

BARSERVICE



Smart bargaining in the services sector: overview, challenges, opportunities

SOCPL-2022-IND-REL

Project: 101126532 — BARSERVICE

Deliverable Title	D4.2. – comparative report on the issues surrounding undeclared work in the service sector
Deliverable Lead:	CELSI
Partner(s) involved:	All partners
Related Work Package:	Work Package: WP4
Related Task/Subtask:	Task D4.2
Authors:	Simona Brunnerová, Marta Kahancová, Iida Nokkala
Dissemination Level:	Public
Due Delivery Date:	30 June 2025
Actual Delivery:	1 December 2025
Project Number	101126532
Instrument	SOCPL-2022-IND-REL-01
Start Date of the Project	01 January 2024
Duration	24 months



This project has received funding from the European Union's Social Prerogative and Specific Competencies Lines (SOCPL) programme under grant agreement N. 101126

BARSERVICE



Uncovering and tackling undeclared work in the services sector

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The project is funded by the European Union, Project No. 101126532

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1. Introduction

Undeclared work remains a persistent and complex challenge across several subsectors of the service sector in Europe. Characterised by the absence of formal employment contracts or the partial concealment of income, undeclared and under-declared work undermines labour standards, social protection systems, and collective bargaining frameworks. This comparative report seeks to understand the scope and specific manifestations of undeclared work within services—particularly in sectors marked by precariousness, low wages, and a fragmented institutional landscape. Taken together, the objectives of the report are:

- To **map the specific patterns and challenges of undeclared work in selected service subsectors**, with a focus on vulnerable groups;
- To **assess the institutional responses of enforcement authorities and social partners**, highlighting opportunities for improvement;
- To **identify innovative tools and methods used by trade unions in addressing undeclared work**.

The report focuses in particular on three interlinked dimensions of undeclared work. First, it explores the specific challenges associated with undeclared labour in selected service subsectors, with particular attention to commerce, social care, publishing, and financial services. These subsectors are characterised by varied employment models and degrees of formalisation, making them valuable for comparative insight. Within them, the report pays close attention to how undeclared work affects vulnerable groups, notably migrant workers, youth, and women, who are disproportionately exposed to informality, legal ambiguity, and exclusion from collective bargaining. Second, the report examines how key institutional actors, including labour inspectorates, enforcement agencies, trade unions, and employers' organisations, perceive and address undeclared work. Their views and actions not only shape the enforcement landscape but also determine the effectiveness of preventative and corrective strategies. Third, this report aims to identify empirical and methodological tools that could help trade



unions better prevent and deter undeclared and under-declared work.

The comparative study is based on national case studies, over 80 interviews in 9 countries (see Table 1, plus interviews in Türkiye not reported in the table), and desk research. The interviews conducted for the project did not yield specific evidence of undeclared work; however, this absence should not be interpreted as confirmation of its non-existence. Instead, the interviews, focused on working conditions and collective bargaining in the services sector, helped uncover structural characteristics and challenges in the industry, which enable a more detailed interpretation of findings on undeclared work in the economy as a whole.

Table 1. List of interviews

Country	Commerce	Publishing	Finance	Care	Total
Croatia	3	3	4	2	12
Czechia	0	1	3	4	8
Slovakia	3	3	2	1	9
North Macedonia	4	3	3	3	13
Serbia	4	2	4	1	11
Romania	6	1	4	4	15
France	0	0	1	1	2
Italy	2	2	2	4	10

Research conducted by the European Employment Policy Observatory shows that there is no universally accepted definition of undeclared work (UDW) across EU Member States. Where national definitions exist, they vary in scope—some are broad, covering undeclared work, unpaid taxes or contributions, and missing employment records; others focus narrowly, such as on failure to officially register employment. In some cases, definitions refer specifically to UDW, while in others they rely on related terms such as undeclared employment or illicit work. Where legal or official definitions are absent, international definitions may be used, or the issue may be addressed within the broader context of the shadow economy or defined by other national authorities (European Employment Policy Observatory, 2016).

