



## Research project

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### **Acceptance and perceived prevalence of the Belgium service voucher system**

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## **Abstract**

This study presents the results from a survey on acceptance and perceived prevalence of the Belgian service voucher system for domestic help as well as the general attitudes towards shadow economic activity prevailing in Belgium. The results suggest that the service voucher system is widely accepted and that it was successful in creating new jobs for people engaging in household help during the past years. Moreover, a substantial fraction of respondents would consider taking up a job in course of the voucher system in case of unemployment. The Belgian population is found to accept small-scale unofficial labor supply and demand and does not want it to be punished severely. However, tolerance of large-scale shadow economic activity is far less pronounced.

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# 1. Introduction

This study presents research results from a representative survey<sup>1</sup> on the acceptance and prevalence of the service voucher (*dienstencheques, titres-services*) system among the Belgian population and on the general attitudes towards shadow economy labor supply and demand that prevail in the country.

The service voucher scheme has been launched by the Belgian federal government in 2004 and succeeded the previously established system of “Local employment agencies” (*Agences locales pour l’emploi/Plaatselijke werkgelegenheidsagentschappen, ALE/PWA*) which has been set up already in 1994 in an attempt to transfer household services which by and large have been supplied and demanded unofficially into the formal Belgian labor market. While in the past the advanced market economies have put much effort into supply-side deterrence measures like increasing the probability of detection or the rate of punishment in order to prevent shadow economic activity to increase, the service voucher system is a demand-side approach which encourages suppliers and demanders of unofficial labor to shift into the regular labor market (Windebank, 2004).

The service vouchers of Belgian fashion allow private persons to hire workers for domestic help who are employed by registered and recognized companies. The system features “Category A workers” who are entitled to receive, next to the returns from the work they do within the voucher system, unemployment- or other benefits. Those workers are requested to work a minimum number of hours and receive the mentioned state benefits as long as they work part-time within the voucher system. “Category B workers” instead cannot claim benefits but have, however, the right to under-

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<sup>1</sup> The survey has been conducted by M.A.S. research in June 2009.

cut the minimum number of hours. They are thus not obliged to accept more work in case their employer offers more hours<sup>2</sup>.

One service voucher entitles the buyer to consume one hour of household help. Its gross price is € 7.5, however, as the system offers a fixed 30 % tax cut, the net price is only € 5.25. Moreover, companies offering household services on the basis of the voucher system receive government subsidies of € 13.30 per voucher, such that in total they receive € 20.8 for one hour of supplied work. The system thus puts considerable resources into subsidizing household services and pulling such services from the unofficial into the official labor market.

By launching the service voucher system, the following aims have been formulated. First, the system should create new jobs, in particular for low-skilled workers. Our results show as well as other studies show that this goal has been achieved, since of those survey respondents who claimed to employ some person by means of the service voucher system for household work, more than three fourth declared that they did their household work themselves prior to the introduction of the system.

The specific goal was set to have 25,000 additional jobs by 2007, and Peeters and Gevers (2006) show that it has been achieved, although most of the jobs are part-time. To be more specific, 12,400 people who have previously been unemployed have found a job within the service voucher system. A considerable fraction of those 12,400 people have been long-term unemployed, low-skilled persons, not active in the labor market or of ethnic backgrounds that exacerbate participation on the labor market. By 2007, almost 60 % of labor suppliers within the service vouchers system have had a permanent employment contract, and some 11 % have been employed full-time. Moreover, more than 50 % of the workers have used the service voucher system to move on the regular job market and get another job, which indicates that the system might facilitate the transfer into regular employment (Peeters and Gevers, 2006).

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<sup>2</sup> The text features the regulation that has been in effect when the survey took place in June 2009. In the meantime, however, the differentiation between „Category A“ and „Category B“ workers has been suppressed and does not exist any longer.

Second, the system should provide an incentive to move from unofficial labor supply and demand to official work. This target is another prime subject of evaluation in this study, and the results show that about 6 % of those people currently hiring someone for household work previously had hired someone on an unofficial basis. More promising, however, is the survey result that slightly less than 30 % of those people currently being a customer of household service suppliers apart from the service voucher system consider switching to the system, and the prime reason they declare for doing so is that they desire a clear conscience and official circumstances.

Third, the service voucher system should offer the unemployed an opportunity to move towards a regular employee status. Our results show that more than half of the survey respondents declare that they would seek a job within the voucher system in case they were unemployed, which indicates that the opportunities the system offers are widely accepted and known.

Fourth, it is a goal of the service voucher system to improve the work-life balance of service users. Again, our results offer an indication for achievement, since, as noted already, more than three fourth of the current service voucher customers did not employ someone for household work prior to the introduction of the system.

The survey whose results we present here also features an extensive part on the general attitudes towards unofficial labor supply and demand in Belgium. A key result is that the Belgian population widely accepts small-scale unofficial activity and does not want it to be severely punished, while large-scale unofficial labor supply and demand is declined since it curtails the scope of state public good production and the social security system. The Belgian population essentially views shadow economic activity as a means to occasionally earn or save extra money by engaging in labor that is not subject to income taxes and social security contributions. From this view, however, follows that measures like the service voucher system will be widely accepted since they offer an opportunity to buy and sell labor without taxes distorting the transactions. It could thus be reasonable to introduce similar systems in branches apart from

household services which are equally or even more dominant in the shadow economy. One such branch would be construction.

The study is organized as follows. Section 2 briefly introduces the survey design and includes some descriptive statistics of the respondents. In Section 3, we extensively discuss the results, while Section 4 summarizes and concludes. Following Section 4, we put an Executive Summary including the most important results.

## 2. The survey

The survey we analyze in this study features 47 questions on the acceptance and perceived prevalence of the Belgium service voucher system as well as on the general attitudes towards the shadow economy and unofficial labor market supply and demand. Moreover, the survey included nine questions on the gender, age, education, household size, marital status, number of children, income, type of activity and residential region of the respondents. It has been conducted by M.A.S. research in June 2009.

In total, 1,323 people have been interviewed, of which 785 were female and 538 male. The average age of the respondents was 53. The youngest respondents were 18, the oldest respondent 93 years old. A fraction of 67.5 % of the respondents have been married (893 persons), 7.11 % have been single with children (94 persons), 18.14 % were singles and had no children (240 persons), while 6.58 % have been living with their grandparents or family (87 persons).

The average household size was 2.71, while the relative majority of respondents lived in a two-person household (33.64 %).

Of the 1,323 surveyed persons, 144 (14.21 %) had a master's or licentiate's degree while another 120 (9.07 %) had an academic or professional bachelor's degree. Another 274 persons (20.71 %) had completed higher non-university education. For the relative majority of respondents (439 persons, 33.18 %), however, higher secondary education was the highest completed level of education. Another 158 persons (11.94 %) had completed lower secondary education, and 120 persons (9.07 %) had completed either only primary education or no education.

While 346 persons (26.15 %) refused to answer the question on the monthly net income, 81 persons (8.29 %) declared that their monthly net earnings exceeded € 4,000 per month. 136 persons (13.92 %) said their net income was between € 3,000

and € 3,999 per month, while another 276 respondents assessed their net earnings to be between € 2,000 and € 2,999 per month. The relative majority of respondents (384 persons, 39.30 %) said they would earn a net income between € 1,000 and € 1,999 per month, while 100 respondents (10.24 %) declared that they earned less than € 1,000 per month.

Of the 1,323 respondents, 433 (33.73 %) were either white-collar workers, civil servants or executives. Another 93 (7.03 %) were blue-collar workers, while 89 (6.73 %) were self-employed. The remaining 708 persons were not active on the regular labor market. 70 (5.29 %) were unemployed, 85 (6.42 %) housewives or housemen, 48 (3.63 %) students, and the relative majority of respondents, 467 persons (35.30 %) were already retired.

The distribution of residential regions was as follows. Of 1,323 respondents, 102 (7.71 %) lived in Antwerp, 322 (24.34 %) in Brussels-Capital Region, 92 (6.95 %) in Hainault, 103 (7.79 %) in Limburg, 87 (6.58 %) in Liège, 94 (7.11 %) in Luxembourg, 104 (7.86 %) in Namur, 101 (7.63 %) in East Flanders, 118 (8.92 %) in Flemish Brabant, 98 (7.41 %) in Walloon Brabant, and 102 (7.71 %) in West Flanders.

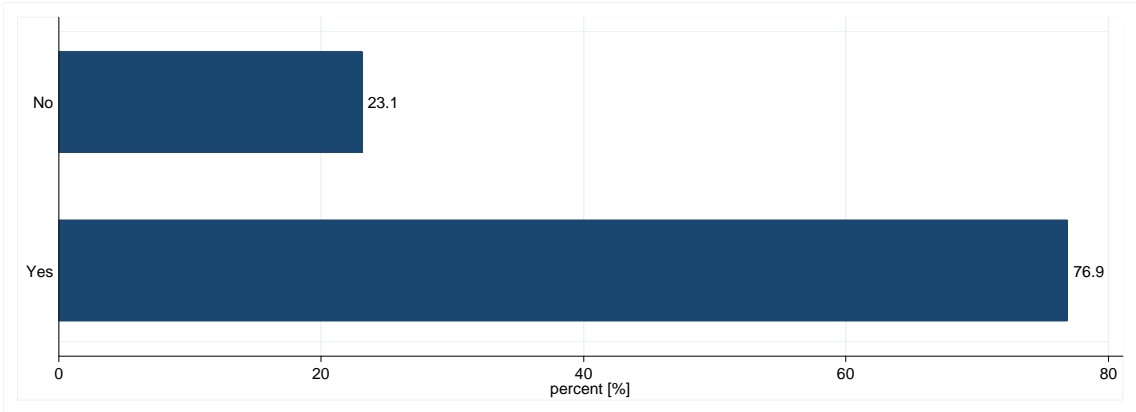
### 3. Results

In the following we present the results of the survey on the acceptance, prevalence and perceived prevalence of the Belgium service voucher system and the general attitudes towards the shadow economy of Belgian citizens.

#### 3.1. Awareness and acceptance of the service voucher system

Figure 3-1 shows the fraction of Belgian citizens being aware of the voucher system which, as noted earlier already, has been introduced to promote official employment of housekeepers and home helpers. A substantial majority of more than three fourth of the Belgian population is aware of the possibility to hire officially declared household help by means of the service voucher system and to work within that system in case of unemployment.

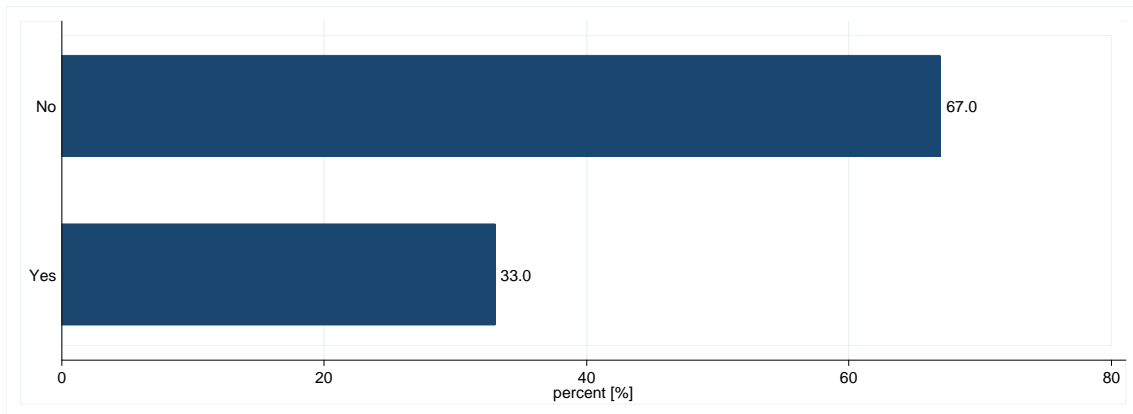
Figure 3-1: Are you aware of the current voucher system?



Moreover, Figure 3-2 shows that a considerable fraction of the Belgian population actually uses the service voucher system to employ some household help by means of it. Given the fact that many households do not have the economic background to employ someone for housekeeping and are thus rather suppliers than consumers of

household help, the fraction of 33 % of respondents who employ some household help is indeed remarkable and proves the success of the service voucher program.

Figure 3-2: Do you employ someone by means of the voucher system?



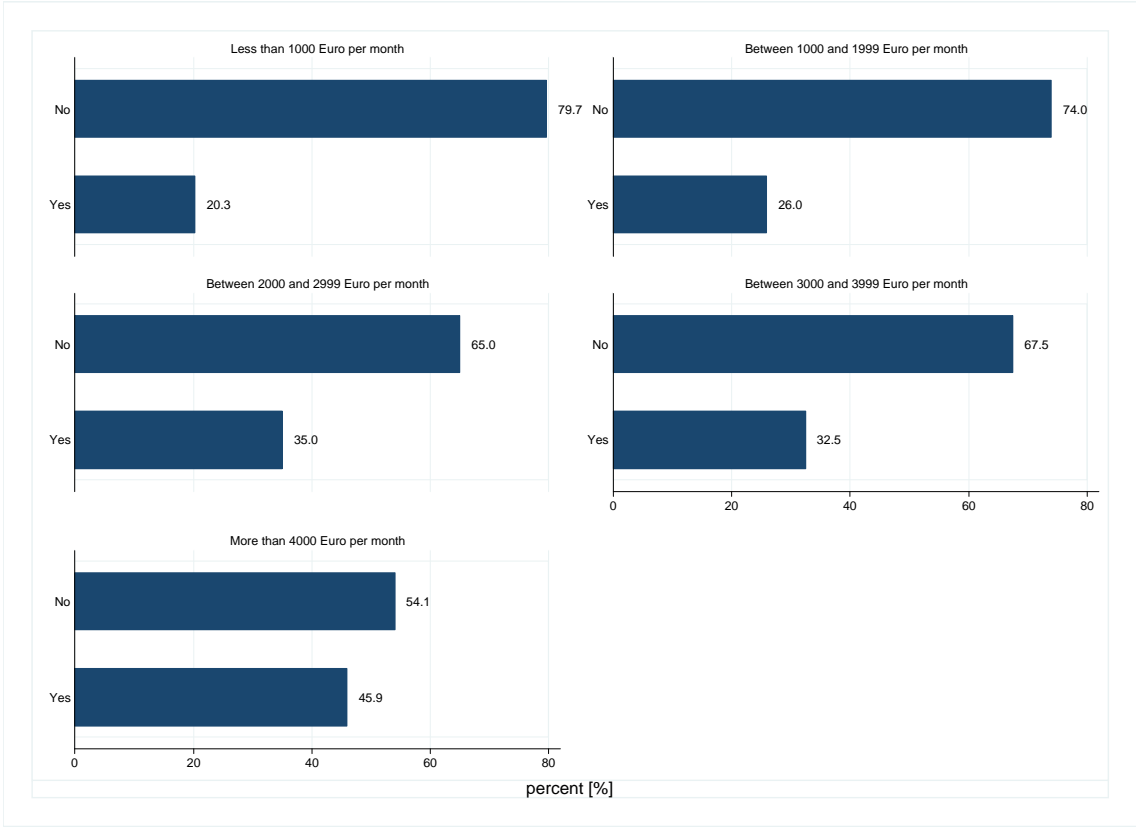
Taking a closer look on the issue shows how the fraction of people employing someone by means of the service voucher system changes with the employers' income in Figure 3-3. The survey features five categories of net income the respondents can assign themselves to, such that Figure 3-3 features five different plots. We restrain from showing the fractions for respondents who did not answer the question on their net income.

It is by no means surprising that the fraction of employers is lowest for the lowest income category and highest for the highest category. Rather, what is most striking in this context is that the difference in the fraction of employers of household services is so small. While 32.5 % of people earning a monthly net income of € 3.000 to € 3.999 and 45.9 % of people earning € 4.000 and more per month use the service voucher system to employ household help, the fraction for people earning between than € 1.000 and € 1.999 per month is only slightly lower at 26 %. And still 20.3 % of people earning less than € 1.000 per month employ household help within the service voucher system.



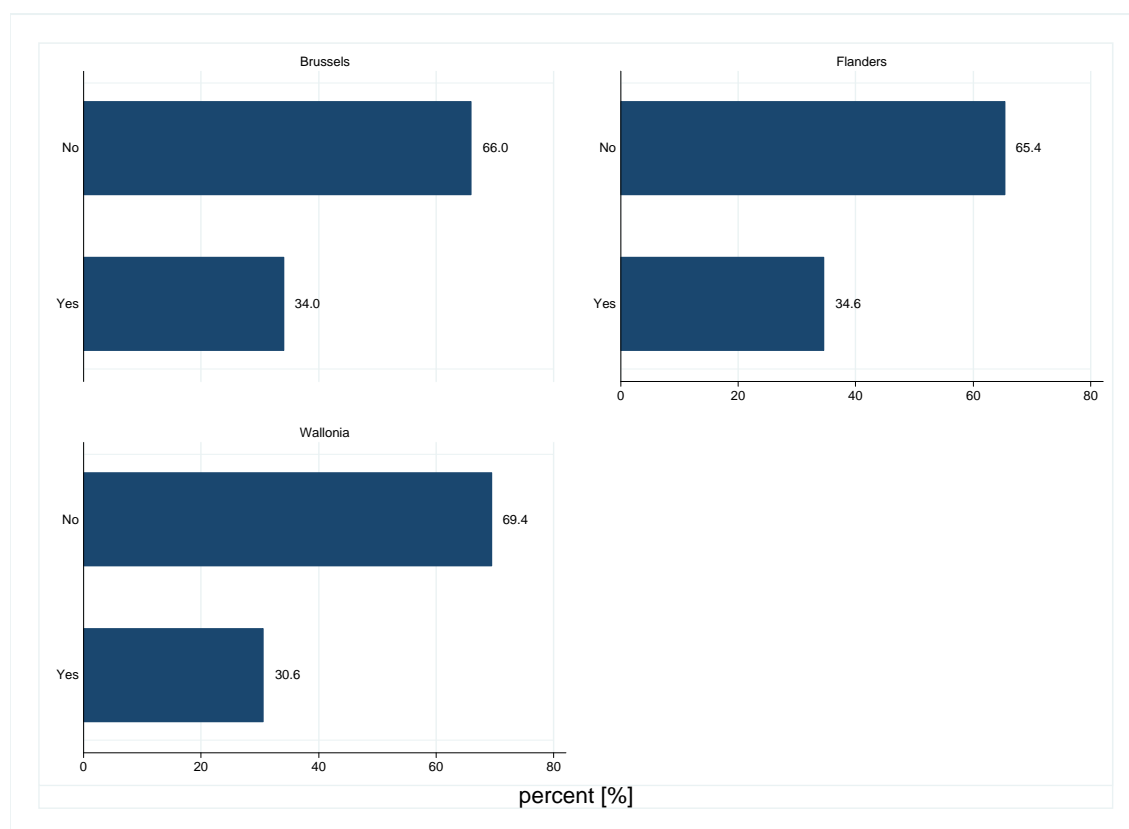
The reason for the high fraction of employers among people with relatively low personal income might be twofold. First, some of those employers might live in households with relatively high household income and thus be able to employ household help. Secondly however, service vouchers are cheap and allow for either a tax exemption or an equivalent tax credit if income is too low to be taxable. Thus, even people who do not pay income taxes might make use of service vouchers and buy some hours of household help.

Figure 3-3: Do you employ someone by means of the voucher system? – Income categories



While there is considerable variation in the acceptance of the voucher system across income categories, there is almost no variation across the three Belgian regions of Brussels, Flanders and Wallonia. Figure 3-4 plots the respective fractions.

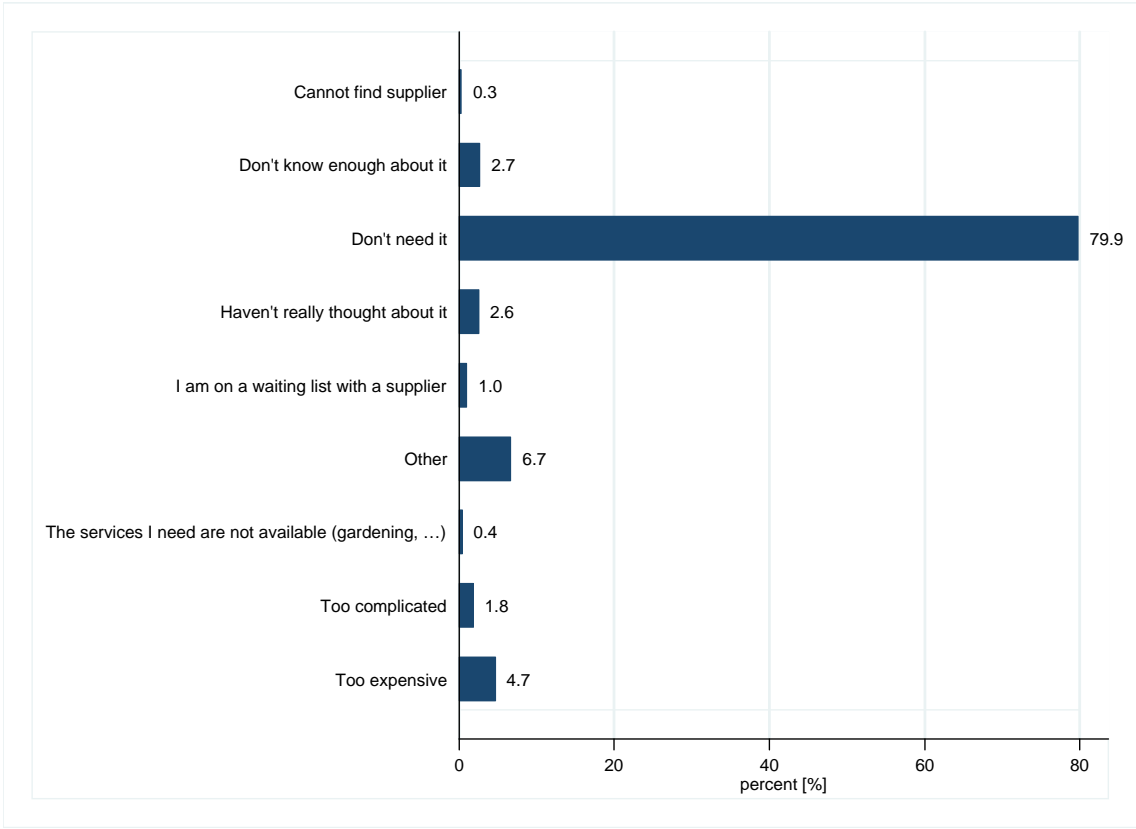
Figure 3-4: Do you employ someone by means of the voucher system? – Regions



### 3.1.1. Service voucher non-users

The respondents who do not use the service voucher system to employ some household help have been asked why they abstain from doing so. Figure 3-5 shows the answers and their relative frequency. Almost 80 % say they would not need any help, while only slightly more than 5 % declare that they either have not thought about it enough or that they don't know enough about it. Thus, the program is successful in the sense that only a very small fraction of the Belgian population is not aware of it. Moreover, only slightly more than 2 % declare that the system is too complicated for them or that they cannot find an adequate supplier, such that we conclude that the Belgian population perceives the market for household services by means of the voucher system quite efficiently organized.

Figure 3-5: Why don't you currently employ someone by means of the voucher system?

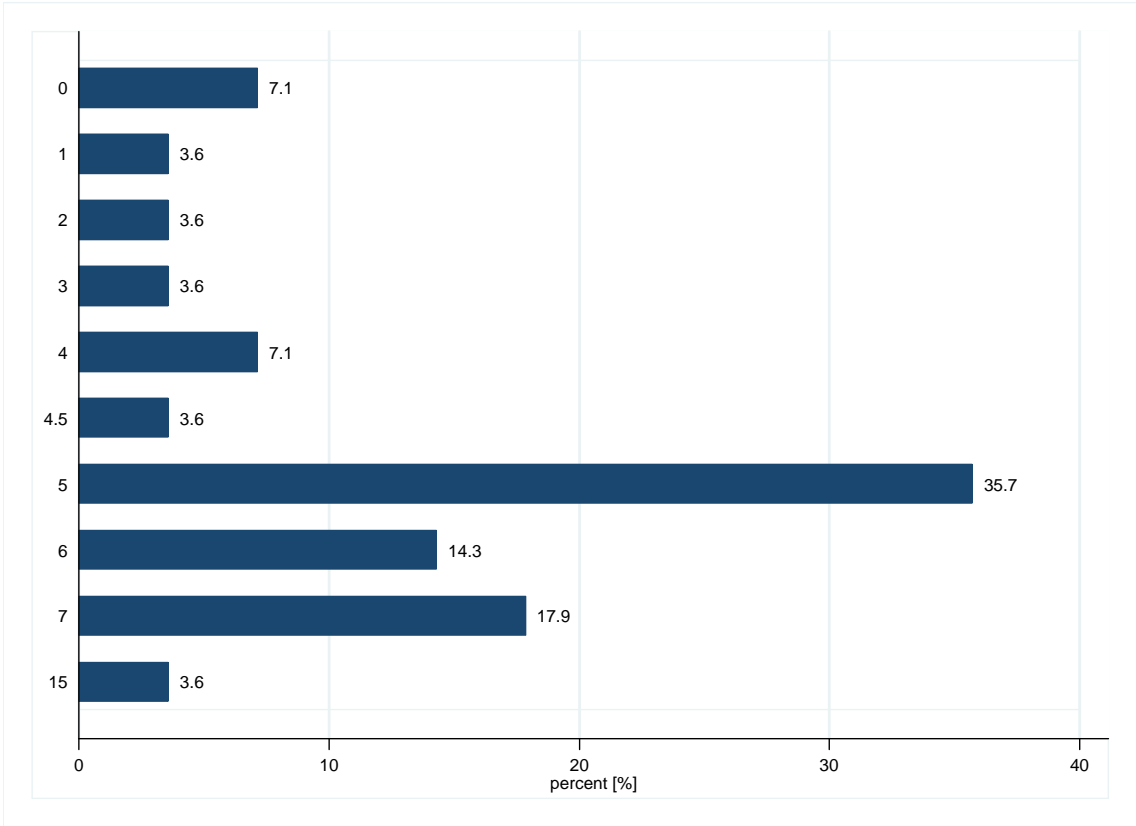


A fraction of 4.7 % of the non-users of service vouchers however declares that they find the service too expensive. We noted above already that one voucher, which corresponds to one hour of household help, costs € 7.5, but allows for a fixed tax cut of 30 % such that net costs of one hour of household help are essentially € 5.25 only.

Figure 3-5 below however shows that more than 70 % of the respondents declaring that they find the service vouchers too expensive say that their willingness to pay for one hour of household help is € 5 or more, which is essentially above the service voucher price. Some of those respondents giving this inconsistent answer might not be aware of the tax cut which lowers the service voucher price to a level below € 5, but still more than 20 % of the respondents finding the service vouchers too expensive declare a willingness to pay for one hour of household work above the service voucher gross price of € 6.7. Those numbers show that making people aware of the prices and

available tax exemptions could further enhance the usage of the service voucher system.

Figure 3-6: How much would you be willing to pay per hour [€]?



### 3.1.2. Service voucher users

The respondents who declared to currently employ someone by means of the service voucher system were asked how they were organizing their household work and household help before the system came into effect. We noted above that two of the key objectives of the service voucher systems are to create new jobs and to provide incentives to move from undeclared to declared work. Thus, two out of five numbers in Figure 3-7 are most interesting. More than three fourth of the respondents declared that they themselves did their household work before the voucher system was made available. We thus conclude that the system has contributed to the creation of new jobs. Moreover, 6.2 % of the respondents said that they unofficially employed some-

one for household help before the service voucher system had been introduced. Thus, the system was to some extent also capable of pulling household services from the unofficial into the official labor market.

Figure 3-7: How did you organize your household work before you started using vouchers?

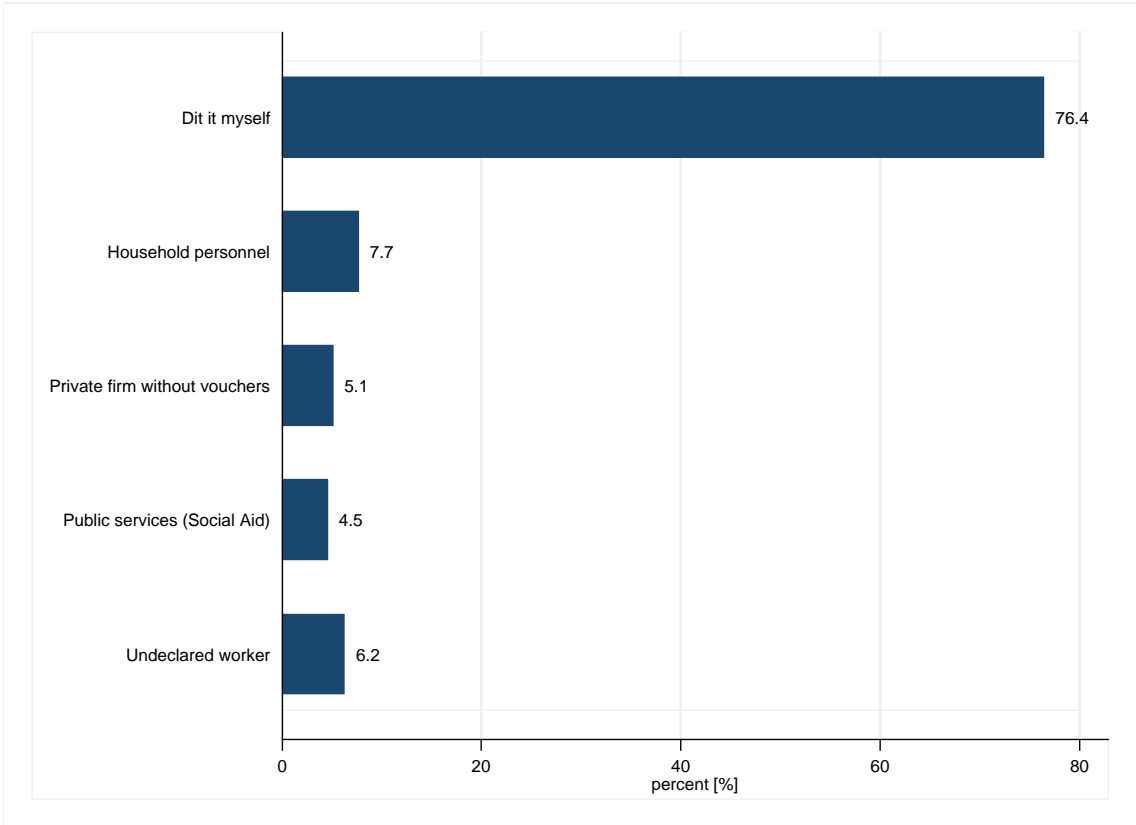


Figure 3-8 and Figure 3-9 show that a relative majority of about two thirds of the respondents employ household help for either three or four hours per week, and that almost no one (only 2.1 %) is willing to pay a supplementary wage on top of the voucher price.

Figure 3-8: How many hours per week do you receive household help by means of the voucher system?

