplied by EMBs (e.g. Jones *et al.*, 2004), gender segmentation of the immigrant informal economy (e.g. Community Links, 2007) and the work relationships driving the informal exchange of EMBs (e.g. Ram *et al.*, 2007). Nevertheless, there is pressing need to examine these areas in a more structured and empirical manner to attain better credibility at the broader scale.
- Lastly, as far as the '*demand side of the immigrant informal economy*' is concerned, the British literature seems to present absolutely insufficient empirical evidence. Very less, if at all, analysis is so far reported by the British academics in this regard. Most of the UK-based studies on the subject tend to analyse mainly the issues linked with the immigrant's engagement as the suppliers of informal work, whereby failing to capture the purchasers' perspective in this regard. It must be emphasised that failing to generate data on the demand side of the immigrant informal economy would mean to focus on only one half of the picture, which can be a major shortfall in view of forming realistic solutions. Interestingly, it seems contradictory to what is observed in the case of English communities, where the majority of studies have tended to study both the supply and demand sides of the informal economy (e.g. Leonard, 1994; Pahl, 1984; Williams, 2004a; Eurobarometer, 2007; White and Williams, 2009).

# Chapter 4

## **(Methodology)**

## Introduction

It is not solely the findings that form the most significant component of the research process. The findings are a direct product of how they were produced. Perhaps of greater significance, therefore, are the means of carrying out a research project since the findings draw their credence from the methodology underpinning them. This chapter, in consequence, discusses the methodological framework employed in this research. The chapter has been divided into various sections that are arranged in a logical sequence for the reader to develop a complete picture of how the research was conducted, what selection criteria were used and why particular decisions were made regarding methods and methodology.

## Research Process

This section will outline the research process carried out for the execution of this thesis. The whole process flow of the research methodology adopted for the successful completion of this study is presented in figure (5.1). The journey was started by the submission of the first proposal to the supervisor, which mainly focused on the study of barriers faced by small informal enterprises in Pakistan. The whole field work was initially intended to take place in Pakistan by the researcher, who at that stage envisaged to gather sufficient literature on the informal sector of Pakistan and also to gain easy access to candid opinions of the respondents, who would be small informal enterprises operating in Lahore, the second largest metropolitan in Pakistan. Subsequently, a preliminary study was conducted by the researcher mainly focusing on the literature available with regard to small and medium enterprises of Pakistan in general and informal businesses in particular. The purpose was to gauge the depth of theoretical and empirical literature that would be used to form the theoretical framework for anyone to study the nature and size of the informal economy in Pakistan. Unfortunately, there was acute shortage of literature on the subject apart from a handful of outdated studies. A whole range of organizations working for the development of small and medium sized informal business such as, SMEDA<sup>10</sup>, TUSDEC<sup>11</sup> and NPO<sup>12</sup> were also contacted in this regard, but nothing very substantial could be gathered.

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<sup>10</sup> Small and Medium Sized Enterprise Development of Authority, Government of Pakistan ([www.smeda.org](http://www.smeda.org))

<sup>11</sup> Technology Up-gradation and Skill Development Company, Government of Pakistan ([www.tusdec.org.pk](http://www.tusdec.org.pk))

Based on the unavailability of sufficient literature and mutual discussion with the supervisor, it was deemed plausible to modify the research proposal and rather focus on the informal economy of the UK. The next step, therefore, was to explore and study the literature available on the size and nature of informal work being conducted in the UK, aiming to identify the empirical and theoretical “gap” within the existing knowledge, which would eventually decide the scope of this research. The starting point was the massive bulk of articles and books provided by the supervisor in order to develop basic understanding of the subject, i.e. the informal economy. Following this, several references were determined from the literature provided, which led to a continuous chain of academic articles and research reports published on the subject of the informal economy from various scholars in different parts of the world. The literature review process was designed on what can be called an “inverted pyramid” approach, starting from generic studies on the global informal economy as a whole and gradually narrowing down to the informal economy in Europe to the UK, and finally at the bottom to the immigrant informal economy in the UK. The scale of the literature review also varied as the researcher moved from the top to bottom of the pyramid, with somewhat comprehensive at the top (i.e. the global informal economy) through partially comprehensive at the middle (i.e. the informal economy of Europe) to totally comprehensive review at the bottom (i.e. the British informal economy).

Some of the academicians and scholars especially the ones working on the engagement of ethnic minorities in informal work, such as Charles Woolfson<sup>13</sup> and Zoran Slavnic<sup>14</sup>, were personally contacted by the researcher through emails. It resulted in the collection of some very useful views and articles and expanded the horizon of the literature review for this research. Also, a couple of research organizations in the UK – COMPAS<sup>15</sup> and Community Links – working within the ambit of informal work and migration were also approached by the researcher at different platforms in order to access the reports written on the subject of the informal economy particularly for non-academic audiences. Both of these organizations are working directly to feed policy makers and public debates on the issues of immigrant workers and their involvement of informal economic activities.

Having undergone a rigorous literature review for a couple of months and interacted with some of the relevant scholars/organizations, a gap was identified in the existing literature of the informal economy in the UK. Supervisors as well as the PhD colleagues working on the same subject were iteratively approached to seek views on the “gaps” identified by the researcher. The

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<sup>12</sup> National Productivity Organisation ([www.npo.gov.pk](http://www.npo.gov.pk))

<sup>13</sup> PhD, Researcher, Ethnic Studies, Department of Social and Welfare Studies (ISV), Linköping University, Sweden

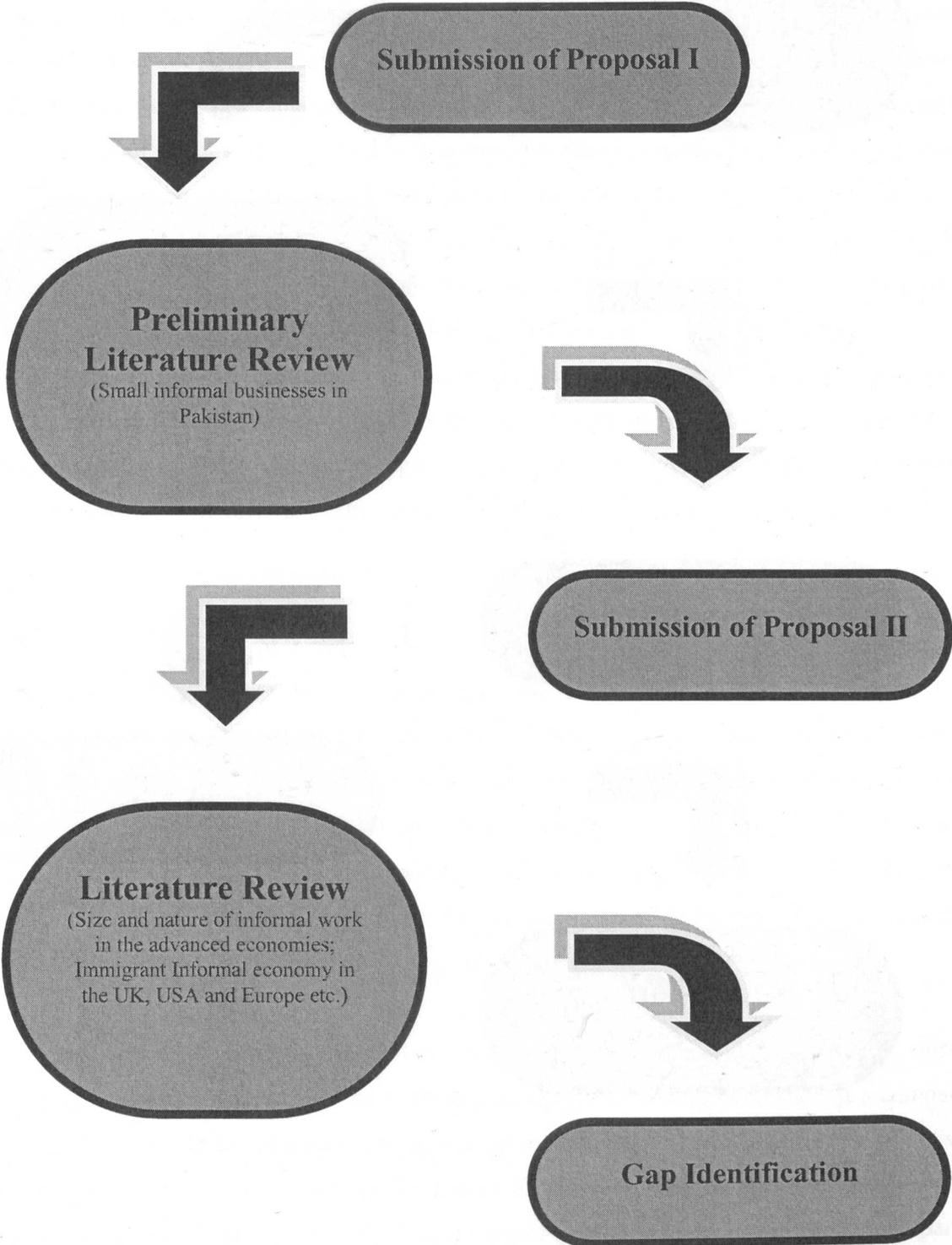
<sup>14</sup> Professor of Labour Studies, REMESO, Institute for Research on Migration, Ethnicity and Society, Linköping University, Sweden

<sup>15</sup> Centre on Migration, Policy and Society, University of Oxford

gaps were further refined and validated by such mutual discussions. Finally, a huge gap was identified both in terms of empirical data and theoretical contribution in the British literature with regard to the size and nature of paid informal work conducted by ethnic minority and immigrant populations in the UK. The gaps are thoroughly described in the preceding Literature Review chapter.

Having identified the gap, the next challenge for the researcher was to identify the target population and the selection of an appropriate research method. Given the scale of ethnic diversification in the UK, it was indeed a challenge in the beginning to decide the geographic and demographic profile of the target ethnic minority group. First of all, it was decided the research will mainly cover the city of Sheffield and its adjacent towns to the maximum. There were three main reasons for this selection: (a) the researcher himself was the resident of Sheffield as a PhD candidate and hence the access was easy and economical, (b) Sheffield is one of the major cities of the UK, with a long history of immigration especially from South Asian countries. The history of immigration in Sheffield is more thoroughly discussed in a preceding section titled; Background of the Pakistani Community, (c) No such study has ever been conducted on the ethnic minority population of Sheffield. Almost all the studies focusing on the paid informal work of immigrant workers are confined to a handful of cities – Manchester, London, Birmingham and Leicester. Given the geographic and population size of Sheffield, the significance of this city cannot be underestimated with regard to research, especially in connection with ethnicity and immigration. The next logical decision to make for the researcher was to choose the target ethnic minority population in Sheffield. The researcher chose to conduct his research on the Pakistani community of Sheffield. A proceeding section of this chapter will include a detailed discussion on the selection criteria and the demographic, social and economic profile of the Pakistani community in Sheffield.

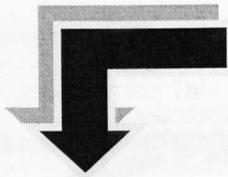
Figure 5.1: Research process flow



**Selection of target population**



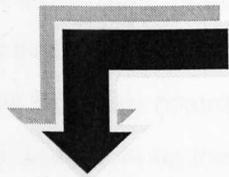
**Selection of research method**



**Questionnaire Design**



**Field Survey**



**Data Compilation and Analysis**

In the next step a detailed literature review was undertaken to find the most appropriate research methodology that will fulfill the objectives of the research in the most convincing manner. First of all the researcher introduced himself to various methods of research – indirect and direct – that had been employed in different advanced economies for the study of the informal economy. Subsequently, based on a range of recent studies, the researcher found an overwhelming support in the favour of direct survey method both amongst academic commentators and policy makers. The selection of research method involved periodic discussions with the supervisors in order to seek better justifications for all the possible criticisms that may be raised against the direct survey method. The courses taken as a part of the PhD programme by the researcher, such as Quantitative and Qualitative Research Methods and Research Philosophies, were also quite useful in this regard. The instructors of these courses were also approached on two occasions to discuss the use of direct survey method in connection with the objectives of the research. The preceding section of this chapter will give a comprehensive overview of the rationale for the selection and the way different criticisms of the direct survey method are taken care of in this research.

Following the selection of research method, the research questionnaire was designed. The questionnaire in this case was adopted from the recent survey of the European Union (Eurobarometer, 2007) conducted on the Size and Nature of informal work in 27 European Union States. The design of the questionnaire was thus not a big problem for the researcher, however, a good deal of time and effort was invested in adapting it to the type of the target population, i.e. the Pakistani community. Some important structural and linguistic changes were made in the original questionnaire to make it more comprehensible for the Pakistani respondents. An exclusive section on questionnaire design is included later in the chapter.

In the next step of the process, the challenge was to design a field work. To start with, different sampling techniques were studied with reference to previous studies conducted at a comparable scale and having somewhat similar objectives, i.e. to understand the nature of informal activities amongst a specific ethnic minority group in the UK. Some references were also drawn from the studies of informal work conducted on the dominant English population across various parts of the UK. Given the nature of the study as well as the overwhelming evidence from similar studies, a form of non-probability sampling - snowball sampling - was selected as the most appropriate sampling technique for the research. Nevertheless, in order to further substantiate the

validity of snowball sampling in the context of this research, the researcher decided to conduct a pilot survey on a limited number of Pakistani immigrants in Sheffield, where half of the respondents were surveyed using systematic random sampling and the other half were interviewed using snowball sampling method. The results were heavily skewed in the favour of the latter. A more detailed description of the pilot survey and the sampling technique are provided later in the chapter.

Referral points are central to the execution of the snowball sampling method. Hence, to find and develop initial contacts in the Pakistani community of Sheffield was indeed one of the biggest challenges faced by the researcher in the whole research process. The matter of the fact is that the researcher was totally an alien in Sheffield, and to make it worse, despite having a couple of relatives in Manchester and London, it was his first ever trip to the UK. So, there were absolutely no pre-existing networks of acquaintance for him whatsoever. Given the situation the first hand access was established using the platform of the Pakistani Society functioning within the University of Sheffield. The researcher attended a couple of gatherings organised by the society where a good number of Pakistani students, some of whom were the residents of Sheffield, were present. Making it a good networking session, the researcher successfully identified a couple of Sheffield-based Pakistani students who were used to introduce him with some Pakistani households from within their close social networks. Luckily, one of these contact persons was quite a socialite and keeping a wide diaspora of co-ethnic networks within the Pakistani community especially in Sheffield. A chain of referrals was instigated quite smoothly as a result. The whole period of field work was spanned over two months (Feb-March 2008).

Simultaneously, during the period of two months the researcher was actively involved in finding more and more referral points in order to improve the diversity of respondents. The first step in this regard was to spot the clusters of Pakistani immigrants in Sheffield, which was facilitated with the help of Pakistani population map arranged from the official report of the Sheffield City Council. One thing is fortunate in this case; the Pakistani immigrants in Sheffield reside in the form of strong geographic clusters, with almost 80% of the population living in only three neighborhoods, which are briefly described in a proceeding section of the chapter. It must be emphasized that this cluster-based formation of the Pakistani community in Sheffield was a critical success factor in the timely completion of field work. It helped the researcher a lot to access the Pakistani population and to improve the diversity of his sample with minimum effort, time and cost. These clusters as well as the number of interviews conducted in each of them are discussed in more detail later in the chapter.

Another important activity that was carried out by the researcher during the field work was to find and utilize some institutional channels in order to improve the span of his access to the respondents. Discussions with some initial respondents resulted in the identification of a Pakistan Muslim Centre (PMC)<sup>16</sup>, a largest association of Pakistani immigrants in South Yorkshire located in Sheffield. This centre maintains a record of all the Pakistani residents, including contact numbers, addresses and professional details, who are living in the city. This institution was officially approached with the help of a supporting letter by the supervisor explaining the nature and objectives of the research. The relevant department in the centre was quite cooperative in sharing the contact information of some Pakistani residents working in different trades. Later, the researcher also attended a seminar organised by the centre as a part of their monthly seminar series for the Pakistani and Bangladeshi community. The seminar proved to be a very fruitful networking session, which eventually led to a focus group interview with a group of five Pakistani households after a few days. Another important and very influential institution used by the researcher was the mosque. Mosque is always the most active community-based institution for any Muslim community, such as the Pakistani. Its role as a platform of social solidarity is even more significant in a foreign country, where you find a diverse group of people, predominantly from a same community, coming on a very regular basis to offer prayers mostly followed by brief networking sessions. One must not neglect this channel while researching a Muslim community in a foreign country in general and the UK in particular. To approach this institution, the researcher along with a Sheffield-based Pakistani friend offered a few prayers in a couple of mosques in two different Pakistani neighbourhoods. Each time the head of the mosque (imam) was approached after the prayers and asked to connect the researcher with some other Pakistani households visiting the mosque at the same time. Some instant contacts were made as a result in the mosques, who were booked for later interview appointments by the researcher.

After the completion of field work, the next step of the research process was comprised of data compilation, coding and analysis. The survey questionnaire, as very thoroughly described under the section “Questionnaire Design” later in the chapter, constituted both quantitative and qualitative questions. First of all, therefore, a different strategy was formed for the compilation and coding of quantitative and qualitative data. The quantitative data was mainly compiled using the SPSS software, in which the answers given by the respondents were categorized based on the same categorizations as used in the questionnaire (see **appendix A**). It is to be noted, however, that the SPSS was only used to compile the data in a tabulated form and to generate simple bar

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<sup>16</sup> <http://www.pmcuk.org>

charts and does not involve any advanced statistical analysis. The analysis, as included in the Results and Discussion chapter, was purely a qualitative one. The qualitative data, meanwhile, was separately coded by the researcher on the basis of various themes explored during the survey with regard to the nature of informal work conducted by Pakistani immigrants in Sheffield. Since the qualitative data was mostly gathered through unstructured interviews, there was no built-in classification for it in the questionnaire as such. Information provided by different respondents related to the same issues was thus put together under different heads in the form a simple document file, which would be used as a reference in the analysis chapter.

In this whole research process, one key success factor is of course the “position” of the researcher as an individual who is simultaneously a Muslim, a student from Sheffield, and above all a Pakistani. Given the nature of the study where the objective was to explore information about “discrete” issues, such as tax evasion, non-compliance with the NMW and motivations of the respondents to sell and buy undeclared goods/services, the quality of survey output strongly depends upon the “level of trust” developed between the researcher and respondents. This issue of confidentiality, in the case of the Pakistani community of Sheffield, is further compounded by the fact that it is the most segregated community in the city<sup>17</sup>. This is where the Pakistani background of the researcher played a very important role. It was observed during the whole survey process that the respondents were pretty comfortable in sharing certain information about their informal economic activities only because they found themselves talking to a Pakistani student. Their perception of the researcher as someone coming from the same “culture of informality” as their own socio-ethno values proved to be a big confidence booster while talking about their informal business practices. Most of the Pakistani households viewed the researcher, due his Pakistani ethnicity, as someone who would be in a good position to understand the socio-economic circumstances of a typical Pakistan immigrant who moved to the UK to seek livelihood. The researcher was often perceived as someone who would know the realities of Pakistan and the possible reasons for why a particular Pakistani immigrant in the UK may be compelled to engage in informal work and buy from informal sources under certain socio-religious obligations. Since as it is discussed in the Results and Discussion chapter that most of the reasons for the Pakistani immigrants to participate in the informal economy are socially and religiously driven, it is vital for the researcher to be able to understand their ethnic and cultural background. Undoubtedly, most of the reasons would not have been truly comprehended, had the

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<sup>17</sup> Community Profile (Pakistani) – Sheffield City Council, 2006

researcher not belonged to the same ethnic group, and had he not been familiar with socio-economic realities of Pakistan.

Another very critical factor in this regard was of course the fluency of the researcher in Urdu and Punjabi languages. Although a good fraction of Pakistani youth in Sheffield can easily understand and speak the English language, most of the elderly households are yet not comfortable with a foreign language. They prefer to converse in their native languages mentioned above. In many interviews, there was a frequent need to translate certain questions in Urdu and to tone down the complexity of certain concepts using the native language. It was, however, rarely required in the case of British-born Pakistani households, who were rather more comfortable with English language. Consequently, most of the interviews were conducted in more than one language, coupling either Urdu or Punjabi with English. Apart from making it comprehensible for the respondents, the use of native languages also facilitated the researcher a lot to break the ice at the start of every interview session.

The language and the Pakistani identity of the researcher also made it very easy for him to break-out into the circles of Pakistani students in the University of Sheffield. Good understanding of the Pakistani culture enabled the researcher to participate in various cultural events organized by the Pakistani Society of students within the university, and hence gave him ample opportunity to develop affable relationships with most of the Pakistani students studying in the university. A sizeable number of these Pakistani students were Sheffield-based and proved to be a very effective means to access the Pakistani community at the initial stage.

Another very important identity that was quite critical in the context of this research was that of a "Muslim". It was only in this role that the researcher was personally able to offer prayers in different mosques, which as stated earlier was one of the major institutions for him to access Pakistani households. Religion is an integral part of an individual's life in Pakistan, and the reflection of which can be vividly seen also in the lifestyles of Pakistani immigrants in the UK. Although one can see its effect getting gradually dissolved in the modern generation of the Pakistani immigrants, it is still the main ideology governing their economic and social lives. There were so many aspects of the engagement of Pakistani households in informal economic activities that are strongly linked with their certain religious obligations. So in order to form an impartial perspective of the underlying motivations for the Pakistani community to undertake certain type of informal businesses, one must need to have good understanding of certain concepts (e.g. halal and haram food, moral values and brotherhood) in Islam, and preferably should be a Muslim himself. Like ethnic affinity, the Muslim status of the researcher was also

very helpful in developing the desired level of trust with the respondents. Religious and traditional norms were very important to observe especially while the researcher interacts with the females of the Pakistani community. Given the conservative nature of elderly Pakistani women, being cognizant of certain Pakistani etiquettes was of great help to maintain an appropriate discourse during the interview.

The researcher also found his position as a “male” student very helpful in conducting the whole field survey. As discussed later in the social profile of the Pakistani community in Sheffield, there is strong disapproval of women’s liberal interaction in the society. Since the majority of Pakistani households in Sheffield belong to a backward area in Pakistan (Mirpur), they have maintained a very conservative value system when it comes to women’s participation in the society. Although Pakistani women are quite active in running everyday household affairs, it is still not very common to see Pakistani women in Sheffield, especially housewives, independently interacting at the societal level. Engaging in a formal conversation with a Pakistani woman having no prior acquaintance with you is yet not a widely acceptable norm. When it comes to a stranger, the male members of the community are absolutely more comfortable in talking with a person of similar gender, especially in a situation that may involve private one-to-one interaction. In this context, the position of the researcher as a male individual had certainly been very helpful in developing the comfort level with male respondents. Another benefit of being a male researcher was an easy access to the institution like mosque, where strict demarkation is observed on the basis of gender. Pakistani mosques in Sheffield usually do not contain a sizable fraction of female worshipers, and if they do, the segregation of both genders is strongly ensured. Being a male, therefore, you can certainly gain access to a much larger segment of the Pakistani households that come for prayers.

## **Research method**

The selection of research method for the estimation of extent and nature of informal work has always been a controversial matter. As explained in the previous chapter, different researchers have applied various types of technique to estimate the size of informal work at both national and regional levels. Having critically analysed these research methods in the previous chapter and keeping in view the objectives of this research, it was decided to carry out this study using the direct survey method. To start with, the succeeding section will discuss the salient criticism of this technique and the ways in which attempts were made to reduce the shortcomings in this research. The subsequent section will elaborate on the rationale that explains the feasibility of the direct survey method in relation to this study.

### **Direct survey method: A critical evaluation**

The direct survey method, despite its increasing popularity, has not been able to fully satisfy all academics and policy makers. Some criticise it. More importantly, the criticism against direct survey methods exclusively comes from the researchers and academics employing indirect methods. The objections raised by the proponents of indirect methods have actually helped the researchers to identify and remove the shortcomings of direct survey techniques and to make it more reliable. In the case of this research, the direct survey method forms the basis of the whole research methodology. It is, therefore, essential to take a critical perspective and understand the potential risks associated with this research technique that can influence the research findings. Additionally, it is also imperative to apprehend the arguments given by the supporters of direct survey methods so as to refute the criticism against this approach. The following discussion initially summarises the major criticisms against direct survey methods and then provides evidence from the direct survey studies so far conducted to form the basis for the rejection of these criticisms. Finally, it explains the ways in which the potential shortcomings of direct survey methods have been catered for in this specific research.

#### **Criticism 1: people do not know the nature and involvement of informal work in their lives**

The first major criticism against direct survey methods, as mentioned by Williams (2006), is that researchers naively assume that people will reveal, or even know, the nature and involvement of informal work in their lives. So far as the purchasers are concerned, it is argued that they can not

possibly know the extent of informality involved in goods and services they acquire from the market unless the suppliers inform them of the nature of transaction. For instance, all the goods and services bought from the markets and individuals operating in informal manner might be assumed by the purchaser to be traded off-the-books. It is, nevertheless, might not be the case in reality since many transactions which appear to be undertaken in informal context are fully or partially declared or vice versa. Similarly, not at all the workers working on cash-in-hand basis conceal their earnings, just as some accepting cheques may be tax evaders (Williams, 2006, 2004; Williams and Windebank, 1998). Goods acquired from formal retail outlets, on the other hand, are likely to be considered as produced and traded on totally formal basis. Many instances can be found when services and goods offered at formal markets may not only have been produced off-the-books but may even be sold in such a manner. To sum up, the consumers of informal goods and services are perhaps willing to share if the items they purchased were sold on off-the-books basis or not, their answers will always remain uncertain.

It is also argued that the suppliers of undeclared goods and services shall never share their informal practices and be candid with researchers. Suppliers tend to stay as much secretive as possible regarding their business practices due to the illegal notion attached to the informal work. This argument is, however, rejected several times by a number of direct surveys, which prove that suppliers are normally willing to share their informal practices with researchers. Some studies have even shown that suppliers feel excited about the fact that their businesses are so important as to make academic researchers select it as a topic of their research. It enhances their self pride and they tend to be highly cooperative during surveys. It is stated by Baculo (2001, p.2) regarding her face to face interviews with informal suppliers, "*They were curious and flattered that university researchers were interested in their problems*" Williams (2006) also asserts that just because the suppliers of informal work keep their practices hidden from tax, social security and labour law authorities, does not mean that they will necessarily conceal it from the researchers who approach them with the motive of identifying their business problems. For example, in Canada (Fortin *et al.*, 1996) and the UK (Evason and Woods, 1995; Leonard, 1994; MacDonald, 1994) many researchers have reported high levels of openness on the part of research participants with regard to their informal employment. It was found by MacDonald (1994) as a result of his research on informal work among unemployed that respondents were pretty comfortable while discussing the topic of undeclared work. They talked about their informal practices in as much detail as other major experiences of their working career. Participants were also found to be very explicit about their hidden work during the research conducted by Leonard (1994) in Belfast. The argument that direct survey methods will not be

able to draw honest response out of the suppliers of informal goods and services thus has lost its validity.

In line with the above studies, the Pakistani immigrants were not found to be very secretive about their informal purchases and supplies, provided they were approached through appropriate channels, a detailed description of which is included in the proceeding sections. Otherwise the participants, especially the ones engaged in informal means of income, were found to be highly reserved in talking about their employment. Some of the participants even declined to be a part of study. Nevertheless if proper means were adopted, a good level of willingness and honesty of response was shown by the Pakistani workers while answering the questions both as suppliers and purchasers of informal goods and services. In short, even though the aforementioned criticism has been rejected at many instances, proper measures were taken to ensure openness on the part of respondents.

### **Criticism 2: the intermediate demand of informal work goes untapped**

Direct survey methods have also been criticised for their lack of ability to measure the informal employment that is caused by intermediate demand of informal work. Since most of the direct survey studies tend to estimate the size of the informal activity by focusing on the spending of households on goods and services (final demand), it is argued that they neglect the bigger segment of such activity generated by the spending of businesses (intermediate demand). Techniques have also been developed to address this shortcoming. For instance, it is asserted by Williams (2006, 2004) that if the respondents are questioned both as suppliers and purchasers of informal work, direct surveys are very likely to capture final as well as intermediate transactions of such work. It gives them the opportunity to mention the informal work they acquire as a purchaser from the presumably informal outlets and also to take the perspective of someone who carries out off-the-books practices at the business level, thus capturing both the final and intermediate demand. This research, therefore, while investigates the respondents as customers of informal goods and services, also attempts to ask them about the services or goods they have ever offered on undeclared basis. The questionnaire used for the purpose of this research was comprised of exclusive sections for informal purchases and supplies (see, **Appendix A**). It will be further explained later under the section of questionnaire design.

In conclusion, direct survey methods, similar to indirect techniques, have also been criticised for its shortcomings. However, as discussed above, sufficient evidence is available and means have been suggested to overcome the shortcomings associated with this approach. This approach is highly likely to generate fairly reliable data on the size and nature of informal work.

## **Rationale for using a direct survey method**

After having discussed the applications and critical evaluation of direct survey methods, a context has been set to comprehend the rationale behind adopting such approach in this particular research. The following section explains various aspects in which the feasibility of direct surveys far exceeds that of indirect methods and also discusses its appropriateness in relation to answering the research questions of this particular research.

In recent years, direct survey methods have been acknowledged as a more accurate and reliable approach of measuring the size of informal work than indirect methods, which are being criticised for their validity in different circles of academics (e.g. Tanzi, 1999; Thomas, 1999; Williams, 2006; Williams and Windebank, 1998). Some of the researchers have cast serious doubts on the reliability of data generated by indirect methods. Thomas (1988, p.180), for instance, states, "*the methodology underlying the monetary approaches .... rests upon questionable and generally untestable assumptions and ..... the estimates they have generated are of dubious validity.*" Likewise, Smith (1986, p.106) shows his reservations by saying, "*Estimates of the size of black economy based on cash indicators are best ignored.*" The main reason for the decline in the popularity of indirect methods is the fact that they try to base their calculations on proxy indicators that are calculated for some other purposes (Harding and Jenkins, 1989). Direct surveys are the only methods which are specially designed to generate data on informal economy and allow researchers to use variables coming directly from this sector. More importantly, it is the only method that has the potential to explore the nature of informal work. It is not possible for researchers to just look at proxy indicators of indirect methods and understand the distribution of informal work in terms of gender, employment status, ethnicity and income or the motivations for engagement in undeclared work for that matter. Exploration of all these elements requires focused studies and direct interaction with the participants of the informal economy and the environment they operate in. Since direct survey methods is the only approach that allows researchers to actually come in contact with the individuals offering informal labour, a strong consensus has emerged among the policy

community that they do not only generate relatively better estimates of size but also gives comprehensive evidence on the nature of informal work. It is the conclusion of both OECD experts in their handbook on measurement methods (Organisation for Economic Co-operation and Development, 2002) and the most recent European Commission Report on undeclared work (Renooy *et al.*, 2004).

Direct survey methods being specifically designed for the purpose of exploring informal activity, can be tailored to meet the needs of particular research problem. Some recent studies have shown that direct surveys offer great flexibility for adapting survey questions according to the research objective and thus can be used to generate a variety of data on undeclared work. Recent survey of European Commission on undeclared work (Special Eurobarometer, 2007), for example, was primarily aimed at measuring the percentage of individuals involved in undeclared work and also to explore the motivations for getting engaged in such form of work. On the other end of the spectrum is the English Locality Survey (Williams, 2005, 2006) that was designed to generate evidence on whether the informal work is more prevalent in some sectors than others in the UK. Another recently conducted survey by community links (2007)<sup>18</sup>, a social enterprise in London, classifies the reasons for involvement in informal trade in terms of employment status.

Lack of empirical data on informal economy in general and its characteristics in particular is another salient factor that establishes the need for exclusive studies on informal sphere. While the informal sector is being recognised as a growing segment of global economy, it is the paucity of data sources that is severely restricting the policy makers to understand its characteristics and devise relevant policies. Explicit recognition of the lack of evidence base on informal sector can be found in various national and regional reports. OECD and European Commission in their recent reports<sup>19</sup>, for instance, show serious reservations against the reliability of indirect methods and highlight the need of direct national surveys to explore the nature of informal employment. In the UK during the recent years, there has been special emphasize on the need of generating data regarding informal work and various government departments have seemed to be highly concerned about developing strategies for the implementation of direct surveys. As the Rt. Hon. Alun Michael, Minister of State for Industry and the Regions, states in the foreword to the government response to the SBC report (Small Business Council, 2004): "*We do not have as clear a picture as we would like of the scale and nature of the informal economy*" (Small Business Service, 2005a, p. 1). The same report concluded in the final paragraphs that "*more*

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<sup>18</sup> Self-employed and micro-entrepreneurs: Informal trading and the journey towards formalisation

<sup>19</sup> Organisation for Economic Co-operation and Development, 2002; Renooy *et al.*, 2004

*research is required both into the size and character of informal economy*" (Small Business Services, p.19). Similar notion was raised by the Office of National Statistics (UK) in 2005 while it declared the national data base as extremely poor in terms of statistics on informal economy. To conclude, there is little or no extensive data available on the magnitude and nature of undeclared work and there has been considerable realisation of this issue by various public departments.

The rationale for the adoption of direct survey methods also comes from the amount of attention it has gained at the governmental level. Various government offices have suspected the use of proxy indicators not only due to their dubious validity but also their inability to explore the nature of informal work and showed support for the use of more direct national surveys (Organisation for Economic Co-operation and Development, 2002; European Commission, 2005; Her Majesty's Revenue and Customs, 2005; Office of National Statistics, 2005). In a bid to encourage direct surveys at national and regional levels, multiple initiatives can be seen in recent years. For example, Her Majesty's Revenue and Customs (HMRC) commissioned a group of consultants to suggest methodologies for implementing direct surveys of informal economy in various parts of the UK (Her Majesty's Revenue and Customs, 2005). At the regional level, a comprehensive preliminary study was conducted under the umbrella of European Commission (2005) in order to evaluate the feasibility of conducting direct survey studies across all European states. The study resulted into a sequence of field surveys<sup>20</sup> regarding the nature and magnitude of undeclared work in 27 European countries. Hence, it would not be erroneous to state that while indirect methods have been losing credibility among policy community, a strong thrust can be witnessed at the governmental level to promote the implementation of direct surveys.

Sensitivity of topic is another factor that makes it more appropriate for the researchers and policy makers to use direct survey methods as compared with the proxy indicators of indirect techniques. As a matter of fact, the investigation of the nature of informal work requires the participants to disclose their off-the-books practices, which most of the times contains information they have been hiding for the last so many years. There is no direct incentive for them to take the risk of sharing the illegal aspects of their business with academic researchers or government officials. It enhances the risk of being caught by law enforcing agencies instead. Trust building is, therefore, the key to success. The only possible option for the ones who wish to explore the real magnitude and characteristics of informal employment is to gain the confidence

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<sup>20</sup> Special Eurobarometer: Undeclared Work in the European Union, 2007

of the participants of this sector. It does not seem to be attainable without actually going there and interacting with them. As discussed above, direct survey method is the only approach that involves direct contact with the purchasers and suppliers of informal work. Therefore, the only possible way through which the researcher can have the opportunity to explain the objectives of research to and develop trustworthy relationship with the participants of undeclared work is the direct surveys. It also allows them to improvise the ways of investigation according to the research context and thus reduce the sensitivity of topic for respondents.

Given the context and objectives of this research, all the aforementioned factors contribute to the rationale for the direct survey to be the most feasible research method. Primarily, it was the capability of direct surveys to be able to explore the characteristics of informal work that made it the first choice of the researcher. Since the aim of this study has always been to understand the undeclared work being performed by Pakistani immigrants in Sheffield more than just the size of it. It entailed the understanding of the types of undeclared work conducted by Pakistani immigrants, the comparison between the forms of undeclared work demanded and supplied, the gender distribution of undeclared work among the Pakistani community, motivations for workers with Pakistani ethnicity to join informal employment, the factors causing the Pakistani workers to rely on informal means of income etc. The disclosure of all these things would not be possible without getting in direct contact with the Pakistani community of Sheffield and all the indirect methods would be inherently unable to do so. Absolute unavailability of both empirical and qualitative data regarding the size as well as nature of informal employment carried out by ethnic minority groups in the European literature (Williams and Windebank, 1998) also provided a major impetus for conducting an exclusive survey on this subject. Pakistani workers, just like any other ethnic minority group, being the immigrants and minority population, tend to be more scared of non-compliance with regulatory requirements in the UK. The implication is that they are relatively more reluctant to speak about informal work and the subject becomes more sensitive for them as a result. In this situation, it was imperative to take up such an approach as to interact with Pakistani workers and develop trustworthy relationships with them. The direct survey method, as discussed above, is the only approach that offers such an opportunity.

## Type of study

The type of this study can be easily explained as “community case study”. Case study methods involve systematically studying and gathering information about a particular person, organisation, group or community to effectively understand how it operates or functions (Berg, 2001). The aim of this research was to explore the size of informal employment as well as to develop fair understanding of how and why members from the Pakistani community of Sheffield tend to participate in informal activity. Indeed, the target group was small enough to manifest cultural homogeneity, diffuse interactions and relationships between members, and to reflect a collective social identity. It was, thereby, feasible for the researcher to define it as a “community” in every sense of the word. Moreover, the case study methods are recognised as one of the best approaches when the objective is to examine a particular set of practices associated with a specific class of individuals. As stated by Berg (2001, p.234):

*“Case studies of communities can be defined as the systematic gathering of enough information about a particular community to provide the investigator with understanding and awareness of what things go on in that community; why and how these things occur; who among the community members take part in these activities and behaviours, and what social forces bind together members of this community”*

There are generally three types of case studies which differ from each other on the basis of the purpose of the study. They are, according to (Yin, 1994; Berg, 2001), classified as exploratory, explanatory, and descriptive case studies. Explanatory case studies are useful when conducting causal studies i.e. to seek what causes what. It selects a set of particular behaviours or practices and then attempts to explore the potential factors that are responsible for causing those behaviours and practices. Since this research also tries to explore the factors causing the Pakistani households of Sheffield, first, to join the informal work, and second, to carry out their informal work in specific ways, it can be defined as explanatory case study.

## Research approach

The approach used for this research is a combination of both quantitative and qualitative techniques. So far as data collection is concerned, it has predominantly been performed on quantitative lines including considerable deal of qualitative data in the form of follow-up discussions and a brief, but exclusive section of qualitative questions. However, the analysis has been carried out mainly in the qualitative manner. Such a combination of approaches was primarily employed due to the very nature of subject matter and the type of knowledge that was required to be generated. Due to the acute shortage of empirical data, as discussed in earlier sections, on the informal activity being performed by ethnic minority groups, it was imperative to design a quantitative survey. Additionally, quantitative data provides better means of establishing patterns of behaviour over time (Silverman, 2006; Brannen, 2004). In the context of this research it was comprised of the behaviours of Pakistani workers with regard to informal work. At the same time, nevertheless, considering the discrete nature of informal activity, quantitative data would not have been enough to provide insight on certain issues. Such issues had to be dealt qualitatively. Quantitative survey, for instance, would surely find out the percentage of Pakistani women doing undeclared work, but it is severely restricted to explain the factors causing their involvement. As Brannen and Moss (1991, p.19) concludes at the end of their survey, *“the qualitative data fleshed out the coded responses....or added new meanings.....if issues had simply been addressed quantitatively, such insights would have been lost.”*

A mixed research approach would also offer the benefit of making up the limitations of one approach by having the element of contrasting approach and thus provides more realistic results (Dobson and Love, 2004). For example, a pure reliance on qualitative approach is likely to introduce the element of subjectivity to the researcher's analysis. Although things are quoted directly by respondents, their interpretation always depends on the personal understanding of the researcher. The integration of quantitative approach, particularly at the stage of data collection, could be very useful to provide an objective verification of results and a wider picture.

## **Target group**

It is shown by the literature review that the extent and nature of informal economy is controlled by so diversified mix of factors as to make it almost impossible to declare it the custody of any particular class, division or sector. Various levels of engagement by different ethnic and socio-economic groups are identified in different regions of the world. The group selected for the purpose of this study was the population of ethnic minorities and immigrants. The prime rationale is the limited nature of information with regard to nature and extent of informal work being performed by ethnic minorities and immigrants. The importance of ethnic minorities and immigrants as economic agents of informal economy has been recognised by a vast array of literature (Martino 1981, Mingione 1991, Portes 1991, Stepick 1989, Pugliese 1994, Phizacklea 1990, Mingione and Magatti 1994, Sassen 1989). However, there are very few of them which go beyond the recognition of their role as participants of informal economy and provide a detailed overview of the types of informal activities they are engaged in, their motivations behind undertaking informal employment, the extent to which the informal work is carried out by ethnic minorities and immigrants and racial and gender division of informal labour market in terms of ethnicity.

## **Target population**

Given the scope of this research, it was only one of the major ethnic minority/immigrant groups of Sheffield that was selected as the target population. It contained people with Pakistani ethnicity and aged over 15 years living in Sheffield. It includes both males and females who are either economically active or inactive according to the national standards.

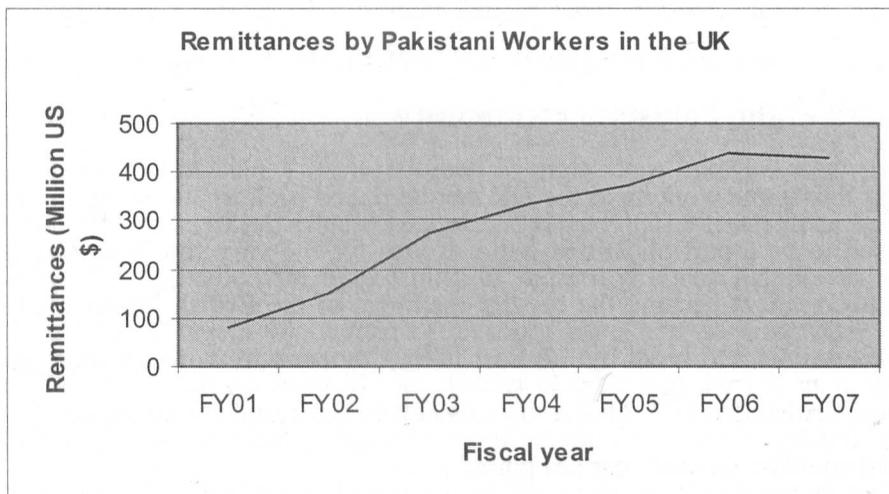
## **Selection criteria for the target population**

Sheffield, similar to most of the major cities of the UK, contains a very diverse range of ethnic minority populations. According to census 2001 there are more than 10 different ethnic minorities co-existing in Sheffield. In the context of this research, it is, therefore, imperative to state the criteria behind the selection of Pakistani ethnic group out of the whole range of ethnic minority groups. There were three major reasons that made the Pakistani population of Sheffield most favourable for the researcher.

*Population Size:* The most vital reason for the researcher to choose Pakistanis as his target ethnic group was the relative size of the Pakistani population in Sheffield. As mentioned earlier, Pakistanis are by far the largest ethnic minority group of Sheffield with their population, according to census 2001, touching 15,844 and was expected to have increased up to 20,000 in 2006 as per the calculations of the City Council. The magnitude of difference in size with the second largest ethnic minority group of Sheffield indicates the relative massiveness of Pakistani population. According to census 2001, the second largest ethnic group of Sheffield was identified as Indians (approx. 3000 residents), which are far smaller than Pakistani population.

*Contribution to Home Country's Economy:* Another factor that makes Pakistani immigrants in the UK important enough to be the focus of research studies is the contribution they are making in the foreign reserves of their home country. Remittances, as a matter of fact, constitute a major segment of foreign reserves for all developing nations. Nevertheless in case of Pakistan, it represents the largest source of foreign currency and the remittances being sent by the immigrants working in the UK are positioned second in the list, preceded by the contribution of Pakistani workers in the UAE<sup>21</sup>.

**Graph 5.1:** Remittances by Pakistani Workers in the UK



Source: State Bank of Pakistan

It is shown by the graph 5.1 that Pakistani immigrants working in the UK make considerable contribution to the economic well being of their home country. A drastic upsurge in the

<sup>21</sup> Bureau of Immigration and Overseas Employment, Government of Pakistan

remittances, starting from approx. USD 90M in 2001/02 to approx. USD 420M in 2007/08, being delivered by the Pakistani workers in the UK can be observed over the last 7 years.

*Personal Background:* Given the high sensitivity of research topic, it was essential to gain trust and comply with cultural values of respondents. It was also very important for the researcher to be able to communicate with respondents in their native language since a fairly large portion of ethnic minority groups, especially the elderly class, is not proficient in English language. Having considered all these factors and his Pakistani background, it was most feasible for the researcher to select Pakistani ethnic group as the target population.

The results of survey, as discussed in subsequent sections, showed a fairly strong linkage between the type of informal work performed by the Pakistani community in Sheffield and their background and socio-economic profile in general. It is, therefore, imperative to have a look at the salient features of this community so as to fully understand the characteristics of informal activity being performed by this specific ethnic minority group in Sheffield. The following literature summarises the relevant characteristics of Pakistani community in Sheffield from the official documents of Sheffield City Council, Office for National Statistics and the UK Census, 2001.

## **Background of the Pakistani community**

The roots of Pakistanis workers in the UK can be traced back to 300 years ago at the time when Pakistan used to be a part of British India. It was for the very first time that people from the region of subcontinent became the regular members of the British labour market. Most of the workers were sailors and hired by the East India Company to work for them at cheaper wages than the local British labour<sup>22</sup>. This is the reason why the initial communities of immigrants from subcontinent could be located near sea ports.

However, it was not until the mid of twentieth century that much more diversified class of Muslims mainly from North Africa, South Asia and Middle East moved to the European land. France, Spain, Germany and the UK turned out to be their major destinations. The same wave of immigration resulted in the huge influx of Pakistani immigrants in the UK. Britain's Pakistanis

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<sup>22</sup> [http://www.bbc.co.uk/religion/religions/islam/history/uk\\_1.shtml](http://www.bbc.co.uk/religion/religions/islam/history/uk_1.shtml)

population are almost all those who immigrated in the decades of 1950s, 1960s and 1970s. Historical data points out various reasons in all the three decades for the Pakistani immigrants to shift to the UK. The most significant one is, however, the pursuit of improving their material lives. Pakistani workers could earn 30 times as much in the UK as in their home country during the 1950s and 1960s<sup>23</sup>. It would indeed be an enormous economic incentive for the marginalised workers of any agrarian economy such as Pakistan to abandon their low income agricultural trade and be a part of industrialised economy like the UK. Another class of Pakistani immigrants who flew to the UK during the initial years of 1950s were motivated by the need of protecting themselves against the community violence that erupted as a result of Indo-Pak partition. Pakistan being a former British colony was given leniency in immigration requirements. The Commonwealth Immigrants Act of 1962 boosted the process of immigration and caused many more Pakistanis to move to the UK earlier than what they planned. Since this Act was enforced to terminate the right of automatic entry for Commonwealth citizens and limit it to only those who had legal work permit. Pakistanis hurried to get into the UK before this law would make it too difficult for them.

The majority of Pakistani immigrants who immigrated to the UK during the decades of 1950s and 1960s belonged to the farming areas of Azad Kashmir and Northwest Frontier<sup>24</sup>. Looking into further details, more than half of these Pakistanis came from this tiny area of Azad Kashmir – Mirpur. Mirpur is the capital of Pakistani-administered Kashmir and is located near the Northwest Frontier Province (NWFP) of Pakistan. Before 1962 a considerable part of Mirpur was located on the land that was later converted into the passage of water for Mangla Dam, the second largest Dam of Pakistan. Construction of Mangla Dam in 1962 submerged some 250 villages of Mirpur district and left 100,000 people displaced<sup>25</sup>. The British company involved in the construction of dam availed the opportunity of importing cheap manpower to the UK and helped the homeless villagers by arranging permits for them to immigrate to the UK<sup>26</sup>. Thousands of Pakistani workers from Mirpur district entered into the UK as a result and many more have arrived ever since. Fairly long services of people from Northwest and Mirpur districts for British army and Merchant navy during pre-partition period also acted as a vital reason for them to get immigration permits easily. The number of Pakistani immigrants in the UK from Mirpur can be judged from the statement<sup>27</sup>:

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<sup>23</sup> [http://www.bbc.co.uk/religion/religions/islam/history/uk\\_2.shtml](http://www.bbc.co.uk/religion/religions/islam/history/uk_2.shtml)

<sup>24</sup> [http://www.bbc.co.uk/religion/religions/islam/history/uk\\_2.shtml](http://www.bbc.co.uk/religion/religions/islam/history/uk_2.shtml)

<sup>25</sup> [http://www.bbc.co.uk/religion/religions/islam/history/uk\\_2.shtml](http://www.bbc.co.uk/religion/religions/islam/history/uk_2.shtml)

<sup>26</sup> UK: Pakistani Immigration - insightful article

<sup>27</sup> BBC, The World Tonight, Mirpur

*“If you want to understand the culture of Pakistanis in Britain, you have to understand Mirpur”*

As a district, Mirpur is counted as one of the backward and deprived areas of Pakistan where the social and professional lives of individuals are heavily influenced by cultural norms and traditions. It is one those regions of Pakistan which have not shown any considerable development compared with their primitive state. One Pakistani immigrant was found to be speaking in Mirpur on returning from the UK,

*“It is conservative, even by Pakistani standards. Rural life here has not changed much over the years. And families are not only a source of rigid hierarchies, but also the guiding influence behind everything from marriage to business”*

It was only the male members of family who first packed up their bags and moved to the UK in the pursuit of earning money and easing the livelihood of their families who they left in their native villages of Pakistan. While some Pakistani workers planned to bring their families to the UK once they had achieved financial security, others gathered maximum money to buy lands in their respective villages and eventually went back to the place they belonged to. However, the fraction of those who returned back to Pakistan, especially Mirpur, is quite meagre.

Since there were no established communities of Pakistani immigrants in the UK at that time, all these newly imported male workers tended to live in communal houses. Most of the communal houses contained men from the same village of Pakistan. Lack of exposure, inadequacy of education, inability to communicate with local English population and stark contrast between their personal and local English culture were the factors which caused the ‘natural segregation’ of this ethnic minority group right at the beginning. The prime motive for the first generation of Pakistani immigrants to come to the UK was to earn money in every possible way. It left them with no alternative but to work long hours, which most of the times involved exploitative and low paid employment<sup>28</sup>. The first generation of Pakistani workers in the UK is, therefore, still highly acknowledged by their successors for the amount of effort they put in and the ordeal that they went through in order to secure better life for their families.

After having gone through the trial and earned enough finances during the initial five to ten years, Pakistani workers arranged for the immigration of their families also. This is when the

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<sup>28</sup> [http://www.bbc.co.uk/religion/religions/islam/history/uk\\_2.shtml](http://www.bbc.co.uk/religion/religions/islam/history/uk_2.shtml)

major influx of Pakistani women and children in the UK took place. However, the arrival of women could not even break the inter-community walls and the Pakistani population still stayed isolated from the host culture.

