



technology, children, schools and families

The boundaries between informal and formal work

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Introduction

It is assumed that as time progresses the formal economy becomes ever more important to everyday life. Whereas in the past people often worked on a subsistence basis and bartered goods and services, people now 'work' and pay taxes on their income. Informal economies are thus seen as either illegal or a residue from past practices, both a brake on the development of the formal economy. Nowhere is this seen more starkly than in neo-liberal development theories, within which 'developing economies' are implored to increase GDP, open up to globalisation and 'become more like the west'.¹ Of course many informal practices are illegal and have wide-reaching negative consequences, such as the sale of illegal drugs and the trafficking of people. While the incomes generated from these processes are huge, and they interact with the formal economy as illegally gained money is washed into the formal sphere, this paper will not consider them in great detail. Rather, the various roles and scale of work that is not registered with the state but which is legal in all other aspects will be used to show that there is little evidence that the informal sphere is declining in importance.

One of the main arguments presented below is that the narrow definition of informal work, that it is a remnant of a previous time, fails to recognise the diversity of practices in operation and their relationships to the formal economy. To broaden the definition social scientists have delineated three main forms of informal work.² The first is 'self-provisioning' which is the unpaid household work undertaken by household members for themselves or for other members of their household. The second is 'unpaid community work', which is unpaid work conducted by household members by and for the extended family, social or neighbourhood networks and more formal voluntary and community

¹ Massey

² (Leonard, 1998; Pahl, 1984; Renooy, 1990; Williams and Windebank, 2003).

groups. The final, major, form is 'paid informal work' which is monetised exchange unregistered by or hidden from the state for tax, social security and/or labour law purposes but which is legal in all other respects. By exploring these definitions it can be shown that informal work can have many positive elements and there are many linkages between the formal and informal spheres. In numerous instances people would not be able to operate formally without their informal practices, and thus people operate this way for far more reasons than simply to avoid tax payments.

To enable these discussions the paper is split into two main sections. The first examines the major trends in the relationship between formal and informal economies. To begin, it will detail in more depth the commoditisation thesis before examining the wide spectrum of informal work practices that can be observed, and some of the motivations behind their use. Next, the linkages between formal and informal work will be discussed. Within academia a rather romantic notion of informal work can sometimes be observed: that, for example, it provides sites of resistance to capitalism or an alternative to the market economy.³ While for some this is true, the paper here considers that in some instances informal economies can be exploitative in their nature. The final consideration of the major trends section is a brief exploration of how informal economies are evident in virtual economies and worlds. The paper's second substantive section explores, in turn, the probable and preferable futures for informal work. Before its concluding section the paper also briefly considers the implications of the above discussions on education.

Keywords: work, home, economics, family, community

The meta-narratives of formal work

There are three main narratives underpinning most discussions on the future of work. The first is that the formalisation of work is gathering pace, whereby products and services are increasingly being produced and delivered by the formal economy. Conversely, informal work, such as subsistence production, informal exchange and/or mutual aid, is rapidly becoming less relevant to everyday life. The second, known as the 'commodification thesis', suggests that capitalism is spreading into almost every corner of human activity. For example, this could include the marketisation of state functions or the pricing of environmental pollution such as carbon trading. The final narrative is that globalisation is gaining pace and that the path to development is the way of the free market, with nation states declining in economic importance. In other words the formal market knows the best course of action.⁴ Simultaneously, informal work, here taken to mean work that is not declared to the state but is legal in all other aspects, is seen as a brake on development and a residue of previous times.

Thus a binary division is constructed whereby the formal economy is seen as a positive, and thus the way to economic prosperity, while informal practices are cast in a negative light. For example, Hernando de Soto, the Peruvian economist, argued that the best way to formalise Latin America's informal economies was to legally establish property rights (to allow people to borrow against them) and for the state to withdraw from everyday life. This echoes the policy prescriptions given in the late 1980s and early 1990s to Latin America and the former Soviet states by organisations such as the World Bank and the IMF. Central to these policies, which became known as the Washington

³ Samers

⁴ For a fuller discussion of these narratives see Williams, 2008

Consensus, was that the formal market 'knows best' and as it grew people would be drawn into it. Formal work is also equated to 'decent work' as a recent report stated: "On the balance: The informal sector is dominant in developing countries ... though its reduction is crucial for securing decent work".⁵ This is, of course, not to say that all informal work is positive, as will be discussed further below, but such statements demonstrate the persuasiveness of the formal economy. Indeed the very terms used to describe informal work demonstrate its negative construction. Such practices are commonly referred to as 'non-official', 'non-organised', 'hidden', 'black', 'shadow', 'non-visible', 'submerged', 'irregular', etc. Thus informal work is almost always defined by what it is not, ie its lack of engagement with the formal economy.