Prevalence of undeclared work

The prevalence of undeclared work varies across the nine countries. According to Special Eurobarometer no. 498 (2019) in 2019, undeclared work in the private sector in EU countries ranged from 7% of labour input in Czechia to 21.7% in Romania, with an EU average of 11.1%. Figures for rest of the EU countries are closer to the EU average; Italy recorded 12.6% of labour input as undeclared in the private sector, Slovakia 12.1%, France 11.8%, and Croatia 10.7%. Among the EU candidate countries, Serbia reported prevalence of undeclared work across all sectors as 12.0% and North Macedonia 12.3% in 2024 (State Statistical Office of the Republic of Macedonia, no date; Statistical Office of the Republic of Serbia, 2025). In the same year Türkiye reported 16.9% undeclared work in the non-agricultural sector (Turkish Statistical Institute, 2025).

The general trajectory shows modest improvement in recent years. In most EU member states between 2013 and 2019 the amount of undeclared work in the private sector has declined. Similarly, Serbia’s undeclared work has decreased across all sectors in Serbia and North Macedonia (State Statistical Office of the Republic of Macedonia, no date; Statistical Office of the Republic of Serbia, 2025). However, Romania and France have exhibited an opposing trend. In France, undeclared work

in the private sector rose from 8.8% to 11.8% between 2013 and 2019, and in Romania from 18.9% to 21.7%. (European Union, 2020).

Romania has the highest prevalence of under-declared work among the six EU countries despite the fact that under-declared employment has decreased from 23% to 5% in the period from 2007 to 2019. Croatia, Italy, and Slovakia each recorded 4% in 2019, while France reported 2% and Czechia 3%. On average, bogus self-employment affected 10% of self-employed individuals in the EU level in 2019. Italy demonstrates particularly higher prevalence at 17%. Croatia, Romania and Slovakia each record 8%, positioning them somewhat below the EU average, while Czechia at 4% and France 3% showed noticeably lower rates. (European Union, 2007; European Union, 2020).

Sectoral patterns of undeclared work noticeably differ between countries. In Italy, the Italian National Institute of Statistics (ISTAT) estimates prevalence of undeclared work being slightly higher than in overall amount across all sectors. Undeclared work in the service sector estimated to be 13.6% of full-time equivalent labour units (FTE) while being 12.5% FTEs overall. In Serbia, the trend is opposite. According to the Statistical Office of the Republic of Serbia, undeclared work in the service sector is 5.4% while the rate for across all industries is 12.0%.

Undeclared work is particularly prevalent in the care sector and exhibits the highest rates of undeclared work across the service sector. Data from the Special Eurobarometer no. 498 indicates that on average 27% of individuals engaged in undeclared work in personal services, including childcare, elderly and cleaning, in the EU level in 2019. There is considerable variation between countries. Czechia recorded the highest proportion at 28%, followed by Croatia at 24%, France at 23%, Slovakia at 21%, and Italy at 20%. Romania presents an exception at only 9%. For education, health, and social work services, all six EU countries are under the EU average of 18%. France at 12% and Italy 11% shows the highest prevalence, followed by Czechia at 7% and Croatia at 5%, while Romania and Slovakia reported minimal undeclared work in this category. In Italy, ISTAT estimates undeclared work at 39.3% of FTE in other personal services, and 6.6 % education, healthcare and social services in 2022. Survey data from the 2024 Personal & Household Services Employment Monitor corroborates these patterns through. In Italy, 35% of personal and household services workers' self-reported performing undeclared work. Italy's figure substantially exceeds all of the other countries; France ca. 11%, Croatia ca. 7%, and Slovakia ca. 5%.

Retail and repair services account for 10% of undeclared work across the EU. France and Czechia recorded the highest proportions at 12% and 10% respectively, while Italy and Slovakia each showed 10%. Croatia at 2% and Romania at 4% demonstrated notably lower concentrations in this subsector. (European Union, 2020). In Italy, ISTAT (2024) estimates that the prevalence of undeclared work in other business services was 7.5% of FTEs in 2022.

