1. INTRODUCTION

For many years, it was assumed that informal workers were low-paid waged employees working under exploitative ‘sweatshop-like’ conditions as a last resort when no other options were open to them (Bender, 2004; Davis, 2006; Sassen, 1997). Over the past decade or so, however, there has been growing recognition that much informal work is conducted on a self-employed basis and is not always purely a survival practice. Until now, however, studies of this phenomenon in a European context have been limited to small-scale surveys of particular populations (Boren, 2003; Leonard, 1994; Persson and Malmer, 2006; Surdej, 2005; Salmi, 2003; Williams, 2006). No extensive pan-European surveys have been conducted. This paper seeks to fill that gap.

To do this, the first section will review the existing literature on the magnitude and character of the informal economy in Europe and beyond. Identifying that no extensive European surveys have been so far conducted of self-employment in the informal economy, the second section then bridges this gap by reporting the findings of a 2007 Eurobarometer survey comprising 26,659 face-to-face interviews in the 27 member states of the European Union (EU-27). Revealing the variable rates of participation in informal self-employment both across different populations and locations, as well as the varying ratios of involuntary-to-voluntary participation in such work, the final section draws some conclusions and implications for future research and policy-making.

At the outset, however, the informal economy needs to be defined, or what is sometimes called the ‘undeclared’, ‘shadow’, ‘underground’, ‘cash-in-hand’,...
‘hidden’ or ‘off-the-books’ sector/economy (Williams, 2004). Reflecting a widespread consensus, the informal economy is here defined as paid work that is not declared to the authorities for tax, social security and/or labour law purposes when it should be declared (Dekker et al., 2010; European Commission, 2007; OECD, 2002; Schneider, 2008; Williams, 2004, 2006; Williams and Windebank, 1995). The only difference between formal and informal work, therefore, is that informal work is not declared for tax, social security or labour law purposes when it should be declared. If other differences exist, then it is not here defined as the informal economy. If the goods and/or services traded are illegal (e.g., drug-trafficking), for example, then this is here defined as part of the wider ‘criminal’ economy, and if unpaid it is part of the separate unpaid economy. Of course, in practice, the boundaries between spheres, such as informal and criminal activities, sometimes overlap in certain spatial contexts, and also sometimes blur, such as when in-kind favours or gifts are involved in exchanges. To overcome this, only legal goods and services, and only transactions involving strictly monetary exchanges, are here defined as informal work. Finally, only wholly informal work is here included. We do not here include formal employees receiving from their formal employer two wages, a declared wage and an undeclared (‘envelope’) wage (Williams, 2009), not least because the focus in this paper is upon self-employment rather than waged employees in the informal economy.

2. WHAT IS KNOWN ABOUT SELF-EMPLOYMENT IN THE INFORMAL ECONOMY IN EUROPE AND BEYOND?

It is now widely recognised that the informal economy is a sizeable and expanding feature of the contemporary global economy (Charmes, 2009; ILO, 2002a, b; Jütting and Laiglesia, 2009; Schneider, 2008). An OECD report estimates that of the 3 billion working population globally, nearly two-thirds (1.8 billion) are in the informal economy (Jütting and Laiglesia, 2009). The ILO (2002b), meanwhile, find that some 48% of non-agricultural employment in North Africa is in the informal economy, 51% in Latin America, 65% in Asia and 72% in sub-Saharan Africa. Until now, however, the proportion of the European workforce in the informal economy has not been estimated.

