

Institution: University of Sheffield		
Unit of Assessment: C-17 Business and Management Studies		
Title of case study: Transforming policy approaches towards undeclared work in the European Union		
Period when the underpinning research was undertaken: 2006–2020		
Details of staff conducting the underpinning research from the submitting unit:		
Name(s):	Role(s) (e.g. job title):	Period(s) employed by submitting HEI:
Colin C Williams	Professor of Public Policy	2006–present
Period when the claimed impact occurred: 2016–2020		
Is this case study continued from a case study submitted in 2014? N		
<p>1. Summary of the impact (indicative maximum 100 words)</p> <p>Research conducted since 2006 by Professor Colin Williams from Sheffield University Management School (SUMS) has shaped European-wide policy towards undeclared work, challenging the consensus and changing how undeclared work is tackled. His research directly resulted in European Parliament legislation that implements a platform he designed. Following his appointment as lead expert to the ensuing European Platform Tackling Undeclared Work, the widespread implementation of his holistic approach has led to fundamental change in how undeclared work is tackled in European Union member states and beyond. The impacts are maximised by the School's strategy of working with supra-national bodies.</p>		
<p>2. Underpinning research (indicative maximum 500 words)</p> <p>Since joining Sheffield University Management School (SUMS) in 2006 as Professor of Public Policy, Williams has produced a body of research supporting a new holistic policy approach for tackling undeclared work (which constitutes 9.3% of total labour input in the private sector in the European Union).</p> <p>Undeclared work involves paid activities not declared to the authorities for the purpose of evading tax and social security contributions and/or labour laws. Different government bodies (i.e., tax authorities, social security agencies and labour inspectorates) are responsible for each component, leading to a fragmented uncoordinated approach. Furthermore, most of these authorities have pursued the objective of eradicating undeclared work and consequently used a limited range of policy measures.</p> <p>Williams' body of research has provided the evidence-base for a new holistic policy approach that: (i) has the objective of transforming undeclared work into declared work; (ii) uses a full range of both direct and indirect policy measures, and (iii) joins-up the fields of labour, tax and social security law at the level of strategy and operations.</p> <p>From eradicating undeclared work to transforming undeclared work into declared work</p> <p>For many decades, undeclared work was considered exploitative waged employment conducted under 'sweatshop-like' conditions resulting in governments adopting a policy objective of eradication. As the only academic on a team that won a European Commission tender in 2006</p>		

to design a survey of undeclared work in the EU, Williams ensured that the full range of types of undeclared work was evaluated. The resultant special Eurobarometer surveys conducted in 2007, 2013 and 2019, are the largest of their kind ever undertaken, each involving 27,000 respondents across the EU. These Eurobarometer surveys reveal 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 [R1]. Williams has consequently provided the evidence-base to support a shift in objective from eradicating undeclared work to transforming undeclared work into declared work [R2].

Using a fuller range of direct and indirect policy measures

Conventionally, participation in undeclared work was explained as a rational economic decision taken when the benefits outweigh the expected cost of being caught and punished. To eradicate it, the policy solution was therefore to increase the costs by raising the actual or perceived penalties and probability of detection. Based on the Eurobarometer surveys, however, Williams has highlighted that even when the benefits outweigh the costs, and the rational economic decision would be to participate in undeclared work, many do not. To explain this, Williams developed a social actor approach [R3]. Williams has combined institutional theory and data from these Eurobarometer surveys to provide evidence that undeclared work occurs when norms, values and beliefs (i.e. civic morale) do not adhere to the laws and regulations (i.e. state morale). Williams' research shows that changing the cost/benefit calculation using direct policy measures at the same as aligning norms, values and beliefs with the laws and regulations using indirect policy measures, is the most effective means of tackling undeclared work [R4].

Joining-up the fields of tax, social security, and labour law

Williams (with colleagues at Regioplan, a Dutch consultancy company) was commissioned by Eurofound to produce reports in 2008, 2009 and 2013 setting out the evidence for joining-up the fields of tax, social security, and labour law in a new coordinated 'holistic' policy approach, and to develop a 'knowledge bank' of good practice examples [R5]. Williams took sole responsibility for writing the reports, providing the academic basis for this holistic approach, while Regioplan collated the good practices for the on-line knowledge bank. This holistic approach was taken further forward when European Parliament legislation established a European Platform Tackling Undeclared Work to implement this holistic approach [R6].