2. Sectoral analysis of undeclared work in the services sectors

2.1 Care Sector

Undeclared work remains widespread, posing a serious threat to workers' rights and public finances. In Central and Eastern European countries, 61% of social partners acknowledge this as a significant concern (Holubová, 2024). According to the report “Undeclared care work in the EU: Policy approaches to a complex socioeconomic challenge” published by Eurofound in March 2025, an estimated 6.8 million people are engaged in undeclared household and care work across the European Union. Of this number, around 2.1 million are believed to work in care-related roles, such as providing support for older persons, individuals with disabilities, or families in need of domestic assistance (Eurofound, 2025). An older report published by the European Labour Authority in 2021 estimated that across the European Union approximately 6.8 million individuals are engaged in undeclared work under a narrow definition of personal and household services (PHS). Of these, approximately 2.1 million are employed in the care sector, while around 4.7 million of persons work directly for private households (European Labour Authority, 2021).

Undeclared employment is frequently normalized in many societies, where both employers and workers perceive it as a practical and mutually beneficial arrangement, despite its legal and social consequences. Workers are typically paid in cash, without contracts or social insurance contributions, and are thus excluded from pension schemes, sick leave, unemployment benefits, and workplace protections. This arrangement benefits some employers by reducing costs and avoiding bureaucratic processes, but it places care workers—many of whom are women, migrants, or older individuals—in highly vulnerable positions. The prevalence of undeclared care work varies across countries and is shaped by both supply and demand factors. On the demand side, the limited availability and affordability of formal care services lead many families to seek informal solutions. The high cost of hiring care workers through official channels, combined with the absence of public support in some member states, makes undeclared arrangements a more accessible alternative for many households. On the supply side, some workers accept undeclared employment because they face legal or practical barriers to entering the formal labour market, such as lack of documentation, language skills, or recognition of qualifications. Undeclared care work is not a marginal phenomenon but rather a substantial component of care provision in Europe. This shadow labour market complicates public efforts to plan and regulate care services. Because much of the care work occurring informally goes unrecorded, governments face difficulty in accurately assessing care needs and designing appropriate services or workforce policies. Moreover, the invisibility of undeclared care undermines the value of care work more broadly, perpetuating its low status and contributing to the systemic undervaluation of caregiving occupations. Undeclared care work is not homogenous. It spans a range of tasks and contractual arrangements, from daily live-in assistance to sporadic domestic help, and includes both native and migrant workers. In cross-border situations, particularly within the context of east–west intra-EU mobility, the risk of undeclared work increases due to fragmented regulatory oversight and varying national standards. Care workers in these contexts may work across borders under informal arrangements that further blur the lines of legal employment and social protection. In addition, we also see an increase in new and emerging models of care work, such as those facilitated by digital platforms. These developments, while offering convenience, risk further blurring the boundaries between formal and informal employment (Eurofound, 2025).

EU Member States use a combination of direct and indirect policy tools to address undeclared work

in the personal and household services (PHS) sector, with a stronger focus on prevention rather than punishment. Direct measures typically aim to make formal employment more attractive by lowering its costs and increasing its benefits, while making undeclared work less appealing. Indirect approaches seek to influence the attitudes and behaviours of both employers and workers toward regulation. Common strategies include improving the legal framework governing household care and providing targeted information to PHS workers. Formalisation efforts may involve enhancing working conditions, wages, and access to training. Information campaigns often focus on raising awareness of rights and obligations, particularly in areas prone to exploitation, such as domestic cleaning. PHS work is frequently excluded from labour inspections due to the common self-employed status of workers and the fact that private homes are not formally recognised as workplaces. Labour inspectorates often lack the tools or legal grounds to monitor these environments, and the sector is not always a priority for enforcement. To incentivize formal employment, governments often use tools such as social vouchers, simplified reporting procedures, and tax credits. These instruments are designed to make it easier for households and workers—who may face language or cultural barriers—to comply with formal employment rules. Social and service vouchers are widely used to encourage legal employment by offering benefits like simplified registration and tax rebates. They have shown success in reducing undeclared work by encouraging households to register workers and contribute to social security systems (European Labour Authority, 2021).