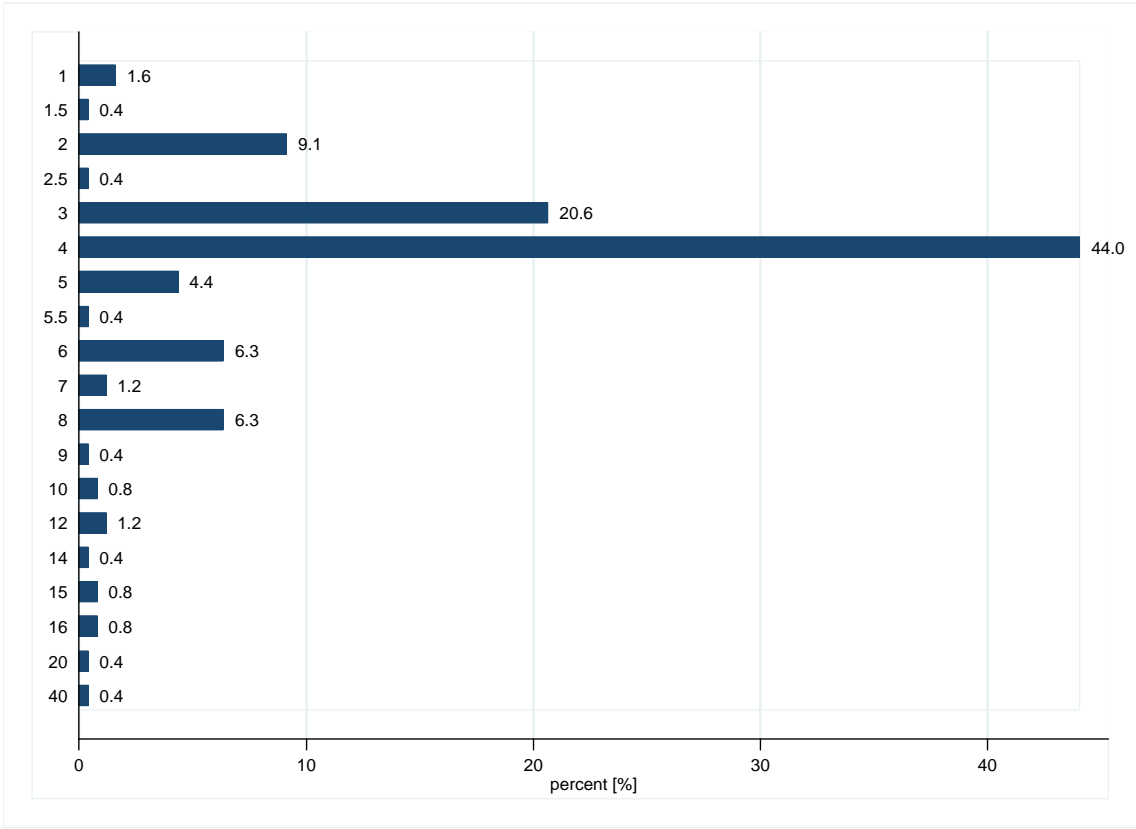
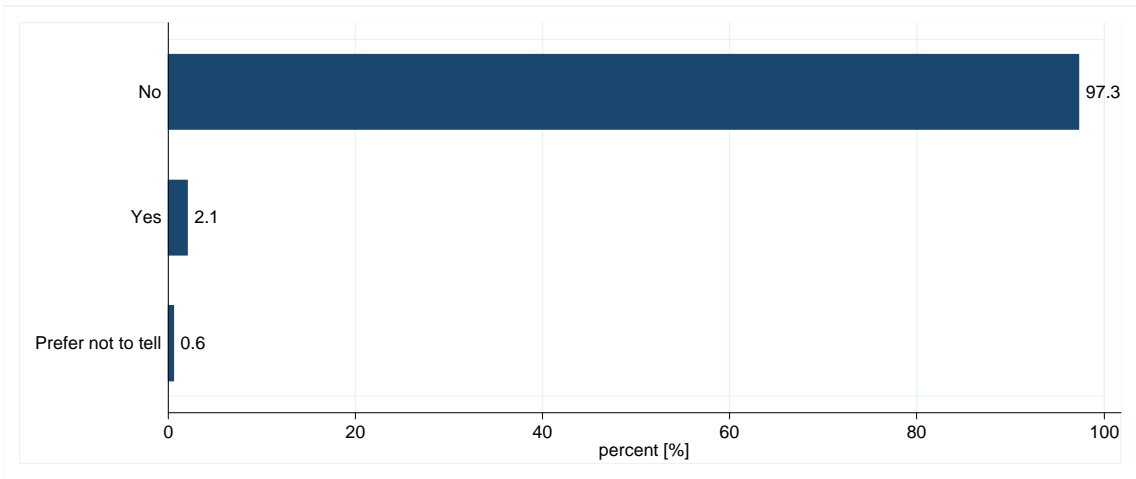


Figure 3-9: Do you pay an undeclared supplementary wage on top of the voucher price?



### 3.1.3. Supply of household work within the service voucher system

While, as documented by Figure 3-2, a about one third of the Belgian population employs some person for household services by means of the service voucher system, more than half of the survey respondents declared that they would consider accepting a job within the voucher system if they were unemployed, and another 13.3 % said they would maybe do so.

Figure 3-10: Would you consider accepting a job with a service voucher contract if you were unemployed?

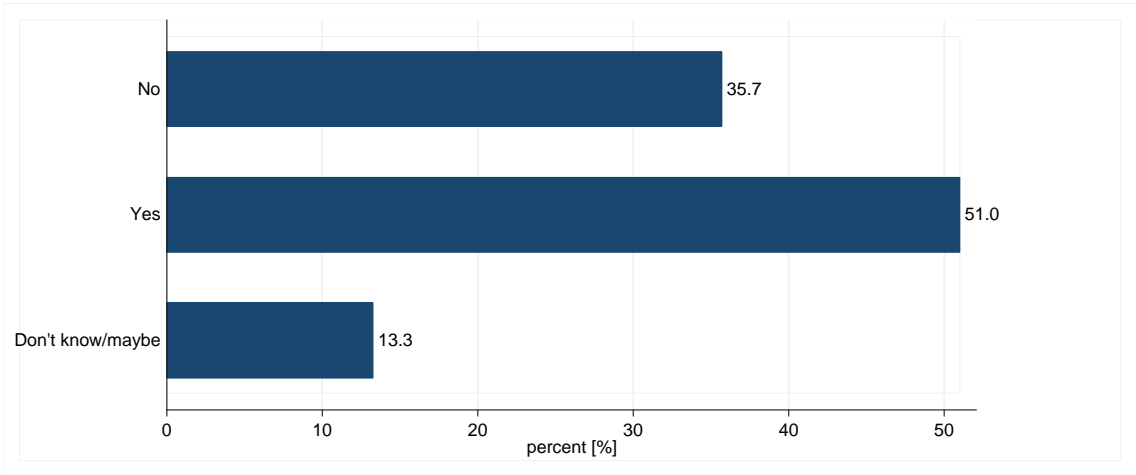
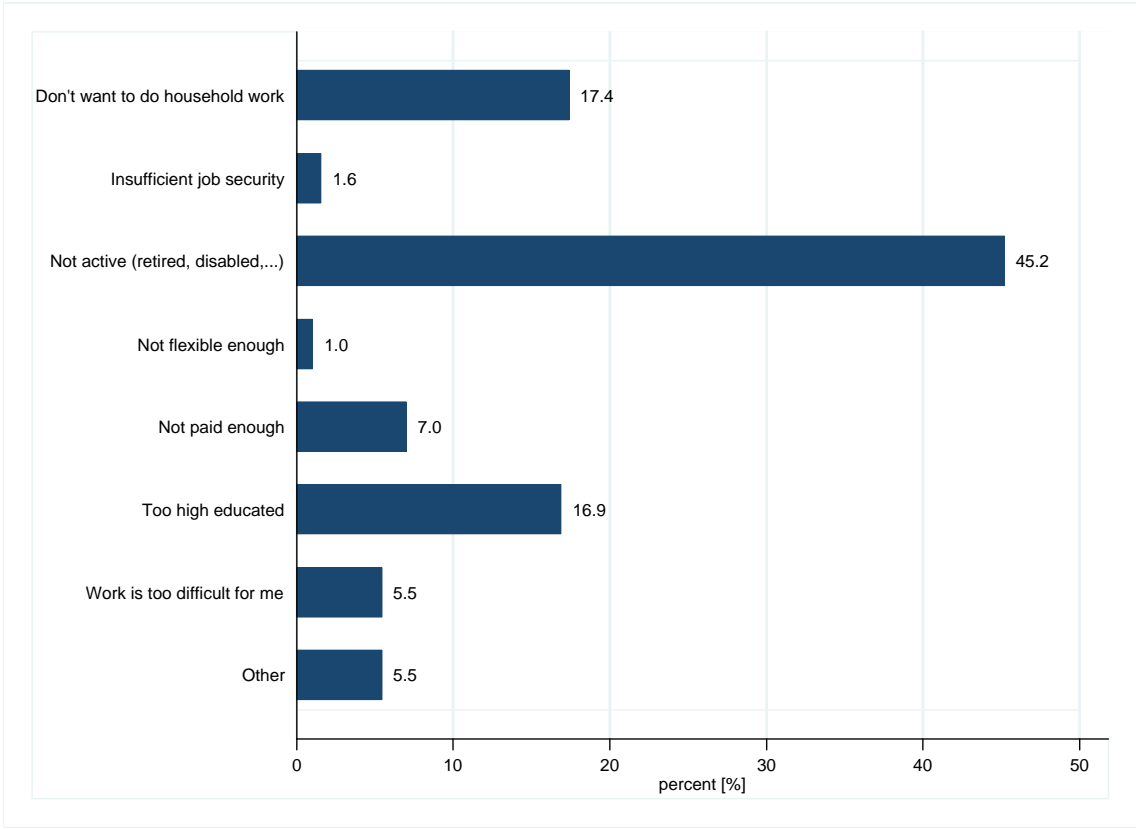


Figure 3-11 below shows that of those respondents who do not consider accepting a job within the service voucher system in case of unemployment, 45.2 % said they would not do so because they do not participate in the labor market, i.e. because of retirement or disabilities. About 17 % of the respondents find that their education is too high to supply household services by means of the service voucher system in case of unemployment, and some another 17 % say that they simply do not want to do household work. Only 7 % criticize that the system does not feature enough payment, and only a negligible minority of 1.6 % and 1 % declares that the voucher system offers only insufficient job security and is not flexible enough respectively.

Figure 3-11: Why wouldn't you consider accepting a job with a service voucher contract if you were unemployed?

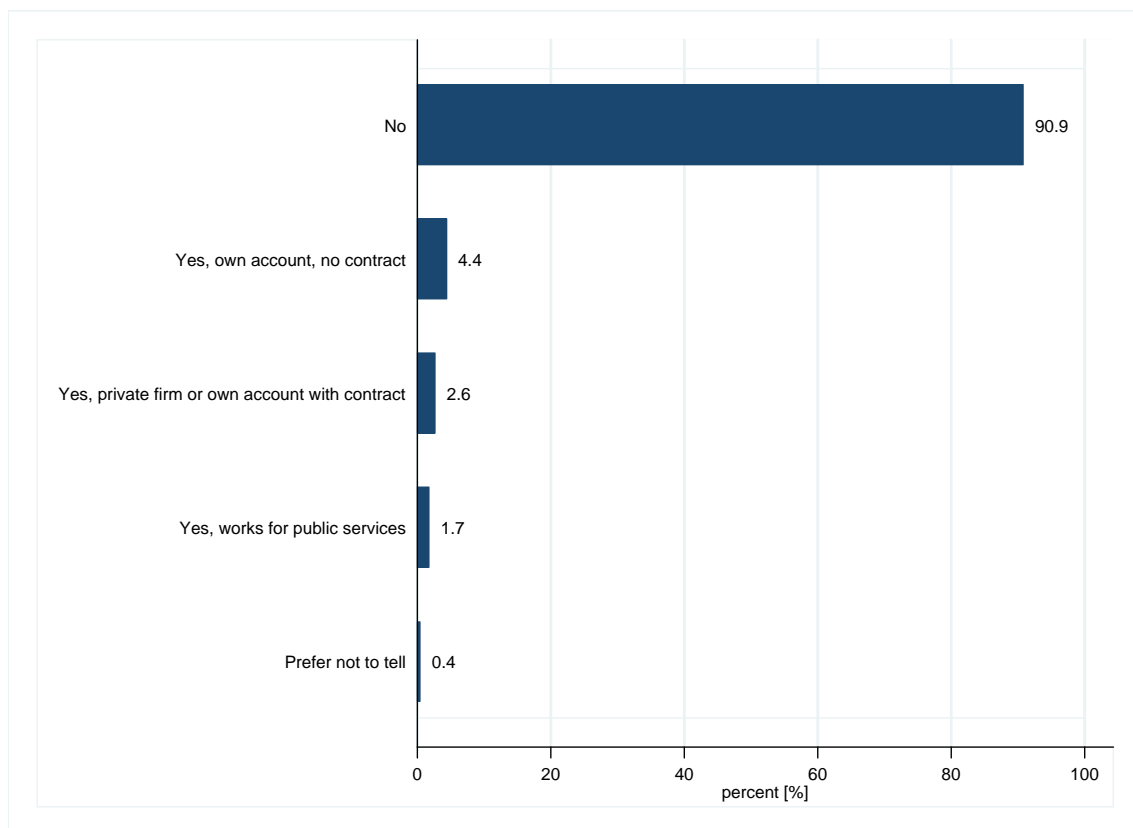


**3.2. Household services apart from the voucher system**

While Figure 3-2 above has shown that one third of the respondents employ some household help by means of the service voucher system, Figure 3-12 below shows that only some 9 % of the respondents employ household help apart from the voucher system. While about one half of the minority of 9 % of respondents are customers of private firms, employ household staff who work on their own account or make use of public services, the other half states that their household help is unofficially employed.



Figure 3-12: Do you have someone else for household work who receives a fee?



Moreover, the survey features questions on the amount of household work bought by suppliers apart from the service voucher system. Table 3-1 gives the average numbers for household help supplied by private firms as well as officially and unofficially employed persons who work on their own account. The numbers show that on average it would for the consumers of household help be profitable to switch to the service voucher system. The average hourly wage exceeds the net service voucher price for all displayed categories. However, the low average hourly wage for unofficially employed household service suppliers and its relatively high standard deviation<sup>3</sup> shows that a considerable fraction of those workers receive an hourly wage below the net voucher price.

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<sup>3</sup> A higher standard deviation of wages indicates higher variations in the individual wages. In the case we show here, the average wage for household services without official contracts is almost equal to the gross service voucher price, but it shows a high standard deviation. Thus, a considerable share of individual off-contract wages must be higher than the service voucher price. On the other hand however, there are individual wages considerably lower than the service voucher price.

Table 3-1: Hourly wages for household work in case of and in case of no official contract (standard deviations in parentheses)

	Private firm	Own account with official contract	Own account without official contract
Average number of hours per week	6.44 (8.30)	7.4 (6.22)	4.84 (2.99)
Average hourly wage	8.57 (3.69)	8.83 (1.25)	6.42 (5.68)

**3.3. Substituting unofficial household services by services within the voucher system**

Although Table 3-1 in combination with the net voucher price shows that at least some consumers of household services who currently employ some service supplier on an unofficial basis would benefit from switching to the official service voucher system, only 29.3 % consider doing so. Figure 3-14 and Figure 3-15 below show the reasons which the respondents gave for switching or not switching from the illegal unofficial employment to the service voucher system.

A relative majority of those who consider switching states that they would do so because this change would make their service consumption legal. Moreover, slightly less than one fifth says that the most important reason for them is that making use of service vouchers is cheaper, and 13.6 % declare that they would switch because the voucher system features a better organization.

Figure 3-13: Would you consider changing to service vouchers?

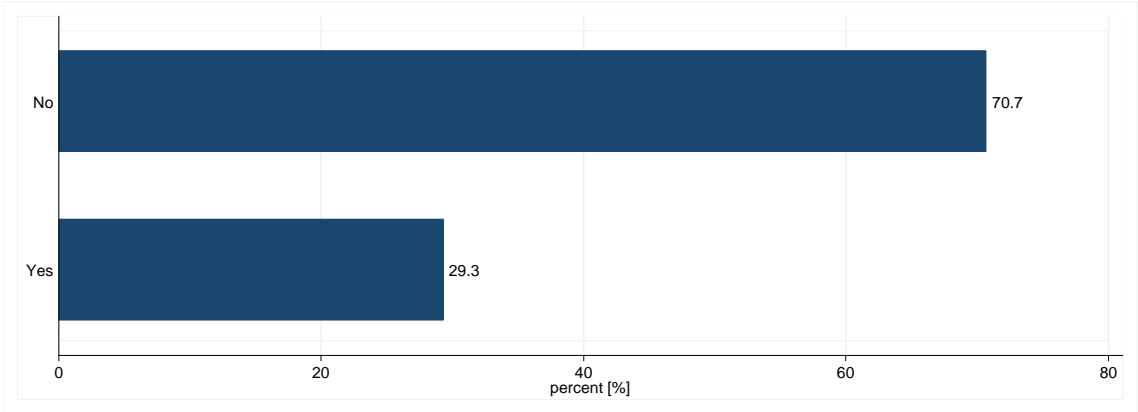


Figure 3-14: For what reason do you consider changing to service vouchers?

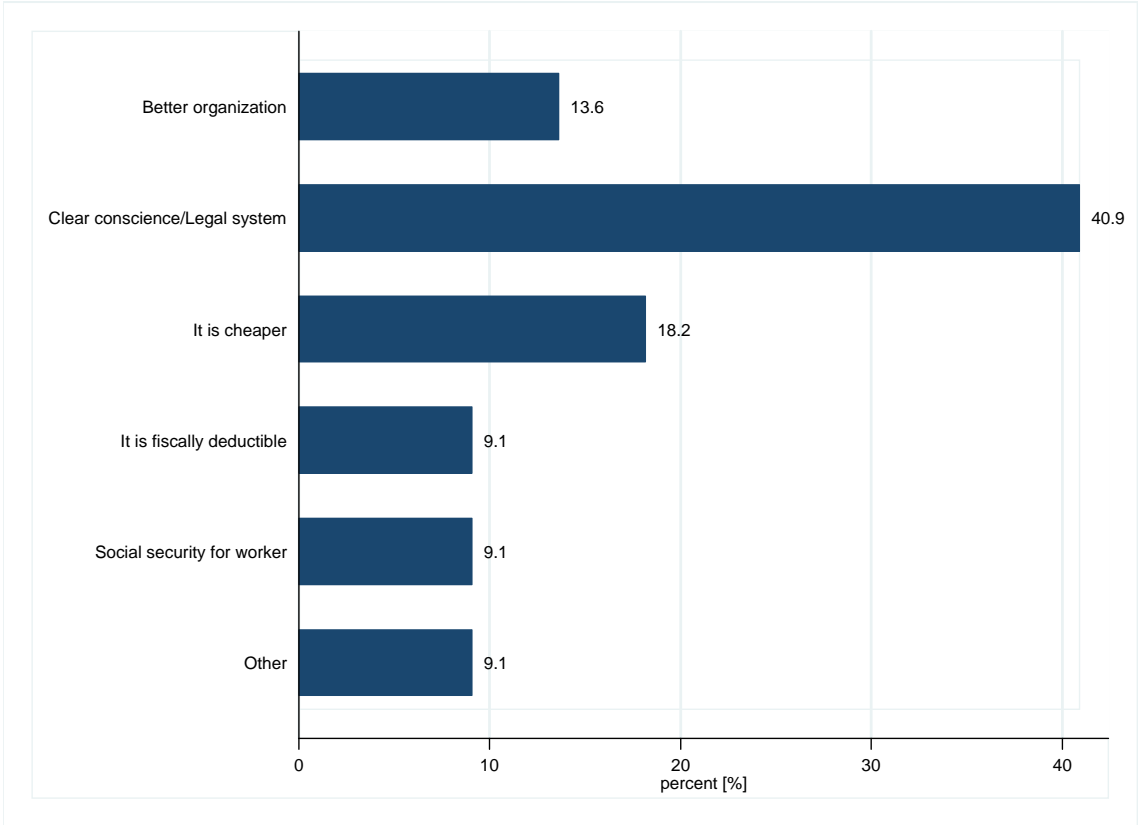
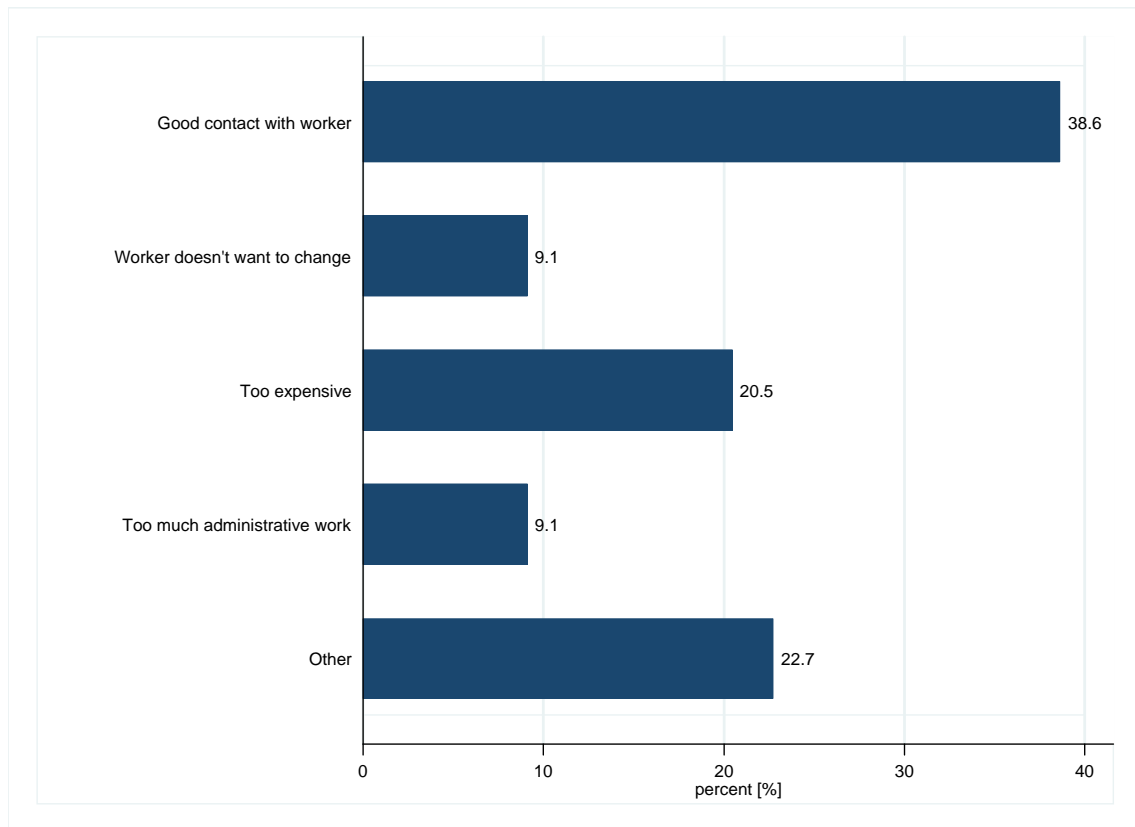


Figure 3-15: Why don't you consider hiring someone by means of the voucher system?



Some 40 % of those who do not consider switching declare that they have a good relationship with the worker they have currently hired and do not want to change to another system. Interestingly although, while about one fifth of the employers say they would consider switching from unofficial contracts to service vouchers because service vouchers are cheaper, another fifth says that they do not want to switch because service vouchers are too expensive. Given the relatively low net voucher price of € 5.25 and the figures displayed by Table 3-1 we must conclude that unofficial household help is often supplied at remarkably low wages.

An important question which arises from the analysis above is to what extent the service voucher system is capable of substituting unofficial household help by services within the voucher system. In this context, Figure 3-7 has shown that of all service voucher users, 6.2% have been employing an unofficial worker before. Furthermore, Figure 3-13 shows that some 29% of those who currently unofficially employ someone

for household help consider switching to the voucher system. Thus, while the voucher system has already been successful in pulling some unofficial household help into the official system, the question is how many of the 29% of unofficial household help employers who consider switching will be doing so in the near future. Given that the formulation “considering doing something” leaves plenty of room for interpretation and does not involve any commitment, we conservatively forecast that the fraction of people switching from unofficially employing household help to the service voucher system will be between 10 and 15 percent. We expect that less than half of the people considering switching will actually do so.

### ***3.4. Perceived prevalence of the voucher system***

#### **3.4.1. Perceived prevalence of household service suppliers**

Figure 3-16 shows that about two thirds of the survey respondents know at least one person who supplies household services within the service voucher system, while more than 15 % of the respondents even know more than five people being employed within the system. This indicates a considerable prevalence of transactions by means of the voucher system in Belgium.

Figure 3-16: How many people do you know who are working with a service voucher contract?

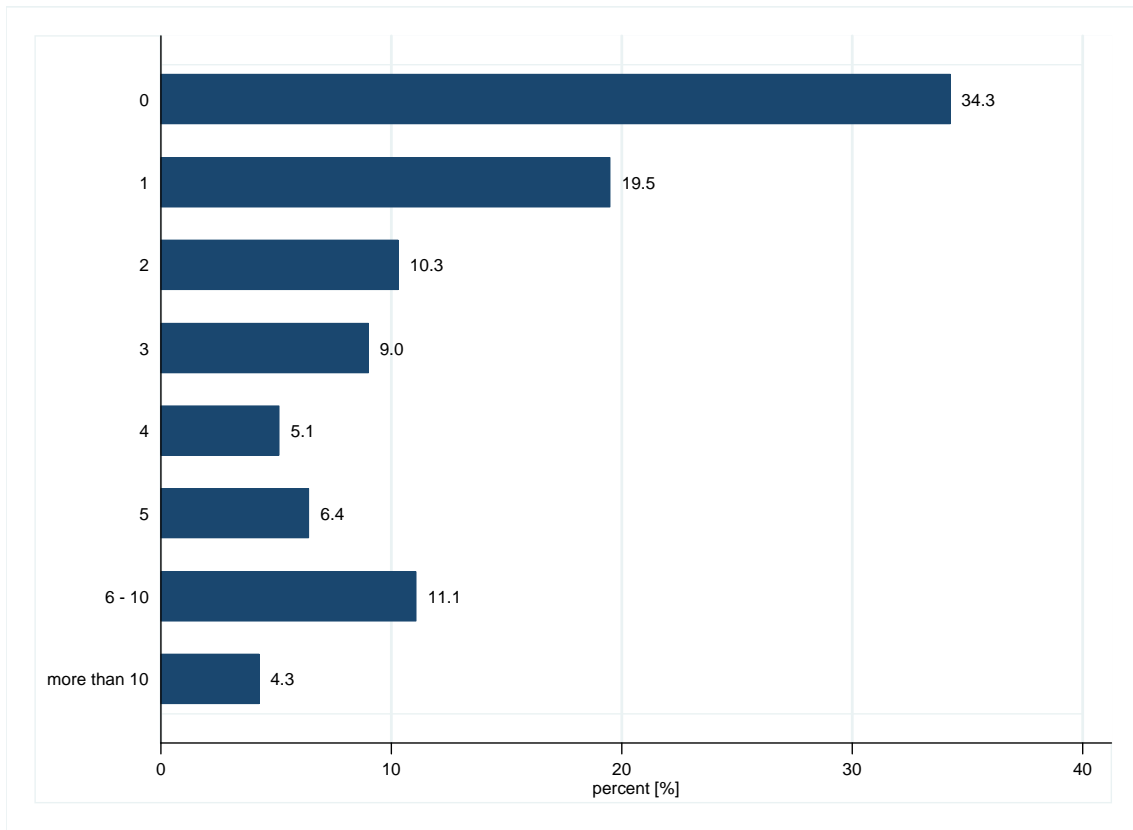
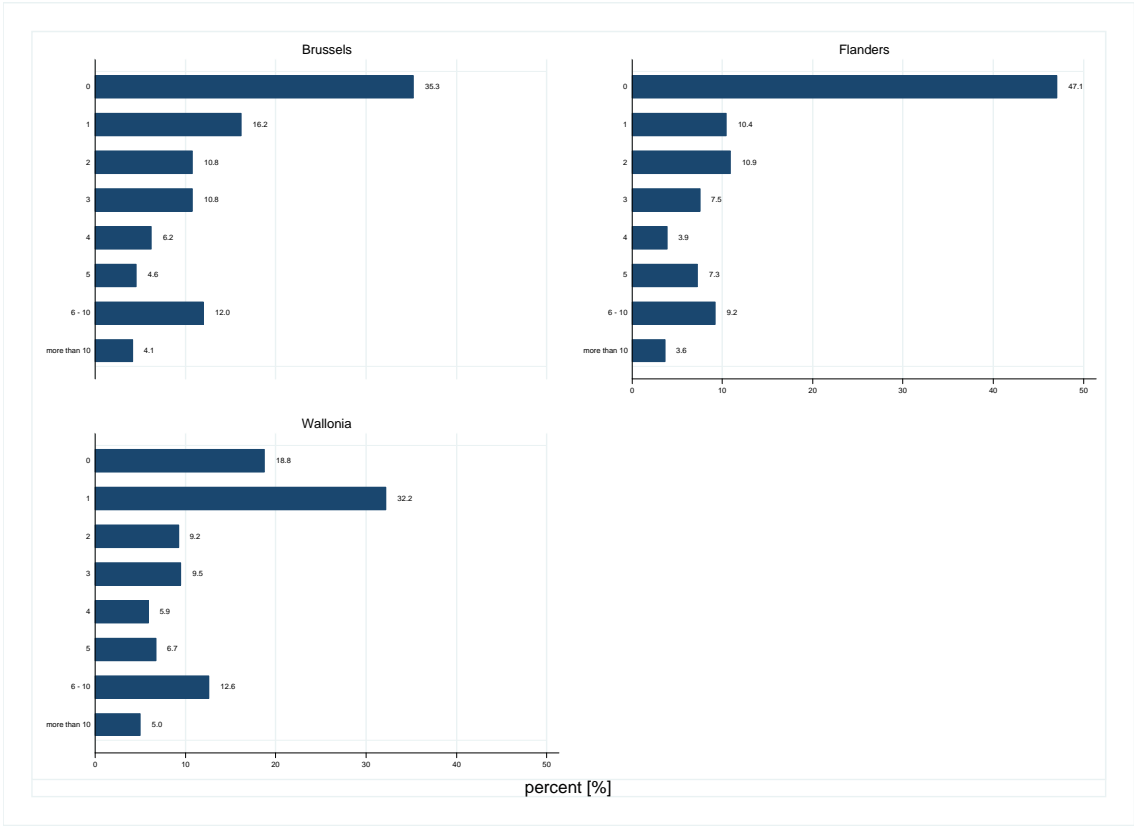


Figure 3-17 shows that applying the service voucher system might be somewhat more popular in Wallonia and Brussels than in Flanders. In the latter region, the fraction of respondents knowing no person who is working with a service voucher contract is higher than in the former regions, while the fraction of people knowing more than five persons is lower. This finding is not in line with the result we show in Figure 3-4, where we find no difference in the fractions of employers within the service voucher system across regions. However, the foci of the two questions are different, which could be the reason for the different results. Figure 3-4 shows the fraction of employers, while Figure 3-17 shows the number of employees the respondents know.

Figure 3-17: How many people do you know who are working with a service voucher contract - Regions



Of those respondents who declared that they knew someone who supplies household services within the voucher system, more than 40 % said that a fraction greater than zero of the service suppliers they knew used to unofficially work without a contract before they switched to the voucher system. Slightly less than one fifth even said that more than two thirds of the service suppliers they knew did unofficial work in the past. These numbers indicate that, as noted earlier already, the voucher system was able to shift labor supply from the shadow economy to official employment to at least some extent.

Figure 3-18: How many of them used to work without a contract before that?