Until recently both in Europe and beyond, it was commonly assumed that informal workers were low-paid waged employees working under exploitative ‘sweatshop-like’ conditions as a survival practice when no other options were available to them (Ahmad, 2008; Davis, 2006; Sassen, 1997). Since the turn of the millennium, however, firstly, informal workers have been re-read as often working on a self-employed basis and secondly, as often doing so as a matter of choice (Cross, 2000; De Soto, 1989, 2001; Temkin, 2009).
Reading informal workers as sometimes self-employed first emerged in a third (majority) world context in recognition of the vast number of informal street vendors, micro-entrepreneurs and petty traders (Cross, 2000; De Soto, 1989, 2001; ILO, 2002a; Temkin, 2009). Indeed, the ILO (2002b) have estimated that in sub-Saharan Africa, 70% of informal workers are self-employed, 62% in North Africa, 60% in Latin America and 59% in Asia. Over the past decade, this representation has also spread to a European context (Chavdorova, 2005; Evans et al., 2006; Round et al., 2008; Small Business Council, 2004; Williams, 2004, 2006, 2009, 2010). Until now, however, few estimates exist of the proportion of the informal workforce operating on a self-employed basis in Europe. Neither have there been extensive surveys of who conducts this informal self-employment, how it varies across various socio-spatial contexts or why people engage in such work at an EU level. The only European studies so far undertaken are small-scale single-nation studies, focusing upon particular aspects of the character of informal self-employment (Boren, 2003; Leonard, 1994; Persson and Malmer, 2006; Round et al., 2008; Williams, 2004, 2006).

Meanwhile, most studies in Europe and beyond seeking to explain self-employment in the informal economy have adopted a structure/agency approach depicting participants as doing so either out of necessity or willingly due to a desire to exit the formal economy (Marlow, 2006). Indeed, four contrasting schools of thought can be discerned. A first school depicts the informal self-employed as universally doing so out of necessity such as due to the absence of alternative options (Moore and Mueller, 2002; Raijman, 2001; Sassen, 1997), and they have been variously labelled the ‘necessity’, ‘involuntary’, ‘dependent’, ‘forced’ or ‘survivalist’ self-employed (Böheim and Muhlberger, 2009; Kautonen et al., 2010; Temkin, 2009; Travers, 2002).

A second school of thought argues the opposite, depicting them as universally doing so voluntarily, not least so as to avoid the costs, time and effort of formal registration (De Soto, 1989, 2001; Gerxhani, 2004; Maloney, 2004; Small Business Council, 2004). A third school, however, transcends their depiction as universally either involuntary or voluntary participants (Lozano, 1989; Williams, 2006). Instead, the ratio of involuntary-to-voluntary informal self-employment has been evaluated, revealing the higher prevalence of necessity in deprived localities and willingness in affluent localities (e.g., Williams, 2006). A fourth and final school, meanwhile, has recently challenged the representation of necessity and choice as separate categories constituted via their negation to each other (i.e., doing so out of necessity means participants are not engaging out of choice). Instead, it has argued that both can be co-present in an individual’s motives (e.g., Williams, 2010). Such findings until now, however, are confined to very specific populations. Whether it is more widely valid has not been evaluated.
In sum, few, if any, extensive pan-European evaluations exist of the commonal-ity of self-employment in the informal economy, where it is located, who con-ducts such endeavour and why they do so. Below, therefore, an attempt is made to start to fill these gaps.

3. EXAMINING SELF-EMPLOYMENT IN THE INFORMAL ECONOMY IN THE EUROPEAN UNION

In May and June 2007, a survey, which one of the author’s of this paper helped design, was conducted as part of wave 67.3 of Eurobarometer. This involved 26,659 face-to-face interviews in the 27 member states of the EU, ranging from 500 in smaller member states to 1,500+ interviews in larger EU countries. In all nations, a multi-stage random (probability) sampling method was applied. A number of sampling points were drawn with probability proportional to population size (for total coverage of the country) and to population density according to the Eurostat’s NUTS II (or equivalent) and the distribution of the resident population in terms of metropolitan, urban and rural areas. In each of the selected sampling units, a starting address was then drawn at random. Further addresses (every nth address) were subsequently selected by standard ‘random route’ procedures from the initial address. In each household, meanwhile, the respondent was drawn at random (following the ‘closest birthday rule’). All interviews were conducted face-to-face in people’s homes and in the appropriate national language with adults aged 15 years and over. Data was collated using CAPI (computer assisted personal interview) where this was available and then loaded onto SPSS in order to analyse the data.