The next wave of Pakistani immigrants came from Africa, mainly from Kenya and Uganda. It happened as a ramification of ‘Africationasation’ policy introduced by certain African states. For instance, in 1972 approximately 60,000 Asians, including Pakistanis, were expelled from Uganda by president Amin. Majority of these expelled Asians were allowed to settle in Britain and reconstruct their livings. Although the Pakistani immigrants who arrived in the UK during this process were in pathetic condition and had lost their possessions in Africa, but were still much better than the earlier immigrants in terms of skill. They were mostly professionals and skilful workers and had experience of thriving in minority community.

### **Demographic profile of the Sheffield Pakistani population**

In the census of 2001, people of Pakistani ethnicity were found to be by far the largest ethnic minority of group of Sheffield and overall the second largest in the UK. The total population of Pakistanis residing in Sheffield was estimated as 15,844, which constituted 3.1% of the total population of Sheffield in 2001. The figure was calculated to have increased up to approximately 20,000 in 2006. Majority of the members of his ethnic minority group of Sheffield were found to be born in the UK and fewer than half of them were foreign born. It is reflective of the fact that Pakistanis are long-established community of the Sheffield.

The age structure of this community is indicative of a fast growing population with many children and young people and far smaller number of people aged 35 and over. **Table 3.1** presents the break up of the age structure for the Pakistani residing in Sheffield and draws its

**Table 3.1:** Age structure of the Pakistani community in Sheffield

	<b>0-15 Years</b>	<b>16-35 Years</b>	<b>36-64 Years</b>	<b>65+ Years</b>	<b>All People</b>
Pakistani Residents	36.9%	36.7%	21.4%	5.0%	15 844
Sheffield	19.1%	27.8%	36.7%	16.4%	513230

Source: Sheffield City Council

The above mentioned figures clearly indicate the fact that there is a very low proportion of people with Pakistani ethnicity who aged above 65 years. Only about 5.0% of total Pakistanis living in Sheffield belong to the age group of 65 years and above, in contrast with the city average of 16.4%. It was assumed by the experts of City Council on the basis of their household survey and experience that this remarkable disparity between the proportions of young and old people had been caused by high birth rate and in-migration of young Pakistanis from other cities of the UK. It might also be possible that once Pakistani residents reach their elderly age, they prefer to move out of Sheffield and settle in some other cities.

Another key theme of this community was found to be their tendency to exist in the form of communities. It was shown by the results of census 2001 that Pakistani community is heavily concentrated within a few neighbourhoods of Sheffield. Pakistani residents can be spotted in only less than half of the total residential areas of Sheffield and every new or transferring member of Pakistani community is very likely to settle in any of the very few popular neighbourhoods of this ethnic group. The empirical evidence from census 2001 suggests that there are only approximately 275 output areas (out of 1750) of Sheffield that contain more than 10 Pakistanis. Residents of Pakistani community are so nearly located that clusters of ethnic group can be easily identified on the population map (**Appendix B**) issued by Sheffield City Council. The same fact has been confirmed by the records of Sheffield Homes. According to which, people belong to the Pakistani community tend to buy or rent houses in the same localities of Sheffield and there are very few such localities. Sheffield Homes also confirmed to the researchers of Sheffield City Council that efforts had been implemented in recent years to “disperse” the Pakistani community across the city much more widely in order to prevent further “segregation” of this ethnic group. Most of the Pakistani residents were found to be living in the same area since their arrival in the city, for some it represented their entire lives. It reflects a low level of unwillingness on the part of this ethnic group to switch their houses and a high level of contentment for their existing neighbourhoods.

One of the other startling features, as discovered by census 2001, of the Pakistani ethnic group in Sheffield that plays a very vital role in deciding their form of employment is the considerably low level of qualification. Table 5.2 gives the percentage of Pakistanis possessing different levels of qualification in comparison with city average.

**Table 5.2:** Levels of qualification for the Pakistani community in Sheffield

	<b>Pakistani</b>	<b>Percentage</b>	<b>Sheffield</b>
<b>ALL PEOPLE 16+</b>	9799	100.0%	100.0%
Aged 16-64 Years	8589	87.7%	72.4%
No qualifications	3879	39.6%	16.5%
Level 1	1297	13.2%	13.8%
Level 2	1205	12.3%	13.6%
Level 3	717	7.3%	9.7%
Level 4/5	1176	12.0%	15.0%
Other qualifications/level unknown	315	3.2%	3.7%

**Source:** Sheffield City Council

The most striking figure in the above mentioned table is the percentage of Pakistanis having no qualification. When compared with city average, it can be seen that people from the Pakistani community have twice the likelihood to have no qualification than the city average. Among the qualified citizens, there is marginal difference between the fraction of Pakistani community and the city average. The difference, however, increases at the higher levels of qualification. It can be concluded from these figures that majority of people with Pakistani ethnicity in Sheffield abandon their education at secondary level and do not tend to attain professional degrees. Same trend was discovered by the door to door ethnographic survey conducted by the Sheffield City Council in 2006. Quantitative outcomes of the survey showed that the Pakistani group were more likely to be educated to GCSE/O-levels standard, but only half as likely as the survey average to be educated to degree level.

As cited in the Pakistani Community Profile (2006, p.11) published by the Sheffield City Council, *“the Pakistani community have twice the likelihood to have no qualification than the City average, this is clearly a barrier which is contributing to ‘dual economy’ which would seem to be of increasing importance in shaping the city i.e. Pakistani young adults feeling unable, or being disheartened, to compete for jobs in the mainstream economy and are looking for employment or other forms of income generation with their own community”*

## Economic profile

The economic snapshot of the Pakistani community in Sheffield seems to present a very favourable context for informal work and is likely to act as one of the prime reasons for them to get engaged in informal activity. The main features of the economic profile of Pakistanis in Sheffield, as summarised by census 2001, are:

- Low activity and high unemployment rate;
- High self-employment rates;
- Chronically low employment rate – particularly in full-time employment
- Lack of interest in changing the current employment status

The breakdown of economic activity of the Pakistani community is given in the table 5.3 below.

**Table 5.3:** Economic activity of the Pakistani community in Sheffield

	Sheffield	Percentage	Pakistani	Percentage
All People	374147	100.0%	9799	100.0%
<b>Economically Active</b>	<b>236106</b>	<b>63.1%</b>	<b>4527</b>	<b>46.2%</b>
Employee - Part Time	46471	12.4%	688	7.0%
Employee - Full Time	138470	37.0%	1497	15.3%
Self Employed - Part Time	5270	1.4%	224	2.3%
Self Employed - Full Time	18049	4.8%	834	8.5%
Unemployed	15637	4.2%	902	9.2%
Full-time student	12209	3.3%	382	3.9%
<b>Economically Inactive</b>	<b>138041</b>	<b>36.9%</b>	<b>5272</b>	<b>53.8%</b>
Retired	50579	13.5%	510	5.2%
Student	30355	8.1%	1169	11.9%
Looking after home/family	22198	5.9%	1993	20.3%
Permanently sick or disabled	23138	6.2%	587	6.0%
Other	11771	3.1%	1013	10.3%

Source: Sheffield City Council (2006)

Strikingly, more than half (approx. 53.8%) of the economic actors of the Pakistani community in Sheffield are economically inactive as opposed to the city average of 36.9%. Also, the fraction of Pakistanis engaged in family/home care is far more than the city average. It manifests the fact

that an average Pakistani in Sheffield is considerably more likely to stay at home than an average citizen of any ethnic group. Qualitative feedback from the research of the Sheffield City Council (2006) suggested that vast bulk of Pakistanis staying at home is comprised of women, who are culturally obliged to take care of domestic responsibilities. There is also a substantial difference between the proportions of Pakistanis working as full-time employers and that of the rest of the residents. Only 15.3% of the total economic agents of the Pakistani community prefer to earn their living through full-time employment in contrast to the average figure of Sheffield that stands at 37.0%. Full-time self employment appears to be relatively popular among the Pakistani community and an average Pakistani is twice as likely as the city average to be conducting self-employed work. Another shocking fact that emerges from the above mentioned table regarding the Pakistani community of Sheffield is the high unemployment rate for this ethnic minority group. It is almost double the average unemployment rate of Sheffield.

By breaking the employment into different occupational classes, table 5.4 enables us to investigate some further important trend of the Pakistani community in Sheffield. Most importantly, Pakistanis do not appear to match the city average in senior/professional occupations. On the other hand, the percentage of employed Pakistanis largely exceeds the city average in the profession of Process, Plan and Machine Operatives and is almost at par with it in elementary occupations. It reveals a very interesting trend of the Pakistani community in Sheffield that the majority of them tend to join occupations existing at the bottom of the formal labour market and are unlikely to be present in high-status jobs.

**Table 5.4:** Occupational profile of the Pakistani community in Sheffield

	<b>Pakistani</b>	<b>Sheffield</b>
1. Managers and Senior Officials	8.6%	11.8%
2. Professional Occupations	11.3%	12.2%
3. Associate Professional and Technical Occupations	9.6%	12.7%
4. Administrative and Secretarial Occupations	7.8%	12.6%
5. Skilled Trades Occupations	6.3%	12.2%
6. Personal Service Occupations	5.1%	7.3%
7. Sales and Customer Service Occupations	11.0%	8.9%
8. Process, Plant and Machine Operatives	28.1%	9.2%
9. Elementary Occupations	12.2%	13.0%
All People	3485	218501

An extensive focus group study, conducted by Meridien pure on the behalf of Sheffield City Council, investigated some of the major reasons beyond exceptionally high unemployment rates of Pakistani community. The most common reason mentioned by the participants of focus groups was a widespread belief of professional discrimination among the Pakistani ethnic group, particularly the youth. Participants had faced implicit racism at workplace and lack of consideration for their religious and cultural practices. It had resulted in loss of trust in professional organisations and reliance on community based work for income generation. As stated in the records of Sheffield City Council (Community Profile, Pakistani, 2006, p.9),

*“It is clear that Pakistani males are, or consider themselves to be, trapped within ‘their own’, self-recruiting labour market. Rather than securing employment within a wider city or even sub regional economy, Pakistanis tend to work for Pakistanis in businesses which serve the Pakistani community and economy”*

Lack of interest in changing their employment status and caring for family were also identified as two major barriers for Pakistanis to upgrade their level in the labour market. Participants of the focus group study believed that the Pakistani community was pretty satisfied with their existing forms of work and did not keep any strong desire to make a shift into more professional jobs. On consultation with businesses, long hours commitment with low income self employment activity was found to be an obstacle that kept Pakistani entrepreneurs from sparing time and exploring non traditional enterprise opportunities. Some focus group participants seemed to believe that their entrepreneurial abilities were restricted due to inadequacy of business support and poor access to working capital for ethnic minority groups in Sheffield. As a result, they had to rely on self help so as to set up and run businesses, a factor causing them to limit themselves to traditional businesses. A high level of aspiration and ambition was figured out among the majority of young participants who desired to grow as professional individuals as opposed to their older generations. Their desire was, nevertheless, being subsided by the difficulty to find formal work and they ended up being an informal worker. It was stated by the Sheffield City Council (Community Profile, Pakistani, 2006. p.14),

*“Interestingly, it was reported that many graduates have found it difficult to find work and typically drive taxis as an occupation”*

## **Social profile**

Pakistani ethnic population of Sheffield seems to maintain very strong social ties within their community; in fact, it is one of the most closely knitted communities of Sheffield. It was uncovered as a result of a random door to door survey with 131 Pakistani residents conducted by the Sheffield City Council in 2006. In the survey 85% of interviewees expressed high levels of satisfaction with their community and immediate neighbourhoods. Strength of their social cohesion can also be apprehended from the results of census 2001, which showed that Pakistani population are most likely to exist in the form of clusters among all the ethnic groups of the UK. However, high levels of resentment were reported against the neighbourhoods outside their own ethnic communities. Strong 'racial divides, were identified in certain Pakistani majority areas between Pakistani and White residents. Reasonable number of interviewees assumed jealousy on the part of native White population against all ethnic minority groups and the Pakistanis in particular. Majority of Pakistani residents felt that they were socially discriminated by the white people living in surrounding neighbourhoods. A strong feeling of 'disengagement' with the Sheffield community has prevailed among Pakistani residents as a result.

Overall, Pakistanis were found to speak high of government authorities and acknowledged their efforts in regard to maintaining respect for Pakistani culture and religion. Some of the participants, however, mentioned a few incidents when community's needs were not properly addressed by local authorities. The impact of such incidents were not so strong as to tarnish the impression of Sheffield among Pakistani community and it was still regarded more friendly, caring and understanding as compared to other Pakistani majority cities like Manchester and Birmingham.

Another very important and possibly the unique aspect, as spotted by the survey of Sheffield City Council, of Pakistani society in Sheffield is the increasing inter-generational gap. Elderly participants of the survey reported huge gap in values and language between first and third generations of Pakistani residents in Sheffield. On the other hand, the young participants declared themselves as 'lost generation' who had much higher aspirations than their elders, but are still caught up with same traditions and occupations due to decades old values that had been preserved by older generations. Perhaps such are the factors which have prevented Pakistanis from gaining higher education and moving into professional occupations.

More profound impact of cultural values could be witnessed in case of Pakistani women. Female participants from one of the focus groups mentioned that their cultural obligations have always acted as a major barrier for them to socialise outside their immediate neighbourhood and go out for work.

## **Population sampling**

This section will provide a detailed overview of the issues relevant to population sampling. To commence, it introduces different sampling strategies and subsequently discusses the one used for the purpose of this research. It includes both the description and the rationale for choosing that approach in this particular scenario. Afterwards, it discusses through sample size and sampling procedure. A brief introduction of the areas studied has also been given along with the percentage of respondents selected from each area.

## **Sampling strategy**

The sampling strategy used for the purpose of this research was snowball sampling. Sampling strategies are divided into two broad categories with each of them divided into multiple sub categories.

- Probability sampling
  - Simple random sampling
  - Systematic random sampling
  - Stratified random sampling
- Non probability sampling
  - Convenience sampling
  - Purposive sampling
  - Quota sampling
  - Snowball sampling

The follow section provides the description of the sampling strategy that was employed in this survey as well as its significance in relation to the objectives of this study. A brief description of all the aforementioned sampling strategies, however, can be found in **Appendix C**.

## **Snowball sampling**

This type of sampling method is basically used to sample out people with particular information, knowledge and characteristics<sup>29</sup>. The strategy involved is to first identify a few accessible participants with relevant characteristics and have them answer the survey questions. Subsequently, these participants are requested to give referrals for additional individuals having identical characteristics for the researcher to select them as his next respondents (Bruce and Berg, 1989, Chaudhuri, 1992). The chain of contacts keeps on increasing until the researcher has surveyed enough respondents to accomplish the desired sample size. In other words, the sample eventually “snowballs” from a few subjects to many subjects (e.g. Dabney and Berg, 1994). Snowball sampling is recognised for its *low research cost* and *short survey time* since it makes it easier for researchers to identify their subjects through referrals and gives them instant access to them.

## **Pilot survey**

In view of this research, the reason for the selection of snowball sampling was drawn from the pilot survey that was carried out before the start of formal field work. The prime purpose of the pilot study was to experiment two different sampling techniques and compare their appropriateness in the context of the Pakistani community in Sheffield. The secondary objective was to measure the friendliness of questionnaire by having it filled by a few Pakistani respondents by observing if they were able to understand the content, the wordings, the sequence and the theme of the questions as given in the questionnaire. Also, to see the questions were either likely to generate the desired response or add to the suspicions of the respondents.

The pilot study was comprised of questionnaire surveys with 20 Pakistani households in the city of Sheffield. In a bid to compare two different sampling techniques, half of the surveys were carried using systematic random sampling and the remaining half were approached through snowball sampling technique. In case of systematic random sampling, the directory of people with Pakistani ethnicity residing in one of the Pakistani dominant areas of Sheffield was requested from the city council. Subsequently, a Pakistani household was randomly picked up in the area of Burngreave and was contacted through a formal letter dropped through his door. The letter described the nature and objectives of the research along with the assurance of

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<sup>29</sup> <http://www.dse.vic.gov.au/dse>

confidentiality so as to gain the confidence and informed consent of the respondent. Similar letters were then dropped through every *n*th door on the same street for the next nine Pakistani respondents. Once the letters have been dropped, each of the 10 households was given a telephonic call by the researcher on the next day to know their consent and to schedule an interview with them. If there was lack of interest or absolutely no response by the household, then the *n+1*th house was contacted with one follow up call, then the *n-1*th house, *n+1*th and so on. Similar approach was adopted even when the selected household did not turn out to be a resident of Pakistani ethnicity. The process continued until the researcher was successful in arranging pilot interviews with 10 Pakistani households.

Despite taking up such a formal approach, the stratified sampling method proved to be a complete failure in terms of both willingness to participate and honesty of response. As discussed under the social and demographic profile of Pakistani community, it is one of the most tightly knitted ethnic minority groups of Sheffield and tends to survive in the form of segregated communities. It has also been mentioned that an average Pakistani household is far more reluctant to interact across their immediate social circle and especially if the other person belongs to any Non-Pakistani community (Community Profile, Pakistani, 2006; Census 2002). The situation was exacerbated due to the sensitivity of topic. First of all, the response rate was hopelessly low. On making the follow-up calls, the researcher found the selected households to be highly inquisitive about and scared of participating in a survey, even though the introductory letters had been dropped into their mailboxes. The reasons quoted for being sceptical by the majority of households was mainly the 'unfamiliarity' of the researcher and then the 'sensitiveness' of research topic. In consequence, the researcher got to contact 25 different households in the vicinity of Burngreave just to gather 10 respondents who would be willing to conduct an interview. The difficulty did not just persist until the stage of approaching the subjects but also continued during the entire course of interviews. All the interviews were structured questionnaire interviews consisting of questions relevant to the magnitude of undeclared work conducted by the Pakistani community in Sheffield. It also entailed questions about the undeclared goods and services consumed as well as supplied by the respondents in their personal capacities. Only 4 out of 10 respondents were found to be mentioning or even generally discussing the undeclared work that had been performed by them or the Pakistani community as a whole. The remaining 6 respondents decided to reserve their opinion by opting for the 'refusal' option for the questions pertinent to the supply of informal work. In sum, stratified random sampling resulted in a low and poor quality response by the Pakistani households of Sheffield in relation to informal work.

The second phase of pilot survey was comprised of 10 more trial interviews with Pakistani households in the area of Nether edge using snowball sampling strategy. The first step towards this direction was to identify a Pakistani household having reasonable social network and all the desired characteristics, as described earlier under the section of target population. To summarise, the person had to be an individual with Pakistani ethnicity, aged above 15 years and economically active or inactive according to the UK standards. For the purpose of pilot survey, the person was also expected to be a resident of Nether Edge, which otherwise is not a selection criterion. The selection of this initial contact was, indeed, of utmost importance as it would be used by the researcher to gain access to further respondents. Given the fact that the researcher had no personal contact in the Pakistani community of Sheffield, the first potential subject was identified and contacted with the assistance of a Pakistani student in the University of Sheffield. Fortunately, the person turned out to be a resourceful and renowned individual among the Pakistani community of Sheffield. He has been working as a social worker with National Health Services (NHS) as well as involved in various community based activities. For instance, he is acknowledged as one of the main religious activists in the Pakistani community and also acts as a captain of one of community teams in the cricket league matches. His versatile personality and diversified networks within the Pakistani community of Sheffield made him an ideal point of origin for the research on something as sensitive as informal economy. A semi-structured questionnaire-based interview was conducted at his residence in Nether edge and terminated at attaining references of four additional Pakistani households. Each of the four referrals was given an introductory telephonic call giving them the reference of the first respondent, introducing them to research objective and asking for their consent to participate in the survey. Surprisingly, all the four references responded in affirmation. Same sort of interviews were also carried out with them and at the end of their interviews they also provided further references from within their social network to the researcher. This chain of contacts continued to the point when the researcher had conducted interviews with 10 Pakistani households in the vicinity of Nether edge. 6 out of 10 interviews were conducted at the residences of respondents and the remaining 4, due to the odd working hours of respondents, were taken place at the work place. There was only one instance when the household refused to participate. Otherwise, it was an incredible response rate with high levels of cooperation and truthfulness. It took almost half as much time to carry out 10 interviews as in case of systematic sampling strategy. Even though the snowball sampling apparently produced far better results, yet was not flawless and consisted of a few inherent shortcomings. The shortcomings were, nevertheless, of the nature that can be tailored with slight modifications in the sampling and interviewing procedure as explained in the forthcoming

sections. In consequence, the snowball sampling was selected as the final strategy for the main survey.

### **Other rationales for using snowball sampling**

Apart from the findings of pilot survey, there are also some other strong rationales for employing the strategy of snowball sampling. The most important of them is the fact that it is known as one of the most effective sampling strategies for the exploration of sensitive topics and to reach the populations who otherwise are difficult to approach. According to Lee (1993), snowball sampling is particularly popular among researchers interested in studying various classes of deviance, sensitive topics or difficult to reach populations. The same advantage of this sampling technique was also recognised by the Web Centre of Social Research Method. Many other researchers have also defined it as very appropriate way of investigating things that may cause suspicion and prevent the respondents from talking to the researcher in an open manner (e.g. Kalton, 1983; Patton, 1992). Pakistanis are one of the most segregated and reserved communities of Sheffield who, despite having strong intra-community ties, are mostly reluctant to communicate with people outside their immediate social circle (Census, 2001; Community Profile, 2006, Sheffield City Council). Moreover, the research topic was sensitive enough to make it very tough for the researcher to elicit honest response out of Pakistani households. It would indeed be very troublesome, in some cases almost impossible, to first convince the households to participate and then to develop a good level of trust with them if they had not been approached through personal references.

Furthermore, it saved the hassle of creating entirely new research networks, rather enabled the researcher to build on the resources of the existing networks of Pakistani households.

### **Main survey**

The main survey was conducted over the period of about three months, starting in December 2007 until mid-March 2008. In summary, it was comprised of 50 one-on-one structured questionnaire interviews and 3 unstructured focus group interviews with people of Pakistani ethnicity living in three different clusters of Sheffield. The average span of each interview was 40 minutes. A thorough explanation of the way the entire survey was conducted has been provided in the following sections.

## Sample size

The sample size was calculated using the demographic and economic statistics of the Pakistani community in Sheffield as given in Census 2001. According to which there are 9,799 people of Pakistani ethnicity in Sheffield who are aged above 16 years and can be classified as active or inactive in terms of their economics activity. On the whole, the size of the sample for this survey was consisted of 60 Pakistani households. Out of which 50 were surveyed as one-on-one interviews and 10 households were investigated in the form of focus groups. It means that almost every 150th (9799/60) person of the target population was interviewed during the survey. Although the number of the Pakistani residents in Sheffield is expected to have increased by 30% over the period of last seven years, there is no statistical evidence to support this growth. The latest empirical data is compiled by the documents of Census 2001 and thus can be considered as the most authentic reference with respect to the population of ethnic minority groups in the UK.

## Areas studied

In order to make the sampling process more efficient and to ensure representation from all the major residential areas of Pakistani community, it was considered very useful to divide the Pakistani community into three clusters before conducting the field work. Each of the three clusters was comprised of multiple localities existing in close neighbourhood of each other. The formation of clusters was based on the population map (**Appendix A**) issued as a result of Census 2001 showing three large naturally occurring clusters of Pakistani community in Sheffield. The emergence of these clusters, as investigated by the researchers of Sheffield City Council<sup>30</sup>, are explained as a tendency of Pakistani residents in Sheffield to exist in the form of 'segregated' and 'concentrated' neighbourhoods. The Sheffield City Council asserts (Community Profile, Pakistani, 2006, p.2):

*"This community (Pakistani) is very concentrated within a few neighbourhoods in Sheffield – this is a key theme of this profile"*

It was during the same survey that the Pakistani residents of Sheffield were found to have a high degree of geographical concentration with their major settlements in the inner city (Darnall, Fir Vale and Tinsley) neighbourhoods and western fringes (Sharrow and Nether Edge) of Sheffield. For instance, the locality of Fir Vale alone was found to hold 9% of the total Pakistani

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<sup>30</sup> Community Profile, Pakistani, 2006 by Sheffield City Council

population in Sheffield. It was, therefore, not a difficult task to locate the clusters of areas with high concentration of Pakistani households, rather they were pre-existing in a very prominent form. However, it is important to understand that the purpose of forming clusters was never to study the geographical variations in the extent and nature of informal work, but to accomplish a fairly representative sample of the Pakistani households. **Table 5.5** summarises the composition of clusters vis-à-vis this research.

**Table 5.5:** Areas studied and the number of interviews conducted in each area

Cluster	Localities	Number of interviews
A	<ul style="list-style-type: none"> <li>• Firth Park</li> <li>• Burngreave</li> <li>• Abbeyfield</li> <li>• Fir Vale</li> </ul>	25
B	<ul style="list-style-type: none"> <li>• Darnall</li> <li>• Tinsley</li> </ul>	20
C	<ul style="list-style-type: none"> <li>• Nether Edge</li> <li>• Sharrow</li> <li>• Highfield</li> </ul>	10

## Sampling procedure

In view of the implications of pilot study, the sampling strategy for the main survey was selected to be predominantly snowball sampling. As a whole, the sampling strategy was, however, a blend of quota and snowball sampling methods. To start with, sampling quotas/proportions for each of the three clusters were determined according to the number of Pakistani households residing in each cluster. As given in table 5.5, the cluster with the highest number of people with Pakistani ethnicity was allocated the largest quota of interviews and so on and so forth. After having sought the proportions of interviews to be conducted the next step was to identify a few households in each cluster that could be used as initial contacts in order to get the snowballs rolling. It was indeed the most challenging task of the entire sampling process and turned out to be far more difficult than what was expected. Although it was supposed to be the replication of snowball sampling that took place during pilot survey, but the scale of the study was a lot broader and thereby required a greater number of contacts. The survey was kicked off by re-contacting some of the households who were interviewed during the pilot survey. It was once again the

individual used as the preliminary resource in case of pilot study who was requested to connect the researcher to further Pakistani households in his vicinity. Three other respondents of the pilot survey were also quite useful in providing references of Pakistani households having desired attributes with regard to this research. References from the pilot survey were certainly used as a launching pad by the researcher to reach the target population, but they were never sufficient to achieve the desired sample size as well as the sample mix.

So far as the sampling procedure was concerned, there were two very important considerations to be taken into account before choosing the means of approaching the participants or the initial contacts, for that matter. Firstly, it would be ensured that the initial contacts are not limited to any particular localities, rather sought in all the three clusters. It was indeed a compulsory thing to do for the researcher to be able to instigate snowballs in each of the three clusters. Secondly, it was imperative to maintain a fair degree of variation in terms of occupational trades while selecting the initial participants. It is because, given the nature of snowball sampling, the occupational variability of the sample as a whole depends upon how diverse your initial participants were with respect to their occupational trades. As discussed under the section of snowball sampling, one of the major shortcomings of this technique is that the researcher is highly likely to find the majority of survey participants within the stream of any particular group. Every new participant comes as a reference from any of the preceding respondents who tend to refer individuals from their own social, professional, demographical or occupational class. In consequence, the researcher may have the danger of getting trapped within a few specific groups of target population and end up attaining a falsely representative sample.

Keeping in view the above mentioned caveats and to attain a geographical and occupational heterogeneity in the final sample of Pakistan households, the sampling procedure was not relied on any specific type of initial contacts or restricted to any specific localities. Instead, multiple snowballs were triggered simultaneously in more than one localities of each cluster by seeking all together new contacts within the Pakistani community of Sheffield and not only relying on the ones from the pilot study. As this research was based on evaluating the types of work/trades Pakistani households were involved or had been involved in, all the participants were explicitly asked during the interviews to provide references from outside their personal occupational trades also. Taxi drivers, for instance, were requested to provide referrals of Pakistani households who may be working in the retail sector. Such referrals were asked in addition to the ones they sought within their own occupation. Similarly, any respondent working in the restaurant sector was asked for recommendations in the repair and maintenance business as well. It allowed the

researcher to include participants from a variety of occupational and demographic groups. To seek new and diversified contacts was certainly not as easy as it sounds. Different sort of community and religious platforms were used in this regard. Three of the most vital ones are as follows:

**a- Mosques**

Religion plays a phenomenal role in devising the social practices of the Pakistani community in Sheffield as a whole. Islam is by far the most prevalent religion in this community. According to the Office of National Statistics (2006), 14,632 (approx. 92% of total) Pakistani residents of Sheffield belong to the Islamic faith. *Masjids* (mosques), therefore, are perceived as religious hubs and regarded as extremely respectful institutions within the Pakistani community. Even though mosques are the common place of worship for the entire Muslim community, but in Sheffield exclusive mosques can be identified for Pakistani residents. It is not because of any religious factor, but simply because of their location in Pakistani dominant areas. Mosques have been identified as a very important venue for the Pakistani community to mingle with each other especially in relation to young individuals (Sheffield City Council, Community Profile, Pakistani, 2006) Moreover, the Imam-e-masjid (head of mosque) holds a very respectful position among the community due to being the religious head. He is always one of the most influential people in any Islamic community.

At this point, the respondents who had already been interviewed and the general contacts established along the way were used as community guides by the researcher to seek the mosques that were being visited by the largest number of Pakistani residents. Three such mosques were identified; one in each cluster. Names and addresses of each mosque are given in the table 5.6 below.

**Table 5.6:** Names and addresses of the mosques used as sources of contacts during research

Cluster	Name	Addresses
A	Jamia Mosque Ghausia	Firth Park Road, Sheffield, South Yorkshire, S5 6WN
B	Jamiyate Tablige Islam Masjid	30 Bodmin Street, Sheffield, South Yorkshire, S9 3TA
C	UKIM - Sheffield Branch	525 Abbeydale Road, Sheffield, South Yorkshire, S7 1FU

All the three mosques were contacted through formal channels. In cluster A, the *Imam-e-masjid* (head of mosque) was approached at the personal level after one of the congregational prayers. In rest of the two cases, the researcher was directed to the central administrative committee of all the mosques in Sheffield for him to get the approval from the chairperson. The committee was approached on the basis of a reference letter from the supervisor. The purpose of the letter was to enhance the genuineness of the research by introducing the researcher and the research objectives to the concerned personnel. Although the chairperson was mainly approached through formal means, it was very helpful to find the reference of his son, who happened to be one of the participants of pilot survey as the owner of a take away restaurant.

A good level of cooperation was experienced at all levels and the researcher was assisted by the authorities of mosques in reaching out the people who visited mosques for regular prayers. The *imams* of all the three mosques, due to their respectful position, were indeed the most effective individuals with regard to convincing the Pakistani residents to participate in the survey. Subsequently, the same residents were interviewed at their residence.

#### **b- Community centre**

Community centres were utilised as the second largest source of finding new potential respondents and expanding the sample size. The main centre that was approached in the regard was the Pakistan Muslim Community Centre (PMC)<sup>31</sup>. It acts as a formal representative body on the behalf of the Pakistani community of Sheffield and is responsible for presenting their social and cultural agendas at the national level. Besides, it provides exclusive facilities of event management for the Pakistani residents. The second community centre that was visited by the researcher was the Pakistani Community Advise Centre. It functions as an advisory body for the Pakistani nationals of Sheffield and offers counselling services on professional and social issues. To commence, an introductory letter was posted to the governing committees of both the institutions, which resulted in face-to-face meetings with personnel from the administrative departments.

These institutions, especially PMC, maintain a comprehensive list of people with Pakistani ethnicity along with their professions (formal and informal) and contact numbers. The contacts of 25 to 30 Pakistani households, who were considered to be most suitable by the administrative

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<sup>31</sup> <http://www.pmcuk.org>

personnel, were acquired by the researcher. Contact details of both the centres are mentioned in the table 5.7 given below.

**Table 5.7:** Names and addresses of the community centres used as sources of contacts during research

Institution	Address
Pakistan Muslim Community Centre	Pakistan Community Advice Centre, 58 Owlter Lane, Sheffield, South Yorkshire S4 8GA
Pakistan Community Advice Centre	PMC, Woodbourn Road, Sheffield, S9 3LQ

### c- Radio Station

Interestingly, a radio station was also used by the researcher for personal introduction and to introduce the research questions among a greater mass of Pakistani households. It was very lucky to come across a Pakistani resident who works at a voluntary community radio station (Sheffield Live)<sup>32</sup> as a part time presenter. He runs an exclusive programme once a week for the Pakistani community and since the programme goes on air in the evening, a huge segment of his listeners is comprised of Pakistanis who work as taxi drivers or part-time restaurant workers. It was coordinated with the presenter to invite the researcher as a guest in one of his programmes and give him the opportunity to introduce himself to the Pakistani community at large. In consequence, all the households who were approached after the broadcasting of the programme appeared to be far more cooperative and outspoken. It enabled the researcher to start new streams of contacts and hence increase the diversity of sample.

Due to the low levels of qualification and cynical mind sets of the Pakistani community in Sheffield, it was not considered appropriate to use an introductory letter as means of first contact. Every interview was preceded by a telephonic call from the researcher so as to describe the project and address more effectively the suspicions on the part of respondents. In most of the cases the interviews were scheduled after two days of the telephonic call and taken place at respondents' residence. When it was difficult for someone to arrange it at their residence, interviews were conducted at the work place. It was, however, a rare incident. On average, each interview lasted for somewhere between 50 to 60 minutes.

<sup>32</sup> [www.sheffieldlive.org](http://www.sheffieldlive.org)

In order to capture the households who work late night, interviews were also arranged in the evening or over the weekends. Some of the interviews were even conducted after mid night at the participant's residence due to their extended work shifts. It mostly happened in case of full-time taxi drivers who work both day and night.

## Questionnaire Design

Questionnaire design holds the position of a corner stone in both academic and non-academic researches. As a matter of fact; the excellence, efficiency and response rate of any survey revolve around the quality of the questionnaire used. A large array of literature can be found emphasising the significance of questionnaire design with respect to accomplishment of research objectives (e.g. Peterson, 2000; Platek *et al.*, 1985; Barnett, 2002). It has been asserted at various points in these literatures that the quality of response and the sustainability of interest of study participants rest upon the expertise with which the questionnaire has been constructed.

The questionnaire used in this research is basically inspired from the one employed by the European Commission for their recent research study on undeclared work in 27 European states (Special Eurobarometer, Undeclared Work in the European Union, 2007). In fact, exactly the same questionnaire was used during the pilot survey of this research, however, given the results of the pilot survey, considerable number of alterations was made. It was mainly comprised of changes in the structure of the questionnaire as well as the formation of question statements. The need for changes stemmed from the substantial differences between two target populations in terms of their qualification and background. Another influential factor was the scope of study, which was obviously narrower in case of this research. Consequently, it also led to some changes in the comprehensiveness of the questionnaire as a whole. It is, nevertheless, very important to understand that despite all these structural and linguistic modifications, the basic design philosophy of the original questionnaire has been retained. The following section discusses through the structure of the questionnaire used in this research along with the types of questions it contained. Following this, it has included a brief discussion on the changes made to the original questionnaire (see, Eurobarometer, 2007; **Annexes II**) in order to adapt it to the requirements of this research.

## **Types of questions**

It is useful to include some discussion on the type and construction of questions before explaining the overall structure of the questionnaire. In view of the research objectives, the questionnaire contains two standard forms of questions.

### **Closed-ended questions**

The questionnaire is predominantly composed of closed-ended questions. The rationale for this, as explained in earlier sections, was to generate empirical data on the size and nature of undeclared work. The most credited feature of closed-ended questions is that they provide a predefined frame of reference for the respondents to consult while answering the questions. Participants are provided a standardised list of answers for each question and thus find it easier and quicker to reply. Since the respondents are assisted to choose their responses, they are less likely to skip questions without answering them (Vinten, 1995). While closed-ended questions are appreciated for their ability to generate more exact and efficient response, it would be naïve not to consider the shortcomings associated with their usage. Firstly, the formation of closed-ended questions is based on the assumption that the researcher is sufficiently aware of all the commonly made responses so to present them as possible answers to the respondents. Secondly, the closed-ended questions have the tendency to lead the thinking of participants by restricting them to the given list of answers. It may discourage them to think about their true answers and rely on the available ones (Vinten, 1995). So as to provide the respondents a fair degree of freedom to deviate from the standardised list of answers, the option of “Others (specify)” has been added to the questions in which the responses of respondents are most likely to vary from the predefined answers. Verbally the option was given in almost all the questions though.

So far as the types of closed-ended questions are concerned, three different types of closed-ended questions have been included in the questionnaire. These are “limited-choice”, “multiple-choice” and “checklist” questions (Platek *et al.*, 1985). The first type of closed-ended questions provides a very limited list of answers to the participants to choose from and primarily involves simple ‘yes’ or ‘no’ questions. In multiple-choice questions, a relatively lengthy list of answers is presented to the respondents. Thus the degree of freedom is higher. The researcher has made use of these two types of closed-ended questions to formulate the questions which, by the very nature of subject matter, do not permit the respondents to pick more than one answer. On the other hand, the questions which could have more than one possible answer were formulated as

checklists. Checklist is the kind of closed-ended questions that requires the participants to select their answer(s) from the list of two or more categories. Checklists are also useful when the researcher wants respondents to provide a prioritised list of answers.

## **Open-ended questions**

The other type of questions included in the questionnaire is open-ended questions although they constitute a trivial part of it. Such type of questions is incorporated when the researcher does not desire to limit the thinking of respondents on predefined lines, rather wants to give them a fair margin of discussion. As explained by Peterson (2000), open-ended questions are mainly used to investigate the issues on which the researcher does not have sufficient information prior to the survey. He also explains open-ended questions as the more appropriate choice when the researcher does not want the responses of respondents to be influenced by the predefined list of answers. Moreover, he recognises open-ended questions as a good follow-up to closed-ended questions from the perspective of enabling the respondents to express their genuine standpoint on the subject matter.

In view of this research, the inclusion of open-ended questions was also instigated by the fact that the researcher intended to acquire information on the subjects which had not been encapsulated in the original questionnaire (e.g. professional discrimination, caste system and willingness of Pakistani immigrants to change their status in informal employment). Furthermore, the nature of the subject matter also had a bearing on the decision of choosing open-ended questions.

## **Types of measurement scales**

The questionnaire has made use of mainly two types of measurement scales to evaluate the responses of respondents. These are known as “Nominal” and “Ordinal” scales. As explained by Bryman and Cramer (2004), nominal scales are the ones which classify the objects into discrete categories that can not be ordered (e.g. ethnic group, gender and marital status). The number of a specific option, so to speak, does not represent its order and merely defines the category the respondent belongs to. On the contrary, the ordinal scale distributes the objects into discrete categories as well as defines their order according to some criterion (e.g. skill and qualification). The number associated to any particular option also represents its order or value. It is normally

employed for the questions in which the participants are asked to rank a particular object (e.g. practice, behaviour and proposition) on a quantified scale.

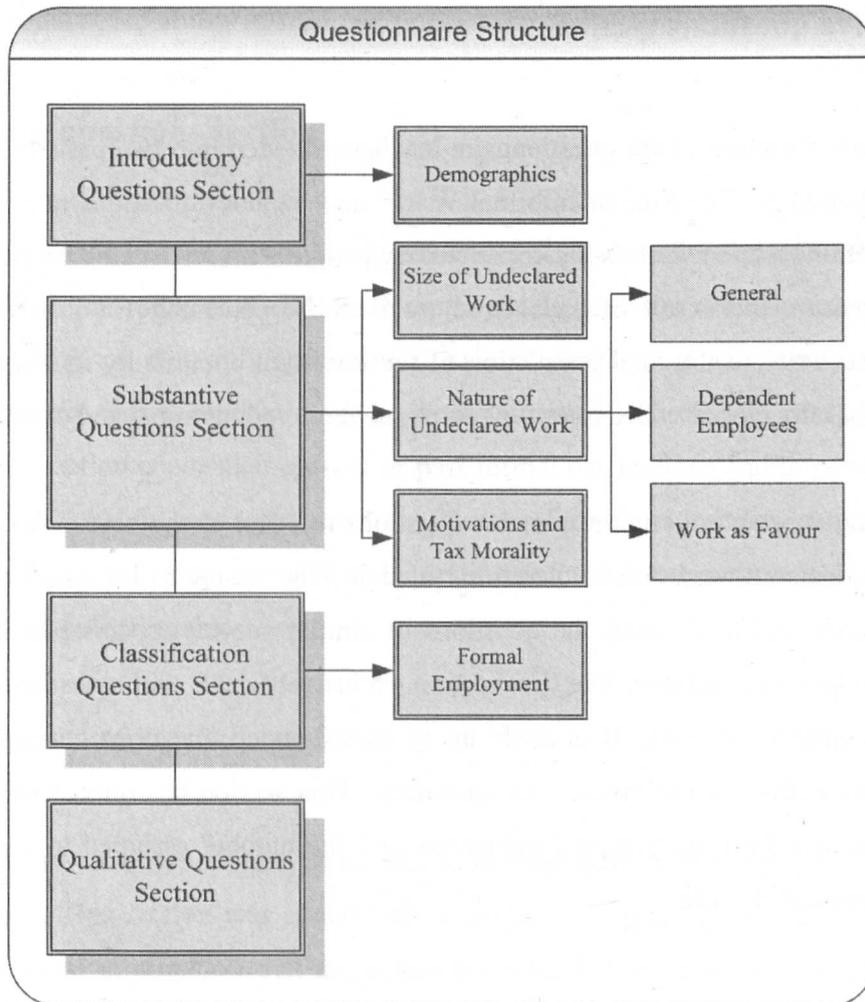
## **Structure of the Questionnaire**

The effectiveness of a questionnaire is solely determined by the formation of individual questions but also largely depends upon the way they are positioned relative to each other. And their relative positioning is defined by the structure of the questionnaire. As asserted by Bryman and Bell (2007), a well structured questionnaire always results in an unobtrusive flow of questions and causes the study participants to find it easier to sustain their interest. What is meant by structure is the sequence or ordering of questions and the manner in which they are divided into different sections (Peterson, 2000). It may result into ambiguity and annoyance for respondents, if the researcher has failed to maintain a rationale connection between the sections of the questionnaire. In relation to this research, the structure of the questionnaire was formulated in the light of the guidelines provided by Peterson (2000). According to whom, a questionnaire is normally consisted of three sections: an introduction section, a substantive section and a classification section. The introduction section, as the name says, contains introductory questions that may or may not be relevant to the research subject. It forms the beginning part of the questionnaire so as to develop the initial contact between the researcher and respondents before the survey enters into the core subject area.

The substantive section constitutes the main body of the questionnaire and presents questions directly relevant to the research objectives. It is indeed the most critical part of the questionnaire. The last section of a research questionnaire is known as classification section. It entails questions which are normally indirectly relevant to research objectives and are intended to classify the respondents according to either demographic or professional profiles. This section demands a great deal of care since it also plays the role of terminating the questionnaire at a pleasant note.

Based upon the aforementioned guidelines, the questionnaire used in this research was also divided into three major sections, with one of them was further divided into sub-sections. The complete break up of its structure is illustrated in figure 5.7.

**Figure 5.7:** Structure of the questionnaire



### **Introductory section**

The introductory section of the questionnaire was comprised of demographic questions. The purpose was to engage the respondents in some sort of introductory conversation before heading to the main body of the questionnaire. It includes questions on age, gender, education, residential area, marital status and place of birth. All the questions were either limited-choice or multiple-choice questions asking respondents to choose from the predefined options. Apart from age, all the demographic questions have been formulated on the nominal scale. The question that investigates the participants' age includes a list of multiple age brackets such that moving from

one bracket to another also represents a change in the level of age and thus represents an ordinal scale.

## **Substantive questions section**

The substantive section of the questionnaire has been divided into two parts (**see Appendix A**). Part I is labelled as ‘The Size of Informal Work’ and includes questions required to determine the extent of undeclared work being conducted by people with Pakistani ethnicity in Sheffield. It tends to measure the extent of undeclared work as the percentage of Pakistanis involved in undeclared activity to the total population of the Pakistani community in Sheffield. It is also comprised of only closed-ended questions formulated on both nominal and ordinal scales.

Part II of the substantive section contains questions relevant to the objective of examining the nature of undeclared work and is, therefore, titled as ‘The Nature of Informal work’. In order to increase clarity and to dovetail the questions of similar sub-topics, this part has been further divided into two sub-sections. The first section exclusively deals with questions pertinent to the demand of undeclared work. It is made up of closed-ended questions having composition of either limited-choice or multiple-choice questions. This section has only made use of nominal scale to measure the responses of respondents and the number assigned to a particular choice does not represent its order.

The second section brings together the questions investigating the participants as suppliers of undeclared work and thus captures the supply side of the informal employment. Again, in order to collect data in more organised and manageable form, the questions that examine the synonymous aspects of the supply of undeclared work are placed close to each other. For instance, as illustrated in **Appendix A**, the questions related to the supply of informal work as ‘favour’ are positioned in a continuous sequence. Likewise, a special sub-section has been formed to compile questions investigating the part of undeclared work being supplied by ‘dependent employees’. Having questioned the respondents regarding the types, frequency, customers and mode of payment of undeclared work, this section terminates at asking them about the motivations of their involvement in informal employment. It is also compiled in the form of closed-ended limited and multiple-choice questions such that participants are required to choose their answers on either nominal or ordinal scale.

Of all the three parts of substantive section, the last one consists of the least number of questions. The questions involved in this section evaluate an entirely different element of the nature of undeclared work and thereby form a distinct sub-section. It mainly requires the respondents to rank their personal acceptability of informal practices on the ordinal from 1 to 3.

### **Classification questions section**

This section forms the last the part of the closed-ended questions of the questionnaire. It does not involve questions in relation to informal employment, but the formal occupations of the respondents. Therefore, it is only applicable in case of participants who have been working or have worked in any formal occupation. It has been compiled with the aim of allowing the study participants to mention about their current or past formal occupations and to examine if there is any kind of relationship between their formal and informal trades. In compliance with the composition of the preceding sections, the questions of this section were also formulated on either nominal or ordinal scales.

### **Qualitative section**

The last section of the questionnaire, as illustrated in **Appendix A**, is comprised of a set of open-ended questions. This section was added from outside the original questionnaire by keeping in view the additional information that the researcher intended to attain with regard to Pakistani immigrants. The rationale for placing it at the end is to save time since respondents were found to be likely to get engaged in prolonged discussions when investigated in open-ended manner.

### **Design modifications**

For the academics to comprehend how the original questionnaire (see, Eurobarometer, 2007; **Annexes II**) was adapted to suite the characteristics of Pakistani community, it is essential to explain the changes made by the researcher in the original questionnaire. All the changes were deemed plausible on the basis of the findings of the pilot survey. The following section discusses through these changes turn by turn.

## **Structural modifications**

As a result of the pilot survey the questionnaire was found to be too complicated and lengthy for the respondents to fill in. As the original questionnaire was designed from the perspective of a cross national survey, it had broader scope and thus a larger number of questions than required to accomplish the objectives of this research. Consequently, the first structural change made to the original questionnaire was in the form of reducing the number of questions. Besides omitting the redundant questions, the construction of all the questions were made simpler and easy to understand. Low levels of qualification of the Pakistani community, as discussed under the population profile, also provided a strong reason for the simplification of questions.

The questions which survived the screening process were divided into three distinct sections. The structure of each section has been provided in the preceding section. The original questionnaire did not seem to have any formal divisions within its main body and the questions were found to be placed quite arbitrarily at some points. In order to make it easier for the researcher to categorise the collected data, the questionnaire was structured in the form of three major sections and various sub-sections. The formation of each sub-section was carried out in such a way that the questions pertinent to similar issue were grouped together.

The size (number of pages) of the original questionnaire was also found to be another factor contributing to the reluctance of participants during the pilot survey. In consequence, the questions were rearranged in such a way that the number of pages was slashed down to one third in the main survey. It turned out to be a very effective gimmick that resulted in better response and shortening of interview time.

## **Constructional modifications**

It involves changes in the construction of sentences so as to remove potential ambiguities as well as make them specific to the target population. The questions have been re-articulated using easier language and replacing difficult words with more conventional substitutes. Nevertheless, a great deal of care has been employed to ensure that the content and meaning of each question were preserved. Additionally, the term 'population' in the original questionnaire was replaced by 'people with Pakistani ethnicity in Sheffield' in the modified version. Caution is not to fall into

the error of using 'Pakistani immigrants' as a considerable size of the Pakistani community have not immigrated, but were born in the UK. It may create confusions for respondents.

## **Other modifications**

Another modification that was deemed important was the addition of the definition of undeclared work. Respondents appeared to be pretty interrogative about the explanation of undeclared work during the pilot survey. It was often the case with the ones who had low qualification levels and thus insufficient intellect to comprehend the terminology of 'undeclared work' on their own. The definition of undeclared work used for the purpose of this research was added in the questionnaire as a result.

One major change was brought in the designing of the original questionnaire in the form a qualitative section. As explained in the earlier section, a set of open ended questions were included because the same questionnaire was planned to be used for the collection some quali data.

## **Data Collection**

The significance of the number of data collection sources in relation to the reliability of study in all the subject areas of social sciences is well established. Many social scientists have been found using multiple sources of data in order to answer their research questions in more comprehensive and authentic manner. In the context of case studies, the reliance on more than one data-gathering technique is a far wider practice as compared with other methodological approaches. Case studies may utilise a number of data technologies such as life histories, documents, direct observations and in-depth interviews (Hagan, 1993; Yin, 1994). There are many other occasions when case studies are explained as the type of research methodology that incorporates various means of data collection (e.g. Hamel, Dufour & Fortin, 1993). This research has relied on one primary and two secondary sources of data. Primary source constitutes 55 face-to-face questionnaire interviews that were carried out in a structured manner. So far as secondary sources are concerned, the researcher made use of 3 focus group interviews and anecdotal means of acquiring information.

## Interviews

Interviews were used as the prime source of data collection for the purpose of this research. The researcher conducted face-to-face interviews with 55 Pakistani household living in different areas of Sheffield. All the interviews were semi-structured in nature and executed with the aid of a questionnaire. Each interview was comprised of a standard set of both closed-ended and open-ended questions; however, closed-ended questions contained the major part of it. Of all the possible reasons, the main reason for selecting interviews, in the context of this research, as the prime data collection strategy stems from the fact that it allows the researcher to have one-to-one interaction with subjects (Krueger, 1998; Denzin & Lincoln, 2000). The second motive was the amount of flexibility that interviews offer during the process of field survey (Breakwell, 1995). This flexibility permitted the researcher to successfully adapt to the nature of individual cases. A detailed account of interview methodology is illustrated in the proceeding section.

### Interview methodology

As mentioned earlier, the main purpose of selecting the direct survey approach was two folds. Firstly, it was to seek answers of some specific questions from the Pakistani workers of Sheffield regarding informal employment so as to generate empirical data on this subject. Secondly, it was to create an appropriate opportunity for the Pakistani immigrants to share their view points in respect of their motivations for joining the informal employment, types of undeclared work they are engaged in, reasons for relying on informal work, work experiences etc.