Despite the widespread acceptance of the above narratives there is a growing literature that refutes such discourses. The prime reason for this is the recognition that in fact the informal economy is not disappearing and for many plays an important role in everyday life.⁶ Across the world informal economies are a significant percentage of GDP and there is evidence that their size is in fact growing. Friedrich Schneider estimated in 2006 that the size of the global shadow economy (as a percentage of GDP) was 35.2%, an increase of 1.6% from 1999/00.⁷ Of course within these figures there are wide variations between countries, ranging from the United States with a figure of 8.4%, to Bolivia with 68.3%. Only two countries have a single digit figure (the USA and Switzerland) with the vast majority over 20%. Very few countries have experienced a significant decrease in their shadow economy over this period. While the averages for the OECD countries are lower than the global figure, they still demonstrate the importance of informal economies in 'developed' regions of the world. Furthermore, Schneider states that between 1989 and 2002 the average size of the OECD countries' informal sector rose by over a quarter.⁸ The International Labour Organisation has gone so far as to say that in the last thirty years the growth of informal economies has been 'phenomenal'.⁹

⁵ Norwegian report on informal work

⁶ see Gershuny, 2000; ILO, 2002a, b; Schneider and Enste, 2000; Williams, 2004a, b, 2005a, b; Williams and Windebank, 1999a, b)

⁷ 2315 Schneider, F., Shadow Economies and Corruption All Over the World: What Do We Really Know?

⁸ Schneider, F., (2002) The Size and Development of the Shadow Economies of 22 Transition and 21 OECD Countries

⁹ <http://www.cinterfor.org.uy/public/english/region/ampro/cinterfor/temas/informal/>

Table 3.2.5: The Size of the Shadow Economy in 21 OECD Countries

	Country	Shadow Economy (in % of off. GDP) using the DYMIMIC and Currency Demand Method		
		1999/00	2001/02	2002/03
1	Australia	14,3	14,1	13,5
2	Austria	9,8	10,6	10,9
3	Belgium	22,2	22,0	21,0
4	Canada	16,0	15,8	15,2
5	Denmark	18,0	17,9	17,3
6	Finland	18,1	18,0	17,4
7	France	15,2	15,0	14,5
8	Germany	16,0	16,3	16,8
9	Greece	28,7	28,5	28,2
10	Ireland	15,9	15,7	15,3
11	Italy	27,1	27,0	25,7
12	Japan	11,2	11,1	10,8
13	Netherlands	13,1	13,0	12,6
14	New Zealand	12,8	12,6	12,3
15	Norway	19,1	19,0	18,4
16	Portugal	22,7	22,5	21,9
17	Spain	22,7	22,5	22,0
18	Sweden	19,2	19,1	18,3
19	Switzerland	8,6	9,4	9,4
20	United Kingdom	12,7	12,5	12,2
21	United States	8,7	8,7	8,4
	Unweighted Average	16,8	16,7	16,3

Most commentators accept that such figures are probably underestimates as people are, understandably, reticent to reveal the scale of their informal work due to fear of detection. Furthermore, surveys often fail to observe the full range of informal work, as respondents are unaware that some of their practices could be included. For example, people who provide unpaid care for others rarely state this in informal work surveys. What is clear, however, is that non-formal work is not decreasing in relevance: as Table 3 shows, in relation to the percentage of total work time devoted to unpaid work many major economies are moving towards informalisation.