2.2 Finance Sector

The finance sector differs from other service sectors covered in this study because of a higher share of high-skilled workers. The standard measurements of undeclared work fail to capture its incidence in this kind of work, which is more independent in terms of task allocation and time management. Moreover, the financial sector is strictly coordinated in terms of required accurate business models, which are closely monitored by tax authorities, central banks, and other regulatory bodies such as insurance or pension fund supervisors (European Commission, 2017). For these reasons, the finance sector is not at high risk of undeclared work.

Nevertheless, several forms that facilitate, directly or indirectly, undeclared work in this highly regulated sector can be traced. These mainly concern the two themes below:

- **Bogus self-employment**

While not solely focused on the finance sector, misclassifying work as bogus self-employment allows formal employment relationships to conceal undeclared or underdeclared work. Due to the widespread use of subcontracting, consulting, outsourcing, and corporate services in finance, bogus self-employment likely occurs, although there is no systematic evidence on its prevalence in this sector.

- **Underreported working time leading to underdeclared work**

The growing interest across the EU in experimenting with or adopting a four-day workweek may unintentionally encourage underdeclared work, as reduced official hours could lead some employers or workers to shift additional labour into the informal economy. Banks are among employers eager

to experiment with a four-day workweek, e.g., as in the case of Germany's Volksbank.¹

2.3 Publishing Sector

Research and literature on the working conditions of cultural and creative workers (CCW) across the EU and its Member States consistently highlight the structurally precarious nature of their employment. A significant number of CCWs—particularly in the publishing sector and other CCS subsectors—work as (solo) self-employed individuals, often relying on short-term, project-based assignments and the associated income. Temporary, fixed-term contracts are increasingly common, whether for brief periods or specific tasks, further contributing to employment insecurity. Many CCWs hold multiple jobs or rely on income from other sectors alongside their work in the CCS. This fragmented and unstable employment situation has serious implications for their access to social protection, particularly in areas such as unemployment benefits, healthcare, and pensions. In most Member States, affiliation with social security systems is closely tied to employment status. As a result, self-employed workers—who dominate the CCS—tend to have more limited coverage and benefits than those in standard employment. The prevalence of low earnings and breaks between projects further weakens their ability to build up social protection entitlements. Another major challenge within the CCS, including the publishing sector, is the limited representation of solo self-employed workers in collective bargaining systems. Representation varies widely both between Member States and across CCS subsectors (European Labour Authority, 2024).

In the EU Member States, various registration systems exist to collect data on professional and amateur cultural and creative workers (CCW), which are relevant for the cultural and creative sectors (CCS). For example, in Portugal, professionals must register in the 'RPAC' system managed by the Ministry of Culture to access a special unemployment benefit called the 'cultural activity suspension allowance.' In Greece, an online national register of art and cultural workers, hosted by the Ministry of Labour and Social Affairs, includes detailed information on CCS occupations, providing a solid basis for sector analysis. Belgium introduced a digital platform in 2024 to support an 'amateur arts allowance' scheme. This platform requires buyers of occasional artistic services, whether from amateurs or professionals, to register the activity and identify the participating artists. Spain requires Labour Inspectorate authorization before minors under sixteen can work in the CCS, ensuring checks on their health, safety, and development; similar systems are found in countries like Belgium and Portugal. Additionally, Belgium's Social Information and Investigation Service (SIIS) exemplifies inter-agency cooperation by sharing data between labour and social security inspectorates to combat social fraud. SIIS conducts scientific data analysis and risk assessments using multiple institutional databases, including CCS data, to guide targeted inspections of undeclared work and fraudulent activities within specific subsectors, locations, and occupations (European Labour Authority, 2024).