Keeping in view the findings of the pilot survey, every interview was preceded by a rapport-building conversation. As Salkind (1991) suggests, one of the major commandments of a decent interview is not to start it cold, rather spend several minutes chatting and making small talks with the subject. Different scholars have proposed different tools of undertaking a rapport-building discussion. Berg & Glassner (1979), for example, recommend *general chatting* as an effective tool of breaking the ice with respondents. Non study-related topics like weather, sports, politics, culture, television etc can also be used for developing a good level of comfort with the subject before the interview has actually begun (Berg, 2001). All these suggestions were used to draw guidance before starting the introductory conversation with Pakistani households. This is where the Pakistani background of the researcher proved to be very useful. It not only enabled him to manoeuvre the Pakistani households into the discussions related to their native towns and culture, but also to converse immaculately in their native language (Urdu). It is very important to

stress upon the ability of communicating in the respondents' native language as it removed the language barrier and enhanced the level of comfort straight away. A vast majority of households had been away from Pakistan for more than 15 years and were found to be very excited in talking about their hometowns. In case of interviews that were conducted at the researcher's place a cup of tea was also offered to the interviewee. It resulted in a very effective rapport-building conversation.

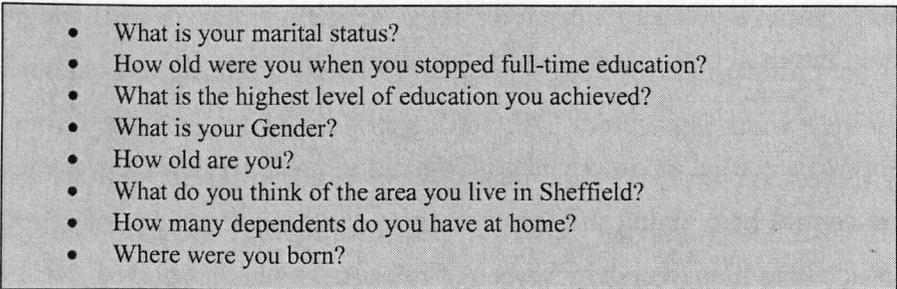
Another objective that was kept in mind by the researcher during the initial ice-breaking discussion was the correct characterisation of his self. According to Berg (2001) and Glasner and Berg (1984, 1980), self-characterisation is the process that determines the basic *image* of the researcher to the respondents-it is the *character* that respondents associate with the researcher. Survey respondents tend to hold some preconceived notions and characters of the researchers that are largely influenced by the occupational roles of the researcher (Santis, 1980; Maccoby and Maccoby, 1968; Berg, 2001). For instance, as stated by Berg (2001, p.85), "*In our society, one might expect a farmer to wear jeans, not a three piece suit, while working in the field. Similarly, one can expect certain things about the appearance, manner, style and language connected with other occupational roles, including that of an interview*". These predefined impressions are, however, malleable and within the capacity of an interviewee to affect (Berg, 2001). Reflecting on these views, a conscious effort was made by the researcher to strategically use his rapport-building discussion to form an appropriate self-projection before the commencement of study interview. Given the sensitivity of research topic and the reserved mind-set of the Pakistani households, the researcher decided not to project himself merely as a professional researcher, but attached a "Pakistani" notion to his impression. It was achieved by nullifying the predetermined conceptions about researchers, and rather communicating the impression of a "Pakistani" student who was trying to explore the problems of the Pakistani community with the aim of urging the academics to formulate beneficial strategies in this regard. In addition to Pakistan related talks and native language, the researcher reflected a very liberal stance on the practice of evading taxes and social security benefits. It was deliberately done for the respondents to be able to relate themselves with the researcher and feel comfortable while taking about informal practices during the succeeding interview.

Having formed a cordial environment with the aid of pre-interview chat, the researcher was in a very good control of bringing the respondents to the formal subject interview. The success of each interview was hinged upon the types of roles the researcher played and how the roles were modified and adapted during the course of an interview. It is, therefore, important to provide a

brief description of these roles before discussing the interview procedure. These roles were mainly determined by the type of information the researcher wanted to produce during the interview and were chosen in reference to the interview data models presented by Silverman (2006). Three major roles were played interchangeably by the researcher to direct the response of the interviewees at different points during the span of an interview. First and the foremost role played by the researcher was that of a 'positivist', which according to Silverman (2006) gives the interviewee an access to the 'facts' about the researcher subject. The interviewer normally makes use of standardised multiple-choice answers which can be readily tabulated and confine the respondent to share very specific information. Then comes the role of an 'emotionalist'; it is used when the interviewer desires to generate data which give authentic insight into interviewee's experiences. The main tools applied to achieve this are unstructured, open-ended questions. The interviewer deviates from the set of standardised questions and intrigues the respondents to share their personal experiences related to the subject under discussion. Finally, the researcher takes up the role of a 'constructionist'. This role is played to explore topics on which the interviewer may not have sufficient beforehand knowledge and thereby seeks mutual discussion with subjects. In other words, the meanings are mutually constructed during the course of discussion.

Moving on to the interview procedure, the predominant role of the researcher was that of a positivist, however, there were occasions when it was replaced by either emotionalist or constructionist. Each interview was started with reading out the statement of confidentiality so as to ensure the protection of shared information to the respondents. It was followed by handing over a copy of questionnaire to them so as to use it for their reference while the researcher asks them to pick their answers. All the interviewees were then asked general demographical questions, confirming their age groups, the areas they live in, the existing level of qualification they acquire, their marital status and gender and the existing number of dependents they have at home. The demographic questions have been reproduced in figure 5.1.

**Figure 5.1**

- 
- What is your marital status?
  - How old were you when you stopped full-time education?
  - What is the highest level of education you achieved?
  - What is your Gender?
  - How old are you?
  - What do you think of the area you live in Sheffield?
  - How many dependents do you have at home?
  - Where were you born?

Although it might not be relevant to the objectives of research, the respondents were generally asked to give information on their qualification background and residential area. It was introduced to further subdue the formality of interview before proceeding to the more sensitive section of questions directly related to informal employment. However, the span of this discussion was strictly watched since the respondents tended to include irrelevant explanations in support of their academic backgrounds.

In the next section the respondents were asked questions regarding the participation of people with Pakistani ethnicity in informal activity. Since it was the first instance when the interviewees were asked questions using terminologies like undeclared work and tax and social security authorities, the level of scepticism went up immediately. It resulted in a sequence of counter questioning by the respondents. Most of the questions were directed at knowing about the definition of undeclared work. Figure 5.2 summarises the questions asked in this section.

**Figure 5.2**

- What percentage of Pakistani immigrants in Sheffield work without declaring total or part of their income to tax and social security authorities?
- Do you personally know any Pakistani people who work without declaring total or a part of their to tax and social security authorities?
- According to you, who are more likely to carry out informal work?
- What do you think is the percentage of Pakistani women in Sheffield who carry out informal work?
- Which of the two categories of Pakistani immigrants in Sheffield are MOST likely to carry out informal work?

The above mentioned set of questions was always preceded by reading out the definition of 'undeclared' work and clarifying the ambiguities of the respondents that might cause them to misunderstand this term. In the pilot survey, the terminology of undeclared work had been found to be misunderstood and to increase the level of respondents' scepticism as a result. It was, therefore, considered crucial at this stage of the interview to elaborate on what entailed the undeclared work and then to continue with more substantive questions.

Most of the respondents had a propensity to answer quite naively in this section, especially when asked to give their estimates of Pakistani immigrants who carry out undeclared work. Some of the respondents were even found to be employing communication-avoidance tactics in order to avoid giving definite estimations. According to Gordon (1987, p.70), "*Unfortunately, the respondent can avoid appearing uncooperative by responding voluminously with irrelevancies*

*or misinformation, and this presents a challenge to the interviewer*". Whenever the element of doubt was suspected in the replies of respondents the researcher attempted to urge them to provide honest answers by making use of reconfirmation statements. The statements like, "You are sure about that", "You would like to reconsider your option", "You know what you are estimating about", "It sounds pretty abnormal relative to the replies of other respondents", "I am surprised to have this answer", were occasionally employed by the researcher to deal with communication-avoidance tendency of interviewees. However, a great deal of vigilance was employed to ascertain that the use of such statements do not add any biasing affect to the choices of respondents, rather acts as a tool to encourage them to reply to all questions and reply honestly. The researcher was also required to act as an emotionalist at this stage of the interview. The interview went off the standard set of questions for a while and the respondents were asked in an open-ended manner why they had decided to pick the particular options. For instance, the participants who chose extremely low rates of participation for Pakistani women in undeclared work were also asked to share their personal opinions/experiences as of why they think such is the case.

The third section of the interview was comprised of a set of close-ended questions with regard to the demand of undeclared work. This is when the respondents were questioned as the customers of undeclared work. They were directly asked if they had ever acquired any undeclared good or service. If they responded positively, they were asked about the nature of those particular goods and services. Initially, it was found to be difficult for the households to recall the specific names of services and goods that they thought had been purchased on undeclared basis. In consequence, the researcher provided a list of generally used occupational trades for the respondents to use as a reference. The respondents were, however, asked not to limit themselves to the trade given in the list, rather just use it as an aid memoir. Following this, a range of close-ended questions was asked to investigate them about the sources of undeclared goods and services that they had acquired. It required the respondents to recall whom they bought these goods and services from and the reasons for buying them from a particular source. Major questions asked in this section are summarised in figure 5.3.

Figure 5.3

- Have you in the last 5 years acquired any *services* of which you had a good reason to assume that it contained undeclared work, i.e. the income was not completely reported to tax or social security institutions?
- Have you in the last 5 years purchased any *goods* of which you had a good reason to assume that it contained undeclared work, i.e. the income was not completely reported to tax or social security institutions?
- Would you please mention *three* different types of goods and services, starting with the most important one, that you purchased from suppliers working on an informal basis in the last 5 years?
- Whom did you buy this good or service from?
- What are the top three reasons for you to buy goods and services from suppliers working on an informal basis?
- What would have you done if this good or service had only been available in the formal market?
- Approximately how much %age of total money *per week* do you spend on goods/services from suppliers working on an informal basis?

The interview then entered into the most sensitive phase when the Pakistani households were investigated as the suppliers of informal work. To start with, the respondents were asked in a direct manner if they had ever worked by keeping total or a part of their income hidden to tax and/or social security authorities. It might not be encouraging for respondents to be asked this question so directly, but it was indeed an inevitable thing to do from the point of view of accomplishing the research objectives. However, the caution was to avoid associating a negative notion to this question. It was followed by the questions asking them to mention the goods and services that had been provided on such basis. For the respondents to be comfortable and truthful, the researcher found it a good strategy to re-communicate his liberal stance on undeclared practices. It was intentional for the researcher to speak in the favour of informal sector and to portray it as the flourishing segment of economy. It turned out to be a really fruitful strategy to reduce the respondents' fear of talking about their undeclared practices in front of the researcher, or the stranger, so to speak.

This section thereby required the researcher to assume the role of an emotionalist as well as conversationalist in addition to his predominant positivist role. As a conversationalist, the researcher instigated general discussion with respondents in order to form a mutual understanding of the undeclared work as a moral or immoral practice. As an emotionalist, the researcher asked the respondents, especially those who were engaged in informal activity, to share their experiences in terms of types of undeclared work they had conducted and the factors that caused them to join informal employment. It was, however, ensured that the interview did

not lose sight of the core questions. The following figure 5.4 provides a brief account of the questions asked in this section.

**Figure 5.4**

- Have you ever carried out any work for yourself or any other person in which total or a part of your income was kept hidden from tax and social security authorities?
- Would you please mention three different types of work, starting with the most important one in terms of hours spent, that you carried out by keeping total or a part of your income hidden from tax and social security authorities?
- How did you carry out the MOST important work you mentioned above?
- Did you carry out this work on part-time or full-time basis?
- In what form was this work paid?
- Please indicate whom did you carry out this work for?
- Approximately how many hours per week are you spending or did you spend on this work?

Although the respondents were mainly asked about the undeclared work they had been paid for in the form of money, later on, there were questions relevant to goods and services that they had offered as “favour” also. Firstly, households were asked whether they had ever offered any goods or services without being paid for it in monetary terms, rather it was offered as an exchange of favour. Secondly, they were asked to mention their reasons for working in the form of favour. The intention was to explore if the households tend to engage in non-monetary mode of payments for the purpose of minimizing their income and being able to earn in the non-taxable form. The terminology “working as favour”, nevertheless, was not easily understandable by respondents and required brief explanation.

The next section of the interview entailed questions specifically for the households who had been working as informal employees. Those who had been working as either formal employees or informal self-employed workers were asked to directly proceed to the next section. In this phase of the interview, the researcher tried to explore whether the respondents were satisfied with being paid by keeping total or a part their income hidden to tax and social security authorities. Respondents were also asked if they experienced any form of exploitation while working with informal employers. If the reply was positive, they were requested to share the kind of exploitation by either choosing from the given options or mentioning something that was significant but not given. Figure 5.5 summarises the questions that were asked in this regard.

**Figure 5.5**

- Has your employer ever paid all or part of your income in the form of CASH-IN-HAND so as to keep it undeclared to tax and social security authorities?
- Was/is this income a part of the reward for your regular work, was it payment for overtime hours or was it both?
- Do you experience any of the following disadvantages when working undeclared?
- Are you happy with getting your salary in the form of CASH-IN-HAND and having total or a part of it undeclared to tax and social security authorities?

It was sort of an end to the questions investigating the respondents about the nature and size of informal work they had been performing. The respondents were now questioned regarding their moral stance on the practice of saving taxes and social security contributions in general. They were asked by the researcher to rank the practice of evading taxes and social security contribution on the scale of acceptability. Following this, some closed-ended questions were asked exploring to what extent respondents consider it a criminal offence to hide income and save official deductions. In the end, the researcher attempted to know the reasons for the households to carry out their work on undeclared basis. A list of various factors was given to respondents to choose from it the ones which are most likely to work as motivating factors for them to keep their income hidden. However, respondents always had the flexibility of specifying factors outside the given list. This question indeed involved the greatest deal of discussion since the researcher encouraged the respondents to briefly explain the rationale behind their chosen factor. The questions asked during this section are given in figure 5.6.

**Figure 5.6**

- What do you think of the practice of hiding your income for the purpose of saving taxes and social security contributions?
- Is it easy for tax and social security authorities to find out if some one is HIDING whole or a part of income in the UK?
- In your opinion, what should be the penalty if authorities find out that some one has saved taxes and social security payments?
- What are the reasons for you to keep total or a part of your income undeclared to tax and social security authorities?

The last section of the closed-ended questions was only applicable to the respondents who had been working as formal employees on either part-time or full-time basis. It was comprised of questions asking the respondents to specify their formal occupation, range of annual income and the number of hours worked per week in formal employment. Subsequently, they were asked in

an open-ended manner to comment on if there is any direct or indirect relationship between their formal and informal employment. The researcher encouraged them to draw this relationship in the form of their personal experiences. The aim was to observe if Pakistani households working in specific formal sectors tended to conduct any particular types of undeclared work.

At the end of the closed-ended questions, the respondents were asked a sequence of predefined but interrelated open-ended questions. To commence, the researcher asked whether the Pakistani households think there is discrimination against ethnic minority groups in formal jobs within the UK, and if yes, what are the basis for it. It was asked to determine the level of exclusion of Pakistani households from formal employment. Respondents were also asked whether they consider their exclusion for formal employment as a crucial factor for them to rely on informal means of income. A special question was included with respect to the influence of 'caste system' on the selection of the type of undeclared work. Respondents were firstly asked if there are any prominent divisions within the Pakistani community of Sheffield on the basis of caste, and if they responded affirmatively, the researcher asked them to see whether belonging to any particular caste influences the choice of informal work. Finally, the respondents were requested to comment on the willingness of Pakistani residents, who work as informal workers, to move into the formal realm.

To conclude, it was indeed a great challenge to carry out interviews with Pakistani households on the topic of undeclared work. The greater challenge, however, was to administer the interviews such that all the questions were properly understood by respondents, the interviews generated sufficient information to meet research objectives and respondents developed a good level of trust and confidence during the course of interview. For the interviews to be administered in a successful way, the application of certain tactics proved to be extremely useful in the context of investigating the Pakistani households in relation to informal forms of work.

First, it was ensured that the interviewees were periodically reminded of the confidentiality of data and the purpose of research. Of course, it expedited the process of confidence-building, the factor that would be central to the subject as sensitive as informal economy. Second, it was imperative, at many occasions, to communicate the content of questions in the native language of respondents due to the low level of literacy<sup>33</sup> of the Pakistani community of Sheffield. Third, the intelligent role switching by the researcher was also a key to success. It would not have been possible to sustain the interest of interviewees and to acquire information in all the desired forms

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<sup>33</sup> Finding from the Census 2001 and the researcher conducted by the Sheffield City Council (2006)

had the researcher not brought variations in his personal role. Fourth, one universal interview technique was not applied across the entire interviewing phase. The majority of respondents, if not all, were quite different in terms of their social, demographic and educational profiles and thus had kept dissimilar nature and mind-sets. Therefore, the technique was to keep the interview methodology flexible enough to be able to adapt to the behaviour of any particular respondent. Fifth, at the instances when respondents selected to answer as either “do not know” or “refusal” they were aided by the researcher to stimulate their thoughts and reconsider their answers. However if their choice remained the same, the interview moved on to the next question. The purpose was to discourage the respondents not to answer a question simply for the sake of avoiding it. Apart from such tactics, it is also highly important to mention that the Pakistani ethnicity of the researcher himself played a pivotal role in the successful execution of interviewing phase. In fact, it would not be wrong to state that the initial penetration into the Pakistani community would have been many times more difficult had the researcher belonged to some other ethnicity. By being a Pakistani, the researcher was sufficiently equipped with the respondents’ native language and culture and the ability to better comprehend their replies with regard to interview questions.

## **Focus Groups**

The key findings of this research are certainly dependent upon the data collected as a result of face-to-face interviews with Pakistani households, however, three focus group interviews were also arranged with the members of Pakistani community. All the focus groups were comprised of out-and-out qualitative and unstructured discussions with their main focus on identifying the reasons/motivations for the Pakistani workers of Sheffield to join informal employment. Each focus group involved a different set of participants. The first focus group interview was conducted with a group of Pakistani households comprising of 2 professional male doctors, 1 professional female teacher, 1 housewife and 1 student. The second focus group was carried out in a relatively informal setting and involved elderly people from the Pakistani community. Participants were comprised of 1 professional lawyer, 1 informal estate agent (ex-informal taxi driver), 1 retired informal worker. It was purely comprised of male participants.

Third and the last focus group was organised in the company of young but economically active Pakistani households. The participants of this focus group involved 1 professional office worker employed with Sheffield City Council and also working as a voluntary presenter with a

community radio station, 1 professional social worker who also works as part-time informal taxi driver and 1 informal restaurant owner. The average age of this group was 33 years. Again, it was only comprised of male Pakistani households. All the three focus groups attempted to develop a better understanding of the reasons for Pakistani households to be part of informal activity with special emphasis on accessing these reasons in relation to the historical background of Pakistani community in Sheffield. The role played by the researcher during focus groups was entirely in contrast of what was adopted during face-to-face interviews. The researcher simply assumed the role of a moderator with the aim of allowing the session participants to share their opinions and experiences in an *interactive* manner. Since the researcher, unlike face-to-face interviews, did not attempt to guide the participants' thoughts, rather carried out a mutual discussion with them, focus groups emerged very different but relevant information.

## **Anecdotal Evidence**

This source of data collection was mainly composed of personal observation, case study reports and random investigations. Results from these sources have acted as secondary references for the researcher to answer researcher questions. Visiting the residential and commercial areas of Pakistani community enabled the researcher to closely observe the dynamics of their social networks, the level of professionalism involved in their work practices, working conditions and living standards. Such observations were also very helpful in accomplishing practical evidence of what they quoted in their interviews. Additionally, case study reports, statistical data and population maps related to the UK's Pakistani community were attained from the official websites of Office for National Statistics and the Sheffield City Council. These sources of information were extremely useful from the perspective of identifying the clusters of Pakistani population in Sheffield and knowing about the salient features of their social and economic profiles. Random investigations entailed casual conversations with Pakistani individuals outside the formal research settings. Most of these conversations occurred while buying food or grocery items from Pakistani shops and/or being a part of Pakistani gathering over various religious or cultural occasions.

Chapter 5  
**(Results and Discussion)**

## **Introduction**

This chapter compiles the results of the survey conducted on the Pakistani households of Sheffield so as to answer the objectives listed in the Introduction chapter. Keeping in view the types of questions to be answered, this chapter is divided into two major sections: Size of the Pakistani informal economy and Nature of the Pakistani informal economy. In order to present a nuanced understanding of various overlapping aspects related to the nature of informal work, the latter is divided into a range of sub-sections, where each is addressing a different dimension of the Pakistani informal economy in Sheffield and hence contributing to a different research objective. The section on the “Nature of informal work” participated by the Pakistani households is divided into five main themes: Supply-side analysis, Demand-side analysis, Organised informal work, Gender segmentation and Perception of informal work. All these sections will uniquely contribute to the gaps identified in the British literature regarding the immigrant informal economy.

Each of the sections and sub-sections have attempted to analyse the findings of this survey, wherever possible, in the theoretical framework established in the literature review, reinforcing or contesting certain assumptions of different theories and/or theses discussed in earlier chapters. Furthermore, it also attempts to provide comparisons with relevant studies of other ethnic minority groups and the wider literature of informal work on the dominant English population. However, it is important to outline at the outset that due to the limited data on the “nature” of informal work of ethnic minorities and immigrants, it has not been possible to provide comparative evidence for all aspects of this study.

## **The Size of Paid Informal Work conducted by the Pakistani Community in Sheffield**

In order to achieve a better estimation of the participation of the Pakistani community in informal work this survey attempts to record three different quantitative measures. Starting with a report of the general perceptions of Pakistani households of the size of informal work undertaking in their community, this survey also captures a quantitative estimate by the respondents of the amount of informal work supplied and purchased by them. It must be emphasised at the outset, nevertheless, that given the small sample size the quantitative measures reported on the magnitude of the Pakistani informal economy in Sheffield must be read in conjunction with the qualitative remarks submitted by the households in this regard. Even so, in the absence of any comparable evidence on the Pakistani community elsewhere in the UK, care is needed to interpret the findings of this survey outside the context of the Pakistani community in Sheffield. However, as discovered in the literature review, with limited empirical evidence on quantitative estimates of informal economic activities conducted by ethnic minority communities (including Pakistanis) in the UK, the indicators developed in this study can provide a good tentative size of the informal work prevailing in the Pakistani community of Sheffield.

The following sub-section will first present the estimates derived from the responses of Pakistani households regarding the size of informal economic activity conducted by the Pakistani community of Sheffield. The subsequent two sub-sections, however, tend to estimate the level of informal work that the Pakistani respondents admitted they themselves supplied/ purchased during the last five years respectively.

### **Overall participation: a perceptual estimate of the Pakistani households**

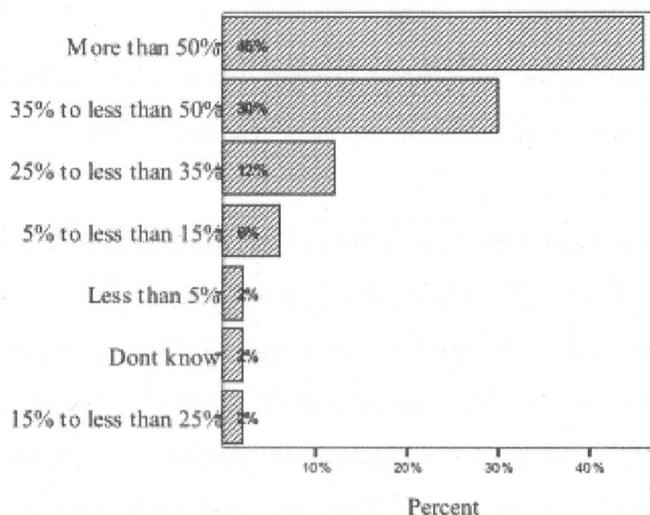
First of all, the survey records the estimates reported by the Pakistani households with regard to the percentage of their community engaged in informal work. The respondents were clearly asked to state what they believed to be the share of Pakistanis involved in informal economic activities in Sheffield. These estimates are, therefore, based on purely subjective perceptions of the Pakistanis interviewed during the survey and may not reflect the accurate size of informal work prevailing in the Pakistani community. Nevertheless, this effort to measure the magnitude of informal work based on the perceptions of the survey respondents is not unprecedented in the

British literature. The surveys conducted by the European Commission (Eurobarometer, 2007) and the Small Business Council (SBS, 2006) have already attempted to quantify the magnitude of the informal sector on the basis of what their respondents perceived the fraction of people and businesses working on an informal basis in their country to be.

As argued by Williams (2006b), one may argue that these perceptual estimates provide little more than hearsay knowledge on the size of the Pakistani informal economy in Sheffield. However, as following another line of argument by Williams (2006b), it can also be asserted that the respondents themselves, being part of the same community and that of informal economic activity on certain occasions as well, are reasonably positioned to estimate the proportion of the Pakistani community that is working on an informal basis. Furthermore, unlike the SBS (2006) survey, and adapting to the structure used by Eurobarometer (2007), this study has abstained from asking the respondents to provide one definite figure for the percentage of Pakistanis involved in informal work. Rather, as discussed below, it provides different ‘ranges’ of estimates for the respondents to choose from as the best representative of their perceptual judgement about the size of the Pakistani informal economy in Sheffield. Introduction of ranges, as asserted by Williams (2006b), in the surveys tending to measure the magnitude of informal work on the basis of respondents’ perceptions does improve their level of accuracy. Furthermore, as discussed below, the tendency of the vast majority of respondents to mark their estimates within a few specific ranges clearly reflects a good degree of consensus between their perceptions about the percentage of Pakistanis engaged in informal work in Sheffield. If these perceptions were merely comprised of subjective judgements and did not have any analytical basis, there would not be such strong patterns emerging from the results.

Nevertheless, and to repeat, given the small scale of this survey as compared with other similar surveys (e.g. SBS, 2006; Eurobarometer, 2007) that were based on wider nationally representative samples, the findings discussed in this section must be treated with caution. It is suggested that they should always be read in connection with the subsequent findings related to the percentage of respondents who reported to have personally participated in the informal sector. The following discussion will now include the analysis of the responses recorded regarding the perceptual estimates of the proportion of Pakistanis conducting informal work. Graph 6.1 presents the quantitative results in this regard.

Graph 6.1: Estimates of the percentage of households doing undeclared work



The results reveal that slightly less than half (46%) of all the participants reported that more than half of all the Pakistani community in Sheffield were engaged in informal work. Another one-third of the participants reported that about 35% to 50% of the Pakistanis in Sheffield work on an informal basis. So, overall, more than three-fourths (76%) of the Pakistani households interviewed during the survey perceived that more than 35% of the Pakistan workers living in Sheffield tend to participate in informal economic activities. Furthermore, the majority of respondents reported that at least one out of every two Pakistanis working in Sheffield is likely to work on an informal basis. Interestingly, some of the respondents, were assertive about the belief that it is actually more than 90% of the working Pakistanis living in Sheffield who tend to be a part of informal economic activity. Some of the participants, for instance, stated,

“I think all of us are in the professions where the opportunity of hiding income is just perfect” (Male, 40-55yrs, Shop owner)

“I have been living here in the Pakistani community for the last 10 years or so, and I have not known any one who has never worked in the informal sector” (Male, 26-40yrs, Accountant)

“Informal businesses – for Pakistanis it is as common as beer for English people. You can find everyone being addicted of it” (Male, 26-40yrs, Taxi Driver)

Similarly, another Pakistani household commented on the options available on the questionnaire by saying,

“You should add ‘more than 90%’ in your list of choices because 50% would be an understatement in case of Pakistani workers” (Male, 15-25yrs, Taxi Driver)

Hidden in these statements is a strong assertion of the widespread prevalence of informal work in the Pakistani community of Sheffield. Many similar remarks concerning the execution of informal activities by Pakistani workers were put forth by an overwhelming majority of respondents during the survey. Only ten percent of the total participants, on the contrary, were found to report that the percentage of Pakistanis in Sheffield who conduct informal work is less than 25%. All of them, however, did confirm such work as being undertaken by a much larger fraction of Pakistani households in the past. Furthermore, four of these five participants who perceive the magnitude of the Pakistani informal economy to be relatively low are themselves working as full-time managers in the formal sector with weak connections to the informal business community. For this reason, they were rather dubious about their estimations. Overall, the response rate was extremely high when the participants were asked to share their perceptions about the participation of their community in the informal economy. Only one participant responded as ‘don’t know’.

The replies of the respondents with regard to the size of informal work do not vary based on their employment status. Both the formally and informally employed participants provided identical estimates for the magnitude of informal work existing within the Pakistani community. Table 6.1 illustrates the relationship between the current employment status of the respondents and their perceptions of the percentage of Pakistanis working on informal basis.

Table 6.1: Correlation between employment status and the estimates of the size of informal work

What percentage of people with Pakistan ethnicity in Sheffield work without declaring total or part of their income to tax and social security authorities?	Are you working formally at present?	
	Yes (%)	No (%)
Less than 5%	2.6	
5% to less than 15%	2.6	18.2
15% to less than 25%	2.6	

25% to less than 35%	15.4	
35% to less than 50%	28.2	36.4
More than 50%	46.2	45.5
Don't know	2.6	

It is clearly shown that regardless of whether the respondents were currently working in the formal sector or not, their estimates of the participation of the Pakistani community in informal work are concentrated towards the highest end of the scale.

Likewise, there do not appear to be any gender variations (see table 6.2) in the estimates of the participants. Both male and female respondents tended to provide high estimates. No less than three-quarters (75%) of the female respondents felt that more than 35% of the Pakistanis in Sheffield were keeping their incomes informal to the tax and social security authorities. Meanwhile, 76.1% of the male respondents reported an equally high percentage of informal employment. The conclusion is that both the Pakistani male and female respondents perceived informal work as being deeply embedded in the working practices of their community.

Table 6.2: Gender-wise perceptual estimates of the level of informal work conducted by the Pakistani community

What percentage of people with Pakistan ethnicity in Sheffield work without declaring total or part of their income to tax and social security authorities?	What is your gender?	
	Male (%)	Female (%)
Less than 5%	2.2	
5% to less than 15%	4.3	25.0
15% to less than 25%	2.2	
25% to less than 35%	13.0	
35% to less than 50%	26.1	75.0
More than 50%	50.0	
Don't know	2.2	

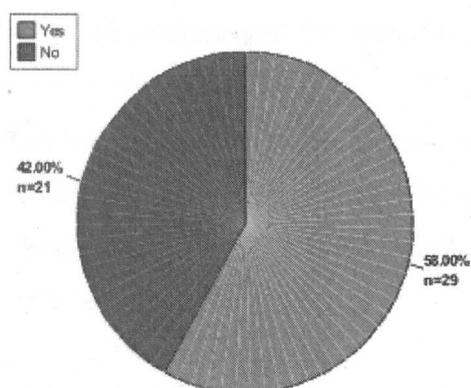
Regardless of gender and employment status of the participants, the survey has recorded high figures for the perceptual estimates of Pakistani households related to the magnitude of informal work conducted by their co-ethnic community in Sheffield. This cross tabulation of estimates across two different employment and gender groups of the Pakistani respondents has further highlighted the consistency of perceptions existing in the Pakistani households of Sheffield with regard to the level of informal work undertaken by their community. Irrespective of how the results are tabulated and compared, the vast majority of the responses tend to provide high estimates of the percentage of Pakistanis involved in informal economic activities. It certainly points to a pattern existing in the perceptual estimates of the Pakistani households surveyed, which according to Williams (2006b) is a sign of good reliability for the surveys that attempt to quantify the magnitude of informal work on the basis of respondents' perceptions.

In order to improve further the validity of estimates for the size and prevalence of informal work in the Pakistani community, this survey does not solely count on the data drawn from the perceptions of the respondents. Rather, two more accurate measures have also been reported. These measures tend to describe the level of informal work that the respondents admitted that they themselves supplied or purchased during a specific period of time. It is to the discussion of these estimates that the focus will now turn.

### **Share of the Pakistani households supplying informal goods/services**

Following the initial questions regarding the individual perceptions about the share of the Pakistanis doing informal work in Sheffield, each of them were directly asked whether they themselves had worked by keeping the total or a part of their income hidden to official authorities in the last five years. The period of investigation, however, unlike Eurobarometer (2007) and Pedersen (2003), is not limited to the last twelve months, but rather prolonged over a much longer period of time. It is assumed that by doing so not only the size of the recent informal activity is evaluated but also the 'tendency' of the Pakistani households to work as informal suppliers could be examined. For this survey to measure the tendency of the Pakistani respondents to work as informal suppliers, it is believed that one should focus beyond their current rate of participation, and try to investigate their likelihood of participation over the last few years. Graph 6.2 summarises the results of the survey in this regard.

Graph 6.2: Percentage of the Pakistani households who have carried out informal work



The research identified a significantly high rate of participation in informal work within the Pakistani community of Sheffield. Of all the households interviewed, more than half (58%) stated that they had undertaken a substantial amount of informal work in one form or the other during the last 5 years. Not only is the quantitative evidence quite compelling in this regard, but the survey respondents were also quite assertive in their follow-up remarks expressing their involvement in the supply of informal work. Some of the most significant statements are given below.

*“Informal work is all what I have done since I came to the UK”* (Male, 26-40yrs, Plumbing shop employee)

*“Yes, I have carried out a variety of informal businesses in Sheffield at different points in time. It is the most permanent source of my livelihood”* (Male, 55yrs+, Shop owner)

*“You can not expect me or any other Pakistani for that matter to remain totally aloof of cash-in-hand (informal) activities – it is everywhere inside the community, and you eventually fall for it at one stage or the other”* (Male, 55yrs+, Mosque imam)

*“Cash-in-hand taxi driving is far better than a formal job for me. It provides me instant cash without any complications ..... I would prefer to work like this”* (Male, 26-40yrs, Taxi driver)

*“I think corporate jobs are not for ethnic minorities – I am better off working in jobs where I can earn in the form of cash ..... and there are many benefits for me in such jobs” (Male, 26-40yrs, Garments shop employee)*

*“Absolutely, my engagement in this small informal business (grocery shop) is far more permanent and intensive than any English person. They (the English) also do such businesses, but far less often than us (the Pakistanis)” (Male, 55yrs+, Self-employed retailer)*

*“Pakistanis are certainly the leaders in cash-in-hand businesses. Every other Pakistani in Sheffield is doing it on a cash-in-hand basis. If they are not hiding their income, they must be hiding the salaries of their employees” (Male, 40-55yrs, Self-employed plumber)*

All these statements, and many more, given by the respondents of the survey report a strong tendency on the part of Pakistani households to engage themselves in informal economic activities whilst refusing jobs available in the formal sector. One can see an ‘expression of willingness’ amongst the majority of Pakistani respondents with regard to working as the suppliers of informal work. The reasons as to why the Pakistani households tend to work as informal suppliers are multifarious in nature, and are thoroughly analysed in later sections.

However, in case of the findings discussed in this section, one must not turn a blind eye towards the percentage of respondents who did not report to have undertaken any form of informal work during the stated period. Evidently, there are a considerable proportion of Pakistani households (i.e. 42%), who have not been part of informal economic activity during the last five years and are constantly earning their living through formal employment. The percentage of such Pakistanis in Sheffield, as discovered during the survey, is too substantial to be ignored. Some of these participants, as quoted below, were quite assertive in expressing their disengagement from informal work.

*“It’s been ten years now since I am working in the UK, but I have never been a part of any sort of informal work, and perhaps will never be ..... my formal employment is too demanding to spare time for even part-time informal work” (Male, 40-55yrs, Doctor)*

*“This is my third year in the UK and during this period I have worked as an irregular part-time tutor on many occasions inside the University. It was essential to cover up the additional living cost after the arrival of my wife and son in the second year ... .. many cash-in-hand opportunities were available in call centres, restaurants, salesmanship etc, but I always preferred a formal kind of job within the university ... .. Of course I do not feel good to see a considerable percentage of my salary going to income tax and social security on my monthly receipt, yet I think it is much better than those valueless cash-in-hand jobs”* (Male, 26-40yrs, Student)

*“No, not in the last 5 years; I did some informal jobs in the beginning when it was required. Now I have been earning through formal employment for quite sometime. But I think many Pakistanis still work as cash-in-hand workers”* (Male, 40-55yrs, Policeman)

*“I came after my husband nine years ago and remained a housewife until a couple of years ago, when I started working as an instructor in a school. It is a full-time formal job ... .. informal jobs were never needed, nor were a good match for my temperament”* (Female, 26-40yrs, Teacher)

Based on these statements as well as similar remarks made by other respondents during the survey, along with the results shown in graph 6.2, one cannot very conclusively say that the majority of the Pakistanis living in Sheffield tend to participate in informal work. In fact, a sizeable percentage of them were quite forthcoming in expressing their refusal of informal economic activities. The quantitative evidence reported here (see graph, 6.2), and supported by the qualitative statements shared by the respondents, tend to conclude that the relative gap in the number of Pakistani households who work on an informal basis and those who do not is not great, at least when examined for the last five years. In that sense, the supply-side participation of the Pakistani informal economy in Sheffield seems to project a fairly balanced picture, with of course a slightly higher percentage of the Pakistani households admitted to having worked as the suppliers of informal goods/services. In other words, one may argue that while there is a high tendency of Pakistani households to participate in the supply of informal economic activities, it would be far from reality to discount the fact that a good number of them in Sheffield would still like to earn their living from the formal sector.

The following section will now present the third and last type of evidence gathered in the wake of estimating the participation of Pakistani households in informal work. Nevertheless, in

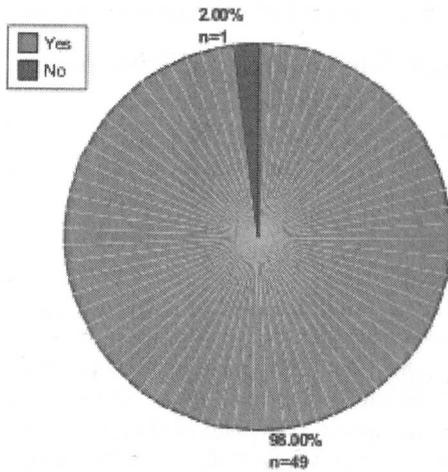
contrast, it will attempt to measure the engagement of the Pakistani households in the informal sector in terms of their tendency to act as the “purchasers” of informal goods/services. This diversity of data, it is believed, would help to analyse from multiple perspectives the extent to which the Pakistanis in Sheffield tend to participate in the informal economy, and would allow a comparison between their two forms of participation (see also, Williams, 2004a; Eurobarometer, 2007).

## **Share of the Pakistani households purchasing informal goods and services**

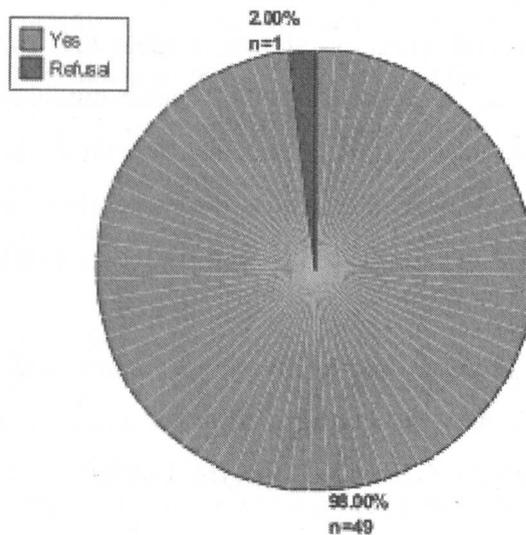
In order to estimate the percentage of Pakistanis who have consumed goods and/or services presumably delivered through informal work, the respondents were directly asked in the closed-ended manner whether they have acquired any such goods and/or services during the last five years. Following the survey used by the European Commission (Eurobarometer, 2007), however, the formulation of the question in this regard (*Have you in the last 5 years purchased any goods/services of which you had good reason to assume that it contained informal work?*) is such that the respondents were given all the discretion to decide whether they were completely aware of if the goods/services they purchased actually involved any informal work. In that sense, there is a certain element of “assumption” involved in the responses of the Pakistani households with regard to declaring their certain purchases of goods/services as being undertaken on an informal basis. According to Williams (2004a), the people who purchase informal goods/services can not always know with absolute certainty about the informal nature of their purchases unless the supplier confirms it himself. It is, therefore, important to mention at the outset that the answers of the Pakistani households as the purchasers of informal work in this regard may not at times be based on correct assumptions, and should be carefully treated.

Again the period of investigation, unlike Eurobarometer (2007), is set to five years because the objective was only to determine the magnitude of recent demand for informal work by the Pakistani households, but also to estimate their tendency in a longer term to participate in the informal economy as purchasers. The replies of Pakistani households have been summarised in Graph 6.3 and Graph 6.4.

Graph 6.3: Percentage of the Pakistani households who have acquired informal services



Graph 6.4: Percentage of the Pakistani households who have acquired undeclared goods



The results are very striking. Of all those who were interviewed, 98% (49 out of 50) of the participants reported to have consumed various goods/services in the last five years for whom there were good reasons for them to assume that the purchases involved informal transactions. Only one of Pakistani households did not report to have consumed any informal service during the last five years. More interestingly, almost all the Pakistani households (48 out of 50) with the

exception of two tended to consume informal goods as well as services at the same time. One of these two participants was quite straight forward in expressing that he did not know if the goods/services he purchased during the last five years involved informal suppliers or not. Table 6.3 presents the number of participants who answered in affirmation with regard to the consumption of both the informal goods and services.

Table 6.4: Percentage of the households who are buying both informal goods and services

Have you in the last 5 years purchased any GOODS of which you had a good reason to assume that it contained informal work, i.e. the income was not completely reported to tax or social security institutions?	Have you in the last 5 years acquired any SERVICES of which you had a good reason to assume that it contained informal work, i.e. the income was not completely reported to tax or social security institutions? (No. of respondents)	
	Yes	Refusal
Yes	48	1
No	1	

Clearly, there is a strong overlap between those purchasing services and those purchasing goods stemming from informal work. As shown in table 6.4, almost all the respondents, with one exception, admitted to be engaged in the regular purchase of both the informal goods and services. Some of the most significant statements given by the Pakistani households in support of their answers to the close-ended questions discussed above and to express their tendency to buy from the suppliers that they presumed to be working on an informal basis are given as below.

*“The use of products sold by these cash-in-hand (informal) outlets is at times absolutely essential. We buy and consume them on a regular basis ..... because there are many benefits of it”* (Female, 26-40yrs, Teacher)

*“I think I use such goods or services on every other day. It is so common a thing that I do not even have a definite record of such purchases”* (Male, 15-25yrs, Takeaway employee)

*“It is absolutely a matter of routine ..... we buy from these cash-in-hand (informal) shops every now and then”* (Male, 26-40 yrs, Self-employed plumber)

*“I but from them (informal suppliers), my friends buy from them, my relatives buy from them ..... to be honest, every single household in the Pakistani community does that”*  
(Male, 40-55yrs, Sheffield City Council employee)

*“Well, on average I buy 3 to 4 items from these informal grocery shops every time I visit them. And I think I visit them every day while driving back home”* (Male, 26-40yrs, Taxi driver)

*“Ah! It is a matter of everyday activity for me to use these informal takeaways, or other similar businesses for that matter ..... No Pakistani household can give you an exact estimate of how much they buy from these cash-in-hand shops, because it is too frequent to be measured”* (Male, 40-55yrs, Pakistan Community Centre employee)

Many similar remarks were shared by the respondents while they tried to signify the extent and regularity of their purchases made within the informal sector. As it can be inferred from the aforementioned statements that most of the respondents who admitted to consume informal goods/services were quite truthful and expressive about what they assumed to be their informal purchases. It may also be important to note in these statements that the Pakistanis working as formal employees are almost equally likely to purchase from the informal sector. The statements recorded by the respondents working for various formal organisations, such as the Sheffield City Council, Pakistan Community Centre and a community school, also tended to emphasise how the goods/services purchased from informal suppliers happen to form a considerable and frequent component of their everyday life. Some of the replies submitted in this regard by formally employed Pakistani households are as follows.

*“I have always chosen formal work, but when it comes to buying certain things, I think I am a big consumer of the informal sector”* (Male, 26-40yrs, Police officer)

*“I try to buy from large supermarkets as much as possible but ..... it does not totally substitute my use of small cash-in-hand shops ..... I still buy from them quite regularly”* (Male, 50+ yrs, Manager)

*“I do not believe in underreporting of income and evading taxes. I am trying to comply with all business rules and regulations for quite some time now ..... I discourage such (informal) businesses, but at the same time if you ask me about my most frequent purchases I would say they come from these small informal businesses and self-employed people”* (Male, 50+yrs, Self-employed Estate Agent)

Based on the evidence presented above, one may imply that the Pakistanis working as formal and informal workers are almost equally likely to contribute to the demand of informal goods and services when examined in the context of the Pakistani community of Sheffield. Moreover, the overall implication of the data presented in this section is that a vast majority of the Pakistani households tend to view the purchase of the goods and services presumably stemming from informal work as strongly embedded in their every day consumption. To repeat, nevertheless, one must not lose sight of the fact that the replies of the Pakistani households regarding their use of informal work are premised on certain assumptions. They may not at times know for sure if the goods/services they purchased are being supplied informally or formally. There might be instances when the Pakistani households surveyed, despite their strong convictions, did not correctly judge if the supplier they presumed to be working on an informal basis was actually doing so. Therefore, the magnitude of the informal purchases as reported by the Pakistani households is likely to be slightly overstated, and hence should be interpreted with some care. This survey, however, contributes plausibly with respect to measuring the ‘tendency’ and ‘likelihood’ of the Pakistani community to engage in the use of informal work, which appears to be quite high in the context of Sheffield.

In summary, it is argued that all the three indicators, with their respective caveats, included to estimate the participation of Pakistani households in the informal economy tend to imply that the Pakistanis living in Sheffield are quite likely to participate both in the supply and demand of informal economic activities. Despite the small size of the sample, one can see some strong patterns emerging from the results. The vast bulk of the participants tend to provide homogeneous responses especially in the case of perceptual and demand-side estimates, implying a strong consensus of views favouring the overwhelming participation of the Pakistani households in informal work. Therefore, so far as the given context is concerned, one should avoid basing judgement on any single indicator or the quantitative data for that matter. Rather, a more nuanced and authentic estimate of the participation of Pakistani households in informal work, and more precisely their tendency to do so, can be developed by jointly taking into account the findings discussed in each of the above sub-sections.

Lastly, is the Pakistani community of Sheffield more likely to engage in informal work than the dominant White population of the UK? Apparently, examining the results of the surveys conducted on various English households/businesses (e.g. Eurobarometer, 2007; Williams, 2004a; SBS, 2006), one may tend to read the Pakistani households as far bigger participants of the informal economy as opposed to their English counterparts. Nothing very comparable in the English literature is yet available to conclusively measure, however, the relative size of the informal work supplied/demanded by the Pakistani community against that of the English population. For example, the exaggeration of the results of this survey in comparison with wider national studies, such as Pedersen (2003) and Eurobarometer (2007), is primarily due to the much shorter period of investigation (i.e. 12 months) in the latter cases. When compared with the results of the English Localities Survey (Williams, 2004a), on the other hand, the overestimation of the size of the Pakistani informal economy in Sheffield is attributed to two major factors. First, there is difference in the unit of measurement, where Williams (2004a) attempts to estimate the magnitude of informal work in English localities based on the number of tasks performed using cash-in-hand work. Second, it investigates only the informal work supplied/demanded within the personal and domestic services sector. Resultantly, although the Pakistani community appears to exhibit a high rate of participation in the informal sector, it can not be claimed with any certainty that they participate more intensely than their English counterparts. Given the overwhelming patterns identified in this study, however, one may at least say that the Pakistanis living in Sheffield have comparatively higher “likelihood” to engage in the informal sector.

Now, when compared with the tendencies of other ethnic minority communities so far studied in the UK (e.g. Jones et al., 2010; Jones et al., 2004; Vershinina et al., 2009; Community Links UK, 2007), this study seems to offer fairly supporting evidence that reinforces the widespread involvement of informal practices in the routine economic activities of immigrant and ethnic minority populations in the UK. It is to be noted, however, that none of these previous studies has attempted to quantify the extent of informal work prevailing in their respective communities in the same structured manner as this research on Pakistani households does. The relative size of informal work conducted by the Pakistani community of Sheffield against that of other ethnic minority communities, therefore, cannot at this stage be presented in more quantifiable terms.

Having developed tentative estimates for the extent of informal work conducted/consumed by the Pakistani households of Sheffield and understood their tendency to participate in such work,

the focus of this chapter will now turn to what Thomas (1999) calls more substantial issues of the informal economy. The following section, using the same supply and demand side division, will attempt to disintegrate and explain the different aspects related to the 'nature' of informal work conducted by the Pakistani community.

## **The Nature of Paid Informal Work conducted by the Pakistani community in Sheffield**

The aim of this section is to examine the nature of the participation of the Pakistani community of Sheffield in informal work. Keeping in view the objectives set at the start of the thesis, this section in the context of the Pakistani households will attempt to answer a specific set of questions, such as what type of informal work is supplied/purchased by them? What sort of Pakistani immigrants in Sheffield are more likely to participate in informal economic activities? What type of work relations are usually involved in the informal economic exchanges of Pakistani households? Why do they engage in the supply and purchase of informal work? What is the share of Pakistani women in the supply of informal economic activities undertaken by the community in Sheffield? How much of the informal work conducted by the Pakistani community is comprised of organised informal work, and what are the rationales for the Pakistanis working as off-the-books employees? Lastly, what is the level of moral acceptance for such work amongst the Pakistani community? The scope of the discussion in this section is focused on, but not strictly limited, to these questions. There are some other important implications also explored along the discourse.

In order to improve the understanding of the contributions made by this section to the wider British literature, attempts are made, wherever possible, to maintain the same structural format as the one followed in the literature review. However, following the survey format used by Eurobarometer (2007), certain deviations are inevitably apparent due to difference in the nature of data gathered in this survey and the way the bulk of the studies on the immigrant informal economy in the British literature (e.g. Jones *et al.*, 2004; Ram *et al.*, 2007; COMPAS, 2004; Jones *et al.*, 2010) tend to organise their results. However, the basic theoretical framework remains the same, with certain theorisations, as presented in the literature review, related to the informal economy being analysed in the context of the Pakistani community. Additionally, some general theorisations and concepts of ethnic entrepreneurship from the British literature, such as super diversity, solidarity and anti-solidarity thesis, are also occasionally called into debate during the analysis.

Given the objectives set in the Introduction chapter and to fill up the intended gaps of the literature in a more comprehensible manner, this section is divided into five major themes. Some of these themes are further divided into a few sub-sections depending upon the number of

dimensions explored under each theme in the survey. The themes are structured in the following order.

