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JANINA SAWICKA

ORCID: <https://orcid.org/0000-0002-8181-1723>

Mazovian State University in Płock

MARIOLA SZEWCZYK-JAROCKA

ORCID: <https://orcid.org/0000-0001-9048-9513>

Mazovian State University in Płock

ANNA NOWACKA

ORCID: <https://orcid.org/0000-0001-9300-3646>

Mazovian State University in Płock

FINANCIAL ASPECTS OF UNREGISTERED EMPLOYMENT IN POLAND AND OTHER EASTERN EUROPEAN COUNTRIES

ABSTRACT: A review of the specialist literature and analysis of the authors' own study results reveal that the scale of the phenomena of undeclared work is both globally and locally significant and differentiated. Comparative research for the entire geographical area is difficult, as these are countries with very diverse economies due to historical conditions, socio-political changes and ties with other political alliances, membership in organizations and economic partnerships. This study aimed to identify the financial aspects of undertaking work in the grey zone from the worker's perspective. The study target group was selected from unemployed workers registered at the Municipal Employment Office in Płock, Mazovia. The results show that the unemployed turn to undeclared work for financial reasons, such as higher reimbursement, unsatisfactory income or excessively high social insurance contributions. Respondents assessed their financial situation most often as bad and indicated difficulties in finding work through registered employment. People who undertake work in a grey zone are predominantly low-income groups, the socially excluded, migrants and the long-time unemployed.

KEYWORDS: undeclared work, labour market, unemployment, finances, Eastern European Countries, Poland

1. Introduction

Characterizing the shadow economy in Eastern European countries is extremely difficult because the literature lacks international comparative studies and comprehensive research in these matters.

Comparative research for the entire geographical region is difficult due to the very differentiated economies of these countries as well as historical backgrounds,

socio-political changes and ties with other political alliances, membership in international organizations and political and economic partnerships. There is a group that gained EU membership in Eastern European countries since 2004, including Estonia, Latvia, Lithuania, Bulgaria, and Romania. Estonia, Latvia and Lithuania are also more integrated by participation in the Eurozone. Like Poland, they belong to the OECD and NATO.

Since 1991, the Commonwealth of Independent States has existed, which is also a form of economic cooperation between the post-Soviet republics. Some countries are linked by strong economic ties, such as Belarus and Russia.

There is also a group of countries integrating within the Eastern Partnership (EaP), a joint policy initiative that aims to deepen and strengthen relations between the EU, its Member States and six of its Eastern neighbours – Belarus, Moldova, Ukraine and Armenia, Azerbaijan, Georgia.

The economic and financial links within the countries differ. Economic and commercial attractiveness for migrant workers, foreign direct investment inflow, as well as variations in the use of domestic and foreign currencies, shape the situation on regional and local labour markets. The way citizens perceive state financial institutions and national currencies is also important. Confidence in government administration and the legitimacy of its public institutions influences the way people behave and react. This part of Europe is known as the emerging markets region, where turbulences and shocks most often occur. In their research, Neykov and Robert (2021) distinguished four episodes of currency crises in the EaP region: the collapse of the Soviet ruble and the ensuing hyperinflation in the established successor states (1992-1995), the financial crisis of 1998-1999, the fallout from the global financial crisis of 2008-2009, and the regional recession in 2014-2015 driven by the conflict between Ukraine and Russia and the slump in oil prices.

Some countries also experienced their own policy-induced financial crises. An example is Belarus, where monetary and fiscal policies contributed to structural weaknesses and balance of payment crises (in 2011 and 2013), leading to currency depreciation and high inflation. In 2020, the outbreak of the COVID-19 pandemic caused an unexpected recession and financial shocks in the global economy.