3. References to the research (indicative maximum of six references)

- R1.** Williams, C.C. (2008). A Critical Evaluation of Public Policy Towards Undeclared Work in the European Union. *Journal of European Integration*, 30(2), 273-290.
<https://doi.org/10.1080/07036330802005490>
- R2.** Williams, C.C. (2014). *Confronting the Shadow Economy: Evaluating Tax Compliance and Behaviour Policies*. Edward Elgar. Available on request from HEI.
- R3.** Williams, C. C., & Horodnic, I. A. (2015). Evaluating the prevalence of the undeclared economy in Central and Eastern Europe: An institutional asymmetry perspective. *European Journal of Industrial Relations*, 21(4), 389–406.
<https://doi.org/10.1177/0143831x14568835>

- R4.** Williams, C. C., & Horodnic, I. A. (2016). Evaluating the policy approaches for tackling undeclared work in the European Union. *Environment and Planning C: Politics and Space*, 35(5), 916–936. <https://doi.org/10.1177/0263774x16670665>
- R5.** Williams, C.C. and Renooy, P. (2013). *Tackling Undeclared Work in 27 European Union Member States and Norway: approaches and measures since 2008*, European Foundation for the Improvement of Living and Working Conditions, Dublin. <http://bit.ly/3qKuAOB>
- R6.** Williams, C.C. (2016). *Developing a Holistic Approach for Tackling Undeclared Work*. European Commission, Brussels. <https://bit.ly/3eBdeBe>

4. Details of the impact (indicative maximum 750 words)

Stimulating EU legislation

The REF2014 impact case study submitted by the same title revealed how research conducted by Professor Williams had resulted in the European Commission funding him to design an EU-level platform to enhance cooperation when tackling undeclared work. The impact claimed in REF2014 was that his report had been taken forward in the European Commission's 2013-14 Legislative Work Programme and that legislation was in the pipeline to establish the Platform.

In 2016, the European Parliament and European Council passed the legislation establishing the European Platform Tackling Undeclared Work [S1] designed by Williams. Therefore, in the current REF period, his research has directly led to European Parliament legislation that implements a platform he designed.

Providing the expert advice to the European Platform Tackling Undeclared Work

Immediately following this legislation being passed by the European Parliament, the European Commission tendered for the services contract to support the European Platform Tackling Undeclared Work [S2]. Professor Williams led the successful consortium, composed of the University of Sheffield and three private sector consultancy companies, namely ICF (USA), CSD (Bulgaria) and Adapt (Italy), being awarded the €5.6 million 4-year contract (2016-2020).

As lead expert to the Platform and Deputy Manager of the service contract, Williams' role has been to implement the mission, objectives and activities of the European Platform, as set out in the legislation [S3].

Implementing the holistic approach across the European Union

Paragraph 12 of the legal decision (EU) 2016/3441 of the European Parliament establishing the European Platform calls for Member States to adopt a holistic approach. Williams in 2016 officially defined this as a whole government approach that joins-up strategy and operations across the fields of labour, tax and social security law and uses the full range of direct and indirect policy approaches to transform undeclared work into declared work [R6].

Two reports detail the impacts that the Platform has achieved after two years [S4] and four years [S5] of operation. These impact reports have been agreed and ratified by both the European Parliament as well as the European Council. They reveal that as a direct result of the Platform, national governments in 16 Member States have moved beyond having different Ministries operating in 'silos' each with separate strategies and now have one cross-government national strategy. To take one example, in France, a new cross-government national strategy for tackling

undeclared work was adopted in 2019 [which includes 57 citations to Williams' research on a holistic approach], developed by the Prime Minister's Employment Advisory Council [S6]. National governments in a further 5 Member States now also have a new cross-government coordinating body (Croatia, Finland, Latvia, Lithuania, Greece).

The ratified impact reports [S4, S5] also explicitly state that as a direct result of the Platform:

- National governments in 16 Member States have developed new awareness raising and trust-building initiatives (e.g., to broaden the range of measures used, the State Labour Inspectorate in Croatia in 2017 organised an awareness raising campaign. The evaluation reveals the campaign resulted in 57% of citizens changing their attitude towards undeclared work);
- National governments in 12 Member States have developed new sanction and detection initiatives (e.g., the Ministry of Labour in Spain, learning via the Platform about notification letters, decided to send such 'nudge' letters to 14,000 companies, resulting in 15% revising their declarations);
- National governments in 10 Member States have developed new cross-border initiatives (e.g., a Platform-organised joint inspection by Spanish and Romanian labour inspectorates in the Albacete region of Spain led to four prosecutions for human trafficking), and
- National governments in 7 Member States have developed new policy measures to incentivise the transformation from undeclared to declared work (e.g., a 2019 Platform recommendation for the Lithuanian tax authority to experiment with a voluntary disclosure initiative, to allow businesses to legitimise without penalty, resulted in an additional €42m in VAT revenue).