2.4 Commerce Sector

Although systematic sub-sector data are scarce, theoretical and micro-level evidence from the BARSERVICE project suggests several reasons why commerce may be disproportionately affected

¹<https://znetwork.org/znetarticle/the-4-day-work-week-in-germany-and-portugal/>

by undeclared work:

- **High share of small enterprises & micro-businesses:** Retail and trade in many European countries are dominated by small shops, family-run businesses, informal markets. These are settings where monitoring, enforcement, and compliance costs are lower and oversight practice is weaker. Such contexts often facilitate under-declared working hours or cash-in-hand payments.
- **Cash-intensive transactions:** Commerce involves many small cash payments (especially small shops, kiosks, informal markets, seasonal trade). This cash basis makes it easier for employers to pay part of the wage in an envelope without leaving a trace.
- **Flexible working hours, part-time employment, and casual workers:** Retail often relies on part-time, irregular, or seasonal labour. These are conditions under which undeclared or partly declared work thrives.
- **Informal self-employment, self-employed traders:** Many persons in commerce may be self-employed or formally contracted, but receive undeclared supplementary payments (envelope wages), which reduces declared liabilities for taxes and social security (Williams et al. 2015).
- **Low probability of inspection and regulatory enforcement:** Fragmentation and the small scale of many commercial enterprises limit labour inspectors' capacity, thus reducing employers' risk of being caught for undeclared or underdeclared work.

At the same time, undeclared work tends to be more common in sectors with labour-intensive, low-skilled work and low productivity. The commerce sector is exposed to these risks because often associated with small retail and online commerce with lack of transparency for inspections and enforcement.

3. Institutional and actor responses

Institutional and actor responses to undeclared work rely on coordinated action by labour inspectorates, tax authorities, and social security bodies, which combine workplace inspections, data sharing, and risk-based targeting to detect and deter non-compliance. Trade unions and employer organizations play complementary roles by raising awareness, supporting workers in regularizing their employment, and promoting sectoral standards and compliance through social dialogue. In recent years, enforcement has been strengthened through digital tools, joint inspections and cross-border cooperation. Yet, significant limitations remain, including limited inspection capacity, fragmented governance, and the adaptability of informal practices. Consequently, many countries have introduced sector-specific and cross-sector initiatives (e.g., targeted campaigns in high-risk sectors, simplified registration procedures, and incentives for formalization) to complement traditional deterrence-based approaches.

Labour inspectorates across countries differ widely in size, scope, and level of modernization. While increasing the number of labour inspectors and inspections is often seen as a solution, experts stress that effectiveness depends on several factors. Improving how inspectorates operate—through smarter, more innovative practices and the use of new technologies—is considered more impactful than simply expanding resources. Contemporary enforcement challenges stem largely from major shifts in the labour market and rapid social, economic, and technological changes. These include the rise of platform-based work, crypto payments, and remote work, as well as global disruptions such as the Covid-19 pandemic and increased migration due to conflicts in Europe, the Middle East, and Africa. Inspectorates face growing difficulty in addressing undeclared work and non-standard forms of employment, including subcontracting chains, labour intermediaries, and the blurred line between dependent employment and self-employment.

Labour inspectors often operate under significant constraints. These include limited authority to inspect private homes, legal restrictions such as mandatory advance notice or inspection frequency limits, and growing responsibilities that stretch already limited resources. Differences in inspector mandates across countries—some focusing on occupational safety, others on broader labour law or tax enforcement—add further complexity. In all cases, inspectors need a diverse skillset: communication and negotiation abilities, legal knowledge, and risk assessment capabilities, along with the capacity to conduct targeted and unannounced inspections. Support staff also play a crucial role in enforcement by handling data analysis, tracking cases, and performing administrative tasks. Enhancing inspectors' digital skills and adopting centralized data systems are seen as priorities for improving efficiency. These systems can support better coordination, data recording, and even inter-agency data sharing—assuming proper legal frameworks are in place. Inspection strategies vary. Some countries still rely on regular, routine checks, while others have shifted toward risk-based models. The latter approach allows authorities to focus on high-risk areas and has proven more effective in detecting violations (European Labour Authority, 2024).

Policy responses must be multifaceted, integrating measures that prevent undeclared work, encourage voluntary compliance, and reinforce enforcement. Stakeholder collaboration at national and EU levels is of particular importance. Enhancing worker voice is also critical. There is a growing need to raise awareness of employment rights among workers, promote collective representation, and create avenues for participation in social dialogue. These efforts are especially important in sectors where workers—often migrants or women—face vulnerabilities that limit their bargaining power. In the care sector, for example, preventive strategies could include reducing the costs of formal care provision and

simplifying the administrative processes for declaring care work. Supporting compliance involves offering incentives and clear guidance for both care providers and clients, many of whom may lack awareness of legal obligations. Effective deterrence, on the other hand, requires strong inspection mechanisms, appropriate penalties, and inter-agency cooperation to identify and penalize non-compliance (Eurofound, 2025).