The interview schedule, adopting a gradual approach to sensitive questions, firstly asked questions about the respondents’ attitudes towards the informal economy and secondly, having established some rapport, asked questions regarding their purchase of goods and services in the informal economy in the last 12 months along with their reasons for doing so and thirdly, questions regarding their supply of informal work including the type of work conducted, hours spent doing such work, the hourly wage rate, who they worked for and their reasons for doing so. The usual socio-demographic data was also collected. In this paper, the focus is upon the 944 respondents who reported undertaking informal work on a self-employed basis.

Prior to reporting the findings, however, their reliability and validity needs to be addressed. Interviews lasted a mean of 45 minutes, and 51 minutes amongst those reporting informal work on a self-employed basis. Respondent cooperation was deemed excellent in 57% of cases, fair in 33% and average in 9%. In only 0.4% of interviews was cooperation deemed bad by the interviewer.
Hence, even if the informal economy is hidden from the state, it is not so far as discussing it with researchers is concerned. Below, in consequence, the results are analysed.

4. EXTENT AND NATURE OF SELF-EMPLOYMENT IN THE INFORMAL ECONOMY IN THE EU-27

What proportion of work in the informal economy is conducted on a self-employed basis? Until now, although there are estimates for third world regions, no estimates have been available for the western world. Here, for the first time, such an estimate is provided. In the EU-27, 5% of the surveyed population had participated in the informal economy over the prior 12 months and some three-quarters (77%) had done so on a self-employed basis (which is slightly higher than in other global regions), 57% working for closer social relations (e.g., kin, neighbours, friends, acquaintances and colleagues) and 20% for other private persons or households. There are, however, marked variations across EU regions, with 83% of all informal work being conducted on a self-employed basis in Nordic nations, 77% in Continental Europe, 67% in East-Central Europe and 76% in Southern Europe. In some populations, moreover, greater proportions of informal work are conducted for closer social relations; 70% in Nordic nations, 63% in Continental Europe, 42% in East-Central Europe and 40% in Southern Europe. Self-employment in the informal economy therefore represents the vast bulk of informal work throughout the EU-27.

Analysing the extent of informal work conducted on a self-employed basis, table 1 displays that some 1 in 28 (nearly 4%) of the 26,659 adults surveyed reported engaging in informal self-employment over the last 12 months, spending 73 hours on average in such work and earning an average €11.05/hour, producing a mean annual income from informal self-employment of €806. Nearly three-quarters (73%) of this informal self-employment is conducted for closer social relations (e.g., kin, neighbours, friends, acquaintances and colleagues). Just over one-quarter (27%) is conducted for previously unknown other private persons and households.

Participation in informal self-employment, however, is uneven across EU regions, populations and sectors. Some 9% of the adults surveyed engaged in informal self-employment in Nordic nations but just 3% in Continental Europe, 4% in East-Central Europe and 2% in Southern Europe. In Nordic nations, therefore, one finds 11% of all informal self-employment despite only 4% of the surveyed population being located in this EU region. Far more informal self-employment, however, is conducted for closer social relations (84%). Informal self-employment is significantly under-represented, meanwhile, in Southern Europe where one finds...
Table 1. Commonality and character of informal self-employment in the EU-27: by region and population group