- I. Supply-side analysis
- II. Demand-side analysis
- III. Organised informal work: a dynamic tension of agency and structure for Pakistani employees
- IV. The Pakistani informal economy: a gendered analysis
- V. Moral acceptance and riskiness of informal work

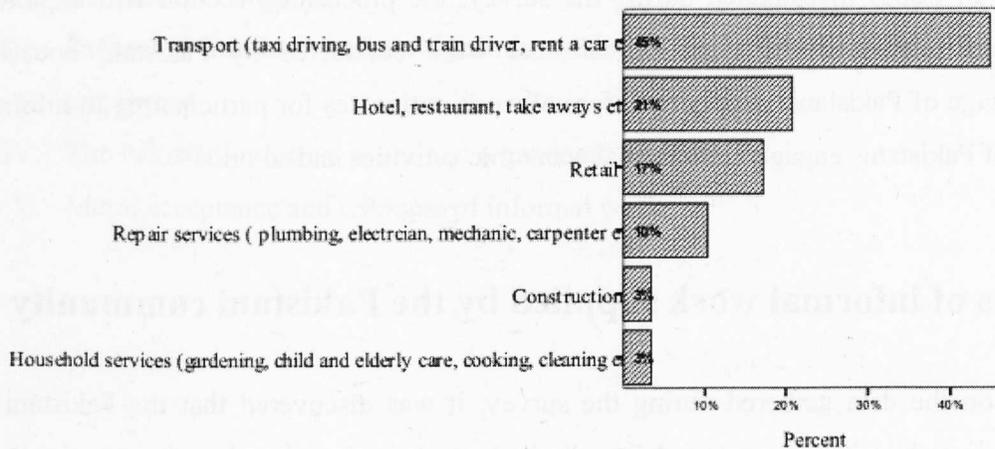
## Supply-side analysis

First of all, the supply-side of the Pakistani informal economy is presented. Structured around a variety of issues investigated during the survey, the proceeding section will explore through questions related to the types of informal work conducted by Pakistani households the percentage of Pakistanis supplying informal work, rationales for participating in informal work, types of Pakistanis engaged in informal economic activities and so on.

### **Types of informal work supplied by the Pakistani community**

Based on the data gathered during the survey, it was discovered that the Pakistani informal workers are heavily concentrated in a limited number of trades. In other words, the type of informal work supplied by the Pakistani ethnic and immigrant group of Sheffield does not comprise of any wide variety of goods or services. As illustrated in Graph 6.5, of all the households who had carried out or were engaged in informal work, 93% fall in just four sectors. Among these the 'transport' sector turned out to be by far the most frequent response, with 43% of all the participants had worked informally in this sector. In the context of the Pakistani community, the transport sector can be easily interpreted as 'taxi driving' since apart from only one respondent, all the participants who chose transport as their most important informal occupation had worked as informal taxi drivers. The second in the list was the occupation related to 'hotels, restaurants and takeaway outlets'. Slightly more than one fifth of the participants (21%) who had undertaken informal work mentioned it as their most important informal occupation. The third highest number of Pakistani informal workers (17%) was identified in the 'retail' sector, mainly consisting of retail outlets for garments, groceries, hairdressing and poultry. The last significant sector from the perspective of informal work has turned out to be 'repair services'. One-tenth of the participants who had worked informally reported repair services as the most important informal work they had ever conducted. The least amount of informal work was identified in the sectors of 'construction' and 'household services'. Only a weak minority (3% in each of the sectors) of the Pakistani households mentioned these sectors as the domain of their most important informal work.

**Graph 6.5:** Types of informal work supplied by the Pakistani households in last 5 years (as %age of respondents)



Such a high tendency of being concentrated in specific sectors and occupations is nothing unique to the Pakistani informal workers of Sheffield. Ethnic minority and immigrant groups, more often than not, find themselves heavily concentrated in specific sectors throughout the advanced economies (Williams and Windebank, 1998). A wide range of research, for instance, identifies ethnic minority women to be overrepresented in particular sectors such as domestic services and manufacturing homework (Mingione, 1991; Boris and Prugl, 1996; Phizacklea, 1990; Sassen, 1989). Similarly, in New York, Sassen (1989) discovered that the highest concentration of Hispanic informal workers existed in the construction industry. Portes (1994) and Stauffer (1995), meanwhile, found out that the vast majority of ethnic minority and immigrant men were working as autonomous informal workers with heavy concentration in the occupation of street vending, which had increasingly become dominated by ethnic minority populations.

Also, the tendency of the Pakistani households to undertake the majority of their informal economic activities in specific sectors appears to comply with what has been generally found in the UK. Most of the studies conducted in the midlands, for example, have suggested that ethnic minority and immigrant communities tend to carry out the bulk of their informal economic activities in only three major sectors, including catering (e.g. Ram, 2002b; Jones *et al.*, 2006), clothing (Ram *et al.*, 2007; Jones *et al.*, 2004) and low order retailing (e.g. Jones *et al.*, 2010; Ram *et al.*, 2008). Likewise, the studies conducted on wider populations, predominantly consisting of English households or businesses, in the UK also propose a disproportionate share

of informal work (more than 60%) as being undertaken in just two sectors – construction and personal services (see, for example, Williams, 2004a; Eurobarometer, 2007; SBC, 2005). The findings of this survey, in that sense, happen to fit well with the predominant trends of the British literature.

However, so far as the types of sectors are concerned, the contrast between the Pakistani community of Sheffield and that of the wider English population can not be more striking. First of all, as apparent from graph 6.5, the refusal of Pakistani suppliers to choose the construction and repair services sectors as the main avenues for their informal activities runs in marked contrast with the predominant trends of English communities all across the UK, where an overwhelming amount of informal work is found to take place in these two major sectors (e.g. Pedersen, 2003; Eurobarometer, 2007; Williams, 2004a; SBC, 2005). On the contrary, the supply side of the Pakistani informal economy tends to be overrepresented in the sectors – transport, catering and retail – that happen to form an inconsiderable fraction of the overall informal economy in the UK. Most of the previous studies conducted in various English localities have described these sectors as constituting an infinitely small share of informal work when compared with the scale of informal activities undergoing in the domains of construction and domestic services.

This research, therefore, goes further to seek explanation for the concentration of informal Pakistani businesses, as observed in Sheffield, in the sectors generally underrepresented in the overall British informal economy. The qualitative evidence gathered as a result of some open-ended follow-up questions with the respondents, in conjunction with the study of Sheffield City Council (Community Profile, Pakistani, 2006), has enabled the researcher to identify a mix of factors responsible for this particular segmentation of informal work conducted by the Pakistani community. It is to these factors that the debate will now turn.

Historical trends: According to the information gathered in the form of follow up discussions with the participants, one of the most important factors that make Pakistani workers choose trades like taxi-driving, retailing, hotelling or repair services is the long established practice of joining these occupations. The informal businesses of the Pakistani community in Sheffield have become so well established and widespread in these specific sectors that any new member of the community, who desires to join informal work, is very highly likely to start in any of them. As some of the participants working as informal workers commented to highlight the significance of historical trends with respect to their selection of informal work,

“Taxi driving is what has been inherently transferred to us. We have been doing it for the last so many decades in Sheffield and it has become now the most common profession among the community” (Male, 40-55yrs, Shop owner)

*“I believe we should not be blamed for opening up so many informal takeaways and restaurants – this is what has been transferred to us from generation to generation”*

*“Apart from cash, what attracts me to work as a taxi driver is the fact that we (the Pakistanis) have dominated this sector in Sheffield for ages now”*

*“I know there are better trades in the market, but it is always more comfortable and secured to work in the sectors where there are more Pakistanis”*

*“There are many more cash-in-hand opportunities for Pakistanis in trades like taxi-driving, retailing and hostelling as compared to any other thing ..... we kind of specialise in them ..... this is only what most of our community have done”*

Reflected from these statements is the ‘easiness’ that the Pakistanis tend to associate with certain sectors that they believe are traditionally related to their community in Sheffield. The survey also identified a certain level of ‘security’ existing amongst the Pakistani households while they choose to carry out their informal economic activities in the trades that they believe are strongly embedded in the work culture of the wider community for quite some time now. The significance of historical trend as a potential cause for the Pakistanis households to concentrate their informal businesses in a few specific sectors, therefore, should not be understated.

Self-recruiting labour market: Linked with the factor of historical trend is the development of a self-recruiting labour market within the Pakistani community of Sheffield vis-à-vis their informal economic activities. Self-recruiting labour market in this context refers to the phenomenon where an unemployed Pakistani worker is more likely to be recruited by co-ethnic businesses as opposed to the wider labour market of the UK. In Sheffield, the survey identified this phenomenon as one of the important reasons driving informal Pakistani workers to pursue their economic practices in a handful of sectors that happen to contain a disproportionate share of informal Pakistani businesses. Statements shared by some of the respondents, for example, evidently describe their tendency to participate in a specific trade of informal work as a direct

repercussion of the fact that they found more plausible opportunities in their co-ethnic labour market, which itself is limited to a few typical trades, they asserted. A couple of respondents working as off-the-books employees for an informal Pakistani takeaway, for example, stated that,

*“What you perceive back home is very different ..... but when you come to the UK it is all together a different story – Pakistanis are just driving taxis or working at restaurants ..... and these are the only options available to new immigrants also”* (Male, 26-40yrs, Takeaway employee)

*“It is always easy to work for a Pakistani business, but the problem is then all we can do is either to work at a restaurant or to go a drive a taxi”* (Male, 16-25yrs, Takeaway employee)

Similar comments, as given below, were also submitted by respondents working outside the restaurant sector.

*“Why I am running a plumbing shop is due to many unique reasons, otherwise most of the Pakistanis in Sheffield are hired by these small cash-in-hand takeaways or ..... they remain unemployed”* (Male, 40-55yrs, Self-employed plumber)

*“It is like a continuous process in which the older employees are replaced by their younger generations or the new immigrants arriving from Pakistani at the most. No diversification in the portfolio of these informal Pakistanis businesses could be possible when even the replacement is being done in the same trades”* (Male, 40-55yrs, Doctor)

*“With so many Pakistanis in these informal businesses (retail, transport and restaurant) you can fit into any one of them very easily ..... otherwise many Pakistanis in Sheffield would be out of work”* (Male, 26-40yrs, Meat shop owner)

This tendency of the Pakistani community to abandon the opportunities available in the wider job market and to rather prefer working for their co-ethnic employers is also highlighted by the study conducted by the Sheffield City Council (Community Profile, Pakistani, 2006). The study emphasises that the dominance of Pakistani businesses in selected sectors acts a favourable cause for new Pakistani immigrants to be able to find quick employment in those sectors. This

phenomenon of the self-recruiting labour market, as emphasised by the Sheffield City Council, is further facilitated due to the social isolation of the Pakistani community, which has been a major cause of their perpetual dependence on co-ethnic businesses so far as employment is concerned

The Pakistani community of Sheffield tend to behave in the similar fashion to the ethnic minority and immigrant populations of the US. In New York, for example, older immigrant businesses make use of recent immigrants from their own community as a source of cheap informal labour (Sassen, 1989). Much more intense practice of recruiting informal labour from within your own ethnic group was found inside the ethnic enclaves of the US (Lim, 1993; Sassen, 1989; Portes and Stepick, 1993).

Another important factor that tends to make it more probable for new Pakistani immigrants to join co-ethnic employers is that of chain migration. The promotion of chain migration and the obstruction of general immigration for former colonial citizens through the introduction of new passport entitlements have made the migration heavily localised since the early 1960s. People from specific localities/families in Pakistan could only easily make their way through stringent immigration laws. For those with no prior sponsors in the UK, it has been a real ordeal to secure medium- to long-term visas to remain in the country. The job choice for many Pakistani workers, especially for the ones arriving through family reunification, marriage or illegal routes, is restricted to informal businesses already prevalent in the Pakistani community of Sheffield. Such historical caveats have, therefore, established a kind of 'inescapable' patterns of economic activity, repeatedly defining the same set of sectors for them to pursue their informal endeavours (see also, Ram *et al.*, 2001a). Long-held stagnation of Pakistani suppliers to a few specific sectors over multiple generations has now developed into an entrenched cultural norm, where a new entrant finds himself increasingly inclined towards certain types of informal businesses. This is what accounts for a strong 'cultural pull' into the traditional forms of informal economic activities.

Low barriers to entry: Referring to Graph 5.5, more than 80% of the Pakistani informal workers are employed in the sectors of transport, restaurants and retail, all of the them are comprised of non-technical trades and do not require high levels of skill. They are unskilled professions instead. The propensity of Pakistani households to choose taxi-driving as their preferred mode of informal work, for example, is said to be mainly driven by low institutional barriers that one may come across in this profession. In Sheffield, all it requires is a driving licence and registration of the vehicle with the Public Carriage Office in Greater London or the local authority, which does

not necessitate the applicant to meet a certain level of qualification or to acquire any professional certification<sup>34</sup>, as is the case with skilful trades. In Sheffield, the whole process of acquiring the licence and registration takes at least six months, but usually no longer than seven months, as widely shared by the respondents. Even the cost incurred (£450-£500)<sup>35</sup> is significantly less than what it would be to gain the required certification in trades like construction and domestic services. There is a mandatory written (assessment) and practical (knowledge) test to be given by the person who desires to secure the licence. In case of the Pakistani community surveyed, however, the successful completion of these tests was said to be highly supported by widespread guidance available from experienced Pakistani taxi drivers, and is not generally seen as a highly challenging task by the respondents. Many of them were of the view, as mentioned below, that their choice to work as informal taxi-drivers and that of the Pakistani households in general is largely an outcome of low regulatory and educational barriers that this profession offers.

*“It is very easy to be a taxi driver. All you require are five to six months to spare”* (Male, 26-40yrs, Taxi driver)

*“To be a taxi driver in Sheffield is the quickest way to arrange a legal means of income ..... there are no lengthy tests, no qualification, no experience whatsoever ..... cost is very low too”* (Male, 40-55yrs, Taxi driver)

*“You just have to pass a couple of tests (to be a taxi driver) which are not very difficult when you have so many friends and relatives working as taxi drivers”* (Male, 26-40yrs, Taxi driver)

*“I am preparing for my assessment (the written test) these days. It will be my second try in the last 2 months and this time the chances are quite bright because my employer (Pakistani) is guiding me a lot ..... I am not a very educated person otherwise and it is difficult to learn things in English, but when you have so much guidance from other Pakistani drivers it becomes quite easy”* (Male, 26-40yrs, Takeaway employee)

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<sup>34</sup> Drivers Guidance - accessed at: <http://www.sheffield.gov.uk/business-economy/licensing/general-licensing/taxi-licensing>

<sup>35</sup> Current Application Fees – accessed at: <http://www.sheffield.gov.uk/business-economy/licensing/general-licensing/taxi-licensing>

*“For Pakistanis it is a face saving strategy to start driving a taxi. All those who have no special skill or qualification find it very easy to earn a reasonable income as taxri drivers  
..... then of course there is a good opportunity to evade taxes in this profession”*  
(Male, 55yrs+, Advocate)

*“Taxi driving is the simplest and easiest mode of earning for Pakistanis in Sheffield  
..... with so many Pakistanis already working as taxi drivers, it is very easy for a new  
Pakistani worker to be a taxi driver than daring to do a skilled job”*

Amongst all these overwhelming voices stressing the significance of low institutional barriers, some of the respondents (4 out of 50), on the contrary, expressed concerns about the hefty cost one has to incur while purchasing a taxi. This cost, according to them, is an indispensable part of the process for anyone who desires to be a taxi driver, and at times is so unaffordable as to hinder the materialisation of his plans. However, even these respondents confirmed the relaxation of institutional barriers as one of the major reasons for the concentration of Pakistani households in the trade of taxi driving. Similarly, most of the respondents working as cash-in-hand employees for or as the owners of informal catering and retail outlets also characterised their participation in these sectors as heavily driven by low regulatory and personal barriers, such as business registration, cost of capital, level of qualification and skill and so on.

In contrast, the sectors, such as construction and personal services, that require a minimum level of skill/qualification for the individual to be able to practice his profession appear to present a sparse existence of Pakistani workers in Sheffield (see graph 4.7). In construction, for instance, many respondents who had worked on an informal basis described it as a sector with exceptionally stringent barriers to entry. Given the level of skill involved in this trade, the most undesirable barrier quoted by Pakistani workers is doubtless the requirement of a recognised certification for anyone to practice his skills as a construction worker in the UK. Accomplishing such certifications is, as said by a respondent, *“a very costly and time consuming process”*. Considering the rural and illiterate backgrounds of the majority of Pakistanis in Sheffield, of course excluding the British born residents, the successful completion of a foreign qualification is nothing but a utopian proposition, let alone the technical training such as construction. This is the reason why a considerable number of Pakistani immigrants, as observed during the survey, despite having a rich pre-arrival experience in construction trades (plumbing, electrician, masonry etc.) are forced to work in the transport and catering sectors.

One of the interviewees, currently working as the owner of an informal meat shop, expressed concerns about immigrants who fail to pursue the job of their choice due to strict institutional requirements.

“A skilled worker from Pakistan also ends up doing one of the three (restaurant, taxi driver and retail) jobs due to the exorbitant price of attaining local vocational training certificate. And it is extremely risky for you to offer technical services without attaining local certificates, doing so may result in life imprisonment, which is certainly disastrous for an immigrant” (Male, 55yrs+, Self-employed butcher)

Another respondent was also quite forthcoming in sharing his personal experience as of how the low barriers of these typical Pakistani informal businesses compensated for his inability to utilise his previous skill due to certain qualification requirements.

“I came to the UK as a plumber with a lot of hands-on experience in my home country. Unfortunately, I could not continue as a plumber here since I did not have any certification from local institutes, which was unaffordable and would not have allowed me to earn money for at least 6 months. I started working as a taxi driver as a result” (Male, 40-55yrs, Taxi driver)

Three percent of the Pakistani households (see graph 5.5) who admitted to have conducted most of their informal work in the construction and household services sector had conducted such work in a completely hidden manner. Furthermore, they did not carry out this work on a regular basis. It is only for these reasons that could manage to pursue their informal economic activity as skilled workers despite lacking the desired certification. Otherwise, all of them described the overall market environment as fiercely disabling for them to find sufficient assignments. As one of the respondents, who had worked as an informal construction worker, put it very descriptively,

*“You can possibly get away with the mandatory requirement of a professional certification and can still earn a living for yourself in the construction or any other skilled trade for that matter. But it is not sustainable. You very soon begin to lose the trust of your customers, and they are reluctant to risk their payment for someone who can not provide a service of any professional standards ... .. It is not simply a matter*

*of experience you have got in the trade, construction standards in the UK are way different from what we learn in Pakistan”*

From the above examples one can see that low barriers to entry tend to play an important role for Pakistani households to decide in which sectors to undertake their informal economic activities. While lenient institutional requirements in low-skill sectors, such as transport, retail and catering, seem to lure the majority of Pakistani informal businesses, the need to attain a recognised vocational training education in the construction and personal services, on the other hand, tends to marginalise their extent of informal work in these sectors.

Customer demand: The colossal demand of specific goods and services by the Pakistani households is another major reason for the overrepresentation of the Pakistani informal workers in specific sectors. Particularly, the informal businesses in the retail sector are purely demand driven catering for the products which can not be possibly bought from elsewhere due to their religious or cultural exclusivity (e.g. halal meat, traditional clothes, religious books and traditional South Asian spices). Since these products are not available in the general retail market, the customers, who are mostly from the Pakistani or other Muslim communities, are bound to buy from shops owned by either a co-ethnic or at least a Muslim supplier, which in turn provides Pakistani workers a great incentive to start informal businesses in the retail sector. Most of the participants who were conducting informal work in the retail sector were found to deal in products that were imported from Pakistan and sold to the same ethno-cultural clientele in Sheffield. Similar rationales were identified in case of informal catering businesses. Though the clientele of cash-in-hand Pakistani takeaways is well comprised of people from the dominant English population as well as the customers from other ethnic minority groups, the main determinant of their existence in the catering sector was said to be the bulging demand of ‘halal food’ by Pakistani households, in fact by the whole Muslim community of Sheffield. Some of the participants owning small informal businesses in the retail and catering sectors, for example, provided following statements to emphasise customer-demand as the most important factor for the concentration of Pakistani informal businesses in specific sectors.

*“The least risky option for a Pakistani immigrant in the UK is to open a small grocery store – there are guaranteed sales for things like traditional grocery items” (Male, 26-40yrs, Grocery Store Owner)*

*“I did not want to start a butcher shop when I first came to the UK. There were other things on my mind, and still there are many businesses I would like to try ... .. however what fears me is the loss of a permanent clientele ... .. there are regular sales in this business”* (Male, 40-55yrs, Meat Shop Owner)

*“There are not many shops in Sheffield who sell methai (traditional Pakistani sweet) whereas it is a kind of product that people from the sub-continent consume very lavishly ... .. I might not have opened a methai shop had there not been sufficient demand for it”* (Male, 26-40yrs, Sweet Shop Owner)

*If someone like me is not selling traditional Pakistani dresses, who else would do it for the Pakistani community in Sheffield? ... .. our ladies can not find anything closer to it at English outlets, and perhaps this is the reason why I chose to open a garment shop because I knew there would be many customers from within the community”* (Male, 55+ yrs, Garment Shop Owner)

*“The sales of my business mainly come from these special products that I import from Pakistan, especially fruits and vegetables which taste very different from what the big supermarkets sell in the UK ... .. without having this edge there would not be any point of being in this business”* (Male, 26-40yrs, Grocery Shop Owner)

Clearly, there is an element of intense ‘customer pull’ (see also, Ram 2002b; Ram *et al.*, 2007) making it auspicious for Pakistani households to focus their informal business in specific sectors. The main thrust of this customer pull, as expressed by the respondents, is attributed to the fulfilment of certain religious and cultural doctrines, such as the avoidance of non-halal meat, use of cultural dresses on special occasion, consumption of traditional food ingredients and so on. The tendency of Pakistani workers to start their informal businesses in the retail and catering sectors, therefore, for example, is a fair reinforcement of studies highlighting the critical role of religion and culture in shaping the nature of ethnic entrepreneurship in the UK (e.g. Basu and Altinay, 2000; Smallbone *et al.*, 1999; Metcalf *et al.*, 1996; Rafiq, 1992; Brown, 2000).

Easy influx of cash and flexible working hours: Interviews with the Pakistani households indicate that they perceive taxi driving and take-away businesses as the sort of employment that brings the quickest and easiest influx of cash. In addition, many respondents acknowledged taxi driving for the great amount of flexibility it offers especially to the ones who are studying or working at

formal jobs. Interestingly, the research did gather views from the participants who explained taxi driving as the best source of 'instant' cash as well as an excuse for the youngsters to stay out late at night in order to hang out with friends.

Ease of hiding income: The research has identified a further interesting reason for the overrepresentation of the Pakistani informal workers in the profession of especially taxi driving. Considerable number of participants believed that amongst all the informal trades, taxi driving is the one that holds the least amount of risk while hiding income from tax and social security authorities. The participants assumed that it is comparatively more difficult for official authorities to trace the exact amount of sales for a cash-in-hand taxi driver as compared with any other mode of informal work. While describing the propensity of Pakistani households to work as an informal taxi driver, many of the participants were of the view that ,

“Taxi drivers have a definite advantage. They are mobile and thus less likely to come under the lens of tax authorities.....to hide complete income is possible for taxi drivers, but we can not do it because tax authorities can very easily monitor over businesses”  
(Male, 26-40yrs, Informal Takeaway Employee)

*“I think that tax authorities in the UK are relatively lenient for taxi drivers. Most of the tax fraud cases I have heard of are that of restaurants and similar retail businesses ..... either the authorities are ignorant of them (taxi drivers) or perhaps they are difficult to trace”*

*“Taxi driving – oh! It is an ideal job to hide your income ..... there are many other Pakistani businesses who do not pay taxes as such, but it is far more convenient for taxi drivers”*

*“There is no track of how much a Pakistani taxi driver earns per day. Unlike restaurants, departmental stores, news agents etc, taxi drivers have no single location. How would you evaluate their sales? ..... They are not absolutely untraceable though. It is up to the diligence of official authorities, who seem to be a bit more forgiving in case of taxi drivers”*

These perceptions were not only limited to the participants working as informal workers, rather were found among the formally employed workers as well. One of the participants who was working as a formal employee in the public sector, for example, stated,

“Taxi driving is good for these people who want to save taxes. They earn cash, put it in their pockets and take the entire money home. I do not think that tax authorities can ever calculate their exact income” (Male, 26-40yrs, Police officer)

Analysing these responses, there are two tentative reasons seem to emerge as of why it is easier for Pakistani taxi drivers to conceal their income and get away with tax deduction. First, it is probably the inherent mobility of job, that is, they tend to pick their customers from random locations at random times, making it difficult for relevant authorities to estimate the magnitude of their sales on any specific day. The majority of the participants were of the view that in contrast it is more practical for the authorities to gain access of and evaluate the sales of the informal Pakistani businesses operating at a fixed location, including takeaways, retail outlets, personal services shops etc. Second, there are also voices implying the deliberate ignorance of official authorities towards the detection of informal economic activities undertaken by Pakistani taxi drivers. As asserted by some respondents, the ease of hiding income for Pakistani taxi drivers is further augmented due to general leniency shown by governmental authorities in the case of this profession. At times, the tax authorities, for example, as assumed by many Pakistani households, are deliberately not willing to undergo the documentation of taxi drivers due to the cost involved in the process, which may make it rational for Pakistanis to choose taxi driving as their preferred mode of informal activity.

**Abundance of support and guidance:** Another factor due to which the Pakistani informal workers find it more feasible to work in a few specific sectors is the quality of support and guidance that they can seek from older immigrants in those sectors. The recent Pakistani immigrants found themselves deprived of relevant support and consultation while working in professions that are not common amongst the Pakistani community in Sheffield.

There appears to be a clear theoretical contribution underlined by the factors enabling the Pakistani community to carry out their informal economic activities in a few specific sectors. The heavy concentration of the Pakistani households in particular sectors (transport, retail and catering) and their refusal to work in other specific sectors (e.g. construction and personal

services), as argued by the mixed-embeddedness theory, seems to be an outcome of their integration in the socio-cultural framework, on the one hand, and the wider institutional framework on the other. Surely there are factors, such as historical trends and support and guidance drawn from co-ethnic networks that enable the Pakistani households to conduct the bulk of their informal work in the trades already dominated by the Pakistani community. Meanwhile, their underrepresentation in the sectors that otherwise tend to contain the majority of informal work conducted in the UK, as discussed above, is a direct implication of their marginalisation at the face of certain institutional and market conditions. Market conditions, such as the consumer demand for ethno-religious products, on some occasions have also tended to play an enabling role with respect to the concentration of Pakistani informal businesses in trades like low-order retailing and catering.

Following Kloosterman *et al.*, (1999), therefore, the attempt to rationalise the sectoral segmentation of informal work conducted by the Pakistani households exclusively on the basis of social variables would only lead to a one-sided description. This study highlights a dynamic interplay of different social, institutional and market conditions, which tends to determine the opportunity structure available for the Pakistani households in each sector, making it more favourable for them to undertake their informal work in specific trades while hindering their execution of such work in some other. The role of social capital and its enabling of informal economic activities in specific sectors can not be understated in the case of the Pakistani community. Nevertheless, the significance of the larger institutional context in this regard shall not be ignored as well.

Lastly, it should be noted how this multiplicity of the institutional and social determinants – while enabling the Pakistani households to adopt particular types of informal work – making many of their previous skills redundant in the context of the domestic informal labour market. Most of the households who had migrated to the UK in a bid to find employment emphasised on the fact that the kind of informal work they have mostly undertaken in Sheffield draws no relevance whatsoever with the skills learned in their home country before the immigration. It is for this reason that the survey sought a good number of Pakistani households, who in spite of having a strong technical background in the trades like plumbing, carpentry and machining, happened to conduct the unskilled, but prevalent forms of informal work amongst the Pakistani community. Some of the respondents insisting on this dichotomy of their respective skills and the type informal work they conducted in the UK stated,

*“My skills have gone useless .....I used to work as a (cash-in-hand) machinist in Pakistan and now I am driving taxi ..... at times, I feel very bad about how I wasted my skills, but there are no opportunities in Sheffield for immigrants to do a technical business”* (Male, 40-55yrs, Taxi driver)

*“I can do good sanitary fittings as this is what I used to do in Pakistan as a private plumber ..... and I still want to do it ..... (but) in the UK nobody will use my services as long as I am not a certified plumber ..... to open a grocery store was thus more feasible”* (Male, 40-55yrs, Grocery store owner)

*“I used to have a very good business in Gujrat (an industrial city of Pakistan) where I sold a range of hardware and machine parts ..... it was a highly technical job..... what I am doing here (UK) is just sitting at the front desk of my wife’s informal beauty parlour – sometimes it is very frustrating”* (Male, 26-40yrs, Beauty salon employee)

*“It is much easier for a Pakistani to work at a restaurant or may be to drive a taxi than to do a technical work in the UK ..... I can repair home electronic appliances from my experience in Pakistan, but it is very risky to do such work in the UK without having proper certification. Also, without which not many customers will trust your skills especially if you are an immigrant”* (Male, 26-40yrs, Takeaway employee)

All such evidence gathered during the survey illustrates that a reasonable fraction of the Pakistani households in Sheffield choose to pursue their informal economic activities in the trades which may not always correspond with their former skills. It is a set of various ethnic and institutional factors in the context of the Pakistani community that seems to disconcert the use of their pre-immigration skills as the potential mode of informal work. Instead, and to repeat, even the Pakistanis with their competency in skilful trades find it more plausible to conduct their informal work in the sectors characterised by low skill level and ease of entry. Only one exception in this case was recorded in the form of a respondent reported to be working as a self-employed plumber. He was the only Pakistani household amongst those interviewed who happened to choose his informal trade in Sheffield based on the skills transferred from the type of work he had conducted in his home country. A small case study of his business development is, therefore, included in a later section.

## **Types of Pakistanis who conduct informal work**

The main objective of this section is to explore the types of Pakistani households who are most likely to undertake informal work in Sheffield. Given the type of classification usually debated in the literature, this study has also categorised the types of people primarily based on their occupational status – employed, unemployed and student. The employed are further broken down into two categories – self-employed and formally employed. The only motive to use this classification is to develop better coherence with the findings of existing empirical studies and to help the reader identify the contribution made in this regard. Subsequently, two mini case studies are included as an attempt to understand the role of wider regulatory and structural factors causing Pakistanis with different employment status, yet same ethnicity, to undertake varying levels of informal economic activities. Lastly, an attempt is made to place the findings of this study in the theoretical framework of superdiversity and the mixed-embeddedness theory.

It is important to note at the outset that the data gathered in the first part of the section is premised purely on the perceptions of the Pakistani households as to which of the given categories of Pakistani immigrants are most likely to conduct informal work. The responses, therefore, are the subjective judgements of the participants with regard to the tendency of their co-ethnics belonging to different occupational groups to engage in informal economic activities (see also, Eurobarometer, 2007). However, the validity of these judgements, and hence the responses, does reflect from the strong patterns that tend to emerge from the data gathered in this regard.

The survey results show, as given in table 6.5, of all the 50 respondents interviewed, a broad majority of about 60% are of the view that amongst all the given categories of Pakistanis living in Sheffield these are the employed households who are most likely to conduct informal work. Meanwhile, a much smaller percentage of the respondents (32%) believe that it is the unemployed members of the Pakistani community who have the highest likelihood to work on an informal basis. Interestingly, only 6% of the Pakistani households surveyed consider the Pakistani students to be the most likely participants of the informal economy.

Table 6.5: Types of Pakistanis who carry out undeclared work

Which of the following categories of Pakistanis in Sheffield in your opinion are MOST likely to carry out informal work?	
(% age of respondents)	
Unemployed	32.0
Employed	60.0
<i>Self-employed</i>	54.0
<i>Formal employees</i>	6.0
Students	6.0
Do not know	2.0

Looking further into the category of employed workers, the study reveals a striking break-up. Evidently, not all the employed Pakistanis are perceived to be equally likely to carry out informal work. The self-employed Pakistanis are perceived to be much more likely to engage in informal economic activities as compared with those working as full-time formal employees. The fact that it is the self-employed who participate more in informal work than the formally-employed individuals is also supported by the one of the most recent cross-national surveys in the Baltic countries (see, Williams, 2010). While only 6% of the participants believed that it is the formally employed Pakistanis who constitute most of the informal work conducted by the Pakistani community, a much larger fraction (i.e. 54%) of Pakistani households declared it to be those working as self-employed workers. The proposition that it is the self-employed who tend to conduct the highest fraction of informal work amongst other occupational groups of the Pakistani community is further compounded by many of the statements given by the respondents.

*“Definitely, it is the self-employed (Pakistanis). They have all the freedom and authority to decide how much of their income they want to declare” (Male, 40-55yrs, City Council employee)*

*“I think these are the people such as the owners of restaurants, takeaways or any other Pakistani running his own business ..... the manage their own accounts and are accountable to none” (Male, 40-55yrs, Doctor)*

*“Well if I look around myself, I must say that it is my self-employed friends who are lets say working as private workers, running a takeaway or may be driving a taxi ..... they*

*keep most of their income hidden ... .. Pakistanis in formal jobs are reluctant to do such illegitimate tasks” (Male, 26-40yrs, Taxi driver)*

*“I don’t know if the formally employed Pakistanis conduct informal work or not, but I can certainly say the Pakistanis running these small businesses or the ones driving their own taxis save a great deal of their taxes ... .. they don’t even declare the correct number of their employees so that they don’t have to pay the minimum wage” (Male, 55yrs+, Estate agent)*

Some of the respondents, on the other hand, tended to express their support for self-employed Pakistanis as the biggest participants of informal work by understating the tendency of other two occupational groups (formal employees and unemployed) to do the same. Instead of emphasising the likelihood of self-employed Pakistanis, they rather de-emphasise the tendency of other Pakistani immigrants to undertake informal economic activities.

*“In my opinion, the unemployed Pakistanis are least likely to do anything informal ... .. they may wish to do so, but the chances are quite weak” (Male, 40-55yrs, Takeaway owner)*

*“I know some informal business opportunities in my social circle, but I have a full-time formal job to take care of ... .. with all this work load and family obligations I think I would never have a chance to avail those opportunities ... .. same is the case with most of the formally employed people I know” (Female, 26-40yrs, Teacher)*

*“Well the unemployed Pakistanis don’t have the resources, and the formally employed don’t have the time to do informal work ... .. whereas, the self-employed have the time as well as the resources ... .. (and also) the freedom to hide their income” (Male, 55yrs+, Garments shop owner)*

*“Very few of those Pakistanis who have good jobs in big companies would like to involve in these small cash-in-hand businesses ... .. it is mostly those who already own these (informal) businesses would like to do more of it” (Male, 40-55yrs, Pakistan Community Centre employee)*

Undoubtedly, there is a strong perception prevailing amongst the Pakistani households that tend to characterise the self-employed members of the community as being most likely to carry out informal work. All the statements mentioned above are quite compelling in this regard. Nevertheless, the survey also includes some strong perceptions in contrast to this prevailing viewpoint. Amongst the considerable number of the participants (i.e. 32% of those interviewed) who chose the unemployed members of their community as being the most likely to engage in informal work, some equally strong voices are recorded by the researcher.

*“Most of the unemployed Pakistanis I knew in Sheffield are in cash-in-hand work at the moment ..... formally employed are very few in such (informal) activities”* (Male, 40-55yrs, Taxi driver)

*“Yes you can see some Pakistanis driving taxis, especially on weekends, after their office hours (at formal employment) ..... but the number of unemployed Pakistanis who choose to drive a cash-in-hand taxi is much larger ..... I think it is the best option for most of them”* (Male, 26-40yrs, Student)

*“Most of the Pakistanis who are unemployed does not have the required level of qualification so that they could apply for formal jobs, but they need some sort of income to live on ..... (hence) they either decide to go on illegitimate benefits or to start some sort of informal job/business”* (Male, 55yrs+, lawyer)

*“Cash-in-hand is the first thing that comes to the mind of an unemployed Pakistani, as it is most common mode of employment in the community. It is so easy for them to find such opportunities”* (Male, 26-40yrs, Sheffield City Council, junior manger)

Based on these perceptions shared by the Pakistani households, one may argue that the unemployed members of the Pakistani community are also quite likely to participate in informal economic activities. This participation, as expressed in the above statements, is perhaps driven by their incapacity to secure jobs in the formal sector or the comparatively easy access to the informal labour market. These are, however, mere conjectures at the moment. A detailed account of the motives for the participation of Pakistani suppliers in informal work is included in a later section. As of now, based on the evidence presented above, one may argue that although the self-employed tend to conduct the largest share of informal economic activities amongst the Pakistani community, it is not always they who participate in such work. There is also a fairly

substantial percentage of unemployed Pakistanis who is believed to undertake informal work, whereas, the ones working as formal employees appear to be least likely to participate in the informal economy.

Overall, the finding that the employed (self- and formally employed) Pakistanis tend to participate in informal work more widely than the unemployed members of their community casts doubt on what has been a conventional narrative in many advanced economies, i.e. the unemployed participate in and gain from the informal economy more than the employed (e.g. Lagos, 1995; Maldonado, 1995; Henry, 1982; Petersen, 1982; Rosanvallon, 1980; Eurobarometer, 2007). Moreover, it also runs in contrast to a group of UK-based studies, which also tend to project the unemployed individuals as most likely to engage in informal work (e.g. , 1983; Parker, 1982; Robson, 1988). Interestingly, the perception that the employed Pakistanis are disproportionately represented in paid informal work seems quite valid when compared with another growing stream of British literature (e.g. Pahl and Wallace, 1985; Pahl, 1984; Williams, 2004a; Howe, 1990; Morris, 1994; Williams and Windebank, 1998).

However, one must not lose sight of the fact that this overall predominance of employed Pakistani workers in this study is attributed to the excessive level of engagement, which the respondents tended to associate with self-employed Pakistanis. Otherwise, if only the comparison between unemployed and formally employed Pakistanis is made, the former greatly tends to supersede the latter in terms of their perceived participation in informal economic activities. The view that Pakistani students have the lowest tendency to undertake informal economic activities amongst all the occupational groups studied, on the other hand, does not synchronise with the trends identified in some studies. The study of informal work in Quebec (see, Fortin *et al.*, 1996), for example, determined the students as being undertaking a higher fraction of cash-in-hand tasks than their employed and unemployed counterparts.

There are some important theoretical implications in these findings. One very evident conclusion of the above discussion is that there is no single rate of participation amongst the Pakistani community so far as the informal economy is concerned. Different occupational groups of Pakistani immigrants are said to have different likelihoods to carry out informal economic activities in spite of having identical ethnicity and nationality. There are probably other diversity variables, as argued by Vertovec (2006), causing intra-community variations in the magnitude of informal work being conducted by the immigrants of a same ethnic group. In the following discussion, two contrasting mini case-studies are thus included from within the Pakistani

community in a bid to highlight the distinction of variables that tend to produce a different level of participation in each case.

### **Case Study A: an informal self-employed plumber**

This difference in the level of participation between the employed and unemployed individuals of the Pakistani community can more thoroughly be understood with the aid of the case studies of two Pakistani workers - PK5 and PK13. The former of the two (PK5) had been working as an owner of a small plumbing shop, mainly run as an informal self-employed business in one of the residential clusters of Pakistani households. The significance of this case lies in the fact that he was one of very few Pakistani respondents involved in a skilful trade of business and had undergone a process of gradual growth despite his reliance on informal practices. PK5 had worked as a full-time plumber in Pakistan before he migrated to the UK about the mid of 1990s. His steadfast aspirations to capitalise on his natural skill (plumbing) and to start a small business in Sheffield set him apart from most of the Pakistani immigrants right at the outset of his arrival in the UK. Unlike an average Pakistani immigrant, he invested to attain a recognised vocational training certificate, which would be an essential pre-requisite for him to work as a professional plumber in the UK. As he states,

*“It was not that easy to spare money for the course, but it was essential if I wanted to use my skills”*

The attainment of a professional certification coupled with a relatively stronger financial capital enabled PK5 to start his business as a formally registered entity. The bonds developed within the co-ethnic neighbourhood at the stage of business registration to seek guidance on certain complicated issues, and also the limited repository of pre-arrival contacts, assisted the business to create its preliminary customer base comprising of various ethnic minority populations living in the area. Despite incredibly low overhead costs, the start-up phase of the business was often an illustration of running at the breakeven, yet as expressed by PK5 the business was mainly operated within the legal ambits of the formal economy. He expressed it as,

*“I was not making much profit; in fact there were weeks when the operational cost was more than sales. Yet, I was running it as a registered and formal business”.*

Instigated by stagnant business profits and the use of plumbing services as unpaid favours amongst ethnic minority communities, PK5 decided to curtail its compliance with formal

business laws and to rather seek informal means of profit-maximisation. Given the level of business diaspora he had created, it was not a hard nut to crack. People from existing business networks and especially the served customers from within the Pakistani community were quite forthcoming in facilitating this transition from a pure formal to a partially informal business. The word-of-mouth recruitment of cheap cash-in-hand manpower, which was often a gesture of reciprocal favours to erstwhile community helpers, together with the instant access of informal networks of credit and saving played a phenomenal role in PK5's ability to adopt an informal modus operandi. As stated by him,

“My friends and customers were of great help to me during the time of business crisis. They showed me alternative (informal) ways of doing business, especially on how to manage my cash-in-hand income”

Growing networks of business brought him in direct contact with households, both within his own community and other ethnic minority populations, looking for instant cash-in-hand solutions of their plumbing problems. It gave PK5 a further opportunity to increase the magnitude of his informal business practices, greasing his transition into the informal economic domain. As he states,

*“It was much easier than what I expected ... .. support from friends and other informal business owners (Pakistani) made it very quick for me to learn informal modes of business management ... .. in the beginning almost every customer referred me further to someone he knew”*

The partially formal status of the business coupled with a recognised qualification never made it impossible for him to maintain a congruent clientele of formal customers, positioning him to tap the sporadic cash-in-hand assignments in the formal sector as well.

### **Case study B: a newly arrived unemployed immigrant**

The case of PK13, a recently migrated unemployed Pakistani resident, however, presents an amazingly different story. PK13 belongs to one of the deprived wards of Mirpur and moved to Sheffield a couple of years ago at the time the survey was undertaken. In addition to his personal desire for migration, motivated by the general migratory impulse in Mirpur, his immigration is mainly a result of his marriage with the daughter of one of his uncles (a British nationality

holder) living in Sheffield. Importing a partner for their children, especially daughters, from their native hometowns is another well established norm of the Pakistani community in general and the Mirpuris in particular (Dahya, 1974). The imported partner, as stated by some respondents, is generally assumed to be more subservient and conservative in terms of socio-religious obligations as compared to British-born individuals, who are believed to be drifting away into the 'liberal' culture of the West.

The migration of PK13 is, therefore, also an outcome of a similar trend. In exchange of his agreement on marriage, he was promised a full financial sponsorship, a secured accommodation as well as a permanent cash-in-hand employment until the completion of his work permit process in the UK. The arrival in Sheffield, as expressed by him, by contrast, presented a very depressing scenario. None of the promises, apart from the shelter at the in-laws, was fulfilled. He could barely find even sufficient moral support from them that pushed him into the phase of what he expressed as "utter depression and disappointment". All these factors together rationalised his arrangement of funds from Pakistan and purchased an independent accommodation for his wife and himself, which was of course an undesirable and unbearable burden on the family back home. The subsequent hunt for employment was severely jeopardised by lack of awareness with the host culture as well as the general dynamics of the British labour market. To seek employment in the formal sector was obstructed due to inappropriate migratory status, which does not permit him to pursue any kind of income generating activities in the UK. According to him,

*"The bad luck is that I am on spouse visa and you are not legally allowed to do any kind work on this visa in the UK. No company would even hire me on this status"*

Furthermore, the lack of social networking in general and co-ethnic ties more particularly made it equally troublesome for him to seek off-the-books employment in the informal sector, where illegal recruitments are often based on trustworthy references from co-ethnic employers. As stated by him,

*"Although it is not a healthy income, I am willing to work for small Pakistani businesses in Sheffield, but I guess finding an illegal work is even more difficult, no one is willing to trust you and take the risk unless you have a strong recommendation"*

The last possible option for him would be a self-employed business. To start a business, either on formal or informal basis, requires not only a minimum level of qualification but also a reasonable understanding of local business laws and requirements. For an unemployed person like PK13, a newly arrived immigrant living a segregated life, it was nearly impossible to first seek a network of business opportunities and then to access the relevant 'experienced-based' counselling from established ethnic minority businesses. He overtly stated,

*“It is very difficult for an immigrant like me who knows no one in Sheffield apart from my in-laws, even they have disconnected since I moved to an independent accommodation ..... life is very busy here, no one has time to help out others ..... and for an unemployed person like me who does not even the work permit, it is very crucial to have guidance from the Pakistanis already working here”*

It was therefore very challenging for him to enter into the existing diaspora of Pakistani informal businesses even as a self-employed entrepreneur. He also expressed concerns about using formal business support services due to inadequate qualification and, more importantly, the inappropriateness of his leave to remain in the UK, i.e. spouse visa.

These two dichotomous case studies have asserted that the distinction based on 'ethnicity' and 'nationality' alone is not always sufficient to capture the diversity of the immigrant informal economy. The fact that the households from within the same Pakistani community tend to conduct varying degrees of informal work clearly points to a range of diversity variables that may affect their participation in informal economic activities in the UK. In the cases discussed above, for example, the lack of work permit in the case of PK13 along with his unemployment status is what seems to impede his engagement in informal work. On the contrary, the overwhelming engagement of PK5 in informal business practices was hinged upon his ability to exploit pre-existing employment networks, which is further consolidated due to his status as a permanent British national and his accomplishment of desired qualification.

We can see how these two Pakistani immigrants confronted with different mix of diversity variables are governed by their ability to mobilise different forms of capital. For PK5, and the employed Pakistani immigrants in general, the use of income from their existing employment and an access to the informal modes of community financing is what seems to enhance their 'financial capital' with regard to informal economic activities. Similarly, the extension of existing work relationships and the subsequent development of new social bondings in the

market has facilitated the employed members of the Pakistani community to gather sufficient 'social capital' required for a successful execution of informal work. The use of social and business ties, as observed in the case of PK5, to generate money and/or to expand the customer base is a good example of how the employed can possibly convert one form of capital to another, which at times is very crucial for their engagement in informal work. The unemployed Pakistani households, such as PK13, on the other hand, as is also witnessed in the case of Polish immigrants (Veshinina et al., 2009), do not only suffer from the lack of capital - financial, human and social - but are also deprived of the ability to use one form of it to mitigate the shortage of the other. Despite his proficiency of native language and in depth understanding of Pakistani traditions (cultural capital), for example, PK13 has badly failed to break into the business (financial capital) and co-ethnic (social capital) circuits of the Pakistani community in Sheffield due to his isolation in terms of employment. Continuous phases of unemployment tend to disrupt the informal contacts of such households with the wider Pakistani informal economy, and hence make their chances to secure informal work quite remote (see also, Morris, 1995; Pedersen, 2003). The self-employed Pakistanis, meanwhile, due to their regular interaction with market and regulatory structures, are more likely to find 'opportunities' for informal work.

Certain responses of the Pakistani households are arranged in a matrix (see table 6.6) against three generic forms of capital. The objective is to illustrate the variations across three different occupational groups of the Pakistani community in terms of their tentative wealth of different capitals, and its subsequent impact on their tendency to conduct informal work. It is to be noted, however, that the statements included below do not attempt to capture the opinion of all the respondents in the respective categories; but simply a representation of the predominant sentiments recorded in each category. Non-conformities are purposely left out, as the intent is to stress upon the homogeneity of each group.

**Table 6.6:** Typology of Pakistani households as ‘occupational type versus ‘form of capital’

	<b>Self-employed</b>	<b>Formally employed</b>	<b>Unemployed</b>
<b>Social capital</b>	<p><i>It is very easy for me to connect to other cash-in-hand Pakistani businesses</i></p> <p><i>In addition to my own suppliers, I have got good friendship with people supplying to businesses around me ... .. (because) they come here every other day</i></p> <p><i>Most of the shops around me are good friends</i></p> <p><i>My business is the best way to develop friendships, which are important for business development</i></p>	<p><i>It is difficult to spare time for social networking when you have an 8 hrs job</i></p> <p><i>Community networking is out of question after such a tiring work at the hospital .... Perhaps this why very few Pakistani know me as such</i></p> <p><i>At formal jobs you have very limited time for social interaction ..... when you come back home, you want to spend time with family .... It blocks your interaction with the community</i></p>	<p><i>Social networking is very strong within the Pakistani community. Even if you are unemployed and have no work life, you do not feel aloof.</i></p> <p><i>I still have many friends running or working at these small Pakistani outlets ... being unemployed does not always mean that you loose your contacts in the community</i></p>
<b>Human capital</b>	<p><i>“I did’nt have professional course as such, but experience has made me a fairly competent cook ... .. I can now easily learn new dishes”</i></p> <p><i>When you are doing it for many years, you naturally becomes a good manager”</i></p> <p><i>“With so many years in retail I have become a good salesman I guess”</i></p> <p><i>“I do no need business support services that much ... .. I have worked so deeply in this trade (butchery) that I can now myself have the ability to</i></p>	<p><i>“As a medical consultant, I think I am higher than most of the population in the UK in terms of qualification ... .. (but) this qualification alone is not sufficient to run an informal private practice ... .. it requires time and demand also”</i></p> <p><i>“My administration skills and postgraduate degree is of no relevance to most of the informal employers”</i></p> <p><i>“My qualification helped me a lot to pass the driving exam ... .. so it was easy to start a cash-in-hand taxi in that</i></p>	<p><i>“I was a good mechanic in Pakistan. But my skills are of no use as long as I do no meet the UK standards”</i></p> <p><i>“The types of informal businesses Pakistanis have in Sheffield do not match with I am good at ..... and to get the driving license is difficult because I do not know English”</i></p>

	<i>understand the seasonal effect on halal meat</i>	<i>sense</i>	
<b>Financial capital</b>	<p><i>“Our prices are much lower than formal English restaurants ... .. with this profit it is not possible to expand the business”</i></p> <p><i>“There is good money from this shop, but when you have so many dependents at home you prefer to save instead of investing it back in business”</i></p> <p><i>“Yes, it is a reasonable business, but earnings are not even close to what you need to open a new branch”</i></p>	<p><i>“Junior management jobs are not very well paid ... nearly sufficient to get by”</i></p> <p><i>“My salary is pretty good according to local standards, but then there are so many expense and taxes ... .. I still cannot spare enough for investment”</i></p> <p><i>“Pakistani families are relatively bigger, so is mine. My income is divided on 5 to 6 households ... .. you have to save for their future as well”</i></p>	<p><i>“UK is a tough country to save. If you do not have a job, you do not have money for many days”</i></p> <p><i>“When you are out of the market, you are also out of the informal credit system ... even friends are scared to lend you money in that situation”</i></p>

When analysed in the framework of the forms of capital model, these responses are a good reflection of how Pakistani households from different occupational groups tend to vary in terms of their mix of capital. While the self-employed households appear to possess a reasonable level of human and social capital required for the expansion of their informal economic activities, they expressed concerns about the availability of sufficient financial capital. Pakistanis working on full-time formal employment, meanwhile, despite their better integration in the mainstream economy, does not seem to have a very plausible mix of capital to be able to start informal work. The formally employed Pakistanis in Sheffield, as expressed in the statements from table 6.6, are faced with a restriction of one kind or the other in all the three forms of capital. Similarly, the unemployed Pakistani households seem to have their own mix of capital that is fairly different from what the other two groups of the respondents appear to possess. Although the unemployed respondents are quite assertive about their wealth of co-ethnic networks, they reported very depressing responses with regard to the availability of financial and human capital, which according to them retards their engagement in informal work as compared with their self-employed counterparts.