Using for comparison the Gross National Income (GNI) per capita measure, this study found great disparities in this group of countries: GNI per capita in 2018 (2011 Purchasing Power Parity \$) the ranking list: Estonia – 30,379; Lithuania – 29,775; Poland – 27,626; Hungary – 27,144; Latvia – 26,301; Romania – 23,906; Bulgaria – 19,646; Belarus – 17,039; Ukraine – 7,994; Republic of Moldova – 6,833; World – 15,745 (Human Development Report 2019). Belarus, the Republic of Moldova and Ukraine were in the European developing countries group. This is important to assess the scale of the informal economy. Many less developed countries have larger unregistered employment resulting from tax avoidance, which decreases tax revenues to the public budget. In Europe, moving from West to East, one can note

weaker governance and administrative capacity. As a result, taxes in two-thirds of the least developed countries account for less than 15% of the GDP, while OECD member countries taxes account for close to 35% of the GDP. In Poland in 2019, the above indicator was 36%, and the average for the whole EU was 41%, France and Denmark (47%), Bulgaria (30%) and Romania (27%). In developed economies, the tax morale of individuals as well as businesses is higher. For instance, a more public service-oriented approach rather than an enforcement approach has helped the Swedish authorities to increase citizens' trust in government (OECD, 2019). There is a loose fiscal understanding between taxpayers and the state: the state offers good-quality public services and good governance, and the citizens are motivated to pay taxes honestly.

Undeclared work is understood as work performed without employment relationships, such as a contract or agreement between the employer and employee. The scale of unregistered work is very different in different countries, branches, economic sectors and occupations. Issues of the nature and extent of the shadow economy are not an easy research area due to finding reliable data. Even the terms: shadow and grey economy indicate that it is not easily measurable (Jandric 2020, 24).

At the EU level, undeclared work is defined as "any paid activities that are lawful regarding their nature, but not declared to public authorities, taking into account differences in regulatory systems of the Member States" (Undeclared Work 2020). The most common type is work performed in a formal undertaking, partially or fully undeclared. Partially undeclared work is sometimes called "envelope wages" or "cash-in-hand". Another type is undeclared "own account" or self-employed work. Estimates of the shadow economy size are delivered periodically by Statistics Poland (GUS) and research centres. The share of the shadow economy in GDP differs depending on the source. In national accounts, the shadow or grey economy is presented as the sum of three types of activity: informal (undeclared work), hidden (sales without invoices), and illegal. GUS estimates that from 2000-2018 this indicator has declined from 17.0% to 12.4%. (Unregistered... 2015; Unregistered... 2019). Long-term research and macroeconomic data analyses conducted at the Polish Institute of Economic Forecasts and Analyses (IPAG) show a slow decline in the share of the shadow economy in the gross domestic product in the period 2016-2020 (from 19.0% to 17.4%), and it is still almost one-fifth of the state gross economic value added (Fundowicz et al. 2020).

A Eurobarometer opinion poll conducted in 2019 showed that in the EU one in ten Europeans say they have purchased goods or services in the past year which may have come from undeclared work, and most often, these were goods or services in repairs and renovations. When asked if they know people who work off the register, one-third of Europeans answered in the affirmative, and half of Europeans believe that the risk of authorities detecting undeclared work is low (Undeclared Work 2020). The pandemic, as well as the overall economy, has had an impact

on the size and character of undeclared work in Poland. In 2019-2020, undeclared work was significant in the agriculture, tourism, restaurant, and catering sectors, while previously, it was in the construction and transport sectors. Undeclared work is more often done by people from low-income, socially excluded groups. Moreover, it should be noted that the grey zone accounts for every second migrant worker. Every year, economic migration to Poland exceeds one million people, mainly from the neighbouring non-EU countries.

The Public Economic Institute (PIE) survey (n = 1000 companies, method: CATI, survey date: November 2020) shows that according to 30% of companies, the share of the shadow economy in the turnover of their industry did not exceed 10%, and every tenth company said it was higher than 20%. A significant percentage (28%) of companies could not assess its scope, and 19 % of companies felt that there was no shadow economy in their industry. According to 24% of companies, the share of those working without a contract was less than 10%, while 12% thought it exceeded 20%. A high share of people working without a contract was most often indicated by companies related to service activities (26%) and real estate services (18%) (Tygodnik Gospodarczy PIE 2021, 10-11).

Economic theory notes that macroeconomic causes of work in the informal economy are: quality of public institutions; bureaucracy and labour regulations; performance of regulatory bodies and level of penalties; tax morale of the population; corruption; unemployment rate and social transfers; wage inequality; tax and parafiscal burdens (Malaczewska 2019; Buszko 2016). Factors refraining from undertaking declared work may include: lack of access to information, low level of human capital, lack of motivation, ineffective legal enforcement system, labour market regulations, low level of social trust in state institutions, increasing tax burdens and social insurance contributions. (Schneider/Williams 2013).