| Population | % engaged in informal self-employment in past year | % of all informal self-employed surveyed: | % of surveyed population | Average total hours | Average hourly informal earnings (€) | Mean total annual informal earnings (€) | % of informal self-employment conducted for: |
|------------|---------------------------------------------------|----------------------------------------|--------------------------|-------------------|-------------------------------------|------------------------------------------|-------------------------------------------|
|            |                                                   |                                        |                          |                   |                                     |                                          |                                            |
| EU27       | 4                                                 | 100                                    | 100                      | 73                | 11.05                               | 806                                      |                                            |
| EU region: |                                                   |                                        |                          |                   |                                     |                                          |                                            |
| Nordic     | 9**                                               | 11                                     | 4                        | 39***             | 13.85***                            | 536**                                   | 84***                                     | 16                                         |
| Continental| 3                                                 | 49                                     | 48                       | 58                | 12.78                               | 742                                      | 83                                         | 17                                         |
| East-Central| 4                                                 | 24                                     | 22                       | 90                | 7.48                                | 673                                      | 64                                         | 36                                         |
| Southern   | 2                                                 | 16                                     | 26                       | 133               | 7.58                                | 1,006                                   | 53                                         | 47                                         |
| Gender:    |                                                   |                                        |                          |                   |                                     |                                          |                                            |
| Man        | 4**                                               | 63                                     | 48                       | 75**              | 11.71***                            | 878***                                  | 79***                                     | 21                                         |
| Woman      | 2                                                 | 37                                     | 52                       | 69                | 8.13                                | 561                                      | 64                                         | 36                                         |
| Age:       |                                                   |                                        |                          |                   |                                     |                                          |                                            |
| 15–24      | 6***                                              | 30                                     | 15                       | 76***             | 9.61***                             | 736***                                  | 75***                                     | 25                                         |
| 25–39      | 5                                                 | 43                                     | 26                       | 58                | 12.01                               | 700                                      | 58                                         | 42                                         |
| 40–54      | 3                                                 | 24                                     | 26                       | 68                | 11.25                               | 769                                      | 71                                         | 29                                         |
| 55+        | <1                                                | 3                                      | 33                       | 69                | 8.50                                | 591                                      | 0                                          | 100                                        |
| Education ended: |                                      |                                        |                          |                   |                                     |                                          |                                            |
| 15         | 2**                                               | 15                                     | 25                       | 115***            | 9.52***                             | 1,100***                                | 62***                                     | 38                                         |
| 16–19      | 3                                                 | 40                                     | 42                       | 70                | 10.51                               | 736                                      | 76                                         | 24                                         |
| 20+        | 4                                                 | 25                                     | 23                       | 46                | 13.13                               | 605                                      | 80                                         | 20                                         |
| Still studying | 6                                                 | 20                                     | 10                       | 66                | 8.84                                | 584                                      | 69                                         | 31                                         |
| Employment status: | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|-------------------|---|---|---|---|---|---|---|---|---|
| Self-employed     | 6***| 12 | 7 | 34***| 17.39***| 582***| 72***| 28 |
| Managers          | 2 | 7 | 10 | 49 | 12.25 | 605 | 88 | 12 |
| Other white       | 3 | 9 | 12 | 55 | 9.47 | 521 | 83 | 17 |
| Manual workers    | 4 | 29 | 22 | 74 | 11.71 | 870 | 75 | 25 |
| House persons     | 2 | 6 | 9 | 115 | 10.20 | 1176 | 71 | 29 |
| Unemployed        | 6 | 11 | 6 | 92 | 7.59 | 718 | 83 | 38 |
| Retired           | 1 | 8 | 25 | 66 | 7.84 | 522 | 74 | 26 |
| Students          | 6 | 18 | 10 | 66 | 8.84 | 585 | 69 | 31 |

| Gross formal income/month: | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|---------------------------|---|---|---|---|---|---|---|---|---|
| < €500                    | 6**| 18 | 14 | 82***| 7.43***| 610***| 62***| 38 |
| €500–1,000.99             | 4 | 20 | 20 | 68 | 9.94 | 672 | 89 | 11 |
| €1001–2000.99             | 4 | 29 | 31 | 51 | 12.28 | 620 | 90 | 10 |
| €2001–3000.99             | 6 | 21 | 15 | 49 | 14.53 | 709 | 83 | 17 |
| €3001+                    | 2 | 12 | 20 | 46 | 18.80 | 874 | 74 | 26 |

| Urban/rural area:         | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|---------------------------|---|---|---|---|---|---|---|---|---|
| Rural area                | 4*| 40 | 32 | 79***| 10.40**| 822***| 80**| 20 |
| Small/medium town         | 3 | 40 | 42 | 68 | 10.72 | 732 | 68 | 32 |
| Large urban area          | 3 | 20 | 26 | 61 | 11.28 | 693 | 71 | 29 |