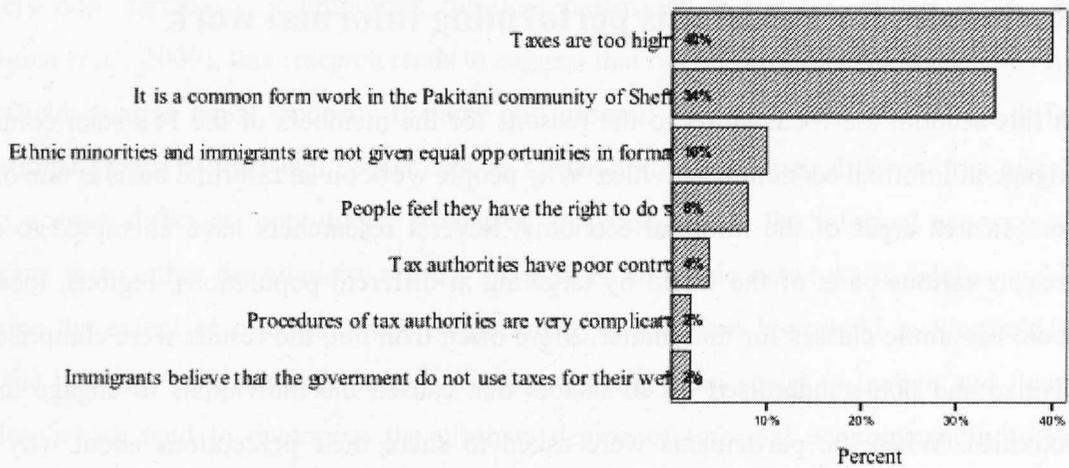
The typology presented in the table 6.6 has further reinforced the theoretical implications drawn from the comparison of two contrasting case studies discussed above. Overall, lending support to relatively new narratives of immigrant informal businesses in the UK (Jones *et al.*, 2010; Vershinina *et al.*, 2009), this research tends to suggest that not all the Pakistani households living in Sheffield have an equal tendency to carry out informal economic activities. Three different occupational groups of Pakistani households, as shown above, with their different mix of capital tend to possess different ‘opportunity structures’ to participate in the informal economy. One may argue that neither the ethnicity nor the strength of co-ethnic networks is solely capable to determine the extent of informal work conducted by a Pakistani household in Sheffield. It is rather the interplay of various diversity variables, ranging from social to human and financial variables, which tend to determine the ultimate degree of informal economic activity being performed by the Pakistanis belonging to different (occupational) groups.

In broader terms, the evidence presented in this section seems to accord with the arguments of the mixed-embeddedness theory. It would not be wrong to claim that the magnitude of informal work conducted by the Pakistani community is not only a product of their internal immigrant agency, or relational embeddedness as stated by Granovetter (1985), but rather an outcome of their embeddedness in the wider economic and regulatory framework of the British economy. Immigrant agency, or in other words social capital, forms only one part of the whole contextual equation, where the Pakistani households belonging to different migratory (in the case studies) and employment status are perceived to conduct varying amounts of informal work. This argument resonates with the findings of the studies conducted on low-order informal businesses of Somali immigrants in Leicester (see, Ram *et al.*, 2008). The role of the social capital in determining the extent of informal work conducted by the Pakistani households is further explored in the subsequent section with respect to their transnational networks. It will argue on the basis of relevant data that the participation of Pakistani immigrants in the informal economy has a very weak, if at all, relationship with the type of diasporic networks they maintain in their home country.

## **Rationales for Pakistanis performing informal work**

In this section, the focus shifts to the reasons for the members of the Pakistani community to engage in informal economic activities. Why people work on an informal basis is one of the most complicated areas of the informal economy. Several researchers have attempted to study this area in various parts of the world by targeting at different populations, regions, localities and socio-economic classes for that matter. More often than not, the results were comprised of very diverse and non-standardised set of factors that caused the individuals to engage in informal activities. When the participants were asked to share their perceptions about why Pakistani households in Sheffield tend to conduct informal work, as illustrated in Graph 6.6, almost 40% of them answered that it was because the “taxes were too high”. Slightly more than one-third (34%) of the participants were of the view that the Pakistanis living in Sheffield engage in informal work simply because it has become a “common practice” within the community. Following this were the group of participants (10% of the total surveyed) who believed that the engagement of Pakistani workers in informal work was mainly due to their “exclusion” from the formal labour market where ethnic minorities and immigrants are not given equal opportunities. The last significant reason for which a reasonable amount of response was recorded was that “people feel they have the right to do so”, with 8% of the participants mentioned it as the prime reason for the Pakistani workers to save taxes and social security contributions. So far as the remaining three factors are concerned, only a weak minority (4 out of 50) of the Pakistani households mentioned them as the reasons for their community to work on an informal basis.

Graph 6.6: Rationales for Pakistani suppliers to participate in informal work



Examining the set of rationales cited by the Pakistan community, one could see a fair reflection of both the ‘exit’ and ‘exclusion’ factors as the drivers of the Pakistani informal economy in Sheffield. In order to gain a better theoretical insight of this classification, the proceeding discussion will arrange the reasons shown in graph 6.6 against the contesting theorisations related to the rationales of informal work – structuralist, neo-liberal and post-structuralist theories. The objective is to make the contribution of this research more aligned with the current stream of theoretical debate in the subject of the informal economy (e.g. Williams, 2010; Williams and Round, 2010; Williams, 2006). It is to be stressed, however, that for the purpose of this research these theories must be read as and limited to their descriptions presented in the literature review.

In the case of the Pakistani community, as argued by the *neo-liberal theory*, their participation in informal economic activities is predominantly a response to the over-regulated realm of the formal economy. There is a strong element of ‘voluntary exit’ involved in their abandonment of formal employment and the subsequent execution of informal work. The rationale of ‘exit’ refers to those asserting that they engage in informal activities either: because taxes are too high; or they feel people have the right to do so; or procedures of tax authorities are very complicated and/or they believe that the government does not do anything for them. Added together, all these rationales account for the participation of more than half (52%) of the Pakistani households in informal work according to the views shared by the survey participants. Of all such reasons, the survey records an overwhelming emphasise on the ‘exorbitance of taxes’ as the most

instrumental factor driving the voluntary participation of Pakistani workers in informal practice. Taxes are generally viewed as a phenomenal drain on income by the Pakistanis engaged in some sort of informal economic activities. The following statements given by the respondents are quite suggestive of the taxes as the primary reason for the Pakistani immigrants to keep their income hidden from relevant authorities.

*“It is only because of taxes ..... if I declare my income honestly, 30% of my income would not come to me”* (Male, 26-40yrs, Taxi driver)

*“Taxes are too high in England. Small businesses like us can not afford to pay all of them”* (Male, 40-55yrs, Takeaway owner)

*“I do pay all of my taxes, but I know there are many Pakistani businesses which don't ..... actually given the scale of their business, it is a big burden on them to pay all their taxes and social security contributions. This is the main reason why they hide their income”* (Male, 55yrs, Garments shop owner)

*“Tax burden is huge even for high earners like us ..... for small Pakistani businesses I must say taxes are the main reason to hide income – they wont earn sufficient profit otherwise”* (Male, 40-55yrs, Doctor)

*“First of all, it is because of high tax rate. Rest of the reasons come later”* (Male, 26-40yrs, Taxi driver)

It has also emerged from the study that the Pakistani workers feel that the process of formalisation is too complicated for them to comprehend. Of all those interviewed, 2% (see Graph 5.6) were of the view that the complications of tax procedures are the biggest obstruction for the Pakistani informal workers to practice declaration of income. Overall, it was observed that the Pakistani community was traditionally inclined towards doing simple businesses and unwilling to engage in any such form of employment that had even the slightest degree of complication. As stated by one participant,

“Pakistanis are looking for easy-to-manage employment. They want hassle free businesses. If you wish to involve them in things like filing of tax returns, maintenance of accounting books, registration of business etc., many of them would prefer to work in the black economy” (Male, 26-40yrs, Self-employed lawyer)

The survey records another very interesting perception prevailing amongst the members of the Pakistani community in Sheffield. As shown in graph 5.6, 10% of the Pakistani households described the participation of Pakistani immigrants in informal economic activities as a repercussion of what can be termed as an ‘anti-state’ sentiment. Firstly, a reasonable fraction of the respondents (8%) believed that the majority of the Pakistanis, who choose to operate outside the legal ambit of the British economy, do so because they simply consider it their “right” not to be always restricted by state-enforced business regulations. This perception was mainly grounded in the responses of the participants who themselves had been working on an informal basis; whereas, the Pakistanis working in formal employment were not quite receptive of this viewpoint. As stated by some respondents,

*“Here (UK) you pay taxes on whatever your earn, whatever you buy, wherever you live, and there are so many other things on which you pay taxes. In this situation, I think there is nothing bad if we can save a bit of tax money”* (Male, 26-40yrs, Restaurant employee)

*“Well, if you ask me about these small Pakistani businesses, many of them have this peculiar belief that they deserve to avoid some of their tax payments ..... perhaps they think they should be compensated in this way for the injustices they face in the formal job market”* (Male, 40-55yrs, Pakistan Community Centre employee)

Secondly, a very small fraction of respondents were also of the view that the rationale for Pakistani immigrants to evade taxes and other financial contributions is mainly premised on their belief that they do not receive a fair return on such contributions. That is, the government does not properly use its tax and welfare revenue for the development and welfare of ethnic minority communities. To examine the justification of these negative sentiments is not in the scope of this research, but what is relevant here is the fact that they constitute the reason for the engagement of some Pakistani immigrants to participate in the informal economy. Anyway, this view point was restricted to a very few households and the majority of the Pakistanis rather refuted this perception. One of the participants, for example, shared his views as,

“The main reason for the Pakistanis to hide taxes is not because they can not survive without it, it rather happens because they think that the government is not fair in investing it back on them” (Male, 40-55yrs, Middle Manager)

The prevalence of such negative attitudes in the Pakistani community has led to the development of a self-fulfilling prophecy, in which the tendency of the Pakistanis to view themselves as the victims of state negligence and over-regulation is what is causing their engagement in illegal/informal economic activities.

All the motives discussed above surely reflect an element of ‘voluntarism’ grounded in the reasons for a certain group of Pakistani households to participate in informal economic activities. This voluntary participation of these Pakistani suppliers, however, is predominantly driven by economic incentives. The bulk of the respondents, including those working on an informal basis, who described one of the aforementioned reasons as the prime rationale for the prevalence of informal work in the Pakistani community, did not fail to stress upon the underlying economic incentives in such cases. Some of the statements recorded in this regard are,

*“Taxes are too high, we can not make much profit if we pay all of them”* (Male, 26-40yrs, Self-employed butcher)

*“If we pay taxes, what we earn in return is not that much monetary. To save in the form of cash is what is more important for us”* (Male, 40-55yrs, Taxi driver)

*“It is done purely to maximise their business profits”* (Male, 55yrs, Self employed lawyer)

*“Taxes are not fair for a simple reason – they reduce our profits. I know there are certain benefits that we get with these taxes, but what is more critical for small businesses like us is instant cash ”* (Male, 40-55yrs, Takeaway owner)

There appears to be a strong notion of profit-maximisation, as asserted by many households, linked with the voluntary participation of Pakistani immigrants in the informal economy. Based on this evidence, one may argue that the rationales for more than half (52%) of the Pakistani

informal workers in Sheffield tend to align with the arguments of the neo-liberal theory as described in the literature review.

According with the assumptions of the *post-structuralist theory*, the second most important theme that emerges from the rationales of the Pakistani suppliers is that of 'social' motivations behind their informal work. More than one-third (34%) of the respondents described the informal ventures of the Pakistani community as a time-honoured mode of employment, which itself is a product of community culture that is comprised of certain norms and values favourable for the propagation of the informal economy. Any common practice within a society always depends on established traditions, cultural norms and moralities, the significance of which as a determinant of the extent of informal work in general and in ethnic minority populations more particularly has already been recognised by various researchers (e.g Williams and Windebank, 1998; Williams, 2006; Legrain, 1982; Tolger, 2003). In the case of the Pakistani community, the transfer of informal culture and low tax morality from the home country caused the initial lot of immigrants to participate actively in informal employment and set a kind of career path for the subsequent generations. The concept of 'cultural alienation', as presented by Roberts et al (1985), seems to find an ideal illustration in the form of the Pakistani community living in Sheffield.

Dense social/community networks, which are often a major contributory factor in explaining high levels of informal work (see also, Legrain, 1982; Minigione, 1991; Morris, 1994; Warde, 1990), together with segregation from regional labour markets and other ethnic populations<sup>36</sup> has not enabled the subsequent generations of Pakistani immigrants to bring any considerable change in the practices set by initial compatriots. It is for this reason that the execution of informal work is still widely perceived as a 'community practice' instead of being emerged from more complicated socio-economic factors. Inability of the Pakistani workers to change the working patterns of their community has also been highlighted by the study conducted by the Sheffield City Council (Community profile, Pakistani, p.9, 2006). A considerable fraction of the Pakistani households, including both the formal and informal workers, described the execution of informal work by themselves or the Pakistani community at large as mainly a form of social construct. As shared by some respondents,

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<sup>36</sup> Community profile, Pakistani (2006), Sheffield City Council

*“I think it is something that comes inherently to the Pakistanis living in Sheffield. Doing cash-in-hand work has become a strong part of our Pakistani culture” (Male, 26-40yrs, Takeaway employee)*

*“Well even you offer them better jobs, I do not think they would ever stop their informal businesses. It is such a strong tradition now ... .. the practice of tax evasion is nothing new for the Pakistani immigrants, we have been doing for generations” (Male, 55yrs+, Self-employed estate agent)*

*“In my opinion, it is not about money any more. I know many Pakistanis in Sheffield who are quite affluent and have good businesses, yet they do not abstain from hiding taxes, or to underreport their employees – I would say it is mainly the culture they are living in” (Male, 40-55yrs, City Council employee)*

*“It is a community wide practice to save at least some part of your taxes and to pay your employees at less than the NMW ... .. all these Pakistani shops and taxi drivers are into this thing. When you enter into any of these trades, you naturally adopt these informal practices” (Male, 40-55yrs, Taxi driver)*

*“I do not know if I could find a better job or not, I got into this because every Pakistani I knew was working on a cash-in-hand basis” (Male, 26-40yrs, Takeaway employee)*

There appears to be a strong influence of cultural traditions on the tendency of Pakistani households to undertake informal economic activities. The incentive of income maximisation is not what seems to be the major determinant of the informal economy in this case. It is rather an implication of a strong socio-cultural pull based on certain long-held traditions of the Pakistani community, which is believed to form the main rationale to join informal work for a considerable share of the Pakistani households. When asked as to why they choose to comply with such pervasive traditions, the survey records a clear connotation of certain social incentives expressed in the responses of many respondents.

*“Doing what most of the Pakistanis are doing helps you build better relationships in the community, and these relationships are of course very important for me as an immigrant” (Male, 26-40yrs, Taxi driver)*

*“It is traditional for the Pakistanis to do informal work ..... (but) this tradition is very helpful for them to improve their networking within the community”* (Male, 55yrs+, Self-employed estate agent)

*“It is safe to work the way rest of the Pakistani businesses are working – you feel part of the community this way”* (Male, 40-55yrs, Self-employed butcher)

*“When I first came to Sheffield, there were so many Pakistani working as (informal) taxi drivers. It was a kind of norm in the community. I also chose the same occupation and it instantly connected me to a wide network of Pakistanis”* (Male, 40-55yrs, Taxi driver)

The participation of the Pakistani households in informal work as merely an act of compliance with certain community norms is widely described in the survey as motivated by the need to improve their social integration in the wider Pakistani community. There is a fairly strong belief, as expressed in the above mentioned statements, that if you follow the prevailing norm of the community, i.e. informal work, there are far better chances that you can synthesis yourself with the co-ethnic community, especially with work-related networks. One taxi driver, for instance, states,

*“If I just desired to earn money, there were other jobs as well. The major attraction in this (informal) occupation was to develop friendship .... It is so easy like this, because in taxi driving every person you see is a Pakistani”* (Male, 40-55yrs, Taxi driver)

Evidently, a considerable fraction of the Pakistani informal activity draws their prime motivation from certain socially driven forces existing within the community. These motivations, as identified by the qualitative evidence of the survey, are totally independent of workers' desire for economic benefits. So strong are these social regulators (Williams, 2006) that they tend to subdue the workers' economic motivations at many occasions. Furthermore, it is an absolutely voluntary submission of these workers to the prevailing communal trends and contains no element of compulsion. Hence, it would not be wrong to state that a reasonable percentage of the Pakistani informal economy in Sheffield (34%), and as argued by the post-structuralist theory (see, Williams, 2010; White and Williams, 2009), is governed by the voluntary participation of certain members motivated by some social determinants. Furthermore, this finding tends to align with the solidarity thesis discussed in the literature, i.e. ethnic enclaves are favourable for the promotion of informal economic activities in ethnic minority populations. As argued above, a

strong adherence of Pakistanis to co-ethnic values and norms in Sheffield is what has left many of them impressionable to the predominant modes of employment in the community. The role of ethnic solidarity, and as argued by Werbner (1990), Portes and Bach (1985), Ward (1991) and Basu (1995), for this particular segment of the Pakistani community is surely an 'enabling' one with regard to their participation in informal work.

Nevertheless, the participation of the Pakistani community, as supported by the *structuralist theory*, cannot be perfectly explained on the lines of voluntarism. There is a part of community for whom the participation in informal economic activities is not a matter of choice, but rather a result of their involuntary exclusion from the formal labour market. It mainly refers to the individuals who rationalised their engagement in informal work on the fact that they were not given equal opportunities in formal employment. As shown in Graph 6.6, one-tenth (10%) of the participants mentioned the lack of equal opportunities in formal employment as the first most important reason for the Pakistanis to work on an informal basis. The qualitative discussions recorded much more emphasis on the point of "discrimination against ethnic minorities". Majority of the participants defined it as "hidden discrimination", something that is not visible at the national level and projects a fake impression of being an equal opportunity employer. In reality, however, immigrant and ethnic minority workers face high levels of 'racism' in formal labour market and feel compelled to seek work in the informal sector. Interestingly, the research did gather views from the participants who believed that the prime motive for injecting the immigrants into the UK economy is to supply for the shortage of blue-collar workers, otherwise, as quoted by one of the participants, they are never welcome in this country. Some of the most assertive statements in this regard by the Pakistanis undertaking informal economic activities are included as follows.

*"If we do not work in the informal restaurants, drive taxis or do something else on our own, we can not possibly earn a sufficient living ..... when we go to find jobs in big companies, they prefer white people"* (Male, 40-55yrs, Taxi driver)

*"There is strong discrimination against immigrants in formal jobs. It is true that you do not see it as such, but it is very strong under the cover ..... the only option for survival is then to rely on these low-order cash-in-hand jobs"* (Male, 26-40yrs, Garment shop employee)

*“I was educated enough to do a middle-level office job in Sheffield when I first moved to this city – but I guess I was not white enough to be given a chance ... .. Now if I am running an informal book shop, it is not my fault”* (Male, 26-40yrs, Bookshop owner)

*“Most of the discrimination we see against the immigrants in the job market is hidden, concealed by a diplomatic rhetoric often maintained by these formal companies ... .. then we are compelled to develop alternative means of living”* (Male, 40-55yrs, Beauty salon owner)

The survey also records a slight expression of resentment against job discrimination amongst those Pakistani households who themselves were employed in the formal sector. However, it was restricted to a much smaller proportion of such respondents as opposed to the ones involved in informal work.

*“It was not easy to find a job in the formal private sector. I was disappointed and eventually applied for a job in the City Council”* (Male, 26-40yrs, Sheffield City Council employee)

*“I didn’t not face discrimination myself, but I think for a Pakistani with just an undergraduate degree, it is a bit more biased in the market”* (Male, 40-55yrs, Doctor)

*Yes, of course there is discrimination against immigrants in this country. They (employers) do not make it apparent, but they certainly show it at the time of selection or while they decide the promotion of their employees ... .. but I must say the UK is much less racist than other European countries”* (Female, 26-40yrs, Teacher)

Reasons for involuntary participation also included factors like ‘pressure from relatives’. The study has revealed that extreme pressures from family and relatives play a phenomenal role in persuading new immigrants to work on a cash-in-hand basis. A couple of the newly arrived Pakistani households were quite regretful in sharing their views on how the pressures from their families in Pakistan were so intimidating in the beginning as to make them conduct informal work.

*“I came as a skilful mechanic and never planned that I would be working as a waiter in the UK. Honestly, I never wanted to. But the expectations of your family never give you*

*enough time to settle ... .. they want you to send them a lot of money as soon as you land here, no matter what you do. It is their perception that there are loads and loads of jobs in the UK and every one can make money instantly. Do you think I had time to find a good job or to earn a technical certificate to practice my skills? Not at all. In this situation I must find a source of instant earning, and to start working as a cash-in-hand employee for a Pakistani restaurant was the easiest way out ... .. it is low-paid work, but at least I am sending back some money”* (Male, 26-40yrs, Takeaway employee)

“If I do not send money immediately, my parents are likely to receive disgraceful taunts from my relatives, who expect you to send a lot of pounds as soon as you come to the UK ..... it is difficult to bear with their taunting remarks and we got to arrange a source of quick money” (Male, 26-40yrs, Taxi driver)

Such incidents of involuntary participation motivated by economic necessity is basically a derivative of what Jones et al., (2004) describe as a ‘colossal pent-up migratory impulse’, a phenomenon that they observed in the case of illegal South Asian immigrants of Birmingham. It is a kind of self-created impulse, as discussed in the literature, which brings Pakistani workers to the UK irrespective of the available employment opportunities. Such motives of migration for the Pakistanis, as discovered in the survey, are seldom based on the actual demand of labour in the British labour market. Excessive influx of Pakistani workers leaves many of them redundant on their arrival in the UK, instigating sheer disappointment and frustration. Many respondents were forthcoming in expressing the immediate collapse of their economic expectations on their arrival in the UK, which they now believe were structured around false motivations.

*“In Pakistan it is a very popular perception that people earn lavishly in England. All such fantasies break the moment you start finding a job here”* (Male, 26-40yrs, Takeaway employee)

*“It was much more difficult than what I expected ... .. people living in small towns of Pakistan have a very different impression – it is very difficult to live a comfortable life here”* (Male, 16-25yrs, Self-employed newsagent)

*“My relatives in Sheffield disillusioned me and told me that I would earn much more money than what I was earning in Abbottabad (a small city of Pakistan). But when I came here, it was nothing like that ... .. You can definitely make more Pakistani rupees*

*here because you earn in pounds (£), but what about the standard of the job you do?"*  
(Male, 26-40yrs, Takeaway employee)

*"I became greedy and married my uncle's daughter in the UK (Sheffield). I think every deprived person in Pakistan would like to avail such an opportunity. But I badly regret my decision now. In Pakistan, I was the owner of two hardware shops and was a known figure in the market. Here, just sitting on the front desk of my wife's parlour counting money ..... this is so heartbreaking at times"* (Male, 40-55yrs, Parlour employee)

*"My family in Pakistan has no idea how hard and exploitative it is for me to earn money in England. They are just excited about the money I send back home"* (Male, 26-40yrs, Butcher shop employee)

In these responses, there are strong connotations of both 'disappointment' and 'intimidation' – the disappointment of losing false expectations and the intimidation of families and relatives to earn money. Prolonged period of unemployment often lead to immense pressures from families in the case of households who still have their families based in Pakistan. Coupled with this is the element of internal de-motivation and frustration arising from being unable to find a decent job on arrival. Furthermore, as discussed earlier, most of these Pakistani households tend to perceive or have actually experienced, what they term 'strong racism' in the formal sector of the UK.

All these factors put together seem to cause the forceful participation of the Pakistani households in informal economic activities in a bid to "quick" employment opportunities and to mitigate the effect of their discrimination in the formal labour market. Instant cash-in-hand work, as stated by many participants, is what comes to their rescue in this state of helplessness. Undoubtedly, there is a profound element of voluntarism involved in the migration of an overwhelming segment of the Pakistani community in Sheffield; however, their initial employment is very often a matter of an involuntary choice.

Based on the above discussion, it is not difficult to conclude that for a fraction of the Pakistani workers in Sheffield, and as argued by the proponents of the structuralist theory, their engagement in informal work is a direct result of their involuntary exclusion from the mainstream British economy. Informal work functions as a survival strategy for these Pakistani workers in order to denounce the repercussions of their economic marginalisation in the UK. These workers can rightly be seen as victims of what Williams (2010) calls the economic

restructuring of new post-Fordist and post-Socialist era, not finding sufficient economic space within the legal domains of contemporary capitalism.

All in all, the rationales responsible for the engagement of the Pakistani community in informal work present a fairly different portrayal than many of the studies found in the British literature on the informal economy. Most of these studies, as discussed in the literature, tend to explain the existence of informal work in the UK through a predominant structuralist lens (e.g. Links UK, 2006; SBC, 2005; Eurobarometer, 2007; Leonard, 1994; Howe, 1990; MacDonald, 1994). The factors identified in these studies as being responsible for the involuntary exclusion of individuals, however, may not totally match with the rationales identified in this study for the same kind of participation. The structuralist narrative, as discussed in the literature review, also seems to prevail in the studies of certain South Asian communities in the UK (e.g. Jones *et al.*, 2004, 2006; Ram *et al.*, 2002b), where the engagement of immigrant businesses in informal activities is mainly described as an involuntary act of economic necessity due to sheer competition. The findings of this research, in that sense, does not fully accord with what is argued by a good deal of British studies as the “principle” motive of informal work in both English and ethnic minority communities. Nevertheless, this study does not totally undermine the presence of structuralist motives in the case of Pakistani suppliers in Sheffield. All that is argued is that it is not the prime motive for them in this case.

In contrast, the engagement of the Pakistani households in informal work is primarily determined as an outcome of their voluntary exit from the formal sector as an attempt to maximise their economic gains, which they believed are otherwise subdued by the regulated and unfair measures of the mainstream economy. The Neo-liberal theory, therefore, espouses the bulk of the motives for the Pakistani informal economy in Sheffield. Following this, as shown in the results, is the percentage of Pakistani households whose engagement in informal work is not mainly economic, but rather a product of certain socially constructed norms assisting them to achieve certain social incentives, such as community networking. The second most important set of motives in the case of Pakistani suppliers is thus an implication of the post-structuralist theory.

This research, nevertheless, is not unique in this assertion. Rather, it offers support to a recent stream of studies conducted in various ethnic minority and English populations, where the engagement of people in informal work is widely seen as a ‘voluntary exit’ to either deal with

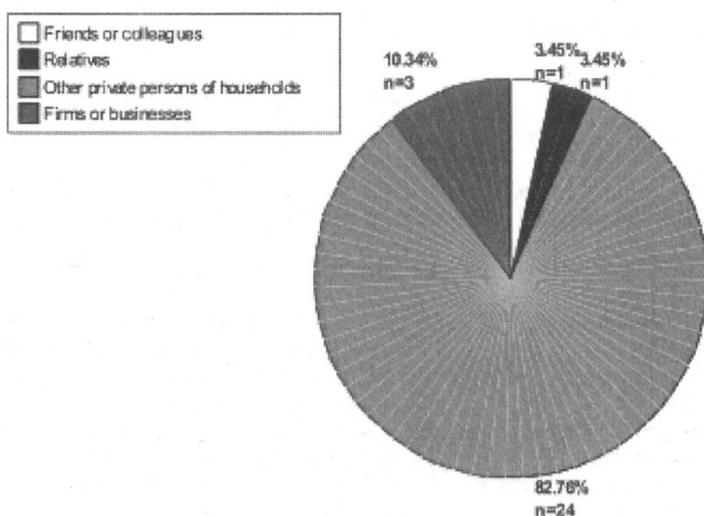
over-regulation or accomplish certain social objectives (e.g. Ram *et al.*, 2007; Williams, 2004a; White and Williams, 2009; Williams and Windebank, 2002b; Community Links, 2007).

## **Clients of informal work**

This section primarily attempts to identify the kind of social relations underpinning the supply of informal work by the Pakistani households in Sheffield. Secondly, it also provides evidence that may be used to determine, what Ram and Hillin (1994) calls, the extent of “break-out” taking place by Pakistani informal businesses in terms of their clientele and geographical spread. Relating to the concept of break-out, this section also includes evidence regarding the general growth aspirations of Pakistani informal businesses as reported by the households involved in such work, and as also based on the prevailing perceptions amongst the respondents.

When questioned about the customers of their informal work, almost 90% of the participants who admitted to have conducted informal work named private people or households as their major clients. A majority of these private clients consisted of people who were not directly known to the suppliers: 82.7% (see graph 6.7) of all the Pakistani informal workers did this type of work for clients from outside their immediate social circle. It is also important to note the majority of these private clients are comprised of non-ethnic individuals, most often than not the members from the dominant English population. Less than 10% of the participants who had carried informal work mentioned that their supply of informal goods/services was only limited to friends, colleagues and neighbours. Firms or businesses, meanwhile, constituted the customer base for only slightly more than 10% of all the informal workers.

Graph 6.7: Clientele of informal work for Pakistani suppliers



Describing the largest segment of their customers (i.e. unknown private persons or households), almost all the Pakistani informal suppliers asserted that the majority of these customers were comprised of individuals belonging to other ethnic groups, with English people constituting the largest of all. Certainly, the percentage of non-Pakistani customers, as reported by the respondents, tends to vary from sector to sector. However, the aggregate number of non-ethnic individuals in particular and the persons previously unknown to the Pakistani suppliers in general appears to form the largest clientele of their informal businesses. Reflected from the responses of Pakistani suppliers given below, the percentage of the goods/services sold to previously known individuals happens to form a minor share of their informal work in Sheffield.

*“People from every age and ethnic group come and eat at my restaurant. I can not say which ethnic group is the biggest customer ... .. however I can surely say that English people are the most frequent customers”* (Male, 40-55yrs, Informal takeaway owner)

*“I do not know many of the customers when they first come to my shop. Even Pakistani customers are not usually known to me. Then of course with time you get to know them and develop good friendship”* (Male, 26-40yrs, Informal newsagent)

*“It is a great mix of customers. I do not work for any specific group of customers, or any specific area for that matter. When you are driving a taxi, you are on call for everybody”* (Male, 26-40yrs, Informal taxi driver)

*“Every passer-by is a potential customer for my shop. I don’t think I can possibly know many of them before they visit my shop, even if they are Pakistani”* (Male, 55yrs+, Informal grocery owner)

*“The English are by far the largest customers in this sector. Especially over weekends all you see are groups of English people dinning out every where ..... Pakistanis generally do not dine out much”* (Male, 40-55yrs, Informal restaurant owner)

*“I must say that friends and relatives are a minute percentage of my customers”* (Male, 40-55yrs, Informal sweetshop owner)

The finding that most of the informal work conducted by the Pakistani households is likely to be supplied to private people/firms previously unknown to the supplier appears to echo with the predominant trend of high-income English localities. The bulk of the paid informal work supplied by affluent English households also tends to involve anonymous buyers and suppliers (see, Williams, 2004a, b; 2005). Meanwhile, there is also evidence showing the predominance of non-kinship clientele even in the case of deprived white population vis-à-vis their supply of paid informal work (e.g. Leonard, 1994). In contrast, the nature of the Pakistani informal economy in this regard seems to contradict the mix of clientele identified in the wider surveys of the British informal economy, where the majority of the informal workers did this work for friends, relatives and colleagues (e.g. Eurobarometer, 2007). Reporting a high share of non-ethnic customers, on the other hand, the findings of this survey happens to resonate what has been discovered as a predominant strategy of informal immigrant businesses elsewhere. The South Asian restaurants working on an informal basis in the Balti Quarter of Birmingham (see, Ram 2002b; Jones *et al.*, 2006), for example, were also widely found to device strategies, such as agglomeration effect, aiming to further consolidate the share of their non-ethnic clientele, which would most probably contain people previously unknown to them. The social relationships (i.e. non-kinship clientele) governing the bulk of the informal work supplied by the Pakistani households, therefore, find a reasonable reflection in the British literature. The following debate will now include a more nuanced description of how the social relationships between the

Pakistani suppliers and their customers tend to vary across different sectors. It is done within the scope of a particular theoretical framework.

### The extent of ethnic and geographic break-out in different trades

The overwhelming tendency of Pakistani informal suppliers to serve non-ethnic customers or even the members from outside their kinship networks is clearly a hint to the “*break-out theory*” as presented by Ram and Hillin (1994) with reference to entrepreneurial activities of ethnic minority populations in the UK. Breaking-out in this sense refers to the process of moving away from cultural and ethnic niches to target the mainstream population as a strategy of entrepreneurial expansion for EMBs. Now looking at the data presented in graph 6.7, one may falsely conclude that the informal businesses of the Pakistani community in Sheffield have undergone an overall process of break-out so far as their business clientele is concerned. This generalised impression, however, could be fairly misleading if not analysed in relation to the extent of break-out taking place in each of the individual sectors Pakistani informal businesses are concentrated in. There are self-evident variations from sector to sector. The preceding section will discuss the trends and evidence observed in each of the three major sectors of the Pakistani informal activity in a bid to compare the type of clientele served in each of them. It intends to explain how the informal Pakistani businesses/self-employed individuals operating in different sectors tend to serve a varying set of known and unknown customers, and thus have shown contrasting levels of break-out.

Before we set to present the sectoral analysis of the break-out theory for the informal businesses of Pakistani suppliers, it would be useful to briefly reconstruct the break-out model put forth by McEvoy and Hafeez (2009) based on four different market spaces where ethnic minorities can possibly operate their businesses, jointly defined by Jones and McEvoy (1992), Barrett *et al.*, (1996) and Barrett *et al.*, (2001). According to the model, the primitive state of ethnic minority enterprises, both formal and informal, is characterised as *ethnic enclosure*. It can be read as an idealistic reflection of the ethnic enclave economy as defined by Portes (1994), where an EMB is truly restricted to areas of co-ethnic concentrations and relying purely on ethnic niches as its customers. The profitability of the business is thus determined by the size and affluence of co-ethnic residents, which may also worsen due to intense co-ethnic competition. Now the model suggests three alternative market spaces for EMBs to break-out of this ethnic enclosure and reach out for a relatively wider and diverse base of customers in the host economy. First of them

is labelled as the *local non-ethnic* niche, which can be compared with, as said by McEvoy and Hafeez (2009, p.59-60), typical middleman activities such as convenience retailing and hot food take away. Such EMBs do experience a reasonable degree of ethnic break-out, but fail to display any signs of what can be called a geographical break-out. In other words, these enterprises have escaped the limitations of serving just the co-ethnic clientele, but are still located within the bounds of co-ethnic areas. The second possible strategy to break-out is to operate in the *ethnic non-local* market space. It is a strategy in which the ethnic minority enterprise continues to sell mainly to co-ethnic customers, but is located outside the space of ethnic enclosures. It rather establishes itself somewhere inside the mainstream market space in order to avoid the adverse market forces of ethnic enclaves such as destructive competition from co-ethnic firms. Lastly, and perhaps the most flagrant form of break-out is to reach the *non-ethnic non-local* market space, where the ethnic minority firm can truly be said an integral part of the mainstream economy. It is the form of business which achieves both geographical and ethnic break-out, whereby selling ethnic and non-ethnic products/services to both ethnic and the wider non-ethnic clientele. Large South Asian food manufacturers in Birmingham selling a variety of products to national supermarket chains fit well with this type of EMBs (see, McEvan *et al.*, 2005). It is, however, important to note that McEvoy and Hafeez (2009) do not describe this model as a set of sequential stages, but they rather assert that break-out can be achieved by a direct progression to any of the three alternative market spaces. Now, combining this model with the qualitative evidence gathered during the research, we are in the position to evaluate the level of break-out, if at all, taking place in the major occupational sectors of the Pakistani informal economy in Sheffield.

*Transport:* In the context of the Pakistani informal economy, and as discussed in the last section, the transport sector predominantly refers to the trade of taxi-driving. The informal businesses of Pakistani suppliers in this sector are evidently a reflection of the extreme form of break-out discussed above – non-ethnic non-local market. All the cash-in-hand taxi drivers, by the very nature of their trade, tend to operate in the widest possible market space of the city, mostly comprised of English business travellers, supermarket shoppers, or late night drinkers seeking a taxi ride after all other modes of transport cease to operate. The most instrumental factor that has made this trade an inherently expanding domain of informal businesses for Pakistani workers, and as also argued by Werbner (2000; p.679), is that the cultural capital needed to be a taxi driver is not distinctively Asian. And cultural capital is often stated as the major reason for ethnic minority enterprises to preferably operate within the bounds of their co-ethnic markets and residential enclaves, resisting the need to undergo the process of break-out (e.g. Chaudhry and

Crick, 2003; Waldinger, 1996; Patel, 1989). With no reliance on ethnic and cultural niche vis-à-vis their business profitability, the Pakistani households working as informal taxi drivers do not feel obstructed in any way to serve the diverse segment of the mainstream clientele. Neither are there any stringent institutional barriers as discussed earlier.

*Catering:* The catering businesses of the Pakistani informal economy in Sheffield can also be reckoned as a fairly good example of both ethnic and geographical break-out. Most of them were found to be serving extremely diverse segments of customers, while being located across a wide landscape of the city. As for the customers, the majority of the informal restaurant and takeaway owners rather mentioned the English and other ethnic minority populations as constituting a far bigger share of their sales. One very important distinction that we can draw, based on the available evidence, between the informal caterers of the Pakistani community in Sheffield and the similar South Asian businesses elsewhere is their unusual adoption of what Ram *et al.*, (2002) calls the 'local niche strategy'. It is a kind of business strategy for ethnic minority firms to dislocate themselves from typical ethnic business clusters and seek a wider geographical spread where a handful of firms serve a particular local niche in their respective localities. Pakistani informal restaurants and takeaways, likewise, are scattered across different commercial and residential areas of Sheffield, serving equally to ethnic and non-ethnic clientele. Although, one can find occasional bunch of Pakistani cash-in-hand takeaways around their co-ethnic neighbourhoods and in the vicinity of the city centre, none of them, however, can be translated into a business cluster of any thing like the one observed by Jones *et al.*, (2004) in their study of informal South Asian restaurants in Birmingham. The largest food cluster often associated with South Asian cuisine in Sheffield is the one located on London Road, whereas in fact even that is not a pure hegemony of Pakistani restaurants, but rather a grouping of multiethnic food outlets with none representing the majority. Hence, we do not find any thing comparable to the South Asian business quarters, like the Curry Mile in Manchester, Balti Quarter in Birmingham, Belgrave Road in Leicester or Southall High Street in west London. The survey identifies no significant evidence regarding the Pakistani informal food outlets trying to capitalise on a collective ethnic pull to generate the agglomeration effect, as was discovered in case of informal restaurants in the Balti Quarter (see, Ram *et al.*, 2002; 2007). On the contrary, they have tended to display a better support for the break-out theory by not only serving beyond an ethnic niche but also showing a relatively scattered existence catering to a broader set of spatial neighbourhoods. There were strong voices, as recorded below, expressing the refusal of the Pakistani caterers to operate in the form of ethnic and/or geographical clusters.

*“It is better to operate in the locality where there are not many restaurants or takeaways .... You end up getting better clientele and earning more profits”*

*“I know there are strong clusters of Pakistani restaurants in cities like Manchester, Birmingham and Bedford, but in Sheffield we have a different trend ..... Pakistani restaurants do not often wish to exist together”*

*“I would not like to locate my business inside Pakistani neighbourhoods. It kills your English clientele who are far bigger than the Pakistani community”*

*“English neighbourhoods are better to run a food business ..... I do not face price competition from other Pakistani restaurants and ..... you can have more loyal customers here ... they don't have many restaurants to change”*

*“In Sheffield, things are very different – there is no one special road for Pakistani restaurants as such ..... you can find a Pakistani takeaway in almost all parts of the city, which is good I guess”*

It appears to be a conscious choice of the Pakistani caterers in Sheffield not to function in the form a cluster or quarter and rather to spread their businesses across wider geographical areas. It seems to be done to capture a diverse segment of clientele existing outside the Pakistani enclaves, realising a potential customer base in the dominant English population. The geographical break-out of these informal Pakistani restaurants/takeaways is also supported by the anecdotal evidence gathered during the survey. It is observed by the researcher that there are an increasing number of informal Pakistani caterers during the last three years all across the Sheffield city centre and its adjoining areas, which are not otherwise characterised as typical Pakistani localities and contain a meagre fraction of Pakistani residents<sup>37</sup>. Many similar Pakistani restaurants are also observed during the survey to be operating in wards quite distant from the City Centre but having very high concentration of English population, such as Crookes, Broomhill, Ecclesall, Fullwood and Hillsborough. These are the kind of neighbourhoods that accommodate a negligible fraction of Pakistani residents (UK Census 2001) and yet showing a considerable presence of informal Pakistani takeaways as observed by the researcher. Consequently, it may not be totally wrong to imply that the Pakistani caterers working on a cash-

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<sup>37</sup> Sheffield City Council – Community profile, Pakistani (2006)

in-hand basis in these areas are mainly serving the non-Pakistani clientele in non-Pakistani neighbourhoods, indicating their break from ethnic and geographical niche.

However, despite their escape from the adverse market forces of ethnic quarters and the subsequent integration into the mainstream market, the informal Pakistani businesses in this sector could not totally discard the pull of certain ethno-cultural forces. They may run their businesses in widely scattered neighbourhoods and serve totally independent clientele, one should not turn blind eye to the fact that they still reside and interact in closely knitted and segregated communities. Their interaction in these isolated social spaces, as evident from the replies of some respondents, seems to have ostensible impact on their economic and business strategies as well. There is a strong sense of business counselling at informal social gatherings amongst the Pakistani community, which are very often restricted only to co-ethnic members. Some of the replies recorded by the owners/employees of informal takeaway outlets in this regard are as follows.

*“We work at different locations, so the only possible chance of interaction is during community get togethers where we use maximum time to talk about business”* (Male, 26-40yrs, Takeaway employee)

*“It is not possible to run our business without community guidance. You always learn from people with prior experience in the restaurant business ..... they often teach you .....what to sell and how to sell”* (Male, 40-55yrs, Restaurant owner)

*“Given the long hours at work, I think it is a good practice that we exchange business ideas at social meetings”* (Male, 26-40yrs, Restaurant employee)

*“When you are operating against the law, it becomes even more important to stay in touch with each other on business related problems”* (Male, 40-55yrs, Takeaway owner)

It clearly highlights the social inter-locking of informal Pakistani businesses, including the food outlets, and its potential impact on their business strategies. These informal workers seem to place high confidence on what they learn through casual intra-community interactions. A more evident display of these ‘invisible linkages’ between informal Pakistani restaurants and takeaways in their respective fraternities can be observed in the form of extreme homogeneity in their product variety, promotion deals, price list, remuneration packages and even the ambience

of the place. Product differentiation, for example, is profoundly determined by the shared cultural cuisine drawn from the Pakistani assortment of dishes.

Another cultural commonality that is shaping the business ambitions of these informal outlets is the prevalent ideology of 'savings maximisation' and the 'sense of contentment' towards the existing scales of business (also see, Community Profile – Pakistani, Sheffield City Council, 2006). Most of the Pakistani informal catering businesses, especially the cash-in-hand takeaways, tend to benchmark themselves solely against their co-ethnic competitors and thereby fail to recognise any room for differentiation and growth. This point is further elaborated at the end of this section while the study discusses the prevailing perceptions about the growth aspirations of informal Pakistani businesses.

It is because of such invisible ethnic and cultural connections that the Pakistani catering businesses in Sheffield cannot be considered as operating in the 'real' non-ethnic non-local market space. One can still see these informal enterprises suffering from the limiting impact of ethnic enclosure. Consequently, the informal economy of the Pakistani community in the catering sector reflects the description of an ethnic enclave economy as given by Werbner (2000), who calls for the theorisation of ethnic enclave economies beyond the traditional spatial metaphor. Examining the growth of South Asian enterprises in Manchester, Werbner (2000; p.678) maintains that the spatial *dispersal* of ethnic firms all operating within a single industry does not translate into their break-out from ethnic enclaves. And there still remains strong interconnections of ethnic affinity amongst them, which can if, make them grow together, can also be a phenomenal cause of collective failure.

*Retail:* The informal Pakistani suppliers working in the retailing sector have shown the most depressing level of break-out, both in terms of geographical and ethnic expansion. It is a typical case of small-scale low-order enterprises strictly serving the need of ethno-cultural niches by locating themselves within, or in close proximity of, various Pakistani neighbourhoods in Sheffield. Almost all the informal retailers interviewed during the survey, and as also stressed by other respondents, were found to have taken advantage of the 'distinctive needs' of Pakistani households or other culturally and religiously identical ethnic minority communities like the Indians, Bangladeshis and African Muslims. The informal clothing shops and small departmental stores run on a cash-in-hand basis by Pakistani owners, for example, exclusively deal with traditional Pakistani outfits and special grocery items used in the preparation of sub-continent dishes respectively. Central to the survival of these firms is, therefore, the knowledge of cultural

goods as well as the ability to mobilise the ethno-cultural resources available to them in the host society. Insisting on the significance of Pakistani households as the major clients of their businesses, for example, many of the Pakistani retailers selling different range of products viewed it essential for them to locate their shops near or inside the neighbourhoods of Pakistani concentration. Some of the statements submitted in this regard are as follows.

*"We only deal in Pakistani garments, which are specially imported from Pakistan in order to satisfy the need of traditional dresses for Pakistani women in Sheffield ..... (therefore) we must operate in the areas where there are many Pakistani customers"*  
(Male, 55yrs+, Garment shop owner)

*"I know many of my products are useable for English households as well, but if I relocate myself lets say in the City Centre, I would loose a much bigger segment of Pakistani customers ..... many of my products would go unsold as they are exclusively for Pakistani and Indian cuisines"* (Male, 55yrs+, Grocery store owner)

*"It is very important to operate in a Pakistani neighbourhood. Pakistanis are by far the largest customers in this business along with other Muslim residents. They come to our shop because they need halal meat ..... it would be pointless to work in English localities ..... English people can get it from anywhere"* (Male, 25-40yrs, Meat shop employee)

*"English people do buy from my shop, but Pakistanis are the major client ..... If I operate in a bigger commercial area I would loose the exclusivity I am enjoying here (a Pakistani neighbourhood)"* (Male, 40-55yrs, Grocery store owner)

The notions reflected from such statements of the informal Pakistani retailers runs in contrast to what was recorded earlier in the case of Pakistani caterers. The former group of Pakistani workers tend to describe their business success as contingent upon the availability of Pakistani customers and the proximity of their business to the areas of high Pakistani concentration. Interestingly, not only does the clientele of these informal retailers seems to rely on ethnic niche, but also the sustenance of their business supply chains tends to depend a bit on how strongly they are embedded into co-ethnic networks of business exchange, which in turn tends to depend on how closely the business is located to similar Pakistani retailers and the co-ethnic community at large. As some retailers stated in the regard,

*“If you are working in Pakistani areas there are many chances that you can find a better supplier amongst those who supply at different Pakistani (grocery) stores in your vicinity”* (Male, 55yrs+, Grocery store owner)

*“Many of the suppliers are common in our business .....they supply to almost all the Pakistani shops in the area ..... if you are not located in the area, you may be missed”* (Male, 40-55yrs, Self-employed butcher)

*“Pakistani neighbourhoods are definitely better – in this way you can get so much informal information regarding their needs and other Pakistani shops”* (Male, 26-40yrs, Garment shop employee)

*“Most of the suppliers of my products are themselves Pakistanis. You get to develop better relationships with them by working inside the community – you are closer in that sense”* (Male, 40-55yrs, Grocery store employee)

*“If you are located where other Pakistani retailers are located, you can come to know which supplier is giving what price ..... (otherwise) it is very difficult to know the price and products being offered by your competitors”* (Male, 55yrs+, Fruit shop owner)

Based on such responses, one of the factors that seem to determine the competitiveness of these small informal retailers is their ability to locate themselves within the informal networks of information exchange. In a sector that is predominantly selling ethno-cultural products, it is considered quite vital by the Pakistani retailers to maintain frequent interaction with co-ethnic buyers and suppliers in a bid to seek market information. It is for these reasons the informal Pakistani businesses operating in the retail sector fail to display the same level of break-out as possibly experienced by their counterparts working in the trades of taxi-driving and catering.

There is one very important consideration in this case. Given the fact that informal businesses of the Pakistani community in the retail sector are heavily structured around certain ethno-cultural consumable commodities, they can certainly be classified as, what Chaudhry and Crick (2003) call, a life-style oriented sector. This, in turn, brings into question the very idea of the break-out theory by asking if it is even commercially plausible for these small informal Pakistani retailers to undergo a break-out process. The very rationale behind the existence of these informal

retailers, and to repeat, is to satisfy a very unique and basic set of demands mainly prevalent in the Pakistani community. Therefore, the type of products/services sold at these cash-in-hand outlets are extremely exclusive in terms of their nature, something that larger mainstream supermarkets simply do not deal with. This exclusivity of their product mix and customer base is what places them in, as stated by McEvoy and Hafeez (2009), a 'protected market' space, where they are neither exposed to mainstream competition nor do they serve the same purpose and needs (also see, Chell and Haworth, 1989). For each of these low-order retailing businesses, therefore, the decision to operate inside the ethnic enclosure and serve the local cultural niche is truly a strategy to muster up a collective competitive advantage against the mainstream retailing sector. Opening themselves up to the mainstream product range and relocating their businesses on the high street, for instance, would put them in direct competition from large national retailing chains – a deal that is inherently unfair and unwinnable for these informal retail outlets, which are hardly any different from small corner-shops. Hence, given their present scale of business, investment capability and low aspirations for growth, it would not be irrational to suggest that a break-out from the ethnic niche market by these informal suppliers will do more harm to their business activity than any good. Similar conclusion is drawn by a study of small South Asian retail enterprises conducted in various ethnic wards of London (see, Chaudhry and Crick, 2003). Emphasising the significance of the local cultural niche vis-à-vis the survival of small retail firms, the study argued that *“Break-out theory is clearly more applicable to growth oriented firms rather than those comfortable in operating a “lifestyle” oriented business”* (p.353).

In conclusion, it would be far from reality to say that informal economic activities of Pakistani households living in Sheffield are purely limited to the areas of their ethnic concentration and only serving the local cultural niche of customers. Instead, one can witness variable extent and kinds of break-out taking place in different sectors of the Pakistani informal economy, primarily depending upon the strength of ethno-cultural affinity of the product/service sold. All the same, the failure of certain Pakistanis firms to take an expansionary leap into the mainstream market may be explained due to the lack of certain requisites as sorted out by Jones and Ram (2003) in their study of small South Asian businesses. It includes, human capital in the form of education, knowledge and expertise; use of enterprise support services; strategic planning; and of course adequate financing and marketing. Nevertheless, for the Pakistani firms which do not own these requisites, as we have seen in the case of the retail sector, it may not be advantageous to break out of their existing niches and be a part of the mainstream market.

## Low growth aspirations: a potential barrier to break-out

Although, as discussed above, the Pakistani suppliers of informal work seem to experience a different level of break-out and expansion in different sectors, the survey also records a general perception about the growth aspirations of these small informal businesses. A wide array of studies in advanced economies has explored that ethnic minority and immigrant workers tend to move up in the hierarchy of informal labour market, taking up higher status and wealthier and more autonomous forms of informal work over time (Sassen, 1989; Portes, 1994; Lim, 1993; Pugliese, 1994). The Pakistani immigrants, on the contrary, despite being concentrated in specific informal economic activities, have failed to experience any considerable development since they first came to Sheffield. The young generation is, by and large, involved in the same forms of informal work (taxi driving, retail shops and takeaway outlets) as the previous generations. Their income from informal work and thus the overall social status as well as the financial condition have undoubtedly been improved quite substantially. Having said that, they have failed to bring about any noticeable change in their professional status and, as mentioned by a participant, have not managed to detach the label of “*blue collar workers*”.