Since rising costs induce employers to hire in the shadow economy, its size increases during an economic recession. Government policy generates additional costs for the employer, for example workers' rights and regulatory protection increase labour costs and force entrepreneurs to operate in the shadow economy.

Working without registration has many disadvantages for the employee. Since performing such work does not entitle the employee to social security, the right to social benefits is curtailed. The duration of that work is also not counted as a contribution from the viewpoint of the Social Insurance Institution, and the employer does not contribute (from the employee's wages and salaries) to the Social Insurance Institution and Labour Fund. Income taxes are not deducted from income generated through unregistered employment, and self-employed entrepreneurs can avoid financial obligations to the state (e.g. taxes).

A survey of workers in undeclared employment indicated what costs and benefits they see (Szewczyk-Jarocka 2020). The main advantages are to improve the financial condition of their households and reduce unemployment. The group with higher and

secondary education saw macroeconomic, wider benefits such as reducing poverty, weakening the emphasis on using social assistance, measures to neutralize the effects of unemployment, reducing poverty and businesses operating costs. The respondents also indicated numerous disadvantages of unregistered work, including the lack of social security, the lack of employment benefits, the risk of losing the right to retirement and disability pensions, the lack of health protection and unfavourable working conditions, calculating retirement and disability benefits based on the minimum income and breaking the law are the main disadvantages of such work.

To sum up, unregistered work, on the one hand, reduces poverty and the emphasis on the use of social assistance benefits, but on the other hand, in the long run, people working without registration lose their entitlement to a pension or retirement, which is a serious problem for these workers people.

Identifying the causes of this phenomenon is important for analysing the undeclared work problem (Fundowicz et al. 2020). In the specialised literature, the role of financial aspects of the labour shadow economy with a view to macroeconomic terms is emphasised. However, there is no reference to the microeconomic and financial reasons for undertaking undeclared work. In households, where members are also people working outside the formal labour market, money is collected and spent. Therefore, the financial situation depends on the amount of obtained income and is the basic determinant in meeting the common and individual needs of household members. The spending of financial funds is related to the use of various banking services. Borcuch (2012) points out that the presence of anonymous and easy-to-use cash is a factor contributing to the existence of the shadow economy. For this reason, limits to the grey market should be sought in the development of electronic payments. Among those likely to stay outside the formal labour system are the unemployed (Williams, Windebank, 1998).

2. Research methods

2.1. Goal and research hypothesis

An analysis of various studies described in the specialist literature shows that there have not been many studies on the results of empirical research surveying the opinions of both employees and businesses in the field presented. A literature review (Oleksiuk 2017) indicated that survey research methods for international comparisons are very useful in empirical studies on a regional level. Other researchers (Putniņš/Sauka 2011) have estimated and compared the shadow economies in Estonia, Latvia and Lithuania, based on surveys of a representative sample of entrepreneurs in three countries.

In particular, there is no thorough analysis and assessment of the situation on the local market affecting the financial aspects of undeclared work. The financial premises for undertaking undeclared work are specified in the present article and contribute to empirical research of the subject matter. The main motive for the research is the thesis that an inability to find official work triggers undertaking undeclared work. The added value of the current study was a description and recognition of the shadow economy from the worker's point of view.

Therefore, the main goal of the current research is to identify the financial aspects of undertaking work in the grey market by the unemployed. Pursuant to the main goal of the research, the following specific objectives have been formulated: 1) to determine the correlation between the financial situation of the unemployed and their opinions about the reasons for undertaking undeclared work; 2) to determine the correlation between the structure of expenses in the household budget of the unemployed and undertaking undeclared work; 3) to investigate whether there is a correlation between using bank services and remaining in the labour grey market.

2.2. Research methods and scope

The empirical study was performed in the form of an independently developed questionnaire. The target group were unemployed people registered at the Municipal Employment Office in Płock. As of the end of August 2018, 4,319 people were registered in the unemployment register of the Municipal Employment Office in Płock (MUP w Płocku 2018, 1). In total, 122 unemployed people were included in the study. The respondents were selected accordingly to the convenient selection method (Hill/Aleksander 2003, 126). The method involves a questionnaire filled in by those expressing their willingness to answer the questionnaire questions. The study was concluded from September to October 2018.

