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*Social determinants of the shadow economy
in the small and micro-sized enterprise sector
from the local perspective.
Conclusions of empirical research*

Summary

This paper presents economic and sociological determinants of the shadow economy in the small and micro-sized enterprise sector in Poland, based on empirical research. Special attention is paid to social embeddedness of this phenomenon. It is indicated that the shadow economy generates specific social problems, while also solving some of them. The article concludes with some socio-economics policy suggestions.

Key words: shadow economy, small and micro-sized enterprise sector, social problems

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Introduction

Social problems in every country, constituting a scope of interest for social policy both as a science and an area of practical actions, remain in close relation to the economic processes happening therein. Solving problems present in the areas most important for social policy, that is, the widely understood employment, health protection, protection in case of illness and in the old age, functioning of the family, migration, poverty or pathology (Firlit-Fesnak, Szylo-Skoczny, 2007) is linked to what is the essence of economy—allocating limited resources. It also must be borne in mind that through their shape, economic processes create social problems themselves. At the same time, with its interventions, both created because of effectiveness and justice, social policy influences economy. The nature of relationships between economic and social policy is recognised in science, which is reflected in relevant literature (Golinowska, 1994; Barr, 2016).

However, the analyses of this type mostly focus on the social policy—official economy relations, thus monitored and regulated by the state. On the other hand, important social issues are created, and sometimes to some extent, solved by the so-called shadow economic area. Moreover, its functioning is conditioned by the social environment and social rootedness, as per its definition, the shadow economy is not subject to the State regulations. The necessary institutional governance must ensure the social capital resources here. At the same time, the shape of the shadow economy, to a large extent, but not only, remains the result of the implemented economic and social policy.

This article is an attempt to analyse the relationships outlined on the basis of empirical research conducted in Poland, both original (published and new) and described in literature. My thesis here is that the informal economy in the small and micro enterprises (MSE's, Polish: MMP) sector, as defined by the Organization for Economic Cooperation and Development (OECD), on the one hand creates social problems, but on the other hand, although in a limited way, is conducive to solving them. This may include marginalised labour resources, economically weaker companies and poorer consumers. The second thesis concerns the strong social rooting of the shadow economy in Poland, which is conducive to its expansion (when other conditions are favourable) or at least stabilisation, and makes it difficult for the State to limit it. This article attempts to justify these theses.

The shadow economy: the concept and the scale of the phenomenon

The problem of management outside the state regulation and registration became a subject of reflection within the framework of social sciences, and economic sciences in particular, in the 1980s (Feige, 1982; Tanzi, 1983). This was probably related to the accumulation of economic expansion of the state in that period (Rutkowski, 2009, pp. 89–99), which triggered a specific defensive reaction of economic entities that tried to avoid state monitoring and influence. This area of economic activity was noticed by science, which attempted to explain the rules of its functioning. This has been supported by governments seeking to reduce the phenomenon, harmful from their point of view.

The task has proven difficult already at the level of a simple description and definition, which is illustrated by the multitude of names given to this phenomenon. One can find here such terms as hidden economy, black economy, informal economy, “in the moonlight”, “under the table”, “in the wild”, in the shade, in the second circuit, grey economy, unobservable (this term is used by the Central Statistical Office—CSO; Polish: GUS). The variety of names was an expression of the diverse understanding of this phenomenon by different authors.

In the light of the conventions applied by the CSO, the unobservable economy consists mainly of three areas: illegal, hidden and informal activities (Fundowicz, Łapiński, Wyżnikiewicz, 2018). Illegal activities are the production and distribution of goods prohibited by law (e.g. drugs) or legal goods by unauthorised entities (medical treatment without a diploma). Hidden activities take place in registered companies in order to avoid taxation or state regulations. Informal activities are, in turn, carried out by entities unregistered at all, usually on a small scale. They may be clearly separated from households or form part of households. It should be stressed that the unobservable economy understood in this way is treated as creating added value, and therefore included in the gross domestic product (GDP) account. However, the category of unobservable economy does not include activities where one of the parties is not a voluntary participant (for example, theft).

