

***UNDERSTANDING YOUNG INFORMAL WORKERS IN THE
EUROPEAN UNION: PRE-PANDEMIC LABOUR MARKET DYNAMICS******Anamaria Beatrice ALDEA^{a*}**

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Abstract

Young people are one of the most important groups in the labour market, but also one of the most vulnerable. They do not find it easy to enter the labour market, which may have a negative impact on the growth of undeclared work among this group. The main objective of this study is to establish a baseline understanding of the situation of young informal workers prior to the pandemic by developing a comprehensive profile of these workers at the EU27 level. This profile is based on statistical analysis of undeclared work data from Eurobarometer 92.1/2019. The results of this study include: the share of young informal workers in the EU27, the types of activities they perform, the sectors of the labour market in which they perform these activities and the reasons why they perform them. By creating this profile, this study aims to contribute to future research that will provide a clearer understanding of how the Covid-19 pandemic has led to labour market changes in youth informality.

Keywords: Young people, undeclared work, labour market, pre-pandemic, EU27, logistic regression

JEL Classification: J21, J24, J46, C25.

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1. Introduction

Young individuals are one of the most important groups in the labour market, but also one of the most vulnerable. They usually do not find it easy to enter the labour market due to a lack of work experience and the lack of skills that most employers require (Hazans, 2011). This fact may have a negative impact on the growth of undeclared work among this group, given that the difficulties in entering the labour market may encourage young people to take jobs in the informal economy in order to build the necessary experience for the formal economy or to obtain a short-term income (Bălă and Stancu, 2021; Pfau-Effinger, 2017). Therefore, undeclared work is quite widespread among young people, both globally and in the EU27, even though young individuals are often exposed to poor working conditions, with few rights or opportunities for advancement and long-term financial insecurity. According to ILO (2021), before the pandemic, there were about 363 million young people working in the informal economy worldwide, more than half of them in Africa and South Asia. However, things are not so good in Europe either, with one in three young people in Northern, Southern and Western Europe employed in the informal economy (ILO, 2023).

Taking into account all the above-mentioned considerations, it is very important to gain a deeper understanding of youth informality. However, very few studies have been carried out on this topic in the European Union in recent years. While the informal economy and the undeclared work are topics that have been explored in many studies over the past decades both globally and at the level of EU member states, the group of young people has not been sufficiently investigated, especially in the years preceding the pandemic. In this regard, the objective of this paper is to contribute to the development of a comprehensive profile of young informal workers from the EU27, in order to understand their socio-demographic and socio-economic situation before the pandemic. This paper aims at this objective because understanding the pre-pandemic situation is extremely important in assessing the impact of the pandemic on undeclared work among young people. Therefore, this study aims to make a contribution to the literature and serve as an important reference for future research on the impact of the pandemic on informal youth at the EU27 level.

The structure of this paper is the following: The first section is the introduction, which reveals some information about the main subject of the paper, young people and the informal economy, and its main objective. The second section offers a review of the literature on this topic. The third section gives information regarding the data and methods used in the study to achieve the main objectives, which are also mentioned in this section. The fourth section presents the main empirical results of the analysis carried out, while the last section of this paper presents the most relevant conclusions of the study.

2. Literature Review

The informal economy is an important topic that has been studied in recent decades, both at the global level and at the level of countries or groups of countries, such as the EU27. This phenomenon has been referred to by various terms over time, with countries using different names for it. For example, some countries use "undeclared work" (Austria, Cyprus, Denmark, Estonia, Finland, Greece, Latvia), while others prefer other terms, such as: "undeclared employment" (Hungary, Latvia), "illegal work" (Lithuania, Slovakia, France), "informal or non-declared work" (Portugal), "illicit work" (Sweden), "unregistered employment" (Poland) or "underground economy" (France) (Vermeulen, 2008). But these are not all, there are many more terms in the specialized literature that refer to this phenomenon and that have been used by researchers in their studies over time, among which we can mention the following: "black economy", "unregulated economy", "shadow economy", "hidden economy", "unobserved economy", "a-typical economy", "cash-hand economy", "non-visible economy" (Bălă and Stancu, 2021; Williams, 2013). However, a more comprehensive definition of this topic is needed in order to have a better understanding of what it is all about. There are different definitions in the literature about this topic, but it is important to mention that the activities carried out in this domain are not registered in the official statistics and that the workers do not have any legal protection or any social and employment rights (Bălă and Stancu, 2021; Vermeulen, 2008). Moreover, the informal economy is characterized by poorer working conditions and greater precariousness than the formal economy given that informal workers tend to have less autonomy, less control, fewer demands, and are more likely to work in small businesses or alone than formal workers (Julià et al., 2019).