Table 3
Unpaid work as a % of total work time, 1960–present

Country	1960–1973	1974–1984	1985–present	Trend
Canada	56.9	55.4	54.2	Formalisation
Denmark	41.4	–	43.3	Informalisation
France ^a	52.0	55.5	57.5	Informalisation
The Netherlands	–	55.9	57.9	Informalisation
Norway	57.1	55.4	–	Formalisation
UK	52.1	49.7	53.9	Informalisation
USA ^b	56.9	57.6	58.4	Informalisation
Finland	–	51.8	54.5	Informalisation
20 countries	43.4	42.7	44.7	Informalisation

Sources: Other countries derived from Ref. [83].

^aRefs. [79–81].

^bRef. [82].

Thus it can be seen that the formalisation and commodification theses are rather problematic. Not only do they ignore the fact that the informal economy is still significant but they also take a very narrow view on what constitutes economic activity. The following section demonstrates the wide variety of informal work practices, and some of the motivations behind them, in operation today.

The spectrum of informal work

As noted above, work is often split into a binary division, formal and informal. Such a narrow definition is very unhelpful when conceptualising informal practices, as it often leads to the assumption that it is only referring to 'cash in hand' work. However, forms of informal work are much broader than this. Discounting illegal activities the spectrum of informal practices includes unpaid work, volunteering, the exchange of goods, intergenerational transfers, mutual aid, 'not for profit' schemes, subsistence production (which includes not only growing your own food but also making/repairing clothes, etc), informal micro-enterprises and, of course, 'cash in hand' work. Gibson-Graham (two prominent geographers who critiqued the nature of the formal economy from a feminist perspective) developed an 'iceberg' analogy to show the diversity of the economy beyond the formal.



Within many of these practices profit is not the main goal, if it is a goal at all. Environmental and social justice concerns are often given priority and there is a sense that people wish to operate outside the mainstream economy. There are many reasons why people wish to do so. Of course the state, and most economists, would argue that people undertake such actions simply to avoid tax and/or that people from economically marginalised communities have no choice but to undertake such work. Again we can see that binary divisions are in operation (tax payment/avoidance, rich/poor); however, the motivations for engaging in such practices are far more diverse. Williams and Windebank have shown that in many instances it is those in higher income brackets who undertake cash in hand work (both as consumers and providers) as a means of increasing their income. Furthermore, it is not just about saving money. While the

reduced cost of cash in hand work is a major attraction, other issues, such as reliability or not being able to afford the formal price, are important.

Enterprise formation is a major driver of the informal economy and again it is assumed that firms that operate in this manner are doing so solely to avoid taxation payments. Many micro-enterprises operate informally in the first instance, as the entrepreneur wants to see if the idea will work and become profitable before taking the step into the formal sphere. This is mainly due to the bureaucracy, time and costs involved in registering a formal firm. Migrants, for example, might find it difficult to obtain the information needed to register a firm or they might be unsure of the length of time they will be in the region. If the firm does become a success then the initial period of informality becomes a barrier to formalisation, as the entrepreneur might be unable to pay back taxes or is fearful of prosecution. Often enterprises that are not motivated by profit do not see the reason for formal registration as they do not want to spend time filling out forms or to be monitored by the state.

At the household level again there are many motivations for undertaking informal practices. Often it can be to save money; for example, there has been a reported increase in domestic food production in response to the recent rises in food prices. But in reality the motivations go much deeper than this. Growing one's own food can have environmental and social considerations as well as cost benefits. It is also reported that there is a significant increase in intergenerational transfers and mutual aid, for example, parents helping their children raise a deposit for their first home or helping out with repairs. Although services such as childcare and household repairs are increasingly commoditised (right word??) many people prefer to keep such services within their social networks. Again the issue of cost is important but people also wish to 'employ' people they know and to use such exchanges as a way of building their social capital. For example, if you undertake some unpaid work for an acquaintance then they will be obliged to do some for you in return in the future. There is evidence that informal intergenerational support is increasing with young adults increasingly dependent on their parents. A study in the USA by the Institute of Social Research, found that between the ages of 18 and 34, young adults receive, on average, \$38,000 in cash transfers, and perhaps more surprisingly, the equivalent of two years worth of full time labour.¹⁰ These figures, the researchers found, have increased dramatically over recent years.