Since the evidence clearly shows that there is a high incidence of undeclared work among migrants, it is important for enforcement authorities to strengthen cooperation with NGOs. NGOs enhance the efforts of enforcement authorities by supporting and strengthening their roles, encouraging formal collaboration, and promoting the benefits of formal employment. They contribute indirectly to the objectives of labour authorities through activities that complement or support their work, such as informing workers, assisting them in lodging complaints with labour bodies, helping transition undeclared work into formal employment, and advocating for systemic reforms—even without formal agreements or contracts with the authorities. From an enforcement standpoint, partnering with NGOs can be highly beneficial for increasing awareness of employment legislation, reaching out to groups prone to undeclared work (e.g. migrants, vulnerable workers), and providing customized assistance to individuals who are either at risk or unaware of relevant regulations. Additionally, NGOs frequently possess specialized knowledge on specific labour issues, such as child labour or the rights of migrant workers. Collaborating with these organizations equips enforcement authorities with extra resources and expertise to more effectively combat undeclared work. Cooperation between enforcement authorities and NGOs takes several key forms. First, efforts to promote legal employment and transparent labour markets often involve awareness campaigns targeting both employers and workers, sometimes recognizing positive practices through awards. Second, collaboration to strengthen enforcement capacities includes providing analysis, policy advice, training sessions, and study visits. Third, joint actions to combat human trafficking form the largest category of successful cooperation, encompassing activities such as raising awareness among migrant workers, conducting focused inspections, organizing training, and using social media for outreach. This also involves reporting suspected cases of worker abuse to labour inspectors. Overall, partnerships may focus on deterrence, prevention, or raising awareness about labour rights and responsibilities as defined by national and international laws and specific employment conditions (see Figure 1) (European Labour Authority, 2023).

Tools and strategies for trade unions

Social partners play a crucial role in addressing undeclared work due to their unique position, rights, and direct access to on-the-ground information. This enables them to develop targeted responses that complement the efforts of enforcement authorities. Their contribution is widely acknowledged, although the extent of their involvement and collaboration with enforcement bodies varies across EU Member States. Generally, cooperation can range from limited or informal interaction to structured, tripartite frameworks involving information exchange and joint planning. Despite lacking formal inspection powers, social partners actively contribute through various means. These include raising awareness at the sectoral or company level, referring suspected cases to authorities, negotiating collective agreements with provisions to combat undeclared practices, and supporting workers in transitioning

Figure 1. Content of cooperation between NGOs and enforcement bodies

Content	Examples
Deterrence	Better detection of undeclared work
Prevention	Improved penalties (sanctions, naming and shaming), information and awareness raising among workers to prevent labour exploitation
Other	Awareness raising campaigns on the labour market, contracts, creation of websites, guidelines, leaflets

Source: European Labour Authority (2023).

to formal employment. They also participate in cross-border cooperation, research, consultations, and working groups to better understand and respond to undeclared work. In addition, social partners offer technical support to enforcement bodies by helping develop digital tools, risk assessment methods, and communication platforms. Their networks can also provide valuable insights and data access, such as information on company structures or ownership. However, their efforts must be supported by strong, consistent action from public institutions to be truly effective in reducing undeclared work (European Platform tackling undeclared work, 2019).

Tackling the complexities of today’s labour market requires a multifaceted strategy, with cooperation between social partners playing a central role. This collaboration helps identify trends, improve communication, and draw on employer expertise. In discussions, social partners stress the importance of combining legal and practical knowledge of institutions like labour law, social security, and taxation. Employers and public bodies agree on the need for a data-driven approach to combat undeclared work—integrating multiple databases and using sector-specific strategies (European Labour Authority, 2024).