Undeclared work can take different forms, but three of them are among the most important and most widely used in the literature. Firstly, there are those in under-declared work who are in the formal economy and receive an officially declared wage, which is often the minimum wage, but they also receive another part of the wage that is undeclared and is called "envelope wage" (Williams and Kayaoglu, 2020). Secondly, there are those who are working without a contract, where non-registering is done for tax purposes (Williams, 2013). Finally, the third category is represented by the bogus self-employed, who are also considered dependent self-employed because they are officially registered as self-employed but they work in similar conditions as direct employees, often dependent on a single client and without the authority to hire staff or make important strategic decisions (Williams and Lapeyre, 2020).

In recent years, several studies have been carried out on this subject in the EU27 countries, with important results concerning the proportion of people working in the informal economy, but also some of their characteristics, as well as the country or area where this type of economy is more or less common. A study analyzing data from 2004-2009 for 30 European countries found that the informality rate was higher in Southern Europe than in Northern Europe, while

the difference between Western and Eastern Europe was insignificant (Northern countries-11%, Eastern countries-15%, Western countries-16%, Southern countries-28%) (Hazans, 2011). Another study based on data from 2010 showed that at the EU27 level, the prevalence of informal workers was 4.1% for men and 5.1% for women (Julià et al., 2019). Also, in 2013, 3% of formal workers in the EU received an envelope wage, down from 5% before the 2008 economic crisis (Williams, Horodnic and Windebank, 2015). Moreover, other studies have also shown that across Europe, informality rates are inversely related to education and skills levels, with the prevalence of informal work decreasing as education levels increase and informal workers being less likely to have higher education or vocational training (Hazans, 2011; Shehu and Nilsson, 2014). Also, in addition to those with a low level of education, the informal sector is dominated by young people just starting out in their careers, older people nearing retirement or already retired, and people in rural areas (Pfau-Effinger, 2017).

Although many studies have been carried out on the informal economy in recent years, both globally and at the EU27 level, there are extremely few studies on this topic focusing on young people (15-29 years old) at the EU27 level. One of these studies was carried out in Lithuania with the aim of measuring the level of informal economy among young people in the period 2004-2020. The results of the study showed that the informal economy among young people fluctuated between 38.7% and 46.1%, following a downward trend over the analyzed period, but remained significantly higher than the general informal economy, especially during economic crises, which may be due to lower levels of education and skills, but also to the lower bargaining power of young people (Morkunas, 2022). On the other hand, an ILO study based on school-to-work transition surveys conducted in 2012-2013 in several countries outside the EU27 showed that three quarters of young workers were employed in the informal economy, concluding that for most young workers informal employment is often the only option (Shehu and Nilsson, 2014). Also, for those in transition from school to work, informal work is an easy way to gain experience, as young people are less concerned but also less informed about social security and more willing to sacrifice it for a higher net income, even if they are less satisfied with their jobs than the young people who are formally employed (Hazans, 2011; Shehu and Nilsson, 2014). In addition, other studies carried out in the EU-27 countries have shown that the self-employed are much more likely to be involved in undeclared activities than other categories of employees, with young people in this category being much more likely to be involved in informal economy activities than older self-employed (Williams and Horodnic, 2017; Williams and Horodnic, 2015).

However, although the share of people working in the informal economy is significant both in the EU27 and globally, it is important to mention that the informal economy affects the social and economic situation of a country and can also pose a threat to its stability (Bălă and Stancu, 2021). But there are many causes of the informal economy, including: the unemployment, the economic growth, the tax and social security contribution burdens, the

corruption, the regulations, the share of labour force, the size of agricultural sector and the tax morale (Medina and Schneider, 2018).

In light of the aforementioned considerations, this paper seeks to contribute to the existing literature on the informal economy among young people from the EU27 member states in the pre-pandemic era by developing a comprehensive profile based on data on undeclared work from Eurobarometer 92.1/2019.

3. Data and Methodology

The main objective of this paper is to gain a deeper understanding of the situation of young informal workers before the pandemic. In order to achieve this, the goal is to develop a comprehensive profile of this kind of workers at the EU27 level. The second objective of this study is to analyze the probability of young people engaging in undeclared work based on various socio-demographic and socio-economic characteristics.

