

Social Determinants of Undeclared Work in Hungary

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Introduction

In this paper we deal with the two major forms of undeclared or unregistered employment in Hungary. In the first case the employee „gets the money straight in the pocket” from the employer and thus the transaction remains totally invisible for authorities. In the other case employees invoice a part of their working pay instead of being given their whole wage. This latter solution appears to be a favourable one for both the employer and the employees — at least in the short term — as thus avoiding payment of taxes and contributions reduces the cost of labour on the employer’s part and leaves the employee with more disposable income. In our discussion we are going to examine the prevalence in Hungary of payment into the pocket and invoiced work and the social groups that are more likely to be involved in this practice.

First we will introduce the data bases we have been using, then we are going to analyse the traits of undeclared employment if considering the demographic, labour market and income situation of the respondents.

Data Used

We have been using in our analysis data of two surveys. One of the surveys looked into the population’s approach to pension related savings. This survey was conducted in October 1 through November 9, 2007 by the Research Institute of Economics and Enterprises of the Hungarian Chamber of Commerce, in the framework of a nationwide, personal questionnaire survey (SURVEY_2007). The sample of 1000 respondents covered the population aged 18 to 60 and thus reflects the overall distribution in Hungary of adult people in terms of the type of settlement, region, gender and age. The second survey was conducted in 2008 by the Institute of Economics Hungarian Academy of Sciences and was specifically aimed to assess involvement in the informal economy and the opinions related to it (SURVEY_2008). This research too was conducted on a sample of 1000 people representing Hungary’s adult population aged 18 to 60.

The survey of unregistered employment was conducted with similar questions in two phases. In both phases, respondents were asked whether they ever had been employed so that they eventually were given a part or whole of their earnings in pocket. Then they were also asked the question what percentage of their earnings went into pocket most recently.

A similar question was asked regarding invoiced work, i.e. people were asked whether it had ever happened to them that they had invoiced the counter value of their work or a part of it. If it had, they were asked about the proportion of the pay they had invoiced. Notwithstanding the similarity in the formulation of the two questions, there are two basic differences between the two surveys into undeclared employment. On the one hand, the question of the survey in 2007 referred to the preceding one year (i.e. the year of 2006), while the questions asked in the survey of 2008 referred to the preceding two years. Another difference between the two surveys is that the questions in the survey of 2007 only addressed people who were employees or temps at the time of the survey. I.e. self-employed, unemployed or economically inactive people were not addressed with these questions. For all these reasons we can use the consolidated data bases of the two surveys for describing employees and temporary employees only. Beside this, our results will also be shown for all the below 60 years of age population with respect to data resulting from the 2008 year survey.

Incidence of undeclared employment in Hungary

If examining incidence of undeclared employment of adult population aged 18 to 60, the rough proportion of those paid into pocket may be about 13 per cent and of those partly invoicing their work may be about 15 per cent in this particular group of Hungary's population.

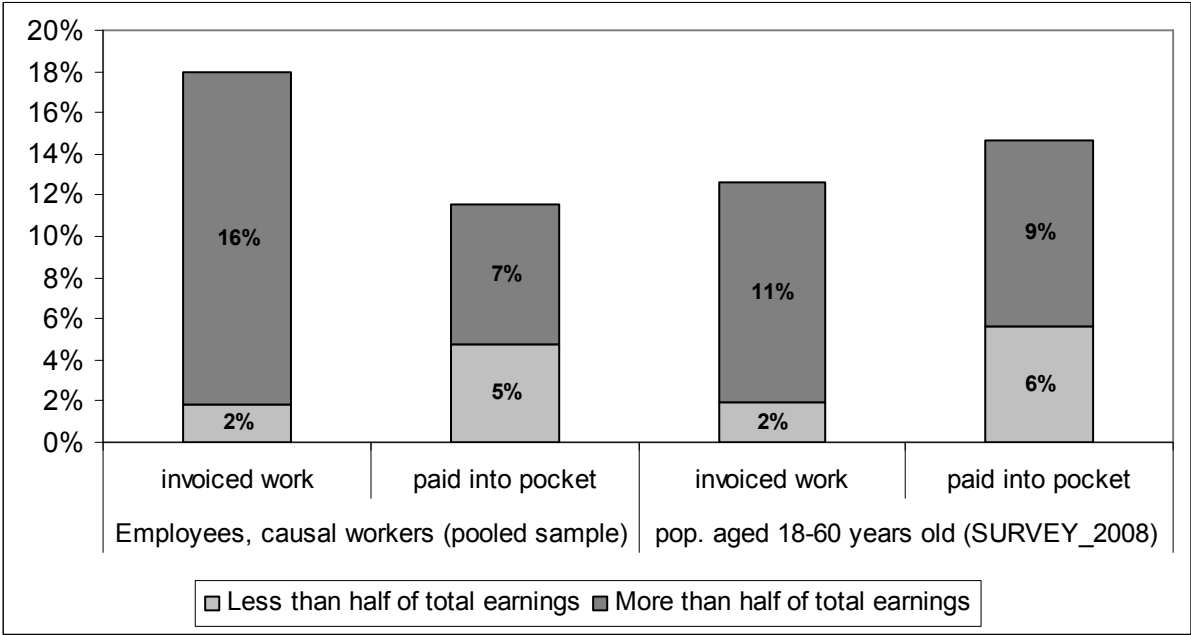
The group contains a similar proportion of those paid into pocket or paid only a smaller part of their pay into the pocket, just like of those who received a larger part of their pay without any record. Of all the respondents the ratio was 5 per cent of those who had been paid into pocket on the most recent occasion, whereas 7 per cent of the respondents received over half of their pay in the pocket on the most recent occasion they had been so employed. Those who invoiced their work typically

invoiced a larger part of their pay. Of all the adults only 2 per cent invoiced a smaller part of their pay (see Figure 1.).

Among all the Hungarian population aged between 18 and 60 the ratio of those paid into pocket or having invoiced their work in the two years preceding the survey was 25 per cent. Extrapolating this to the population of those aged 15-64 (4.2 million people), the number of those who receive some form of unregistered income in Hungary can be over 1 million. If adding to this the obvious distortions of the survey technique resulting from the fact that many may have concealed their involvement in undeclared employment, this is likely to be a higher ratio, and the number of the people actually involved may well exceed 1 million.

Another conclusion that can be drawn is that respondents tended to deliver work *either* for pay in the pocket *or* in exchange for an invoice. Only 2 per cent of all the respondents were involved in both types of undeclared employment.