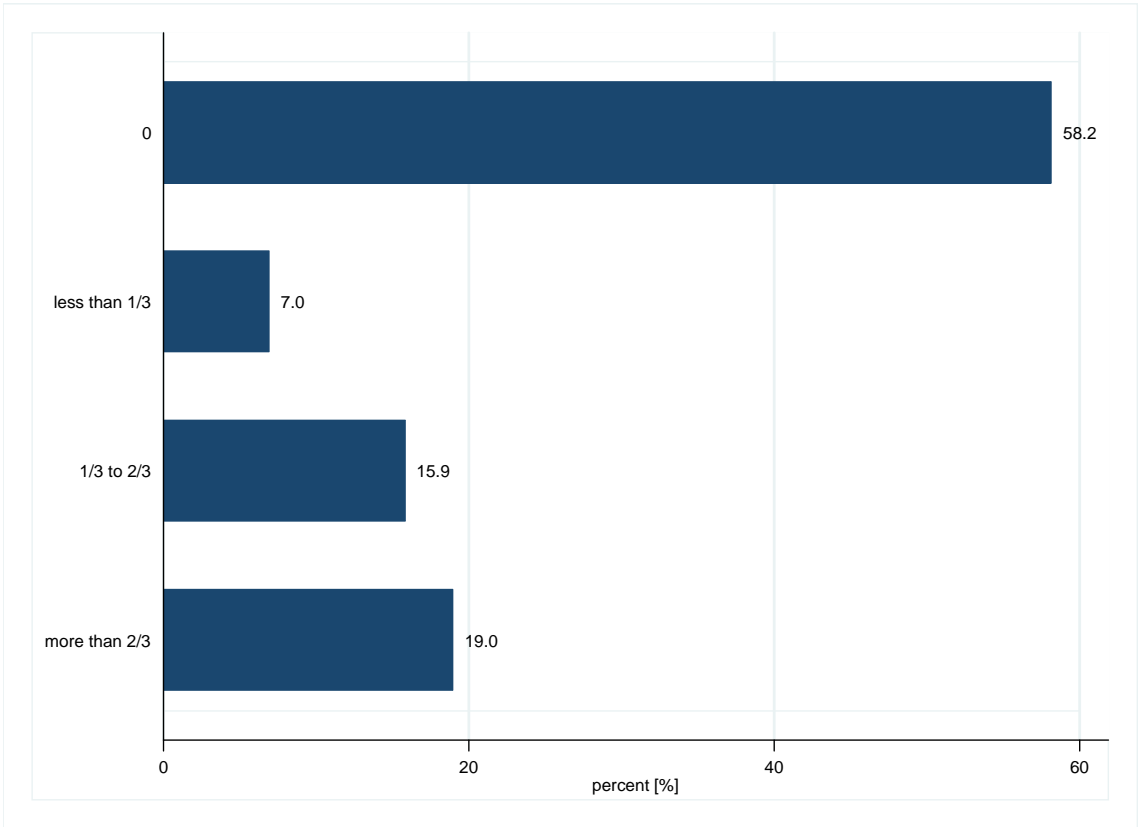
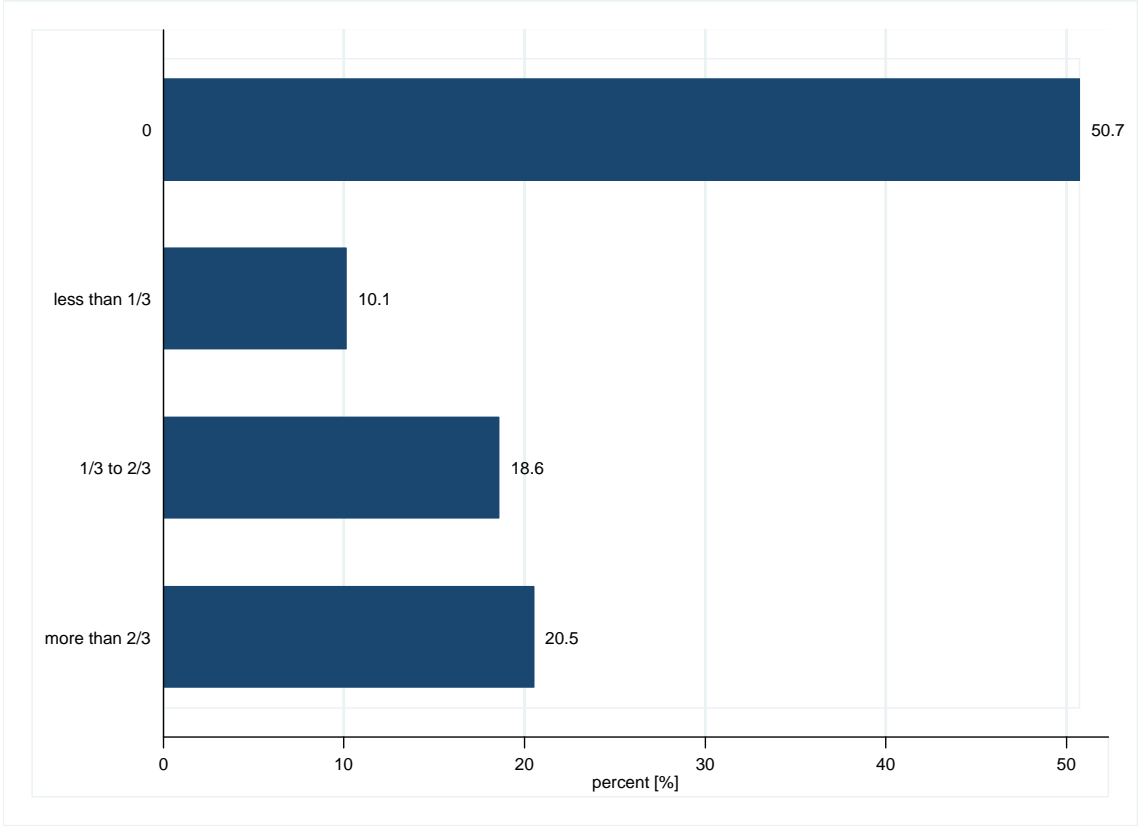


Figure 3-19 now shows the number of household service suppliers the survey respondents knew, who did, next to their work within the voucher system, work without a contract or receive an unofficial additional supplementary wage on top of the voucher price. Reviewing Figure 3-9 which states that almost no one of the surveyed employers within the voucher system paid a supplementary wage, we must conclude that the numbers in Figure 3-19 refer largely to additional unofficial jobs rather than to unofficial supplementary wages.

Some 40 % of the survey respondents declared that some positive fraction of the household service suppliers who offered work within the voucher system did so also in the unofficial sector. Slightly more than 20 % even declared that the majority of service suppliers they knew offer additional unofficial work next to the service voucher jobs.

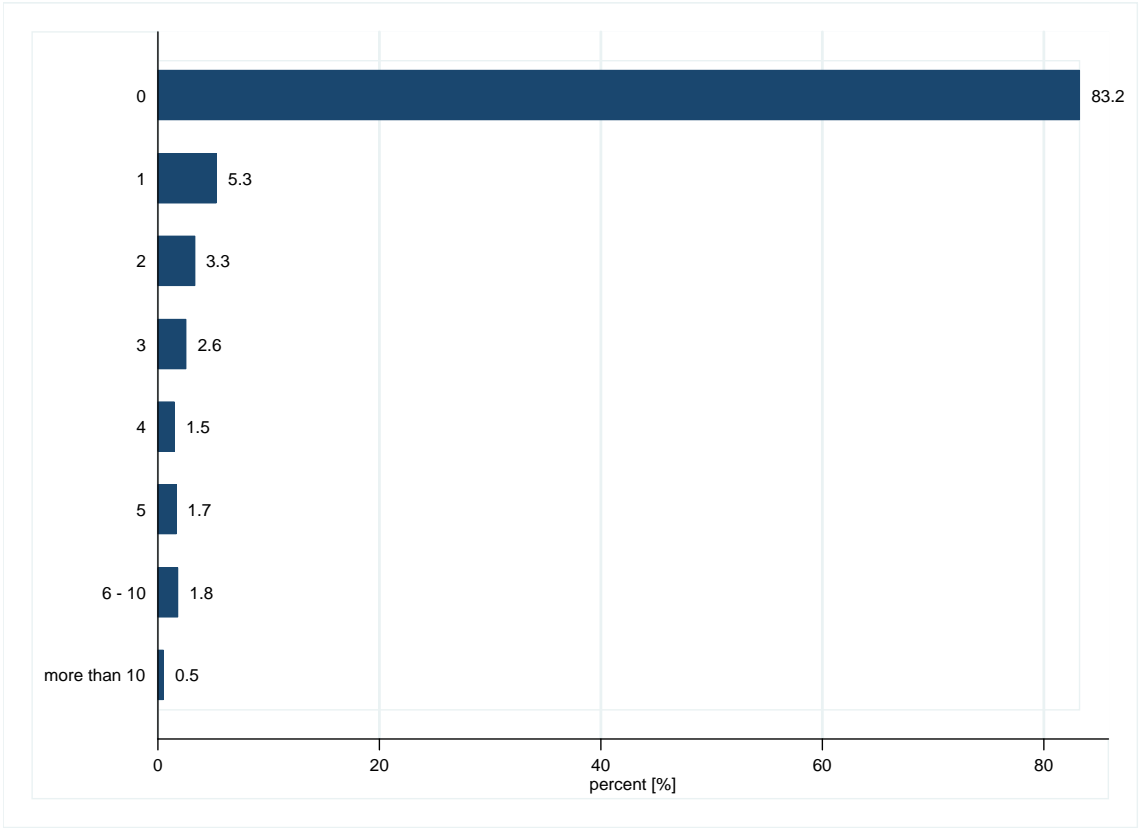


Figure 3-19: How many of them, next to the work they do with service vouchers, do also work without a contractor or receive a supplementary wage on top of the service voucher?



However, Figure 3-20 shows that only a small fraction of some 17 % of the survey respondents knew household service suppliers who did their work without an official contract. This is another indication that the service voucher system was successful in reducing unofficial household services.

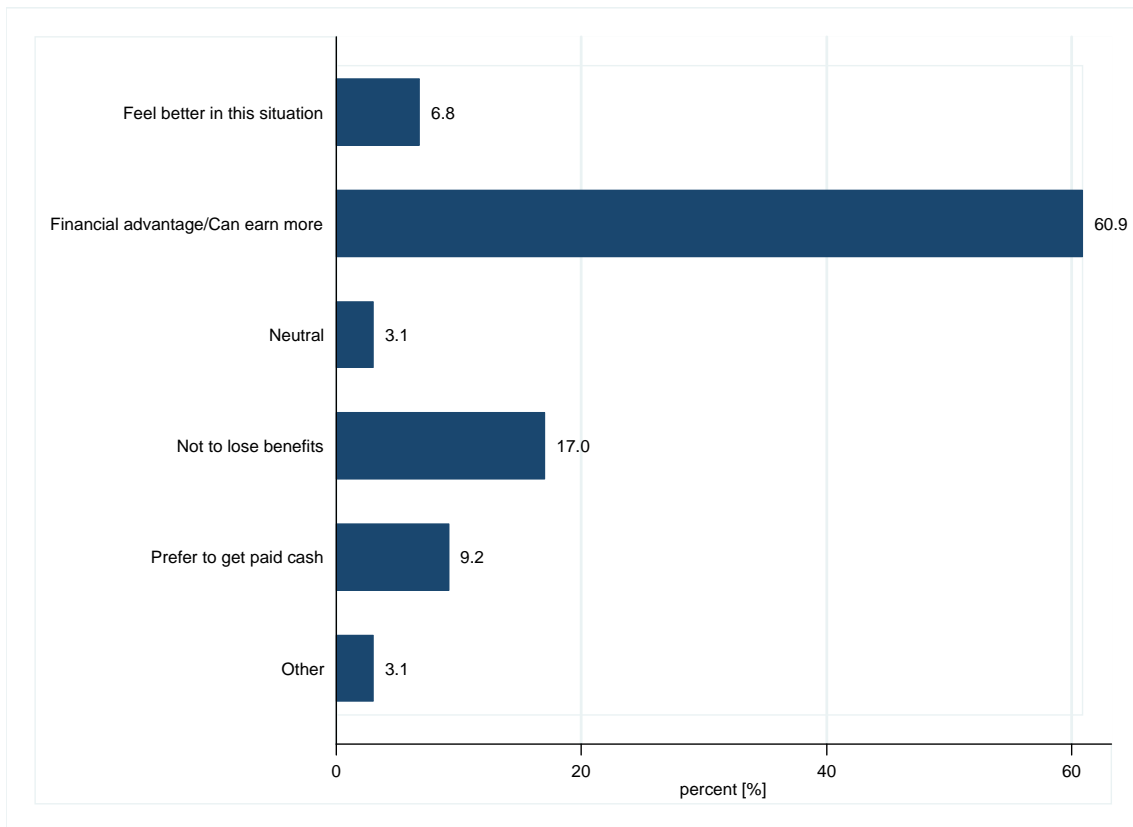
Figure 3-20: How many people do you know who do household services solely without an employment contract



The fraction of 17 % of survey respondents who knew some other person who offered household services solely on an unofficial basis were asked what they think why this person does so. Figure 3-21 shows the answers and their relative frequency. More than 60 % of the fraction of 17 % of respondents apparently think that it is possible to earn more if household services are done unofficially than within the service voucher system. Table 3-1 however shows that a substantial share of unofficially employed household help suppliers must receive a wage lower than the voucher price. Thus, the survey respondents might be inclined to somewhat overestimate the returns from unofficial work.

Other stated reasons for offering solely unofficial work are the fear of losing unemployment benefits or a preference for being paid in cash rather than by the registered service voucher company.

Figure 3-21: Why do you think they work without an employment contract?



### 3.4.2. Perceived prevalence of household service consumers

Figure 3-22 shows that more than 60 % of the survey respondents knew at least one person who had employed someone for household help, while more than one fifth even knew more than five people who had someone employed to help in the household. We thus conclude that demanding household help is perceived to be fairly widespread in Belgium.

Interestingly however, when asked whether the persons they knew to have hired someone for household help did so without an employment contract, only one third of the respondents declared that none of the known persons who have hired household service suppliers had their household help organized on an unofficial basis. Thus, two thirds of the respondents who knew someone who hired a person for household help said that at least to some extent that household help was carried out unofficially.

This indicates some further potential for the service voucher system. While the survey respondents, if asked for their own demand of household services, declared that they only seldom demanded unofficial household service supply (see Figure 3-12 for the survey results) Figure 3-23 indicates that the fraction of household help carried out unofficially might be somewhat larger. Given the reasonable supposition that people might be more honest if asked for illegal behavior of others than for their own illegal behavior, the inconsistency comes without surprise. Household help on an unofficial basis is still being done and there is still room for increasing the scope of the service voucher system at the expense of unofficial work, which the system is intended for.

Figure 3-22: How many people do you know who employ someone to help out with household work?

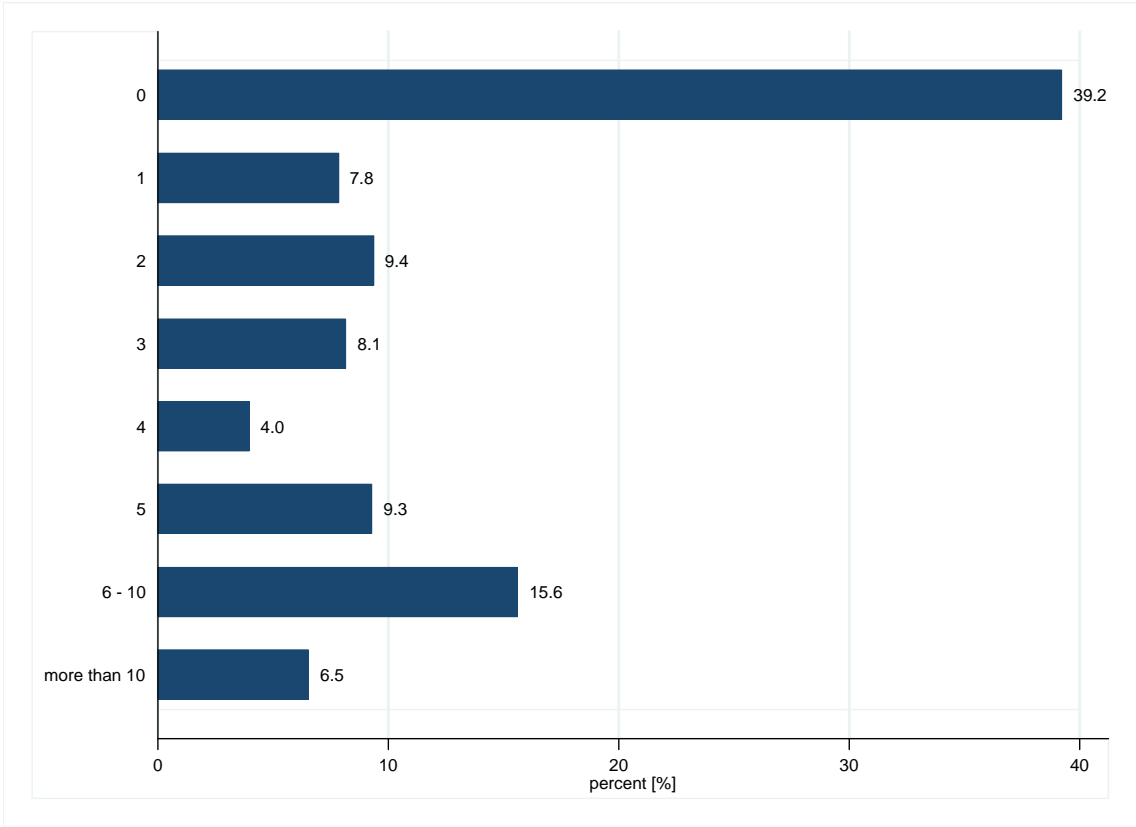
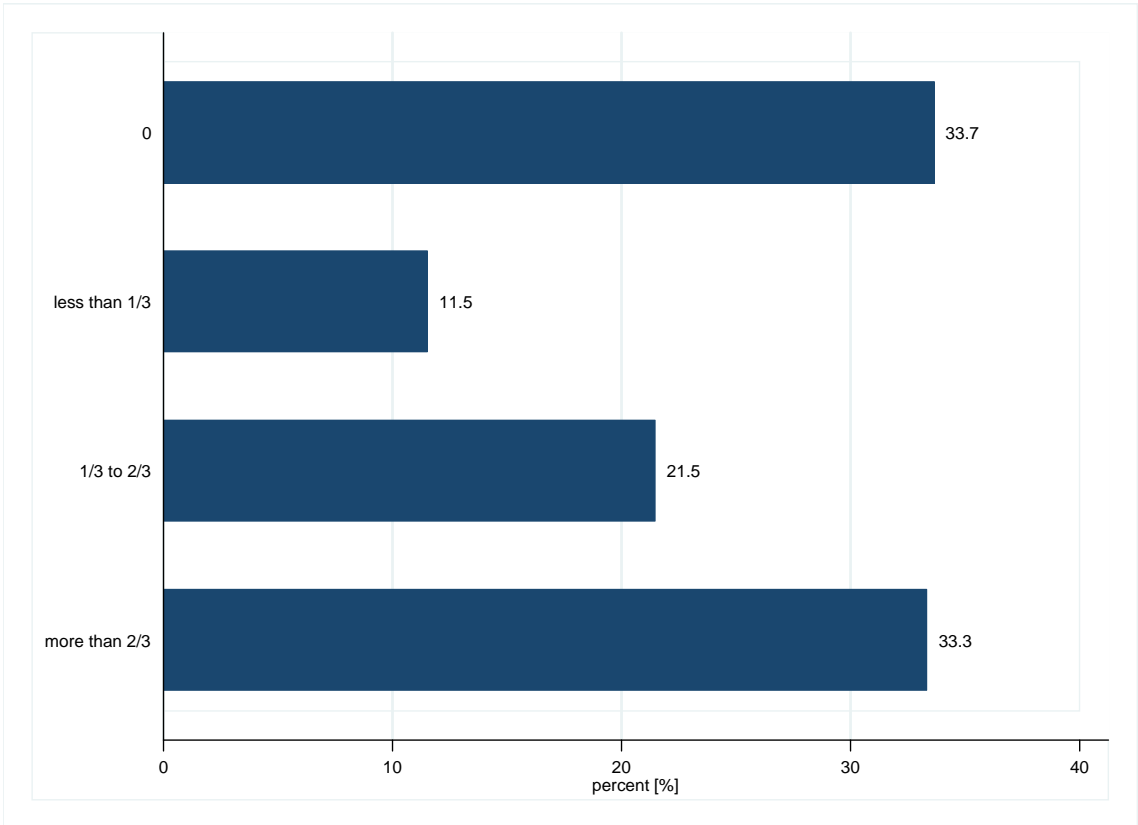


Figure 3-23: How many of them employ someone without an employment contract?



While Figure 3-23 shows that there is still a potential for an increase in household service supply by means of the service voucher system, Figure 3-24 shows that this system has in the past already been successful in shifting household service supply from the unofficial sector to legal employment. Some 35 % of the survey respondents declared that they knew no single person who used to employ someone without an official contract for household services and switched to the service voucher system after its introduction. Consequently however, 40 % of the survey respondents knew someone who switched (the remaining 25 % gave no answer to the question). These numbers indicate that a considerable fraction of those people who demand household services find the voucher system attractive and have thus decided to switch.

Figure 3-24: How many people do you know who used to employ someone without an employment contract but have now switched to the service voucher system?

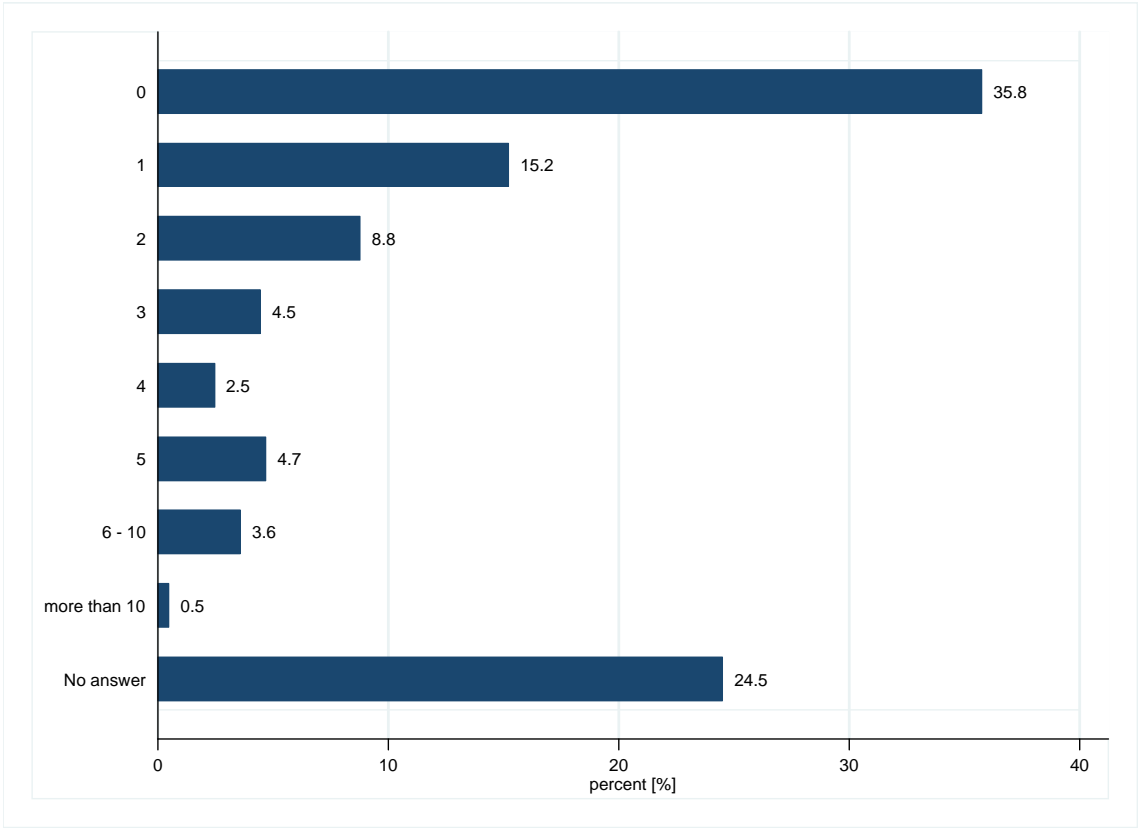
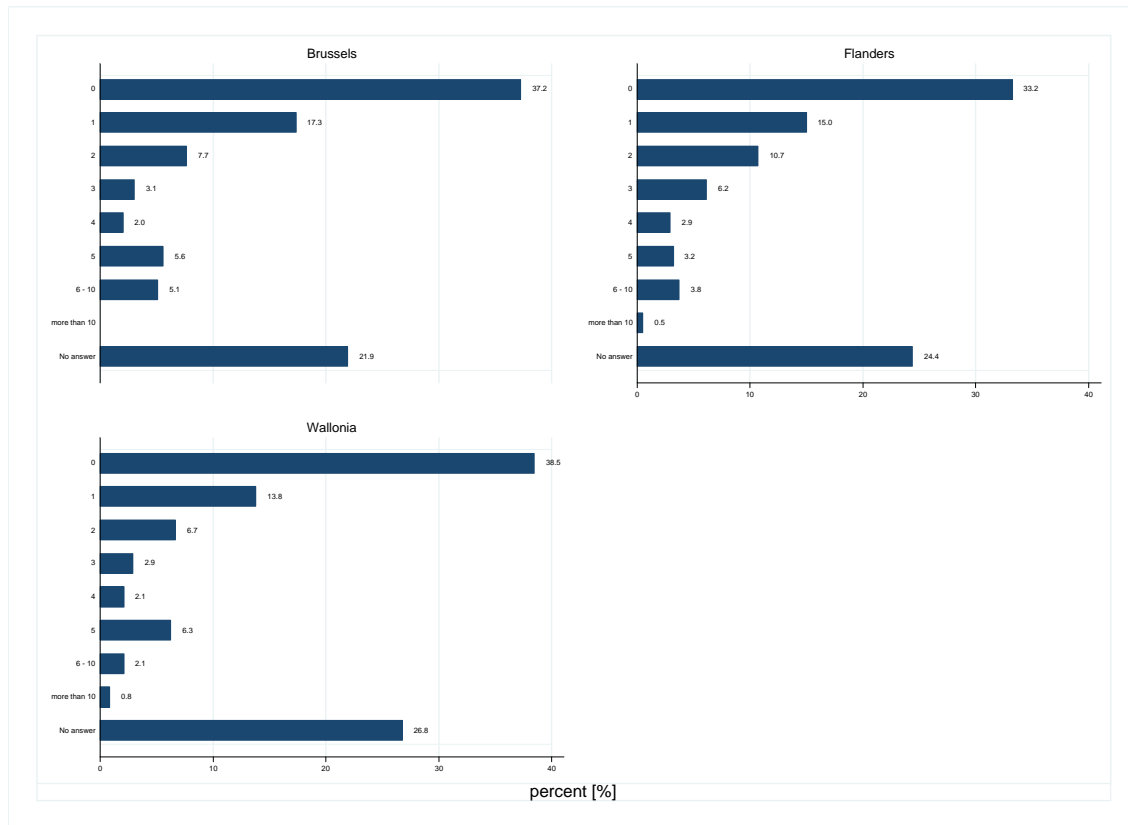


Figure 3-25 plots the survey results on the question how many people the respondents know who used to employ someone without an employment contract and have switched in the recent past. It is shown that there is almost no variation across regions. Thus, the introduction of the service voucher system affects behavior in all Belgian regions in an equal manner.

Figure 3-25: How many people do you know who used to employ someone without an employment contract but have now switched to the service voucher system? - Regions



While the previous survey results have been concerning household services or the Belgian service voucher system, the research results discussed below are related to the shadow economy in general.

### 3.5. Attitudes towards the shadow economy in general

While the previous survey results have been concerning household services or the Belgian service voucher system, the research results discussed below are related to the shadow economy in general.

#### 3.5.1. Perceived prevalence of unofficial labor supply

Figure 3-26 shows that almost three fourth of the survey respondents claim to know no one who supplies services in the unofficial sector. This number seems large, however, it is consistent with the numbers shown in Figure 3-12, which document relatively low unofficial labor demand in household services, and Figure 3-19 in combina-

tion with Figure 3-20 and Figure 3-21 on the prevalence of household services without official labor contracts.

One fifth of the survey respondents declare that they know one to five shadow economy labor suppliers, while less than 4 % say that they know more than ten of such workers. Again, we observe hardly any regional differences, as Figure 3-27 shows.

Figure 3-26: How many people do you know who are working in the shadow economy?

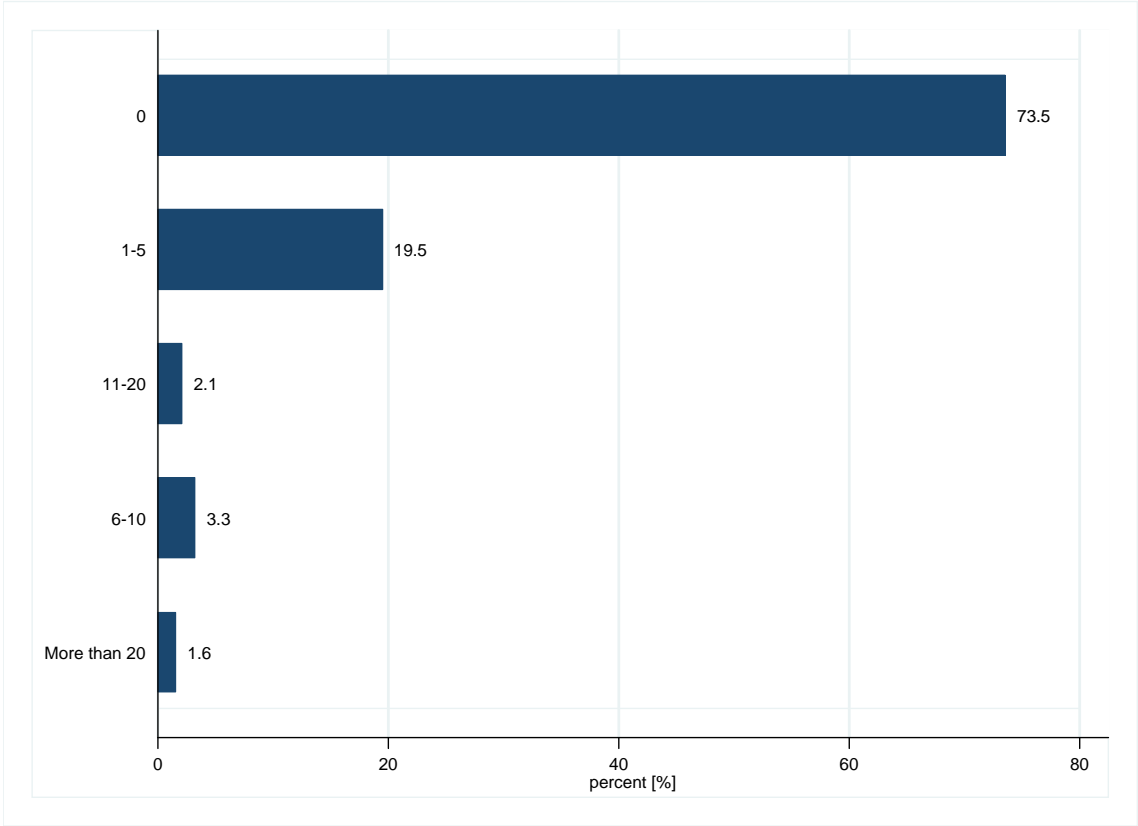
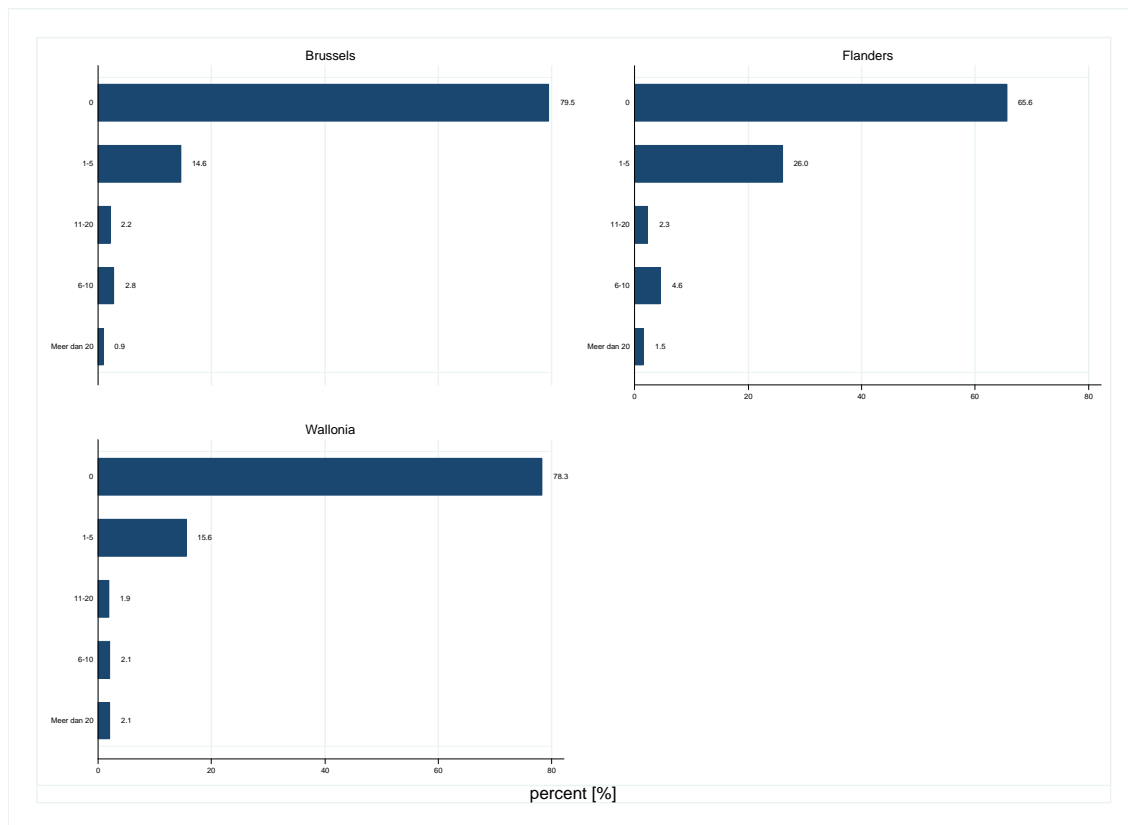


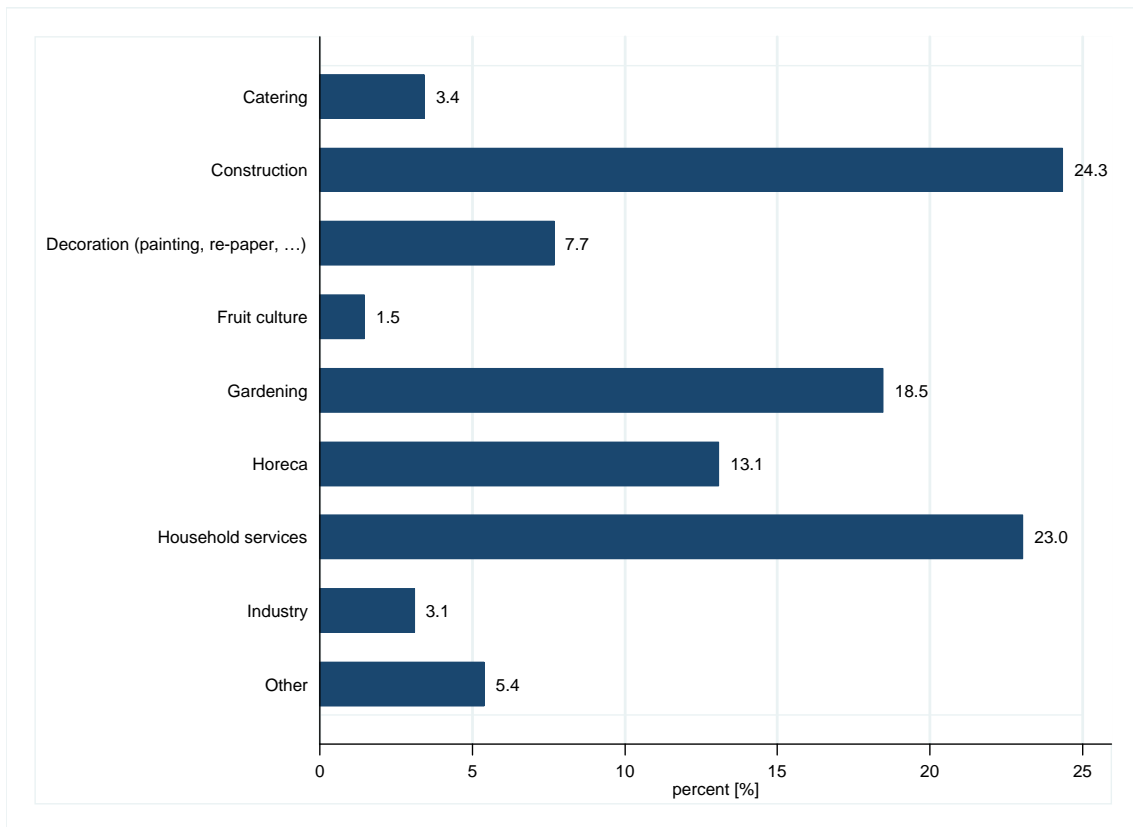


Figure 3-27: How many people do you know who are working in the shadow economy?  
- Regions



While Figure 3-26 shows the general perceived prevalence of shadow economy labor supply among the survey respondents, Figure 3-28 documents the perceived distribution of branches of the Belgian shadow economy. As can be seen, household services as well as construction are dominant sectors within the shadow economy, while gardening and horeca do also account for considerable fractions. The service voucher system is, as noted above already, targeted solely on household services, and it is thus capable of diminishing or preventing about one fifth to one fourth of the Belgian shadow economy.