In order to achieve the above-mentioned objectives, the analysis is based on data from Eurobarometer 92.1/2019 which includes a series of questions on undeclared work. The data for this Eurobarometer were collected between September 11 and September 29, 2019 from 26530 individuals aged 15 and over from the EU27 member states and the United Kingdom by face-to-face interviews. The analyses conducted in this paper are based only on data related to young people aged 15-29 from the EU27 member states. Moreover, these analyses conducted in this study were performed using SPSS program, version 26, after the relevant cases were selected and database weighting was applied.

First of all, in order to achieve the primary objective of this study which was described above, two dashboards and two tables (Appendix) have been created. The first dashboard presents the sample profile of EU27 young informal workers, while the second one together with the tables provide an overview of undeclared work dynamics among EU27 young informal workers. The descriptive statistical analysis helped to create the graphs displayed in the two dashboards.

On the other hand, the fulfilment of the second objective was made possible by carrying out a binary logistic regression. This type of statistical analysis was performed to analyze the likelihood of young people from EU27 engaging in undeclared work, based on their socio-demographic and socio-economic characteristics. In the logistic regression model, the dependent variable takes the value 1 if the young respondents performed undeclared work in the last 12 months prior to the survey and 0 if not. The analysis also includes the following independent variables, which have been recoded as follows:

Table no 1. Independent variables used in the logistic regression model.

Variables	Categories used in the analysis
Gender	a dummy variable with value 0 for males and value 1 for females
Age when stopped education	a trichotomous variable with values: 1- Up to 19 years, 2- 20 years and older, 3- still studying
Type of community	a trichotomous variable with value 1 for rural area or village, value 2 for small or middle sized town and value 3 for large town
Social class	a polychotomous variable with the following values: 1- The working class of society, 2- The lower middle class of society, 3- The middle class of society, 4- The upper middle class of society, 5- The higher class of society
Difficulties paying bills	a trichotomous variable with the next values: 1- Most of the time, 2- From time to time, 3- Almost never/never
Occupation	a polychotomous variable with the following values: 1- Self-employed, 2- Managers, 3- Other white collars, 4- Manual workers, 5- House persons 6- Unemployed
Marital status	a polychotomous variable with value 1 for single household without children, value 2 for single household with children, value 3 for multiple household without children and value 4 for multiple household with children
Life satisfaction	a polychotomous variable with the following values: 1- Very satisfied, 2- Fairly satisfied, 3- Not very satisfied and 4- Not at all satisfied

Source: Author's own research based on data from Eurobarometer 92.1/2019

The reference category considered in the regression analysis for all eight independent variables was the last one.

The binary logistic regression model is designed to analyze the relationship between a series of independent variables x_i (categorical) and a binary dependent variable Y . The logistic regression model can be represented by the following equation:

$$\ln\left(\frac{p}{1-p}\right) = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \dots + \beta_k X_k + \varepsilon, \quad (1)$$

where p represents the likelihood of the event and $x_1, x_2, \dots, x_k$ represent the explanatory variables, while ε represent the variation unexplained by the predictors included in the model (Hosmer, Lemeshow and Sturdivant, 2013).

The estimation method of the Logistic regression model is represented by the maximum likelihood estimation (MLE) method. The main assumptions of the binary logistic regression model are the following: the dependent variable is binary, the independence of observations, the linearity of the model and no perfect multicollinearity.

4. Results

4.1. Young Informal Workers in the EU27: Sample Profile and Undeclared Work Trends

Among all respondents in the Eurobarometer 92.1/2019 database, there were 4507 young people aged 15-29 from the EU27 member states. From all of them, 8.1% (366) indicated that they had engaged in an undeclared paid activity within the 12 months preceding the survey, either on their own account or for their employer. In comparison, only 2.6% of respondents over 30 years old reported this.

Most of those young people who reported having undeclared work in the last 12 months prior to the survey were men (55.5%), while the proportion of women was only 44.5%. The majority were still in education (45.9%), while only 6.5% had stopped their full-time education by the age of 15, more than a quarter (27.3%) had stopped their education between the ages of 16 and 19, and 17.7% had completed their education at the age of 20 or older. Also, about half of them come from small or medium-sized towns, 27.8% come from rural areas and only 22.8% are from large towns. In terms of occupation, the majority are students (45.9%), followed by manual workers (22.5%) and the unemployed (10.6%). Only 4.4% said they are self-employed, 5.7% managers and 8.4% other white-collar workers, while the fewest are house persons (2.5%).

