



# Rural Population Research Network

*A USDA supported multi-state research project on the causes and consequences of demographic change in rural America*

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Brief # 2022-4

## Informal Work is More Common in Rural than in Urban America

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Informal work\* is an important but neglected way in which American families and households piece together a living. Employment in the formal labor market is certainly the principal source of household income for many. However, work or work-like activities that people do “on the side” can generate cash or in-kind income that help households make ends meet.

There is reason to think that informal work may be a more common economic livelihood strategy in rural areas.<sup>1</sup> Good paying jobs with benefits, childcare, and other essential services can be scarce in rural areas, increasing the need for informal alternatives. Stronger social networks and norms of self-help and reciprocity in rural areas might be conducive to informal activities. In addition, rural residents have greater access to natural resources needed for certain kinds of informal work. Any policy approach to rural economic wellbeing needs to understand the full range of strategies that households use to prosper economically. Informal work needs to be part of that conversation.

This brief summarizes the results of our study<sup>2</sup> recently published in the [Journal of Rural Studies](#) that describes differences in informal work in rural and urban America. We analyzed survey data from our national study of 1,837 U.S. households to document the prevalence of informal work, the types of informal activities people report, why they engage in informal work, and the importance of informal work for economic survival.

### Informal Work is Common, Especially in Rural Areas

Our study shows that informal work is more common than most people may realize. About two-thirds (67.0%) of the households in our study reported at least some kind of informal

### KEY FINDINGS

- Two-thirds (67.0%) of households in a national U.S. study reported engaging in informal work.
- Rural households are even more likely to do so (72.1%).
- People engage in informal work for both economic and non-economic reasons.
- Lack of good jobs locally is a more common motivation in rural areas.
- Rural households are more likely to rely on informal work for economic survival.

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\*Informal work includes household activities that generate cash, or that are done in exchange for other things of value or to reduce expenditures, that are not regulated or taxed by the government.<sup>3</sup>

work in the previous year. Consistent with expectations of greater prevalence in the countryside, the percentage reporting informal work was significantly higher in rural areas (72.1%) than urban areas (66.0%). Our study asked about 18 specific kinds of informal work which ranged in popularity from growing or producing food products (26.4%) to street vending and roadside sales (1.4%). Rural households reported more informal activities on average, and some activities were significantly more common among rural households, including growing or producing food; holding garage sales/flea markets; selling or trading recyclables, clothing, etc.; hunting, fishing, and gathering from the land; and doing landscaping, snow removal, or similar activities.

### **People Report both Economic and Non-Economic Reasons for Informal Work**

For households reporting informal activities we asked about reasons for doing that work. Specifically, we asked respondents about the importance of ten reasons for engaging in informal work. People reported a mix of economic and non-economic reasons. For example, 77.6% overall felt that “to help our relatives and neighbors” was somewhat or very important – the most popular reason. Over half (58.0%) said it is because “you have to make ends meet.” There was more similarity than difference between rural and urban households in the pattern of importance placed on various reasons. However, two of the more common reasons were significantly more important for rural households: “So you can work at home” (50.9%) and “There aren’t enough good jobs around here” (48.8%).

### **Informal Work Can Help Households Endure Tough Times**

For those with informal activities we asked, “[h]as there ever been a time when this kind of informal work made the difference between making ends meet and really not getting by?” Almost one-third of households (32.7%) said it has helped them make it through a tough economic time, a percentage that was higher among lower-income households (46.4%). Reliance on informal work as a survival strategy was more common among rural (38.2%) than urban (31.4%) households for two reasons. First, rural households were more likely to fall into the low-income category. Second, even among higher income households, those in rural areas were much more likely to say that informal work has at times allowed them to make ends meet.

### **What Can Policymakers Do? Informal Work Must be Better Understood First**

Our study indicates that informal work is common, especially in rural areas where households are more likely to rely on it for economic survival. Existing research paints a complex portrait. It is difficult to identify specific policy strategies without a fuller understanding of the prevalence, types, causes, consequences, and importance of informal work. However, one possibility is to find ways to support informal entrepreneurial pursuits with an eye toward helping small enterprises grow into sustainable businesses. Even here, studies are needed to understand whether and who this might help or hurt. One of the challenges to understanding informal work is the lack of inclusion of questions about informal work in large national surveys. Given its salience for economic wellbeing and livelihoods, we encourage the U.S. Census Bureau, National Institutes of Health, and other federal agencies that administer or fund large national surveys to consider including questions on informal work.

## Data and Methods

This study was based on a computer-assisted telephone survey of households in the United States conducted in 2008-2009. Households in rural (defined here as nonmetro [micropolitan and non-core]) counties, and low-income areas, were oversampled and data were weighted accordingly. A prenotification letter with a \$2 incentive was mailed to all sampled households. A cooperation rate of 49.9% yielded a completed sample of 1,837 households. In the survey instrument, questions about formal labor force participation and formal business ownership preceded items on informal work so as to conceptually distinguish the latter. Full methodological details are available in the [published paper](#).

## References

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