Figure 3-28: In what area do they work?



### 3.5.2. Perceived prevalence of unofficial labor demand

While Figure 3-26 shows that only about one fourth of the survey respondents knew someone who works in the shadow economy, Figure 3-29 documents that less than one fifth of the survey respondents knew someone who lets work do by some shadow economy supplier. The responses to that question do not differ across regions, as Figure 3-30 shows. This is somewhat inconsistent with Figure 3-22 in combination with Figure 3-23, which say that about 60 % of the survey respondents know at least one person who has hired someone for household work, and only one third of those 60 % of the respondents says that none of the persons in her circle of acquaintances hires only officially employed household service suppliers.

Thus, from Figure 3-22 and Figure 3-23 follows that some 40 % of the survey respondents know someone who employs household service suppliers without an official

labor contract. We must therefore assume that the prevalence of unofficial labor demand in Belgium is higher than suggested by Figure 3-26.

Figure 3-29: How many people do you know who employ shadow economy workers or let work do by shadow economy?

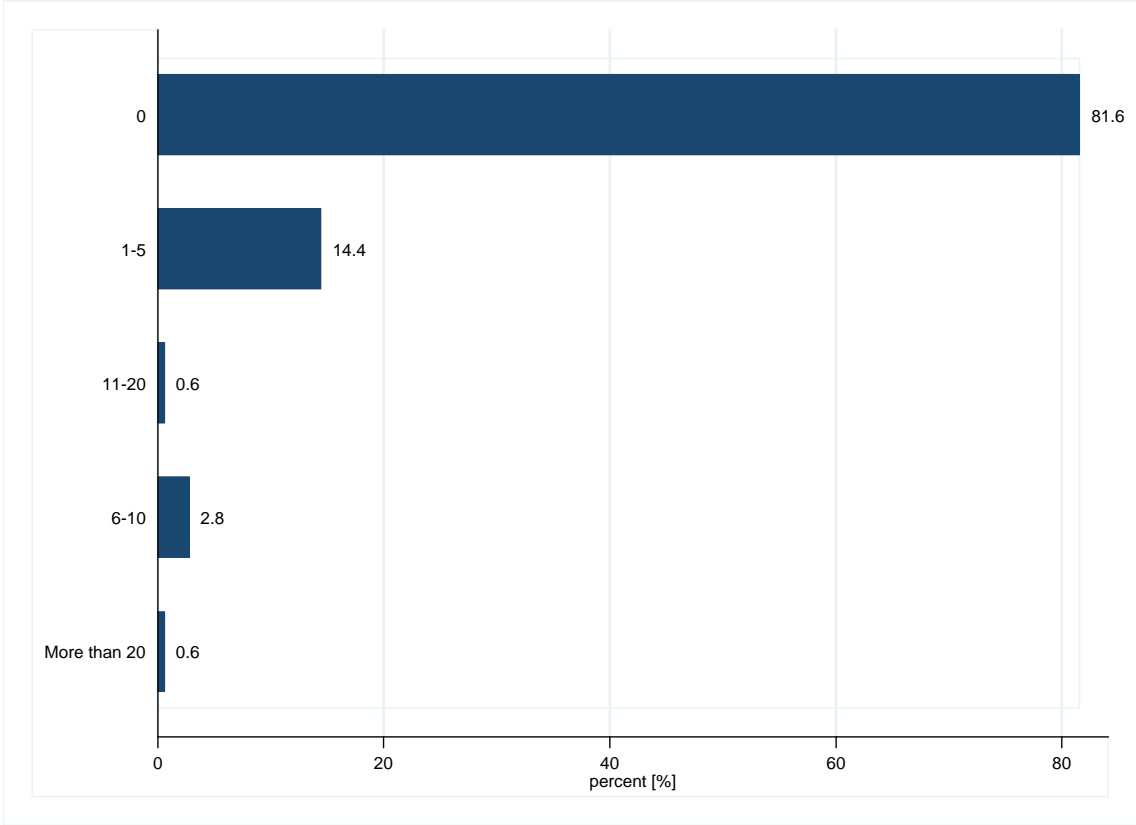
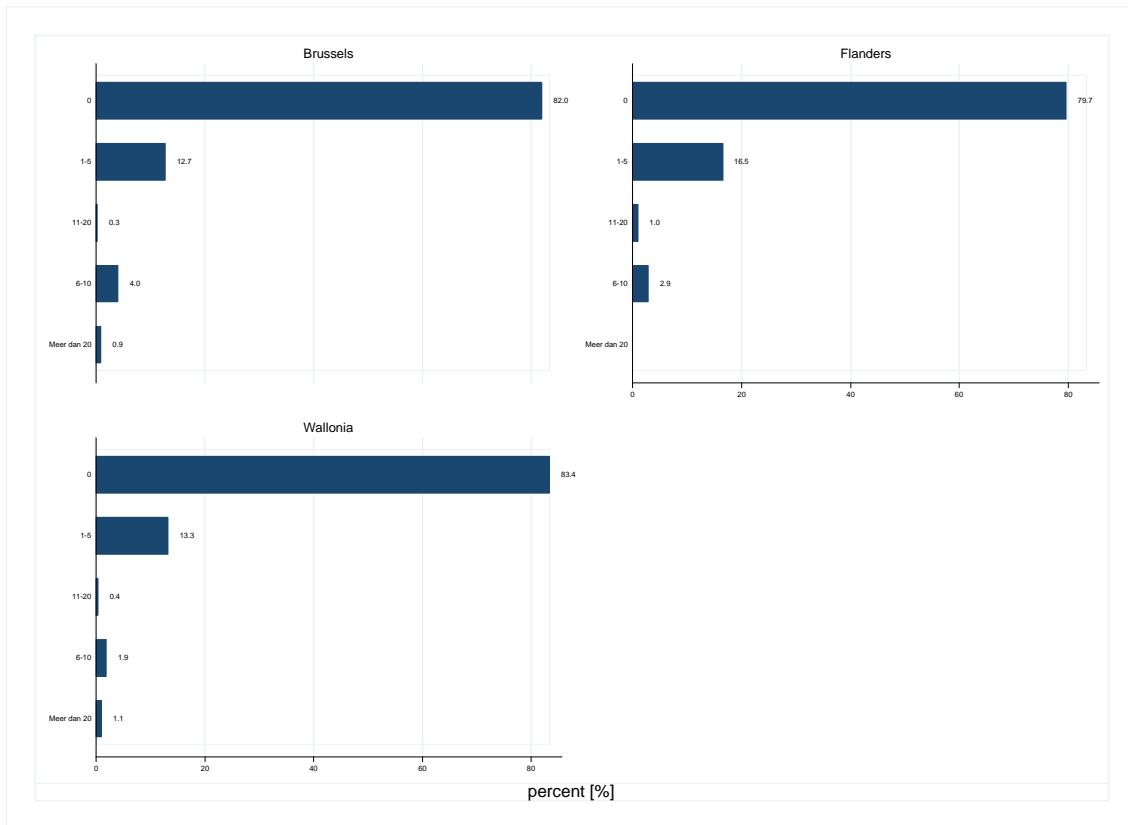
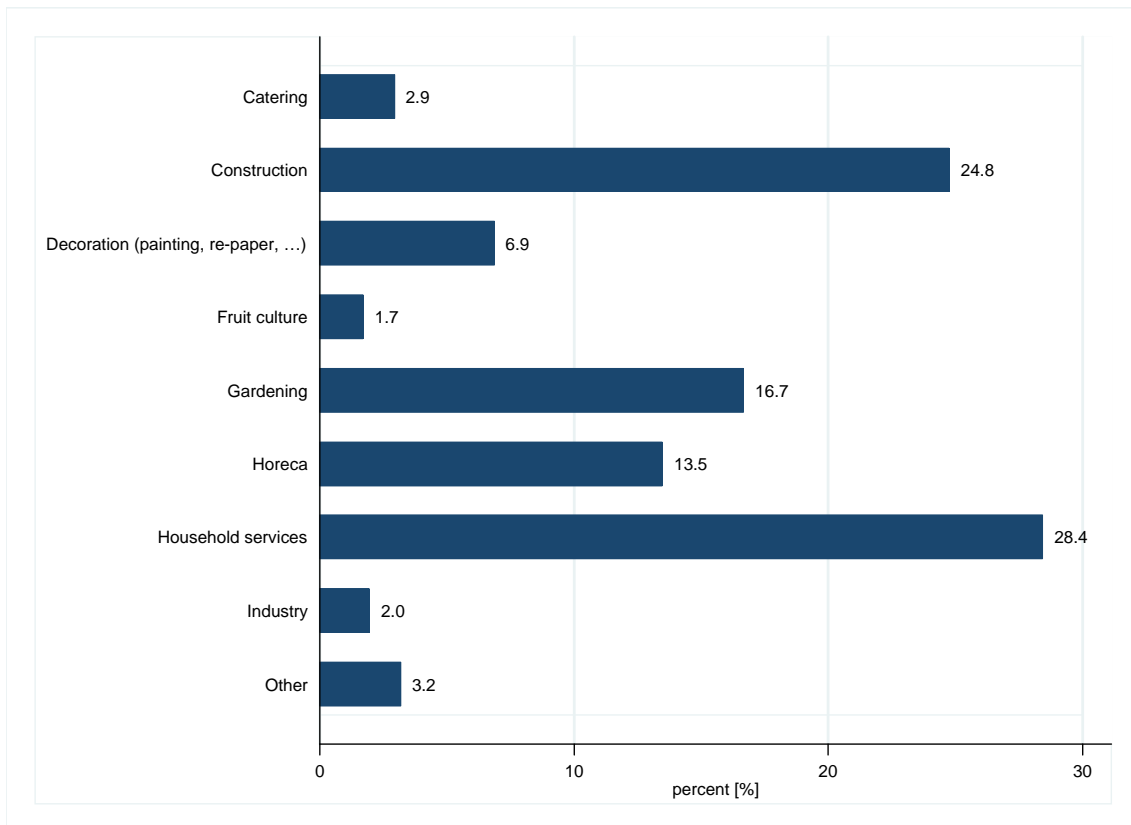


Figure 3-30 How many people do you know who employ shadow economy workers or let work do by shadow economy?



Since by definition, labor market transactions require both labor supply as well as labor demand, economic sectors which are dominant in unofficial labor supply should also be dominant in unofficial labor demand. Figure 3-31 shows that the perceived distributions of unofficial labor supply and demand among the survey respondents are consistent. Household services, construction, gardening and horeca are the most dominant sectors in unofficial labor supply as well as demand, and the Belgian service vouchers system featuring household services is targeted towards the relatively most important sector of unofficial labor.

Figure 3-31: In what area do they employ shadow economy workers?



### 3.5.3. Tolerance of shadow economy labor supply and demand

This section features general attitudes of tolerance towards shadow economy labor supply and demand. The survey features a distinction between supplying and demanding unofficial labor on a relatively large and a relatively small scale. We presume, of course, that tolerance for some small-scale unofficial labor supply and demand is higher than tolerance for large-scale unofficial labor.

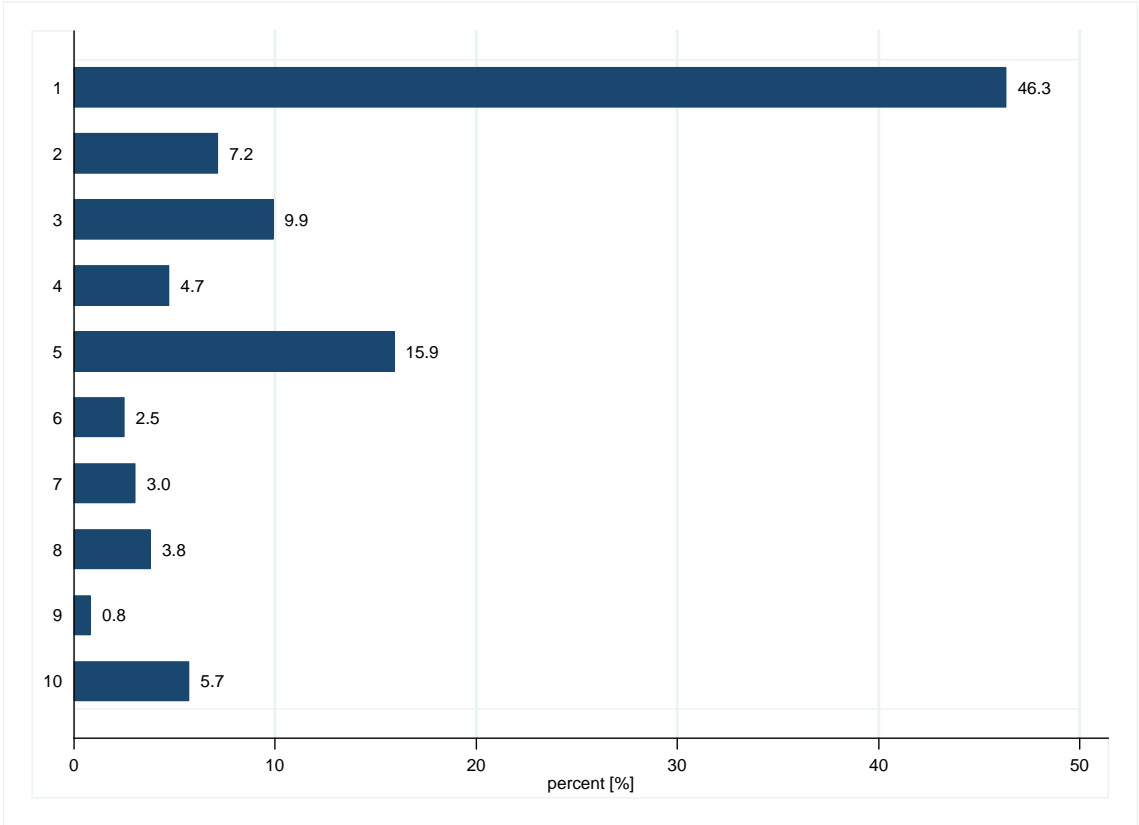
For the following research questions, the survey respondents have been asked to rate their tolerance level on a scale ranging from one (“No tolerance at all”) to ten (“Maximum tolerance”).

#### 3.5.3.1. Large-scale supply and demand

Figure 3-32 shows the overall distribution of stated tolerance levels of unofficial labor supply and demand if it happens on a large-scale. Only slightly less than 50 % of

the survey respondents state that they do not tolerate such activities at all. Another 20 % of the respondents show very low tolerance levels of two to four on a scale up to ten. Thus, the Belgian population on the whole does not tolerate unofficial labor supply and demand in case it happens on a large scale.

Figure 3-32: Do you think that working in the shadow economy or having work done in the shadow economy, when it concerns **big** works/amounts, can be tolerated?



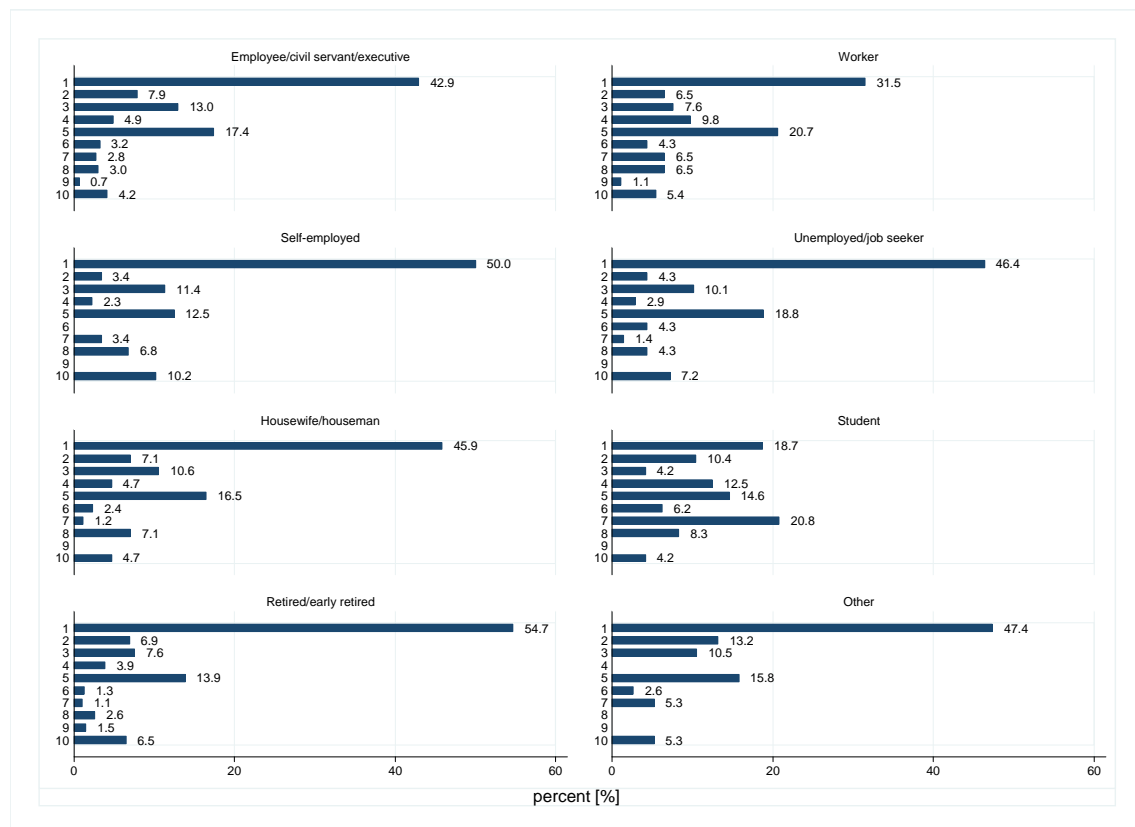
Scale: 1...can be tolerated not at all; 10...can be tolerated easily

Figure 3-33, Figure 3-34 as well as Figure 3-35 show how tolerance of large-scale unofficial labor supply and demand varies with respect to the type of respondents as well as their income. As can be seen from Figure 3-33, the fraction of respondents stating that large-scale labor market supply and demand should not be tolerated at all is highest among the respondents who are already retired and the self-employed. Moreover, unemployed respondents as well as the respondents acting as a housewife or

houseman most frequently state that large-scale unofficial labor supply and demand should not be tolerated.

Interestingly however, student respondents have shown by far the highest tolerance levels towards unofficial labor supply and demand, and blue-collar workers are more tolerant than white-collar workers, civil servants and executives. Presumably, students as well as blue-collar workers frequently act as suppliers of unofficial labor, which is why they show higher tolerance levels.

Figure 3-33: Do you think that working in the shadow economy or having work done in the shadow economy, when it concerns **big** works/amounts, can be tolerated? - Professions



Scale: 1...can be tolerated not at all; 10...can be tolerated easily

Figure 3-34 shows the somewhat counterintuitive pattern that tolerance of large-scale labor supply and demand is lower among respondents with relatively low net income than among respondents who earn high incomes.

Basically, there are two contradicting hypotheses on the role of income as a determinant of tolerance of unofficial labor supply. First, one might suppose that people earning only low income might more often supply labor in the unofficial sector than people earning more. If this was true, tolerance of unofficial labor supply and demand should be greater among people with a low income.

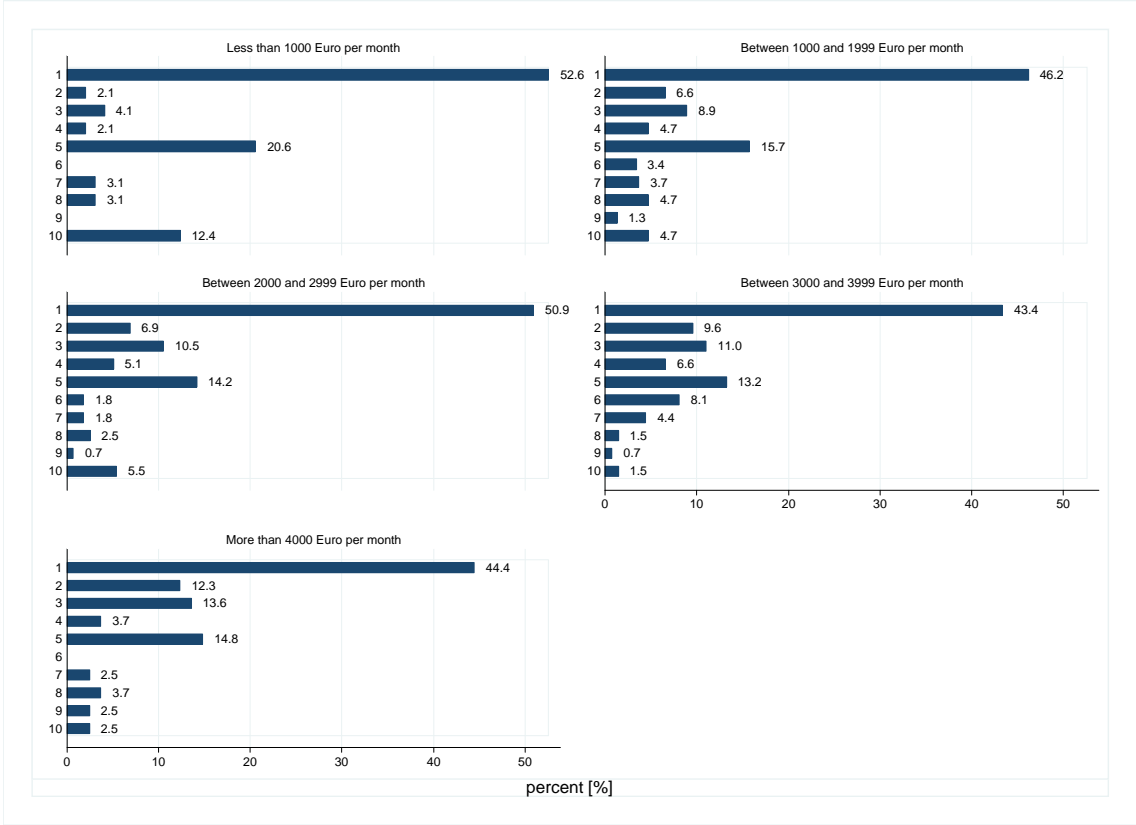
Secondly however, tolerance among people with a high income might be greater because they can benefit from unofficial work by hiring workers on an unofficial basis. Since people earning little typically do not have the financial potential to hire unofficial workers, at least on a large scale, tolerance of unofficial labor supply and demand could be greater among the rich than among the poor. Since, of course, the benefits from unofficial labor demand are higher if it happens on a large rather than a small scale, the effect on tolerance should be greatest for large-scale unofficial labor supply and demand.

Figure 3-34 shows that apparently, the latter presumption is more important than the former, and tolerance is thus higher among respondents earning relatively more. Interestingly however, the group of survey respondents earning a net income of less than € 1.000 per month has more frequently stated that there should be no tolerance of large-scale labor supply and demand than the respondents of any other income category, but it has also most frequently stated that there should be maximum tolerance. A possible explanation for this finding is that this group features a dominant fraction of retired people, but also contains many students. Thus, it consists of two groups which show very different tolerance patterns, as Figure 3-33 shows.

Thus, the variation of tolerance of large-scale unofficial labor supply is likely to be smaller in magnitude than a quick glance on the charts might suggest. In general, the Belgian population seems to show fairly low levels of tolerance of large-scale labor supply and demand. Figure 3-35 shows that this attitude does not differ across regions.

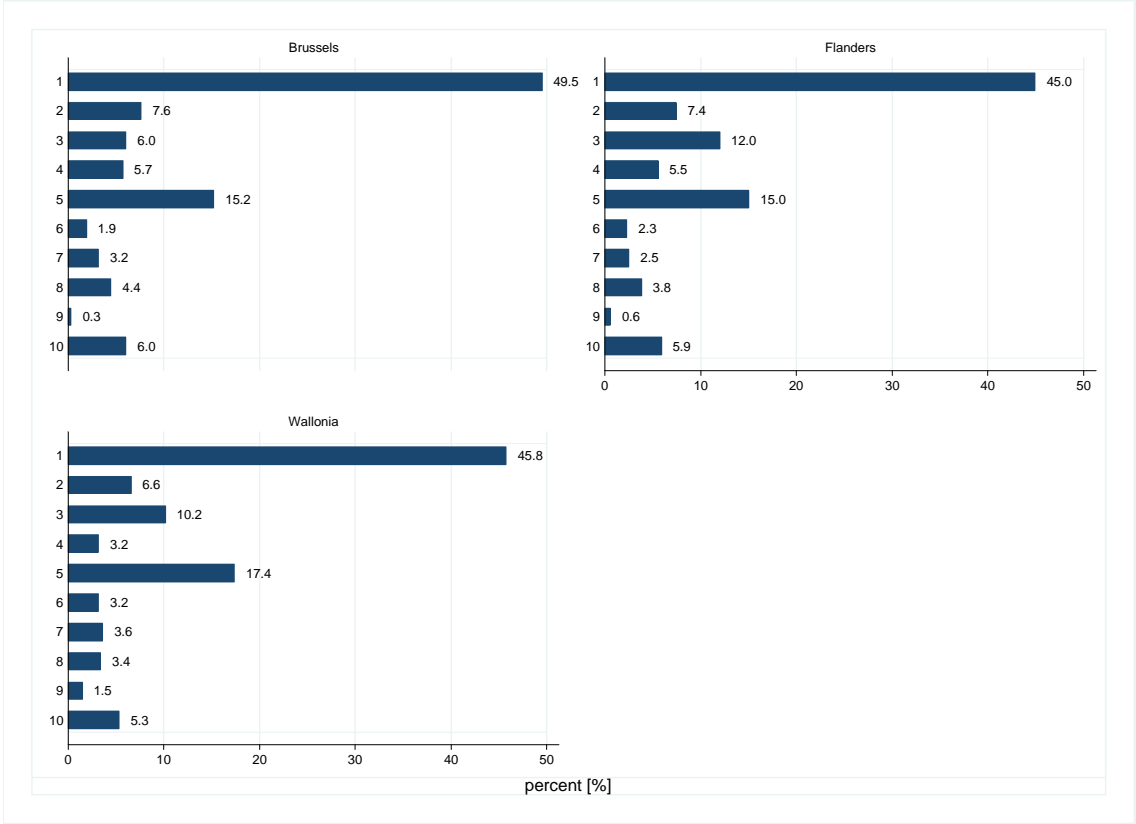


Figure 3-34: Do you think that working in the shadow economy or having work done in the shadow economy, when it concerns **big** works/amounts, can be tolerated? - Income categories



Scale: 1...can be tolerated not at all; 10...can be tolerated easily

Figure 3-35: Do you think that working in the shadow economy or having work done in the shadow economy, when it concerns big works/amounts, can be tolerated? - Regions

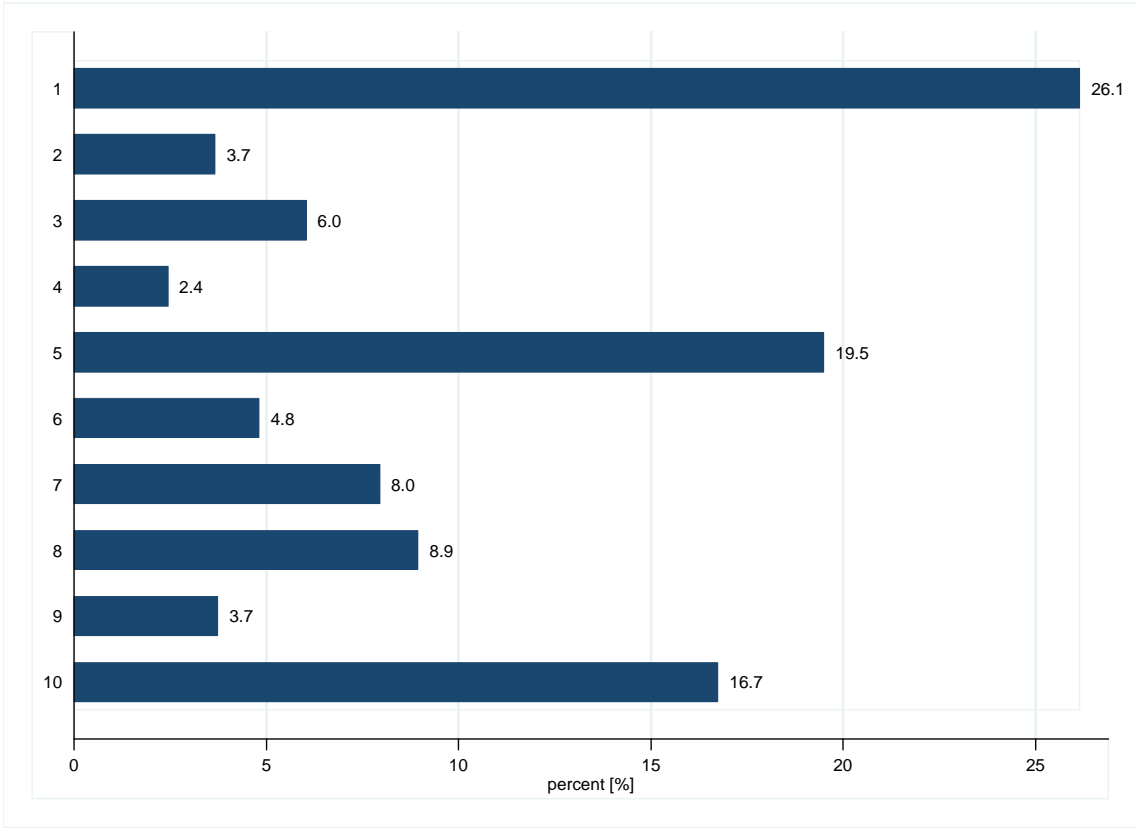


Scale: 1...can be tolerated not at all; 10...can be tolerated easily

**3.5.3.2. Small-scale supply and demand**

Tolerance of small-scale unofficial labor supply and demand is by far greater than tolerance of large-scale unofficial labor market activities. Figure 3-36 shows the overall distribution of stated tolerance on the scale with ten possible categories. While still slightly more than one fourth of the respondents state that small-scale labor market activities should not be tolerated at all, one in six declares maximum tolerance and further 20 % declare relatively high, but not maximum tolerance levels.