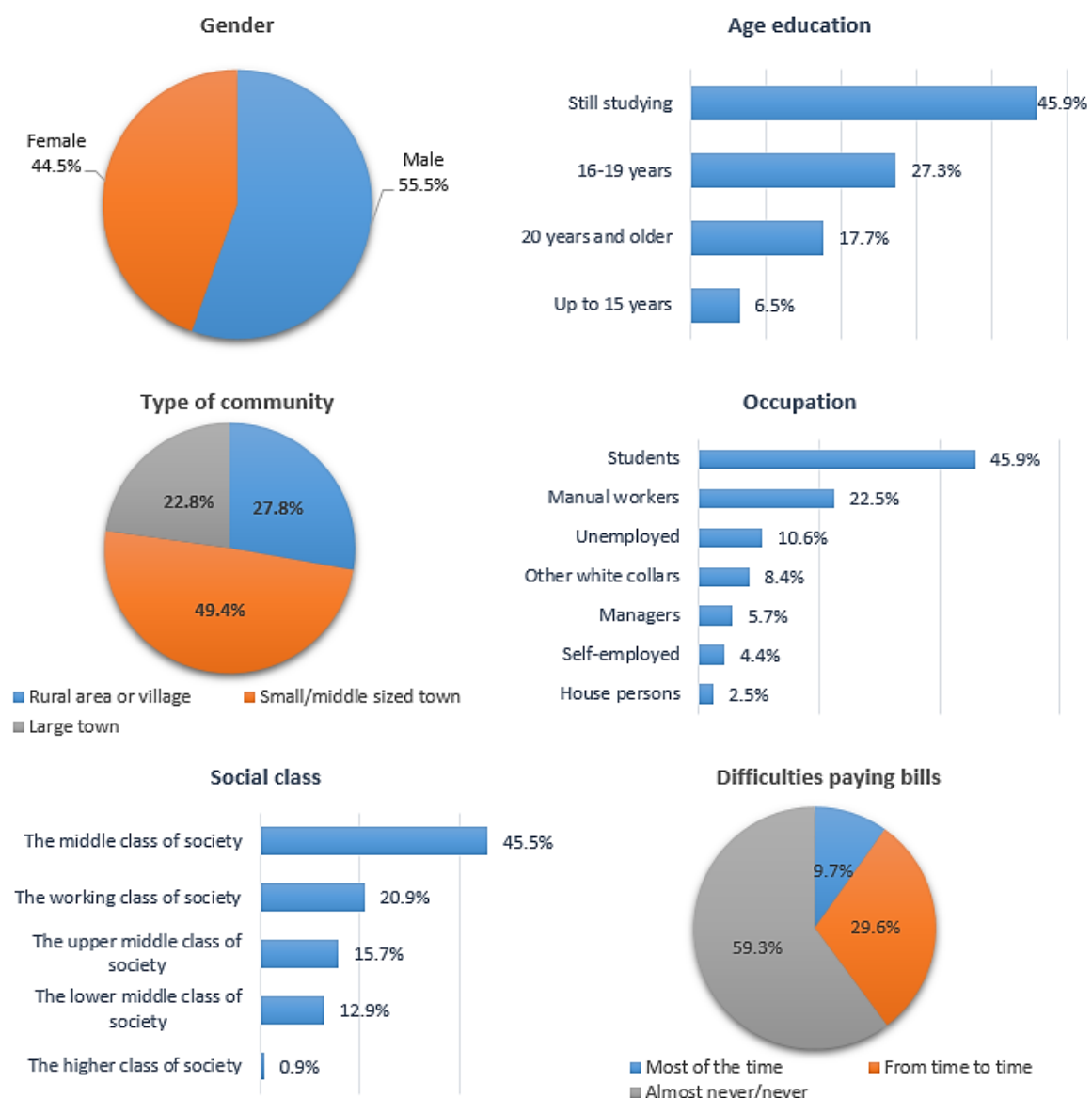


Figure no. 1. Dashboard of the EU27 Young Informal Workers sample profile

Source: Author's own research based on data from Eurobarometer 92.1/2019

Most of the young informal workers belong to the middle class of society (45.5%), followed by those from the working class of society (20.9%) and those from the upper middle class of society (15.7%). Moreover, 12.9% of the respondents included in this analysis belong to the lower middle class, while less than 1% belong to the higher class of society. Another important aspect is related to difficulties in paying bills. It is worth noting that a significant number of young informal workers do not experience difficulties in paying their bills. However, it is important to acknowledge that a sizeable proportion, approximately 3 out of 10, do encounter such challenges from time to time, while 9.7% of them face these difficulties most of the time.