Figure 1: Incidents of two forms of undeclared employment in Hungary

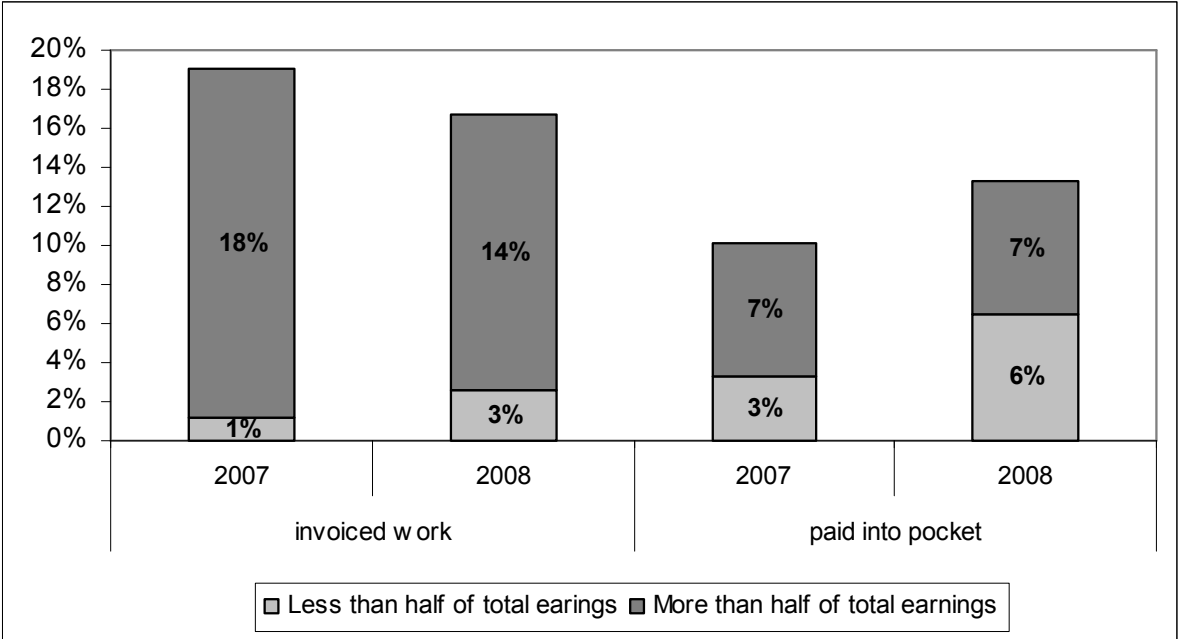


Those paid into pocket constitute a somewhat lower ratio of employees and temps aged 18 to 60 than the ratio typical of the overall adult population. Among employees and temps the ratio of those having received over half of their most recent earnings was 5 per cent, whereas the ratio of those having received less than half of their earnings in an unregistered manner was 5 per cent. Among employees and temps

those having occasionally invoiced a part of their earnings for work delivered in the form of employment constituted a higher proportion, i.e. 18 per cent compared to that of the total adult population. More specifically, their overwhelming majority (16 per cent) invoiced over a half of their pay. In sum, 28 per cent of employees and temps were paid into pocket or invoiced their work in 2008 (see Figure 2.).

As our conclusions regarding the population of employees and casual workers have been derived from two data surveys, we have also checked them for any eventual deviation between the two points of time with respect to the frequency of work in the informal economy. As it will be seen in the figure below, slight deviations have been observed between the surveys conducted in 2007 and 2008. The ratio of those having invoiced their work is somewhat higher, whereas the ratio of those paid into pocket is somewhat lower among employees and temporary employees compared to 2008.

Figure 2: Incidents of two forms of undeclared employment amongst employees and casual workers in Hungary



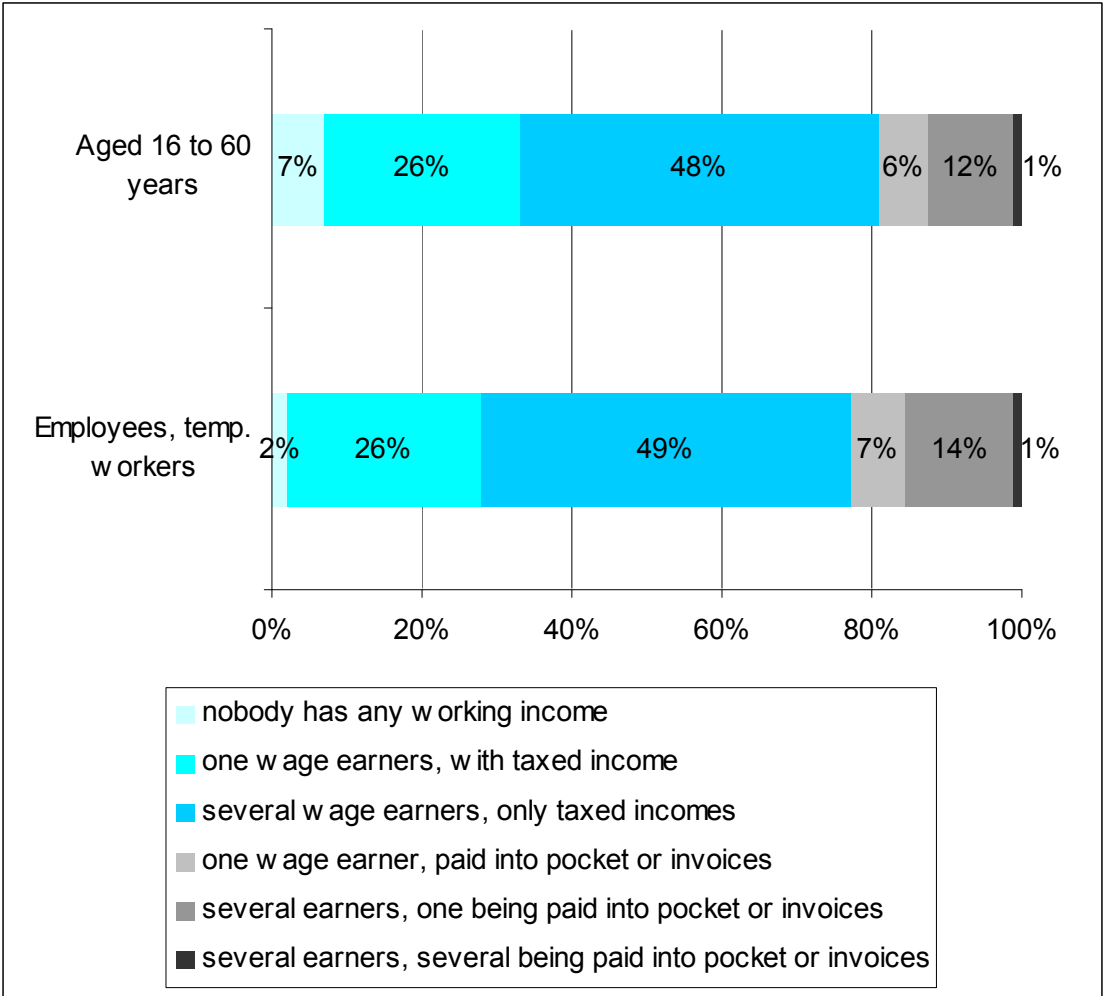
The questionnaire contained questions regarding other members of the respondents' household whether they had any pay from work and, if they did, in what form they received it: after tax, into pocket or against an invoice, with a casual worker book

(*alkalmi munkavállalói könyv*) or as a contractor's income. With the help of these questions one can examine the involvement of households in the informal economy.

If we consider the household of all persons aged between 18 and 60, in 7 per cent of all the households none of the members has any income from work (see figure 3). In 26 per cent of the households there is one gainfully employed person who earns a taxed income. In another 6 per cent of the households there is also one gainfully employed person, whose larger part of the income goes either into the pocket or is invoiced. In almost half of the households there are several gainfully employed persons and all of them take home their taxed income. 12 per cent is the ratio of households where there are several gainfully employed persons and there are some of them whose greater part of the income either go into their pocket or is invoiced. However, our sample hardly contained any household (1%) in which several persons were gainfully employed and several of them were paid into the pocket or invoiced their work.