There is one very common impression that seems to prevail amongst Pakistani households with regard to the growth aspirations of their co-ethnic informal businesses in Sheffield. A vast bulk of the participants were of the view that the Pakistani informal workers tend to suffer with an acute “lack of urge” to grow when it comes to the development of their informal businesses. This impression is more widely observed amongst those Pakistani households who were currently engaged in formal employment and have discarded all forms of informal work for quite some time now; nevertheless, it was not limited to them. Insisting on the low growth ambitions of the Pakistanis working as informal workers, some of the households from formal employment were quite assertive in stating that,

“I think Pakistani immigrants do not have sufficient ambition and they are highly incompetent when it comes to professional development. In short, they do not want to grow” (Male, 40-55yrs, Self-employed Advocate)

“They (Pakistani cash-in-hand workers) are very satisfied with their existing forms of businesses and do not feel the need of expansion. They are of the view that one is destined to get whatever is written in their fate and thereby it may not essential to struggle for betterment” (Male, 40-55yrs, Sheffield City Council employee)

*“I have been using these small Pakistani grocery shops and restaurants for the last 10 years now. There is hardly any improvement or expansion. Most of them are selling the same products in the same style ..... I have talked to them many a times at various community gatherings – they are very happy with the way they are working”* (Female, 26-40yrs, Teacher)

*“They just want to earn as much as is sufficient for their survival in the UK ..... there are no ambitions to grow or even to change their businesses. These are basically incompetent people who do not have the skills or education to do anything bigger”* (Male, 40-55yrs, Doctor)

Not only were such impressions recorded amongst formally-employed respondents, but also a good number of informal Pakistani workers were quite forthcoming in expressing their retarded growth ambitions. Some of the remarks given in this regard by the households engaged in informal economic activities are included below.

*“Well, yes I am pretty satisfied with my business. It gives me sufficient return and helps me to feed my family well”* (Male, 40-55yrs, Takeaway owner)

*“I know it is not a big business, but it is more than enough for me to get by in the UK ..... we could open up more branches in other areas or cities, but why start something that you don’t need”* (Male, 55yrs+, Restaurant owner)

*“It is easy and flexible, and above all it earns a good amount of money too .....there is no need of putting myself into bigger and difficult job when I could get the return by driving a taxi”* (Male, 26-40yrs, Taxi driver)

*“This is a decent small shop and we keep all the typical products demanded by Pakistani households in this locality ..... yes, we can include some special products and make the shop bigger, but I don’t want to get into that hassle ... it is quite fulfilling for me at the moment”* (Male, 40-55yr, Grocery store owner)

There is a strong expression of “satisfaction” by the Pakistani households regarding the scale and return of their existing informal work. Despite their ability to expand and/or grow, as mentioned

by some respondents, most of the Pakistani informal businesses tend to choose a regressive growth strategy, displaying weak ambitions for growth and strong contentment with their existing size and nature of informal activities. In that sense, they appear to epitomise the category of informal traders known as “getting-by” (see, Williams, 2005), who do not wish to expand their informal activity beyond finding sufficient work and do not firmly aim at bringing about an eventual expansion in their business. The Pakistani informal businesses are not unique to possess such low growth ambitions. Similar trends are identified in studies conducted on informal economic activities of other ethnic minority communities in the UK as well (e.g. Vershinina *et al.*, 2009; Community Links, 2007). This lack of interest by the Pakistani community to change their employment status was also emphasised by the study undertaken by the Sheffield City Council declaring Pakistani immigrants as one of the least ambitious ethnic groups in the city (see, Sheffield City Council, Community profile – Pakistani, 2006).

Furthermore, these low aspirations of informal Pakistani businesses, as perceived by many respondents, are further compounded by their excessive focus on income maximisation. It is believed to be the money-centred approach of Pakistani immigrants in general that tends to form the main focus of their informal work, subsequently resulting into their negligence towards business development ambitions. The prime and perhaps the only objective in some cases, as asserted by many respondents, for such small informal businesses is to seek maximum income irrespective of the status of the work itself.

“The Pakistani community are engaged in a blind struggle for money. For most of the hours, they are found on roads driving taxis or doing construction work in order to earn as much money as possible. It has severely restricted their professional development.” (Male, 26-40yrs, Junior manager)

“Poor financial conditions of the first generation provided them enough incentive to make money as the sole objective of their lives. They worked excessively hard to maximise their earnings in the form of cash. It did not leave them with enough time to focus on intellectual and professional development and they got stuck with inferior but rewarding forms of work.....Unfortunately, the following generations could not escape from this struggle for money and did not abandon the unprofessional trades of their ancestors” (Male, 55yrs+, Self-employed estate agent)

“Since Pakistanis have come to the UK with the purpose of earning money, they prefer to spend time on road driving taxis instead of going to universities” (Male, 40-55yrs, Taxi driver)

Based on these remarks, one may imply that the Pakistani community is currently trapped in a vicious circle. Their long-hours commitment with cash-generating informal work is not letting them spare time for exploring untraditional enterprise opportunities, which is the prerequisite for them to change their money-centred aptitude and pay attention to aspects like professional growth and recognition. As such, the participants who were conducting informal work were not found to be keen about gaining recognition and forming their occupational identities. On the whole, the Pakistani informal workers were found to have the feeling of ‘insecurity’ and did not seem interested in more noticeable forms of informal work.

## **Transition to formal employment**

Although to examine if the Pakistani households are making a shift into formal employment does not form one of the principle foci of this research, the cross tabulation of certain variables as well as the related open-ended discussions with the respondents do help to identify some tentative trends in this regard. First of all, as shown in table 6.7, when the number of the respondents working as formal employees was computed against those who admitted to have worked on an informal basis, a very interesting implication may be drawn. Almost half of the Pakistani households (18 out of 39) who were currently working as full-time formal employees reported to have conducted some form of informal work in the last five years. Furthermore, as confirmed by them, most of this informal work was undertaken on a regular basis and often comprised of substantial activities (e.g. taxi driving, part-time construction services, retailing and trading). More interestingly, amongst all the formally employed who said to have worked on an informal basis in the past, a vast bulk of the respondents (16 out of 18) at present were found to be working only as full-time formal employees denying any form of engagement in informal work.

Table 6.7: Relationship between employment status and the tendency to conduct informal work

Have you ever carried out any work for yourself or any other person in which total or a part of your income was kept hidden from tax and social security authorities in the last 5 years?	Are you working formally at present?	
	Yes (count)	No (count)
Yes	18	11
No	21	

Some of the respondents, as given below, were quite assertive in describing their shift from part-time informal workers to full-time formal employees.

*“I used to drive a taxi in my evening hours three years ago – and then I found this junior management level job with the city council – there was no need to drive the taxi any longer”* (Male, 26-40yrs, City Council employee)

*“No doubt it is quite helpful for you to start with some kind of informal work as it is something widespread in the Pakistanis. Then it also helps to fulfil your immediate financial demands ..... but I believe one should instantly make a shift as soon as a good formal job is available ..... I did the same thing”* (Male, 26-40yrs, Bank employee)

*“I used to take cash-in-hand construction assignments on weekends for my friends/relatives until a few years ago. They were very important earnings for my family..... my current employment with Yorkshire Police is almost three years old now, and all the construction assignments are gone..... perhaps I do not need them or may be I don't have enough time ..... it feels much better to be in a full-time formal job”* (Male, 26-40yrs, Police officer)

There were also respondents, though very few in numbers, who had undergone an even more dramatic shift, i.e. from a full-time informal work to a full-time formal employment in the last five years. The evidence for such cases is recorded in the form of following statements.

*“It was very difficult to find a job despite my qualification, so I started to drive a taxi when I first came to the UK ... it was a full-time work, rather I worked overtime on many occasions ... however four years ago I found a good job with the Sheffield City Council and not doing any cash-in-hand work ever since” (Male, 40-55yrs, City Council employee)*

*“It was until almost three years ago I used to do multiple cash-in-hand jobs as per the need ... there were times when I worked at an informal takeaway in the morning and spent my evenings driving a taxi ... now there is no question of such jobs as my formal employment with the Pakistani Community Centre is full-time and pretty fulfilling” (Male, 55yrs+, Community Centre employee)*

All these statements by the Pakistani households contain a clear expression of their tendency to make a shift from informal to formal employment over a period of time. Also, as mentioned earlier, this transition to formal employment seems to be accompanied by complete suspension of informal activities, where only two respondents continued their engagement in informal work after joining formal employment. This trend should not, however, be read as an indication of reduction in the size of informal work conducted by the Pakistani community, as there is no sufficient evidence in this study to determine the fraction of Pakistani households undergoing the opposite shift, i.e. from formal to informal. On the contrary, the evidence gathered in this study, as presented at the start of this chapter, tends to project the Pakistani households as still highly likely to participate in informal economic activities. Doubtless, there are trends of shifting into formal employment, but whether it accords with the argument of the formalisation thesis – there is a natural and inevitable shift of economic activity from the formal to informal sphere – is a matter of further inquiry in the case of the Pakistani community. Instead, if any tendency is to be proposed regarding the Pakistani households, it is conforming to their engagement in informal work.

## **Frequency of informal work**

The survey observed a high level of regularity among the Pakistani households with respect to the execution of informal work. Three-quarters of all the participants who had been involved in informal work stated that they conducted such work with certain regularity. Only few of them were of the view that their engagement in informal work was either an occasional or a one-time

activity. Moreover, the survey reveals that the majority of the informal work within the Pakistani community is being taken place on full-time basis. However, it is difficult to identify a universal trend across all the major informal trades of the Pakistani workers. In case of taxi driving, for instance, there were an equal percentage of full-time and part-time workers, as it tends to be the most likeable profession for the youngsters who are formally employed, but wish to earn extra income by running taxis in their leisure time. The retail and restaurant sectors, on the other hand, are dominated by established self-employed workers and off-the-book employees for whom running an informal grocery store or serving at a restaurant is the source of primary income. Many of them tend to do it on full-time basis as a result. The participation on full-time and regular basis, however, was the overwhelming finding.

## **Earnings from informal work**

Ethnic minority and immigrant populations, as asserted by Williams and Windebank (1998), are normally viewed as marginalised and disadvantaged groups, who are more likely to be found in the peripheral informal workforce conducting exploitative and low-paid informal employment. The tendencies of ethnic minority and immigrant workers to earn less than the minimum acceptable wage relative to dominant white population have also been identified in various other literatures (e.g Modood and Berthoud, 1997, Owen, 1994, Bhavani, 1994, Jones, 1993, Galster, 1991). Evaluating the disparity between the wage rates of native French workers and the Tunisian immigrants, Costes(1991) has empirically revealed that immigrants tend to earn lower incomes from their informal employment.

Most of the empirical studies identifying the exploitative nature of informal work being performed by immigrants have used income as an indicator to make their conclusions. In an attempt to study if the Pakistani community of Sheffield is involved in the exploitative forms of informal employment, this research has also recorded the average gross incomes of the concerned participants. Very striking figures have emerged, strongly refuting the engagement of ethnic minorities and immigrants in low paid forms of informal employment. On average, the gross income of the Pakistani workers from their informal work was found to be £200 per day, which definitely defines a high earning income in the context of the UK economy. However, there are two caveats associated with this estimation. First, the gross income may provide a reasonable estimate of the profitability of business, yet ought not to be taken as an exact measure of take-home income, which may vary considerably depending on the type of work. Second, it

would be misleading to use the same figure in order to estimate the average income of the Pakistanis who are working as off-the-book employees since most of them fall towards the lowest end of the income bracket. The gross incomes of the self-employed Pakistani workers, on the other hand, even surpass the aforementioned figure. Two participants, for instance, mentioned that they were making sales of roughly equal to £1500 per day while keeping a major part of it hidden to tax and social security authorities.

## **Demand-side analysis**

As in the formal sector, the demand-supply mechanism plays a vital role in setting up the overall dynamics of the market for the informal sector. To understand the prevalence of certain types of informal occupations and the growth/decline of the informal sector in a particular economy, it is essential to evaluate the customers of informal work. What sort of informal goods/services do the Pakistani households mostly purchase in Sheffield? What are the reasons for them buying those goods/services from informal suppliers? Whom do they buy these products from? These are some of the main questions that are to be answered in the following section.

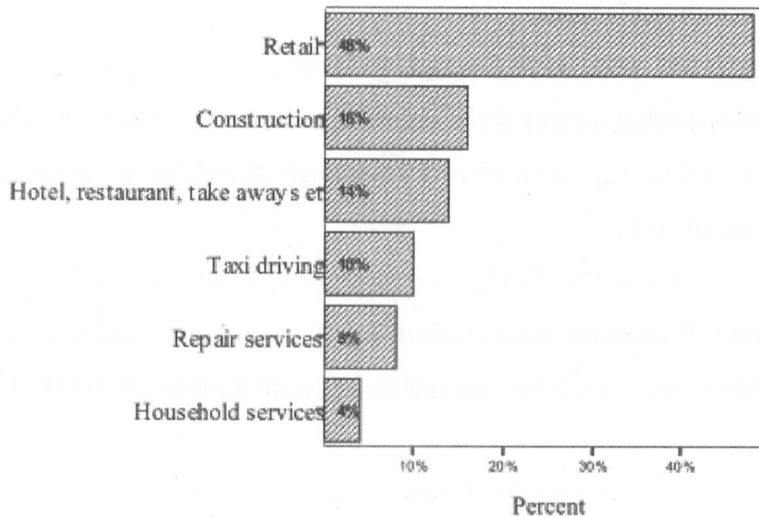
### **Types of informal goods and services acquired by Pakistani households**

In order to explore the sectors that contained the vast bulk of the informal purchases undertaken by the Pakistani community, the participants were asked to list the three major types of goods and/or services that had been acquired from informal suppliers in the last five years.

Once again some interesting trends are witnessed with regard to the participation of the Pakistani community in the informal economy. Graph 5.8 illustrates that the Pakistani households make the vast majority of their informal purchases in the retail category. Almost half (48%) of all those interviewed reported that the goods purchased from informal retail outlets constituted the highest fraction of their investment on informal work. This finding is consistent with the results of the EU survey (i.e. Eurobarometer, 2007), which also explored the retail sector as containing the highest value of informal purchases. In the case of Pakistani households, however, the share of this sector (i.e. 48%) is more than twice the percentage of British respondents (i.e. 22%) who reported retail products as their most important acquisition stemming from informal work. The types of retail goods/services mainly acquired on an informal basis by the Pakistani households in Sheffield are comprised of halal meat, ghee sweets, fruits and vegetables, general groceries, traditional garments and newspapers. Very seldom it may also include services like Travel and Estate agencies. Travel agents were mainly used by some respondents in order to purchase cash-in-hand air tickets for their annual trips to Pakistan. Similarly, some of the Pakistani households reported to have sought economical deals with formal estate agents in exchange of agreeing to make upfront 'cash' payments for multiple rent instalments. Construction turned out to be the

second most important sector from the perspective of informal purchases. About 16% of survey respondents were of the view that they made bulk of their informal purchases in the form of activities such as house construction, hotel renovation, masonry work etc. Even the EU survey discovered construction related activities to be the most important choice for 16% of the respondents.

Graph 6.8: Types of informal goods and services acquired by the Pakistani households



The catering sector was found to constitute the third largest share of informal purchases made by the Pakistani households in Sheffield (see graph 6.8). The vast bulk of informal goods acquired in this sector are comprised of a range of products bought from small halal takeaways and/or balti restaurants, mostly owned by Pakistani immigrants. The purchases from informal takeaways, as stated by many respondents, are basically comprised of low-price yet frequently-bought goods. In contrast, the dine-outs at informal balti restaurants are reported to be quite occasional, but exotic in terms of money spent. Some of the Pakistani households also mentioned to have hired informal catering services at home on very occasional events, such as family weddings. Most often than not, these are formal Pakistani caterers specialised in Pakistani décor and cuisine offering discounted cash-in-hand services to South Asian communities. Following this is the share of the transport sector, where 10% of the Pakistani respondents mentioned informal taxi driving as their most frequently acquired service in this regard. Other goods and services mentioned with a notable frequency are repair (8%) and household (4%) services.

Looking at graph 6.8, the portrayal of the sectoral distribution for Pakistani consumers tend to present a fairly lopsided picture, with almost half (48%) of the informal goods/services

purchased by the Pakistani households appear to concentrate in just one particular sector (i.e. retail). The reason for this striking preponderance of the retail sector in the informal purchases of the Pakistani community, as determined by the survey, is two folds. First, most of the informal goods/services, as described earlier, acquired by the Pakistani consumers from various retailing businesses tend to revolve around certain basic 'lifestyle' (e.g. ghee sweets, garments, cosmetics) and 'necessity' (e.g. groceries, meat, vegetables) products. Such acquisitions, as asserted by many participants, form an elementary part of their routine household activity, and thus need to be bought on a regular and an inevitable basis.

*"There are many products that we buy from informal grocery shops that are extensively used in our every day cooking. So, my wife or I buy mostly buy them on every other day"*  
(Male, 40-55yrs, Police officer)

*"If we stop buying meat from these small cash-in-hand butchers, we will just stop eating it forever. As they are the only butchers who sell halal meat"* (Male, 26-40yrs, Takeaway employee)

*"For me it is kind of essential to make regular visits to Pakistani garment shops. I know they are informal, but I can't just stop wearing traditional dresses – this is what most of the Pakistani women wear"* (Female, 26-40yrs, Self-employed tailor)

*"I am a big reader of Urdu (Pakistan's native language) newspaper. I can't properly understand English, and then you can't even fully know what is going on in Pakistan through English newspapers. So, I regularly buy Pakistani newspapers from this small informal shop round the corner because he is the only seller of it in the vicinity"* (Male, 55yrs, Taxi driver)

All such views by the respondents tend to propose how regular and extensive the use of most of the goods/services acquired by informal sources is in the routine household activities of Pakistani immigrants. Second, it is the ethno-cultural affiliation of the products sold at informal retail outlets that is said to make them an inevitable and one of the most frequently undertaken purchases of Pakistani households. There were views such as,

*“Halal meat is unavoidable, no matter if we get it from formal or informal shops”*  
(Female, 25-40yrs, Housewife)

*“We have this special taste for the Pakistani vegetables being sold at informal shops. English supermarkets do procure many of the similar vegetables imported from various European countries, but the ones from Pakistan are much closer to our taste”* (Male, 55yrs, Self-employed accountant)

*“I can never get a shalwar kameez from these big English outlets, and this is what I normally prefer to wear. There are (informal) Pakistani shops from where you can get some”* (Male, 40-55yrs, Mosque Imam)

*“There are no formal outlets of Pakistani women wear, and the ones available at informal Pakistani shops are no good quality. So I get them stitched from a family friend who works as a home-based informal tailor in Birmingham”* (Female, 26-40yrs, Teacher)

*“I go to cash-in-hand grocery shops just to buy Pakistani tea<sup>38</sup> or Arabian khajurs(dates)<sup>39</sup>. They are cultural products and you can only find them at such shops”*  
(Male, 26-40yrs, Sheffield City Council employee)

This significance of cultural and especially religious factors seems to play an even more phenomenal role in the catering sector, while they tend to determine the magnitude of informal purchases conducted by Pakistani immigrants at informal takeaways/restaurants. Emphasising on the importance of halal meat, the vast majority of the participants described their use of informal takeaways as mainly driven by the fact that such outlets provide ‘halal’ substitutes for the items sold at formal fast food restaurants in the UK. For the meat to be halal is one of the basic requirements in the Islamic faith, and can thus be a sufficient premise for a muslim immigrant to abandon the use of formal restaurants selling non-halal food. Some of the Pakistanis, for instance, stated,

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<sup>38</sup> Pakistani tea is usually more likeable by the South Asian households as it is relatively stronger in taste than the normal English tea.

<sup>39</sup> Dates have special significance in Islam due to their affiliation with the Holy Prophet Muhammad (May peace be upon him). They are extensively used by the whole muslim community, especially in the fasting month of Ramadan.

*“For me the only reason to buy from informal takeaways is that they sell halal forms of burgers, pizzaz and kebabs. We can’t go to other places”* (Male, 26-40yrs, Grocery store owner)

*“Eating non-halal meat is like losing your faith. We must ensure that that whatever we are eating does not contain anything that is slaughtered in violation with Islamic prescription ... .. the products sold at these small (informal) Pakistani and Turkish restaurants are definitely halal”* (Male, 55yrs+, Retired psychologist)

*“We do most of our grocery shopping from Sainbury’s or Morrison’s, however when it comes to a dine-out we must eat at a Muslim place because only there you can find a variety of halal food”* (Male, 40-55yrs, Doctor)

*“No matter how big the restaurant is, if it only sells non-halal food we would never eat there, in fact we can’t”* (Male, 26-40yrs, Student)

Apparently, the consumption of Pakistani households of the products sold by informal takeaways and restaurants is largely driven by a certain principle of their religious faith. It may be, therefore, assumed that the share of the catering sector in the overall informal purchases of the Pakistani community would be much lower if there were not any religious connotations attached to the products bought. The role of ethno-religious factors in the participation of Pakistani consumers in the informal economy is further discussed under the rationales of purchasing informal goods/services in a forthcoming section.

Another eye-catching finding in this regard is the underrepresentation of the household services as one of the major informal purchases of the Pakistani community. With only 4% of all Pakistani purchasers described such services as their most important acquisition stemming from informal work, the significance of household services in this case seems to be considerably less than what has been discovered in wider British surveys (e.g. Eurobarometer, 2007; Williams, 2004a). However, examining the responses of the Pakistani households submitted in connection to their undesirability of informal household services, the figures recorded above should not take one by surprise. The services such as child and elderly care, cooking, house cleaning, washing and so on, as reported by many participants, are presumed to be mainly taken care of by the female members of every Pakistani household, where the males are staunchly seen, what Williams and Windebank (1998) call, as bread winners. This traditional division of domestic

work, in the case of the Pakistani community, appears to be exceptionally strong due to the conservative background of most of the Pakistani immigrants in Sheffield, since many of them have their roots in the adjoining rural areas of a relatively backward city of Pakistan, i.e. Mirpur (see also, Sheffield City Council, Community Profile – Pakistani, 2006).

This full-time involvement of Pakistani women in routine housework tasks may very often leave them over-burdened and unemployed; however, it heavily reduces the need of Pakistani families to hire paid informal workers for such tasks. As shared by the participants of two focus groups,

*“Cooking and cleaning of the house is the sole responsibility of females in our family. This is what they can manage most effectively”* (Male, 40-55yrs, Takeaway owner)

*“Well, we don’t need a private person to baby sit or take care of our elders, most of our females stay at home and it is their responsibility to do take care of such tasks”* (Male, 26-40yrs, Self employed estate agent )

*“I don’t think I have ever hired a person for domestic jobs. My wife is very good at such jobs. After all, it is her duty to ensure proper cleaning of the house as well as to take care of children”* (Male, 40-55yrs, Self-employed accountant)

*“Even if I have a full-time job at a school, I still have to work as a full-time housewife. Cooking, cleaning, dish washing, laundry and so on, all such things have to be completed on time .... however it makes it unnecessary for us to hire private cleaners or maids”* (Female, 26-40yrs, Teacher)

*“There are many benefits of our family system. Our females can perform so many of such tasks at home that are usually conducted through paid labour by English families”* (Female, 26-40yrs, Housewife)

The gender division of labour prevailing amongst the Pakistani community in Sheffield, therefore, can not be understated as one of the instrumental reasons for their extremely limited use of informal household services. The carrying out of all such services by the female members of the community in their respective houses on a self-provisioning basis is what seems to replace the need of the paid labour for Pakistani households.

Despite striking variations in the magnitude of informal purchases undertaken by Pakistani consumers in different sectors, there is one very important trend to emerge. More than two-thirds (78%) of the Pakistani households in Sheffield tend to carry out their informal purchases in just three major sectors. One may therefore conclude that the demand-side of the Pakistani informal economy, as is the case with Pakistani suppliers, also appears to illustrate signs of sectoral trap. This finding is surely of great significance for the policy makers, who can possibly cater to a significant proportion of the demand for informal work generated in the Pakistani community by focusing on a few selected sectors.

## **Sources of informal goods and services for Pakistani consumers**

The survey has revealed that the Pakistani households acquire a disproportionate amount of work from their acquainted and unacquainted sources. Before analysing the figures, it is important to explain that all the retail shops, takeaways, restaurants and other similar entities, regardless of the number of owners, were classified as firms and businesses during the survey. Whereas, the workers such as private plumbers, electricians, cleaners, cooks, taxi drivers etc who do not operate as business entities constituted the category of private persons and households. The group of acquaintances (friends, relatives and colleagues) included workers that might be operating in either of the above-mentioned categories, but only comprised of workers previously known to the buyer. The most important point to be investigated in this section is the kind of social relationships that the Pakistani households usually tend to involve in their buying of informal work. That is, do they acquire such work from sources within their circle of acquaintance or does it mostly come from people previously unknown to them? The evidence generated in this section is eventually read in relation to the solidarity thesis.

As given in Table 6.8, half of all the respondents stated that the most important goods or services they acquired informally were purchased from firms or businesses. Only one-fifth of the Pakistani households reported that they were using private workers as the source of their most important informal purchases. In both of these cases, the suppliers of informal work were previously unknown to the households. The implication is that more than two-thirds (70%) of the informal goods and services purchased by the Pakistani households were coming from the firms and individuals previously unknown to them, while the remaining 30% of such goods/services

were supplied by people from within their immediate social circle. Friends supplied the major chunk (26%) of this work while relatives delivered a much smaller fraction (4%) of it.

Table 6.8: Percentage of informal work acquired from various sources

	Whom did you buy this good or service from?
	% of respondents
Friends or colleagues	26.0
Relatives	4.0
Other private persons and households	20.0
Unknown Firms or businesses	50.0

Many participants were quite forthcoming in expressing their preference for the use of unknown persons and firms as the primary source of supply for their informal goods/services. Very convincing statements, as mentioned below, were recorded across a diverse range of Pakistani households.

*“Buying informal products is a routine activity for me ..... but for this I am not dependent on friends at all ..... to buy (informal goods/services) from someone who is your friend always makes it difficult” (Male, 26-40yrs, Middle manager)*

*“There are no special benefits to use your friends for cash-in-hand services. You can find equally good, or even better, suppliers if you go to the community market” (Male, 15-25yrs, Student)*

*“We (the family) do not bother who we are buying these goods from. As long as the product quality is acceptable we do not mind buying it from unknown shops ..... it is not profitable to ..... use your friends or relatives for everyday services. You have to compromise on many things, such as quality and delivery” (Male, 55+yrs, Teacher)*

*“Yes, of course I would like to buy it from someone that I do not know as such. Asking your family members to do the job (informal) for you is a mess – there are many strings*

*attached to it ..... It is easier to hire someone from the market” (Male, 26-40yrs, Plumber)*

*“I think there is no difference whether you buy them (informal goods/services) from friends or unknown businesses. You happen to get the same deal everywhere; then why just call out for friends or relatives” (Female, 26-40yrs, Beauty salon owner)*

There is clear preference by the Pakistani respondents for the use of unknown suppliers when it comes to the purchase of informal goods/services. It is not the social relationship under which the goods/services are bought that appears to form the prime reason for the engagement of Pakistani consumers. Rather, as expressed in the statements above, the Pakistani households often tend to choose unknown suppliers simply to have better quality and to avoid any obligations of reciprocal favours. The proceeding section will present a more detailed account of how the rationales of Pakistani consumers tend to vary with respect to the social relationships involved. As for now, the overwhelming reliance of Pakistani consumers (70% of respondents) with regard to their informal purchases on sources previously unknown to them replicates the findings of affluent English localities, which also tend to source the majority of their paid informal work from anonymous sellers (e.g. Williams and Windebank, 2002; Williams, 2005, 2004a). The deprived English neighbourhoods, on the contrary, are found to source the bulk of their informal purchases from people previously known to them. In that sense, the Pakistani community of Sheffield draws stronger relevance with high-income English populations as far as their sources of informal work are concerned.

Although the majority of Pakistanis in Sheffield tend to source their informal work from unknown sources, there is a sizable fraction of those who still prefer to limit their purchases only to the suppliers having strong social relationships with them. Altogether, and to repeat, almost one-third (30%) of those interviewed voiced such opinions. Some of the respondents were quite explicit in stressing their use of friends and relatives as their preferred source of informal goods and services.

*“When it comes to informal services, I only trust people I know. Otherwise there is a risk of bad quality” (Male, 26-40yrs, Taxi driver)*

*“You can not invite any cash-in-hand worker to your house just like that. These are unregistered people so you have to be very careful. So, whenever there is some repair work to be done in the cash-in-hand style, I only hire someone who I sufficiently know – most probably someone who is a good friend”* (Male, 40-55yrs, Pakistani Community Centre employee)

*“I didn’t know any Pakistani takeaway in my first year, but now I have got good relationships with a couple of them. So I only buy from them”* (Male, 16-25yrs, Student)

*“I go to this particular grocery shop, because the owner is my cousin”* (Male, 40-55yrs, Doctor)

Despite such voices, the survey concludes that a vast majority of the Pakistani households tend to undertake most of their informal purchases with unacquainted sources. In other words, their participation in informal economic activities as the purchasers of various goods/services described in the previous section is positively linked with their break from the networks of social relationships. It is so that most of their informal purchases fall outside the domain of such relationships. Apparently, this finding seems to cast doubts on some underlined arguments of the solidarity thesis as discussed in the literature review. According to the thesis, the suspension of social ties by ethnic minorities would lead to the overall suppression of their participation in both formal and informal economic activities (see COMPASS, 2004). In the case of Pakistani consumers, the trend seems to be quite opposite – most of their participation in the informal economy rather seems to occur as a result of their suspension of close social relationships. However, this argument would be fairly incomplete without analysing things at a relatively broader level. Despite the suspension of social relationships, the Pakistani consumers tend to maintain strong co-ethnic relationships in most of their informal purchases.

The majority of the Pakistani households may source their informal purchases from outside their social circles, but rarely do they ever engage in such purchases outside their ethnic boundaries. A vast bulk of the respondents, on further inquiry, confirmed that the almost 90% of the goods/services they acquired on an informal basis were bought from Pakistani suppliers working in Sheffield. However, most of these suppliers were unknown to them at the time of the first trade. As stated by some respondents,

*“Most of the things I need for cooking are only available from informal Pakistani shops. So mostly buy from there”* (Male, 26-40yrs, Takeaway employee)

*“..... well if you talk about cash-in-hand buy, most of the times it comes from Pakistani shops”* (Male, 26-40yrs, City Council employee)

*“You talk about groceries, it’s Pakistanis; you talk about taxis, it’s Pakistanis; you talk about takeaways, it’s Pakistanis; you talk about Indian restaurants, it’s all Pakistanis who own informal businesses ..... so of course most of my informal products come from them”* (Male, 55yrs+, Self-employed accountant)

*“I normally don’t buy from informal shops, but whenever I buy; it is from a Pakistani shop”* (Female, 26-40yrs, Teacher)

Similar views were shared by some other respondents while they expressed their perceptions about the general nature of informal purchases conducted in the Pakistani community.

*“Talking about cash-in-hand products, in my opinion Pakistanis buy from other Pakistanis a lot. Moreover, they regularly use these cash-in-hand workers from within the close Pakistani neighbourhood for minor repair work at home”* (Male, 55yrs+, Mosque imam)

*“I think we are very closed as a community. We only interact within ourselves, and we only buy within ourselves. Especially if you talk about informal goods, more than 90% of them are sourced from Pakistani sources”* (Male, 40-55yrs, Garment store owner)

The closure of Pakistani consumers within their ethnic enclave is very clearly expressed as far as their purchase of informal work is concerned. It would not be wrong to say, therefore, that the demand-side of the Pakistani informal economy in Sheffield is fairly characterised as an ‘Ethnic Enclave Economy’ as defined by Portes (1981), where the excessive reliance of members on co-ethnic sources tends to propel their use of informal goods/services (see also, Werbner, 2000; Warde, 1991). Such an extensive use of co-ethnic sources by Pakistani households irrespective of their degree of acquaintance with the supplier may lead to the creation of a multiplier effect. A sufficient use of informal Pakistani suppliers by the members of their own community would

cause the size of the Pakistani informal economy in Sheffield to prevail. Taken this perspective, one can see this finding as lending support to the solidarity thesis, where the tendency of Pakistani consumers to restrict them to the ethnic enclave economy would enhance the overall participation of the community in paid informal activity. The majority of informal purchases conducted by the Pakistani community may occur with people previously unknown to them, but they are very likely to take place with people belonging to their own ethnic community in Sheffield.

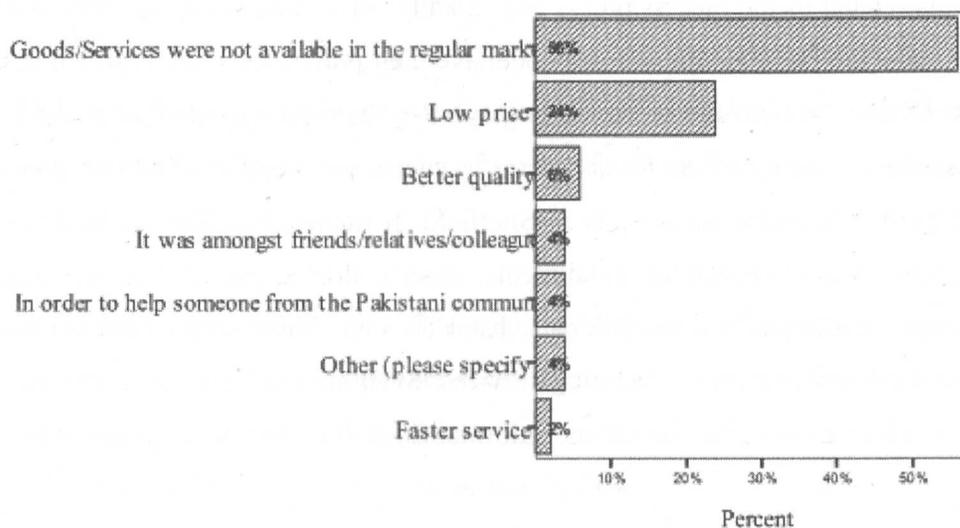
## **Rationales for Pakistanis acquiring informal work**

Having examined the types of informal good/services purchased by the Pakistani households in the last section, the focus will now shift to the rationales behind these purchases. In other words, this section will analyse the reasons for the Pakistani households as to why they tend to buy certain goods/services described earlier from informal sources rather than the regulated market. Following the structure used in the case of Pakistani suppliers, the same competing theorisations are again employed to classify the rationales of the participants as the consumers of informal work.

After including the quantitative break-up of various reasons selected by the respondents for their purchase of informal goods/services, all these reasons will then be sorted according to their relevance with the neo-liberal, structuralist and post-structuralist theories. The aim is, as it was in the case of suppliers' motives, to see which of these theorisations tend to offer the broadest description for the participation of the Pakistani community as the purchasers of informal work. In the end, this section also attempts to provide a brief analysis of what kind of motives tend to prevail on the part of Pakistani purchasers under different forms of supplier-customer relationships.

When asked to choose the most important reasons underlying their purchase of goods/services from informal sources, the Pakistani households presented a pretty diverse range of answers. The quantitative illustration of their responses in terms of the percentage of respondents choosing a particular reason is presented in graph 5.9. Despite the diversity of responses, one can see some very clear trends emerging from the results. Most strikingly, more than half (56%) of all the Pakistani households surveyed asserted that they were purchasing goods/services stemming from informal work simply due to their unavailability in the formal market. The next in the rank is the percentage of households, i.e. almost one quarter (24%) of those interviewed, who described "low price" as the main incentive behind their purchases from the informal sector. The participation of these Pakistani consumers in the informal economy is premised on their belief that the goods/services they often acquire from informal suppliers are cheaper than the prices of similar goods/services in the formal sector. This perception of the Pakistani households, however, should not be read outside the range of goods/services they have inquired about in the preceding section.

Graph 6.9: Most important reasons for Pakistani households to buy goods/services from informal suppliers



Another very interesting finding that seems to emerge from graph 6.9 is the strong underrepresentation of social motives as the reason for Pakistani households to buy from informal suppliers. The motives such as “it was amongst friends and relatives” and “in order to help someone from the community” reflect in the replies of just 8% of the respondents, a very small percentage compared with the first two motives. Similarly, the factors such as “better quality” and “faster service” were also mentioned by only 6% and 2% of the Pakistani households respectively as the prime reasons for their purchase of informal goods/services. Lastly, there was also a meagre fraction (4%) of participants who mentioned other reasons such as ‘convenience’, ‘proximity’ and ‘late night availability’ as the major determinants for their choice of the informal market. Hence, in quantitative terms at least, there is strong predominance of two specific factors as the most instrumental rationales behind the consumption of informal work by the Pakistani households, with more than half of all the choices skewed towards just one of them.

In the subsequent debate, all these rationales will be structured around the theoretical framework discussed in the literature review. The objective is to evaluate which of the given theorisations –

neo-liberal, structuralism and post-structuralism – are likely to capture the bulk of the rationales causing the Pakistani community to purchase in the informal economy.

First of all, and as supported by the *neo-liberal theory*, it is the set of rationales that revolves around the problems associated with using the formal economy to source the goods and services that Pakistani households reported to be buying from the informal sector. In other words, these are problems related to the ‘accessibility’ and ‘quality’ of certain goods/services in the formal sector that make the Pakistani households undertake their purchases in the informal economy. In the context of this research, and as shown in graph 5.9, the most important of all such problems is of course the incapacity of the formal sector to ensure the ‘supply’ of certain goods/services demanded by the Pakistani households in Sheffield. It mainly involves products, like typical Pakistani spices, fruits, vegetables, condiments, deserts, drinks, pulses, rice and other similar grocery items, traditional Indian garments, halal (Islamic) meat, and of course halal Indian restaurants/takeaways and private catering services. Such are the items, as expressed by many respondents, which most of the formal and informal English outlets have yet failed to procure in Sheffield.

*“The type of food we cook can only be prepared with Pakistani spices ..... you go to any TESCOs and Sainsbury’s, you will hardly find any of them. So, we must go to these small cash-in-hand Pakistani outlets in order to buy such items”* (Male, 26-40yrs, City Council employee)

*“Well, I can’t stop going to these small (informal) butcher shops, as long as these formal supermarkets do not procure halal meat”* (Male, 40-55yrs, Taxi driver)

*“I try to buy as much as I could from these formal outlets, as you can a good range of variety there. But still there are so many things I want that are not available in these formal shops – I can only find them at these informal corner shops being run by the Pakistanis”* (Female, 26-40yrs, Housewife)

*“We can get away with wearing western clothes in normal days, but on certain occasions, especially on weddings it is kind of essential to wear traditional Pakistani dress ..... not even a remotely comparable dresses are available at these formal English outlets. The only option is to go to these small Pakistani garment retailers in*

*some Pakistani neighbourhood ... they are all informal, but at least we can buy what we were looking for” (Female, 26-40yrs, Teacher)*

*“At times, I do wish to try out these posh English restaurants with my family, but the problem is they don’t serve halal food ... so whenever there are guests, we can only take them to an Indian restaurant – then we don’t bother if it is formal or informal” (Male, 55yrs+, Retired psychologist)*

*“On weddings we need a caterer that can do a Pakistani décor and serve halal food – most of the formal wedding organisers can only do an English style wedding” (Male, 40-55yrs, Taxi driver)*

One of respondents mentioned the ‘late night availability’ of informal shops as the most important reason for him to buy goods/services stemming from informal work.

*“When I go back home after office, most of the shops in my neighbourhood have shut down. Many a times, there are general household things to be purchased on my way from office, so I go these informal corner shops. They are the only option available in late hours as most of the formal outlets in the UK close around 5pm” (Male, 26-40yrs, City Council employee)*

In addition to these resentful statements about the availability of goods/services, there were also voices, though not much assertive, who defined their use of informal sources as mainly motivated by what they call the relatively poor ‘quality’ and ‘speed’ of formal suppliers.

*“I think for me it is the speed of service. For example, if you need a quick make-up for some event, I can get it done almost instantly from the informal Pakistani salon in my locality, whereas, the processes at these formal salons are very cumbersome – most of the times you need appointments” (Female, 16-25yrs, Student)*

*“I can find better quality of fruits and vegetables at these cash-in-hand Pakistani shops. The fruits available at TESCO or any other big grocery shop for that matter are not that tasty” (Male, 25-40yrs, Takeaway employee)*

*“Informal contractors are definitely much quicker. I just have my attic constructed by them, and they were so efficient” (Male, 40-55yrs, Grocery store owner)*

Grounded in these responses is a feeling of deprivation on the part of Pakistani households that they tend to develop due to the inability of the formal sector to meet their demand of certain goods/services. In other words, one may argue that formal suppliers do not fully accommodate some specific demands of the Pakistani community in Sheffield, which is leading these Pakistani consumers to choose better substitutes of their requirements from the informal sector. Overall, as shown in graph 5.9, almost two-thirds (64%) of the participants stated the failure of the formal sector to deliver on certain dimensions – availability, quality and speed – as the prime motive behind their use of informal sources (see also, Williams, 2009).

Furthermore, as reflected from the statements given above, there appears to be a good element of voluntarism involved in the use of informal sources by the households operating under such motives. In particular, it is a purely voluntary decision for the households who tend to use informal sources mainly to attain better quality and speed in their purchases. It is their rational ‘choice’ based on materialistic criteria to undertake their certain purchases in the informal sector. Also, in the case of households who mentioned ‘availability of goods/services’ as the major reason for their use of informal sources, the survey records a fairly strong expression of voluntarism reflected from their statements.

*“.....well yes there are many grocery items in formal supermarkets that we can possibly use, but the thing is that they do not give the same taste in cooking” (Female, 26-40yrs, Housewife)*

*“I do buy many fruits and vegetables, or even desserts sometimes, from these big English outlets, but that is only the case when I don’t find these things in (informal) Pakistani corner shops” (Male, 40-55yrs, Taxi driver)*

*“Of course, there are many English outfits that are quite appropriate for us to wear, and we do wear them at times ..... (yet) there are not as appropriate as Pakistani dresses, especially when talk about women wear” (Female, 26-40yrs, Teacher)*

*“ ..... surely there is a reasonable range of halal dishes (vegetarian and seafood only) that we can eat at formal English restaurants, but actually you still miss those typical*

*Pakistani dishes, which only these informal outlets serve*” (Male, 55yrs+, Retired psychologist)

Hence, it is not that there are absolutely no alternatives available in the formal sector, ranging from garments, groceries and restaurants. It is rather that many of the Pakistani households belonging to this group of rationales tend to believe that most of these alternatives are not comparable to the ones available at informal shops. Again, for these Pakistani households, their purchases in the informal economy seem predominantly a matter of voluntary choice stemming due to the incapacity of the formal sector to ensure the provision of certain goods/services having a certain type of quality and taste. The forthcoming section on the ‘substitutes of informal work’ will present a more nuanced account of what types of goods/services are usually considered by the Pakistani households as being substitutable by the products sold in the formal sector.

The *structuralist theory*, when applied to the purchasers of informal work, the rationales included in this category must be grounded in the need of the Pakistani households to seek “affordable” goods/services in order to support their “survival” in the exorbitance of the formal sector. Indeed, as shown in graph 5.9, there is a good fraction (24%) of Pakistani immigrants, who tend to rationalise their reliance on informal sources as mainly a strategy to maximise their economic benefits. For them, it is the belief that they could acquire more affordable products if bought from informal sources which tends to form the prime incentive of their informal purchases. The survey records many strong voices insisting on the better affordability of goods/services acquired from informal suppliers.

*“Employing cash-in-hand contractors was much more economical than hiring a formal construction company for the construction of my attic”* (Male, 40-55yrs, Pakistan Community Centre employee)

*“I outsourced the wood work of my mosque to a Pakistani worker who works as a part-time cash-in-hand carpenter – it would not be affordable otherwise”* (Male, 55yrs+, Mosque imam)

*“Informal corner shops are far cheaper than formal supermarkets like TESCO and Sainsbury’s”* (Male, 26-40yrs, Student)

*“I think these informal takeaways are a real blessing for the immigrants and students ... .. UK is already a very expensive place for someone coming from Pakistan or India, so would out these takeaways food would have been even more expensive ... .. I believe they are keeping a good check on inflation”* (Male, 40-55yrs, Taxi driver)

In particular, there were some interesting remarks about the tendency of taxi drivers to charge less than the normal rates for some journeys while working off-the-books.

*“Taxi is normally perceived as an expensive ride in the UK. But the good thing about them is they are at times willing to go off-the-meter, which gives you a good margin of bargain. These bargains are usually considerably cheaper than even a bus ticket”* (Male, 26-40yrs, Takeaway employee)

*“... .. as they (taxi drivers) are informal; they have the flexibility to offer you less than the journey rates set by the council. It is a big incentive for me to use a cash-in-hand taxi instead of other formal public transport – buses can not change their rates”* (Male, 55yrs+, Self-employed accountant)

One can see a strong preference for informal goods/services prevailing amongst a particular class of Pakistani households mainly due to their better affordability as compared with their substitutes in the formal sector. In all the above mentioned cases, the decision of the Pakistani households to use informal sources tends to revolve around certain economic benefits they can possibly avail in their transactions.

Now what is to be analysed next is whether it is a matter of choice or compulsion for these Pakistani households to seek such economic benefits by using goods/services stemming from informal work. The majority of the responses gathered in this regard tend to suggest that for most of the Pakistani consumers in Sheffield their reliance on informal sources is actually an implication of certain financial constraints. Some of the relevant statements given by the participants who chose ‘low price’ as the prime reason to buy informal goods/services are included below.

*“I simply can not afford to hire a professional contractor, what they charge is beyond my budget”* (Male, 26-40yrs, Takeaway employee)

*“Even if I work overtime, I can not take my family to these formal restaurants every weekend. They are way out of my reach”* (Male, 26-40yrs, Taxi driver)

*“There are very few Pakistani households who can afford to regularly purchase from large supermarkets. All the people I know do most of their shopping from these cash-in-hand corner shops”* (Male, 40-55yrs, Restaurant owner)

*“It is not that we don’t like formal shops. Many of their products are a lot better than what we can get from cash-in-hand shops. The problem is, they are expensive and beyond our budget”* (Female, 26-40yrs, Self-employed tailor)

There is an expression of deprivation in these responses given by the Pakistani households. It is not always the case that they just do not want to use the goods/services being sold in the formal sector; it is often because they just can not afford them. Many of the goods/services that they admitted to be buying from informal sources tend to fall out of their budgetary limits if substituted with the ones available in the formal sector. As one of the households working at a garment shop stated,

*“If I only use formal products, I can not live through the whole month. For me it is a matter of survival to use informal shops”* (Male, 26-40yrs, Garment shop employee)

There may be many socio-economic reasons for the low purchasing power of the Pakistani households living in Sheffield. Two of the factors were, however, specifically emphasised by the Pakistani consumers during the survey as the major reason to marginalise their use of formal goods/services as opposed to the dominant white population. First, it is the relatively bigger size of a Pakistani family as compared with their English counterparts in Sheffield (see also, Census UK, 2001). Second, there are strong family institutions existing within the Pakistani community of Sheffield, where the head of the family is still considered to be the main source of financial support for rest of the members living in the house. These two factors, as expressed by many respondents, are in effect interlinked as far as their role to marginalise the formal purchases of the Pakistani community is concerned.

*“It is not like the English setup where everyone lives an independent life after a certain age. In our culture, you keep supporting your dependents to every extent of your ability.”*

*It is a kind of your liability ..... most of the Pakistani families I know in Sheffield are big, so you can not single-handedly afford to take them to the formal outlets of the high street all the time” (Male, 40-55yrs, Self-employed accountant)*

*“I have 7 dependents at home including my parents – so you think I can actually afford a meal at a big formal restaurant, no way ..... informal takeaways are at times a good break for us” (Male, 40-55yrs, Taxi driver)*

*“It is not like that you can ask your children to move-out no matter how old they are. You need to invest on them first and then to save for their marriages. So, if there are 3 or more children, you can imagine the financial burden on the head of the family ..... we must save on our living cost by using cheap informal services and products” (Male, 55yrs+, Garment shop owner)*

*“If you calculate, the use of informal grocery stores and takeaways save a good deal of money on your annual consumption ..... every single pound we save is very important when a big family to support” (Male, 55yrs, Taxi driver)*

Based on these statements, one should not underestimate the financial burden that an average Pakistani household of Sheffield may have to support in his position of the family head. With the single-earner model still being so active, coupled with a comparatively larger family size, the savings made by resorting to the use of cheaper informal goods/services appear to make a meaningful difference in the everyday survival of the Pakistani households. There are instances when these respondents expressed a desire to make purchases within the formal economy; however, they felt restricted in the magnitude of their purchase due to what they called the unaffordability of formal goods/services.

In this scenario, and as argued by the structuralist theory, the engagement of a certain fraction of Pakistani consumers in the informal economy may be characterised as a survival strategy motivated by the need of saving maximisation. The exorbitance of the formal economy, in this case, seems to result in the economic marginalisation of Pakistani consumers and leading them to a kind of involuntary use of informal sources for the purchase of certain goods/services. In that sense, this finding is comparable to the situation observed in the case of informal South Asian businesses in Birmingham, where also the use of informal workers was basically a cost-saving

strategy employed by the firms to ensure their survival in sheer competition (see, Jones *et al.*, 2004; Jones and Ram, 2003).

In the UK, the rationales of the purchasers of informal work are recently seen described in the light of the *post-structuralist theory*. A host of studies from the latest literature have argued that the majority of informal purchases carried out in English localities are not structured around the same market-like and profit-motivated rationales as the ones prevailing in the formal economy. Rather, they are primarily driven by a set of certain social motives, such as community-building and redistributive rationales (e.g. Williams, 2004a; Williams and Windebank, 2002b; White and Williams, 2009). Economic incentives are described as a secondary motivation in these studies.

In this study, however, the social motives such as; to help someone from the community; or to strengthen existing social ties do not seem to have much significance in the informal purchases of the Pakistani community. Only 8% of the respondents (see graph 5.9) mentioned either of these rationales as the most important motives for them to buy goods/services from informal suppliers. Amongst the remaining 92% of the respondents, there was widespread denouncement of social motives as the prime driver of their engagement in informal purchases. Rarely did the respondents express any connotations of developing what Williams (2004a) calls ‘bridging’ or ‘bonding’ capital, while they discuss the main reasons for their sourcing of certain goods/services from informal sources. Some of the participants, instead, were quite assertive in discouraging the involvement of social incentives in their everyday exchanges with informal suppliers.