Unpaid work within the home must also be considered within this spectrum. Such activities can take many forms such as childcare, caring and household jobs. While there has been some commodification of these processes, with, for example, an increase in 'live-in childcare' it is still not the norm. It is common for friends to group together to provide childcare to allow the other members to undertake formal work, an unofficial form of kindergarten, and there is an observed rise in the number of people providing 'long distance granny nanny' assistance.¹¹ A time use survey conducted in 2005 by the Office of National Statistics found that on average people in Great Britain spent 142 minutes per day on unpaid housework. The survey found that 77% of men and 92% of women spent time each day undertaking such practices. This demonstrates both the gendered aspect of this informal economy and its importance to households.

Unpaid care giving provides perhaps the clearest example of the scale, and importance, of the informal economy within households. The Carers UK organisation estimates that almost six million people provide unpaid care within the UK and that the number grows by over 6,000 people every day. Buckner and Yeandle (2007) have calculated that this

¹⁰ On the Frontier of Adulthood: Theory, Research, and Public Policy (MacArthur Foundation Series) (Hardcover) by Richard A. Settersten Jr. (Editor), Frank F. Furstenberg Jr. (Editor), Ruben G. Rumbaut (Editor)

¹¹ listen to http://www.bbc.co.uk/radio4/womanshour/02/2008_19_thu.shtml

informal care giving has an economic value of over £87 billion per year. This is considerably more than the cost of formal health care in the UK with the cost of the National Health Service audited at £81 billion for 2006/7. Thus there is clear link between the formal and informal economies as the state, and the tax payer, would find it extremely difficult to provide health care without this informal support. As one of their interviewees states 'society would collapse without carers ...'.

Volunteering outside the home is also an important factor in the relationships between the formal and informal economies. The 2001 Home Office Citizenship Survey found that 39% of people had volunteered formally in the previous 12 months and that 67% had done so informally. These are obviously significant figures and again demonstrate that for many people the formal economy is not their sole sphere of activity. The Community Service Volunteers organisation, applying the minimum wage to the unpaid work their volunteers undertook, estimated that the commodified value of their unpaid work was over £28 million in 2006/7, a significant input into local communities.

This necessarily brief overview of the forms of informal economic practices demonstrates that rather than a formal/informal economy there exists, as noted by Gibson-Graham in table below, a 'diverse economy'. Many individuals/households employ a 'livelihood jigsaw' that comprises a range of both formal and informal practices.¹² This is not a static relationship, as people move in and out of formal and informal spheres on a constant basis. However, it is clear that the informal economy is of vital importance to many people and often it provides the platform from which individuals are enabled to operate in the formal economy.

¹² Oughton, E., Wheelock, J. and Baines, S. (2003) "Micro-businesses and Social Inclusion in Rural Households: A Comparative Analysis," *Sociologia Ruralis* 43(4): 331–348

A Diverse Economy

<i>Transactions</i>	<i>Labor</i>	<i>Organizational Form</i>
MARKET	WAGE	CAPITALIST
<i>ALTERNATIVE MARKET</i> <i>Local trading systems</i> <i>Alternative currencies</i> <i>Underground market*</i> <i>Co-op exchange</i> <i>Barter</i>	<i>ALTERNATIVE PAID</i> <i>Cooperative</i> <i>Self-employed</i> <i>Indentured*</i> <i>In kind</i>	<i>ALTERNATIVE CAPITALIST</i> <i>Environmental ethic</i> <i>Social ethic</i> <i>State enterprise</i> <i>Non-profit</i>
<i>NON-MARKET</i> <i>Household flows</i> <i>Gifts</i> <i>Indigenous exchange</i> <i>Theft*</i>	<i>UNPAID</i> <i>Volunteer</i> <i>Housework</i> <i>Family care</i>	<i>NON-CAPITALIST</i> <i>Communal</i> <i>Independent</i> <i>Feudal*</i> <i>Slave*</i>

The shaded area represents activities (excluding those marked with *) that we might place in the 'community economy' (see below).

Sites of resistance or exploitation?

Although the above discussions detail the often positive aspects of informal work practices, when moving away from the traditional formal/informal definition care must be taken not to over romanticise informal work. Within the social sciences there is a trend to see informal work as an alternative, or resistance, to capitalism. While for some people this might be the case, for the majority of people the formal sphere still plays an important role in their everyday lives. By merely highlighting the positive another oversimplified dichotomy is put in place. As Smith and Stenning (2006, p3) state, 'existing work on diverse economies ... runs the risk of failing to problematize the forms of exploitation and inequality within the alternative, "non-capitalist" economies, despite theoretical cautions to the contrary'. Thus it is even more important here to realise that informal economies take many forms. Many of the practices described above can often be personally rewarding but they take up a great deal of time and, particularly in the case of care giving, there is little support and relief.