Based on the above cumulation of the practice of working in the informal economy cannot be considered as a typical feature of households. One can observe similar proportions among employees and temps with the only difference being that this is the pool in which the proportion is the lowest of those households that have to go without any working income.

Figure 3: Incidence of undeclared employment amongst the Hungarian households



3. Determinants of undeclared employment

In the next chapter we are going to examine how the probability undeclared employment differs in the various socio-economic groups of the Hungarian population. We are going to examine first the demographic indicators, then workplace features and conclude by examining the financial situation of the household.

3.1. Socio-demographic factors

From among demographic factors we shall examine the role of the respondent's gender, age, education, the structure of the household, the type of settlement and the region.

If examining the role of the respondent's gender in the pool of employees and temps we can see that slightly more men than women are paid into pocket; 13 per cent of them were paid into pocket, while this happened for 10% of women. Correspondingly the proportion of those paid into pocket or invoicing their work is higher with some percent points among men. If considering the total population of 18 to 60, gender deviation is even more significant: 31 per cent of men did work in the past two years so that the pay went into the pocket or was invoiced. For women this ratio was 22 per cent.

Age of respondents also affects work in the informal economy: young employees are more likely to be involved, and among them payment into the pocket is more prevalent than average. 17 per cent of employees and temps younger than 30 did receive pay into pocket, while this ratio is around 10 per cent in other age groups. The ratio of those invoicing their work does not show any major difference in the various age groups, however overall figures suggest younger people are more exposed to this practice as payment into the pocket or invoicing occurs with an above-average frequency in their case. The correlation is less manifest if considering not only employees, but the overall adult population as well. Although it is also apparent in this case that pay into the pocket occurs most frequently among youngsters, in sum it is the age group of 31 to 40 who are the most affected by unregistered employment.

Figure 4: Undeclared employment in Hungary according to age-groups of respondents (%)

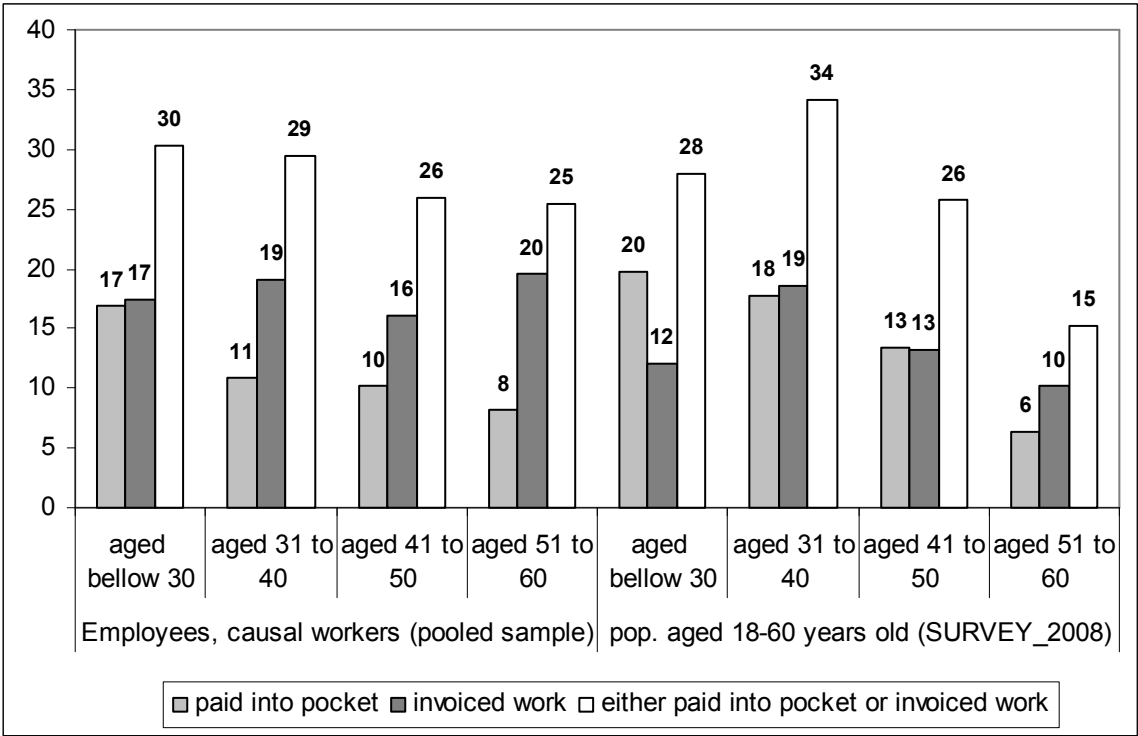
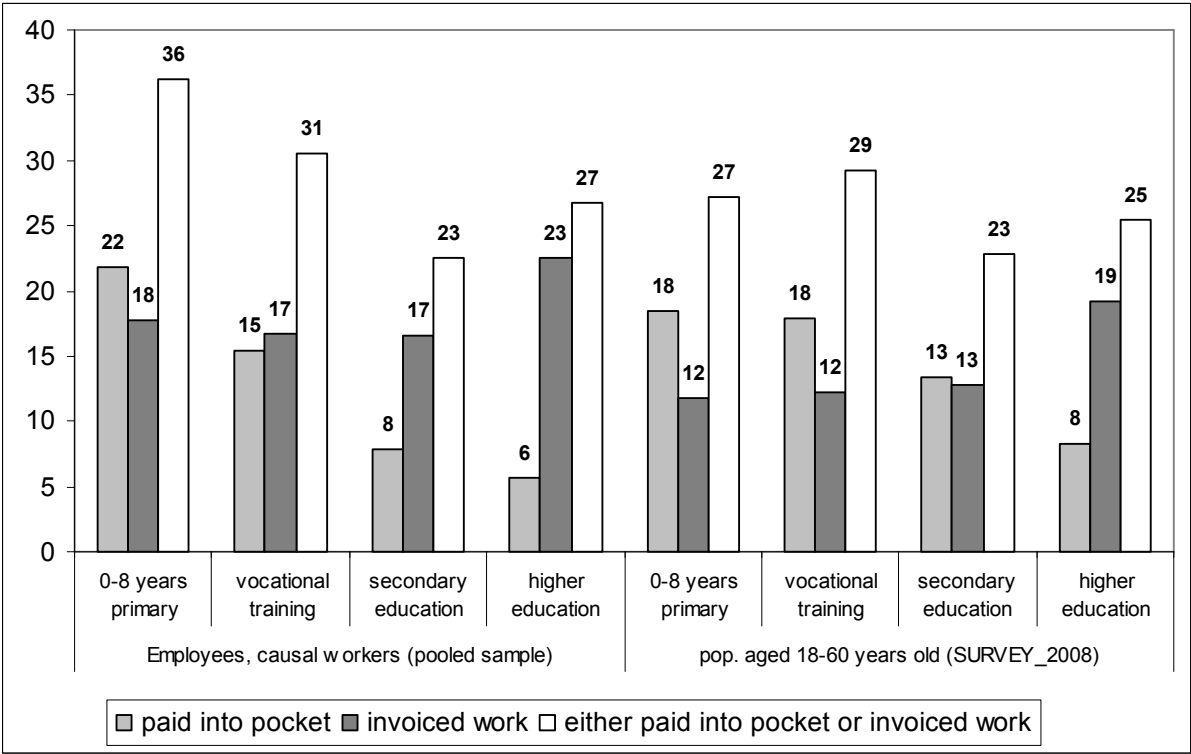


Figure 5: Undeclared employment in Hungary according to education level of respondents (%)



The probability of undeclared work is also related to the respondent's education. At the same time, schooling has a divergent effect on the occurrence of pay into pocket and that of invoicing. The frequency of pay into pocket declines as the level of school qualification increases: 22 per cent of those whose highest school qualification is primary school were paid into pocket, whereas the same ratio is only 6 per cent for university graduates. The situation is just the contrary when examining invoicing: a higher proportion of university graduates are paid in this way than those with lower levels of qualification. On the whole the probability of undeclared work declines in parallel with the increase in the level of school qualification: 36 per cent of those whose highest school qualification is primary school has ever been paid into pocket or against an invoice, while the same ratio is 27 per cent for university graduates.