Figure 3-36: Do you think that working in the shadow economy or having work done in the shadow economy, when it concerns **small** works/amounts, can be tolerated?

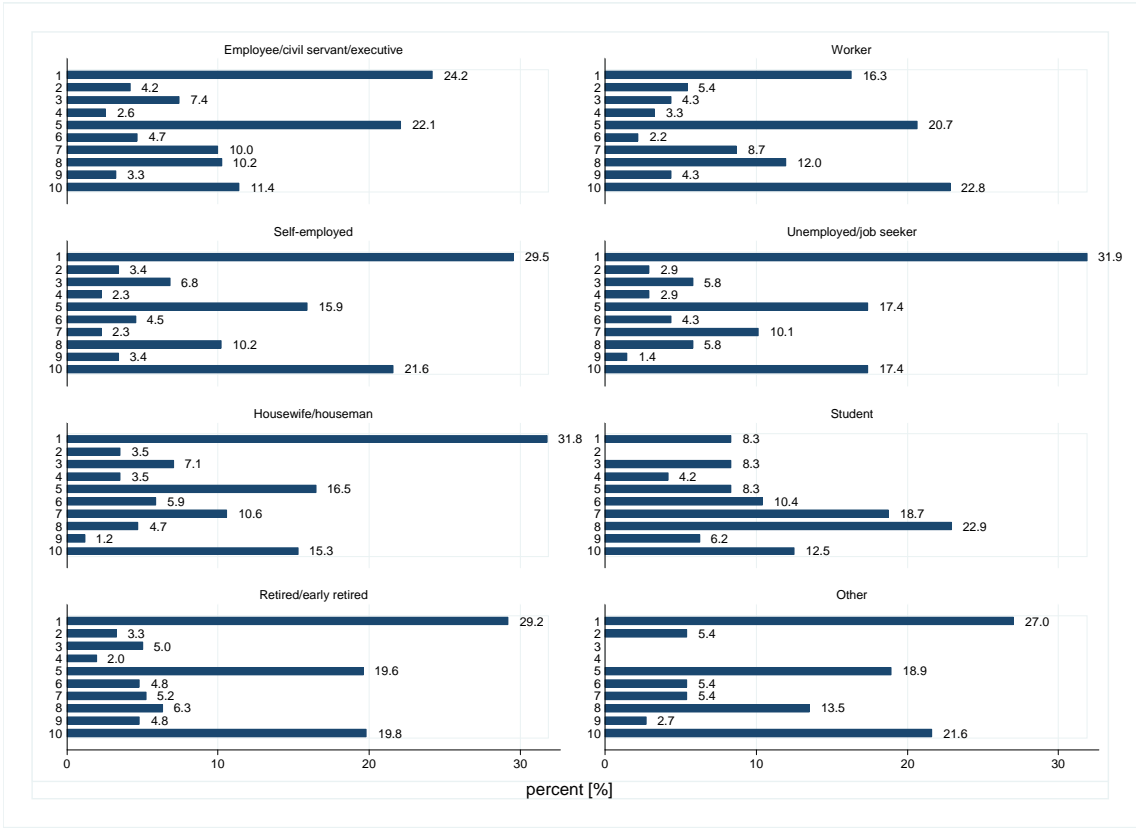


Scale: 1...can be tolerated not at all; 10...can be tolerated easily

Figure 3-37 shows the distribution of tolerance of small-scale unofficial labor supply and demand in various categories of respondents, and by and large it confirms the pattern already shown by Figure 3-33. Students and blue-collar workers are most tolerant, while pensioners, the unemployed and the self-employed are less tolerant. This pattern is somehow striking since one would not expect the pensioners and the unemployed to show the greatest intolerance of unofficial labor.

In general, of course, tolerance of small-scale unofficial labor is greater than tolerance of large-scale unofficial labor, which is what had to be expected.

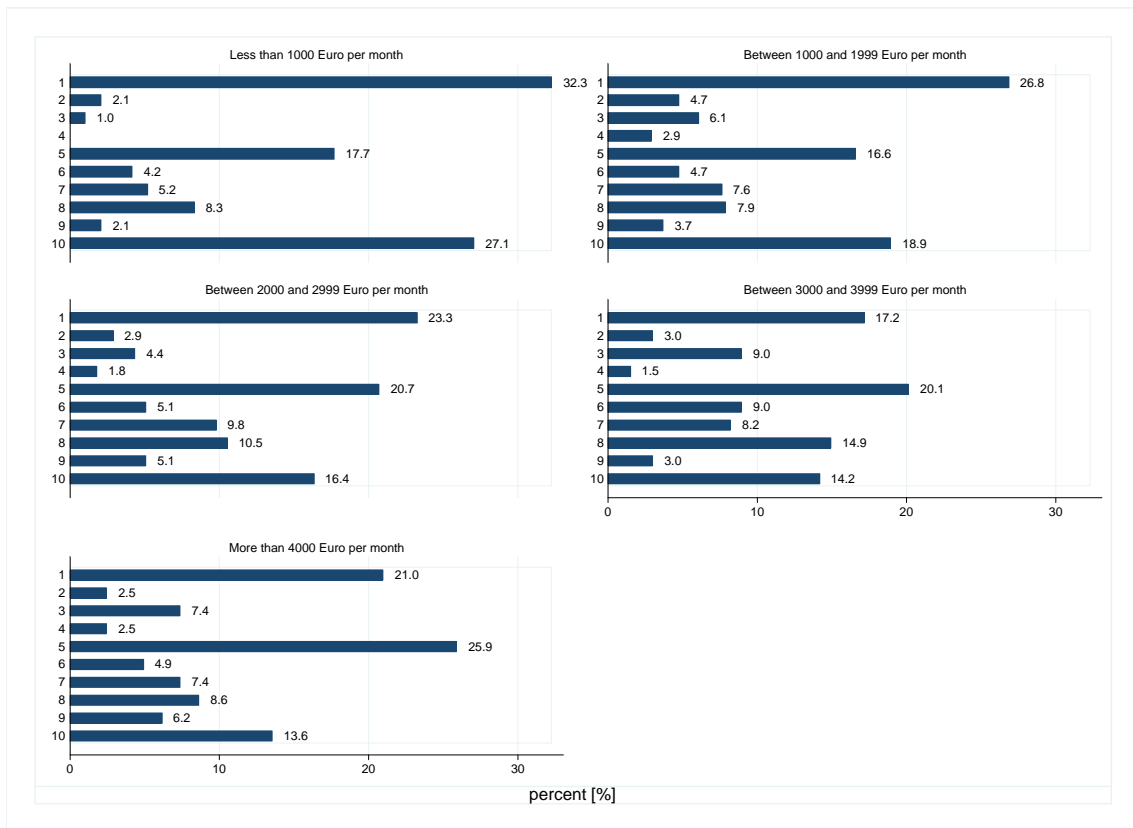
Figure 3-37: Do you think that working in the shadow economy or having work done in the shadow economy, when it concerns **small** works/amounts, can be tolerated? - Professions



Scale: 1...can be tolerated not at all; 10...can be tolerated easily

Reviewing Figure 3-38 it seems that tolerance of small-scale unofficial labor market activities increases with income. However, as stated already in the section featuring large-scale unofficial labor supply and demand, a large fraction of people in the lowest income category states minimum tolerance, while a considerable fraction in this category states maximum tolerance. Thus, average stated tolerance levels of small-scale unofficial labor market activities do not differ much with respect to the income of the respondents.

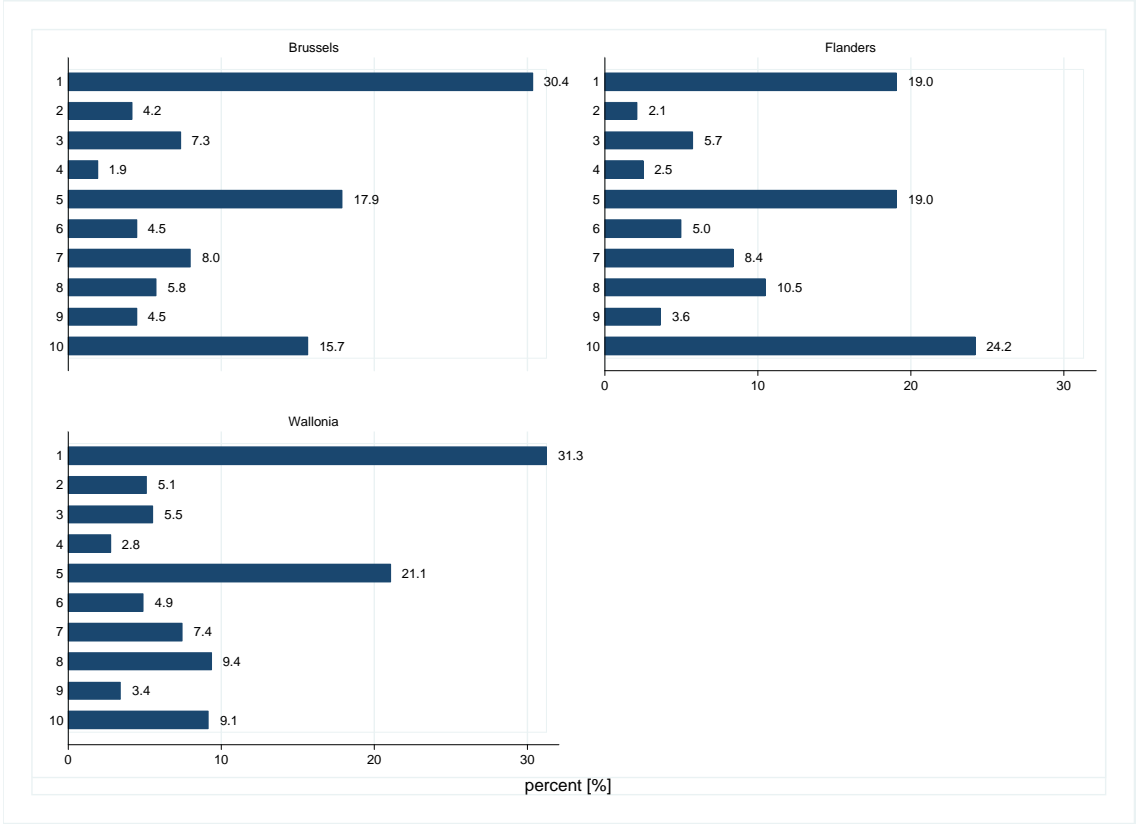
Figure 3-38: Do you think that working in the shadow economy or having work done in the shadow economy, when it concerns **small** works/amounts, can be tolerated? - Income categories



Scale: 1...can be tolerated not at all; 10...can be tolerated easily

Figure 3-39 shows that unlike most of the previous questions we discussed above (see, for example Figure 3-4 on employment by means of the service voucher system or Figure 3-35 on the tolerance of large-scale unofficial labor supply and demand), the question on tolerance of small-scale unofficial labor produces some regional differences. Respondents from Brussels and Wallonia are somewhat more tolerant of small-scale unofficial activities than respondents from Flanders. We are not able to come up with an explanation for this finding, since the prevalence of unofficial labor market activities does not differ by regions (see Figure 3-27 and Figure 3-30).

Figure 3-39: Do you think that working in the shadow economy or having work done in the shadow economy, when it concerns small works/amounts, can be tolerated? - Regions



Scale: 1...can be tolerated not at all; 10...can be tolerated easily

### 3.5.4. Desired punishment for unofficial labor supply

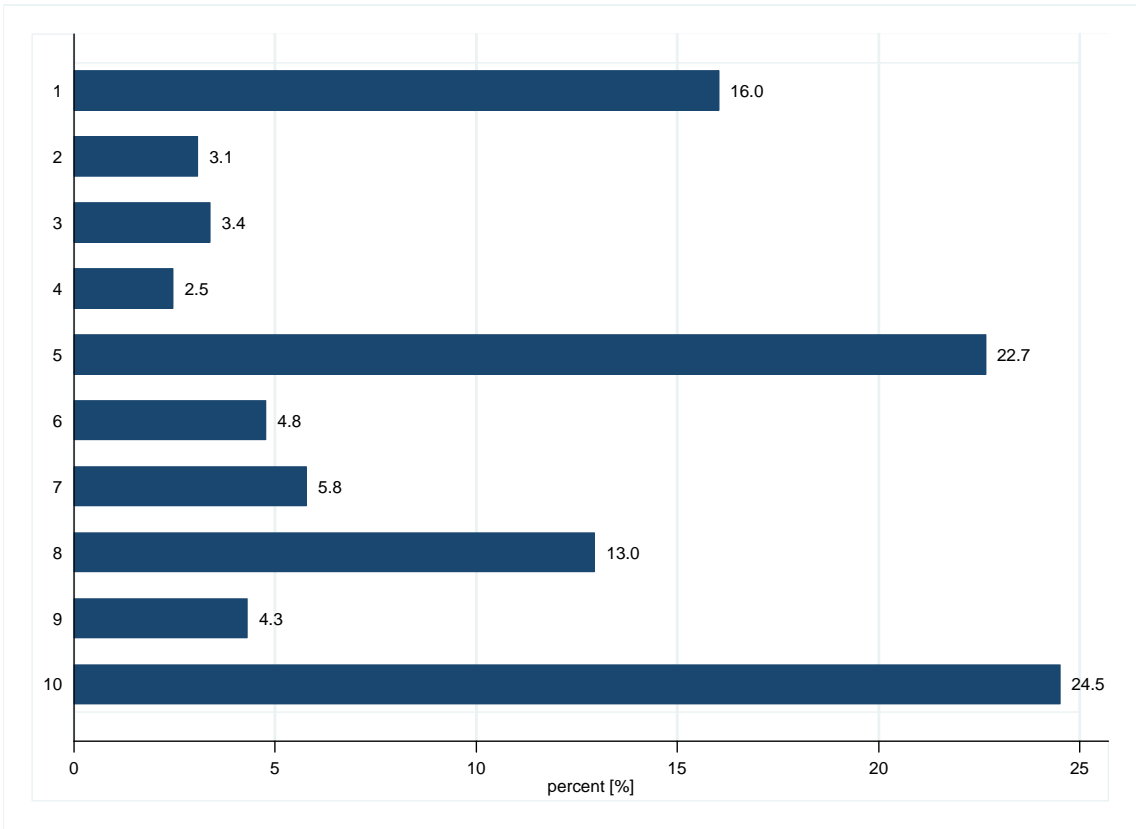
An issue which is closely related to the degree of tolerance of unofficial labor market activity is the question of adequate punishment. The survey respondents have been asked to state their desired severity of punishment measured on a scale ranging from one (no punishment at all) to ten (most severe punishment). There were separate questions for large- and small-scale unofficial labor supply as well as large- and small-scale labor demand.

#### 3.5.4.1. Large-scale labor supply

By and large, about one fourth of the survey respondents declared that large-scale unofficial labor supply should be punished most severely, while about one fifth was in

favor of medium punishment. One sixth considered no punishment at all to be optimal. Considering Figure 3-40, it is, however, remarkable that apparently not all survey respondents who showed no tolerance of large-scale labor supply and demand were in favor of the most severe punishment. It is, thus, obviously easier to say that society should not tolerate a certain activity, than to say that those who engage in unofficial work should go to jail.

Figure 3-40: Do you think someone who works in the shadow economy should be punished when it concerns **big** works/amounts?

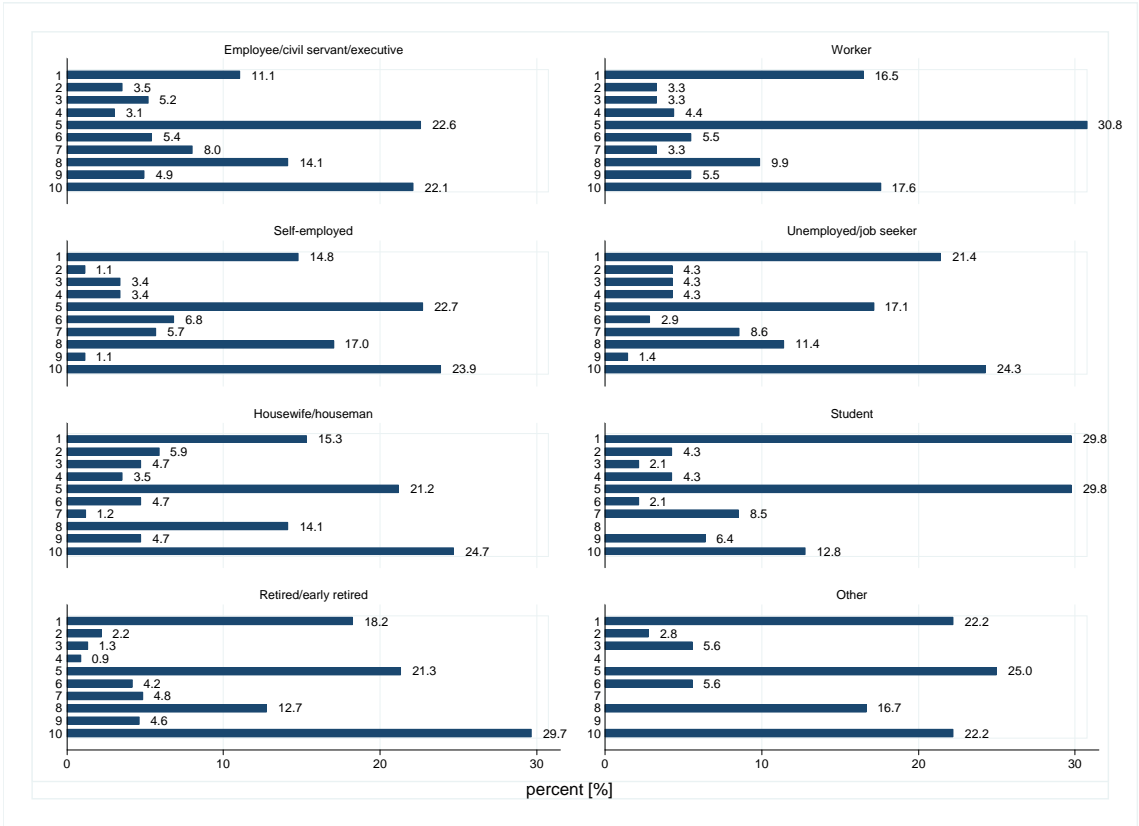


Scale: 1...no punishment; 10...severe punishment

Figure 3-41 largely confirms the pattern observed in Figure 3-33 on the tolerance of large-scale unofficial labor supply and demand among the Belgian population. This tolerance is highest among students, which is the group which calls for the least severe punishment levels. Interestingly however, the group of workers is, compared to the

other groups, relatively tolerant of large-scale unofficial labor supply and demand, however, it does not call for significantly less severe punishment for large-scale unofficial labor supply than the other groups. This pattern might arise from the fact that the survey asked for tolerance of unofficial labor supply and demand, but features separate questions for punishment of demand and supply. Since workers often act as small-scale unofficial labor suppliers in order to supplement their official wage income, but seldom offer unofficial labor on a large-scale, they might be inclined to demand severe punishment for large-scale unofficial labor supply. This would not affect the group of workers very much.

Figure 3-41: Do you think someone who works in the shadow economy should be punished when it concerns **big** works/amounts? - Professions

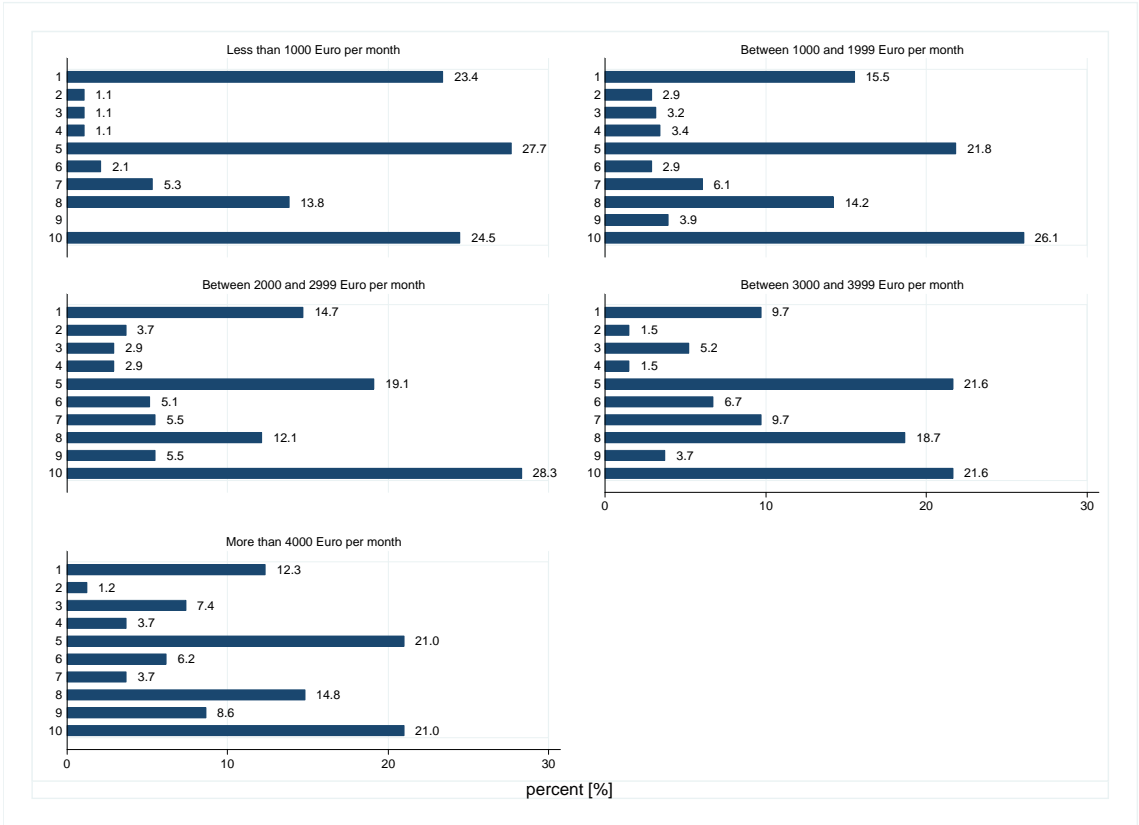


Scale: 1...no punishment; 10...severe punishment



While the patterns of the degree of tolerance and punishment are consistent across the different types of respondents, Figure 3-42 shows that the higher the income of the respondents, the higher is the intensity of punishment they call for. Recall, however, Figure 3-34, which documents that the respondents with higher income are also more tolerant of large-scale unofficial labor supply and demand. This obvious inconsistency might arise from the quite large room for interpretation the questions leave to the respondent. Respondents earning only little might have a different view of what severe punishment is than respondents who earn much. In that sense, the results on the questions for tolerance tend to be somewhat more reliable than the questions for appropriate punishment.

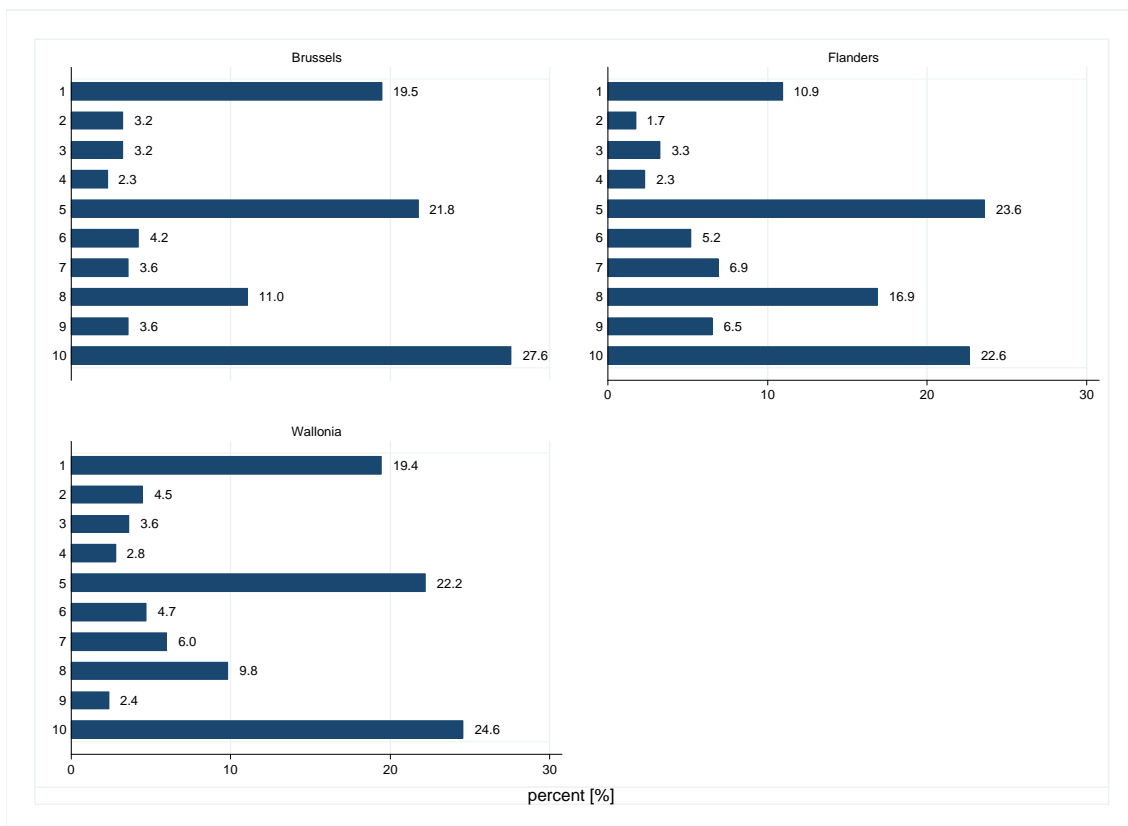
Figure 3-42: Do you think someone who works in the shadow economy should be punished when it concerns **big** works/amounts? – Income categories



Scale: 1...no punishment; 10...severe punishment

Figure 3-43 shows a slight inconsistency with the findings on tolerance of large-scale unofficial labor supply and demand across regions, which is documented in Figure 3-35. While we do not find any regional differences in tolerance, respondents from Brussels and Wallonia call for less severe punishment of large-scale labor supply than respondents from Flanders.

Figure 3-43: Do you think someone who works in the shadow economy should be punished when it concerns **big** works/amounts? – Regions



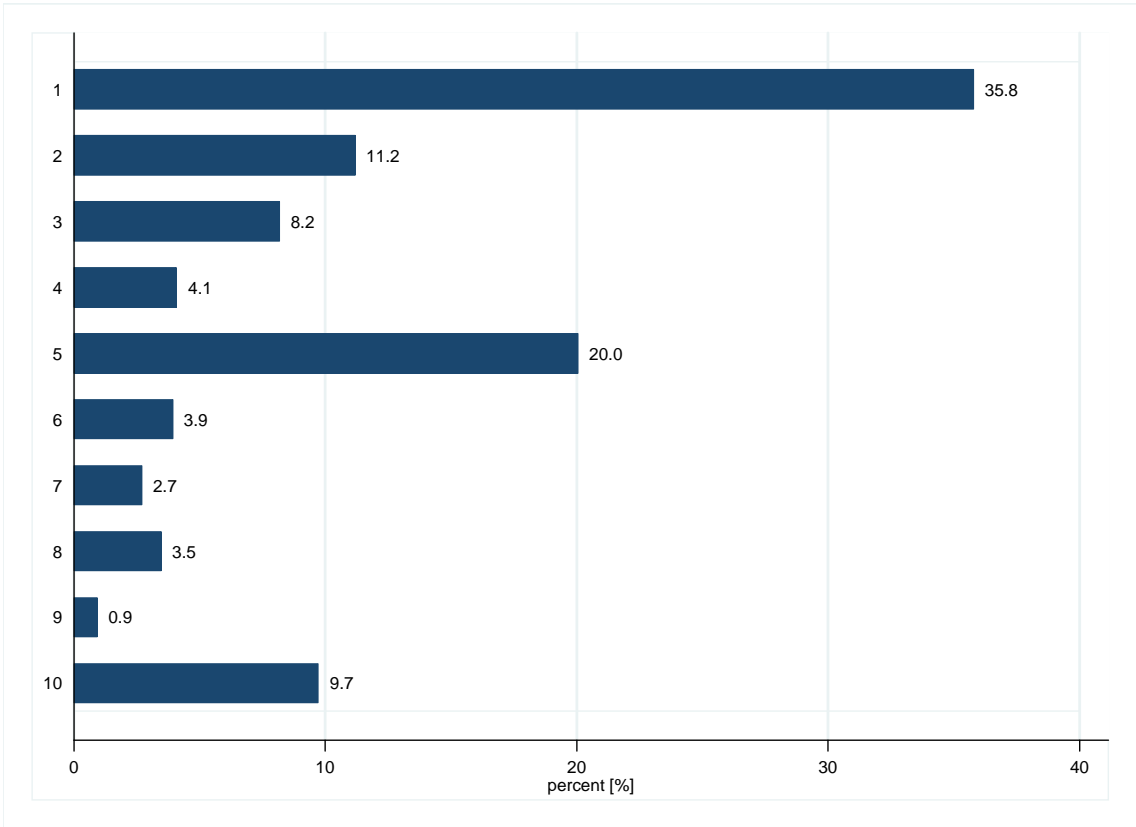
Scale: 1...no punishment; 10...severe punishment

### 3.5.4.2. Small-scale labor supply

It is by no means surprising that the survey respondents representing the Belgian population want less-severe punishment for small-scale unofficial labor supply than for large-scale unofficial activity. As Figure 3-44 shows, more than one third of the respondents finds that small-scale unofficial labor supply should not be punished at all

while one fifth wants punishment of medium severity and slightly less than one tenth calls for the most severe punishment. However, as noted above already, the results on the questions for the severity of punishment suffer from the comparably large room of interpretation of punishment and its severity.

Figure 3-44: Do you think someone who works in the shadow economy should be punished when it concerns **small** works/amounts?

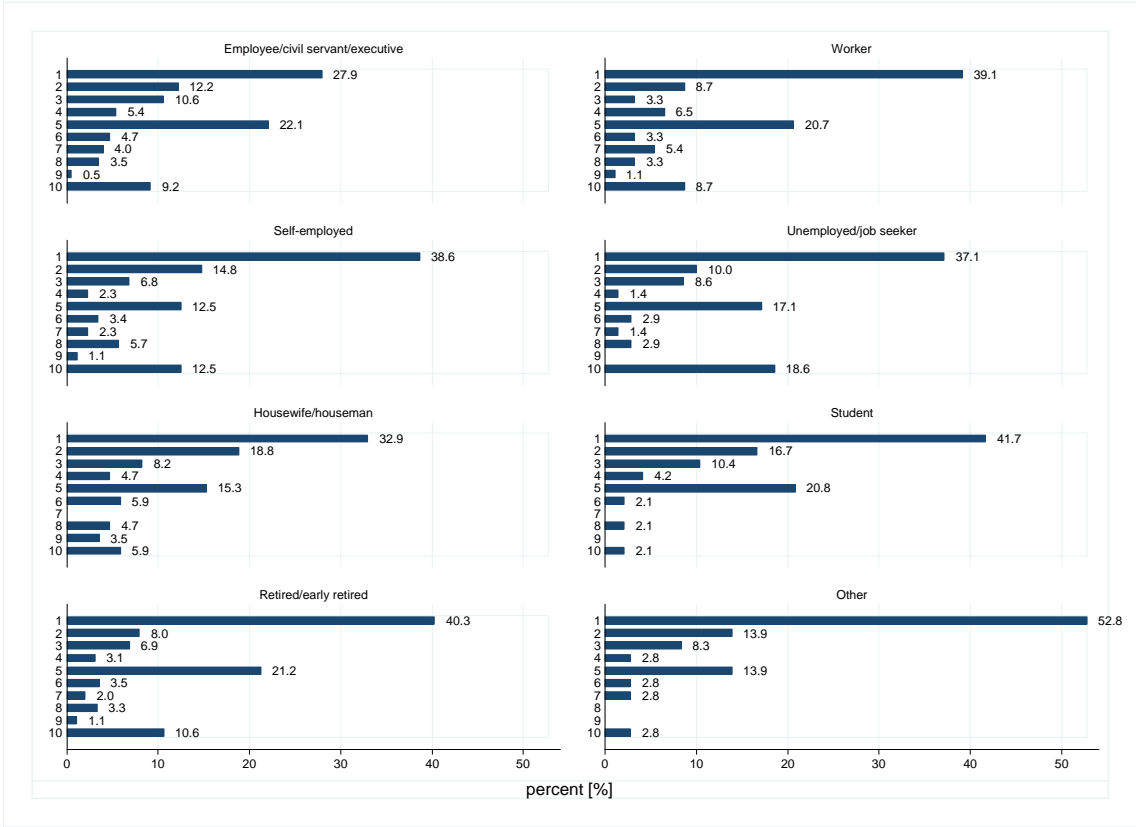


Scale: 1...no punishment; 10...severe punishment

Nonetheless, we find consistent patterns when comparing the responses to the questions concerning large- and small-scale unofficial labor supply. Figure 3-45 shows how the distribution of responses varies with the different types of respondents. The pattern we find is consistent for some types, i.e. students and workers are among the most tolerant groups and they also call for the least severe punishment on average. However, we have to state inconsistencies in answers for other types of respondents.