In many cases people wish to move their informal work into the formal sphere. Although intuitively it might seem a positive to avoid tax payments, in reality it provides

many barriers. Such workers, or entrepreneurs, find it difficult to obtain credit and the lack of social security is a constant worry. In a similar theme it must also be remembered that in numerous cases workers have little choice but to work in an informal manner due to the actions of their employers. It might be that they are forced to accept cash in hand wages so the employer can avoid payroll taxes, or that informal payments are demanded to secure employment. The negative aspects of such work are numerous. Firstly, the worker has very little long-term security as he/she can be dismissed at will and there is no recourse if wage payments are not made. Secondly, such work is often exploitative, characterised by long working hours with no holiday or sick pay entitlements. Migrant workers might find that large deductions are made from their wages for their accommodation or they find themselves 'tied' to an employer to repay a transport or arrangement fee. Perhaps most seriously, however, is that such work often breaches Health and Safety regulations and is not subject to inspections. This can often lead to tragedy such as the deaths of twenty three Chinese cockle pickers in Morecombe Bay.¹³ While this is an extreme example, across the globe vast swathes of production are undertaken by economically marginalised 'sweatshop' workers in dangerous conditions.¹⁴ By no stretch of the imagination could any of this paid informal work be construed as an alternative to capitalism in a positive way.

This is not to say that all informal work is negative. For many people it does provide a positive alternative to the formal sphere, be it for economic, ideological or environmental reasons. However, these positive/negative aspects again demonstrate the need for a much broader approach to the relationships between formal and informal spheres.

Virtual economies

In recent times new phenomena have developed in the informal economies – one of the most visible has been the rise of the car boot sale. This is semi-commodified as people have to pay for a pitch but the sale of goods is informal. This has also coincided with an increase in 'second hand' shops on the high street – either for charity, exchange or sometimes profit.

Increasing internet use has led to the rise of sites such as eBay where people can sell goods on an informal basis. Often though such sites become mirrors of the formal economy with people setting up virtual shops – though of course one can speculate how much of the trading is still done informally (ie no tax is paid). There are numerous sites, however, dedicated to unpaid exchange and informal selling such as Craig's list and Freecycle which demonstrate the importance of informal economies within virtual communities.

An interesting link between informal and formal economies is provided by online virtual world games such as Second Life, Entropia Universe and IMVU, for example, whereby currency earned in the game can be transferred out and converted to real currency – thus allowing people to earn money in virtual worlds. Conversely, items for game play, such as virtual 'clothing', 'weapons' etc can be purchased online on sites like eBay and transferred into virtual worlds. Also there is evidence of people being paid to play games in order to accrue experience and items for their 'employee' – thus the distinction between virtual and real formal/informal economies is becoming increasingly blurred. Furthermore, many real world firms are setting up online in Second Life, as are advertisers, etc. Universities also have a presence both in order to attract new students

¹³ http://news.bbc.co.uk/1/hi/wales/north_east/4088650.stm

¹⁴ Bender, 2004; Castree et al, 2004; Espenshade, 2004; Hapke, 2004; A. Ross, 2004; R. Ross, 2004

and teach current ones – therefore an informal space can easily become a formal site of commerce. Of course informal real world activities such as the distribution of pornography also take place in virtual worlds.

Probable futures

As the above has demonstrated, the informal economy is much more than merely a leftover from a previous time. It is clearly still of importance to many households and there is little evidence that it is declining in size. Given that informal economies have flourished during an era of rapid globalisation and the alleged commodification of everyday life, there is no reason to assume that they will diminish in importance over the next twenty-five years. If the current 'credit crunch' leads to a long period of recession then it can be expected to grow. This might be linked to formal work, such as 'cash in hand' work, in order to maximum household income. More likely, however, it will involve practices such as domestically produced food, the mending or making of clothes and an increase in domestic work, caring and childcare. Even when the economy grows rapidly as during the period from the early 1990s to 2007, this sustained economic growth has not led to a decrease in informal activity.