The questionnaire consisted of 20 closed questions that concerned the reasons for undertaking work in the grey market and social exclusion, and the financial situation of the unemployed. Answers to the questions were provided by 122 unemployed persons registered at the Municipal Employment Office in Płock.

2.3. Subjects

A total of 122 subjects participated in the study, including 70 women (57.4%) and 52 men (42.6%). Table 1 presents the frequency distribution for the age of the subjects.

Based on the value of credibility ratio, no statistically significant correlation was found between the sex of the subjects and age, $\lambda(4) = 5,63, p > 0,05$. Most of the respondents were aged 23-35. For subsequent analysis purposes, the subjects were divided into two age groups, i.e. a group of people up to 35 years of age and a group of those aged 36 and over. Table 2 presents the frequency distribution for the education of the subjects.

Table 1. Age of the subjects

Age of subjects (years)	Women		Men		Total	
	<i>n</i>	%	<i>n</i>	%	<i>n</i>	%
Below 25	17	24.3	17	32.7	34	27.9
25-35	22	31.4	18	34.6	40	32.8
36-45	17	24.3	10	19.2	27	22.1
46-55	13	18.6	4	7.7	17	13.9
Above 56	1	1.4	3	5.8	4	3.3
Total	70	100.0	52	100.0	122	100.0

n – number of subjects; % – percent

Source: Based on own study

Table 2. Education of the subjects

Education	<i>n</i>	%
Primary level	5	4.1
Basic vocational level	32	26.2
Middle level	55	45.1
Higher level	29	23.8
Other	1	0.8
Total	122	100.0

n – number of subjects; % – percent

Source: Based on own study

Most respondents reported a middle level of education. For subsequent analysis, the subjects with primary and basic vocational education were combined into one group of persons without middle education.

Table 3 presents the frequency distribution for the length of the unemployment period registered at the Municipal Employment Office in Płock (the MUP).

Table 3. Length of unemployment period registered at the Municipal Employment Office

Registration at the MUP	<i>n</i>	%
A few weeks	33	27.0
1-3 months	15	12.3
3-12 months	23	18.9
a year	21	17.2
A few years	22	18.0
No data	8	6.6
Total	122	100.0

n – number of subjects; % – percent

Source: Based on own study

The largest number of respondents were in the group registered at the MUP for few weeks. For subsequent analysis, the groups were combined in the following way: the group of persons registered at the MUP for few weeks with the group of those registered at the MUP for the period of 1-3 months, and the group registered at the MUP for 3-12 months with the groups of persons registered for a year and few years. This created one group of persons registered for up to three months and another group registered for longer than three months. Eighteen of the respondents (14.8%) were receiving unemployment benefits.

2.4. Methods for analysing research results

The value of 0.05 was conventionally used as the threshold of statistical significance. The statistical significance of the analysed values was assessed based on the credibility ratio, which was used for analysing the correlation between the categorical qualitative variables. Contrary to the classical independent test χ^2 which estimates statistical significance correctly even if the analysed categories are sparse, i.e. if some of the analysed responses were marked by a small number of respondents. A statistically significant value of the credibility ratio meant that there was a correlation between the analysed categorical variables.

In addition, statistically significant correlations were supplemented with values of Cramer's V effect size. Information about this data was reported in a parameter referred to as the number of degrees of freedom, given in brackets together with the values of Cramer's V effect size.

3. Presentation of research results

While analysing the financial situation of the unemployed, attention should be given to the entirety of decisions made by the household members, which consist of obtaining and allocating funds for various needs. Financial decisions made by household members concern such issues as managing financial resources, financing purchases, creating and gathering savings, as well as incurring financial liabilities. Meeting consumption needs means that financial resources need to be provided. In the case of people undertaking undeclared work, financial sources are usually unstable. To determine the financial situation of the unemployed, their subjective opinion was required. The results are presented in Tables 4 and 5 and Graph 1.

The highest percentage of the respondents reported that their financial situation was good (36.9%), whereas the lowest assessed it as very bad (5.7%). It should be noted that the responses could have been very subjective because the subjects were not required to state their average monthly income per capita in the household.