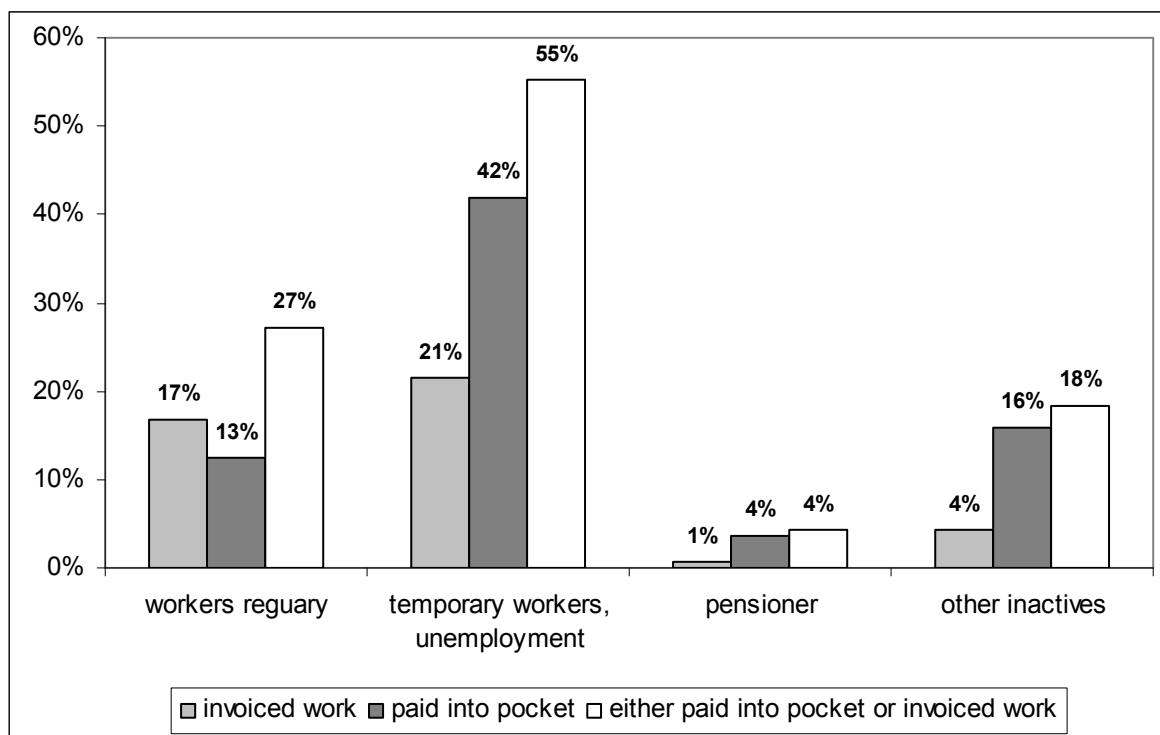
Undeclared work is somewhat more frequent than average in Budapest and parishes. 28 per cent of Budapest citizens and 32 per cent of parish dwellers are involved in work in the informal economy — i.e. have performed work for pay into pocket or invoiced it — among employees and temps. The proportions are similar if examining the occurrence of undeclared work in the total adult population. If considering work in the informal economy from a regional perspective, the differences are also significant. The occurrence of this type of work is significantly more frequent in the Eastern counties of Hungary, while it occurs less than average frequency in West Hungary. If considering employees and temps, 40 per cent of the inhabitants in Eastern Hungary have been paid into pocket or invoiced their work already, whereas the same ratio is only 16 per cent in Western Hungary. In the central parts of Hungary average ratios can be observed.

3.2. Labour market features

If examining the overall population of 18 to 60 regarding deviations according to the labour market status of the respondents in undeclared work, one can notice that those who are economically active yet have to go without any regular employment (temps, unemployed) are the ones who have been most affected in this regard. 42 per cent of the group involved had been paid into pocket and 21 per cent of them invoiced their work in the two years preceding the survey, i.e. on the whole 55 per cent of them delivered undeclared work.

If considering those who work regularly, the ratio of those paid into pocket is roughly average, while that of those invoicing their work is somewhat higher than the 14 per cent typical of the whole sample, 17 per cent. In sum the proportion of those working regularly without being registered corresponds to the one typical of the whole sample. It is worth noting, that among the unretired inactive individuals (pupils and other inactive persons) the ratio of those having been paid into pocket for some work corresponds to the overall ratio typical of the total sample.

Figure 6: Proportions of individuals paid into pocket or invoicing their work In terms of labour market status among the total 18-60 year old Hungarian population, %



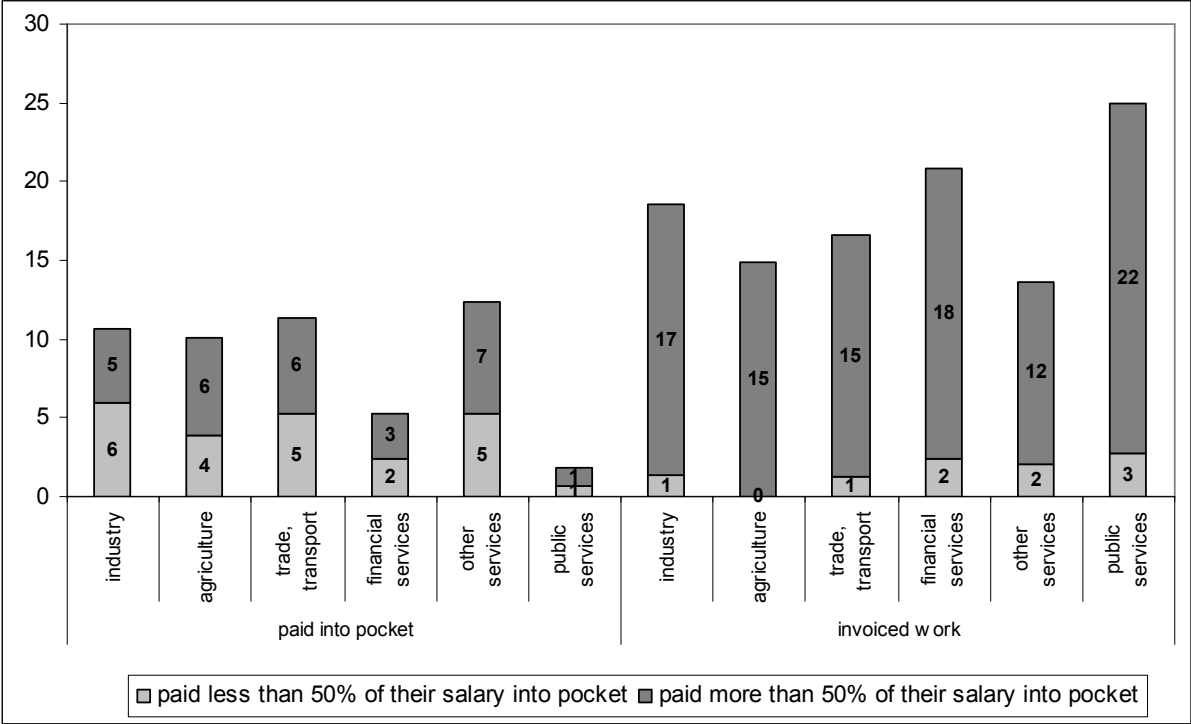
We can examine the extent to which the nature of employment and the industry in which they work affects employees' and temps' undeclared work. In terms of employment we can identify blue-collar, white-collar workers and managers.¹ Only 2 per cent of white-collar workers are paid into pocket, which is a much lower rate than the 8 per cent observed in the case of blue-collar workers. Conversely the rate of those invoicing their work is higher in the case of white-collar workers, constituting 22 per cent of them, while the same ratio is 18 per cent among blue-collar workers. It is surprising though that the proportion of those paid into pocket is very high among managerial employees (15 per cent). On the other hand this cannot be considered as conclusive evidence given the low number of cases.