Despite the fact that the informal economy is not going to disappear it is probable that the state will continue to struggle to conceptualise the various forms of informal work and their relationship to the formal economy. This is somewhat understandable given the negative connotations of some spheres of the informal economy, as discussed above, and the fact that in certain situations it is exploitative, dangerous and illegal. Therefore, the relationship between the formal and informal will continue to be seen in binary terms, positive and negative respectively, for the foreseeable future. It would be very hard, for example, for any government to state that micro-entrepreneurs who are working 'off the books' have a positive impact upon the formal economy. Hence it is probable that government policy will concentrate on 'stick' methods for trying to contain the informal economy, such as penalties for 'cash in hand' work and fines for previous tax evasion, rather than using incentives, such as 'forgiveness' for the previous non-payment of tax or 'tax free' or 'tax deferment' periods, to encourage micro-enterprises to move into the formal sphere.

Demographic changes will also impact upon the nature of informal economies. As Europe's population ages then more people will perform unpaid caring roles as parents and friends require assistance in their later life stages. Furthermore, as life expectancy increases people will have more time to devote to informal activities post-retirement age. This will see an increase in grandparents providing childcare and other assistance to their children. Intergenerational transfers between parents and children will become even more important as student debt levels increase and first-time buyers continue to struggle to raise a deposit to purchase a house. Therefore, it is probable that children will remain at home for longer, often returning after university, receiving the informal support of their parents. This trend can also be seen in the rise of what is termed 'helicopter parenting' where the recent rise in communication technology has made it much easier for parents to remain in contact with their children, and conversely, children find it much easier to contact their parents if they need their support or a job done.

It is probable that there will be a growth in the importance of informal economies in, and around, virtual worlds. This will involve the growth of games such as Second Life and Entropia and the continuing importance of social networking sites. Sites such as Facebook will be used to share information and to alert people to opportunities in both the formal and informal economies. As environmental concerns grow over the next 25 years, the recycling and sharing of goods, such as the gifting of unwanted goods or car-

pooling, will become increasingly common and will be facilitated by online communities and websites. Although the expected rise in home working, as a result of more effective ICT, has not materialised it can be expected that in 25 years time more people will be able to work from home. This, if working time does not increase correspondingly, will reduce the amount of time required for formal work (for instance, commuting will no longer add to the working day), leaving people with more time for leisure and informal activities. Such home working will also spur the creation of consultancies and micro-enterprises, which may begin in an informal fashion.

On a more negative note, if economic polarisation continues to grow at current rates then over the next twenty-five years increasing numbers of people will turn to informal economies in order to ensure the economic security of their household. This will be a mix of illegal and legal activities and will see people move even further from the formal sphere, and will possibly see an increase in levels of exploitation and unsafe working conditions.

Preferable futures

The most preferable vision is one where the meta-narratives surrounding the informal economy are broken down. It is hoped that there is a more widespread realisation that there is a wide spectrum of informal activities and that there are both positive and negative aspects to many of the practices. Perhaps the most important recognition is that in many cases the informal economy supports the formal economy. For example, without informal childcare some people would be unable to undertake formal work. It must also be realised that there is a deep social aspect to many informal practices that strengthen networks and often fulfil the formal role of the state, such as unpaid care giving.

If the varied nature of the informal is unpacked then it will be much easier to develop appropriate blanket policy responses rather than a 'catch all' approach. At one end of the spectrum, dangerous, criminal and large-scale informal activities such as drug and people smuggling should, obviously, be targeted with the full force of the law, while at the same time informal micro-enterprises should be incentivised into moving into the formal sphere. This could be facilitated by various policy measures such as a longer period where they can go unregistered, tax forgiveness or deferment, greater support, advice centres, access to accountants and tax advisors, etc.

A shift in culture towards rewarding entrepreneurship would also support such measures. For example, in the USA and Japan, entrepreneurs and innovators have a much higher public standing and as a result there is more of an entrepreneurial culture. The informal economy has an important role here as there is much less risk in operating informally in the gestation period of an enterprise – ie less money is invested, payments/time for registration are much lower. Furthermore, less punitive bankruptcy laws (and reduced stigma, which would arise from the culture change) would encourage people to take the steps into entrepreneurship and to try out ideas in the informal sphere before moving them into the formal.