On the other hand, 6.6% of all young people surveyed reported that their employer had paid their salary (remuneration) in cash in the 12 months prior to the survey and had not declared (totally or partially) the payment to the authorities. Of these, just over half said that payment was made for overtime and extra work, 23.8% declared that payment was part of the remuneration for regular work, while 24% said that payment was made for both regular and overtime work. They also specified what percentage of their gross annual income they received undeclared. Thus, most of them (35.7%) received between 1-24%, 13.6% received between 25-49% while less than 1 in 10 received between 50-74% and only 4.7% received between 75-100%.

In addition to the aforementioned socio-demographic description of young informal workers at the EU27 level, it is important to conduct a comprehensive analysis of several key aspects of undeclared work. These include the specific type of undeclared work, the sector in which it is practiced, the intended beneficiaries and the reasons behind the practice of undeclared work. Furthermore, it is also important to examine the prevalence and the extent of undeclared work, as well as the parties involved in its performance.

First of all, it is important to identify the main activities that young people in the EU27 engage in without declaring them. Thus, most of the respondents carried out babysitting (24.8%), followed by waiter/waitress (22.7%) and tutoring (16%), which may reflect young people's need for greater flexibility, but also ways to earn extra income informally. Other undeclared activities carried out by more than 10% of the respondents were: repairs/renovations (13.9%), gardening (11.3%) and cleaning/ironing (11.1%). On the other hand, the activities performed by a small number of respondents are related to administrative/clerical/IT assistance (3.7%), selling food (3.4%), creative/multimedia/software activities (3%) and passenger transport (3%), which may indicate that they tend to be usually done in a formal way. With regard to the sectors in which these undeclared activities were conducted, it is important to mention that most young people were employed in the Personal Services sector (37%), followed by the Hospitality sector (24.7%) and the Construction sector (13.5%). Also, the Education/Health/Social Work (9.2%) and Retail/Repair (7.6%) sectors were other sectors in which a significant percentage of the respondents worked. Conversely, the sectors in which the lowest proportion of young people worked are: Administration (2.5%),

Industry/manufacturing (4.5%) and Agriculture (5%). Similar results, showing that the service sector employs most people in the informal economy, were also found in a study that considered all informal workers in the EU28, based on data from a similar Eurobarometer survey from 2013 (Williams, Kayaoglu, 2020).