Consult, for example Figure 3-37 to see that a substantial share of only less than one third of retired and self-employed respondents stated that small-scale unofficial labor supply and demand cannot be tolerated at all. Figure 3-45 shows, for those groups, however, a different pattern. About 40 % of the retired and the self-employed respondents want small-scale unofficial labor supply not to be punished at all.

Figure 3-45: Do you think someone who works in the shadow economy should be punished when it concerns **small** works/amounts? - Professions



Scale: 1...no punishment; 10...severe punishment

Basically there might be two reasons for the inconsistencies between the results on tolerance and desired punishment described just above. One lies in the already mentioned room for interpretation and subjectivity of the severity of punishment. The other stems from the fact that the questions for tolerance alluded to both unofficial

labor supply and demand, while there are separate questions for punishment of supply and demand.

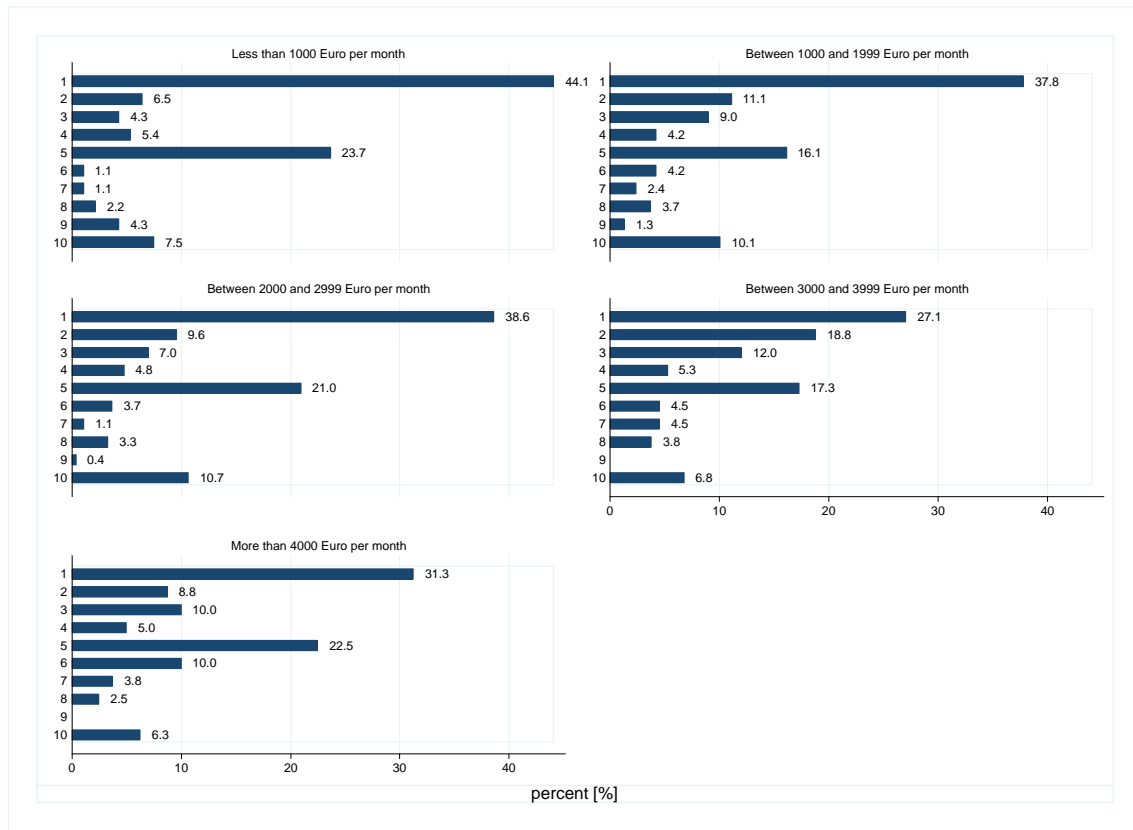
For the inconsistencies between Figure 3-38 above and Figure 3-46 below, there are good reasons to assume that they stem from the latter reason. Figure 3-38 documents that respondents earning little are slightly less tolerant of small-scale labor supply and demand. From Figure 3-46 we see, however, that the fraction of respondents calling for no punishment is highest for the respondents earning least. It is more than ten percentage points higher than for the respondents earning most.

Clearly, people earning little often act as suppliers of unofficial labor, while they seldom demand. On the contrary, people earning much often demand unofficial labor, but hardly supply it. Thus, if the question is on tolerance of unofficial labor supply and demand, substantial fractions of both low- as well as high-income groups have good reasons to be tolerant of these activities because they are themselves involved. This is what can be seen from Figure 3-38.

However, if the question is on punishment for unofficial labor supply, then the respondents earning little have reasonable interests in no or little punishment, while those earning much are less affected by punishment and might thus demand medium or higher punishment levels.

All in all, however, the interpretation of the answers on the questions on appropriate punishment for large- as well as small-scale labor supply is exacerbated by the fact that we do not exactly know what the respondents mean by “severe punishment” or “medium punishment”. We do, however, know what they mean by “no punishment” and are thus able to point the reader to the remarkable result that the fraction of respondents calling for no punishment for unofficial labor supply is higher than the fraction of people declining punishment for unofficial labor demand.

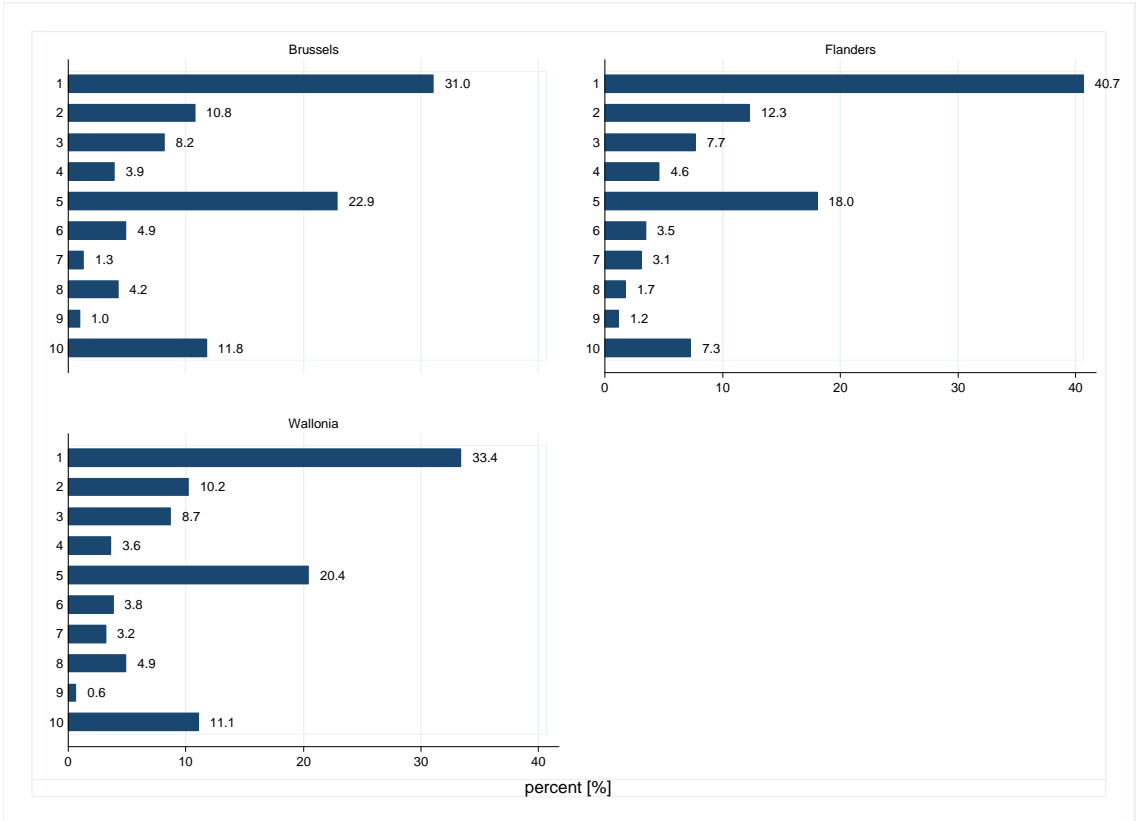
Figure 3-46: Do you think someone who works in the shadow economy should be punished when it concerns **small** works/amounts? – Income categories



Scale: 1...no punishment; 10...severe punishment

While, as Figure 3-39 shows, tolerance of small-scale labor supply and demand is somewhat lower in Flanders than in Brussels and Wallonia, Figure 3-47 below shows that respondents from Flanders call for less severe punishment than respondents from the two other documented regions. This pattern is somewhat inconsistent, however, the differences across regions are small and the inconsistency might be due to the different foci of the questions on tolerance and the punishment level. While the question on tolerance focuses on both unofficial labor supply and demand, the question on the punishment level focuses only on unofficial labor supply.

Figure 3-47: Do you think someone who works in the shadow economy should be punished when it concerns small works/amounts? – Regions



Scale: 1...no punishment; 10...severe punishment

**3.5.5. Desired punishment for unofficial labor demand**

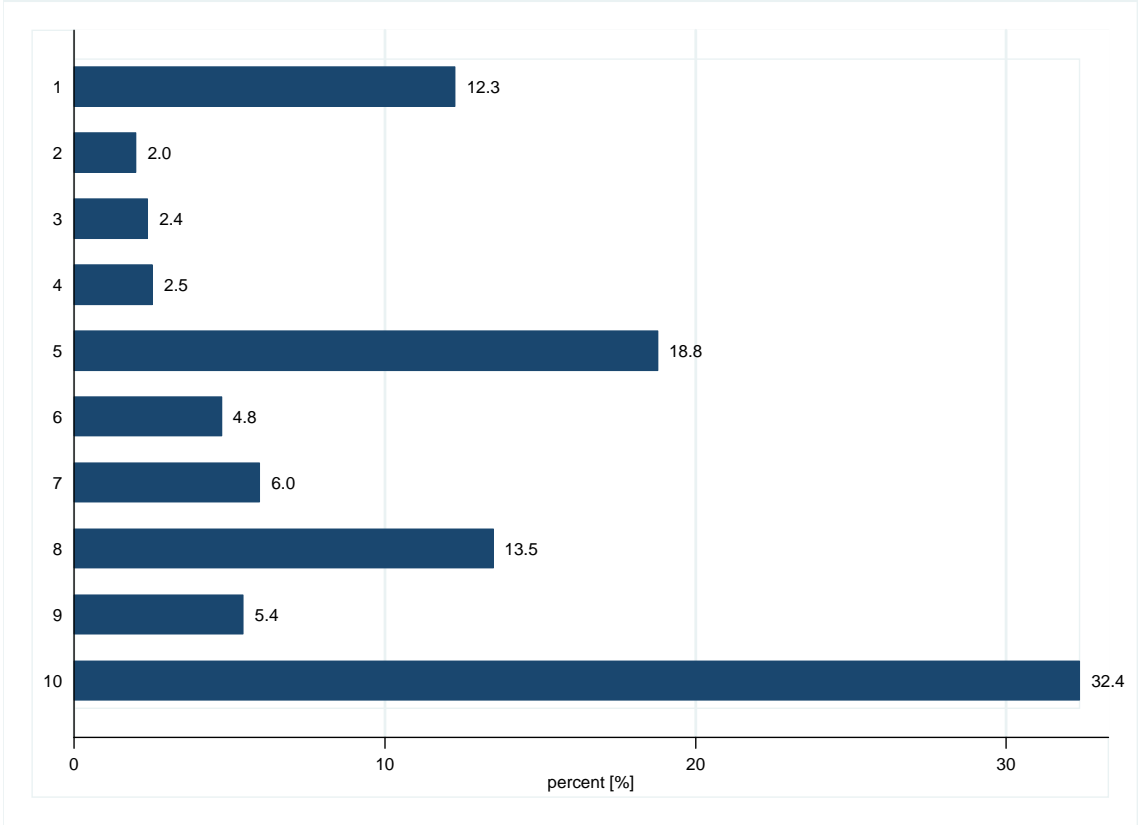
Obviously, suppliers of labor require people who demand labor and vice versa. In public opinion, however, unofficial labor supply might be put into a somewhat better light than unofficial labor demand. Unofficial labor supply is often seen as a supplement to typically low worker’s wages, while firms and people who unofficially hire workers are frequently suspected of circumventing social security rules and tax laws.

Our survey data supports this rather intuitive hypothesis. The fraction of respondents calling for no punishment for unofficial labor supply is higher than the fraction of people declining punishment for unofficial labor demand. The following figures, however, show that the difference is rather small.

### 3.5.5.1. Large-scale labor demand

While 16 % of the respondents said that they did not want any punishment for large-scale unofficial labor demand (see Figure 3-40), Figure 3-48 shows that only 12 % want no punishment for large-scale labor demand. Moreover, about one fourth of the respondents want the maximum possible punishment for large-scale labor supply, while almost one third wants people who demand unofficial labor on a large scale to be punished most severely. This provides some support for our hypothesis that unofficial labor supply is somewhat more favorable than unofficial labor demand.

Figure 3-48: Do you think a person who lets work do in the shadow economy should be punished, when it concerns **big** works/amounts?



Scale: 1...no punishment; 10...severe punishment

We abstain from plotting the distributions of survey responses for different types of respondents as well as the different income groups. The patterns we extensively

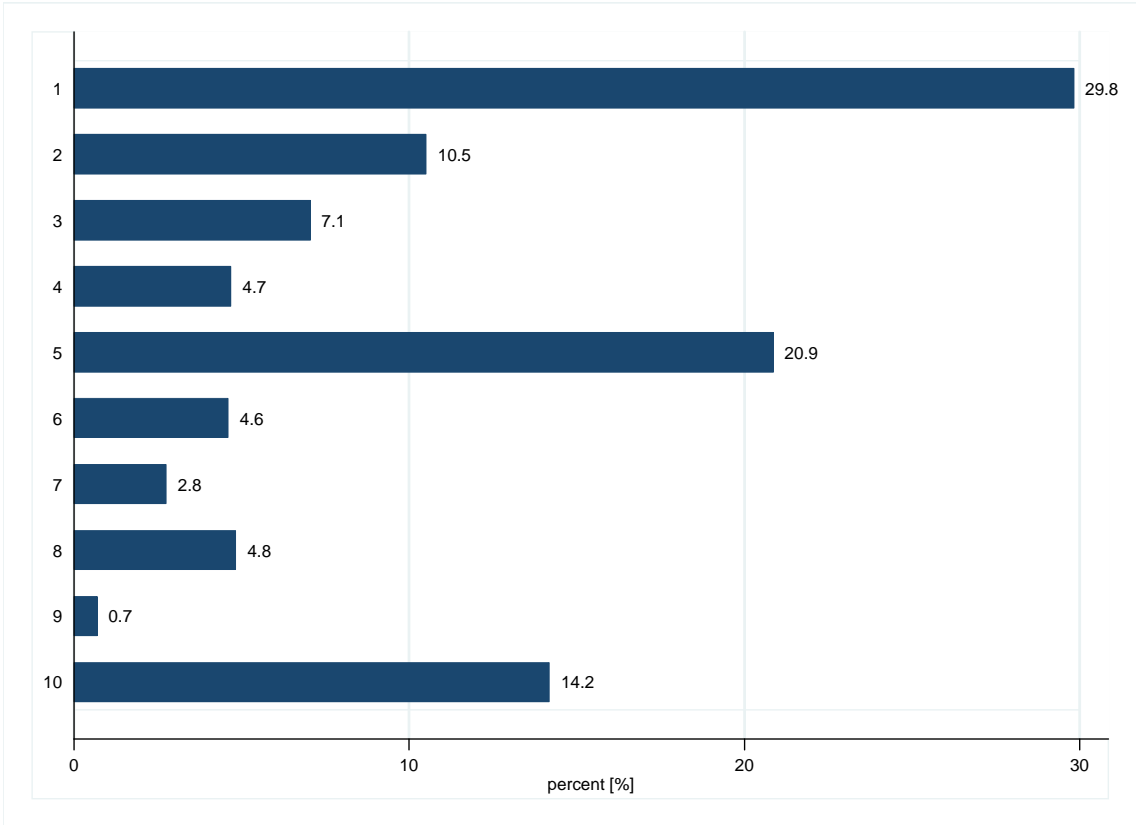


described above already persist if the questions relate to unofficial labor demand rather than supply.

### 3.5.5.2. Small-scale labor demand

Another most intuitive pattern we have described several times already is to be found when comparing Figure 3-48 above with Figure 3-49 below. Small-scale unofficial labor demand is much more socially accepted and thus much less subject to desired punishment than large-scale unofficial activity. Almost 30 % of the survey respondents declared that small-scale unofficial labor demand should not be punished at all. This is consistent with what we have documented above. Small-scale unofficial labor market activity is largely accepted in Belgium.

Figure 3-49: Do you think a person who lets work do in the shadow economy should be punished, when it concerns **small** works/amounts?



Scale: 1...no punishment; 10...severe punishment

### 3.5.6. Whistle-blowing

Both Figure 3-50 as well as Figure 3-51 clearly show that reporting unofficial labor market activities to the Police or other appropriate authorities is absolutely unpopular in Belgium. Interestingly, slightly more respondents declare that they would call the police if one of their acquaintances or friends would be active on the unofficial labor market than if some person unknown to the respondent would do so.

The difference, however, is not significant and the broad picture is that the authorities clearly must not expect to get many hints on unofficial labor market activity from the population, even in case the population knows about such activities. Recall, for instance, Figure 3-22 in combination with Figure 3-23 to see that there is quite widespread knowledge of unofficial activity in household services. Given the responses that led to Figure 3-50 and Figure 3-51, there is no reason to assume that the authorities will be able to exploit this knowledge and benefit from it in treating and punishing unofficial labor supply and demand.

Figure 3-50: If you hear of a person you don't really know that he/she works in the shadow economy or lets work do in the shadow economy, would you call the police or social security office to tell them ?

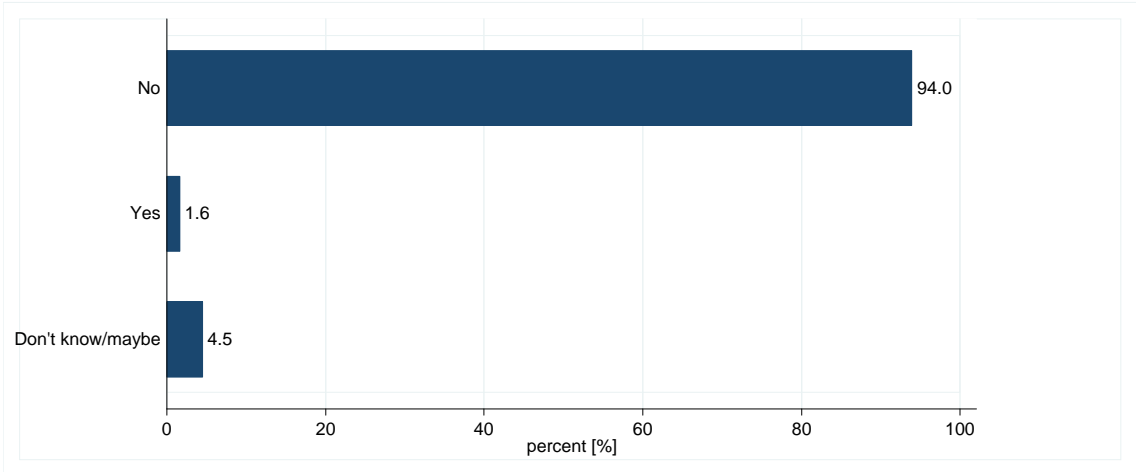
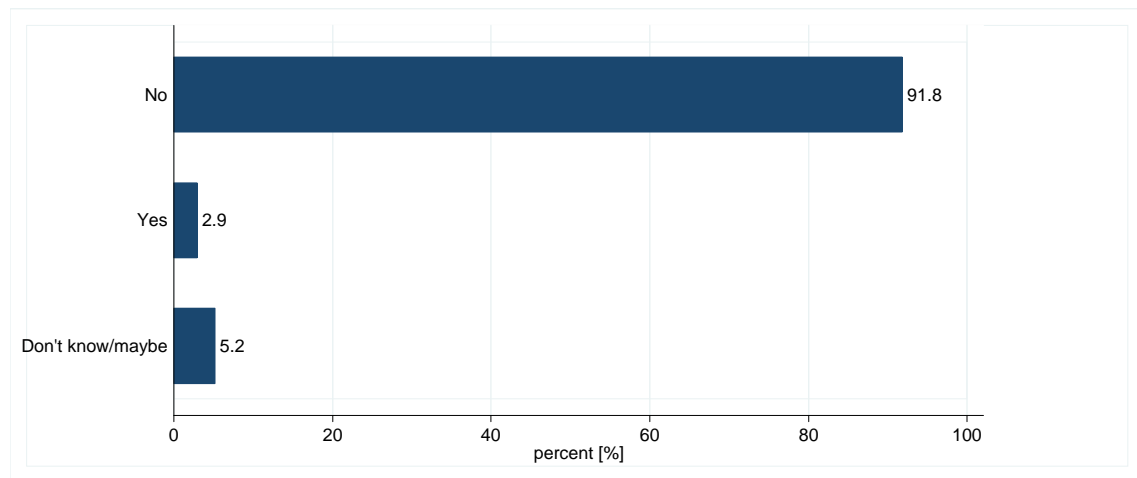


Figure 3-51: Would you call the police or social security office if it is one of your acquaintances or friends?



### 3.5.7. Some statements on the shadow economy

The analysis above has shown that unofficial labor market activity in Belgium is a phenomenon the population is aware of and a fraction of about one fourth of the population knows at least one person who participates in the unofficial labor market as a supplier (see Figure 3-26, for example). Moreover, the survey results have shown that although a substantial fraction of the population claims not to tolerate unofficial labor market activities (see Figure 3-32 for large-scale and Figure 3-36 for small-scale labor supply and demand), desired punishment is low (Figure 3-41 and Figure 3-44) and only very few people would report such activity to the police (Figure 3-50).

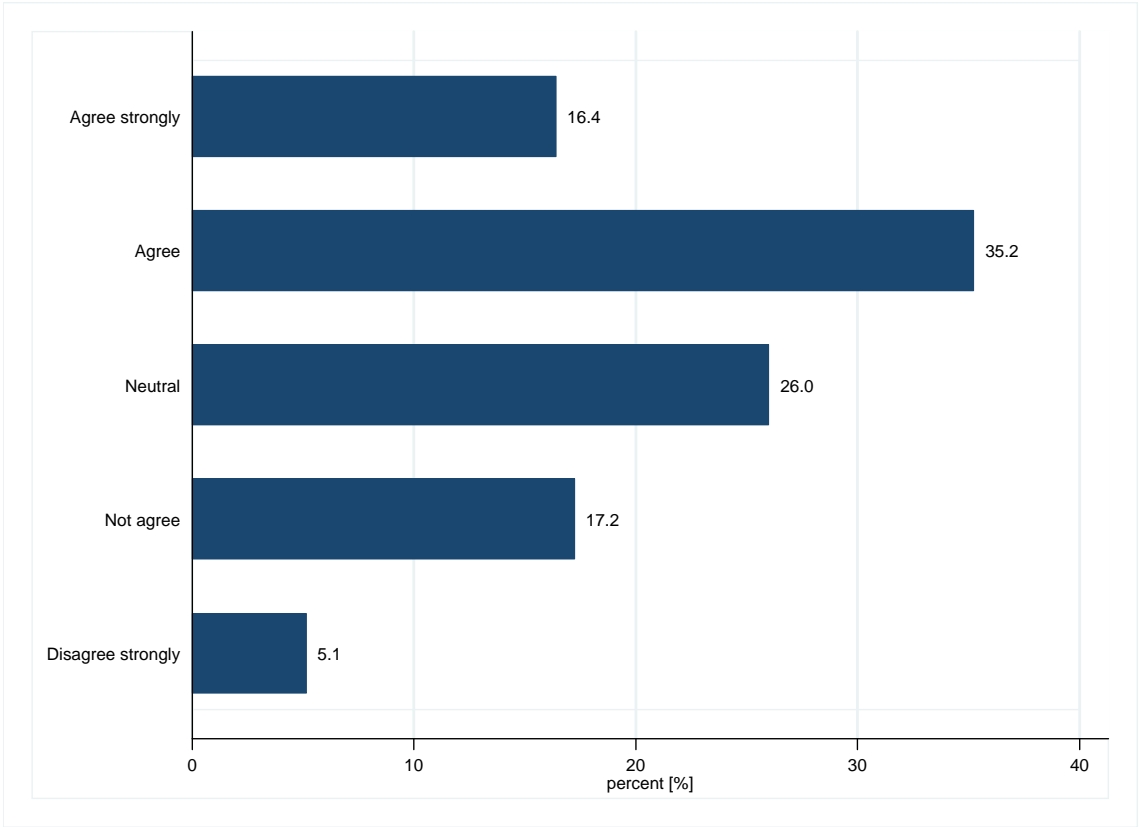
The following results might explain why the population accepts unofficial labor supply and demand as activities people would not act against and for what reasons the population can benefit from the shadow labor market.

#### 3.5.7.1. Work in the shadow economy is much cheaper

Figure 3-52 shows the distribution of agreement and disagreement to the position that work in the shadow economy is “much cheaper” than work in the official economy. As can be seen, more than 50 % of the respondents either strongly agree or agree with the statement, while not even one fourth disagrees or strongly disagrees. The remaining respondents were neutral. Recall from Table 3-1 that indeed, household

services done by workers who have no official labor contract are cheaper than services done by professional workers. The reason for unofficially hired workers being able to offer their services at lower wages is straightforward. Their wages are not subject to social security contributions and income tax. Thus, we conclude that the agreement of the survey respondents with the statement is well-grounded, however, by establishing the possibility of service vouchers featuring generous tax exemptions, officially declared household services can be offered as cheap as unofficial services (see Section 1).

Figure 3-52: Work in the shadow economy is much cheaper

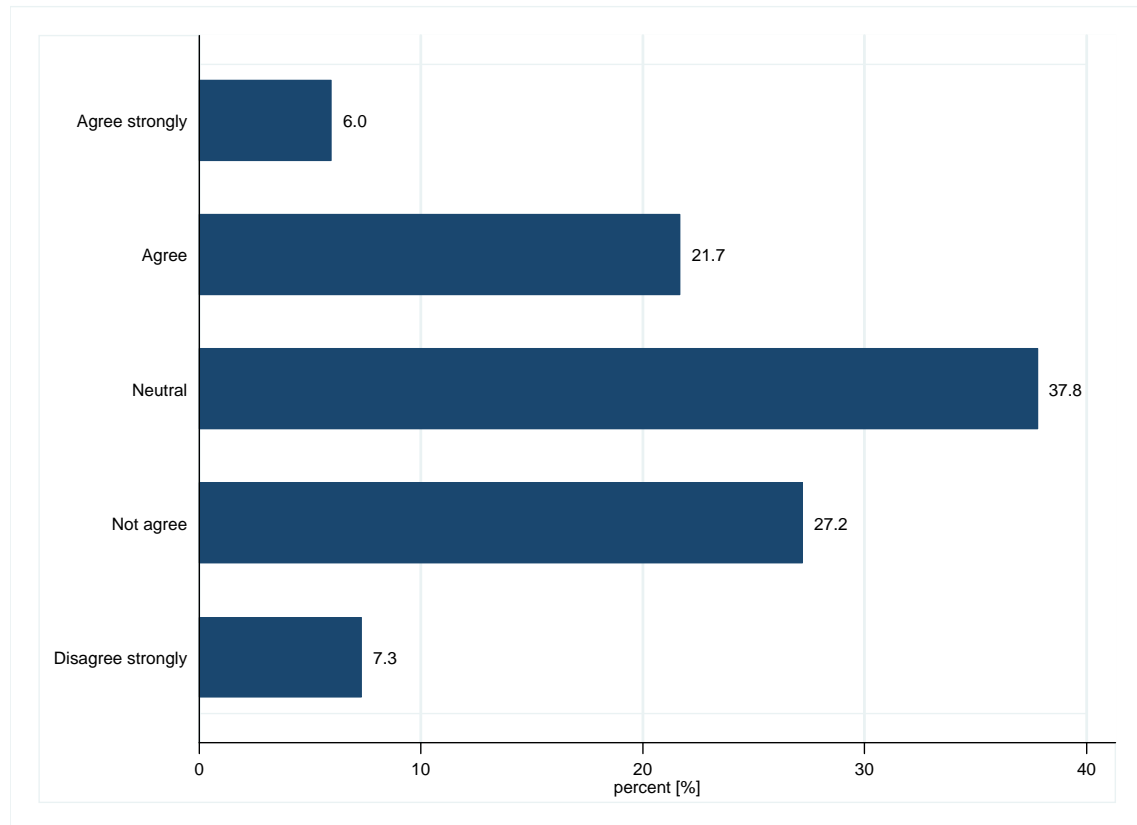


**3.5.7.2. In the shadow economy one gets a quicker service**

Figure 3-53 shows whether the survey respondents perceive shadow economy services to be performed faster than services from officially hired workers. There is slightly more disagreement than agreement, while a substantial share of the respon-

dents is neutral. Thus, the data show no support for the position that shadow economy workers are quicker. Rather, the opposite seems to be the case.

Figure 3-53: In the shadow economy one gets a quicker service



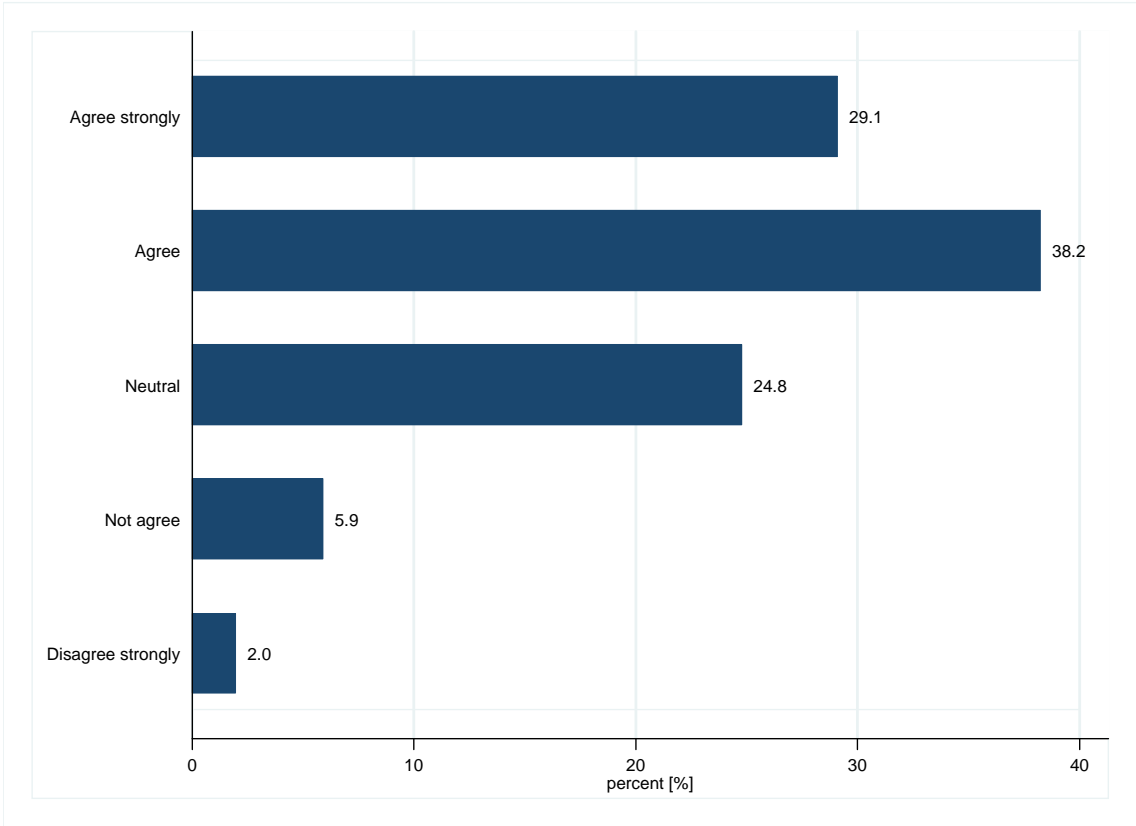
### 3.5.7.3. Taxes on the factor labor are too high

Figure 3-54 shows that a vast majority of survey respondents consider taxes on labor in Belgium as too high. More than two thirds either strongly agree or agree with the statement that taxes are too high, while almost one fourth is neutral. Less than 8 % of the respondents disagrees or strongly disagrees.