*“Well, to me it is a kind of business deal for both the supplier and buyer. I don’t think there are any social reasons for me buying from this particular (informal) shop”* (Male, 26-40yrs, City Council employee)

*“My biggest incentive to use these cash-in-hand shops is to get the Pakistani product I need ..... I don’t hire these cash-in-hand services to develop friendship, it is purely about who gives me a better deal”* (Male, 40-55yrs, Doctor)

*“No I would never buy just for the sake of social networking. To be honest, like every other buyer, I am also a selfish person. I only buy – either from formal or informal shops – where there is better quality or price”* (Female, 26-40yrs, Housewife)

*“When you make repeated purchases, you automatically get to develop some acquaintance with the supplier. Otherwise, I don’t go to his shop for the sake of having friends”* (Male, 26-40yrs, Taxi driver)

The majority of the Pakistani consumers tend to view their informal exchanges as purely business transactions, with their main incentive is to maximise their materialistic gains. The incentives that have been discussed above – availability, cost and quality – seem to have overcome the social motivations of Pakistani households at least while they tend to engage in informal purchases. This finding may not comply with the general impression of the Pakistani community in the UK, i.e. they are one of the most sociable ethnic minority groups within themselves (e.g. Werbner, 1990, 2000; Dahya, 1984). However, one should be very careful not to confuse the behaviour of the Pakistani households as the purchasers of informal work to that of their general socialising tendencies in Sheffield. The general socialisation of the Pakistani community otherwise, as identified by the study of Sheffield City Council (Community Profile – Pakistani, 2006), appears to be pretty intensive in Sheffield.

The survey identifies another important trend with regard to the use of social/moral rationales by the Pakistani households in their informal purchases. Not only are such rationales rarely employed by the Pakistani households to buy informal goods/services, but also that even in the cases where such rationales are involved, the informal purchases were strictly undertaken with people previously known to the Pakistani buyers. The cross tabulation of customer-supplier relationship against that of the reasons for the Pakistani households to buy informal products has revealed some interesting trends in this regard. As presented in table 5.9, in 50% of the cases where the main reason for the participants to acquire informal work was ‘low price’, the goods/services were purchased from unknown private firms and businesses. Other 16.7% of such purchases came from private persons or households, again previously unknown to the buyers. In contrast, only 33.3% of the economically motivated purchases were sourced jointly from friends and colleagues. Similarly, in the case of the other materialistic motives, such as availability and speed, the use of unknown firms and private households seem to prevail more than the use of people like friends, colleagues and relatives. It tends to imply that an average Pakistani household is more likely to be motivated by materialistic gains while acquiring informal work from the suppliers who are previously unknown to them.

Table 6.9: Correlation between the reasons for buying informal goods/services and the supplier-customer relationship

Whom did you buy this good or service from?	What is the FIRST most important reason for you to buy goods and services from suppliers working on informal basis?						
	Non-social motives				Social motives		
	Goods/Services were not available in the regular market	Faster service	Better quality	Low price	In order to help someone from the Pakistani community	It was amongst friends/relatives/colleagues	Other (please specify)
	% of respondents						
Friends or colleagues	17.9		33.3	33.3	50.0	100.0	
Relatives			33.3		50.0		
Other private persons or households	25.0			16.7			50.0
Firms or businesses	57.1	100.0	33.3	50.0			50.0

Now, looking at the figures for social motives, table 6.9 presents a very interesting trend. Of all the instances where such motives were ever employed by the Pakistani consumers, the informal goods/services were only purchased from people acquainted to the household. None of the cases (see table 6.9) where the respondents reported to have bought informal goods/services from unknown firms or private persons did involve any notion of social networking or community-help. Also masked in the verbal responses of focus group participants is a firm connotation of rejecting the involvement of social incentives when goods/services were purchased from an unknown informal supplier. Some of the most compelling statements in this regard are recorded as below.

*“Friends are friends; you can use their cash-in-hand services even if they deliver relatively poor quality..... you got to strengthen your social bonding after all”*  
(Female, 26-40yrs, Teacher)

*“I hired the services of my cousin, who works as an informal self-employed worker, to construct the extension of my house despite knowing the fact that he is not very good at his work. To be honest, it was purely done to help him earn some money ..... it would have never happened had I hired the service from someone I didn't know”* (Male, 55yrs+, Mosque Imam)

*“There are three informal takeaway restaurants near my house, but I often buy from just one of them, because he is my uncle's son. At times, I even let go off some better deals offered by the adjacent takeaways. But I think I want to help him”*

*“Well yes when you are dealing with friends or relatives, at times you would hire their (informal) services just to help them. Otherwise, you always act like a selfish customer”* (Male, 15-25yrs, Student)

*“Many ladies from our neighbourhood including myself often get our Pakistani clothes stitched from this young girl in our area who does informal tailoring. It is just because she is daughter of our husbands' very close friend, otherwise we know there are better Pakistani tailors in Manchester or Birmingham”* (Female, 26-40yrs, Teacher)

Based on such statements, one may infer that there surely is some tendency in the Pakistani households to engage in informal purchases for the sake of either helping the supplier or augmenting their social ties with them. However, and to repeat, such incentives tend to form their prime motivation to buy informal goods/services only in the situation where the things are to be purchased from within their familial or social networks. Otherwise, most of the purchases with people other than friends, relatives and colleagues are mainly undertaken with non-social motivations.

Overall, a very small fraction of informal purchases carried out by Pakistani households tend to align with the argument of the post-structuralist theory, and if at all, such purchases are strictly limited to people previously known to them. The majority of the Pakistani consumers of informal work in Sheffield tend to behave as rationale economic actors seeking materialistic benefits from the use of informal suppliers. Echoing voices such as, *“it is a kind of business deal”*, *“it is about who gives me the best deal”*, *“I am a selfish customer”*, *“It is about saving money”*, the Pakistani households show a fair display of market-like relations embedded in their exchanges with the suppliers of informal goods/services. One may, therefore, argue that their participation

in the informal economy tends to comply with the conventional discourse of informal work whether it is seen from a neo-liberal perspective, viewing their participation as a form of rational self-interest confronted by rules and regulations that are inherently unfair (e.g. De Soto, 1989; Sauvy, 1984), or a political economy perspective, viewing it as a form of exploitative employment undertaken as a matter of survival (e.g. Castells and Portes, 1989; Portes, 1994; Sassen, 1997). The quest for materialistic gains and existence of market-like relations are quite discernible both ways.

## **Substitutes for informal work**

It is not that the Pakistani consumers have absolutely no alternatives, but to buy certain goods/services<sup>40</sup> from the informal sector. Surely, there are alternative ways available to the Pakistani households in Sheffield. However, what is deemed to be more important is to know the level of willingness of the Pakistani households to use these alternatives. In this section, the focus will shift to analyse the possible substitutive arrangements available to the Pakistani community and their likelihood to utilize each of them in the situation where they fail to source the desired goods/services from the informal sector. Would they buy them from the formal market? Or would they do the work on a self-provisioning basis? Or would they simply drop the use of that good/service?

Examining the responses of the participants in this regard, the survey witnesses a startling trend emerging from the data. More than three-quarters (80%) of the households, as shown in Graph 6.10, reported that if the goods/services were not available in the informal market, they would have purchased them from formal sources. Interestingly, there is no typical demographic profile of the participants that were found to hold such views; in fact it echoed in the responses of Pakistani households belonging to various age groups, gender and occupation.

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<sup>40</sup> Goods/services refer to the categories discussed in the first part of the demand-side analysis

Retail – traditional garments, halal meat, newspapers, groceries etc.

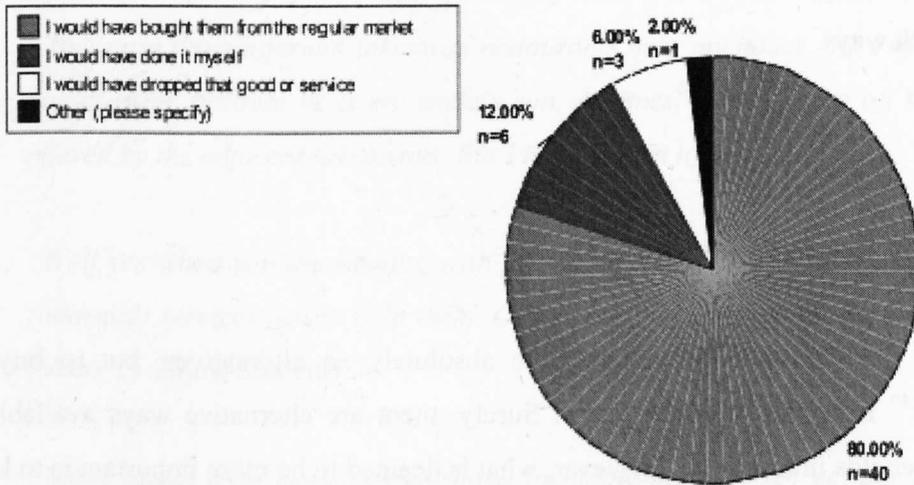
Catering – halal takeaways, Indian restaurants, wedding catering services etc.

Transport – cash-in-hand taxi driving

Construction – building extension and construction, painting, carpentry etc.

Repair services – plumbing, electronic appliances repair, car mechanic etc.

Graph 6.10: Substitutes of informal work for Pakistani households



Insisting on their likelihood to buy from formal sources as a substitute for their existing informal purchases, some of the participants stated that,

*“No, I would never drop the use of these goods ... .. (rather) I would buy them from a formal outlet”* (Male, 40-55yrs, Doctor)

*“Of course I will buy most of them, if not all, from the regular market ... .. there are reasonable substitutes available out there – a bit expensive, but far better than dropping the purchase all together”* (Male, 26-40yrs, Restaurant employee)

*“No, I think we can still survive on things being sold in the formal sector. And in my opinion, most of the Pakistanis would not mind buying these (informal) goods/services from a formal suppliers if all these cash-in-hand shops are suddenly disappeared for some reason”* (Male, 16-25yrs, Student)

*“Well if I had not found this informal (Pakistani) carpenter for the mosque, I would have definitely hired a professional contractor”* (Male, 55yrs+, Mosque imam)

With such a vast bulk of respondents (i.e. 80% of those interviewed) expressing almost similar views, one may say that there is a reasonably high tendency in the Pakistani households to use the regular market as a substitute source for the goods/services currently being bought from informal suppliers. One must not, however, ignore the fact that this choice of a substitute from the given options was premised on a certain assumption, i.e. if the desired goods/services are not available in the informal market. This assumption was iteratively emphasised by many respondents while they touch upon the logic of their choice to buy from the regular market.

*“..... only if you say that the (informal) shops I am buying from are no more”* (Male, 26-40yrs, Taxi driver)

*“..... but we should not forget that we are talking about the condition in which there are no cash-in-hand repair workers”* (Male, 40-55yrs, Self-employed butcher)

*“Well yes if we are not talking about a city like Sheffield where there are so many of these informal Pakistani grocery store, then it is true (i.e. to buy formal substitutes)”*  
(Male, 40-55yrs, Police officer)

One may tend to read these statements as an indication that the Pakistani consumers who are currently buying in the informal sector would not substitute their purchases in the regular market, at least as long as their informal sources are maintained. However, at the same time, as discussed in the rationales, the highest fraction of Pakistani households described their use of informal sources as primarily caused due to the unavailability of certain goods/services in the formal market. This, on the contrary, implies that the availability of the desired goods/services in the formal market would make many of the Pakistani consumers to drop their informal sources. The situation seems slightly paradoxical in that sense and must be read with great caution. As of now, this survey does not record sufficient evidence to claim with any certainty that the provision of required goods/services in the formal market would lead to even some, if not total, abandonment of informal purchases by the Pakistani households. What might be a more plausible inference at this stage could be that the majority of the Pakistani consumers do tend to perceive the formal market as a substitute of the informal economy; however, this perception in its current state is not strong enough to make it certain for them to undergo this substitution. It becomes desirable for them only when the informal sources cease to deliver up to a particular level of expectations. However, there is evidence to suggest that buying from the formal sector is widely viewed as a

preferred substitute to at least totally dropping the purchase of good/service currently bought on an informal basis.

The importance of the formal sector as a replacement of informal sources seems to vary depending upon the type of goods/services acquired. In the sectors, such as retail and catering, as discussed earlier in the thesis, where most of the informal purchases of the Pakistani households revolve around ethno-religious motives, the participants were far less likely to use the formal sector as a substitute. The purchase of goods/services is mostly delayed or the household chooses to rely on self-provisioning work. As stated by some participants,

“It depends. If we talk about halal meat, it is only available within informal community shops. And when these shops are out of stock, I have no option but to postpone my purchase. However, things are quite flexible in case of construction and repair services – it is mainly about the matter of getting things done” (Female, 26-40yrs, Teacher)

“I don’t think we can substitute in all the given sectors. For example, I can not force myself to eat at a non-halal restaurant, no matter how much formal or lavish it is. Certainly we would prefer cooking at home instead” (Male, 15-25yrs, Takeaway employee)

*“If there are no Pakistani boutiques, as many of them are informal, I would have no choice but to buy traditional clothes on my visits to Pakistan, or may be I will visit bigger cities like Manchester or Birmingham ..... I can not replace them (Pakistani garments) with English clothes being sold at M&S, Next, Debenhams or even Harrods”* (Female, 16-25yrs, Floor manager Meadowhall)

*“There are no substitutes of ghee sweets (Pakistani dessert) in the UK. If I don’t find them at these small corner shops, I request someone to bring it for me from Pakistan”* (Male, 40-55yrs, Airport employee)

*“If you close this informal bookshop in Attercliff, I don’t know where I would find these Urdu books from. They are not available at even big English bookshops. I must have to get them from Pakistan otherwise. May be I will ask someone to carry it for me from there”* (Male, 55yrs+, Teacher)

In the case of informal goods having strong ethno-cultural affiliation, the Pakistani households tend to arrange different alternative sources of supply, but to substitute them from the ones available in the British formal market. One possible substitute for such informal sources could be formal Pakistani/Indian shops in Sheffield, which according to them are pretty rare. As a result, and as expressed above, most of the Pakistani households either tend to find the substitutes of these goods in cities with denser population of Pakistani immigrants, or to get them delivered/bought from Pakistan, or to arrange them on a self-provisioning basis. Anyway, the substitute of such ethno-religious goods/services in the regular market does not appear to be a very likely option in the case of the Pakistani community in Sheffield.

Similarly, so far as the substitutive use of self-provisioning work is concerned, the results of the survey do not present a very promising picture. Of all those interviewed (see graph 5.10), only 12% of the Pakistani households were of the view that they would have done the job themselves in case they could not have arranged it from informal sources. This low propensity of the Pakistani community to engage in self-provisioning work may relate to what Williams and Windebank (2002) call the lack of 'ability' to perform such work. 'Ability' in this case refers to the necessary combination of money, tools, confidence, knowledge, practical skills and physical ability, and/or to have the responsibility to undertake self-provisioning.

The most compelling evidence in this regard is, however, collected from the study of Sheffield City Council<sup>41</sup>, which describes the Pakistani households as possessing one of the lowest levels of qualification, skill, self-confidence and work resources amongst all the ethnic groups of Sheffield. Combined together, all these counts translate into their incapacity to perform self-provisioning work. High illiteracy rate, as observed during the survey, causes many of the Pakistani households, both men and women, to seek informal services from other residents even for trivial assignments, such as preparation of driving test, filing of business documents, and translation of official letters and so on. There were also occasional remarks such as, "*we do not want to do skilful jobs*", "*Pakistani immigrants in Sheffield can only perform tasks which do not require hard skills*", "*Every Pakistani in Sheffield would prefer to drive a taxi rather than let's say be a mechanic, because they like low-skill jobs*". Given the fact that this study mainly focused on paid informal work, nothing more substantial was investigated with regard to the relationship between the 'ability' of Pakistani households and its impact on their tendency to substitute their use of informal sources with self-provisioning work.

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<sup>41</sup> Community Profile (Pakistani), Sheffield City Council, 2006

It is to be noted, however, that one should not read this low fraction of Pakistani households (12%) opting to work on a self-provisioning basis simply to substitute their informal sources as a proxy for the overall magnitude of such work prevailing in the Pakistani community. To determine the overall size of self-provisioning activity taking place in the Pakistani community would rather involve a deeper investigation into a different set of tasks, e.g. the unpaid domestic work performed by Pakistani women at home for families and their own self. Such activities are, at present, not in the scope of this research.

## **Money spent on informal purchases as a percentage of total weekly expenditure**

Another variable that can be used to quantify and estimate the use of informal work by the Pakistani ethnic and immigrant group is the percentage of money they spend on the acquisition of informal goods/services. The participants were asked to state the amount of money they were spending on the purchase of informal goods/services as the percentage of total weekly expense. Table 6.10 summarises some important statistics in this regard.

Table 6.10: Percentage of money spent (per week) on the purchase of informal goods/services by the Pakistani households

Number of participants	50
Mean spending (%)	35.30
Minimum spending (%)	2.00
Maximum spending (%)	90.00

On average, as given in Table 6.10, the Pakistani households were found to be spending a considerable percentage of money (35.3%) of their total weekly expenditure on the acquisition of goods/services stemming from informal work. For one of the respondents the acquisition of informal goods/services was so extensive that it constituted 90% of the total weekly purchase while the minimum amount of spending reported by any respondent was 2%. Nearly half of all the participants (21 out of 50) stated the purchase of informal goods/services as being responsible for 50% or more of their total weekly expenditure. Such a high share of informal purchases in the weekly expenditure suggests that the use of informal work is not an occasional activity for the Pakistani community, rather constitutes a part of their routine household tasks. It

is indeed an important point in order to understand the embeddedness of informal work in the lives of the Pakistani households, which further defines the severity of impact that the change in the configuration of informal sector may have on the routine activities of the Pakistani ethnic group.

On average, the participants having formal employment tend to spend considerably less on the purchase of informal goods/services in comparison with the ones who were purely working as informal workers. The average investment on the purchase of goods/services for the participants who mentioned themselves as formally employed (full-time or part-time) was 31.54% of the total weekly expenditure. The same figure, however, escalates to 48.64% for the households who were not currently engaged in formal employment. The possible explanation might be the disparity between the tax moralities of both types of customers. For those who were themselves engaged in informal activity, it would not be so immoral to acquire work from other informal suppliers as it might be for the households working on a formal basis. Moreover, the households who were conducting informal work, being the part of fraternity, are supposed to be better and more deeply connected with the suppliers of informal work and thus tend to use them more frequently for routine household activities.

## Organised informal work: a dynamic balance of agency and structure for Pakistani employees

This study involves an exclusive section to explore the informal work supplied by the Pakistanis working as off-the-books employees. Analysing the findings of the survey, Table 6.11 reveals that 51.7% of the participants, who admitted to have conducted informal work, were found to have worked as off-the-books employees at some stage in the last five years.

Table 6.11: Percentage of informal work supplied by Pakistanis working as off-the-book employees

Has your employer in the last 5 years paid all or part of your income in the form of CASH-IN-HAND so as to keep it hidden to tax and social security authorities?	Have you in the last 5 years carried out any work for yourself or any other person in which total or a part of your income was kept hidden to tax and social security authorities?	
	Yes	No
	% of respondents	
Yes	51.7	
No	48.3	100.0

Apparently, the majority of informal activity within the Pakistani community seems to be comprised of informal employees. The picture, however, is seriously deceptive without knowing the fact that the vast majority of these off-the-books employees ended up being self-employed informal workers. The Pakistanis, for example, who used to work in informal restaurants developed into the owner of informal takeaway outlets, or might have chosen to work as self-employed cash-in-hand taxi drivers. It tends to imply that the larger fraction of paid informal work within the Pakistani community is ultimately comprised of autonomous economic activities; however, it does not deny the fact that a considerable percentage of Pakistani workers commence their informal work as off-the-books employees.

The conventional representation of the work performed by off-the-books workers is that of exploitative sweatshop-like work. A large variety of literature from all across the advanced economies seems to promote the same representation (e.g. Bender, 2004; Hapke, 2004; Barlett and Steele, 2000; Boris and Prugl, 1996; Salmi, 1996; Dagg, 1996; Anderson, 2001a, b).

Contrary to this conventional explanation, this research has identified that off-the-book employees are not always engaged in as much exploitative and low-paid forms of work as usually assumed. Almost half of all the off-the-book employees (45%) in the survey (see Table 5.12) did not report any sort of exploitation by the employers while working on an informal basis. Among those who viewed their informal employment as exploitative, the majority thought that the salary was below the National Minimum Wage rate. The highest level of exploitation that the Pakistani workers face, therefore, stems out of the argument made by Williams and Windebank (p.89, 1998), “ethnic minorities and illegal immigrants engage in the more exploitative kinds of informal employment compared with the dominant white groups and are thus lower paid both in terms of annual earnings and average hourly rates”. Other kinds of work-related exploitations mentioned by Pakistani employees were pertinent to the harshness of physical working conditions (12.5%) and lack of work insurance (12.5%).

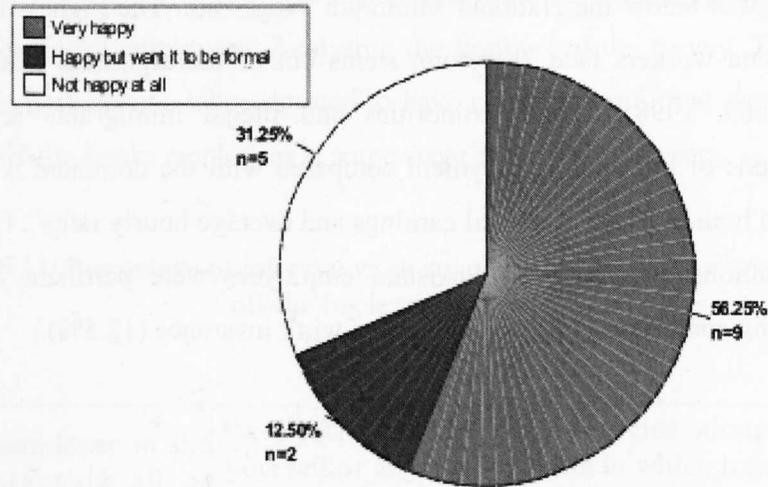
Table 6.12: Disadvantages faced by the Pakistanis working as off-the-book employees

	Do you experience any of the following disadvantages while working informal?
	% of respondents
Poor salary	18.8
Severe working conditions	12.5
Lack of insurance	12.5
Other (please specify)	6.3
Refusal	5.0
None	45.0

These findings would make a complete sense when discussed in relation to the level of satisfaction shown by the Pakistani employees when asked about the practice of being paid in the form of cash-in-hand as opposed to a tax-deducted formal salary. Not surprisingly, as illustrated in Graph 6.11, more than half (56.25%) of all the Pakistanis engaged in organised forms of informal employment expressed an overwhelming gratification with being paid on a cash-in-hand basis. Meanwhile, almost one-third (31.25%) of them were highly discontented with their employers paying them in the form of cash, which they believed is a means of exploitation often employed by the employers to seek personal benefits. One very interesting category of Pakistani employees were the ones who did not express any considerable resentment with the current mode of payment as such, but at the same time would like it to be more formal. They were the ones who did not keep any definite preference with regard to the way they were being paid for

their employment. There was a clear expression of 'indifference' in their replies, however, they constituted only 12.5% (2 out of 16) of all the informal employees interviewed in the survey.

Graph 6.11: Percentage of off-the-book employees for different levels of satisfaction with regard to getting salaries in the form of cash



Evidently, an overwhelming majority of the Pakistani households engaged in organised informal work do not only see their informal employment as an 'unexploitative' domain, but also expressed high satisfaction with regard to receiving their wages in the form of cash, a practice that is often perceived to be a profit-making tool for the employer. In spite of working in positions that strongly fail to meet the normal work standards of the UK and are considerably underpaid as compared with the NMW, the majority of the Pakistani workers were more than willing to work for their existing informal employers. It clearly suspects the presence of some 'non-materialistic' force that tends to drive this 'voluntary' submission of Pakistani workers to such exploitative segments of the informal economy. The qualitative evidence gathered as a follow up discussion with the Pakistani cash-in-hand employees presents a daunting support for what has been called in the literature a 'realist' perspective of the rationales for immigrants to engage in organised informal employment. Rejecting the conventional narratives of the immigrant informal economy (e.g. Lin, 1995; Portes, 1994; Sassen, 1989; Stepick, 1989) that tend to characterise the organised informal work of ethnic minority workers as always low-paid and exploitative, this research inquires beyond the observed regularities of informal work relations and into the 'implicit' processes and structures causing the invariable production of organised informal employment amongst the Pakistani community.

The first most important tacit phenomenon observed in this regard was the balance of ‘agency’ and ‘structure’ between the Pakistani employee and his informal employer. Agency in this context refers to the social cohesion and trustworthiness existing between a Pakistani informal worker and his respective employer in relation to their work relations. Structure, on the other hand, is used to symbolise a variety of structural forces, such as competition, NMW, labour laws, economic and immigration policies and so on. Within the Pakistani informal economy, and as argued by the anti-solidarity thesis, differences on the basis of social status, annual income, migratory status, length of settlement and other diversity variables has lead to the formation of an impartial socio-economic structure, where people having less bargaining power (employee) subordinate the ones with higher status (employer) in the informal labour market (also see, Meagher, 2004). All the Pakistani households, disregarding the presence of exploitation in their cash-in-hand employment and showing gratification with the current state of work affairs, described their relationships with the employer as certainly that of subordination, but not the one premised on a typical ‘boss versus worker’ model. When asked about how things are normally decided and function at the work place, the following responses were recorded during the survey.

“We work as a team in this take away. There is a boss who manages four employees, including me, and pays them in cash. There is no formal wage system, and many a times we are not paid at the NMW, even the working conditions are quite rough at times. Yet, we feel being taken care of in a different way ..... Boss is very understanding. He never pushes us to work when we are in a real need of a break. He gives us time to spent with our families back home and helps us in the community” (Male, 26-40yrs, Plumbing shop employee)

“This is not a normal employment. There are many odd things about it. We work longer hours, but in exchange of that the owner of the restaurant helps us in our daily life problems, such as property hunt, community integration, and at times he even assists us in preparing for our driving test” (Male, 40-55yrs, Garment shop employee)

“Yes, we are paid less than the minimum wage, but there are many other benefits in this employment. The person who owns this taxi is also a Pakistani and therefore he understands my cultural and religious needs very well. I work for him during Christmas period and can consume these holidays on Eid, which is definitely far more important for me” (Male, 25-40yrs, Taxi driver)

“We are like a family here. The owner of the shop acts like the eldest member of the family, who takes care of everyone’s needs and strives to develop a strong affiliation amongst his employees” (Male, 15-25yrs, Restaurant employee)

“I think it is a simple give-and-take situation. We work for him cheap, he gives us shelter and a quick means of income..... The ineligibility for social welfare benefits is certainly compensated for by the owner who even provides us loans when the times are tough” (Male, 26-40yrs, Takeaway employee)

“It is not like a typical office job where your boss is ever ready to exercise his authority and wants you to work according to your job description. Things in cash-in-hand employment are very different. The boss is a part of your team, he experiences what you experience, he earns what you earn, he eats what you eat, and above all he lets you decide your own style of work” (Male, 26-40yrs, Grocery shop employee)

Hidden in these responses and the figures discussed above are some very important but not so obvious facts related to the nature of organised informal employment prevalent in the Pakistani community. The most striking of all is of course the nature of work relationship that prevails between a Pakistani informal worker and his boss, who most often than not happens to be a co-ethnic person. There is evident violation of all forms of contractual and/or specific employment relationships akin to those existing in the formal labour market. Instead, one can see tacit trust based associations of ‘paternalism’ prevailing in the functioning of organised informal employment within the Pakistani community, where the employer is seen as a father-like figure compensating his employees beyond the conventional codes of employment (see also, Jones et al., 2006; Ram et al., 2007; Ram, 1994). Inadequacy of monetary rewards, as suggested by the aforementioned statements, offered by the employer is thus perceived as an acceptable element of a typical paternalistic exchange, in which things are not purely evaluated on market-like and profit-motivated terms. This repression of formal contractual work relations under the shadow of an implicit social construct (paternalism) has enabled the Pakistani households to develop, what Ram et al., (2007) call, a feeling of mutual identification and interdependency towards their informal employers.

On this count of the organised informal economy, the Pakistani workers tend to display a strong coherence with the school of social constructivism, which emphasises the actor’s definition of the situation, which seek to understand how social actors recognise, produce, and reproduce social

actions, and how they come to share an intersubjective understanding of specific life circumstances (Schwandt, 1997; p.19). Rejecting the view of scientific realism, the social constructivists (e.g. Gergen, 1994; Shotter, 1993) would rather describe the organised informal employment of Pakistani workers as being governed by a set of certain social artifacts, which operates below the superficial reflection of reality. These artifacts in case of the Pakistani community, as identified in the survey, consist of certain implicit processes structured around the notion of mutual benefit. The phenomenon of mutual identification and interdependency, for example, has encouraged Pakistani households to enter into a 'collusive labour process', in which all the socio-economic terms and conditions of the informal employment are implicitly negotiated between them and the employer. The principle of collusion has not only enabled them to seek beneficial employment contracts (informal) for themselves, but has also facilitated the employer to pursue informal means of business survival in the environment of utter competition and over regulation. One very blatant example of it was found in the case of Pakistani employees who voluntarily worked for an underpaid cash-in-hand job just to be able to claim unemployment benefits from the state. The funds earned from the state coupled with all the intangible rewards of his informal employment – job flexibility, social integration, sense of belongingness and cultural homogeneity – make the overall package more than offsetting the exploitation of working environment and the leanness of cash-in-hand pay. All this fiddling is done with full knowledge of the employer, who in exchange of that, as stated by many respondents, can easily manage a hidden workforce and thus be able to save on the requirements of NMW and other employment benefits due on the employer. Similar examples of what Ram et al., (2007) calls a 'workplace negotiated order' was also identified on many other occasions during the research.

The immigrant agency existing between Pakistani employees and their informal employers is further augmented by the fact that an overwhelming majority of them work for the employer belonging to their own ethnicity (i.e. Pakistani). Of all the Pakistani households working in organised informal employment, just one had ever worked for a non-ethnic informal employer. Rest always worked within the bounds of the local Pakistani informal economy. It strongly points to the fact that there is a strong ethnic enclave economy existing for the Pakistani households who intent to work as an organised informal worker. The reason for this 'ethnic trap' of the organised informal workers of the Pakistani community is once again attributed to two major factors: chain migration and community segregation. A new Pakistani immigrant, for instance, sponsored by an already established family member in Sheffield coupled with the lack of social and cultural capital in the host country, is highly likely to be left with no choice but to join a co-ethnic employer, who is mostly a virtue of the sponsor's social networking. The

tendency of the Pakistani community in Sheffield, as discussed earlier, to dwell in the form of secluded clusters, both socially and geographically, has also contributed a lot to this ethnic containment of the Pakistanis working at the peripheral levels of the informal labour market. All such factors have led to the creation of a self-recruiting informal economy within the Pakistani community, where a new migrant initially exposed to the strong gravity of immigrant agency tends to be manoeuvred into the co-ethnic diaspora of organised informal work. The presence of strong ethnic enclave economy for these cash-in-hand employees tends to serve as a safe heaven protecting them from the exploitation of structural forces prevalent in the formal sector. Many of the Pakistani employees mentioned the system of collusive labour process as an opportunity to negotiate with the employer on some structural requirements of the labour market against certain personal qualities, which otherwise would not be considerable. Their pledge to work on weekends and odd hours, for example, in exchange of their under-qualified recruitment by the employer is one of the most commonly cited cases of immigrant agency mitigating the effects of structural forces.

This research, therefore, identifies strong support for the application of the solidarity thesis as far as the organised informal work is concerned. There is clear evidence to suggest that ethnic enclave economies serve as a favourable means for the promotion of organised informal economy within the Pakistani community of Sheffield. The forces of immigrant agency are often the cause of immigrants' voluntary engagement in structurally exploitative and unviable forms of cash-in-hand employment. The participation in informal economic activities for such Pakistani workers can certainly be explained by the theory of post-structuralism, where the prime motive of their participation revolves around certain implicit social constructs between them and the employer.

The overwhelming emphasise of Pakistani employees on tacit exchanges of mutual benefit as the decisive determinant of their voluntary engagement in organised informal work, however, should not undermine the opinion of those who describe these exchanges as a 'smokescreen' used by the employers to pursue their exploitative goals. It includes the class of Pakistani workers (31.25%), as given in Graph 5.11, who expressed extreme discontent with being paid on a cash-in-hand basis. According to them, the intangible rewards of the collusive labour process are utterly incapable to compensate for the amount of monetary reward they are losing in the shape of being paid at less than the NMW. Moreover, they view the apparently generous acts of the employer, such as the provision of fiddly work, as a 'power tool' for them to pacify the desires of their informal employees to ask for better working environment and the payment of unpaid working

hours. Some of the respondents, as follows, were quite forthcoming about expressing their concerns in this regard.

“My employer is always looking for ways to make me work more than an average worker in the UK. If you resist, you can lose your job” (Male, 26-40yrs, Restaurant employee)

“They (employers) are well aware of your shortcomings, and this is what they exploit ..... we work in tough working conditions with no work insurance at all ..... I think the owners are only worried about their profits, no matter if it comes at the cost of their employees’ health” (Male, 26-40yrs, Takeaway employee)

“I work even on weekends and that too till late night. There is no count of working hours or the amount of hard work it requires ..... we are totally on the discretion of the owner. He decides who gets what and when” (Male, 15-25yrs, Plumbing shop employee)

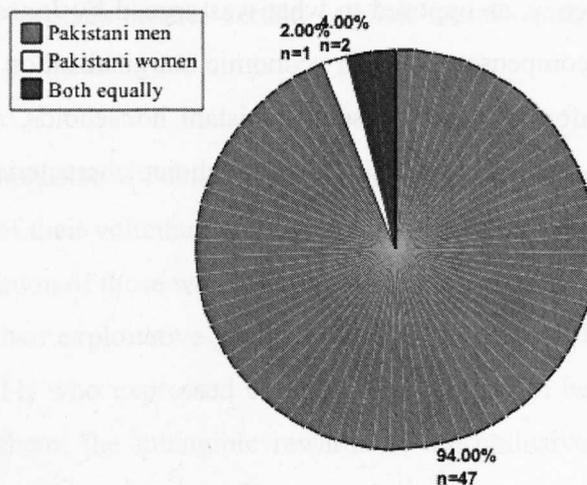
“Cash-in-hand wages are no good for the employees. Of course it can save us from tax deductions, but what we lose in exchange is far bigger than the reward” (Male, 26-40yrs, Takeaway employee)

It is evident from these concerns that there is a reasonable class of Pakistani employees who do not view themselves as having the same bargaining leverage in the collusive labour system as the one presumed by the majority of the Pakistani households discussed above. The intangible benefits of immigrant agency, as opposed to what was argued by Jones et al., (2007), for these employees are unable to compensate for their economic marginalisation by structural forces. The adoption of organised informal work by such Pakistani households, and as supported by the structuralist approach, is thus a matter of involuntary choice characterised by sheer exploitation at the ends of informal employers.

## The Pakistani informal economy: a gendered analysis

As discussed in the literature review, in spite of a plethora of studies on female ethnic entrepreneurship in the UK (e.g. Jayaweera, 1993; Phizacklea, 1982; Rafiq, 1985; Werbner, 2000, 1990; Baxter and Raw, 1988), the participation of immigrant females in informal entrepreneurial activities remains a highly deficient account. This research, however, has attempted to contribute some fairly insightful findings in relation to this long standing gap in the British literature. Although the questions asked in this regard were primarily targeted at measuring the perceptual estimates of Pakistani households concerning the extent of paid informal activities undertaken by the female members of their community, a good deal of subsequent discussions with the respondents also unleashed some valuable opinions related to certain academic theorisations of informal ethnic entrepreneurship. Asked about the propensity of Pakistani females to carry out paid informal work, the respondents of the survey reported some really interesting replies that appear to disagree with some of the prevalent narratives regarding the participation of ethnic minority women, and the female community at large, in the informal economy. Graph 6.12 illustrates the first set of findings gathered under this theme during the survey.

Graph 6.12: Percentage of Pakistani women participating in informal work

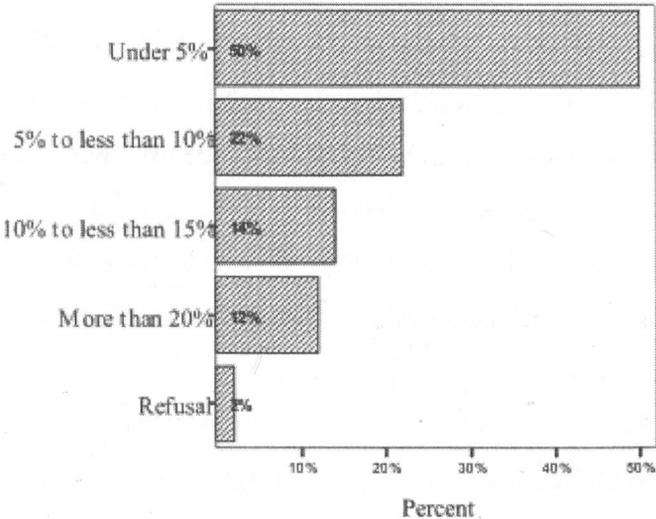


According to more than 90% of the participants, Pakistani men are more likely to carry out paid informal work. Only 4% (2 out of 50) of the Pakistani households were of the view that both the

Pakistani men and women make equal contributions to the informal sector. The weakest of all the viewpoints, almost of negligible strength, was the one that identified Pakistani women as having higher tendency to perform paid informal work as compared with their male counterparts. Only one respondent (2% of the survey sample) believed that the Pakistani women have higher tendency to engage in paid forms of informal work. The recent survey on the informal sector of the European Union has also found similar trends, but with a slightly different mix of percentages. Overall, there was only one country among the 27 European Union member states where women were reported to be more likely to conduct informal employment than men. In the case of the UK, more than one-third (40%) of the respondents declared males as bigger participants in informal employment and just 13% of them reported it to be women. The Pakistani community, therefore, seems to reflect almost identical gender division of its informal labour market to the wider British informal economy, but with relatively smaller fraction of women participating in the former case.

The respondents were then asked to share the percentage of such women in more quantitative terms by providing their estimates of the Pakistani women working on an informal basis. Graph 6.13 summarises the estimates given by all the participants.

Graph 6.13: Estimates of the participation of Pakistani women in informal work



The results presented in the above-mentioned graph totally comply with what has been concluded before. It further substantiates the argument that the rate of carrying out informal work for the Pakistani women is extremely low in contrast to the male members of their

community. Half of all the participants assumed that only 5% of the total Pakistani women in Sheffield are engaged in paid informal activities. Meanwhile, a minority (12%) of the Pakistani households believed that one-fifth (20%) of the Pakistani women carry out such work.

Moving to the qualitative evidence recorded in this regard, many of the respondents, including males and females, strongly reported that the social and cultural values of the Pakistani community in general, and the population of Mirpuries in particular, are so stringent as to minimize the social interaction of the women to almost negligible. Since more than three-quarters of the Pakistanis in Sheffield belong to Mirpur<sup>42</sup>, a highly conservative region of Pakistan, the overall scenario seems to be highly restricted for the females who wish to work. As one of the male respondents stated,

“Mirpuries are still living in the same orthodox way as they were in their villages back home. They still want their females to stay at home and not to mingle in the society” (Male, 55 yrs+, Estate Agent)

The traditional image of ‘male the breadwinner’ and ‘woman the homemaker’ still defines the economic activity of the community. Family obligations and other domestic responsibilities are still holding the Pakistani women to their houses. One of the female participants referred to such constraints as “boundaries” that play a vital role when defining the nature and extent of their employment.

“We just can’t go and decide how and where we want to work. There are many boundaries around us, which are usually drawn by others” (Female, 26-40yrs, Housewife)

Likewise, some male respondents, while endorsing the cultural confinement of the Pakistani women, stated,

“I think there is sufficient opportunity for Pakistani women in the informal sector, but what is very difficult for them is to escape from certain obligations. They can work, but not at the cost of their familial responsibilities”  
(Male, 40-55yrs, Taxi Driver)

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<sup>42</sup> Sheffield City Council, Community Profile – Pakistani (2006)

“Pakistani women in Sheffield are very restricted in terms of their work options. They are mostly burdened with so many other things to take care of at home” (Male, 55yrs, Retired psychologist)

“The trends have been changing recently, but otherwise our females have mostly stayed at home ..... most of the Pakistani immigrants you come across in Sheffield would be willing to work extra hours, but they would never desire to let their females work” (Male, 55yrs+, Garment shop owner)

‘Lack of female-oriented trades’ was also defined as a prime cause for the low involvement of the Pakistani women in informal work. Traditionally, the informal labour market for ethnic minority and immigrant groups has found to be highly segmented in terms of gender. As asserted by Williams and Windebank (1998), there is a strong divide between the informal occupations of males and females. The female members of ethnic minority and immigrant populations, in the vast majority of cases, choose to work in the sectors that are relevant to those domestic tasks, which they perform in their social and familial lives (Mingione, 1991). Another female dominated sector in the informal labour market of ethnic minority groups is that of manufacturing homework, large or small firms, both formal and informal, subcontracting their work to the female home-workers as a strategy to reduce their manufacturing cost (Boris and Prugal, 1996; Phizacklea, 1990; Sassen, 1989).

The informal labour market of the Pakistani community, however, does not seem to offer sufficient ‘opportunities’ in the female-dominated sectors such as the ones mentioned-above. It is heavily saturated with what Williams and Windebank (1998) have described as ‘masculine’ tasks (e.g. repair services, retailing, construction and taxi driving). Most of the tasks undertaken by the Pakistani informal workers, as stated by a large proportion of respondents, are too masculine for the women to even work as helpers with the male members of their families.

“The kinds of (informal) businesses Pakistanis mostly do are not suitable for females – who would allow them to drive a taxi, or to work at a takeaway where they are supposed to interact a lot with strangers?” (Male, 40-55yrs, Doctor)

“I would not want my wife to work at my shop. It involves hard labour and frequent interaction with a variety of people” (Male, 40-55yr, Self-employed butcher)

“Running an informal takeaway is a hard thing. There are overtimes every other day and then you often need to work in very late hours ..... I believe it is not appropriate for females” (Male, 26-40yrs, Takeaway employee)

“Most of the Pakistanis are taxi drivers in Sheffield – and it is one of those trades in which you have to be on roads till late night and deal with every type of customer ..... it is not a kind of work we can allow our females to do” (Male, 40-55yrs, Taxi driver)

The ‘deindustrialisation’ of Sheffield also emerged as a reason for the low involvement of the Pakistan women in cash-in-hand work. The eradication of industrial units from Sheffield deprived many Pakistani women of their cash-in-hand home-manufacturing work, which they used to perform as cheap labourers for big companies. As stated by some participants,

“Pakistani women used to earn a good deal of cash by manufacturing umbrellas in their houses. It was a very good job. They could take care of their children as well. Such jobs have been lost since we do not have similar industry in Sheffield anymore” (Male, 26-40yrs, Doctor)

“There was a lot of work for Pakistani women which they used to do at home for various cutlery manufacturing units in Sheffield .....,... all of them were paid cash-in-hand with no formal employment contracts, but it was a pretty handsome earning” (Male, 55yrs+, Self-employed accountant)

“Our women worked a lot in the beginning. There were so many (informal) sub-contracted jobs for Pakistani women, which they could manage even from home” (Male, 40-55yrs, Taxi driver)

“Sheffield was a big industrial city ..... now you hardly find any industry here. This is what has reduced the opportunities of cash-in-hand work for our women” (Male, 55yrs+, Self-employed estate agent)

The low involvement of the Pakistani women in informal work is also due to a recent ‘shift of interest’ towards formal jobs. Improved qualification, liberalisation of cultural values and the preference for a more secured, organised and formal environment are the factors that have discouraged the Pakistani women to work in the informal sphere. Based on qualitative

discussions with the participants and the anecdotal evidence that came across during the research, it is observed that there has been a continuous substitution of informal jobs with more formal modes of employment amongst the female workers of the Pakistani community.

“Things are changing – better education has made the younger generation of our females more interested in professional jobs. They are moving away from traditional modes of earning” (Female, 26-40yrs, Teacher)

“Most of the Pakistani females are either sitting at home taking care of domestic duties or working with formal companies. Informal employment is not their choice any more” (Male, 55+yrs, Teacher)

A casual interaction of the researcher with a group of Sheffield-based female Pakistani students on a gathering organised by the Pakistani Society at the University of Sheffield also recorded some interesting views in this regard.

“The culture is changing, most of the Pakistani families have allowed their daughters to even go to other cities for better education ..... of course I would work with some company after my graduation” (Student A)

“We don't want to do what our elders have been doing in the UK ..... I don't want to waste my education by running a takeaway or making clothes at home. I want to go to London to find a job in some multinational firm” (Student B)

“My aim is to work with the United Nations on some international project, so I must not hide myself in Sheffield after university” (Student C)

“It is not the same anymore. Now every Pakistani girl likes to work, and they like to work in big companies” (Student D)

All these students expressed strong intentions to work in the formal sector, denouncing the type of work traditionally been conducted by the elder generations of Pakistani immigrants. During the initial years of immigration and around the pinnacle of industrialisation in Sheffield, on the contrary, the Pakistani women were reported as largely working in the form of informal home-

based workers, helping the male members to gain financial stability at a foreign land<sup>43</sup>. Many participants of the survey also confirmed the involvement of Pakistani women in informal work as a strategy to make both ends meet until the city faced a massive plunge in subcontracted assignments. At present, the vast majority of female members of the Pakistani community in Sheffield tend to either stay at home or work in formal organisations. It, therefore, calls into question the argument put forth by Williams (2004), who while analysing the marginal differences in the participation rates of men and women in advanced economies states that women find it easier to work on a cash-in-hand basis than formally. In the UK, the transition of the female workers from the informal to formal employment was also identified by Cousins (1994). He finds that in the UK the deregulation of labour laws have instigated the women workers to replace their informal work with formal part-time employment.

The implication is that the present generation of Pakistani females in Sheffield, due to their increasing engagement in formal jobs coupled with domestic responsibilities, find it very hard to spare sufficient time for any sort of informal activity (also see, Community Links, 2007). Over commitment with formal jobs in most of the advanced economies has been recognised as a crucial factor responsible for the decreasing involvement of the women in informal work. As Williams and Windebank (p.75, 1998) states,

“Women remain everywhere primarily responsible for unpaid domestic work, despite their increasing insertion into the formal labour market. The result is that they have little extra time for engaging in informal employment. Formally employed women with familial responsibilities in particular will thus rarely engage in informal employment”

If all the above-mentioned factors are analysed collectively, a trajectory of transition from informal to formal employment can be identified amongst the female workers of the Pakistani community. The financial instability and low wage rates of the male workers, as mentioned by some of the survey participants, during the initial days of their settlement in Sheffield forced the Pakistani women to take up cash-in-hand work to generate ‘top-up’ family income, mostly to support what Werbner (1991) describes as recurrent and incidental expenses (also see, Leonard, 1994). An improvement in the overall economic status of the Pakistani households in Sheffield has significantly reduced the requirement for the female members to contribute to the family income. In consequence, the Pakistani females are seeking jobs in more formal organisations with their primary focus on professionalism instead of economic gains.

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<sup>43</sup> [http://www.bbc.co.uk/religion/religions/islam/history/uk\\_1.shtml](http://www.bbc.co.uk/religion/religions/islam/history/uk_1.shtml)

If this whole scenario of Pakistani women is placed in the theoretical framework developed in the literature review, some very evident connotations tend to emerge. First of all, it tends to disagree with the popular conception stemmed from the marginality thesis, which tends to paint the women in general and ethnic minority females in particular as the bigger participants of the informal economy. Marginalised due to their exclusion from the mainstream economy, as argued by a diverse group of scholars, the women have no alternative economic space but to count on informal economic activities, and hence account for the larger share of informal work (e.g. Portes, 1989; Button, 1984; Gutmann, 1978; Mathews, 1983; Petersen, 1982; Henry, 1982). The findings of this study, as shown above, do not comply with this predominant discourse. By contrast, the fact that the Pakistani women are far less likely to involve in paid informal work as opposed to their male counterparts resonates with most of the UK-based studies, which have ever included a gender-based analysis of the informal sector (e.g. Eurobarometer, 2007; Pedersen, 2003; Leonard, 1994; MacDonald, 1994; Pahl, 1984). We can not, nevertheless, neglect the occasional deviation of the Pakistani community from the dominant English population in relation to their respective gender segmentation of the informal labour market: though these deviations are seldom without reasons. In the case of the English Localities Survey (Williams, 2004a), for instance, the overall higher tendency of women to carry out informal activities is essentially the projection of their overrepresentation in unpaid forms of informal work like self-provisioning and mutual aid. Otherwise, if we just look at paid informal activities, the participation of English women still appears to trail behind that of the men. So overall, the gender segmentation of the Pakistani informal economy not only refutes the argument of the marginality thesis, but also provides evidence to further reinforce the popular narrative of the British literature pertaining to the subject.

The second theoretical implication that prevails from this discussion is related to its empirical support for the anti-solidarity thesis explained in the literature. The Pakistani female workers, due to their weak gender status, evidently suffers from an impartial social structure, which according to the anti-solidarity thesis is an indispensable construct of ethnic minority communities characterised by closed networks of co-ethnic ties. The tight embeddeness of the Pakistani community in their ethnic social structure has lead to the continuous renewal of a traditional value system, which apparently has given more power and control to the male members of the community, especially in the economic domain. Lack of integration with wider societal norms of the UK has not let the Pakistani community to exterminate the culturally ordained obligation of female households to fulfil domestic responsibilities. Instead, the

community wide obedience of this cultural doctrine has further augmented the bounds of the domestic trap for the female members of the Pakistani households. It has virtually made these Pakistani women a captive of certain culturally formed roles of their gender, which in turn has severely restricted their participation in the economic sphere, including both the formal and informal sectors. The adversity of the situation is, however, two folds in the latter case. As discussed above, with the increasing trend of formal employment in the younger generation of Pakistani females, the time they can possibly spare for paid informal activities is increasingly shrinking. The Pakistani women, as a result, seem to occupy subordinate levels of control in the hierarchy of the Pakistani informal economy, where the level of their participation is not purely self-determined but rather a combined outcome of certain ethno-cultural elements. The exceptional closeness of co-ethnic ties in the case of the Pakistani community, and as argued by the anti-solidarity thesis, has imposed a counter pull on the participation of Pakistani women in the prevailing forms of informal work in the community.

The imbalance of the social structure in the favour of male members of the Pakistani community also replicates itself in the wider context. The adjustment of Pakistani women to the subordination of their domestic duties and cultural norms has created, what Tilly (1990; p.93) calls, a 'hierarchy of advantage and opportunity' in which the weaker members of the Pakistani community – women workers – tend to occupy the lower positions, making them subordinate to the members existing at more powerful positions. The most relevant evidence in relation to this impartial opportunity structure can be sought in the fact, and as asserted by many respondents, that most of the informal paid activities prevalent in the Pakistani community are too masculine to be viable for female households. And to make it worse, as we now know, the overwhelming concentration of Pakistani households in a few male-dominated sectors has made it highly unlikely for any new form of paid informal work to emerge at the community level. The retreat of the manufacturing sector in Sheffield has further contributed to the marginalisation of Pakistani female workers, who used to function as cash-in-hand home workers. Then there is rapid growth of opportunities for younger Pakistani females in the formal sector due to an upsurge of professional qualification and materialistic expectations. All such factors have certainly formed an unfavourable opportunity structure in the informal labour market for Pakistani women relative to their male counterparts in Sheffield. Once again one can see members possessing same ethnicity and nationality, but different opportunity structures, tend to exhibit variable levels of participation in paid informal work, lending support to the arguments of the mixed-embeddedness theory in relation to the gender segmentation of the Pakistani informal economy in Sheffield.