Within such a defined space, individual authors or institutions, in accordance with their research needs or theoretical concepts, create their own categories of economy apart from monitoring and state regulations, taking out fragments of their interest from such a broadly defined area (Slemrod, 2007; Schneider, 2011; Packard, Koettl, Montenegro, 2012).

An attempt to estimate the unobservable sector is most often made by defining its share in the GDP. According to the CSO (GUS, 2015), in 2014, it accounted for 13.3% of GDP and was relatively stable in the current decade. However, estimates from other authors (Schneider, 2011, pp. 34–35) using a different methodology indicate that the percentage of the GDP is around 26%. As a comparison, according to this author, the figure in Switzerland was 8.1%. In Germany, it amounted to 15.3%, and in Greece, to 26.5%. Everywhere, thus, it is a significant number.

For the purposes of this article, which focuses on the study of social problems related to informal economy in the MSE’s sector, I propose to call the phenomenon analysed the “shadow economy”. I will understand it, according to the definition proposed by the OECD, as the production of goods and services that are legal, but not declared to public authorities, according to the regulations in force in each country (OECD, 2002). It is therefore a scope similar to the total area of hidden and informal activity, but without illegal economy, according to the nomenclature of the Central Statistical Office. The subject of the study are, as mentioned above, micro- and small companies, i.e. companies with less than 50 employees per year on average in full-time equivalents. This is where the shadow economy, understood in accordance with the OECD definition, is the most common. Larger entities tend to apply tax ‘optimisation’ or operate through small companies.

The basis for the theses presented in the article and their justification are the published results of empirical research on the shadow economy in Poland by various authors and also foreign publications of more general value, all referenced herein.

At the same time, only partly published results of own empirical research of a qualitative nature, in the form of in-depth structured interviews (in-depth interview IDI), conducted since 2013 at the Faculty of Economic Sciences of the University of Warsaw and the Institute of Labour and Social Affairs, have been used. In total, eleven interviews were conducted, four of which were conducted with high-level officials from institutions in contact with the shadow economy (tax, customs, commercial and statistical control services) and seven with owners of enterprises of micro and small size (if there is unofficial employment, it is difficult to obtain an unambiguous qualification). The surveyed units were scattered all over Poland and located mainly in small towns of the Mazowieckie, Warmińsko-Mazurskie, Kujawsko-Pomorskie, Lubelskie and Opolskie Voivodeships. They included sectors typical of the shadow economy (construction and installation, transport, trade, transport, financial intermediation). The aim was to achieve a broad territorial and sectoral cross-section.

It should be stressed that the respondents were not asked about their own activity (due to the informal nature of the shadow economy), but about their knowledge on the subject, which allows to extend conclusions to the entire MSE's sector. Of course, such analyses do not have the value of representativeness. However, they allow us to penetrate into the nature of the phenomenon under study and obtain a full picture of the processes taking place there. The hypotheses formulated on this basis can then be verified by means of quantitative analyses giving representative results.

As it was mentioned earlier, own research is, however, only one of the sources of the presented analysis, which is based on an attempt to synthesise a number of published studies. This allows the conclusions to be extended to larger populations and enhances the credibility of the results.

The conditions of shadow economy operation in Poland

The functioning of the shadow economy is generally conditioned by two factors. On the one hand, there must be motivation for informal activities on the part of potential participants, mainly entrepreneurs and employees. On the other hand, mechanisms must exist in place to ensure elementary institutional governance in this area, which the state here, as an entity that is deliberately bypassed, cannot ensure. And a market that regulates the shadow economy requires such order. Both factors are strongly conditioned not only economically, but also socially.

The issue of motivation is quite thoroughly described in the state of the art, both Polish and international (Kudła, 2004; Bednarski, Kryńska, Pater, Walewski, 2008; Schneider, 2011; Szulc, 2013; Kryńska, 2015). The motives are, on the one hand, to avoid tributes to the state, such as various taxes and compulsory contributions, and, on the other hand, to avoid legal regulations that create costs and require going through a bureaucratic ordeal.