4. Conclusions

Undeclared and under-declared work remains a persistent and structurally embedded challenge across multiple service subsectors in Europe. This report has demonstrated that, despite differences in institutional settings, economic structures, and labour-market traditions, undeclared work continues to undermine labour standards, social protection systems, and collective bargaining frameworks in several countries examined. The absence of a universally accepted definition of undeclared work across EU Member States further complicates its measurement, regulation, and enforcement. Where definitions exist, they vary significantly in scope, ranging from narrow interpretations focused on unregistered employment to broader understandings that include unpaid contributions and concealed income. As a result, undeclared work must be understood as a multifaceted phenomenon embedded in broader shadow-economy dynamics.

This report's evidence shows that the prevalence of undeclared work remains substantial, yet remains heterogeneous across countries and likely across sectors or industries. Systematic sector-specific data on undeclared work in the services sectors are not available. While the overall trend in many EU Member States and candidate countries points to a gradual decline in undeclared work over the past decade, this improvement is uneven. Romania and France have experienced rising levels of undeclared work, while other countries have seen modest reductions. Under-declared work and bogus self-employment continue to affect a non-negligible share of workers, particularly in Italy and several Central and Eastern European countries. At the sectoral level, undeclared work is most pronounced in personal and household services, especially in care-related services, where a significant proportion of workers remain outside formal employment arrangements. Commerce also shows heightened vulnerability due to the dominance of small enterprises, cash-intensive transactions, flexible and casual work arrangements, and limited inspection coverage. By contrast, the finance sector appears to be at lower risk overall, mainly due to its high degree of regulation and formalisation. However, risks remain linked to bogus self-employment and underreported working time. In the publishing sector, structural precarity, widespread self-employment, project-based work, and limited access to social protection create indirect pathways to undeclared and under-declared work.

The care sector emerges as the most critical area of concern. Undeclared care work is widespread and socially normalized in many contexts, involving millions of workers across the EU, many of whom are women, migrants, and older workers. Supply-side constraints such as legal barriers and limited labour-market access intersect with demand-side pressures, including the high cost and limited availability of formal care services. This shadow care economy distorts public planning, weakens workforce development, and reinforces the systemic undervaluation of care work. New developments, including platform-mediated care services and cross-border mobility, further blur the boundaries between formal and informal employment and create additional regulatory challenges.

Institutional and actor responses to undeclared work rely on a complex system of enforcement authorities, social partners, and civil-society organisations. Labour inspectorates, tax authorities, and social security institutions play a central role through inspections, data sharing, and risk-based targeting. However, their effectiveness is constrained by limited resources, fragmented mandates, restricted access to private households, and the rapid transformation of labour markets driven by digitalisation, platform work, remote employment, crypto payments, and increased migration. While risk-based inspection models and digital tools have improved detection capacity, enforcement gaps persist, particularly in highly fragmented and private work environments.

Trade unions and employer organisations complement public enforcement through awareness-raising,



support for workers in regularising their employment, collective bargaining provisions, and engagement in cross-border cooperation and research. Their contribution is substantial but uneven across countries and sectors, and their effectiveness ultimately depends on the strength of public institutions and regulatory frameworks. NGOs play an increasingly important intermediary role, particularly in reaching migrant workers and other vulnerable groups. Through awareness campaigns, complaint support, training, and cooperation on anti-trafficking initiatives, NGOs enhance both prevention and enforcement, often filling critical institutional gaps.

The evidence clearly indicates that effective policy responses must be multifaceted, integrating prevention, compliance incentives, and deterrence. In the care sector, this includes reducing the cost of formal care provision, simplifying administrative procedures, and expanding the use of social and service vouchers. Across all industries, data-driven enforcement, inter-agency cooperation, and strengthened labour inspection capacities are essential. At the same time, enhancing worker voice, promoting collective representation, and expanding access to social dialogue are crucial for addressing the structural drivers of undeclared and under-declared work.

In sum, this report shows that undeclared work in the service sector is not systematically mapped, yet assumed to be a relevant phenomenon, deeply rooted in institutional gaps, labour-market transformations, and work norms and habits across various countries and sectors. Tackling it requires sustained political commitment, well-resourced enforcement systems, strong social-partner engagement, and coordinated action across public authorities, civil society, and the private sector.

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