This pattern might explain why, as noted earlier already, unofficial labor supply and demand is accepted and the Belgian population does not desire severe punishment for such activities. In this light, the service voucher system, which features generous tax exemptions for those who hire household help and offers service suppliers

the possibility to keep unemployment benefits should be perceived as a most beneficial system with very low dues.

Figure 3-54: Taxes on the factor labor are too high



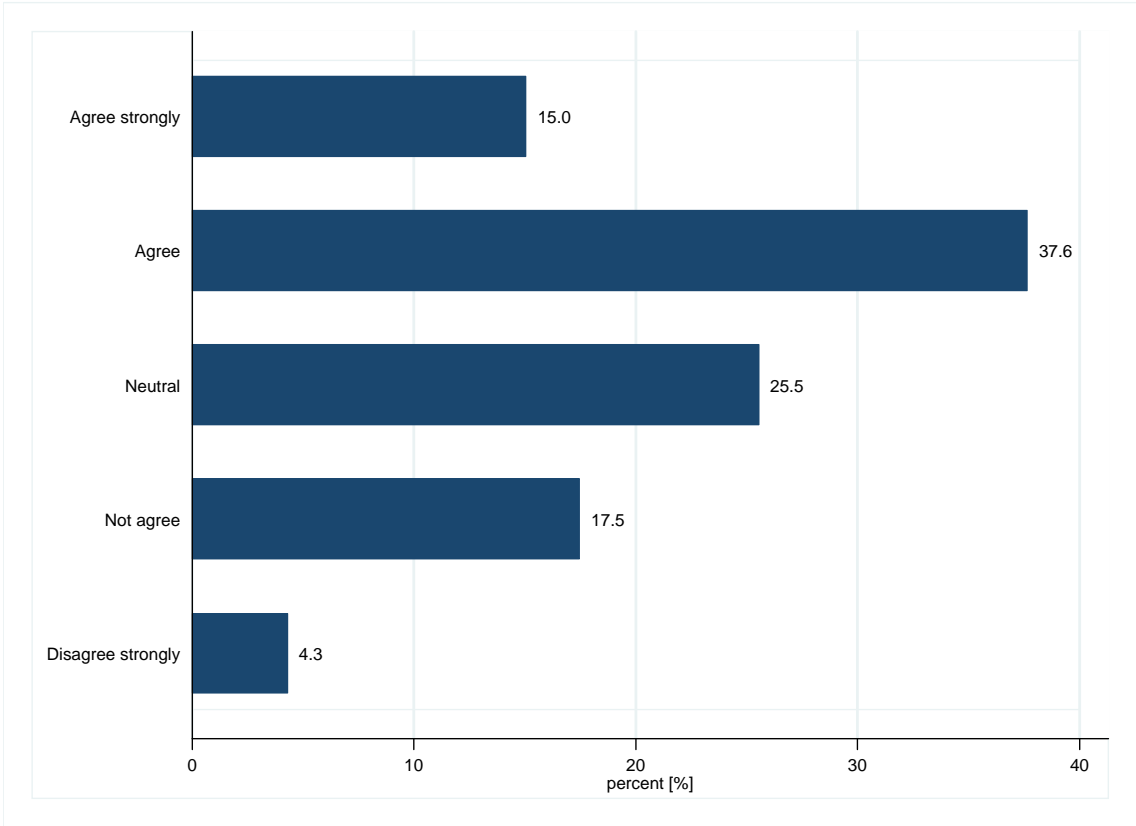
**3.5.7.4. The shadow economy raises the standard of living**

An almost equally substantial majority of the survey respondents confirms the statement that the shadow economy raises the standard of living. More than half of the respondents either strongly agree or agree, one fourth is neutral, while less than one fourth either disagree or strongly disagree.

The fact that the survey respondents largely recognize the possibility to raise the standard of living by engaging in shadow economic activity constitutes another reason why unofficial labor supply and demand is recognized and tolerated. In this light, it is as well reasonable that a majority of people think that punishment for it should be

minor, at least if the unofficial labor market activities happen on a small-scale (see Figure 3-44 and Figure 3-49).

Figure 3-55: The shadow economy raises the standard of living



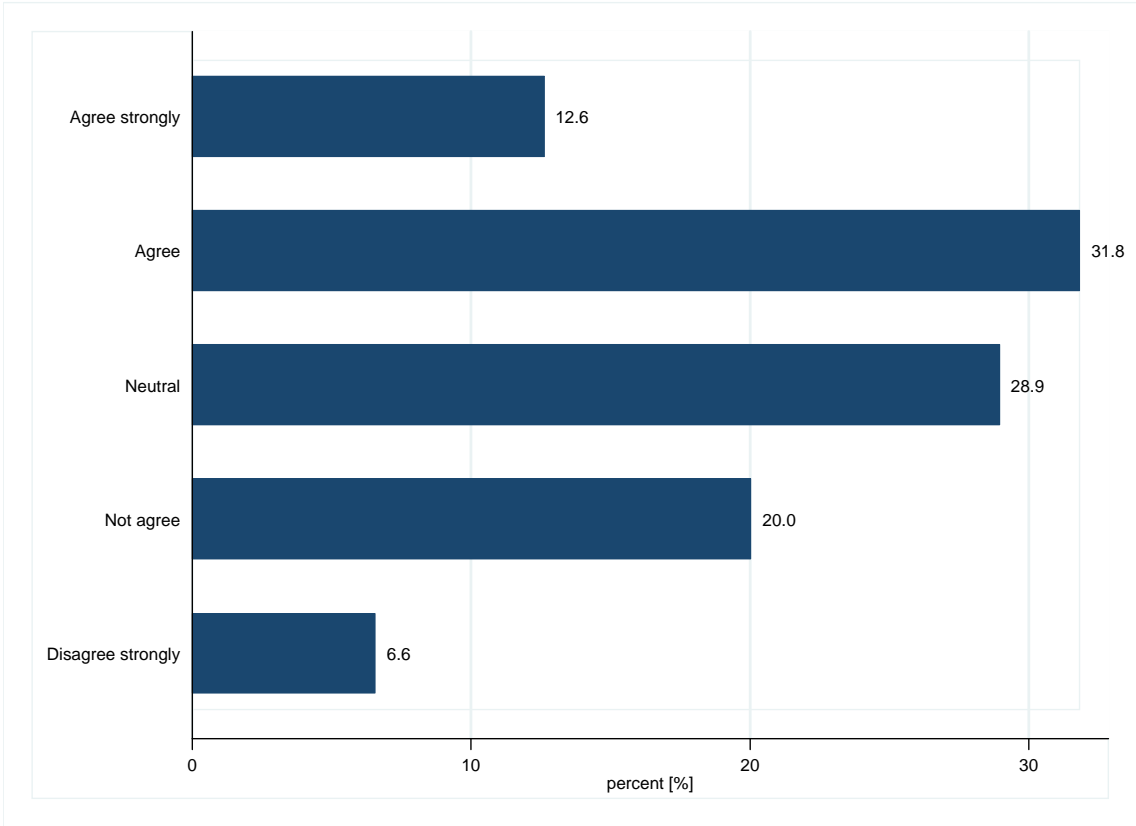
**3.5.7.5. In the shadow economy one gets a less reliable service**

Slightly less than 50 % of the survey respondents, however, either strongly agree or agree with the statement that shadow economy services are less reliable than officially supplied services. The fraction of people who strongly disagree or disagree with that statement is only slightly greater than one fourth.

Given that shadow economy services are cheaper than officially supplied services, however, the relevant question is whether the marginal returns from hiring shadow economy workers is smaller, equal or even greater than the marginal return from hir-

ing officially employed ones. Thus, the acceptance of unofficial labor supply and demand does not necessarily suffer from the results shown in Figure 3-56.

Figure 3-56: In the shadow economy one gets a less reliable service



**3.5.7.6. State labor-regulation is too intensive**

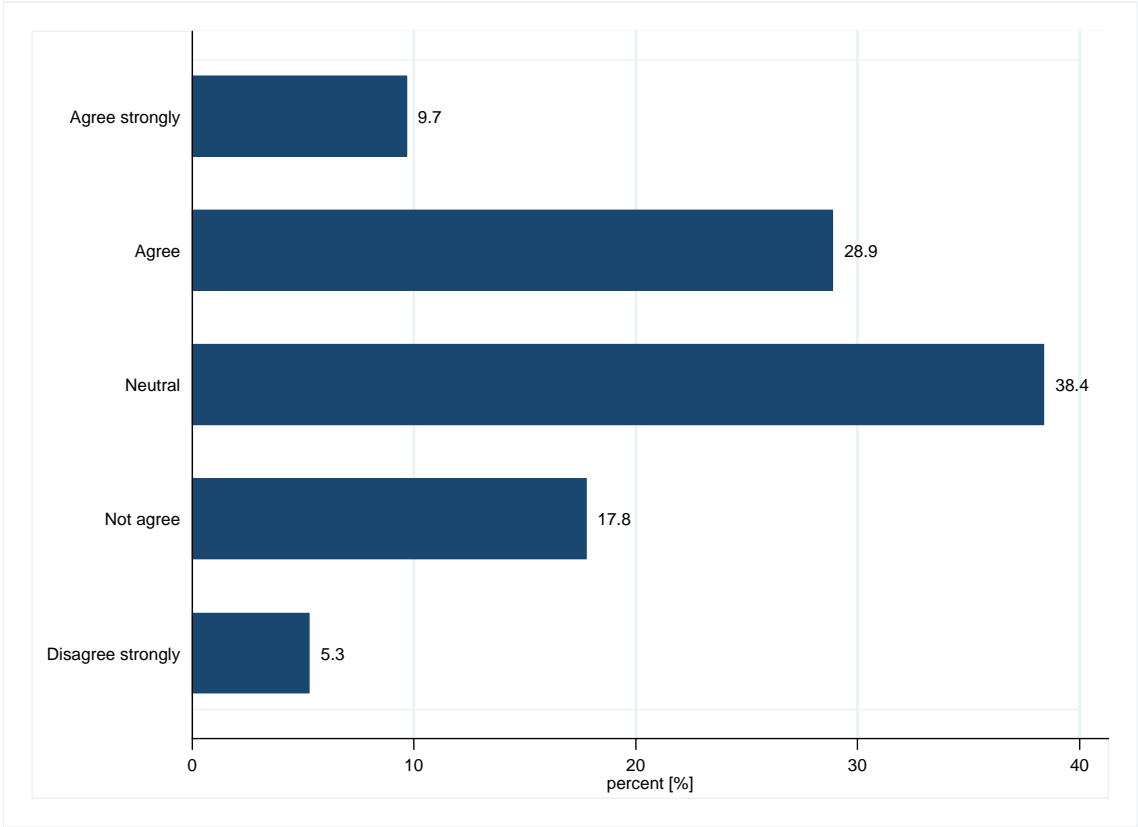
Figure 3-57 shows that the relative majority of the survey respondents neither agrees nor disagrees to the statement “state labor-regulation is too intensive”. However, the number of respondents who are in line with the statement exceeds the number of respondents who decline it. Thus, all in all the Belgian population wishes a slightly less intensive state-labor regulation.

In this light, the introduction of the service voucher system might have been a policy measure in line with what the population has requested. The voucher system features little state-regulation in the sense that it features a remarkably low tax-burden of



labor. Consumers of service vouchers are entitled to generous tax-exemptions, and suppliers are allowed to keep unemployment benefits in case they are eligible for them.

Figure 3-57: State labor-regulation is too intensive



**3.5.7.7. In the shadow economy one can earn or save extra money**

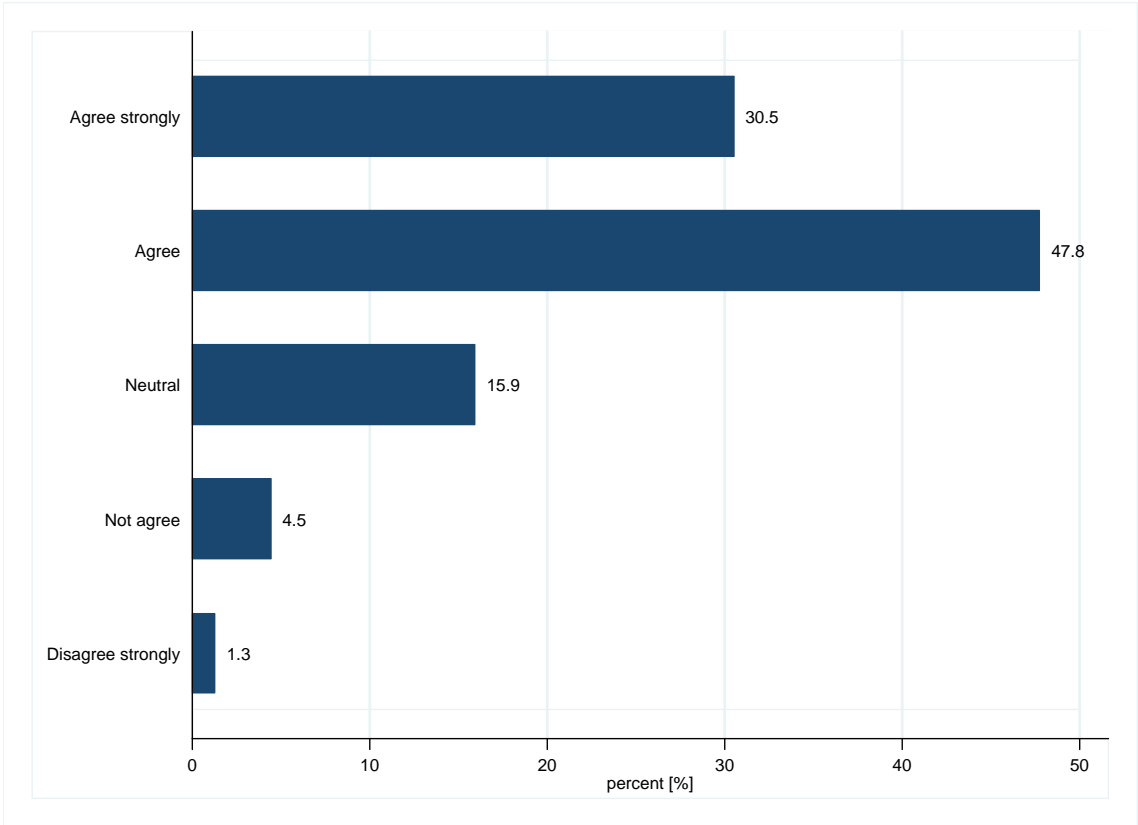
Figure 3-58 shows that almost 80 % of the survey respondents either strongly agree or agree with the statement “In the shadow economy one can easily earn or save extra money”. This is, as a matter of fact, by no means surprising since earning and saving extra money is a paramount motive for engaging in unofficial labor supply and demand.

If it was not possible to save money in case of demanding shadow economy labor, and to earn extra money in case of unofficially supplying labor, the shadow economy

would not exist. Thus, this question is a useful indicator for the extent to which policy regulations are capable of reducing the incentives to engage in unofficial labor supply.

If policy makers want to reduce shadow economic activity, then they should aim at receiving a majority of respondents who either strongly disagree or disagree with the statement. The introduction of the service voucher system clearly reduces the incentives to hire workers for household services from the shadow economy. However, the results in Figure 3-58 show that there is still room for improvement and that policy measures like the service voucher system for household services could be applied to other services for further reducing the incentives to engage in shadow economic activity.

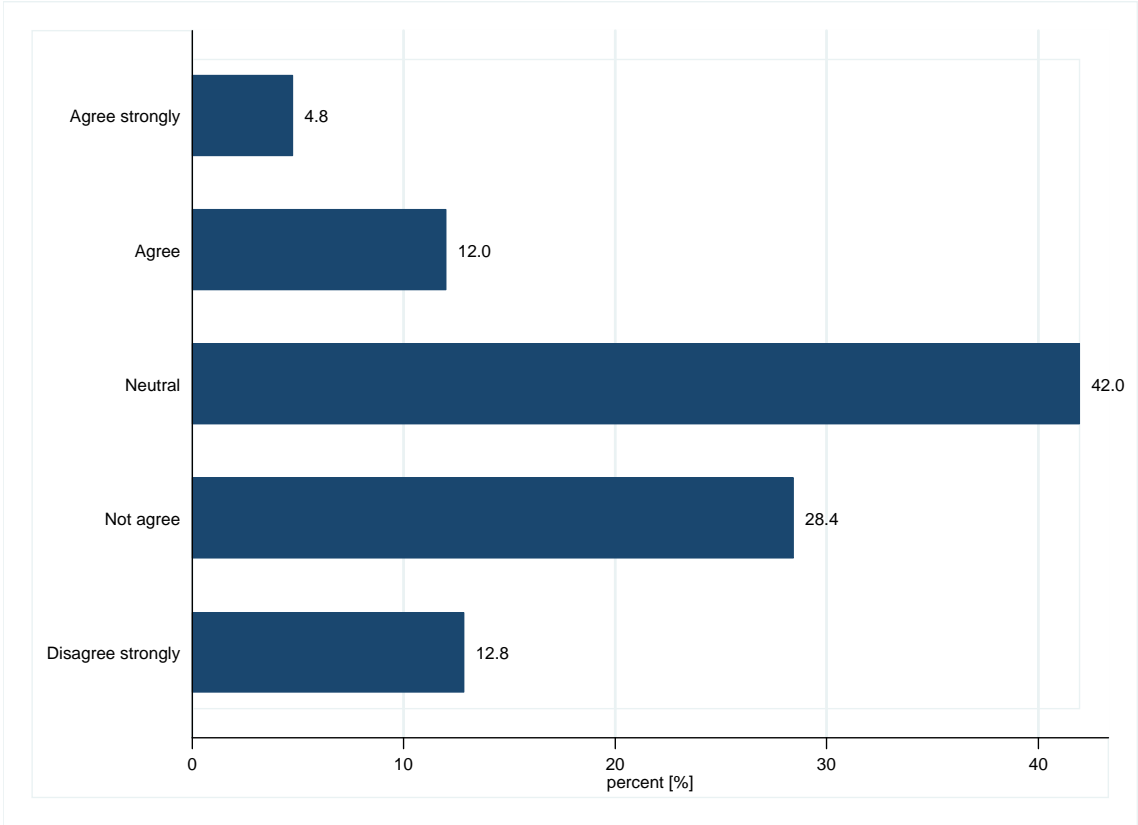
Figure 3-58: In the shadow economy one can easily earn or save extra money



**3.5.7.8. The social security burden on the factor labor is too low**

Recalling the survey results on the statements introduced just above, it would by no means be surprising if the statement “The social security burden on the factor labor is too low” provoked considerable disagreement. Figure 3-59 however shows that more than 40 % of the survey respondents neither agreed nor disagreed, while another 40 % of the respondents either disagreed or even strongly disagreed with the statement.

Figure 3-59: The social security burden on the factor labor is too low



Thus, discontent is somewhat lower than expected, especially if one reviews the merits which the Belgian population obviously finds in shadow economic activity. This result indicates that the survey respondents appreciate to have a well-established system of social security and at least a substantial fraction of them is willing to cope with the costs of such a system.

As the previous results however show (see, for example, Figure 3-58), the Belgian population as well appreciates to have an unofficial labor market which makes it possible to occasionally demand and supply services at lower cost and save and earn some extra money. The result documented by Figure 3-59 is also perfectly in line with the results on tolerance and desired punishment for large- and small-scale unofficial labor market activity (compare Figure 3-32 with Figure 3-36 or Figure 3-40 with Figure 3-44 above to see again that small-scale unofficial labor market activity is tolerated to a remarkably higher extent than large-scale activity).

As long as unofficial labor market activity happens on a small-scale, the Belgian population is very tolerant. Large-scale unofficial labor supply and demand is, however, less tolerated, and the reason apparently is that such large-scale activities would curtail the scope and potential of a well-established and comprehensive social security system.

### **3.5.8. Own experience in shadow economy labor supply**

Only slightly more than 5 % of the survey respondents declared that they themselves have engaged in unofficial labor supply during the year prior to investigation (Figure 3-60). This result is in line with the findings we extensively discussed above showing that the Belgian population appreciates shadow economic activity as an occasional source of additional income and not as a primary field of employment.

Figure 3-61 shows that those respondents who declared to engage supply labor on the unofficial market do so predominantly in the branches of horeca, construction and household services. This result is in line with the results on the perceived relevance of branches in the unofficial labor market (see Figure 3-28), although apparently household services are perceived to be more important than they actually are in unofficial labor supply.

Figure 3-60: Have you yourself worked in the shadow economy during the past year?

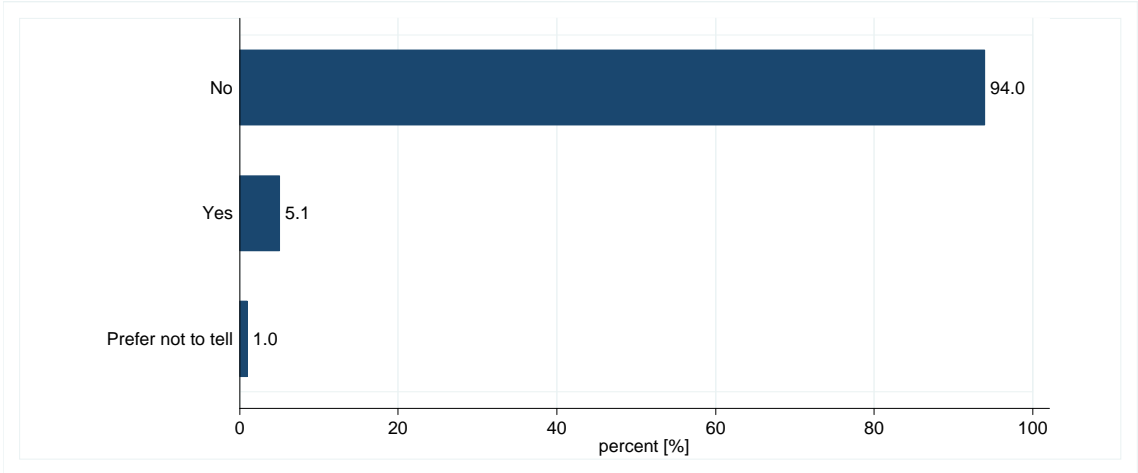
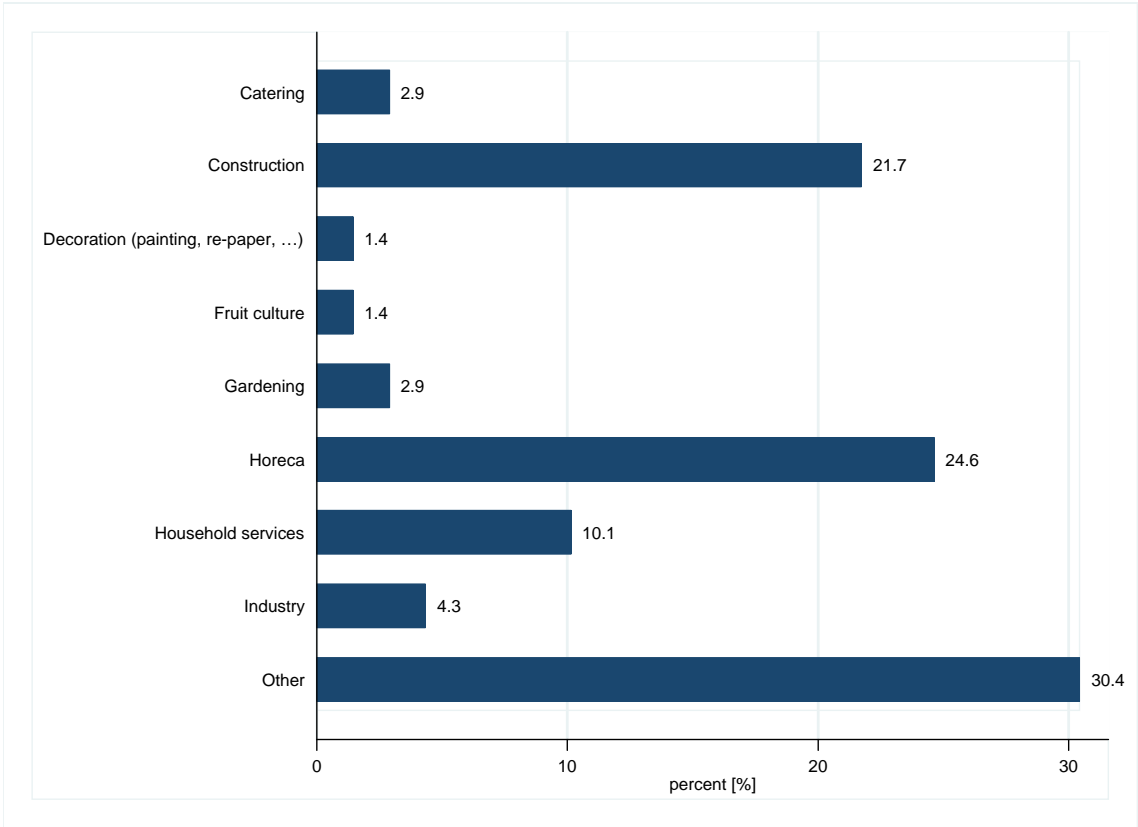


Figure 3-61: In what area was this?



One reason for this slight discrepancy between perceived and actual labor supply in household services could, however, lie in the introduction of the service voucher system. While from a legal point of view, a change from labor without an official contract to labor in course of the service voucher system immediately shifts labor supply out of the shadow economy into the official sector, it might take somewhat longer until this shift into the legal system is recognized by the public.

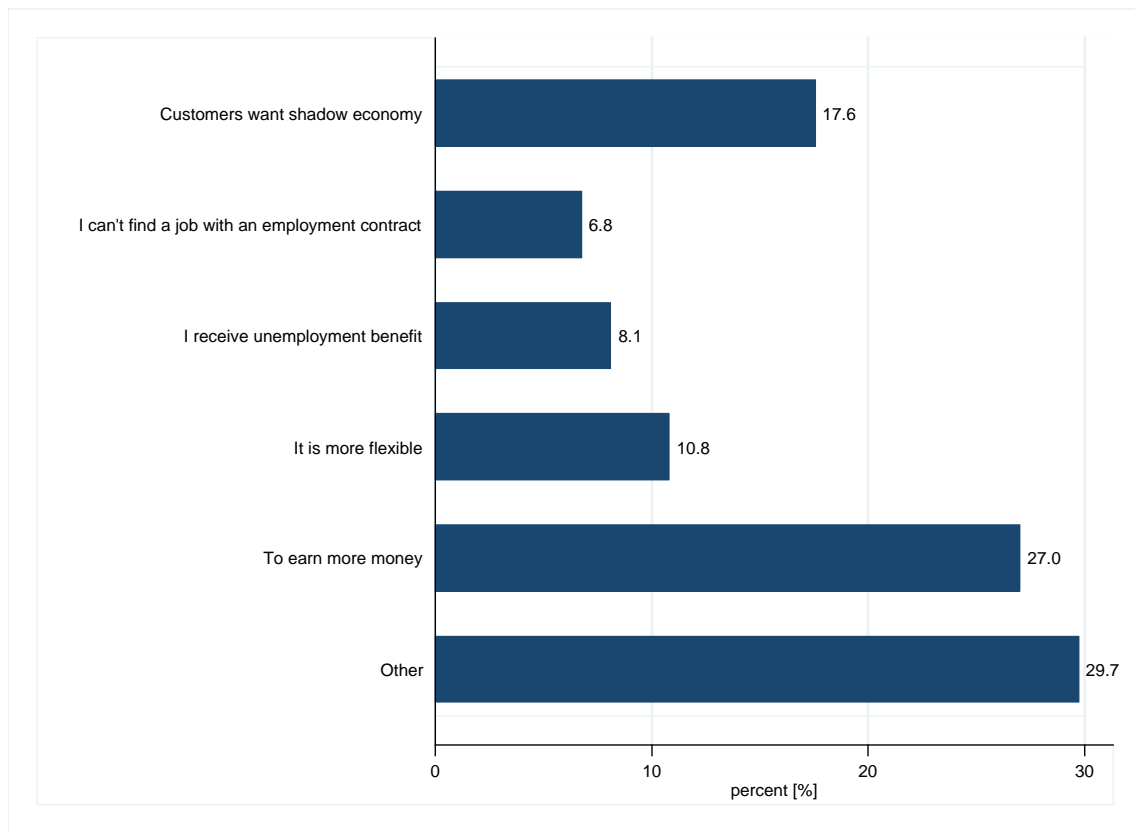
### **3.5.8.1. Reasons for shadow economy labor supply**

Figure 3-62 shows the distribution of stated reasons for engaging in unofficial labor supply. The relative majority of respondents claim that their motive is to earn more money. This result is perfectly in line with the findings shown in Figure 3-58, which document that many survey respondents think that the shadow economy offers a possibility to earn extra money.

A considerable share of about one sixth of survey respondents claimed that their customers wanted to hire them unofficially rather than with an official contract. Also this result is consistent with the patterns we see from the results on agreement and disagreement with some statement on the shadow economy. Consult, for instance, again Figure 3-58 on the perceived possibilities to earn and save extra money, Figure 3-54 on the perceived tax- and social security burden on the factor labor, or Table 3-1 on the perceived wages in the unofficial and the official labor market. Unofficially hiring workers is simply cheaper than hiring on the basis of official labor contracts, and it is thus by no means surprising that a fraction of one sixth of the survey respondents who engage in unofficial labor supply claim to do so because their customers want it.

Some 8 % claim that the reason for unofficially supplying labor is that they receive unemployment benefits which they would lose if they worked on an official basis. In this light, we again conclude that the service voucher system is a useful measure because it leaves the possibility to keep unemployment benefits and thus does not destroy the incentives to take up official labor supply.

Figure 3-62: Why did you work in the shadow economy and not with an employment contract?



### 3.5.9. Own experience in shadow economy labor demand

Figure 3-63 shows that some 15 % of the survey respondents declare to have let work done by some supplier from the shadow economy. Comparing this result with the findings documented in Figure 3-60 shows that apparently more respondents engaged in unofficial labor demand than in unofficial labor supply. This is not surprising since one shadow economy supplier might have several customers to serve such that the number of customers and suppliers need not be equal.

The distribution of branches shown in Figure 3-64 shows that construction, household services and horeca are the dominant branches. However, unlike in labor supply (see Figure 3-61), construction is the most dominant branch in labor demand, followed by household services.

Figure 3-63: Have you yourself have let work do in the shadow economy?