Statistical significance: * = 0.05 (5% probability), **=0.01 (1%) and ***= 0.001 (0.1%).
just 16% of all identified informal self-employment but some 26% of the surveyed population. This is perhaps due to the non-monetisation of community and kinship exchange in southern Europe compared with northern nations. In Nordic nations, that is, there appears to have been a monetisation of work conducted for closer social relations. Money changes hands either to avoid the need for reciprocity at a later date, or to redistribute money in a manner where there is no connotation of ‘charity’ since the money is being given for work undertaken. This has previously been identified in smaller-scale studies in northern Europe (Boren et al., 2003; Persson and Malmer, 2006; Williams, 2004). In Southern Europe, meanwhile, much of this work is perhaps still conducted on an unpaid basis.

Even if participation rates are lower in Southern Europe, the informal self-employed work longer hours and earn a greater amount of money. In Nordic nations and Continental Europe, where work for closer social relations is more prevalent, the informal self-employed work fewer hours but the hourly wage rate is higher. Meanwhile, in those EU regions where informal self-employment is conducted more for previously unknown people, the average hours worked is longer but the hourly wage rate lower. The intimation, therefore, is that the informal self-employed earn a higher wage rate when working for closer social relations. This is indeed the case. Informal self-employment for previously unknown persons earns an average per hour of €10.49, but €11.55 when working for closer social relations.

Which population groups are more likely to engage in informal self-employment? The groups over-represented and with higher participation rates include men, younger age groups, those with higher educational qualifications, the self-employed, manual workers, unemployed people, students, lower- and middle-income groups, and those living in rural areas. Far more informal self-employment is conducted for closer social relations, however, amongst those with higher participation rates (e.g., men, younger age groups, those in rural areas). The outcome is a segmented workforce which both mirrors and reinforces the formal labour market in the EU. Women, for example, earn only 69% the average hourly wage rate of men (€8.13 compared with €11.71). Similarly, those with fewer years in education earn less than those with higher levels of education, as do those not working (e.g., the unemployed, retired, students) earn less than the employed and self-employed, those with lower gross formal incomes earn significantly less than those with higher gross formal incomes, and those living in rural areas have lower hourly wage rates than those in urban areas. Self-employment in the informal economy, therefore, reinforces the inequalities in the formal labour market.

Neither is this work evenly distributed across all sectors. Some 25% takes place in the household services sector (compared with just 3% of all surveyed self-employment), 19% in the construction industry (12% of all self-employment), 11% in the personal services sector (17%), 9% in repair services (4%), 6% in the...
hotels and restaurant sector (4%), 5% in agriculture (13%), 4% in industry (5%),
4% in transport (3%) and 3% in the retail sector (23%), with 14% in other sec-
tors (16%). Those engaging in self-employment in some sectors (e.g., household
services and construction) are therefore more likely to work on an informal self-
employed basis than in other sectors (e.g., retail, personal services). This provides
strong evidence of where state authorities responsible for tackling the informal
economy should be targeting their efforts in the EU-27.

4.1. Rationales for Participating in Informal Self-Employment

Are those engaging in self-employment in the informal economy involuntary or
voluntary participants? The 944 respondents doing such work were asked whether
they agreed with a range of closed-ended statements about their reasons for
participation. Multiple answers were possible. The reasons considered were: both
parties benefited from it (cited by 50% as their reason for participating in informal
self-employment); it is just seasonal work and it is not worth declaring it (cited
by 25%); working in the undeclared economy is common in this region/sector
so there is no real alternative (17%); they could not find a regular job (14%);
taxes and/or social contributions are too high (11%); the person who acquired
it insisted on the non-declaration (11%); the bureaucracy/red tape to carry out
a regular activity is too complicated (8%); they were able to ask for a higher fee
for their work (5%), and the state does not do anything for you, so why should
you pay taxes (5%).