As for branches of economy, we have had to consolidate them due to the low number of cases. Correspondingly, beside industry and agriculture, services have been allocated to four categories; transport, communication, telecommunication and commercial branches have been consolidated into one category; financial and other

¹ Occupation was asked about only in the questionnaire of 2007, therefore we have opted for this ranking due to the smaller sample size.

services each went into a separate category, and („community services”) public administration, education, culture and health have been combined into one category. The proportion of those paid into pocket is lower in the financial services and even more so in the community services (5 per cent and, respectively, 2 per cent) branches than in other branches of industry. On the other hand the proportion of those invoicing their work is the highest in the community services branch. As opposed to the average level of 19 per cent, 25 per cent of those employed in the community sector invoiced their work.

Figure 7: Industrial branch-based proportion of those paid into pocket or against an invoice among employees and temps (consolidated sample), %



We have also examined to what extent employees’ and temps’ salary from full time employment is indicative of unregistered employment and, respectively, how it relates to the respondent’s income derived from other (secondary) employment or business contracting.

Those paid into pocket constitute a somewhat higher proportion among those whose monthly income from full-time employment² is less than HUF 70 thousand. About 13 per cent of low income people received unregistered pay, whereas this applies only to 9 per cent of employees. Conversely, invoiced work represents a higher than the average proportion among employees in higher salary ranges (23 per cent). We have also assessed to what extent invoiced work or pay into pocket is related to an employee's primary employment or secondary employment. In the case of those who do not have any secondary employment, the overall ratio of invoiced work or pay into pocket is evenly typical of the same sample. The number of people who mention various sources of secondary employment is typically very low, but being paid into the pocket is especially typical of those who have side employment. It is therefore likely that the role of the informal economy is significant in the case of side employment.

Research into the informal economy conducted in 2008 allows us to examine also the extent to which unregistered employment is widespread in the ranks of the unemployed or inactive population. Our research also assessed whether inactive people were employed without being registered. This form of employment has been typical of only 11 per cent of inactive people, while an overwhelming majority of those employed without being registered (about 80 per cent) reported to have been paid into pocket or against invoice. Yet one has to be cautious in interpreting the results due to the low number of cases. Still it is obvious that work performed by inactive people tends to be linked in general to the informal economy.

Unemployment, at the same time, affects work performed in the informal economy beyond its current effect. Research into work economics has concluded that the longer a person is unemployed, the more difficult it is for them to re-integrate into the labour market. Based on this conclusion, i.e. the number of months spent on the dole may be indicative of people's labour market chances and possibilities to get a job. In our assumptions the prevalence of undeclared work may be higher among those having been unemployed for a long time, as it is more difficult for them to find jobs in the official labour market.

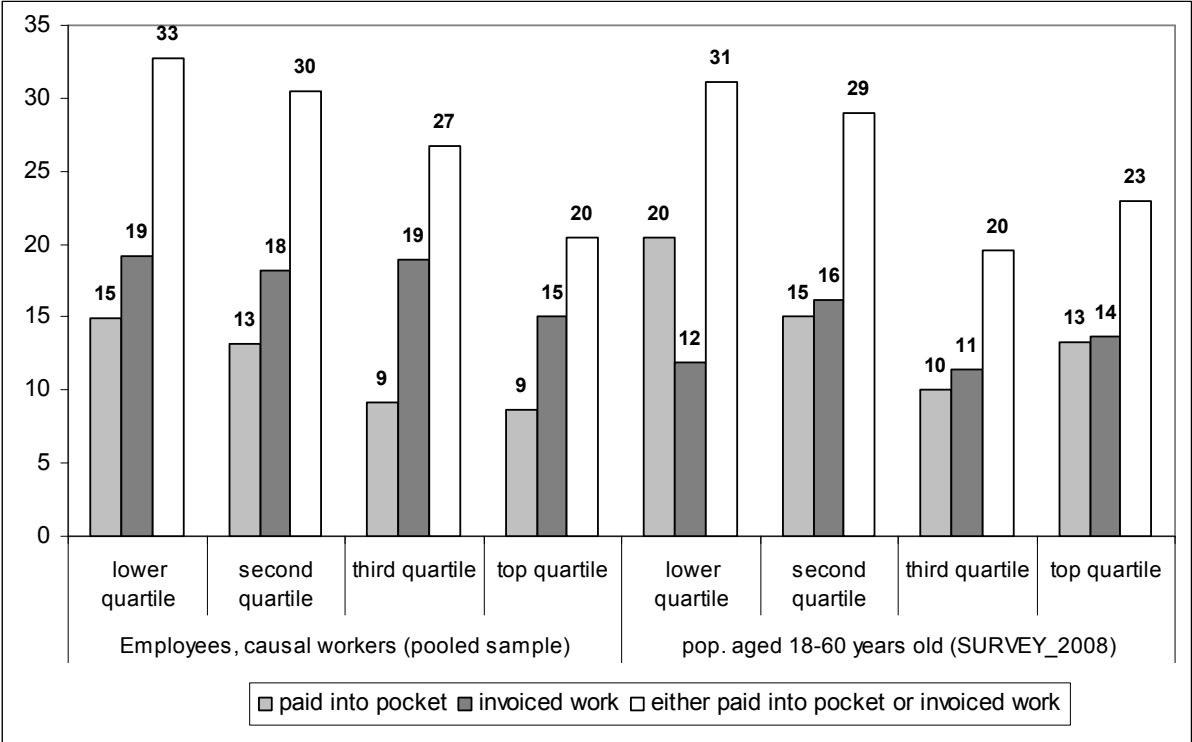
² The official minimum wage in Hungary has been HUF 69.000 effective of January 1, 2008. (see <http://www.apeh.hu/adoinfo/jarulek/minimalber.html>).