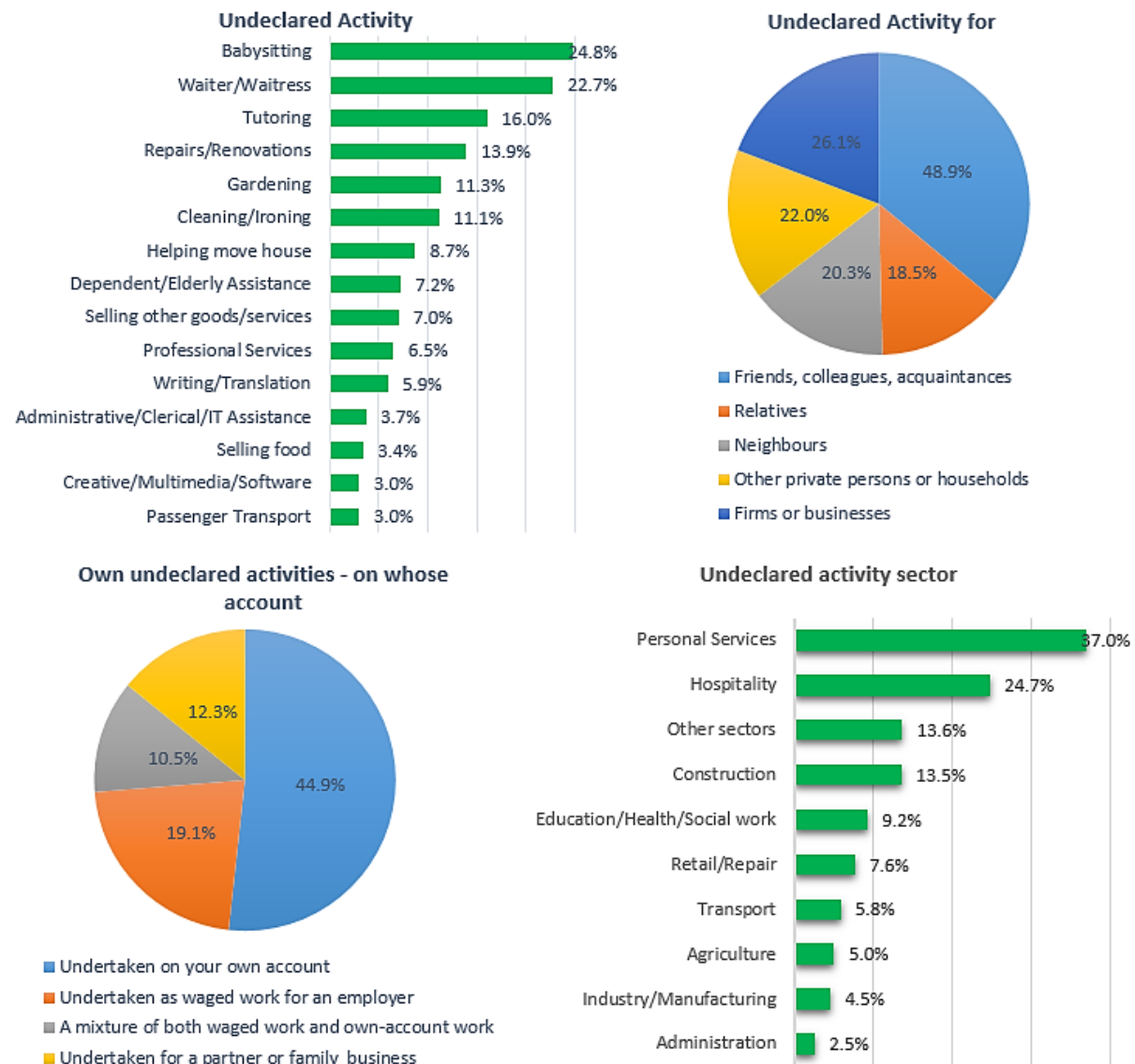


Figure no. 2. Overview of Undeclared Work Dynamics among EU27 Young Informal Workers

Source: Author's own research based on data from Eurobarometer 92.1/2019

Another important factor is related to the reasons behind these undeclared or partially undeclared activities. The main reason given by most young people was that “This is common practice among friends, neighbours or relatives” (41.1%), followed by “Both parties benefited from it” (31.5%). Also, 23.1% of the young informal respondents “Believe that intentionally not declaring small secondary income is perfectly acceptable”, while 16.9% of young people had “no other means of income”. Bureaucratic issues were also a reason for young people carrying out undeclared activities. In fact, 14% of young people thought that “Bureaucracy or

red tape for minor or occasional activities is too complicated”, while 11% felt the same way about “Bureaucracy or red tape for regular activities is too complicated”.

Some other important reasons that young people mentioned were: It was not clear whether the work needed to be declared (10.8%), Taxes or social security contributions are too high (7.8%), while the social benefits were the reason for the fewest young respondents: “You would lose social welfare benefits if you declared your work” (6.5%), “It is difficult to live on social welfare benefits alone” (5.6%). Therefore, based on these results, we can say that young people are affected by social, economic and bureaucratic factors when they choose to perform undeclared activities on the labour market. Similar results were obtained by Bălă and Stancu (2021) in their study, which took into consideration eight EU member states and showed that complicated and time-consuming procedures as well as high costs of setting up a business may lead individuals to engage in the informal economy, where regulations and tax obligations are almost non-existent.

However, the persons for whom they perform these activities may also influence the extent to which they are declared or not. For example, most young people performed undeclared activities for friends, colleagues, acquaintances (48.9%), followed by those who performed these activities for companies or businesses (26.1%) and for other private persons or households (22%). Fewer young people have carried out this type of activities for relatives (18.5%) or neighbours (20.3%).

Regarding the situation of undeclared paid work, most young people stated that only part of the paid work they do outside the formal workplace and on their own initiative is undeclared (30%), while about a quarter of them stated that all the paid work they do is undeclared, which may indicate that a significant proportion of young people depend entirely on undeclared work, without doing any formal work. It is also worth noting that 16.1% of young respondents indicated that some of the paid work they do in their official workplace is not declared. Furthermore, another important aspect is the way in which undeclared paid activities are carried out. Thus, most young people indicate that they engage in such activities on their own account (44.9%), while 19.1% report that they perform these activities as paid work for an employer. Additionally, 12.3% of young respondents indicate that they carry out these activities for a partner or for a family business.