The process of avoiding taxes is sometimes described in literature as a particular game between taxpayers and fiscal authorities. The variables in this game are the probability that the tax deduction will be detected by the tax office, the amount of the penalty imposed in case of fraud and the benefits of avoiding paying the tax.

Over-regulation of the economy is burdensome and encouraging to locate in the shadow economy, especially from the perspective of small entrepreneurs. Here, one can indicate a surplus of concessions, permits and other regulations. Clarity of the law, transparency of relevant forms and declarations are also important for the entrepreneur.

The hypotheses formulated above on the basis of literature are confirmed by own research. A respondent says: "I think the most important reason is, above all, the excessive tax burden and the Social Insurance Institution (SII; Polish: ZUS). In addition, this entails bureaucracy. And employees decide to work in the grey economy mainly because of the possibility of receiving a higher salary. An employer like me, who employs five people, prefers to pay the symbolic zloty more to an employee and not play around with the SII fees and taxes, while an employee prefers the proverbial zloty an hour more." Another respondent explains the logic of employers' acting here: "In a market economy, money is the basic value and profit is the measure of the effectiveness of a company's operations. By employing in the shadow economy, employers reduce labour costs, which allows them to achieve a higher profit. Lower labour costs often make the employer more competitive on the market than companies employing legally." Therefore, employment in the shadow economy is fast additional income today but also an element of building the image of a company as a cheap contractor in the long run. Therefore, only economic criteria count, although the respondent is aware of the social dimension of activities in the shadow economy, because he adds: "this human nature makes employers often forget about social and humanitarian issues, forget about them and risk a hypothetical conflict with the law". And this risk of conflict with the law is actually hypothetical, because, as stated by another respondent: "an employer who employs in the shadow economy does not risk much. Possible controls will not do him any great harm and he will easily pay a possible fine for the profit he has when he hires employees in the shadow economy". Another respondent adds: "We all do that in our country."

From the employee's perspective, the economic mechanism encouraging participation in the grey economy is connected with the fact that the level of labour costs acceptable for employers in relation to specific qualifications (a specific "gross" salary) is determined by local labour markets and it is largely up to the employee to divide them into the received "net salary" and taxes and contributions. A respondent says: "Employees are usually well aware of how much their employer can spend on wages. So they know that if they get something «under the table», they won't have to share it with the state, whether it's with the SII or the tax office." On the other hand, many social benefits are only granted below certain income thresholds and employees try to maximise their income from the State. A respondent notices: "We've got 500+ [a benefit for families with children—translator's note] now and the employees are trying to get a grant for all the kids here. They're just telling me to do something so they don't lose the 500+."

I also know from others that employees or more like, their families apply for various subsidies from social welfare centres and here too, they want to have the lowest income shown.” Control mechanisms also fail in relation to employees. A respondent is of the opinion that: “Employees are not afraid of inspections of various services, because in reality, these inspections are aimed at repressive actions against employers and not employees.”

The shadow economy, as understood in this article, is regulated by the market mechanism. Here, in registered and non-registered entities, the streams of supply of non-declared goods and services are created, which have to meet streams of demand from other companies or households. However, the functioning of every market, including the shadow economy, requires a specific institutional order protecting the entities operating here from opportunistic behaviour of partners resulting, above all, from information asymmetries. It is therefore necessary to ensure that appropriate institutions are in place to guarantee, in particular, the credibility of commitments and the possibility of cross-reviewing their implementation. In the shadow economy, by its very nature, formal institutions created by the State, usually in the form of legal regulations and mechanisms of their execution, are not present. Therefore, they must be replaced by informal institutions, i.e. informal rules of the social game (North, 2002), because in this area, there are transactions of exchange of goods or lease of labour force on a mass scale, impossible without an elementary institutional order.