Table 4. Assessment of financial situation of the unemployed

Assessment of financial situation of the unemployed	Number of respondents	Group percentage
Very good	13	10.7
Good	45	36.9
Average	41	33.6
Bad	13	10.7
Very bad	7	5.7
No data	3	2.5
Total	122	100

Source: Based on own study

Table 5. Reasons for undertaking undeclared work by the unemployed vs their financial situation

Reasons for undertaking undeclared work by the unemployed	Financial situation						λ	df	p
	Very good/good		Average		Bad/very bad				
	n	%	n	%	n	%			
Insufficient income	33	56.9	17	41.5	12	60.0	3.91	5	0.571
Unable to find a job	25	43.1	10	24.4	13	65.0	12.25	5	0.032
Higher remuneration	31	53.4	28	68.3	11	55.0	4.23	5	0.517
Family or life situation	25	43.1	16	39.0	10	50.0	4.14	5	0.529
Taxes discouraging registration of income	18	31.0	12	29.3	8	40.0	4.32	5	0.504
High insurance premium	13	22.4	8	19.5	6	30.0	3.00	5	0.702
Reluctance to be permanently associated with the workplace	8	13.8	1	2.4	3	15.0	13.52	5	0.019
Possible loss of some benefits	22	37.9	13	31.7	5	25.0	3.08	5	0.688
Other	2	3.4	1	2.4	0	0.0	2.39	5	0.793

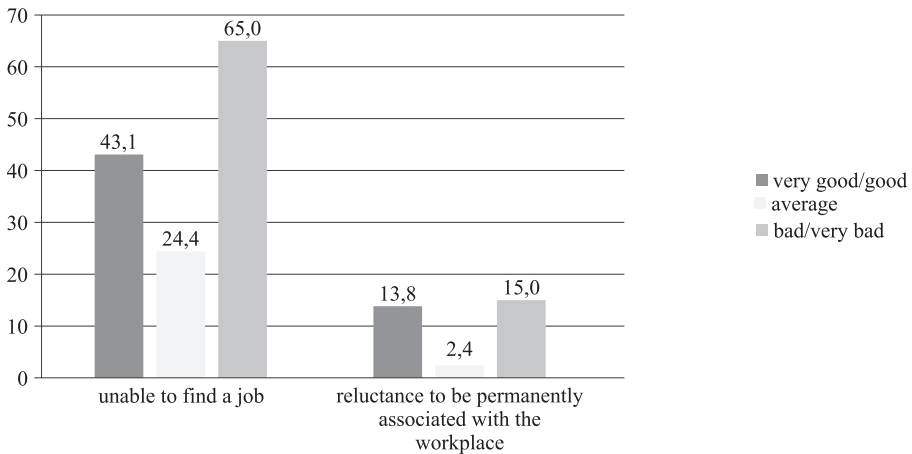
Source: Based on own study

Common opinions expressed about undeclared work may lead to factors inducing the unemployed to search for work outside the formal system (Szulc-Obłóza, 2019, p. 37). Therefore, regarding their financial situation, the respondents were asked to indicate the reasons for undertaking undeclared work. The results are presented in Table 5.

The largest number of respondents indicated such reasons for undertaking undeclared work as insufficient income (62 responses) and higher remuneration (70 responses). Over half of the respondents in this group assessed their financial

situation to be good or very good. The least frequent opinion about undertaking undeclared work referred to a reluctance to be permanently associated with the workplace – 12 responses.

Statistically significant correlations were obtained between the financial situation of the respondents and the indication of the inability to find a job and reluctance to be permanently associated with the workplace. Both reasons were indicated less frequently by people in an average financial situation than by people in at least good situation and those in bad or very bad financial condition (graph 1).



Graph 1. Correlation between financial situation of the unemployed and reasons for undertaking undeclared work

Source: Based on own study

Inability to find a job was indicated less frequently by people in an average financial situation (24.4%) than by the other two groups. The credibility ratio was $\lambda(5) = 0.032, p < 0.05$. A similar correlation was observed in the group of unemployed people who indicated reluctance to be permanently associated with the workplace ($\lambda(5) = 0.019, p < 0.05$) as a reason for undertaking undeclared work.

A very important issue is determining the correlation between undertaking undeclared work and household expenditures. It should be stated that there is a correlation between the structure of expenditures in the household budget of the unemployed and undertaking undeclared work. In Table 3, the authors of the present work show the frequency distribution for the household expenditures of the respondents who did and who did not undertake undeclared work.

