

Institution: University of Sheffield
Unit of Assessment: 19 - Business and Management Studies
Title of case study: Transforming policy approaches towards undeclared work in the European Union
<p>1. Summary of the impact</p> <p>Research conducted since 2006 by Professor Colin Williams from Sheffield University Management School (SUMS) has shaped European-level policy towards undeclared work. His research has challenged the consensus view of the nature of undeclared work and his recommendations for a new joined-up policy approach has stimulated EU-level policy debate on how to tackle undeclared work, led to a motion being passed in the European Parliament, and informed a subsequent legislative initiative in the European Parliament to implement the platform that he designed. His research has also led directly to the creation of a new high-level UK body, which he chairs, to improve cooperation and discussion across government departments, and coordinate strategy on the hidden economy.</p>
<p>2. Underpinning research</p> <p>For many decades, undeclared work was considered to be an exploitative form of waged employment conducted under 'sweatshop-like' conditions and governments adopted an eradication approach. Professor Williams has undertaken research which has led to a more balanced view of undeclared work.</p> <p>Prior to joining Sheffield University Management School (SUMS), and focusing on the UK, Professor Williams revealed firstly, that much undeclared work is conducted on a self-employed basis, such as by entrepreneurs starting a business who often test-trade its viability in the undeclared economy, and is thus a 'hidden enterprise culture', and secondly, that undeclared work is undertaken as 'paid favours' for family, friends, neighbours and acquaintances and is thus a sphere of active citizenship. Together, this work was deemed to constitute a large proportion of the UK undeclared economy. Williams' argument was that a UK policy shift was consequently required from an eradication approach to one which helps such endeavour to be conducted legitimately.</p> <p>Since joining Sheffield University Management School (SUMS) in 2006, Professor Williams has validated this re-theorisation of the nature of undeclared work and need for a joined-up policy approach at a European level [R1, R2]. As the only academic on a team (including three private sector consultancies - TNS, Regioplan and Rockwool) that won a European Commission tender in 2006 to design a survey for evaluating the nature of undeclared work in the European Union, Williams ensured that the survey design revealed the proportion of undeclared work conducted as waged work, self-employment and paid favours. This survey, subsequently implemented by the European Commission as a special Eurobarometer survey in early 2007 (and repeated in 2013) was the largest of its kind ever undertaken, comprising 26,659 face-to-face interviews in 27 countries. As Williams reports, its finding was that 23% of undeclared work in the EU-27 in 2007 was informal waged employment, 22% self-employed entrepreneurial endeavour and 55% paid favours [R3, R4, R5].</p> <p>Based on the 2007 research which revealed that the European undeclared economy is a 'hidden enterprise culture' and a realm where active citizenship occurs, he has called for a policy shift across Europe from an eradication approach to one which helps such endeavour be conducted legitimately. His argument has been that unless this shift in approach occurs across European governments, tax administrations will be eradicating precisely the entrepreneurship and active citizenship that other hands of government are seeking to foster [R2, R3].</p>

To inform policy-makers how this joined-up policy approach could be best achieved, Williams (with colleagues at Regioplan, a Dutch consultancy company) produced a 2008 report, *Tackling undeclared work in the European Union* [R5], and developed a 'knowledge bank' of good practice policy measures in five countries, later expanded to 33 countries. This research was commissioned by the European Foundation for the Improvement of Living and Working Conditions (Eurofound). Williams took sole responsibility for writing the report while Regioplan collated the policy measures for the on-line knowledge bank.

In 2010, Williams (again with Regioplan) evaluated the feasibility of establishing a coordinated EU-level joined-up approach towards, and platform for, tackling undeclared work, published as *Joining-up the fight against undeclared work in the European Union* [R6]. This was commissioned by the European Commission. Williams took responsibility for reviewing the current institutional arrangements and policy approaches in each nation, led two of the four workshops with senior stakeholders from each nation and co-wrote the final report.