## **Moral acceptance and riskiness of informal work**

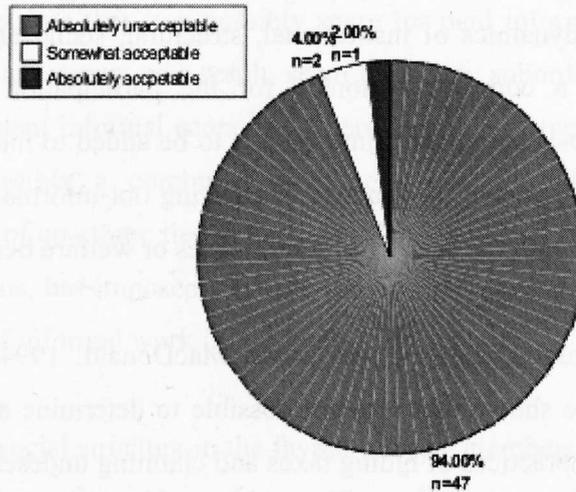
Hoping to devise an effective strategy to deal with the informal sector, the policy makers are required to look further than the traditionally debated combination of socio-economic factors. At many instances (e.g. Fortin et al, 1996; MacDonald, 1994; Dean and Melrose, 1996; Henry, 1978; Cook, 1997), the dynamics of institutional, structural, social and environmental factors have failed to provide a complete rationale for the participation of people in informal employment. Rather, a “psychological” dimension is to be added to the set of these explanatory factors – the way people perceive the practice of carrying out informal work and the degree of immorality they associate with the activity of hiding taxes or welfare benefits.

Various studies (e.g. Jonsson, 2001; Cook, 1997; MacDonald, 1994) conducted in different advanced economies have shown that it is not possible to determine a collective perception of people with regard to the practices of hiding taxes and claiming undeserving welfare benefits. In the UK, for example, working while claiming is seen as stealing ‘our’ own money while tax evasion is seen as people keeping ‘their’ money for themselves (Cook, 1987, 1997). Similar sort of variations in the perceptions of people who do informal work was also identified in Sweden (Jonsson, 2001). The fact that the benefit fraud is perceived more unacceptable than tax fraud in the UK and countries like the USA and Australia also unleashed during the World Values Survey (1981-1983) when higher percentage of people defined tax evasion as more justifiable than benefit fraud.

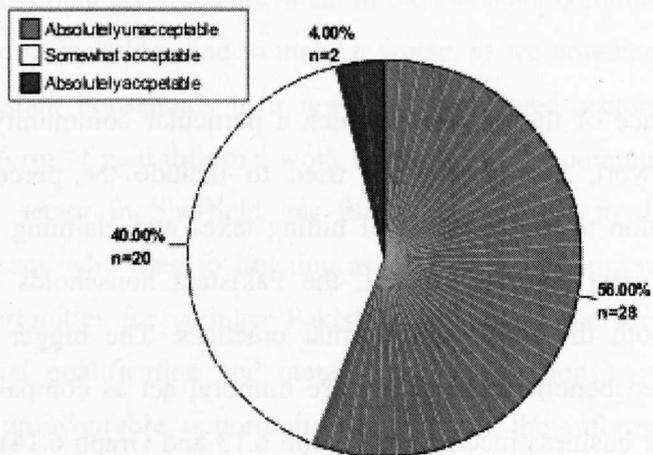
Given the importance of the degree to which a particular community deems it acceptable to conduct informal work, this survey has tried to include the perceptions of the Pakistani households in relation to the practices of hiding taxes and claiming welfare benefits without entitlement. To a great surprise, overall, the Pakistani households expressed low levels of acceptability for both the forms of informal practices. The bigger segment of individuals, nevertheless, defined benefit fraud as a more immoral act as compared with hiding taxes by underreporting your business income (see Graph 6.13 and Graph 6.14). The anecdotal evidence suggests that the main reason for the Pakistanis to express higher degree of disapproval for benefit fraud is that a considerable fraction of the Pakistani residents themselves are the claimants of welfare benefits. Every single bit of illegally claimed welfare benefits is viewed as a

drain on their own social security allowance. Tax evasion, on the other hand, is perceived as gaining money from the government's account so as to maximise personal earnings.

Graph 6.13: Acceptance of benefit fraud



Graph 6.14: Acceptance of tax fraud



Having studied the moral stance of the Pakistani community with regard to tax and welfare benefit payments, the situation seems to quite paradoxical. The Pakistanis, on the one hand, tend

to engage heavily in informal work; on the other hand, they see it highly immoral thing for people to hide taxes and to claim social benefits using fraudulent pretext. Perhaps, when the Pakistanis consider informality as a societal practice, most of them do not see it as something beneficial for the society as well as the economy. Nevertheless, when it is viewed within a more personal context, the moral values tend to liberalise and the majority of the Pakistani workers find it justifiable to engage in informal practices. Its strongest reflection can be found in the following statements of a participant who governs a religious institute.

“In the light of law, I consider it an immoral thing to avoid paying official payments. I think all of us should abide by the law in the both religious and governmental affairs. It might just be a matter of preaching this as I will also tend to save a part of my taxes once I get down to practically doing it”

## Risk of detection

More than half (56%) of the Pakistani households thought that it was easy for tax and social security authorities in the UK to detect if someone is hiding whole or a part of their income.

Whereas, slightly above 40% (see Table 6.13) of the participants considered it a risk free proposition to hide income and social security contribution while working in the UK. According to them, it is highly problematic for concerned authorities to monitor the underreporting of income and/or wages by informal businesses, particularly taxi driving, despite strict enforcement of law.

Another very interesting finding that has emerged is the widespread opinion among the Pakistani community regarding the deliberate ignorance of official authorities towards informal businesses. Many participants believe that tax authorities are letting the informal businesses sustain on purpose – to cater the demand of goods/services for marginalised populations and to act as a source of back-up employment for the ones who are excluded from the formal sphere. Williams (2006) defines this tolerance of informal practices as “purposeful failure”.

Table 6.13: Risk of detection as perceived by the Pakistani community while working on an informal basis

	Is it easy for tax and social security authorities to find out if some one is HIDING whole or a part of income in the UK?
	%age of respondents
Very easy	30.0
Quite easy	26.0
Not easy	42.0
Do not know	2.0

# Conclusion

Based on intensively empirically-grounded research, this thesis has made a multifaceted contribution to the subject of the informal economy. The diversity and depth of data generated in this study do not only evaluate the emerging theorisations of the informal economy, but also signify the application of certain theories of ethnic entrepreneurship in relation to the participation of an ethnic minority community in paid informal work. Also, the importance of this research lies in the number of possible avenues it has opened in the research of the immigrant informal economy due to the diverse range of issues explored in the survey. Indeed, all the theoretical and empirical questions set out in the Introduction have been thoroughly addressed.

First of all, a wealth of evidence is presented in this research that strongly brings into question the popular theoretical narrative of the modernisation thesis. The proponents of this thesis, predominantly in the pre-capitalist and capitalist era of the 20th century, tend to view the informal sector as a primitive, stagnant and shrinking realm of the modern economy that will eventually fade out as a result of this inevitable expansion of the formal economy. The results of this survey, on the contrary, have established that the Pakistani community of Sheffield is very highly likely to participate in various forms of informal work. The execution of informal work for these Pakistani households is not only a persistent but also a widespread phenomenon, which seemingly forms the most popular means of economic activity amongst the community. These patterns of overwhelming participation by Pakistani households in the informal economy are not only discernible while they engage as the suppliers of informal work, but it is rather more striking in the case of their engagement as the purchasers of informal goods and services. All the three indicators generated in this study - perceptual estimates, supply side estimates and demand-side estimates - have confirmed the fact that informal work is deeply and widely entrenched in the everyday economic activity of Pakistani households living in Sheffield. The magnitude of informal work amongst these immigrants is by no means a shrinking realm; it is rather staunchly persistent, if not expanding. At this point, this study makes an important contribution to the increasing literature of the informal economy supporting the arguments of the globalisation thesis, in which informal work is not seen as merely a 'lag' or 'leftover' of the pre-capitalist era that is bound to suffocate with modernisation. Instead, lending support to the assumptions of the globalisation thesis, this research has complimented to the literature whereby informal work is

seen as a new facet of contemporary capitalism and as something that remains a widespread practice due to economic globalisation.

Second, the highest theoretical significance of this research lies in the fact that it is the seminal study with regard to the application of emerging theorisations of the informal economy - structuralist, neo-liberal and post-structuralist theories - on an ethnic minority population. Despite the increasing use of this theoretical framework in various countries (e.g. Biles, 2009; Maloney, 2004; Williams et al., 2010; Whitson, 2007), it is for the first time that these theories are used to explain the participation of ethnic minority and immigrant workers in the informal economy. Indeed, the application of these theories has been quite useful in identifying the predominant trends in the rationales of Pakistani immigrants to engage in paid informal activities. However, no single theory has been found to fully explain the reasons behind the participation of Pakistani households in informal economic activities. In other words, there are no mono-causal explanations either economic, social or institutional that can completely describe the prevalence of paid informal work amongst the Pakistani community in Sheffield. In fact, it is a cocktail of many interlinking factors causing these Pakistani immigrants to participate in the informal economy.

Compiling a diverse range of reasons mentioned by the respondents, it is found that the participation of Pakistani households in the informal sector is mainly a direct implication of either an over-regulated market or excessive institutional obligations; or the total failure of the formal sector to meet their certain requirements. The majority of informal work under these factors is seen as taking place on a 'voluntary' basis either to unshackle the restrictive controls of the state or to replete for the shortcomings of the formal sector. For most of the Pakistani suppliers, their decision to transcend the parameters of business legalities is basically driven to gain the 'flexibility' and 'freedom' deemed essential for the sustenance and growth of their economic activities in the UK. The purchasers of informal work, meanwhile, in the majority of cases are motivated by the 'incapacity' of the formal sector to cater for certain indispensable goods/services, which as a result are bought from informal sources. However, this voluntary exit on the part of Pakistani households, especially in relation to the supply of informal work, is primarily structured around their urge to maximise economic gains. Departing from the traditional structuralist accounts, therefore, this thesis argues for the dominance of the neo-liberal theory on both the supply and demand side of the Pakistani informal economy.

Despite the preponderance of the neo-liberal thesis in this study, it would be erroneous for one to totally undermine the significance of rationales grounded in the conventional narratives of the structuralist theory. On many occasions, the participation of the Pakistani community in the informal sector, both as the purchasers and suppliers of informal goods/services, is found to be an implication of their involuntary exclusion from the formal market often undertaken as a survival strategy. While a fraction of suppliers consider themselves a victim of racial discrimination prevailing in the formal labour market of the UK, almost a quarter of Pakistani consumers cease to buy from the formal market due to their economic marginalisation. All such reasons confirm a reasonable existence of structuralist motives underlying the engagement of Pakistani households for whom it does not appear to be a matter of choice. Such instances of involuntary participation are, nevertheless, more pervasive on the demand-side of the Pakistan informal economy.

Is the participation of the Pakistani community – voluntary and involuntary – universally driven by structural forces as a pursuit of economic gains? It certainly does not appear to be the case. This research has provided reasonable empirical evidence in support of the newly emerging discourse of post-structuralism. The most striking manifestation of it is recorded in the informal employment of off-the-books Pakistani employees working for informal businesses in Sheffield, where one can identify an increasing influence of immigrant agency against a range of structural forces with regard to the engagement of these immigrants in informal economic activities. Immigrant agency in this study, and as described by other South Asian studies in the UK, refers to a set of certain culturally, socially and morally driven motives for Pakistani immigrants vis-à-vis their execution of informal work. Likewise, a reasonable fraction of the Pakistani households engaged in more autonomous (e.g. self-employed) forms of informal work also tend to draw their primary motivation from what can fairly be said a socially-driven rationale, i.e. informal work is the most common form of economic activity in the culture of the Pakistani community. This participation of Pakistani households under the influence of certain socio-cultural determinants is undoubtedly a case of voluntary exit, yet unlike the neo-liberal thesis, not primarily a pursuit of economic gains. Having concluded so, this thesis also provides evidence to question the conventional perspective of informal economic activities as always conducted under market-like and profit-motivated work relations. A good deal of informal activities undertaken by Pakistani households, and as argued by post-structuralism, is grounded in rationales far exceeding the conventional modes of market trading. The implication is; if the majority of Pakistani immigrants tend to participate in the informal economy for market-like profit-motivated rationales (i.e. neo-liberal theory), it not does not mean that such rationales form the

primary motive for every member of the Pakistani community. Nevertheless, social motives tend to prevail far more abundantly while Pakistani households engage as the suppliers of informal work.

Overall, and to repeat, this research concludes that no single approach is able to wholly theorise the reasons for the Pakistani community to undertake informal economic activities. Neither can we describe them as purely voluntary actions nor always a ramification of their involuntary exclusion from the formal sector. Similarly, one can find in this study the evidence for both social as well as economic determinants of the informal economy. In consequence, and as also argued by Williams and Round (2010) and Williams (2010), the mutually exclusive character of the structuralist, neo-liberal and post-structuralist theories is strongly contested, with of course the neo-liberal theory explaining the bulk of the Pakistani informal economy. On the whole, all these theorisations are found to be coexisting within the given context, each describing a different percentage of informal work prevailing within the Pakistani community on both the demand and supply side of it. This finding has doubtless contributed to the desperate gap of empirical evidence on the rationales causing an alarming engagement of ethnic minority and immigrant populations in informal economic activities in the UK. At the same time, it has brought into question the mono-causal explanations of the informal economy in the wider literature. Clearly, no single factor is able to fully encapsulate the reason for Pakistani households to participate in the informal sector.

Third, at this point, this research makes another very important theoretical contribution by establishing a link between the theories of the informal economy and that of the mixed-embeddedness theory from the general literature of ethnic entrepreneurship. Clearly, the participation of Pakistani households in informal economic activities is neither a sole outcome of their embeddedness in structural factors (e.g. tax rate, job discrimination, complication of official procedures) nor purely a result of their relational embeddedness in the form of their compliance with certain community norms and traditions. Rather, it is the “mixed” embeddedness of these Pakistani immigrants simultaneously within diverse institutional, regulatory and social forces that leads to their involvement both in the supply and consumption of paid informal work. Embeddedness, in general, has become a crucial factor in explaining the entrepreneurial activities of immigrants, especially with regard to their participation in informal economic practices. This concept of embeddedness in the literature of ethnic entrepreneurship, however, is mostly viewed in a one-sided way, focusing almost exclusively on the social characteristics of immigrant populations and their significance as the determinant of immigrants’ economic

activities. Using embeddedness in this limited way tends to conceal the effect of wider institutional and economic factors on the nature of economic activities being performed by immigrant workers. This research has certainly refined this perspective of immigrant embeddedness. Adding to the support of mixed-embeddedness theory, it has been clearly demonstrated that the engagement of Pakistani immigrants in informal work is not only driven by their need to comply with certain social norms (i.e. post-structuralist thesis), but it is also partly influenced by their need of economic survival (i.e. structuralist thesis) and adjustment to state over-regulation and market discrimination (i.e. neo-liberal thesis). Instead, the informal economic activities of Pakistani immigrants, as also found in some other immigrant communities (e.g. Kloosterman et al., 1999; Rath and Kloosterman, 1998; Rath, 1997; 1999a), are situated in an “interplay” of these social, economic and institutional context.

The mixed-embeddedness of Pakistani immigrants in the wider British context and its impact on their ability to participate in informal work is more explicitly evidenced in the variations between different types of Pakistanis engaged in such work. It is the self-employed Pakistani households who are most likely to conduct informal work as opposed to other categories of Pakistani workers, such as students, formal employees and organised informal workers. According to the evidence presented in the thesis, these variations amongst different employment groups of Pakistani immigrants are mainly because of their disparate mix of embeddedness, which seems to form a different type of opportunity structure for each of these groups. It is asserted that the self-employed Pakistanis due to their better ability to accumulate and utilise different forms of capital from within and outside the Pakistani community are more favourably positioned to endeavour informal economic activities. Meanwhile, the unemployed and formally-employed members of the same community are found to be relatively restricted in terms of their access to social, financial and human capital. Furthermore, it is argued that factors related to shared ethnicity and immigrant agency, though quite crucial in some ways, are unable to explain the whole richness of this variation between the participation of different Pakistani immigrants in paid informal activities. Using the forms of capital framework (Nee and Sanders, 2001), on the contrary, it is shown that this variation in the participation of different Pakistani groups is actually a product of their respective opportunity structures, which are in turn determined by their mixed-embeddedness in the wider context of the host economy.

Two important theoretical implications have emerged at this point from this study. First, it would be naive to examine the rationale for the immigrant informal economy without taking into account the opportunity structures prevailing within a particular immigrant community. Varying

nature of opportunity structures available to different groups of the same ethnic minority community must not allow the researchers to seek one universal size of informal activity within a particular immigrant population. Pakistanis with dissimilar employment status, for example, tend to exhibit different levels of participation in informal work. Hence, to read the participation of any specific group as a proxy for the extent of informal work prevailing in the entire community of Pakistanis in Sheffield would perhaps lead to either under or over estimation of the actual situation. Second, to fully capture the drive behind the Pakistani informal economy, the policy makers must need to analyse their integration in relation to various institutional and structural forces existing within the broader socio-economic context of the UK. It is the study of what and how things from the wider institutional environment of the UK effecting the overall adjustment of these immigrants in the informal sector that is to be pursued more thoroughly. The traditional focus on factors, such as the ethnic enclave economy, co-ethnic ties and cultural capital alone has to be altered. This research has certainly made some insightful contributions in exploring the mixed-embeddedness of Pakistani households in the informal economy of Sheffield by using a combined framework of emerging theorisations in the subject of the informal economy and the mixed-embeddedness theory.

Finally, this research has made an important contribution in highlighting the significance of 'Ethnicity' with regard to its role in defining the size and nature of informal work for a particular community in the UK. In the case of Pakistani community, the impact of ethnic forces especially on the nature of their informal economic activity is evident in various forms. Ethnicity is not only important in deciding the type of informal work conducted by Pakistani immigrants, but also plays a critical role in determining the extent of break-out for informal Pakistani businesses in different sectors. The tendency of Pakistani immigrants to undertake their informal work, for example, in the sectors which are otherwise highly underrepresented in the informal economy of the dominant English population is primarily a result of their submission to certain ethnic forces. There is a very strong contrast between the type of paid informal work conducted by the Pakistani community - taxi driving, catering and low-end retailing - and that of the sectors which tend to dominant the overall literature of the British informal economy, i.e. construction and domestic services. The long-held tradition of the Pakistani community to carry out their informal work in these specific sectors has lead to the prevalence of a strong ethnic pull, making it extremely likely for their community members as well as the new arrivals to engage in the same traditional forms of informal work. The impact of this ethnic pull, as discussed in the Results, is further exacerbated by the ethnic isolation of the Pakistani community as well as by their reliance on the phenomenon of chain migration.

The importance of ethnicity vis-a-vis the engagement of Pakistani immigrants in informal businesses also reflects from the fact that most of these small informal businesses are strongly driven by the demand of certain ethnic products and services. In the retail sector, it is the excessive consumption of Pakistani products, such as garments, sweets, groceries and Urdu newspapers by Pakistani households in Sheffield that has spearheaded the growth of informal Pakistani outlets. Similarly, in the catering sector, although the majority of clientele constitutes non-Pakistani households, the functioning of informal Pakistani restaurants and takeaways is still dependent on their selling of pure Pakistani ethnic cuisine. It is the uniqueness of their food coupled with their inherited ability to minimise the cost of production for their ethnic cuisine which is giving these informal businesses the competitive advantage in the saturated catering sector. Once again, it is the virtue of being a part of a specific ethnic minority group that seems to facilitate the participation of Pakistani household in the informal economy by providing them their unique ethnic proposition. Therefore, it may not be wrong to presume that the extent of Pakistani households to conduct informal work would be very different if they belonged to another ethnic population, illuminating the role of ethnicity as a potential determinant of the informal economy.

Ethnicity is also the major cause for the retarded growth patterns of the Pakistani informal businesses, and also for their inability to expand out of this vicious circle of informality. Examining the variability of ethnic and geographic expansion in different trades, it is argued that the role of strong ethno-cultural homogeneity amongst Pakistani informal businesses is not to be understated while determining their extent of break-out in each trade. Irrespective of their ethnic and geographic break-out most of the Pakistanis informal businesses in Sheffield remain captive of certain social values and norms pervasive in their ethnic community. Due to this firm ethnic cohesion, the values and mind-sets constructed and shared in the social sphere of the Pakistani community, as further strengthened by their ethnic segregation in Sheffield, tend to form what can be called 'implicit ethnic bonds' between its members even when they attempt to work in apparently independent economic domains. Reviewing the empirical evidence from the survey, it is thus concluded that the ethnic inter-locking of the Pakistani community at the social level would not let most of their informal businesses to fully abolish the ethnic-enclave-effect, and hence would always be an important hook on the extent of break-out these businesses can possibly carry out. The theoretical contribution of this finding goes as a support for the arguments of the anti-solidarity thesis, which also describes strong ethnic solidarity as a major limiting factor for the growth of immigrant informal activities (see, COMPASS, 2004).

As for the policy makers, this study suggests that efforts to promote further ethnic break-out amongst Pakistani informal businesses must also be supported by congruent initiatives to bring about a community-wide change towards a more growth-oriented mindset of Pakistani households. Concerted measures can be designed to transform the existing socio-cultural attitudes of the Pakistani community in relation to their aspirations for growth in general. First and foremost, it is the need to dissolve the ethnic segregation of the Pakistani community and to improve their integration with the wider society in Sheffield. It will surely infuse new aspirations, which are at present seemed to be blocked by the forces of socio-cultural alienation. Some of the changes that may cause, and are already causing, the Pakistani immigrants to break-out from the pull of their long-held cultural attitudes are seen as naturally taking place in the form of improved education, increasing influx in formal employment and expanding generational gap. However, it is yet required to stimulate such changes further by the use of certain enabling factors that are recommended to be taken up in the related policy agendas. Any change desired in the scale of break-out by informal Pakistani businesses in Sheffield does not seem very probable without catering to the limitations in their social sphere.

The participation of Pakistani women in paid informal work also seems to reflect a strong influence of certain ethnic forces, staunchly restricting the female members of the community from engaging in economic activities. The Pakistani women are far less likely to engage in informal economic activities as compared to their male counterparts in Sheffield. Only 1 of the 50 participants mentioned Pakistani women as the bigger participant of paid informal work. Exploring the causes for this lack of participation on the part of Pakistani women, this research has once again concluded some important implications for the mixed-embeddedness theory. The gender segmentation of the Pakistani informal economy in Sheffield is a strong manifestation of the case where certain ethnic and structural factors are found acting together to marginalise the participation of Pakistani women in paid informal work. On the one hand, it is the existence of a conservative value system of the Pakistani community that leads to the social confinement of female family members and their obligatory commitment to domestic duties, which obstructs their involvement in the informal economy. On the other, it is the wider structural factors like the retreat of subcontracting work for home-workers in Sheffield; lack of female-oriented informal work; and the increasing interest of Pakistani women in formal jobs due to their improved qualification and the better professionalism offered by the formal sector that appear to make it less plausible for Pakistani females to work in the informal sector.

It is asserted that the subordination of Pakistani women to certain time-honoured ethno-cultural obligations, as supported by the anti-solidarity thesis, has led to the formation of an impartial social structure within the Pakistani community, placing the male members of the community at more powerful and opportune positions. This hierarchy of opportunities is further augmented by the wider structural factors mentioned above. Once again one can see members possessing same ethnicity and nationality, but different opportunity structures, tend to exhibit variable levels of participation in paid informal work, lending support to the arguments of the mixed-embeddedness theory in relation to the gender segmentation of the Pakistani informal economy in Sheffield. Given the extreme lack of evidence on the gender segmentation of the immigrant informal economy in the UK, this research develops the primitive link (also see, Community Links, 2006) with the wider debate of gender segmentation in the literature of the British informal economy.

This research has surely addressed all of its objectives listed in the Introduction. In fact, it has attained insightful contributions on many additional counts. One of the most unprecedented achievements of this study is perhaps not the analysis of immigrant informal activities itself, but the collection and discussion of data in the form that is surely more 'compatible' and 'comparable' with the wider British literature on the subject. Even the theoretical debate of the findings is set in the context of the prevailing theorisations. This contribution is indeed very crucial for the academics as well as the policy makers if they are to understand the size and nature of the immigrant informal economy in connection with the overall UK informal economy, which in turn is imperative for more specific policy formulation.

## Research Limitations

It is essential to summarise the limitations of this research for the future researchers to execute similar surveys without hampering the quality and depth of outcome generated herein.

- As the scale of the study increases, the viability of this survey may decrease. Since the study involves long duration one-to-one interviews with the participants, it can be very challenging for any researcher to replicate it at a larger scale within the same frame of time without compromising the quality of response. Although similar sorts of surveys have been applied at cross-national levels, a recent EU survey being the most relevant example, they all were conducted in a relatively much longer span of time and involved either multiple researchers or specialised research organisations.
- Keeping in view the sensitivity of topic, it was unavoidable for the researcher to carry out this survey in any other form except arranging personal interviews with each of the participants. Had it not taken place in this way, the rate and candidness of response would have been considerably lower. The pilot survey, as explained in the methodology chapter, manifested a complete failure of attempting to gather data through a random distribution of a questionnaire. This limitation becomes even more critical while implementing this survey on ethnic minority and immigrant populations, who tend to be more secretive than white residents about their socio-economic activities.
- The implementation of this study is also restricted in terms of its choice of sampling technique. If the same level of insight is to be attained, the researcher would choose to use the snowball-sampling technique in order to reach the participants of the target population. Otherwise, given the fact that Pakistani households are more conscious of their interaction with unknown people, it will be troublesome to establish a trustworthy relationship with the participants, which is an instrumental element of this survey.
- Particularly referring to the implementation of this survey on ethnic minority populations, it would be incorrect not to mention the “nationality” of the researcher as another major limitation of this study. The cooperation of participants and the comprehensiveness of response are highly dependent on whether the researcher belongs to the same ethnicity as

the ethnic minority participants or not. It was concluded by the survey that the participants felt far more relaxed and confident while sharing information with the researcher belonging to their own ethnicity. Had the researcher belonged to some other ethnicity, the level of comfort would have never been the same for the participants, which in turn determines their ability and willingness to answer the survey questions. Dissimilarity of ethnicity may severely limit the ability of the researcher to understand the cultural and societal norms of the target ethnic minority population, not letting him/her apprehend the social aspect of their informal economy. However, this limitation can be overcome, and as done on many occasions, by using community intermediaries, who can assist the researcher collecting his data.

- Last but not the least, it is the linguistic problem. Since English is the second language of all the major ethnic minority populations of the UK, there were many occasions when it was necessary for researcher to translate the questions in the native language of the participants. Some of the participants, especially the ones from elder generations, were not able to understand English at all. The whole discussion was carried out in the native language as a result. The questions of this survey, by their very nature, are complicated enough for the less educated ethnic minority households to comprehend in a non-native language. The applicability of this survey, therefore, is limited in terms of the language as well.

## Future Research Agendas

Empirically, the aims of this study may be limited in terms of geographical and ethnic coverage, but the value of it basically lies in the new avenues of investigation opened for future researchers. In particular, I would like to propose following possibilities that may be exploited in the future research agendas.

- First of all, given the huge gap in the empirical evidence on the subject of immigrant informal economy in the UK, it is deemed important *to replicate this study on other Pakistani communities*. Keeping in view the structured and analytical approach of this study, I do not foresee any serious methodological challenges that may hinder its replication elsewhere, provided due attention is given to the limitations discussed in the preceding section. In the event of failure to produce ‘comparable’ evidence from more ethnic minority localities in the UK, there is a good chance of this research being unable to validate its theoretical and analytical findings in the wider context of the immigrant informal economy. Further testing of the structuralist, post-structuralist and neo-liberal thesis, for example, is required through similar mixed research methods to further support or reject the understanding of the rationales behind the engagement of Pakistani population as explained in this study. As such, in the absence of further research on the informal activities of the Pakistani population it is far from possible to generalise the findings of this study beyond the bounds of Sheffield.
- Given the significant variations discovered in the participation rates of Pakistanis belonging to different occupational status, this study must suggest a more detailed and targeted exploration of how the size and nature of informal work varies amongst different categories of Pakistani immigrants in Sheffield and elsewhere. Using the foundation developed in this research, the most comparable categorisation of course would be the one based on the employment status of the respondents (e.g. self-employed, unemployed, students, formal employees).
- Similarly, another worth exploring subject could be the sectoral inertia of Pakistani suppliers and purchasers with respect to their engagement in informal economic activities. The heavy concentration of Pakistani household in a few specific sectors, as shown in this research, definitely asks for the design of exclusive sector-based analysis of

the Pakistani informal economy. To start with, the transport sector in general and taxi driving in particular should be studied as a possible arena of informal economic activities not only for Pakistani immigrants, but also for the ethnic minority community at large. It is a kind of sector, which has yet failed to attract much investigation in the British literature despite heavy concentration of immigrants in trade like taxi driving. In Sheffield, as we now know, it constitutes by far the largest segment of informal economic activities conducted by the largest ethnic minority group of the city.

- Apart from intra-ethnic variations of the Pakistani community vis-à-vis the nature and size of their informal activities, what could be of great value for academic and especially policy agendas is the *implementation of this survey on other ethnic minority populations*, starting with let say other South Asian communities such as Indians and Bangladeshis. Although there is no geographical restriction as such, to first study them in Sheffield with the same research design can however provide a first hand comparative analysis, and hence an empirical basis for the refinement of ideas such as super-diversity and the mixed-embeddedness theory when applied to the subject of informal ethnic entrepreneurship. It would surely be an unprecedented effort both in terms of its analytical and conceptual contribution. The debate of the mixed-embeddeness theory and super-diversity in the context of the immigrant informal economy must be taken forward so as to truly capture the rationales of ethnic minority workers for their participation in informal work in the changing dynamics of the current socio-economic environment in the UK.
- The outcome of this research provides a strong empirically-grounded base for someone who desires to carry out a public policy research in the area of the immigrant informal economy. Given the growing insistence of the current British government on the transformation from welfare to workfare state and on the curtailment of various welfare benefits, it surely becomes an important research agenda to build up on the policy implications of this survey. To analyse the viability of various policy options in the context of the Pakistani community could provide a good reference point for the policy makers to refine their understanding of how an immigrant informal economy could and should be tackled in the most effective manner.

Appendix A  
**(Survey Questionnaire)**

# Survey Questionnaire

## The Size and Nature of Informal Work conducted by Pakistani Households in Sheffield

Population: Pakistani Immigrants (age 15yrs +)

Date : \_\_\_\_\_

Coverage: Sheffield, UK

### Important points:

- 
- All of your answers will be kept anonymous (secret)
  - You are NOT required to write your NAME or SIGN any thing off in the questionnaire. Therefore, kindly provide your HONEST replies.
  - Your best cooperation is expected
- 

## **PART I: Demographics**

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**D1 What is your marital status?**

- Married
- Unmarried
- Divorced
- Widowed
- Separated

**D7 What do you think of the area you live in Sheffield?**

- Small area
- Medium-sized area
- Large area

**D2 How old were you when you stopped full-time education?**

--	--

**D8 How many dependents do you have at home?**

--	--

**D3 What is the highest level of education you achieved?**

- Primary
- Lower secondary
- Upper secondary
- Higher

**D9 Where were you born?**

- In the UK
- In your home country
- In some other foreign country

**D4 Gender**

- Male
- Female

**D5 How old are you?**

- 15yrs to 25 yrs
- 26yrs to 40yrs
- 40yrs to 55 yrs
- 55yrs +

## PART II: The Size of Informal Work

---

"The undeclared work refers to the paid production and sale of goods and services those are unregistered by or hidden from, the state for tax, social security and/or labour law purposes, but which are legal in all other respects"

**Your answers to the following questions therefore will remain anonymous (secret)**

**Q1 What percentage of people with Pakistani ethnicity in Sheffield work without declaring total or part of their income to tax and social security authorities?**

- Less than 5 %
- 5 % to less than 15 %
- 15 % to less than 25 %
- 25 % to less than 35 %
- 35% to less than 50%
- More than 50%
- Don't Know
- Refusal

**Q2 Do you personally know any Pakistani people who without declaring total or a part of their to tax and social security authorities?**

- Yes
- No
- Refusal

**Q3 According to you, who are more likely carry out informal work?**

- Pakistani Men
- Pakistani Women
- Both equally
- Don't know
- Refusal

**Q4 What do you think is the percentage of Pakistani women in Sheffield who carry out informal work?**

- Under 5%
- 5% to less than 10%
- 10% to less than 15%
- 15% to less than 20%
- More than 20%
- Don't know
- Refusal

## PART III: The Nature of Informal Work

### Demand Side

**Q5** Have you in the last 5 years acquired any *services* of which you had a good reason to assume that it contained informal work, i.e. the income was not completely reported to tax or social security institutions?

- Yes
- No
- Don't know
- Refusal

**Q6** Have you in the last 5 years purchased any *goods* of which you had a good reason to assume that it contained informal work, i.e. the income was not completely reported to tax or social security institutions?

- Yes
- No
- Don't know
- Refusal

**TO THOSE WHO SAY "YES" IN Q6, OTHERS GO TO Q15**

**Q7** Would you please mention *three* different types of goods and services, starting with the most important one *in terms of money spent*, that you purchased from suppliers working on an informal basis in the last five years? (please refer to the list at the bottom of this page)<sup>44</sup>

1. \_\_\_\_\_

2. \_\_\_\_\_

3. \_\_\_\_\_

**Q8** Whom did you buy this good or service from?

- Friends or colleagues
- Relatives
- Neighbours
- Other private persons or households
- Firms or businesses
- Don't know
- Refusal

**Q9** What are the top three reasons for you to buy goods and services from suppliers working on informal basis?

- Goods/Service was not available in the regular market
- Faster Service
- Better quality
- Lower price
- In order to help someone from Pakistani community
- It was amongst friends/relatives/colleagues
- Other

<sup>44</sup> Items related to services and goods must be classified along the following sectors:

- Construction
- Industry
- Household services (Gardening, child and elderly care, cooking, cleaning etc)
- Transport (taxi driving, bus or train driver, rent-a-car etc)
- Personal services (hair dressing, cosmetic and medical treatment etc)
- Repair services (mechanic, technician, plumbing etc)
- Hotel, restaurant, cafes
- Agriculture
- Retail (grocery, garments, stationary, fruit and vegetable shops etc)
- Other

**Q10** What would have you done if this good or service had only not been available in the formal market?

- I would have bought them from the regular market
- I would have done it myself
- I would have dropped this service or good
- Other
- Refusal

**Q11** Approximately how much %age of total money *per week* do you spend on goods/services from suppliers working on informal basis?

[ \_\_\_\_\_ ] % of total expenditure

## Supply Side

**Q12** Have you in the last 5 years carried out any work for yourself or any other person in which total or a part of your income was kept hidden from tax and social security authorities?

- Yes
- No
- Refusal

### TO THOSE WHO SAY "YES" IN Q15 OTHERS GO TO Q24

**Q13** Would you please mention three different types of work, starting with the most important one in terms of hours spent, that you carried out by keeping total or a part of your income hidden from tax and social security authorities in the last 5 years? (please refer to the list at the bottom of this page)<sup>45</sup>

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

<sup>45</sup> Items related to services must be classified along the following sectors:

- Construction
- Industry
- Household services (Gardening, child and elderly care, cooking, cleaning etc)
- Transport (taxi driving, bus or train driver, rent-a-car etc)
- Personal services (hair dressing, cosmetic and medical treatment etc)
- Repair services (mechanic, technician, plumbing etc)
- Hotel, restaurant, cafes
- Agriculture
- Retail (grocery, garments, stationary, fruit and vegetable shops etc)
- Other

**Q14** How did you carry out the MOST important work you mentioned above?

- Just once
- A few times
- With certain regularity
- Refusal

**Q15** Did you carry out this work on part-time or full-time basis?

- Part-time
- Full-time
- Both
- Refusal

**Q16** In what form was this work paid?

- Mainly in money
- Mainly in the form of favour
- Both equally
- Don't know
- Refusal

**Q17** Please indicate whom did you carry out this work for?

- Friends or colleagues
- Relatives
- Neighbours
- All private persons or households
- Firms or businesses
- Don't know
- Refusal

**Q18** Approximately how many hours per week are you spending or did you spend on this work?

[ \_\_\_\_\_ ] hours/week

**Q19** Approximately, how much did you earn per day from this work?

[ \_\_\_\_\_ ] £/day

## Dependent Employees

**TO THOSE WHO ARE WORKING AS CASH-IN-HAND EMPLOYEES OTHERS GO TO Q28**

**Q20** Has your employer in the last 5 years paid all or part of your income in the form of CASH-IN-HAND so as to keep it hidden from tax and social security authorities?

- Yes
- No
- Don't know
- Refusal

**Q21** Do you experience any of the following disadvantages when working as informal employees?

- A higher risk of accidents
- Poor salary
- Severer physical working conditions
- Lack of insurance against accidents
- Other (please specify)
- None
- Refusal

**Q22** Was/is this income a part of the reward for your regular work, was it payment for overtime hours or was it both?

- Part of the reward for the regular work
- Overtime, extra-work
- Both regular and overtime work
- Don't know
- Refusal

**Q23** Are you happy with getting your salary in the form of CASH-IN-HAND and having total or a part of it hidden to tax and social security authorities?

- Very happy
- Happy, but wants it to be more formal
- Not happy at all
- Refusal

**Q24** Which of the following two categories of Pakistani immigrants in Sheffield are MOST likely to carry out informal work?

(Please circle the top 2 categories)

	FIRST	SECOND
Unemployed	1	1
Self employed	2	2
Pensioners	3	3
Working on formal jobs (full-time)	4	4
Working on formal jobs (part-time)	5	5
Students	6	6
Others (SPECIFY)	7	7
Don't know	8	8
Refusal	9	9

**Q25** What are the reasons for you to keep total or a part of your income hidden from tax and social security authorities?

(Please circle the top 2 reasons)

	FIRST	SECOND
It is a common form of work in Pakistani community in the UK	1	1
Procedures of tax authorities are very complicated	2	2
Taxes are too high	3	3
Immigrants are not given equal opportunities and security in other jobs	4	4
Immigrants believe that government do not use taxes and social security for their welfare	5	5
Tax authorities have poor control	6	6
People feel they have the right to do so	7	7
Others (SPECIFY)	8	8
Don't know	9	9
Refusal	10	10

## PART IV: Tax Morality and Risk of Detection

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**Q26** What do you think of the following two practices?

<b>Practices</b>	<b>Absolutely Unacceptable</b>	<b>Somewhat Acceptable</b>	<b>Absolutely Acceptable</b>
Someone receives welfare payments without entitlement	1	2	3
Someone saves taxes by not declaring their income in order to meet daily life expense	1	2	3

**Q27** Is it easy for tax and social security authorities to find out if some one is HIDING whole or a part of income in the UK?

- Very easy
- Quite easy
- Not easy
- Don't know
- Refusal

**Q28** In your opinion, what should be the penalty if authorities find out that some one has saved taxes and social security payments?

- Normal tax and Social security due but no fine
- Normal tax and Social security due plus a fine
- Prison
- Don't know
- Refusal

## PART III: Formal Employment

Only if you are working or have worked in **FORMAL** employment

**Q29** What is your current **FORMAL** occupation?

**Q30** Did you do any **FORMAL** paid work in the past? What was your **FORMAL** last occupation?

	CURRENT OCCUPATION	LAST OCCUPATION
<b>NON-ACTIVE</b>		
Unemployed or temporarily not working	1	
Student	2	
Retired or unable to work through illness	3	
<b>SELF EMPLOYED</b>		
Skilled worker	5	5
Unskilled worker	6	6
Professional (lawyer, medical practitioner, accountant, architect, etc.)	7	7
Owner of a shop, craftsmen, other self-employed person	8	8
Businessperson	9	9
<b>EMPLOYED</b>		
Employed professional	10	10
General management	11	11
Middle management (department head, junior manager, teacher, technician)	12	12
Lower management	13	13
Supervisor	14	14
Skilled manual worker	15	15
Other (unskilled) manual worker, servant	16	16
NEVER DID ANY PAID WORK		19

**Q31** In which of the following sectors of activity are you currently working?

- Construction
- Industry
- Household services (incl. Gardening, child and elderly care)
- Transport
- Repair services
- Hotel, Restaurant, Take away
- Retail shops
- Other (SPONTANEOUS)
- Refusal (SPONTANEOUS)

**Q32** Please circle the range of your Annual Income

- Under £15000
- £15000 to £25000
- £35000 +
- DK
- Refusal (SPONTANEOUS)

**Q33** How many hours per week on average do you work in your formal employment?

[ \_\_\_\_\_ ] hours/week

## **PART III: Qualitative Questions**

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Q1: Is there any racial discrimination against ethnic minority and immigrants groups in the formal labour market of the UK?

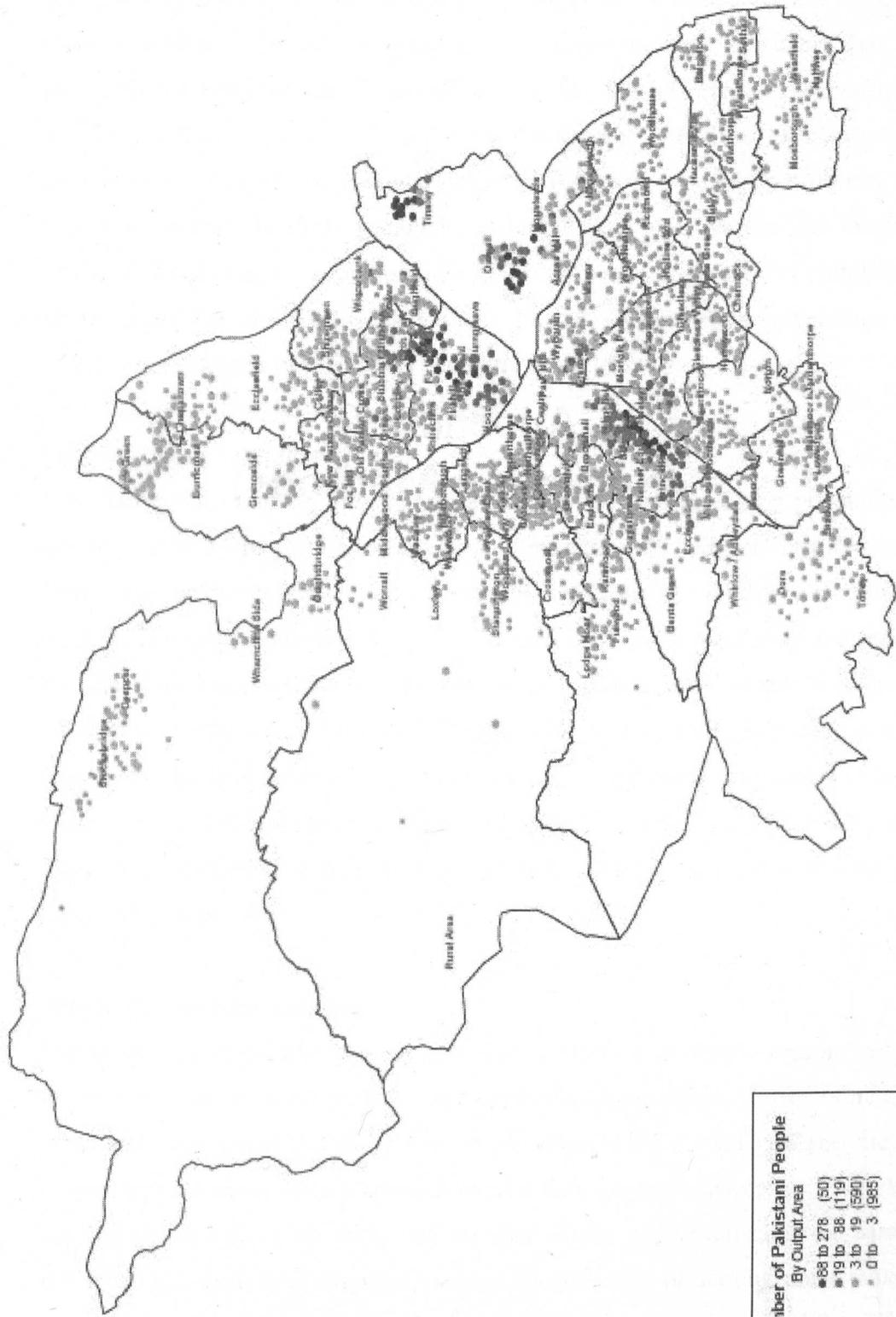
Q2: Do you consider the rejection of ethnic minority workers from the formal labour market as a reason for them to rely on informal means of income?

Q3: Do you think that the cultural and social backgrounds of the Pakistani immigrants play a significant role in deciding the mode of employment they undertake in the UK?

Q4: Would Pakistani informal workers like to move into formal employment if good opportunities are given to them?

Appendix B  
**(Population Map)**

People of Pakistani Origin by 2001 Census Output Area



**Number of Pakistani People**  
By Output Area

- 88 to 278 (50)
- 19 to 88 (119)
- 3 to 19 (590)
- 0 to 3 (995)

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Appendix C  
**(Sampling Methods)**

## **Probability sampling**

The concept of probability sampling is based on the notion that a sample can be statistically selected in such a way as it can be considered a true representative of some larger population (Senese, 1998). In probability sampling each member of the population has a non-zero probability of being selected<sup>46</sup>, which may or may not be equal to other members of the population. Due to their statistical framework, such sampling techniques are mainly employed in quantitative researches especially when the researcher desires to perform hypothesis testing. In every sampling technique there is a risk that the sample may not sufficiently represent the population, but statistical nature of probability sampling empowers the researchers to quantify the risk and thus calculate an appropriate sample size. Three most commonly used types of probability sampling are as below.

### **Simple random sampling**

It is the type of sampling in which subjects are drawn from the target population in such a manner that every subject has precisely the same chance of being selected (Bruce and Berg, 1989). It is the purest and the most commonly used form of probability sampling<sup>47</sup>. Simple random sampling begins with the listing of each member of population and then calculates the size of the representative sample using statistical techniques. Members of the population are then randomly selected from the list according to the calculated sample size. In case of large and discrete populations it sometimes becomes difficult or impossible to include every member in the list and thus leads to a serious limitation of simple random sampling. It is, therefore, mostly used to find the representative of fairly large and prominent populations (Bruce and Berg, 1989).

### **Systematic random sampling**

The process of systematic random sampling is identical to simple random sampling apart from the way the members are selected from the listed population. Instead of making random selections from across the entire population, subjects are chosen in a specific order. The researcher may decide upon a constant interval between two consecutive selections from the list and thereby picks up every *n*th member of the population until the sample size is achieved. However, it is essential to make the selection of starting point purely random. Mostly, the starting point is arbitrarily selected among the members from 1 to 20 (Bruce and

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<sup>46</sup> [www.statpac.com](http://www.statpac.com)

<sup>47</sup> [www.statpac.com](http://www.statpac.com)

Berg, 1989). To conclude, the major advantages of this technique over the one previously discussed are simplicity and more uniform representation of the target population. Nonetheless, it does not remove the limitation of being unable to identify all the members of the population in case of hidden and sensitive populations.

### **Stratified random sampling**

The basic concept is the same as used in the last two sampling techniques. It is applied when the researcher intends to ensure that the certain segment of the population has got representation in the sample. The target population is divided into different segments (strata) and an independent random sample is selected from each stratum. It allows the researcher to distribute its sample across various segments of population and thereby accomplish better heterogeneity in their sample. For the researcher to reap this benefit, however, it is essential to maintain certain sampling fraction (number of subjects selected / total size of the stratum) in each stratum. Sampling fraction for each stratum is determined by the degree of representation the researcher has planned to allot to the particular stratum. Stratified sampling is often used when one or more of the strata in the population have a low incidence relative to the other strata. Like rest of the probability sampling techniques, it is also restricted in terms of its applicability. It can only be applied when there is enough information so as to divide the population into different strata (Thompson, 2004).

### **Non probability sampling**

The second major type of sampling strategy used in social sciences is non probability sampling that works in contrast with the one discussed earlier. This technique is not based upon some probability theory, rather takes on a different approach for sample selection. As mentioned by Bruce and Berg (1989, p.31, 32), “ *In non probability sampling ... efforts are undertaken (1) to create a kind of quasi-random sample, and/or (2) to have a clear idea about what larger group or groups the sample may reflect*”. Many situations have been found by academics while analysing large scale populations when it was not feasible to select the kind of probability samples due to their above mentioned limitations. Non probability techniques were employed as a result.

Even though there are sound statistical foundations of probability sampling, it is by no means proven that they provide the best means of sampling under all circumstances (Kalton, 1983). As mentioned earlier, such types of sampling methods have inherent shortcomings and often restrict the researchers while studying certain kinds of population. On the other hand, non probability sampling techniques do not require the formulation of listing of all the members of population to begin with and thus provide access to otherwise sensitive or difficult to

reach target populations (Bruce and Berg, 1989). For qualitative researches, non probability sampling tends to be a norm. The following sections present a brief description of all the major types of non probability sampling and finally elaborate the one used in the context of this research.

### **Convenience sampling**

As the name suggests, the sample is selected on the basis of the convenience for the researcher to approach it. Only those members of the population are chosen which are conveniently in the reach of the researcher. This sampling strategy is mainly used to gather quick and inexpensive data in relation to research questions. The degree to which the sample represents the target population is, however, not always adequate (Chaudhuri, 1992; Bruce and Berg, 1989). Due to its low-cost and fast-response feature, it is often used to obtain preliminary information about research questions.

### **Purposive sampling**

The researcher selects the sample based on his personal judgement about some group. The judgement is drawn on the basis of researcher's special knowledge or expertise on that particular group. Hence, it is also known as 'judgemental' sampling. Mostly, the purposive sample is preceded by field investigation during which the researcher gains enough information and experience with regard to a particular group of subjects to ensure that this group will be a fair representative of the entire population. This sampling technique is often explained as an extension of convenience sampling since the researcher may decide to choose his sample from one 'representative' city, even though the target population is spread over many cities. No matter how confident the researcher is about his judgement on the chosen subjects, a reasonable level of subjectivity remains there (Bruce and Berg, 1989). It has turned out to be the strongest criticism of this sampling technique.

### **Quota sampling**

Quota sampling is the non probability equivalent of stratified sampling<sup>48</sup>. It also allows the researcher to distribute its population into different strata and then select a certain number of subjects from each stratum to add to the sample. Number of subjects selected from any stratum is known as a *quota* of that specific stratum and depends upon the amount of representation researcher intends to draw from that stratum. As explained by Kalton (1983) and Thompson (2002), strata can be formed according to various attributes (e.g. age, sex,

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<sup>48</sup> [www.statpac.com](http://www.statpac.com)

education, employment status and location). Like stratified sampling, this strategy is also only applicable when there is sufficient information available to divide population into strata.