4.2. Exploring socio-demographic and socio-economic influences on undeclared work among EU27 young informal workers

This section presents the results of the binary logistic regression model based on the dependent and independent variables described in the Data and Methodology section above. Overall, the model is statistically significant, as the results of the omnibus tests can prove it ($p < 0.001$). Also, the Hosmer-Lemeshow test shows a good fit between the predicted

probabilities and the actual results which indicates that the model has an adequate fit to the data. Moreover, the correctly classified percentage is 91.3, which means that, overall, the model correctly classified 91.3% of the cases. However, although the predictors in the model have a statistically significant effect, they explain a rather small part of the variance of the dependent variable, as we can see from the Cox & Snell R^2 and Nagelkerke R^2 values (from 2.7% to 5.9%).

In terms of gender, the empirical results of the model show that men are slightly more likely to perform undeclared work than women, with an odds ratio of 1.2. Type of community is another variable that plays an important role in the likelihood of engaging in undeclared work, as both young people living in rural areas or villages and those living in small and medium-sized towns are more likely to engage in undeclared work than those living in large towns. Those in rural areas or villages have an odds ratio of 1.8, higher than for those in small and medium-sized towns, which have an odds ratio of about 1.4, but both results are statistically significant. These results are not only specific to young people in the EU Member States. A recent study by ILO (2023) on the informal economy in Europe and Central Asia also showed that informality is more widespread in rural areas (23%) than in urban areas (16%).

In terms of social class, the results showed that both those in the lower middle class of society and those in the middle class of society are less likely to engage in undeclared work than those in the reference category which is the higher class of society. A similar pattern can be observed for the occupation variable, where only one group is statistically significant, house persons, who are less likely to engage in undeclared work than the young unemployed.

On the other hand, two other important variables regarding the probability of engaging in undeclared work are marital status and difficulties paying bills. The results for the first variable, marital status, reveal that single young people with or without children are more likely to engage in undeclared work compared to the reference category, which is represented by those from multiple households with children. However, the likelihood of performing undeclared work is significantly higher among single young people with children, who have an odds ratio of 4 compared to single young people without children who have an odds ratio of only 1.6. This may be because they are more vulnerable and need more money for childcare. Similar results were also found in another study on individuals participating in the informal economy across the European Union, which showed that both single people and those living alone are more likely to be employed in the informal economy (Williams, Horodnic, 2017).

The results are also statistically significant for the difficulties paying bills variable, where we can see that young people who have difficulties in paying bills most of the time or from time to time tend to be more likely to engage in undeclared work than those who have these difficulties almost never/never. As expected, the odds are higher among those who have these difficulties most of the time, compared to those who have them from time to time, (odds ratio of 1.8 vs odds ratio of 1.4.). But this result is not the same when all age groups are taken into account, as another study conducted on this Eurobarometer showed that those who have

difficulties in paying their bills most of the time are less likely to offer undeclared services than those who have difficulties almost never or never.

Table no. 2. The empirical results of the logistic regression model

Variables	β	Sig.	Exp (β)
Gender (ref. category = Woman)			
Man	0.214	0.081*	1.239
Age when stopped Education (ref. category = Still studying)			
Up to 19 years	0.148	0.508	1.160
20 years and older	-0.139	0.589	0.870
Type of community (ref. category = Large town)			
Rural area or village	0.618	0.000***	1.856
Small or middle sized town	0.329	0.025**	1.390
Social class (ref. category = The higher class of society)			
The working class of society	-0.806	0.224	0.447
The lower middle class of society	-1.139	0.087*	0.320
The middle class of society	-1.073	0.100*	0.342
The upper middle class of society	-0.030	0.964	0.970
Difficulties paying bills (ref. category = Almost never/never)			
Most of the time	0.619	0.007***	1.858
From time to time	0.362	0.009***	1.436
Occupation (ref. category = Unemployed)			
Self-employed	0.282	0.430	1.352
Managers	0.117	0.719	1.124
Other white collars	-0.033	0.906	0.968
Manual workers	0.031	0.888	1.032
House persons	-0.726	0.073*	0.484
Marital status (ref. category = Multiple hh with children)			
Single hh without children	0.478	0.029**	1.614
Single hh with children	1.401	0.000***	4.058
Multiple hh without children	0.201	0.398	1.223
Life satisfaction (ref. category = Not at all satisfied)			
Very satisfied	0.747	0.164	2.111
Fairly satisfied	0.644	0.222	1.903
Not very satisfied	0.890	0.103	2.435
Constant	-3.143	0.000	0.043
Number of obs.	3069		
-2 Log likelihood	2122.265		
Cox & Snell R^2	0.027		
Nagelkerke R^2	0.059		
Sig.(Hosmer and Lemeshow Test)	0.260		
Correctly classified percentage	91.3		

Source: Author's own research based on data from Eurobarometer 92.1/2019

The variables presented above are statistically significant and have a smaller or larger impact on the probability of young people engaging in undeclared activities. However, within the regression model there are also variables that are not statistically significant. These are the age when young people stopped education and life satisfaction, which do not seem to have a significant impact on the probability of young people to perform undeclared work.