Our assumptions are confirmed, as the prevalence of those paid into pocket is higher by 10 per cent points, i.e. 25 per cent among those having been unemployed for over a year. By the same token, the same proportion is lower than the average among those not having been unemployed, and represents only 9 percent of them. Those invoicing their work, on the other hand, constitute the highest proportion of those who have been unemployed for less than 6 months versus those with the longest unemployment experience. As the number of people paid into pocket constitutes a relatively high rate in this group of people, this is the group the overall involvement of which is the most significant in informal economy.

3.3. Undeclared income and the financial situation of the household

A household’s financial situation is captured by the per capita domestic income on the one hand and, on the other hand, by two asset indicators, of which one is the ownership of a car, the other one is the ownership of a flat.

Figure 8: Proportion of Hungarian people invoicing their work or paid into pocket in the quartiles of per capita household income, %



Considering the sample of employees and temps it is quite obvious that the proportion of those paid into pocket declines with the increase of income. Invoicing work is somewhat less frequent in the highest income quartile, than in others. In sum the conclusion is that the prevalence of undeclared work steeply declines with the increase in incomes. While the proportion of those paid into pocket or invoicing their work is one third in the lowest income quartile, the ratio is only 20 per cent in the top quartile. A similar correlation can be observed between a family's income and informal economy also when we conduct the analysis on a sample of respondents between the age of 18 and 60.

A family's financial situation and work in the informal economy are less tightly connected. The connection between car ownership and undeclared work does not appear to be significant. In the groups formed according to their financial situation in terms of the value of the flat owned it can be observed that being paid into pocket or invoicing one's work represent a higher proportion of those who do not possess a flat than among those who belong to the top third according to the value of the flat.

4. Conclusion

According to data of 2008 15 per cent of the Hungarian adult population aged 18 to 60 had worked in the two years preceding the survey so that a part of their pay for work went into pocket while the number of those invoicing a part of their pay constituted 14 per cent. It means that on the whole about a quarter of all the respondents (26 per cent) did work connected to the informal economy in the past two years. Respondents were either typically engaged in work for pay into pocket or they invoiced their work; both forms of work in the informal economy occurred only in 2 per cent of the cases.

We have not found in our sample any household where several members were gainfully employed and all of them received a higher portion of it into pocket or invoiced it. Based on this the cumulation of work in the informal economy in households is not a typical feature.

Taking a look at the societal determinants of undeclared work it can be concluded that the proportion of those paid into pocket is higher on the peripheries of the labour market. The prevalence of being paid into pocket beside others was higher than average in the two years preceding the survey among those whose school qualifications are lower, who are young, temps or unemployed, or among those having been unemployed for a long time. The number of those invoicing their work is higher than average among professionals. Respondents with university qualifications, employees in public administration, health, education and culture invoiced their work at a higher rate than average in the previous two years.

Appendix

Table A1: Undeclared employment of those aged 18 to 60 according to demographic factors, %

| | Paid into pocket | | Invoiced work | | Paid into pocket or invoiced work | N |
|-------------------------------------|------------------------------|-------------------------|------------------------------|-------------------------|-----------------------------------|-----|
| | Less than half of the salary | Over half of the salary | Less than half of the salary | Over half of the salary | | |
| <i>Gender</i> | | | | | | |
| Male | 8.2 | 10.3 | 2.5 | 13.0 | 30.7 | 493 |
| Female | 3.2 | 8.1 | 1.3 | 10.2 | 21.6 | 504 |
| <i>Age category</i> | | | | | | |
| Below the age of 30 | 5.9 | 13.8 | 2.0 | 10.1 | 27.9 | 322 |
| Between 31 and 40 | 6.8 | 10.9 | 2.8 | 15.9 | 34.1 | 236 |
| Between 41 and 50 | 5.8 | 7.6 | 0.8 | 12.3 | 25.8 | 215 |
| Between 51 and 60 | 3.9 | 2.4 | 1.8 | 8.5 | 15.2 | 224 |
| <i>Education</i> | | | | | | |
| Max. 8 grades in primary school | 6.1 | 12.3 | 2.0 | 9.8 | 27.2 | 209 |
| Vocational school | 6.4 | 11.5 | 1.3 | 10.9 | 29.3 | 293 |
| Secondary degree | 4.9 | 8.5 | 1.4 | 11.4 | 22.9 | 326 |
| University degree | 5.3 | 3.0 | 3.9 | 15.3 | 25.5 | 168 |
| <i>Lives with spouse or partner</i> | | | | | | |
| Single | 4.5 | 12.3 | 2.5 | 9.9 | 26.3 | 387 |
| Lives with spouse or partner | 6.4 | 7.3 | 1.5 | 12.7 | 25.9 | 609 |
| <i>Type of household</i> | | | | | | |
| Single, without a child | 4.1 | 10.6 | 2.3 | 10.1 | 24.3 | 101 |
| Single with children | 6.9 | 9.2 | 7.1 | 10.7 | 31.4 | 36 |
| Several adults without children | 5.5 | 6.9 | 1.6 | 9.7 | 21.7 | 464 |
| Several adults, 1 child | 7.2 | 9.8 | 1.5 | 14.6 | 30.6 | 195 |
| Several adults, several children | 5.1 | 13.4 | 1.6 | 13.9 | 31.7 | 200 |
| <i>Settlement type</i> | | | | | | |
| Budapest | 7.4 | 12.1 | 3.9 | 13.2 | 31.0 | 171 |
| Town ranked as a county | 6.9 | 7.1 | 1.2 | 7.8 | 21.3 | 177 |
| Other town | 5.1 | 7.5 | 0.7 | 10.6 | 22.0 | 317 |
| Parish | 4.7 | 10.5 | 2.3 | 13.7 | 29.9 | 332 |
| Total sample | 5.6 | 9.2 | 1.9 | 11.6 | 26.1 | 997 |
| <i>Region</i> | | | | | | |
| Central Hungary | 6.9 | 13.0 | 3.3 | 9.2 | 27.2 | 277 |
| Western Hungary | 3.3 | 6.5 | 0.6 | 6.5 | 16.3 | 307 |
| Eastern Hungary | 6.6 | 8.0 | 1.7 | 14.8 | 30.6 | 410 |
| Total sample | 5.6 | 9.0 | 1.8 | 10.7 | 25.2 | 994 |