In my opinion, it could be argued that informal institutions regulating the shadow economy are created in its social environment, in local networks, where MSE's are firmly embedded. It should be stressed that the motives behind their actions are explained by both the *homo oeconomicus* model and the *homo sociologicus* model (Chmielewski, 2011). On the one hand, as mentioned above, individuals, both as employers and employees, try to maximise their income and keep a specific cost-benefit account. On the other hand, as the research shows, they carry out their roles imposed by the local environment, which takes place, to a large extent, through social networks.

At the same time, networks are understood here as a social infrastructure that serves to coordinate the activities of functioning entities, provide information, exert influence. Hence the division into advisory, trust and communication networks (Koniuszy, 2014, pp. 24–45). Thus, if the networks are functioning properly, they meet the signalled needs for mutual control of entities and the guarantee of the credibility of their commitments. Of course, the functioning of the network may fail due to differences in goals, conflicts of interest, cultural differences, spatial distance or short-term nature of relationships. On the other hand, the effectiveness of the network is supported by the IT infrastructure (the Internet), which makes it possible to quickly reveal the opportunistic activities of entities.

The effectiveness of the network from an analysed perspective can be explained by the concept of “social rooting” of the economy (Granovetter, 1985). This author points out that economic decisions are the result of the impact of both economic and non-economic institutions, because the binding norms and rules are important for individuals. Above all,

close (“strong”) relations with other people, which make the information cheap, in-depth and reliable, are important here, as it is based on the experience of external observers (Grzesiuk, 2015).

A slightly different perspective for the performed analysis is given by the use of the category of social capital understood, among others, as a resource of benefits from functioning in the network. It is also referred to as a mechanism fostering cooperation. Despite differences between them, all these approaches stress the role of trust arising as a result of the formation of permanent bonds between individuals (Woźniak-Jęchorek, 2016, pp. 30–32). And trust creates the prerequisites for guaranteeing the credibility of commitments without the State control.

In general, the theoretical concepts mentioned above emphasise the complementary role of interpersonal relations in relation to market mechanisms in shaping economic processes. These relations are described by categories of social rootedness or social capital, embedded in networks and building informal institutions. For the shadow economy, deprived of protection by formal institutions, they should be of key importance.

Empirical research shows that this is indeed the case. Respondents are aware of both market and non-economic pressures. One of them says: “Because this market pressure is certainly important here, but one cannot escape such informal issues either. It seems to me that these two factors intertwine.” Another one adds, though: “but I think this market pressure is becoming more and more dominant.” In the light of the research, the size of the locality is important here, which is connected with the creation and effectiveness of the social network impact. A respondent notices: “It’s different when you know everybody, and different in a big city.”

Within the network, the category of trust is crucial. One respondent emphasizes: “Mutual trust between employers and employees as well as between employers and customers is important.” Trust is built, on the one hand, by the circulation of information in the local network. A respondent says: “I know if someone didn’t pay me for a job, everyone would know.” The Internet plays an important role here. Respondents indicate that “it’s very dangerous for employers, because employees can write bad things about the company at any time, mainly by creating a so-called PR on the company Facebook pages.” On the other hand, different types of ties are important. Here, the respondents indicate: “family ties, social ties between the sides of these contracts. Practically everyone knows each other here, so it’s common to keep these agreements.” Religious ties may be important. One respondent emphasizes: “Here, we meet in the church. Nobody’s gonna cheat on anyone here.”

It is interesting that by building links between communities, local networks can use them against outsiders from the network, building specific monopolistic structures. The functioning of the social network creates mutual loyalty and disciplines its members, preventing competition. The respondent talks about strawberry growers: “Until recently, there was an unwritten rule that on Sundays, you don’t do anything with these strawberries. A few years ago, that rule was broken. Sunday is now the same working day as Monday or Tuesday.” Another one adds: “There are very strong ties there—of such a solidarity

among farmers that salaries for seasonal workers are at the same level. So they do not compete for these workers, they all have the same rates. And no one breaks out.”

It is also worth noting that loyalty to the State does not cause respondents to reflect either.