3. References to the research

- R1. Williams, C.C. (2008) "Evaluating public sector management approaches towards undeclared work in the European Union", *International Journal of Public Sector Management*, Vol. 21, No. 3, pp. 285-294. doi: [10.1108/09513550810863187](https://doi.org/10.1108/09513550810863187)
- R2. Williams, C.C. (2008) "A critical evaluation of public policy towards undeclared work in the European Union", *Journal of European Integration*, Vol. 30, No. 2, pp. 273-290. doi: [10.1080/07036330802005490](https://doi.org/10.1080/07036330802005490)
- R3. Williams, C.C. (2009) "Tackling undeclared work in Europe: lessons from a 27-nation survey", *Policy Studies*, Vol. 30, No. 2, pp. 143-62 doi: [10.1080/01442870902723667](https://doi.org/10.1080/01442870902723667)
- R4. Williams, C.C. (2011) "Reconceptualising men's and women's undeclared work: evidence from Europe", *Gender, Work & Organisation*, Vol. 18, No. 4, pp. 415 – 437. doi: [10.1111/j.1468-0432.2009.00466.x](https://doi.org/10.1111/j.1468-0432.2009.00466.x)
- R5. Williams, C.C., Horlings, E. and Renooy, P. (2008) *Tackling Undeclared Work in the European Union*, European Foundation for the Improvement of Living and Working Conditions, Dublin (<http://www.eurofound.europa.eu/pubdocs/2008/13/en/1/ef0813en.pdf>).
- R6. Dekker, H., Oranje, E., Renooy, P., Rosing, F. and Williams, C.C. (2010) *Joining up the fight against undeclared work in the European Union*, DG Employment, Social Affairs and Equal Opportunities, Brussels (<http://ec.europa.eu/social/main.jsp?catId=471&langId=en>).

4. Details of the impact

Challenging conventional wisdom and stimulating a policy debate

In December 2007 Williams presented the findings of the 2007 Eurobarometer survey to the European Commission's Directorate-General Employment, Social Affairs & Equal Opportunities, and discussed the need for undeclared work to be harnessed and legitimised rather than eradicated across the EU-27. Following this, he was: (a) invited by the EU Presidency to present advice and policy recommendations on tackling undeclared work to the Employment Committee of the European Commission (ECOM) in March 2008; (b) invited to join the European Commission delegation visiting Mexico, led by Commissioner Spidla, to establish dialogue with the Mexican government on employment relations and social protection in April 2008; and (c) invited by the French EU Presidency of the European Council to the governmental conference on 'illegal employment practices' in 2008. The impact of this engagement was to enable Williams' rethinking of the nature of undeclared work and his call for a more coordinated approach to take hold in EU policy circles, resulting in a resolution being passed in the European Parliament as well as a European Parliament legislative initiative being tabled.

Shaping a European Parliament resolution

In September 2008, Italian MEP, Pier Antonio Panzeri, put a motion to the European Parliament for a resolution to tackle undeclared work [S1]. Williams' 2008 report, *Tackling Undeclared Work in the European Union* [R5] was the **only** reference cited. The Motion called for a shift towards enabling the formalisation of undeclared work, the development of a 'knowledge bank' of good practice policy measures to facilitate this shift, and for more coordinated action across governments, all recommendations in Williams' 2008 report. The motion was passed by a large majority (479 in favour, 50 against and 47 abstentions) [S2].

In 2009, to implement the recommendation for the 'knowledge bank', Eurofound commissioned Williams (with Regioplan) to expand its coverage from 5 to 28 countries, and in 2012 to update and expand the coverage of the knowledge bank to also include the five EU candidate countries [S3]. This is the only source of 'good practice' policy ideas available to governments throughout the world and since its creation this knowledge bank of policy measures has had 61,449 views.

Stimulating EU legislation

In 2010, to implement the recommendation in the Panzeri resolution for more coordinated action at the EU-level, the European Commission issued a €460,000 tender to evaluate the feasibility of establishing a coordinated EU-level approach towards, and platform for, tackling undeclared work [S4]. Williams (again with Regioplan) won this contract, and following extensive consultation with senior government officials, as well as employer and employee representative organisations, throughout every member state of the EU-27, put forward a proposal for a European-level platform between labour inspectorates and other enforcement bodies, which would take the form of an Expert Network with the European Commission providing the secretariat, in order to coordinate and join-up action to tackle undeclared work across the EU-27 [R6].