To collate these responses, those participating in self-employment in the in-
formal economy because either: they could not find a regular job; the person who
acquired it insisted on the non-declaration and/or that working in the undeclared
economy is common in this region/sector so there is no real alternative, were cat-
egorised as involuntary or ‘necessity-driven’ participants in informal self-employ-
ment. Meanwhile, those asserting that either: they were able to ask for a higher
fee for their work; both parties benefited from it; taxes and/or social contributions
are too high; the bureaucracy/red tape to carry out a regular activity is too compli-
cated; it is just seasonal work and it is not worth declaring it, and/or that the state
does not do anything for you, so why should you pay taxes, were categorised as
‘voluntary’ participants driven by a desire to exit the declared realm. Those stating
a mixture, furthermore, were classified as both involuntarily and voluntarily
engaging in informal self-employment.

As table 2 displays, 60% cited purely voluntary reasons, whilst 17% stated
purely involuntary reasons. The remaining 23% reported both pull and push fac-
tors, displaying that the reasons for engagement are perhaps more complex than
can be captured by dichotomous representations depicting those engaged in infor-
mal self-employment as driven by either choice or necessity.
Table 2. Are those participating in informal self-employment doing so out of choice and/or necessity? By EU region and socio-demographic group

| Population                  | Purely voluntary | Purely necessity-driven | Both voluntary and involuntary factors |
|-----------------------------|------------------|-------------------------|----------------------------------------|
| EU-27                       | 60               | 17                      | 23                                     |
| By EU region:               |                  |                         |                                        |
| Nordic                      | 77***            | 6                       | 17                                     |
| Continental                 | 60               | 17                      | 23                                     |
| East-Central Europe         | 60               | 15                      | 25                                     |
| Southern Europe             | 49               | 26                      | 25                                     |
| Gender:                     |                  |                         |                                        |
| Men                         | 63***            | 13                      | 24                                     |
| Women                       | 56               | 23                      | 21                                     |
| Age:                        |                  |                         |                                        |
| 15–24                       | 55**             | 20                      | 25                                     |
| 25–39                       | 64               | 15                      | 21                                     |
| 40–54                       | 65               | 16                      | 19                                     |
| 55+                         | 52               | 16                      | 32                                     |
| Education, end of:          |                  |                         |                                        |
| 15–                          | 45***            | 25                      | 30                                     |
| 16–19                       | 54               | 21                      | 25                                     |
| 20+                         | 78               | 11                      | 11                                     |
| Still studying              | 65               | 10                      | 25                                     |
| Employment status:          |                  |                         |                                        |
| Self-employed               | 65**             | 14                      | 22                                     |
| Managers                    | 82               | 4                       | 14                                     |
| Other white collar          | 64               | 20                      | 16                                     |
| Manual workers              | 57               | 19                      | 24                                     |
| House person                | 51               | 33                      | 16                                     |
| Unemployed                  | 51               | 17                      | 32                                     |
| Retired                     | 51               | 20                      | 29                                     |
| Students                    | 64               | 10                      | 26                                     |
| Gross formal income/month:  |                  |                         |                                        |
| <€500                       | 56**             | 27                      | 17                                     |
| 500–1000.99                 | 65               | 18                      | 17                                     |
| 1001–2000.99                | 63               | 18                      | 19                                     |
| 2001–3000.99                | 80               | 1                       | 19                                     |
| 3001+                       | 63               | 8                       | 29                                     |
| Urban/rural area:           |                  |                         |                                        |
| Rural area or village       | 61**             | 15                      | 24                                     |
| Small/medium town           | 56               | 19                      | 25                                     |
| Large urban area            | 63               | 18                      | 18                                     |