The research confirms the thesis that the order formed within the framework of informal institutions embedded in social networks is, next to the market, the leading regulator of the grey economy. This makes it possible to realise the benefits of avoiding restrictions and levies imposed by the State.

The shadow economy as a place of social problems

From a macroeconomic perspective, by limiting the revenues of the state budget, the shadow economy hinders the achievement of its social objectives. However, from the microeconomic perspective considered in the article, the social consequences of the grey economy on the labour market and in the sphere of employment are of key importance. It can be argued that the SME sector is, to a large extent, the space of the second, worse segment in the light of the dual labour market concept. And the shadow economy is its bottom sector. It is therefore characterised by low wages, poor working conditions, lack of opportunities for professional advancement and insecurity of employment. Empirical research indicates (Bednarski, 2017) that this is largely the case. The shadow economy is home to poor quality jobs and, in this sense, to social problems.

Respondents stress that wages are indeed often low. One of them states: “Surely most of those working in the shadow economy are people who accept any conditions just to have a job and get by.” This, of course, will create a problem of poverty, which may become even worse in the case of illness (lack of health insurance) and old age (lack of pension insurance). One respondent is judging: “In my opinion, the majority of workers are certainly aware of all the risks arising from undeclared work, lack of insurance in the event of sickness, low pension or no pension at all.” These problems may be limited by partial registration of employment or unemployment status, yet they are not eliminated. Those working in the shadow economy are therefore potential or already actual clients of social welfare.

At the same time, which is typical for the worse segment of the labour market, the level of occupational health and safety (OHS; Polish: bezpieczeństwo i higiena pracy, BHP) is low. One respondent even says that: “for money, an employee risks his own health and often his life.” And later, he adds: “The employer doesn’t feel bound by any labour law regulations. The workplace for such an employee is also cheaper.” Work there is therefore legally unprotected and dangerous, which allows employers to reduce the cost of employment at the expense of the quality of the workplace.

Employment in the shadow economy is also a way of hiding incomes by persons prosecuted by a bailiff. These may be bank debtors or people who do not pay their maintenance. A respondent is outraged: “There’s a large group of men who don’t really want to pay the adjudged alimony for their children. They try to show the lowest possible

income. And this is also very tragic, because what kind of a person you have to be to evade providing for your own children?" Maintenance debts do indeed create a major social problem and the informal economy actually makes it possible to avoid maintenance obligations.

It should also be noted that the shadow economy may not only create a segment of worse employment, especially low wages, but also affect all employment in the local labour markets. In the opinion of respondents, such phenomena may occur. In particular, those working in the informal sector can push those who are employed officially out of their jobs. A respondent says: "Yes, unfortunately, that's what happens. And why? Because such workers are simply cheaper, we do not have to pay their benefits, taxes, insurance, and so on. And you don't have to play with bureaucracy." The impact on wages in the official sector is also signalled. A respondent notices: "Surely, the shadow economy contributes to the fact that the wages of legally employed workers do not increase or do not increase at the same rate as the income of a given employer. This is where a mechanism works that both sides are well aware that there is an alternative in the form of the employment of new workers within the grey economy." At the same time, the signalled phenomena of the transfer of employment to the grey economy or the reduction of wages in the official sector do not necessarily mean that one person leaves work and is replaced by another. A respondent indicates that "employers more and more often use the solution that they employ a part-time employee. Such an employee actually works full-time and, depending on the results of his or her work, gets a bonus." Therefore, it is not the employee, but his or her working time that is shifted to the shadow economy. At the same time, it should be noted that high qualifications protect against being pushed into a worse segment of employment. A respondent notices: "I know a case of one restaurant where a chef works on a contract of employment and earns PLN 6000, and everyone else is employed on a contract of mandate and they earn PLN 50 a day. But without the chef, this restaurant would have simply stopped working." It is possible to guess that the crew locates additional working time in the shadow economy and there, they obtain extra income. The key specialist for the company can operate completely legally, in a better employment segment.