In April 2012, this platform designed by Williams and his Regioplan colleagues was then taken forward when the European Commission announced in its communication, *Towards a job-rich recovery*, that it would launch a "consultation on setting up an EU-level platform between labour inspectorates and other enforcement bodies to combat undeclared work, aimed at improving cooperation, sharing best practice and identifying common principles for inspections" [S5].

Following this, in October 2012, the European Commission's 2013-14 Legislative Work Programme announced that legislation would be put before the European Parliament in 2013/14 to establish a "European platform" to tackle undeclared work which "aims for a more coherent approach by covering all the key areas influenced by undeclared work and supporting a more effective fight against undeclared work by way of improving cooperation, sharing best practice and identifying common principles" [S6].

Joining up policy at the national level

Arising out of these European-level actions, and since Williams' original call for joining-up policy arose out of research in a UK context, in October 2012, he decided to encourage implementation of the "platform model" he designed for the EU-27 at the UK national level. Sponsored by an ESRC award (RES-622-26-515) he founded and now Chairs the "Hidden Economy Expert Group", whose mission is to facilitate greater coordination and cooperation of all stakeholders involved in tackling the hidden economy [S7, S8]. The Group's membership comprises government departments and agencies (including Her Majesty's Revenue and Customs; Home Office; Department for Work and Pensions; Business, Innovation & Skills; Gangmasters Licensing Authority) and social partners (such as Trade Union Congress, Federation of Small Business, Chartered Institute of Taxation, Oxfam). To date, a number of issues have been identified for joined-up strategy and action (e.g. facilitating the formalisation of informal entrepreneurs; promoting greater commitment among UK citizens to the value of paying taxes) and sub-groups have been formed to formulate policy

proposals for consideration by the main Expert Group. In establishing this Expert Group, moreover, Williams' intention has been to ensure that the UK will have a national coordinating body on undeclared work, through which proposals can be channelled both upwards to, and downwards from, the proposed European platform.

5. Sources to corroborate the impact

- S1. European Parliament (2008) Motion for a European Parliament Resolution on Stepping Up the Fight Against Undeclared Work, A6-0365/2008, Bullet point 1, page 5 references Williams' Eurofound report. Available at: <http://tinyurl.com/ggqwokk>
- S2. European Parliament (2008) "Results of Vote: Stepping up the fight against undeclared work" Official Journal of the European Union, C316E Volume 51. 11 December 2008, p.31, Available at: <http://tinyurl.com/peaemxf>
- S3. European Commission (2009) Tender: Feasibility study on establishing a European platform for cooperation between labour inspectorates, and other relevant monitoring and enforcement bodies, to prevent and fight undeclared work (VT/2009/049), Available at: <http://tinyurl.com/yhftwxf>
- S4. Knowledge bank on tackling undeclared work in the European Union, available at: <http://tinyurl.com/ofcymvr>
- S5. European Commission (2012) Communication from the Commission to the European Parliament, The Council, the European Economic and Social Committee and the Committee of the Regions: Towards a job-rich recovery [COM(2012) 173 final of 18 April 2012, page 8], available at: <http://tinyurl.com/p9e2lfe>
- S6. European Commission (2012) Annex to the Communication from the Commission to the European Parliament, The Council, the European Economic and Social Committee and the Committee of the Regions: Commission Work Programme 2013 [COM(2012) 629 final, page 7], available at: <http://tinyurl.com/o86w42o>
- S7. Email from HMRC verifies that Professor Williams founded and chairs the UK Hidden Economy Expert Group comprising central government departments and social partners (e.g., TUC, Federation of Small Business), and that its terms of reference are to facilitate greater coordination and cooperation of all stakeholders involved in tackling the hidden economy.
- S8. Email from the Director, Enterprise Policy & Strategy Team at the Department of Business, Innovation and Skills verifies that Professor Williams founded and chairs the UK Hidden Economy Expert Group comprising central government departments and social partners (e.g., TUC, Federation of Small Business), and that its terms of reference are to facilitate greater coordination and cooperation of all stakeholders involved in tackling the hidden economy.