In this preferable future employers who force employees into informal practices are clamped down upon, allowing those who wish their work to be formalised to do so. Furthermore, those undertaking informal work to support those in formal work, such as childcare or care provision, should have their efforts recognised and rewarded. This could be through direct payments or tax credits. Moving these roles into a more formal sphere would allow for training and support to be given. This is particularly important for those undertaking such work, such as school age children supporting parents.

Increased social support facilities, such as childcare, would allow people to undertake formal work who otherwise would not have the time to do so – or who would be spending so much of their formal income on support as to not make it worthwhile to do so.

The preferable future would harness a more socially orientated economic model, where profit is not the main goal, which would assist all sections of society and harness the activities of both the formal and informal spheres. Volunteering and mutual aid would be promoted as key functions of society and Local Exchange Trading schemes (LETs) would flourish. While some of these actions might seem utopian in thinking and would cost the state money, the increase in tax revenue from the formalisation of informal enterprises would go some way to covering these costs. In short, informal economies are here to stay and the preferable future will be one that is able to harness their positive aspects for all of society.

The implications of the growth of the informal economy on education

The informal economy has a number of implications for education, especially in relation to lifelong learning. It can be argued that within schools there needs to be more discussion on the nature of informal economies and work. This would help promote the positive aspects of practices such as volunteering, mutual aid and the role of family and friendship networks in everyday life. On a more practical note as discussed above, there are a significant number of school age children who have to provide care to family members. The Education Network estimated in 2005 that there were around 175,000 school children who are devoting a significant amount of their time to caring for others.¹⁵ The Princess Trust for Young Carers notes that there are many problems that these carers face, such as a lack of time to do school work, limited social opportunities, unhealthy lifestyles (such as a lack of sleep due to night time care or limited shopping opportunities), amongst many others.¹⁶ All of these issues impact on their ability to enter the formal workplace when they leave school. While there is some attention paid to this problem there needs to be a greater understanding of the issue; for example, some schools believe no one attending their institution has to perform these roles.¹⁷

Within the Higher Education sector, especially in Business and Management Schools, more attention needs to be paid to the varied nature of the informal economy. Business education would be an ideal place to start a broader rethinking of the ways in which informal economies could be drawn into the formal spheres. For example, entrepreneurs and managers in the formal sphere act as mentors to micro-enterprises, providing guidance on how they can formalise their work.

Arguably the biggest implication of the growth in informal economies on the education sector is in relation to lifelong learning. Workers in the informal economy develop many important skills that are relevant to the formal economy¹⁸ but often they are not recognised by formal employers. Furthermore, it can be difficult for informal workers to access courses aimed at developing different skill sets, for example the use of ICT in the workplace. While the government has set up numerous schemes aimed at helping

¹⁵ <http://www.guardian.co.uk/uk/2005/apr/13/schools.children>

¹⁶ <http://www.carers.org/professionals/young-carers/articles/transitions-to-adulthood-for-carers,3167,PR.html>

¹⁷ <http://www.guardian.co.uk/uk/2005/apr/13/schools.children> <http://www.t-e-n.co.uk/index.php>

¹⁸ <http://www.jrf.org.uk/bookshop/details.asp?pubID=793>

people develop such skills they are often aimed at people who are not in work. This means it can be difficult for people who are working informally to access them, for example, because of a lack of time or childcare problems. This issue has been identified by the International Labour Organisation, which argues that such training must fulfil the following criteria:

- Training must be demand-driven
- Training must be targeted and needs-led
- Skills training for the informal economy needs to go beyond technical skills training
- Training has to be short, modest, and competency based
- Training should recognize complex livelihoods
- Training should be monitored and evaluated on an ongoing basis
- Trainers themselves should be adequately trained and capable of delivering quality training
- Both public and private training providers have important roles to play
- The level of skill adaptation impacts on the extent to which new technologies can increase productivity in the informal economy.

Another form of education/training that informal micro-enterprises would benefit from is the provision of centres that could provide confidential guidance on the procedures needed to move into the formal economy. This would include, for example, advice on tax, employment rights, and health and safety regulations. The confidential nature of such guidance would encourage entrepreneurs to come forward without the fear of penalties.

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