Statistical significance: * = 0.05 (5% probability), ** = 0.01 (1%) and *** = 0.001 (0.1%).
There are also significant variations in the rationales across EU regions and population groups. In Nordic nations, where informal self-employment is more likely to be embedded in networks of familial and community support, voluntarism is more commonly cited, whilst in Southern Europe and East-Central Europe, where informal self-employment is more usually for previously unknown private persons/households, necessity is more often stated. Similarly, the informal self-employed who are in lower-income brackets, women, with lower educational levels and not formally working (e.g., the retired, house persons) are significantly more likely to be necessity-driven, whilst those participating in higher-income brackets, men, middle-aged workers, the better educated, and managers, the self-employed and other white collar workers, along with students, are significantly more likely to be willing participants. Those citing purely necessity-driven rationales, moreover, earn just €7.60 per hour, which is significantly less than the EU mean of €11.27 per hour earned by those citing purely voluntary reasons and the €11.89 citing both push and pull factors.

5. CONCLUSIONS

Reporting a 2007 Eurobarometer survey involving 26,659 face-to-face interviews, this paper has revealed that 1 in 28 of the EU population surveyed had undertaken informal self-employment during the previous year. However, this overarching figure masks significant socio-spatial variations. Participation in informal self-employment, for example, is much higher in Nordic nations where 9% had engaged in such endeavour during the previous year, whilst just 2% had done so in Southern Europe. Given that a significantly smaller proportion of this informal self-employment is conducted for closer social relations in Southern Europe, this lower propensity towards informal self-employment has been here tentatively explained by the non-monetisation of kinship and community exchange in Southern Europe. The groups most likely to engage in such work, meanwhile, are those working in construction and household services, men, younger age groups, those with higher levels of education, the lowest- and middle-income groups, the self-employed, manual workers unemployed and students along with those living in rural areas.

Analysing the reasons for participation, 60% cite factors associated purely with a desire to voluntarily exit the formal economy, whilst 17% cite purely necessity-driven factors and 23% a mix of the two. Rationales, however, vary across different populations. Those conducting informal self-employment in Southern Europe, lower-income brackets, women, those with lower levels of education, those not working and those living in urban areas, are significantly more likely to be necessity-driven, whilst those participating in informal self-employment in Nordic nations, higher-income brackets, men and the better educated are significantly more likely to be willing participants.
Given how many combine involuntary and voluntary rationales when explaining their participation, richer more nuanced understandings of what leads different groups to participate in informal self-employment in different contexts are now required. In particular, the theoretical and methodological issue that ‘necessity’ and ‘choice’ are not opposites needs to be further unravelled, as does the varying meanings of ‘necessity’ and ‘choice’ across populations. For example, the opportunity structures within which a person operates his/her ‘choice’ to exit the formal economy may vary considerably and this will be important to explore. So too will it be important to understand how rationales vary in other global regions. Both wider as well as more in-depth research on self-employment in the informal economy is therefore now required.

There are also important policy implications. Until now, national tax, labour and social security authorities responsible for tackling undeclared work have generally not fully understood the nature of such work or why it is undertaken. This paper has revealed that it is inappropriate to adopt a blanket-approach. Not everybody or all EU regions are equally likely to engage in informal self-employment. Significant variations exist across populations. A more variegated approach is therefore required. This paper has highlighted on an EU-level those groups and populations most likely to engage in informal self-employment. Further detailed surveys are now required of who needs to be targeted in particular populations and why they do such work. Unless their motives are better understood, policies cannot be tailored to tackle the reasons for their participation. In some places, policies might need to focus upon the costs, time and effort required to comply with the regulations of the formal economy. In others, creating more formal job opportunities or improving social support for those excluded from the formal economy might be more important.

In sum, this survey of self-employment in the informal economy has revealed not only its extent, nature and the reasons underpinning it, but also how it varies across different groups and EU regions. Richer accounts are now required so as to generate more nuanced context-bound understandings, as well as surveys of what groups need to be targeted in different contexts and what policies are required to tackle their reasons for engaging in such work. If this paper stimulates such richer textured studies of self-employment in the informal economy in different settings and populations, as well as more nuanced approaches towards how it might be dealt with, then it will have achieved its objectives.

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