Seven categories of expenditures incurred by the persons undertaking and not undertaking undeclared work were subjected to analysis. Items specified for the analysis included: current charges, education, savings, food, stimulants and attractions, clothes and medicines/ health service.

Table 6. Household expenditures in among people who did and did not undertake undeclared work

Expenditure category	Persons undertaking undeclared work												No data		
	0-10%		11-20%		21-30%		31-40%		41-50%		Above 50%		n	%	
	n	%	n	%	n	%	n	%	n	%	n	%	n	%	
Current charges	1	1.6	8	12.7	10	15.9	18	28.6	10	15.9	14	22.2	2	3.2	
Education	26	41.3	14	22.2	8	12.7	5	7.9	1	1.6	4	6.3	5	7.9	
<i>Savings</i>	30	47.6	9	14.3	9	14.3	1	1.6	2	3.2	3	4.8	9	14.3	
Food	3	4.8	6	9.5	18	28.6	14	22.2	14	22.2	6	9.5	2	3.2	
Stimulants and attractions	34	54.0	13	20.6	2	3.2	0	0	3	4.8	4	6.3	7	11.1	
Clothes	12	19.0	26	41.3	11	17.5	3	4.8	2	3.2	4	6.3	5	7.9	
Medicines/health service	29	46.0	13	20.6	6	9.5	3	4.8	2	3.2	5	7.9	5	7.9	
Other	29	46.0	5	7.9	1	1.6	3	4.8	1	1.6	3	4.8	21	33.3	
	Persons not undertaking undeclared work												No data		
Expenditure category	0-10%		11-20%		21-30%		31-40%		41-50%		Above 50%		n	%	
Current charges	3	5.1	9	15.3	14	23.7	11	18.6	10	16.9	10	16.9	2	3.4	
Education	23	39.0	14	23.7	7	11.9	9	15.3	4	6.8	0	0	2	3.4	
<i>Savings</i>	38	64.4	10	16.9	7	11.9	1	1.7	1	1.7	0	0	2	3.4	
Food	4	6.8	4	6.8	22	37.3	11	18.6	12	20.3	2	3.4	4	6.8	
Stimulants and attractions	34	57.6	13	22.0	4	6.8	3	5.1	1	1.7	0	0	4	6.8	
Clothes	17	28.8	21	35.6	14	23.7	1	1.7	2	3.4	0	0	4	6.8	
Medicines/health service	30	50.8	10	16.9	10	16.9	2	3.4	3	5.1	0	0	4	6.8	
Other	21	35.6	11	18.6	1	1.7	0	0	1	1.7	1	1.7	24	40.7	

n – number of subjects; % – percent in group

Source: Based on own study

According to the results, the main reason for undertaking undeclared work by the unemployed persons was insufficient income, which hindered the execution of certain expenditure categories. In the 0-10% group, expenditures on stimulants and attractions accounted for the highest percentage (54% of responses). In the 11-20% group, the largest share referred to expenditures on clothes (41.3%), in the 21-30% group, the largest share was on current charges (28.6%), and in the 41-50% group, the largest share was on food (22.2%), whereas in the above 50% group it referred to current charges (22.2%).

For persons not undertaking undeclared work, the largest expenditures were represented by the particular groups, as follows: 64.4% went for savings, 35.6% for clothes, 37.3% for food, 18.6% for food and current charges, 20.3% for food and 16.9% for current charges.

The analysis of differences concerning the share of particular categories of expenditures in the household budget between the groups of respondents undertaking and not undertaking undeclared work is presented below. The Mann – Whitney U test, which is used to verify the statistical significance of differences between the compared groups, is shown in Table 4.

Table 7. Analysis of differences concerning the share of particular categories of expenditures in the household budget between the groups of respondents undertaking and not undertaking undeclared work