Thus, the shadow economy creates social problems, including in its environment. It is a worse segment of the labour market, which offers low wages and does not sufficiently satisfy other, non-wage needs of employees. However, it is important to consider whether it is not also a way of solving them.

Does the shadow economy help solve selected social problems?

Previous considerations have shown that various social problems are present in the grey economy. To understand their nature, however, it is important to answer the question to what extent the shadow economy is their source and to what extent only the place where they appear. In the latter case, entering the shadow economy may at least mitigate existing social problems and limiting their impact. From this point of

view, the prerequisites for entering the shadow economy, to what extent it is voluntary and to what extent it is compulsory, are important. If the entry is voluntary, the grey economy can be seen as a source of social problems and if forced, it can be seen as a specific shelter for the maladjusted. From this perspective, it is worth to look at three basic entities operating here: employees, small companies and households (Bednarski et al., 2008).

From the social point of view, the situation of those employed in the informal economy is crucial, because, as it has been shown, they bear the most important consequences of informal work. In the light of the research, it can be concluded that there are two groups of employees here. Some people are looking for short-term financial benefits at the expense of social security in the long term. Others work in the shadow economy because they cannot find employment elsewhere, at all or for enough money to support their families. It may also involve recklessness, inability to think in long term. However, in recent years, with the improvement of the situation on the labour market, the former group seems to dominate. One respondent is judging: "In the vast majority of cases, it is a voluntary choice of employees, but only a few years ago it was a little different. But now the market situation is such that if someone doesn't want to work illegally, they will find a legal job. It is the workers themselves who are not currently willing to sign contracts." But another respondent, representing a different region and industry, says: "I think that undeclared work is more of an alternative than a voluntary choice." And continues: "Usually, these are workers with low education and also workers aged 50+, from small towns and villages, mentally, a little bit intimidated, unable to cope with the current reality." Respondents also emphasise the peculiar mentality of some employees of the shadow economy: "They don't think of the future in the perspective of 3–5 years. They are thinking a year ahead maximum, and most often, it's thinking in the perspective of the upcoming Christmas." It is therefore a trap for voluntary undeclared workers, a source of social problems. For others, however, it is an opportunity for a kind of employment after all, a relatively stable income and minimal stability. In a way far from perfect, the shadow economy still solves their problem.

Similar reasoning can be applied to entrepreneurs operating in the SME sector. Some of them are stable on the market. If they enter the shadow economy, it is for extraordinary profits. A respondent says: "Here, some employers, I think not so many, want to maximise their profit by saving on social security contributions. For them, undeclared workers are simply cheaper than those with employment contracts." And another one adds: "If you hire an employee on the black market, even adding a thousand zlotys to their pay, the owner's profit will almost double." Therefore, the temptation is strong.

Sometimes, things are different, though. Micro and small businesses are often opened not by choice, but by force, because their owners cannot find paid employment. They are usually characterised by low business skills, high level of fear of failure, limited ambitions. When confronted with difficult environmental conditions, such as strong competition or ailing state burdens, their companies rarely reach maturity and often fail. As a respondent notices: "There is also a certain group of companies, mainly small, family-owned

companies, which defend themselves against market exit in this way (shadow economy share).” Another one adds: “If I had hired employees with full insurance, I wouldn’t have earned anything as an employer.” And continues: “There are ups and downs, and there is not always work, and sometimes it’s easier to part ways with an employee without an official contract. It’s also time-consuming and cost-intensive to keep all this documentation. I couldn’t do anything then, I’d just sit in the paperwork. There wouldn’t be anyone to supervise the work. I would’ve lost my clients in two months!” And a collapse of a micro and small business is also a social problem. The owners lose their livelihood, his employees lose their jobs. Hence, the shadow economy, which creates a survival space for weak companies with little added value, plays, to some extent, a positive role. Although this space rather perpetuates their marginal status without creating a perspective for strengthening and expansion, which has consequences for the quality of companies in the entire economy.