Beyond these impacts on national governments, in 2020, Williams' consortium designed and implemented an EU-wide marketing campaign, #EU4FairWork, involving as participants the governments of all 27 Member States and all relevant EU- and national-level social partners, on the benefits of declared work. Five million EU citizens were reached in the first three days [S7].

Extending the holistic approach beyond the EU

Since 2018, Williams has been chief adviser on undeclared work to the Regional Cooperation Council who are aiding six Western Balkan countries (Albania, Kosovo, Serbia, Bosnia and Herzegovina, Montenegro, North Macedonia) with the EU accession process. To prepare these Western Balkan countries for EU accession from 2025 onwards, in 2018, Williams produced national action plans for each country [S8], and in 2020, was appointed chief adviser to the newly established Western Balkan Network Tackling Undeclared Work (with a €1.5 million budget), which mirrors the EU Platform [S9]. To aid the EU-accession process, its objectives are to implement a similar whole government holistic approach towards undeclared work in these six countries.

To transfer the holistic approach to the developing world, meanwhile, the International Labour Organisation (ILO) in 2018 commissioned Williams to apply his policy approach to Azerbaijan following an invitation by the President of Azerbaijan. Following this, in 2019, the ILO commissioned Williams to develop guidance for the 193 UN member states on how to develop an integrated strategic approach to implement ILO Recommendation 204 on formalizing the informal economy and the associated Sustainable Development Goal 8 on decent work [S10].

The ILO will now be used as the key mechanism for Williams to extend the reach of his holistic approach across the developing world.

5. Sources to corroborate the impact (indicative maximum of 10 references)

- S1.** Decision (EU) 2016/344 of the European Parliament and the Council of 9 March 2016 on establishing a European Platform to enhance cooperation in tackling undeclared work (OJ L 65, 11.03.2016, p. 12) <http://bit.ly/30UQEf3>.
- S2.** VT/2016/005 Service contract for the European Platform Tackling Undeclared Work (<https://ec.europa.eu/social/main.jsp?catId=624&langId=en&callId=480&furtherCalls=yes>).
- S3.** European Platform tackling undeclared work (<https://ec.europa.eu/social/udw>).
- S4.** European Commission (2019) *Key results and achievements of the European Platform Tackling Undeclared Work: 2017-2018*, European Commission, Brussels (<https://ec.europa.eu/social/BlobServlet?docId=20472&langId=en>).
- S5.** European Commission (2020) Report from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the implementation of Decision (EU) 2016 establishing a European Platform for enhancing cooperation in tackling undeclared work. European Commission, Brussels (<https://eur-lex.europa.eu/legal-content/FR/TXT/?uri=COM:2020:129:FIN>).
- S6.** Conseil d'orientation pour l'emploi (2019) Le travail non déclaré (<https://bit.ly/3crgJrq>).
- S7.** Information on the #EU4FairWork campaign, designed by Williams' consortium (<https://ec.europa.eu/social/main.jsp?catId=1496&langId=en>).
- S8.** Six national strategies for tackling undeclared work produced by Williams available at <https://www.esap.online/pages/11/informal-employment>: [Albania](#), [Bosnia](#), [Herzegovina](#), [Kosovo](#), [Montenegro](#), [Republic of North Macedonia](#), Serbia [diagnostic report](#) and [recommendations](#).
- S9.** Multi Country EU support to the Employment and Social Affairs Platform 2 (ESAP 2). INSTRUMENT FOR PRE-ACCESSION ASSISTANCE (IPA II) 2014-2020 (<https://bit.ly/3rNmoyr>).
- S10.** Lapeyre, F. and Williams, C.C. (2020) Designing effective policy and coordination frameworks for transition to formality. In: Islam, I. and Lapeyre, F. (eds.) *Transition to Formality and Structural Transformation: Challenges and Policy Options*, ILO, Geneva, pp. 22 -61. <http://bit.ly/3eCDf3e>