The results of the analysis show a high prevalence of informal work among young people, which can have significant implications for the economy and the labour market. This situation may contribute to reduced tax contributions affecting the sustainability of the social protection system, but also to the perpetuation of the informal economy which may lead to inequalities in the labour market. To reduce this phenomenon, public policies are needed to implement measures (financial education, tax incentives, support programs for young entrepreneurs etc.) to reduce undeclared work, especially among young people.

5. Conclusions

The aim of this paper was to develop a comprehensive profile of young informal workers in the EU27 in order to understand their pre-pandemic socio-demographic and socio-economic situation, as well as the likelihood of young people engaging in informal work based on these characteristics. The statistical analyses were based on data from Eurobarometer 92.1/2019, which contains a series of questions on undeclared work, taking into account only young people in the 15-29 age group.

The results of the descriptive statistical analysis showed that most of the young people who reported doing undeclared paid work in the last 12 months prior to the survey were male, were still studying and came from rural area or village. Also, the majority of them were students, belonging to the middle social class of society, stating that they encountered difficulties in paying their bills almost never or never. On the other hand, the sectors in which most young people worked informally are: Personal Services (37%) and Hospitality (24.7%), while the activities in which most of them were employed are: babysitting (24.8%) and waiter/waitress (22.7%). Most of them performed this kind of activities for friends, colleagues, acquaintances (48.9%), while the main reasons given by them were the following: “This is common practice among friends, neighbours or relatives” (41.1%) and “Both parties benefited from it” (31.5%). Moreover, most of them admitted that they carry out this type of activity on their own account and that only part of the work they do outside the formal workplace and on their own initiative is undeclared.

The regression findings confirmed the results of the first analysis, showing that men are more likely to engage in undeclared work than women. Other categories of young people who were more likely to engage in undeclared work are: those in rural areas or villages but also those in small or medium-sized towns compared to those in large cities, those who have

difficulties in paying bills most of the time or from time to time compared to those who have them almost never/never and those who are single with or without children compared to those in multiple households with children. On the other hand, the results also showed that those in the lower middle class and those in the middle class are less likely to engage in undeclared work than those in the higher class, as well as the house persons compared to unemployed young people.

These results not only add to the literature, but also contribute to future research which will provide a clearer understanding of how the Covid-19 pandemic has led to labour market changes in youth informality. Therefore, it can be mentioned that this study represents an important reference point for future studies but also for policy makers and organizations that, by understanding the pre-pandemic dynamics, can develop strategies to prevent the increase of informality especially during major economic shocks such as the Covid-19 pandemic.

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Appendix

Table no A1. Reasons for engaging in undeclared activities among young people

This is common practice among friends, neighbours or relatives	41.1%
Both parties benefited from it	31.5%
Believe that intentionally not declaring small secondary income is perfectly acceptable	23.1%
No other means of income	16.9%
This is common practice in region or sector of activity	14.8%
Bureaucracy or red tape for minor or occasional activities is too complicated	14.0%
Bureaucracy or red tape for regular activities is too complicated	11.0%
It was not clear whether the work needed to be declared	10.8%
The person or firm for whom you carried out this activity insisted on the non-declaration or under declaration	10.6%
You could not find a regular job	10.4%
Taxes or social security contributions are too high	7.8%
The state does not do anything for you, so why should you pay taxes	7.8%
You were able to ask a higher fee for your work	6.6%
You would lose social welfare benefits if you declared your work	6.5%
It is difficult to live on social welfare benefits alone	5.6%

Source: Author's own research based on data from Eurobarometer 92.1/2019

Table no A2. The situation of young people regarding undeclared activity

All of your paid activity is undeclared	23.2%
Some of the paid activity you carry out as part of your formal job is undeclared	16.1%
Some of the paid activity outside of your formal job and carried out at the request of your employer is undeclared	9%
Some of the paid activity outside of your formal job and carried out on your own initiative is undeclared	30%

Source: Author's own research based on data from Eurobarometer 92.1/2019