Table A2: Undeclared employment of those aged 18 to 60 in terms of labour market variables, %

| | Paid into pocket | | Invoiced work | | Paid into pocket or invoiced work | N |
|--|--------------------------------|-------------------------------|--------------------------------|-------------------------------|-----------------------------------|-----|
| | A smaller part of their salary | A larger part of their salary | A smaller part of their salary | A larger part of their salary | | |
| <i>Labour market status</i> | | | | | | |
| Regular employment | 6.6 | 5.9 | 2.4 | 14.3 | 27.3 | 639 |
| Temporary employment, work | 9.8 | 32.0 | 3.6 | 17.9 | 55.3 | 92 |
| Pensioner | 1.0 | 2.7 | 0.0 | 0.6 | 4.3 | 101 |
| Other inactive | 2.3 | 13.5 | 0.0 | 4.3 | 18.4 | 165 |
| Total sample | 5.6 | 9.2 | 1.9 | 11.6 | 26.1 | 997 |
| <i>Months of unemployment</i> | | | | | | |
| Has not been unemployed | 4.2 | 5.1 | 1.5 | 11.4 | 21.3 | 494 |
| Max. 6 months | 7.4 | 13.0 | 4.4 | 17.0 | 37.8 | 153 |
| 7-12 months | 10.4 | 10.5 | 3.2 | 14.8 | 31.2 | 110 |
| Over 12 months | 8.2 | 17.1 | 0.7 | 7.8 | 31.9 | 138 |
| Total sample | 6.1 | 9.0 | 2.1 | 12.2 | 26.9 | 895 |
| <i>If the inactive is engaged in undeclared work</i> | | | | | | |
| Not engaged | 3.7 | 8.8 | 0.7 | 5.9 | 17.1 | 318 |
| Does regular work | 0.0 | 40.8 | 0.0 | 26.4 | 58.4 | 11 |
| Does temporary work | 5.7 | 74.1 | 0.0 | 4.4 | 84.2 | 18 |
| Does both | 9.2 | 81.2 | 9.2 | 16.1 | 90.4 | 11 |
| Total sample | 3.9 | 15.2 | 0.9 | 6.8 | 23.9 | 358 |
| <i>Temporary employees, inactive persons' income from work</i> | | | | | | |
| No income from work | 2.8 | 8.6 | 1.0 | 5.6 | 16.2 | 227 |
| HUF 0-40 thousand | 5.3 | 26.7 | 0.0 | 9.4 | 38.2 | 47 |
| HUF 41-70 thousand | 2.2 | 30.0 | 0.0 | 7.7 | 37.4 | 39 |
| HUF 71 thousand or more | 11.6 | 22.2 | 3.3 | 8.4 | 36.0 | 30 |
| Total sample | 3.8 | 14.7 | 1.0 | 6.6 | 23.4 | 343 |
| <i>Branch</i> | | | | | | |
| Industry | 8.8 | 4.5 | 2.2 | 12.2 | 26.3 | 174 |
| Agriculture | 4.2 | 6.9 | 0.0 | 12.9 | 24.1 | 41 |
| Transport, commerce | 7.6 | 9.7 | 1.9 | 16.5 | 33.0 | 132 |
| Financial services | 3.4 | 5.2 | 3.4 | 19.5 | 22.9 | 25 |
| Other services | 9.4 | 10.5 | 3.0 | 5.2 | 28.1 | 79 |
| Public administration | 3.2 | 1.5 | 3.8 | 19.9 | 25.7 | 152 |
| Total sample | 6.7 | 5.9 | 2.6 | 14.5 | 27.5 | 604 |
| <i>Any other income?</i> | | | | | | |
| None | 6.0 | 5.8 | 2.0 | 14.7 | 26.8 | 601 |
| Only from business | 8.7 | 0.0 | 5.9 | 12.8 | 27.3 | 14 |
| Only from side employment | 17.6 | 12.6 | 4.5 | 0.0 | 34.7 | 19 |
| From both | 43.4 | 0.0 | 43.4 | 21.3 | 64.7 | 4 |
| Total sample | 6.6 | 5.9 | 2.4 | 14.3 | 27.3 | 639 |
| <i>Employees' working salary</i> | | | | | | |
| HUF 0-70 thousand | 7.0 | 6.9 | 2.7 | 11.9 | 26.2 | 169 |
| HUF 71-100 thousand | 8.0 | 5.8 | 1.5 | 16.8 | 31.2 | 211 |
| HUF 101-150 thousand | 5.7 | 1.8 | 1.0 | 9.6 | 16.2 | 167 |
| HUF 151 thousand or more | 6.0 | 9.3 | 5.9 | 20.5 | 35.0 | 53 |
| Total sample | 6.9 | 5.3 | 2.1 | 13.8 | 26.0 | 600 |

Table A3: Undeclared employment of those aged 18 to 60 according to variables related to financial situation, %

| | Paid into pocket | | Invoiced work | | Paid into pocket or invoiced work | N |
|---|--------------------------------|-------------------------------|--------------------------------|-------------------------------|-----------------------------------|-----|
| | A smaller part of their salary | A larger part of their salary | A smaller part of their salary | A larger part of their salary | | |
| <i>Quartiles of per capita family income</i> | | | | | | |
| Lower quartile | 5.6 | 14.8 | 1.1 | 10.8 | 31.1 | 206 |
| Second quartile | 6.6 | 8.4 | 1.2 | 15.0 | 29.0 | 206 |
| Third quartile | 4.5 | 5.6 | 1.4 | 10.0 | 19.6 | 215 |
| Top quartile | 7.2 | 6.1 | 2.4 | 11.4 | 23.0 | 192 |
| Total sample | 6.0 | 8.7 | 1.5 | 11.8 | 25.6 | 819 |
| <i>Do they have a car?</i> | | | | | | |
| No | 4.4 | 12.1 | 2.3 | 9.8 | 26.5 | 353 |
| They have one car | 5.9 | 7.8 | 1.7 | 13.4 | 26.3 | 535 |
| They have several cars | 8.8 | 7.1 | 1.7 | 8.5 | 24.3 | 102 |
| Total sample | 5.7 | 9.3 | 1.9 | 11.6 | 26.2 | 990 |
| <i>Worth of the flat owned by the family based on per capita flat value</i> | | | | | | |
| Do not own a flat | 5.9 | 11.3 | 2.1 | 11.0 | 28.1 | 177 |
| Lower quartile | 5.3 | 10.2 | 2.1 | 13.5 | 28.4 | 266 |
| Second quartile | 6.4 | 9.3 | 1.7 | 10.9 | 26.2 | 273 |
| Third quartile | 5.1 | 7.2 | 1.8 | 11.7 | 23.5 | 260 |
| Top quartile | 5.7 | 9.3 | 1.9 | 11.8 | 26.4 | 977 |

Table A4: Undeclared employment amongst Hungarian employees and temps (consolidated sample) according to demographic factors, %