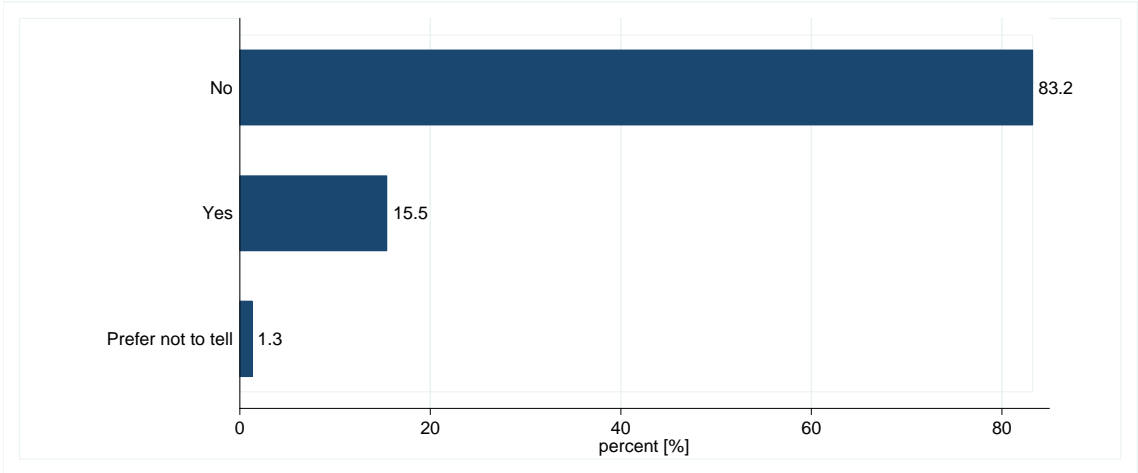
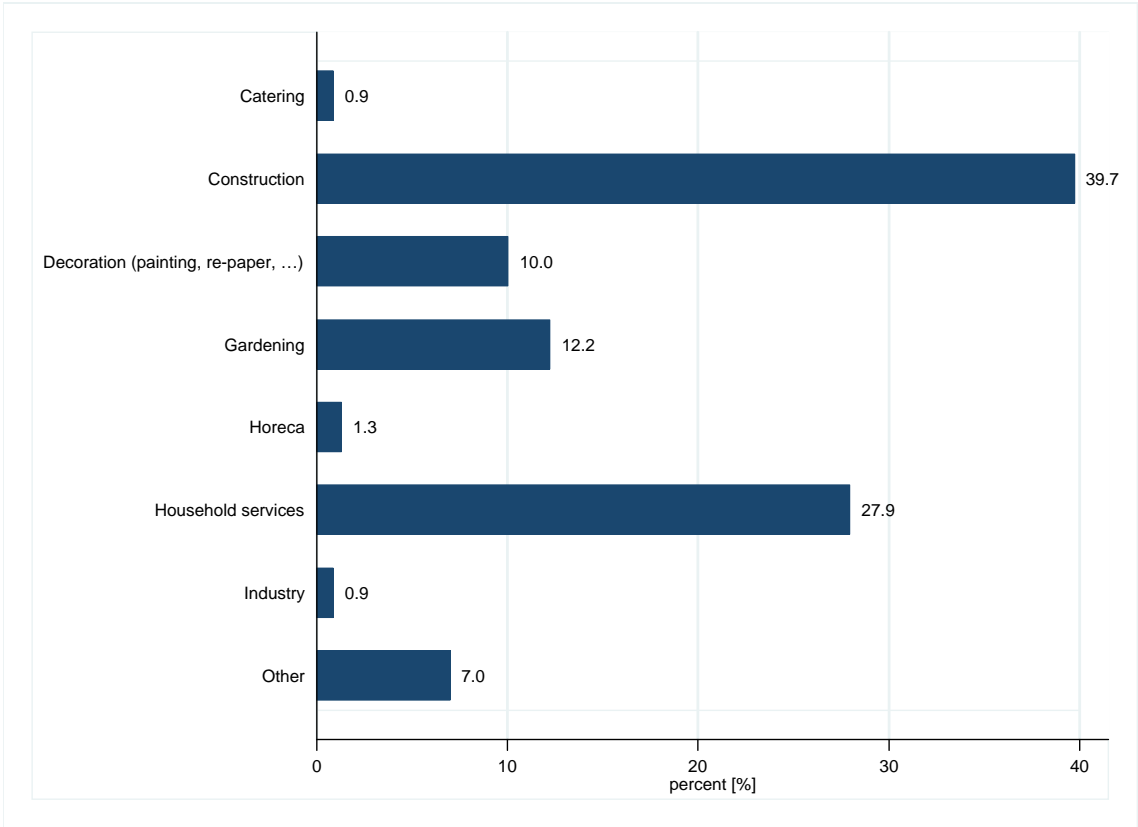


Figure 3-64: In what area was this?





The distribution shown in Figure 3-64 above is another indication of the usefulness of the service voucher system for household services, since it allows a substantial part of unofficial labor demand to be replaced by officially declared demand. Moreover, Figure 3-64 shows that it could be reasonable to introduce a similar voucher system in construction, horeca, and gardening. Implementing such a system would further increase official labor at the expense of the shadow economy.

### **3.5.9.1. Reasons for shadow economy labor demand**

The distribution of stated reasons for hiring labor on an unofficial basis can be seen in Figure 3-65. It is perfectly in line with what we have documented above that the primary reason for hiring black labor is that it is cheaper (Figure 3-62, for example, shows a comparable reasoning). Almost 30 % of the respondents who hire unofficial labor declare the absence of taxes and social security contributions as the dominant motive for engaging in shadow economy labor demand.

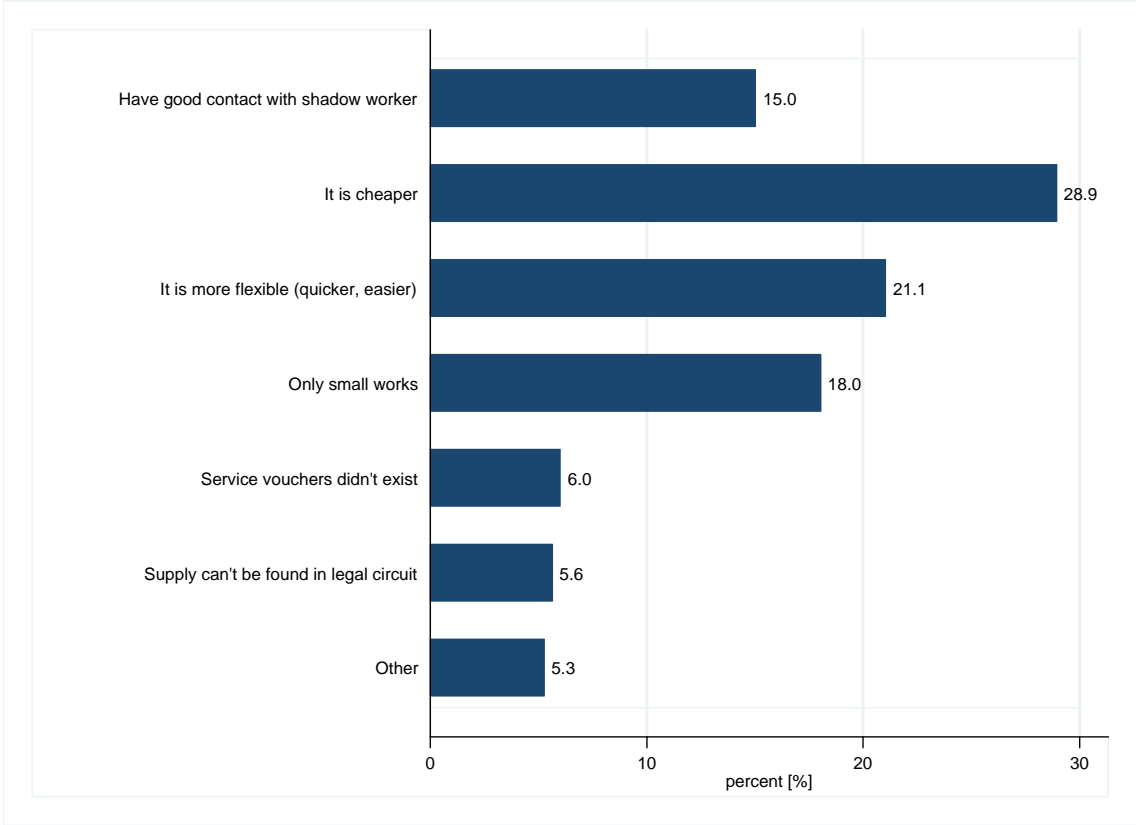
Other dominant reasons for doing so are that the shadow economy is more flexible, that the customers of unofficial labor are in good contact with the labor suppliers and thus enjoy engaging in business with them, and that they find unofficial labor more convenient for small works.

The latter motive is in line with what can be seen from Figure 3-32 compared with Figure 3-36 and Figure 3-40 compared with Figure 3-44. The Belgian population finds the shadow economy as an appropriate supplier for small-scale works and activities, while it largely refused to tolerate large-scale unofficial labor supply and demand because the social-security system and state public good production suffers from it.

A fraction of 6 % of the respondents demanding unofficial labor claims that they do so because there was no service voucher system. However, considering the large fraction of respondents declaring that they demand unofficial labor because it is cheaper, there are good reasons to assume that a service voucher system in the Belgian fashion, which features generous tax exemptions and thus keeps labor cheap is

capable of substituting considerably more than 6 % of unofficial labor demand with official demand.

Figure 3-65: Why did you have it done in the shadow economy and not with an employment contract?



## 4. Summary and conclusions

This study presents the results of a representative survey on the acceptance and perceived prevalence of the Belgian service voucher system as well as the general attitudes the Belgian population has with respect to unofficial labor supply and demand as well as shadow economic activity in general.

The Belgian federal government has introduced a service voucher system for domestic help that works in the following way. Customers who want to purchase household help can by service vouchers at a gross price of € 7.5, which, however, entitles to a fixed tax cut of 30 % such that the net price is only € 5.25. They hand in the voucher at registered companies and receive household help of one hour per voucher. The company who provides the service receives government subsidies such that in total it receives € 20.8 per hour of household service it supplies.

The goal of the Belgian service voucher system is fourfold. First, the aim is to create new jobs, in particular for low-skilled workers. Our results show that this goal has been achieved. Consult Figure 3-7 to see that of all service voucher users, more than three fourth had no household help employed prior to the introduction of the service voucher system.

Second, the voucher system aims at substituting unofficial labor supply and demand with regular employment in the branch of household services. While, as can be seen from Figure 3-7, somewhat more than 6 % of all service voucher users actually substituted unofficial labor by the service within the voucher system, Figure 3-13 shows that slightly less than 30 % of all respondents currently employing household help apart from the voucher system consider switching to it, largely because they dislike engaging in illegal activity. Thus, while the voucher system has already been successful in pulling some unofficial household help into the official system, we conservatively forecast that the fraction of people switching from unofficially employing household help to the service voucher system will be between 10 and 15 percent. We expect that less than half of the people considering switching will actually do so.

Third, the service voucher system aims at offering the unemployed an opportunity to move towards a regular employee status. Our results (see Figure 3-10) show that more than half of the survey respondents declare that they would seek a job within the voucher system in case they were unemployed. Admittedly however, we must assume that asking the employed what they would do in case of unemployment might not produce the same results as asking the unemployed what they are doing against unemployment. Nonetheless, which indicates that a substantial fraction of the employees is aware of the opportunities the service voucher system offers.

Fourth, it is a goal of the service voucher system to improve the work-life balance of service users. Again, our results offer an indication for achievement, since, as noted already, more than three fourth of the current service voucher customers did not employ someone for household work prior to the introduction of the system (Figure 3-7).

The second part of the survey investigated the general attitudes towards unofficial labor supply and demand as well as shadow economic activity prevailing in the Belgian population. By and large, the results show that small-scale unofficial labor-market activity is widely accepted, tolerated, and people do not want it to be severely punished. Rather, they view it as a good opportunity to occasionally save and earn extra money by engaging in unofficial labor that is not subject to income taxes and social security contributions and therefore cheap. Figure 3-44 shows that more than one third of the survey respondents want small-scale unofficial labor supply and demand not to be punished at all.

On the other hand, however, only slightly less than one fourth of the Belgians want large-scale unofficial activity to be punished most severely (see Figure 3-40). Thus, large-scale unofficial labor supply and demand is tolerated to a far less extent than small-scale unofficial labor market activity.

Further results perfectly in line with this finding are that some 5 % of the survey respondents engages in unofficial labor supply (see Figure 3-60) while some 15 % engage in shadow economy labor demand (see Figure 3-62). While shadow economy labor suppliers largely claim that they do so to supplement their regular income and be-

cause their customers do not want to hire official labor (see Figure 3-62), people who demand unofficial labor appreciate that it is cheaper and more flexible than official services (see Figure 3-65).

On the basis of those results, we conclude that the introduction of the service voucher system in the branches of household services and domestic help was successful in creating new jobs. Moreover, it provides incentives to substitute unofficial labor supply and demand by regular employment, because it guarantees what the respondents of this survey study viewed as the paramount advantages of unofficial labor market activity. Labor market transactions within the service voucher system show only little distortions by income taxes and social security contributions because the system offers generous subsidies and tax exemptions. Thus, the price of household services in course of the voucher system is capable of competing with the price in the shadow economy, and the system is thus an appropriate measure to pull household services from the unofficial domain into the official one.

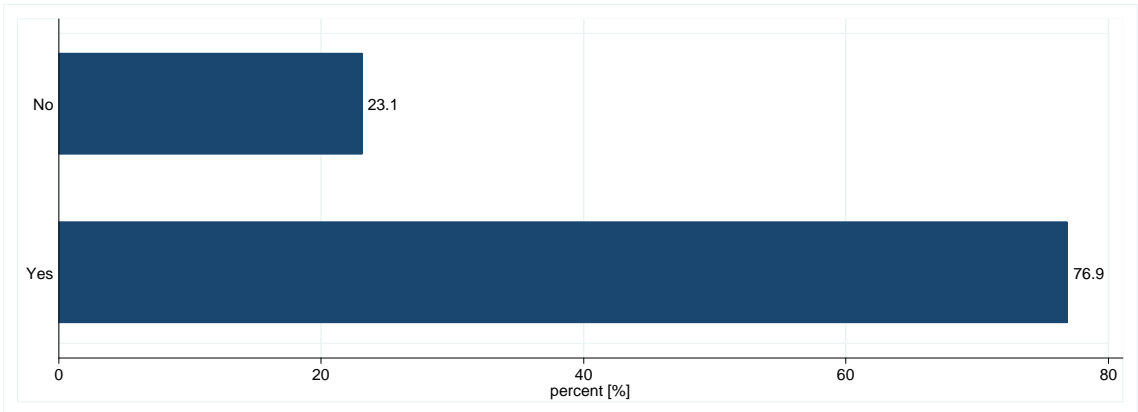
# 5. Executive Summary

This study presents the results of a representative survey on the acceptance and perceived prevalence of the Belgian service voucher system as well as the general attitudes the Belgian population has with respect to unofficial labor supply and demand as well as shadow economic activity in general.

## Acceptance

Figure 5-1 below shows that the Belgian population is well aware of the service voucher system which has been introduced in 2004. More than three fourth of the survey respondents claim to be aware of it.

Figure 5-1: Are you aware of the current voucher system?



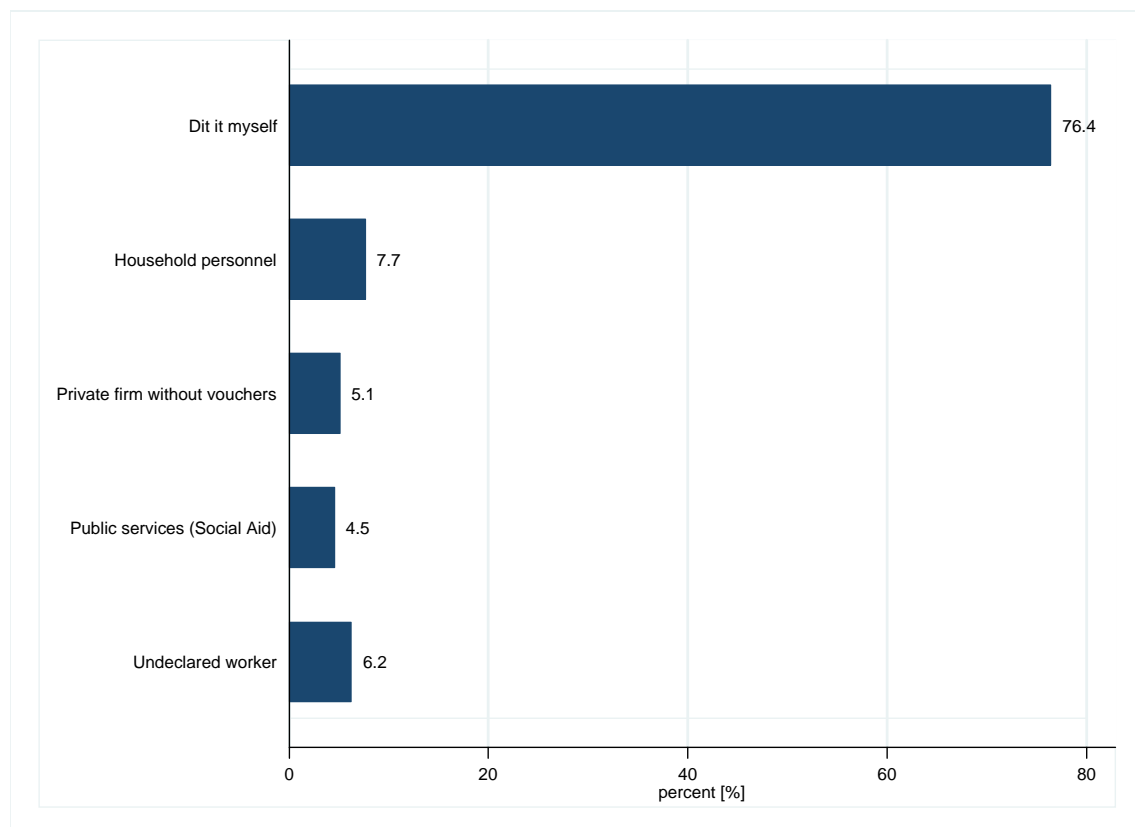
Moreover, of all survey respondents who declared to employ someone for household help, almost three fourth used the service voucher system, which is another indicator of the wide acceptance of the system.

The two prime targets of the service voucher system have been job creation, especially for low-skilled workers, and providing incentives to substitute unofficial labor supply and demand by official employment.

## ***Job creation***

Consult Figure 5-2 to see that of all service voucher users, more than three fourth had no household help employed prior to the introduction of the service voucher system.

Figure 5-2: How did you organize your household work before you started using vouchers?



## ***Substituting unofficial labor***

Second, the voucher system aims at substituting unofficial labor supply and demand with regular employment in the branch of household services. While, as can be seen from Figure 5-2, somewhat more than 6 % of all service voucher users actually subsidized unofficial labor by the service in course of the voucher system, further results show that slightly less than 30 % of all respondents currently employing household help apart from the voucher system consider switching to it, largely because they

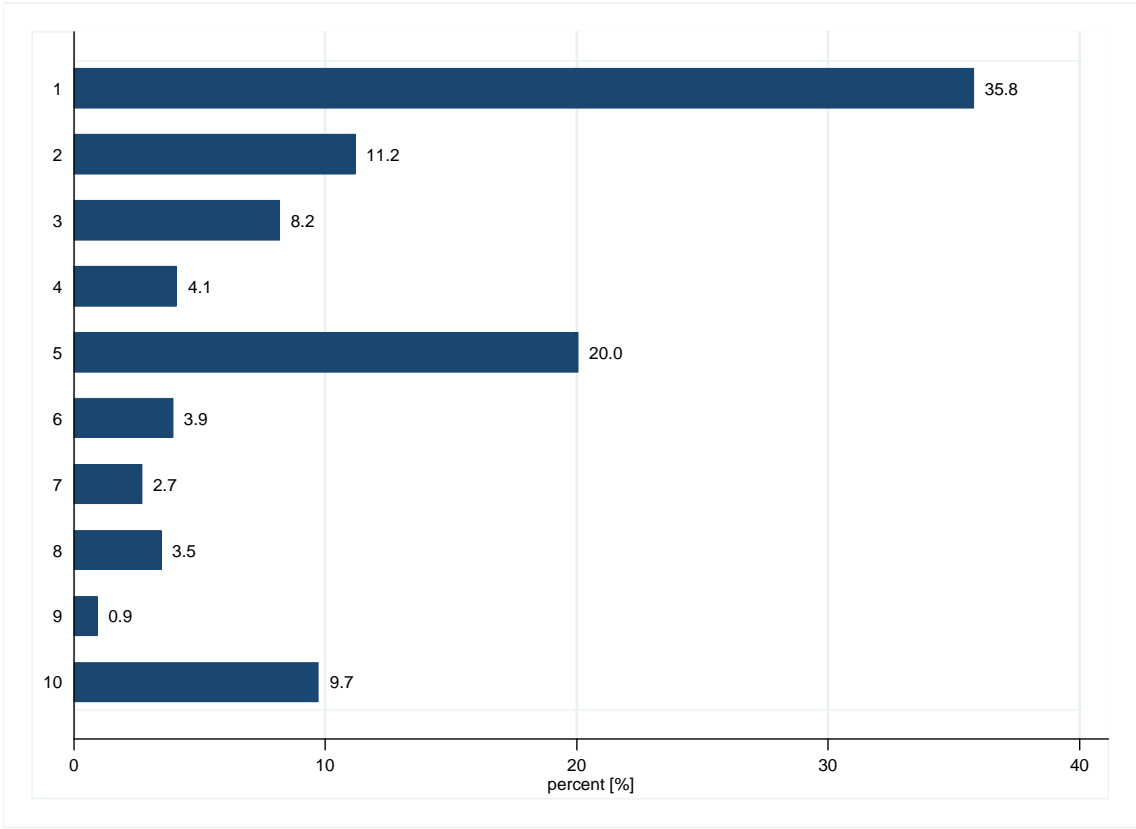
dislike engaging in illegal activity. Thus, while the voucher system has already been successful in pulling some unofficial household help into the official system, we conservatively forecast that the fraction of people switching from unofficially employing household help to the service voucher system will be between 10 and 15 percent. We expect that less than half of the people considering switching will actually do so.

### ***General attitudes towards shadow economic activity***

By and large, the results show that small-scale unofficial labor-market activity is widely accepted, tolerated, and people do not want it to be severely punished. Rather, they view it as a good opportunity to occasionally save and earn extra money by engaging in unofficial labor that is not subject to income taxes and social security contributions and therefore cheap. Figure 5-3 shows that more than one third of the survey respondents want small-scale unofficial labor supply and demand not to be punished at all.



Figure 5-3: Do you think someone who works in the shadow economy should be punished when it concerns **small** works/amounts?



Scale: 1...no punishment; 10...severe punishment

On the other hand, however, only slightly less than one fourth of the Belgians want large-scale unofficial activity to be punished most severely. Thus, large-scale unofficial labor supply and demand is tolerated to a far less extent than small-scale unofficial labor market activity.

Further results perfectly in line with this finding are that some 5 % of the survey respondents engages in unofficial labor supply while some 15 % engage in shadow economy labor demand. While shadow economy labor suppliers largely claim that they do so to supplement their regular income and because their customers do not want to hire official labor, people who demand unofficial labor appreciate that it is cheaper and more flexible than official services.

On the basis of those results, we conclude that the introduction of the service voucher system in the branches of household services and domestic help was successful in creating new jobs. Moreover, it provides incentives to substitute unofficial labor supply and demand by regular employment, because it guarantees what the respondents of this survey study viewed as the paramount advantages of unofficial labor market activity. Labor market transactions within the service voucher system show only little distortions by income taxes and social security contributions because the system offers generous subsidies and tax exemptions. Thus, the price of household services in course of the voucher system is capable of competing with the price in the shadow economy, and the system is thus an appropriate measure to pull household services from the unofficial domain into the official one.

## 6. The questionnaire

The questionnaire has been conducted by M.A.S. research in June 1009.

**Introduction:** Good evening Madam/Sir. This is ... (name poll-taker) of the independent market research company M.A.S. At the moment we are conducting together with a university from Austria a study regarding the service vouchers. May I ask you some questions about this?

The results of this study and your answers will be processed completely anonymously and with the greatest respect for your privacy.

**Important note:** In this study shadow work is defined as all paid legal activities that are not reported to the government by persons who: a) do shadow activities next to their white job; b) economical inactive persons (e.g. retired people); c) are unemployed; d) are illegally in Belgium. An unreported part of a white job (e.g. overtime) is not considered shadow work.

### 6.1. Service vouchers

1. Are you aware of the current voucher system?

- No → question 9
- Yes → question 2

2. Do you employ someone by means of this system?

- No → question 3
- Yes → question 6

3. What are the main reasons you currently don't employ someone by means of this system?

- Don't need it
- Too expensive → How much would you be willing to pay per hour ?
- Too complicated
- The services I need are not available (gardening, ...)
- Cannot find supplier
- I am on a waiting list with a supplier

- Haven't really thought about it
  - Don't know enough about it
4. Have you used it before?
- No
  - Yes
5. Would you consider using it in the (near) future?
- No → question 9
  - Yes → question 9
6. How did you organize your household work before you started using vouchers?
- Did it myself
  - Private firm without vouchers
  - Undeclared worker
  - Household personnel
7. How many hours per week or per month do you receive household help by means of the voucher system?
- ..... hours per week OR ..... hours per month
8. Do you pay an undeclared supplementary wage on top of the voucher price ? If so, what amount per hour?
- No
  - Yes: ..... per hour

***The following questions are concerning household help you might receive without using the voucher system.***

9. Do you have someone else who helps out with household work like cleaning and ironing and who receives a fee for this?
- No → question 22
  - Yes → question 10
10. Does this person work for a private firm or on their own account (this can also be an acquaintance or family member)? *(multiple answers possible)*
- Private firm → question 11
  - Own account → question 13
  - Public services (Social Aid) → question 22

**[Private Firm]**

11. How many hours per week or per month do you receive household help from a private firm?

- ..... hours per week OR ..... hours per month

12. How much do you pay for this service per hour?

- ..... Euro per hour OR ..... euro per month  
 Don't know

**[Own account]**

13. The person(s) who come to help with the household on their own account, do you have an employment contract with them?

Instruction: Some people have concluded insurance for their household personnel. Here however, we only want to know if they have an employment contract, regardless of the fact that they have insurance or not.

- No, with none → question 17  
 No, not with all → question 14  
 Yes, with all → question 14

***The following questions are concerning the household help you receive with an employment contract.***

14. How many hours per week or per month do you receive household help from a person who comes on his/her own account?

- ..... hours per week OR ..... hours per month

15. How much do you pay per hour?

- ..... euro per hour OR ... euro per month  
 Don't know

16. Do you pay an undeclared supplementary wage on top of this? If so, what amount per hour?

- No  
 Yes : ..... euro per hour or ... Euro per month

→ Respondents who only receive household help with an employment contract go to question 22.

***The following questions are concerning the household help you receive without an employment contract.***

17. How many hours per week or per month do you receive household help from a person who comes on his/her own account?

- ..... hours per week OR ..... hours per month

18. How much do you pay per hour?

- ..... euro per hour OR ... euro per month
- Don't know

19. Would you consider changing to service vouchers?

- No → question 21
- Yes → question 20

20. For what reasons do you consider changing to service vouchers?

- It is a legal system
- It is cheaper
- It is fiscally deductible
- Social security for worker
- Better organization
- Clear conscience
- Other reason: .....

→ question 22

21. Why not?

- Too expensive
- Shadow worker doesn't want to change
- Too much administrative work
- Have good contact with shadow worker, don't want new person
- Other reason: .....

**[Everyone]**

22. How many people do you know who are working with a service voucher contract?

- 0 → question 25
- .... → question 23

23. How many of them used to work without a contract before that?

- ....
- Don't know

24. How many of them, next to the work they do with service vouchers, do also work without a contract or receive a supplementary wage on top of the service voucher?

- ....
- Don't know

25. How many people do you know who do household services solely without an employment contract?

- 0 → question 27
- .... → question 26

26. Why do you think they work without an employment contract?

- Financial advantage / Can earn more
- Prefer to get paid cash
- Feel better in this situation
- Not to lose benefits (unemployment benefits, ...)
- Other
- Don't know

27. Would you consider accepting a job with a service voucher contract if you were unemployed?

- No → question 28
- Yes → question 29
- Don't know / maybe → question 29

28. Why not?

- Don't want to do household work
- Work is too difficult for me
- Not paid enough
- Not flexible enough
- Insufficient job security
- Too high educated
- Not active (retired, disabled, ...)
- Other reason: .....

29. How many people do you know who employ someone to help out with household work?

- 0 → question 30
- .... → question 31

30. How many of them employ someone without an employment contract?

- ....
- Don't know

31. How many people do you know who used to employ someone without an employment contract but have now switched to the service voucher system?

- ....
- Don't know

***Up until now we have covered household services like cleaning and ironing. The following questions are more general and also cover other kinds of work.***

32. How many people do you know who are working in the shadow economy, so who have a shadow job next to their white job?

- 0 → question 34
- 1-5 → question 33
- 6-10 → question 33
- 10-20 → question 33
- 20+ → question 33

33. In what area do they work? *(multiple answers possible)*

- Household services
- Construction
- Industry
- Catering
- Gardening
- Horeca
- Decoration (painting, re-paper, ...)
- Fruit culture
- Other : ....



34. How many people do you know who employ shadow economy workers or let work do by shadow economy?

- 0 → question 36
- 1-5 → question 35
- 6-10 → question 35
- 10-20 → question 35
- 20+ → question 35

35. In what area is this? (*multiple answers possible*)

- Household services
- Construction
- Industry
- Catering
- Gardening
- Horeca
- Decoration (painting, re-paper, ...)
- Fruit culture
- Other: ...

## **6.2. Shadow economy**

36. Do you think that working in the shadow economy or having work done in the shadow economy, when it concerns big works / amounts, can be tolerated? On a scale from 1 to 10 where 1 means it can be tolerated not at all and 10 means it can be tolerated easily, what figure would you give?

- ...

37. And when it concerns small works / amounts, do you think that working in the shadow economy or having work done in the shadow economy, can be tolerated? On a scale from 1 to 10 where 1 means it can be tolerated not at all and 10 means it can be tolerated easily, what figure would you give?

- ...

38. Do you think someone who works in the shadow economy should be punished when it concerns big works / amounts? On a scale from 1 to 10 where 1 means no punishment and 10 means a severe punishment, what figure would you give?

- ...

39. And when it concerns small works / amounts, do you think someone who works in the shadow economy should be punished? On a scale from 1 to 10 where 1 means no punishment and 10 means a severe punishment, what figure would you give?

...

40. Do you think a person who lets work do in the shadow economy should be punished, when it concerns big works / amounts? On a scale from 1 to 10 where 1 means no punishment and 10 means a severe punishment, what figure would you give?

...

41. And when it concerns small works / amounts, do you think a person who lets work do in the shadow economy should be punished? On a scale from 1 to 10 where 1 means no punishment and 10 means a severe punishment, what figure would you give?

...

42. If you hear of a person of your acquaintances or friends that he/she works in the shadow economy or lets work do in the shadow economy, would you call the police or social security office to tell them?

- No
- Yes
- Don't know / Maybe

43. Would you call the police or social security office if it's a person you don't really know?

- No
- Yes
- Don't know / Maybe

44. To what extent do you agree or disagree with the following statements? You can answer with strongly agree, agree, neutral, disagree, disagree strongly.

	Agree strongly	Agree	Neutral	Disagree	Disagree strongly
Work in the shadow economy is much cheaper	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
In the shadow economy one gets a quicker service	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Taxes on the factor labor are too high	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The shadow economy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

raises the standard of living					
In the shadow economy one gets a less reliable service	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
State labor-regulation is too intensive	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
In the shadow economy one can easily earn or save extra money	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The social security burden on the factor labor is too low	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

45. Have you yourself worked in the shadow economy during the past year?

- No → question 48
- Yes → question 46

46. In what area was this?

- Household services
- Construction
- Industry
- Catering
- Gardening
- Horeca
- Decoration (painting, re-paper, ...)
- Fruit culture
- Other: ...

47. Why did you work in the shadow economy and not with an employment contract?

- To earn more money
- I can't work with employment contract (because of unemployment benefit)
- It is more flexible
- I can't find a job with an employment contract
- Customers wants me to work without an employment contract
- Other reason: .....

48. Have you yourself have let work do in the shadow economy?

- No → question 51
- Yes → question 49

49. In what area was this?

- Household services
- Construction
- Industry
- Catering
- Gardening
- Horeca
- Decoration (painting, re-paper, ...)
- Fruit culture
- Other: ...

50. Why did you have it done in the shadow economy and not with an employment contract?

- It is cheaper
- It is more flexible (quicker, easier)
- Supply can't be found in legal circuit
- Have good contact with shadow worker, don't want new person
- Only small works
- Service vouchers didn't yet exist
- Other reason: .....

### **6.3. Socio-demographics**

51. Gender of the respondent:

- Man
- Woman

52. What is your birthyear?

.....

53. How many members does your household count, yourself included ? With 'household' we mean members who live in the same house.

- ....

54. How would you describe your household situation? Is this:

- Single without children
- Single with children
- Cohabitant / married without children
- Cohabitant / married with children
- Living with (grand)parents or family
- Other: ....

55. What is your highest degree?

- No or primary education
- Lower secondary education : vocational / technical
- Lower secondary education : general
- Higher secondary education : vocational / technical
- Higher secondary education : general
- Higher non-university education (1 cyclus)
- Professional bachelor
- Higher non-university education (2 cycli)
- Academic bachelor
- Master / Licentiate
- Other: ....

56. How would you describe your daily activity or profession?

- Worker
- Employee / civil servant
- Executive
- Independent
- (liberal) Profession
- Housewife/houseman
- Job-seeker
- Without a job
- Retired
- Student
- Other : ....

57. What is your postal code?

.....

58. What is the total monthly net available income of your family? Is this :

*In this context we mean with family all the people living together as a household under one roof and with the total monthly net available income we mean the total income of the family, after taxes: all included like net wages, child benefits, retirement benefits, unemployment benefits and other incomes like return on capital, real estates, ...*

- Less than 1000 euro per month
- Between 1000 and 1999 euro per month
- Between 2000 and 2999 euro per month
- Between 3000 and 3999 euro per month
- More than 4000 euro per month
- I prefer not to tell
- I don't know

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