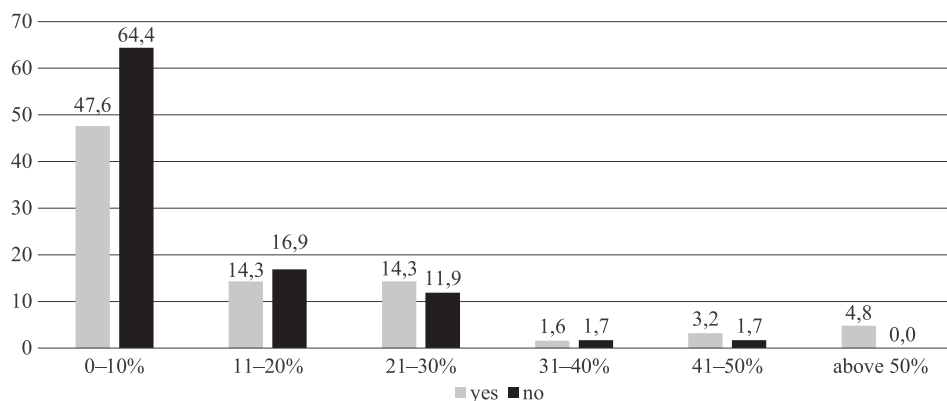
Expenditure categories	U	p
Current charges	1634.50	0.243
Education	1858.50	0.999
Savings	1435.00	0.017
Food	1740.00	0.532
Stimulants and attractions	1732.00	0.473
Clothes	1634.50	0.232
Medicines/health service	1737.00	0.506
Other	1692.50	0.364

U – value of the Mann-Whitney U test; *p* – two-tailed statistical significance

Source: Based on own study

A statistically significant difference was obtained concerning the share of savings in the household budget. The share of savings in the household budget was larger in the group of respondents who undertook undeclared work (graph 2).

Many studies show that attachment to cash transactions and executing transactions of this type is beneficial and favourable for the development of the shadow economy (Fundowicz et al. 2020; Gołębiowski 2007). Moreover, such



Graph 2. Share of savings in the household budget in groups of people undertaking and not undertaking undeclared work

Source: Based on own study

transactions are untraceable via documentation, registers or systems. For this reason, governments have promoted non-cash transactions for many years as a factor that may reduce the size of the shadow economy in enterprises.

In their analysis of the above arguments, the current study's authors attempted to estimate the scope of banking services used by people undertaking undeclared work.

The analysis of the collected material shows that banking services were used by 50 people undertaking undeclared work (79.4%) and 53 people not undertaking it. Based on the value of credibility ratio, no statistically significant correlation was found between banking services and undertaking undeclared work, $\lambda(2) = 2,60, p > 0,05$.

The research results on the degree of impact of banking services on unemployed persons are presented in the table below.

Table 8. Assessment of financial situation of the unemployed

Use of banking services	Persons undertaking undeclared work		Persons not taking undeclared work	
	n	%	n	%
Persons not using banking services	2	7.1	2	5.9
Savings and settlement account (ROR)	9	32.1	11	32.4
ROR + debit card	5	17.9	8	23.5
ROR + debit card + electronic banking	12	42.9	13	38.2
Total	28	100	34	100

Source: Based on own study

Pursuant to the results from Table 5, it cannot be unequivocally stated that there are differences in the degree of impact of banking services on the two researched groups since the value of the credibility ratio does not indicate a statistically significant correlation between undertaking undeclared work and the degree of using banking services, $\lambda(3) = 0.36, p > 0.05$. The above-tabled data demonstrates that only over 50% of both groups undertaking and not undertaking undeclared work used the indicated banking services. It can be assumed, therefore, that other respondents used these services irregularly or randomly.

4. Conclusions

Summarising the above considerations it should be stressed that the conducted pilot study referred to microeconomic and financial reasons for undertaking undeclared work. The authors of the present work decided to investigate this issue, particularly the financial aspects of undeclared work, due to the lack of in-depth analysis and assessment of the situation on the local market.

The study showed that the main reasons for undertaking work in the grey market indicated by the respondents, depending on their financial situation, were the inability to find a job and the reluctance to be permanently associated with the workplace. Another reason unemployed persons also undertook undeclared work included insufficient income, which caused difficulty in meeting expenditures for current charges, education, savings, food, stimulants and attractions, clothes, medicines and health service. On the other hand, the structure of expenditures in households of the unemployed who did or did not undertake undeclared work did not reveal significant differences.

According to the analysis of the research results, unemployed persons undertaking undeclared work outside the formal economy system had greater savings, which for 1/5 of them constituted more than 20% of the entire household budget.

Over 50% of both groups, those undertaking and not undertaking undeclared work, used the indicated banking services. However, no significant differences were noted in the use of these services by the two groups of respondents.

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