The same applies to households using goods and services produced in the shadow economy. They are exposed to a lower quality of products in the absence, often, of formal qualifications and authorisations of craftsmen, guarantees, approvals and similar official safeguards. But many take the risk of buying, in view of the expectation of a significantly lower price (Bednarski et al., 2008). However, there is no unanimity among respondents on this issue. One respondent claims: “If there were no undeclared work, these products and services would be more expensive. So it’s a positive thing for customers, because they can pay less for a hairdresser or have lunch at a bar more cheaply.” But another one says: “In the end, lower labour costs do not have a significant impact on the price of the product for the consumer. In general, profits remain with employers or intermediaries.” It is reasonable to believe that the differences outlined are due to the different levels of competition in the markets observed by the respondents. Nevertheless, at least in many cases, sometimes prices in the shadow economy are lower. Some households take advantage of these opportunities for short-term benefits, but for poorer ones, cheaper goods and services from the shadow economy are the only chance to take advantage of them. This can be seen as a form of solving a social problem such as limited access to certain types of consumer goods.

In conclusion, it is possible to defend the thesis that to some extent, the shadow economy solves particular social problems. However, society pays the price of lower tax revenues, and those interested in functioning in marginal markets are subject to discrimination, which over time becomes durable. This promotes the creation of a layer of the permanently excluded—the precariat.

Conclusion

The outlined characteristics of the social conditions of the shadow economy may lead to suggestions to the state policy towards this area. Above all, however, it must be realised that the strong rooting of this phenomenon in local networks and the use of social capital resources here means that it will remain a permanent element of the local economy.

Therefore, in the policy towards the shadow economy, it is worth distinguishing between situations of voluntary and forced entry into this area.

In the case of informal operation, activities with a higher and low level of social harm should still be isolated on a voluntary basis. The latter case will include actions on a small scale of units or small groups of persons having social insurance from other sources, not carrying the risk for manufacturers or consumers, performed on the borderline of natural activity of households. Such activity should be “whitewashed”, allowing unregistered operation. This will not change the scale of the phenomenon, because such production embedded in social networks has always taken place, but will create comfort of legality for the participants of the transaction. It also gives the possibility of state arbitration in case of disputes.

However, when it comes to exploitation, gross violations of labour law, threats to workers or consumers, violations of the principles of fair competition in relation to, for example, the non-registration of part of production in registered companies, or an escape from creditors, criminal repression becomes necessary. At the same time, it is important that the threat is perceived as real and the penalty adequate to the possible benefits.

We should behave differently in the face of informal actions of individuals or companies that do not cope with the official markets. In this case, as has been said, the shadow economy does not create a social problem, but only reveals it and, to some extent, even solves it. It is not enough to agree to informal activities here, but help is needed. It seems that such an opportunity can be created by the so-called “social entrepreneurship.” Here, economic entities can operate outside the rules imposed on everyone by the state and the market. However, it is not easy. On the one hand, we need a reliable selection of those who expect the rules of management to be relaxed, because many people will certainly be willing profit from it. On the other hand, there will be the reluctance of some candidates who are accustomed to working outside the rules of law and who do not think in terms of the future. Such measures should therefore be seen in terms of social policy rather than economic policy.

In general, research indicates that there is a need for a strong differentiation in the activities in relation to the shadow economy in view of its hybrid character.

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*Spoleczne uwarunkowania funkcjonowania szarej strefy
w sektorze mikroprzedsiębiorstw i małych przedsiębiorstw
z perspektywy lokalnej. Wnioski z badań empirycznych*

Streszczenie

Artykuł prezentuje ekonomiczne i socjologiczne uwarunkowania funkcjonowania szarej strefy w sektorze mikro- i małych przedsiębiorstw w Polsce na podstawie badań empirycznych. Podkreślone jest tu społeczne zakorzenienie tego fenomenu. Wskazuje się, że szara strefa tworzy określone problemy społeczne, ale niektóre również rozwiązuje. Artykuł kończą sugestie pod adresem polityki społeczno-ekonomicznej.

Słowa kluczowe: szara strefa, sektor mikro- i małych przedsiębiorstw, problemy społeczne