| | Paid into pocket | | Invoiced work | | Paid into pocket or invoiced work | N |
|-------------------------------------|------------------------------|-------------------------|------------------------------|-------------------------|-----------------------------------|------|
| | Less than half of the salary | Over half of the salary | Less than half of the salary | Over half of the salary | | |
| <i>Gender</i> | | | | | | |
| Male | 6,6 | 6,8 | 2,2 | 16,2 | 29,6 | 639 |
| Female | 2,8 | 6,9 | 1,6 | 16,1 | 26,0 | 603 |
| <i>Age category</i> | | | | | | |
| Below the age of 30 | 6,5 | 10,4 | 2,2 | 15,2 | 30,3 | 318 |
| Between 31 and 40 | 5,3 | 5,6 | 1,9 | 17,2 | 29,4 | 337 |
| Between 41 and 50 | 2,8 | 7,4 | 0,6 | 15,4 | 25,9 | 305 |
| Between 51 and 60 | 4,4 | 3,7 | 2,9 | 16,6 | 25,4 | 283 |
| <i>Education</i> | | | | | | |
| Max. 8 grades in primary school | 8,2 | 13,7 | 2,8 | 14,8 | 36,3 | 147 |
| Vocational school | 5,7 | 9,7 | 1,2 | 15,5 | 30,6 | 424 |
| Secondary degree | 3,9 | 3,9 | 0,9 | 15,7 | 22,6 | 422 |
| University degree | 2,7 | 2,9 | 4,3 | 18,2 | 26,8 | 246 |
| <i>Lives with spouse or partner</i> | | | | | | |
| single | 4.0 | 9.1 | 2.4 | 13.9 | 27.2 | 471 |
| Lives with spouse, partner | 5.3 | 5.5 | 1.6 | 17.5 | 28.2 | 771 |
| <i>Type of household</i> | | | | | | |
| Single, without a child | 1.6 | 11.2 | 3.0 | 13.1 | 26.4 | 153 |
| Single with children | 3.1 | 7.8 | 4.7 | 10.4 | 24.7 | 56 |
| Several adults without children | 5.5 | 6.0 | 1.4 | 15.4 | 26.5 | 566 |
| Several adults, 1 child | 3.8 | 5.2 | 1.9 | 21.1 | 30.1 | 256 |
| Several adults, several children | 6.8 | 7.6 | 1.6 | 15.9 | 30.7 | 211 |
| <i>Settlement type</i> | | | | | | |
| Budapest | 7.0 | 4.7 | 3.7 | 17.8 | 28.7 | 217 |
| Town ranked as a county | 5.0 | 4.5 | 1.2 | 12.3 | 22.0 | 264 |
| Other town | 4.4 | 8.2 | 1.2 | 15.0 | 27.1 | 398 |
| Parish | 3.7 | 8.3 | 2.1 | 19.3 | 32.4 | 363 |
| <i>Region</i> | | | | | | |
| Central Hungary | 6.7 | 6.4 | 3.0 | 14.6 | 27.1 | 363 |
| Western Hungary | 2.2 | 5.2 | 1.5 | 7.6 | 15.6 | 418 |
| Eastern Hungary | 5.6 | 8.6 | 1.4 | 25.2 | 39.6 | 461 |
| Total sample | 4.8 | 6.8 | 1.9 | 16.1 | 27.9 | 1242 |

Table A5: Undeclared employment amongst Hungarian employees and temps (consolidated sample) according to labour market variables, %

| | Paid into pocket | | Invoiced work | | Paid into pocket or invoiced work | N |
|---|--------------------------------|-------------------------|--------------------------------|---------------------------|-----------------------------------|------|
| | Less than half of the earnings | Over half of the salary | Less than half of the earnings | Over half of the earnings | | |
| <i>Employment</i> | | | | | | |
| Blue-collar worker | 2,8 | 5,0 | 0,6 | 17,7 | 24,9 | 362 |
| White-collar worker | 1,0 | 1,0 | 1,9 | 19,6 | 22,5 | 209 |
| Manager | 4,8 | 9,5 | 0,0 | 16,7 | 28,6 | 42 |
| Total sample | 2,3 | 4,1 | 1,0 | 18,3 | 24,5 | 616 |
| <i>Branch</i> | | | | | | |
| Industry | 6,0 | 4,7 | 1,3 | 17,2 | 28,1 | 291 |
| Agriculture | 3,9 | 6,1 | 0,0 | 14,8 | 24,9 | 46 |
| Transport, trade | 5,3 | 6,1 | 1,3 | 15,3 | 25,7 | 266 |
| Financial services | 2,4 | 2,8 | 2,4 | 18,4 | 23,7 | 36 |
| Other services | 5,3 | 7,1 | 2,1 | 11,6 | 25,0 | 165 |
| Public administration | 0,6 | 1,2 | 2,8 | 22,1 | 26,0 | 280 |
| Total sample | 4,1 | 4,5 | 1,8 | 17,1 | 26,2 | 1084 |
| <i>Net Income from primary employment</i> | | | | | | |
| HUF 70 thousand or less | 5,6 | 7,3 | 2,4 | 13,7 | 26,8 | 360 |
| HUF 71-100 thousand | 4,3 | 4,7 | 1,0 | 18,0 | 27,1 | 402 |
| HUF 101-150 thousand | 4,0 | 1,7 | 1,2 | 12,7 | 18,2 | 234 |
| HUF 151 thousand or more | 1,4 | 5,6 | 5,5 | 17,1 | 26,0 | 56 |
| Total sample | 4,5 | 4,9 | 1,7 | 15,3 | 24,9 | 1053 |
| <i>Any net income from other sources?</i> | | | | | | |
| None | 3,5 | 4,3 | 1,3 | 17,0 | 25,0 | 1103 |
| Only from private business | 9,8 | 0,0 | 6,6 | 22,2 | 38,5 | 13 |
| Only from other or temporary employment | 12,0 | 10,2 | 1,6 | 3,7 | 25,7 | 53 |
| From both | 39,1 | 0,0 | 67,5 | 12,3 | 79,7 | 7 |
| Total sample | 4,2 | 4,5 | 1,8 | 16,4 | 25,5 | 1176 |
| <i>Unemployment exposure</i> | | | | | | |
| Has not been unemployed | 4,5 | 4,9 | 2,4 | 14,6 | 26,0 | 319 |
| Max. 6 months | 6,9 | 7,2 | 4,2 | 18,9 | 34,8 | 103 |
| 7-12 months | 9,8 | 8,6 | 3,9 | 14,2 | 28,1 | 70 |
| Over 12 months | 13,3 | 13,1 | 1,4 | 4,9 | 31,6 | 68 |
| Total sample | 6,7 | 6,8 | 2,8 | 14,2 | 28,6 | 559 |

Table A6: Undeclared employment amongst Hungarian employees and temps in Hungary (consolidated sample) according to financial situation of households (per cent)

| | Paid into pocket | | Invoiced work | | Paid into pocket or invoiced work | N |
|---|------------------------------|-------------------------|------------------------------|-------------------------|-----------------------------------|------|
| | Less than half of the salary | Over half of the salary | Less than half of the salary | Over half of the salary | | |
| <i>Quartiles of per capita family income</i> | | | | | | |
| Lower quartile | 6,3 | 8,6 | 1,8 | 17,3 | 32,8 | 184 |
| Second quartile | 5,6 | 7,6 | 0,3 | 17,9 | 30,5 | 278 |
| Third quartile | 3,7 | 5,5 | 1,3 | 17,6 | 26,7 | 304 |
| Top quartile | 4,8 | 3,8 | 2,3 | 12,7 | 20,5 | 283 |
| Total sample | 5,0 | 6,2 | 1,4 | 16,3 | 27,1 | 1048 |
| <i>Do they have a car?</i> | | | | | | |
| No | 5,1 | 7,6 | 2,0 | 16,2 | 29,0 | 470 |
| They have one car | 3,9 | 6,3 | 1,9 | 17,1 | 27,5 | 649 |
| They have several cars | 8,4 | 6,8 | 1,4 | 10,4 | 25,6 | 119 |
| Total sample | 4,8 | 6,8 | 1,9 | 16,1 | 27,9 | 1238 |
| <i>Worth of the flat owned by the family based on per capita flat value</i> | | | | | | |
| Do not own a flat | 6,5 | 10,4 | 1,9 | 16,6 | 32,8 | 253 |
| Lower third | 3,4 | 6,7 | 1,1 | 17,7 | 27,5 | 282 |
| Medium third | 4,3 | 5,5 | 1,6 | 16,4 | 26,4 | 359 |
| Top third | 5,5 | 5,4 | 3,2 | 14,9 | 26,4 | 278 |
| Total sample | 4,8 | 6,8 | 1,9 | 16,4 | 28,1 | 1172 |