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Explaining the cash-in-hand consumer culture in the European home repairs and renovations sector

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Author(s) Response to Reviewers Form

Manuscript ID: JFMPC-03-2020-0011

Referee 1	
1) Page 1, 2nd paragraph "social actors doing so for social and/or redistributive rationales"	We have amended the text as suggested by the reviewer. We have changed this in the introduction to "helping someone in need or to provide a favour" to make it easily understandable
2) Page 2, 1 st paragraph – move last paragraph of Introduction on definitions to the second paragraph	We have done this in the revised paper.
Page 3, 2 nd paragraph - Can the author(s) briefly explain the reasons of the listed groups are more or less likely to participate in undeclared work based on Williams and Horodnic (2017).	Brief explanations have been provided. Given that this explains the supply-side, the explanations have been kept brief to maintain the balance of the paper and focus upon the demand-side.
4) General comments of the Methodology	
Simplification of some variables by merger them and the possible exclusion of others based on their correlations	Thank you for your suggestion. We found it very useful. After checking the logistic regression with the merged variables as suggested, we decided to do so for marital status and region as suggested. There are no substantial changes in the results. The changes are now reflected in Table 2 and Table 3.
Education was excluded from Table 2 and could be also excluded from Table 1.	Thank you. The education variable has been now excluded from Table 2 (was table 1).
Author(s) can run the model maintaining education level and excluding employment status and vice versa to check which make the model more significant.	This was rechecked. This variable (education variable) does have a high degree of multicollinearity. So, we have kept it out.
In relation to logit model, is possible to indicate its pseudo R ² ?	This has now been added in Table 3.
The variable migration status was not significant in any group. I think is better to exclude it from the study and tables.	The regression was redone based on this suggestion. The changes are now reflected in Table 2 and 3 and in the text.
In Table 1 should insert a column with the number of variable cases in the sample (N). For example, the number of interviewees that are man, woman, age 15-24, etc.	The last column in Table 2, adds N (was Table 1).
7) Page 8, 2 nd paragraph (Independent Variables) - I should be informed why the variables were chosen and their expected signals	A paragraph explaining why the variables were chosen and their expected signals, based on the marginalisation thesis, has now been included.
8) Page 9, 1 st paragraph - It should be informed in brackets the exact number of families that comprises the study sample	The number has now been included
9) Page 10, 4 th paragraph -	
First, the author(s) could also mention the findings of Williams and Horodonic (2016) to compare with the study results.	Thank you. This has now been included in both cases mentioned.
Second, the study findings are very relevant and the author(s) could better highlight them	As suggested, we have used bullet points to highlight the findings.
10) In the Conclusions	
A higher percentage in these groups may have zero consumption of both declared and undeclared services in house repairs or renovation. The author(s) can explain this limitation of the study	This has now been included in the Conclusions
The study could make suggestions of further	The further research required has now been

researches and follow-up papers	highlighted in the Conclusions
Referee 2	
The data needs to be presented on a country-by-country basis	A new Table 1 has now been included presenting this information
The paper needs to identify how the data collected can influence public policy on a European level through EU directives, etc	The opportunities for pan-European action have now been highlighted in the policy implications section in the Conclusions, both identifying the EU body responsible and highlighting the possibility of an EU directive introducing a quality assurance system.

Please expand table as necessary

Please include this completed table in your resubmission as a document for review

Explaining the cash-in-hand consumer culture in the European home repairs and renovations sector

Abstract

Purpose

This paper seeks to explain who purchases undeclared home repairs and renovations and their motives in order to tackle the cash-in-hand consumer culture. The conventional view has been that undeclared home repairs and renovations are sought by those consumers needing to save money and desiring a lower price. Here, this is evaluated critically.

Design/methodology/approach

To do so, evidence from a 2019 Eurobarometer survey involving 27,565 face-to-face interviews in 28 European countries is reported.

Findings

The finding is the need for a nuanced and variegated understanding of who purchases undeclared home repairs and renovations and why. Lower price is their sole rationale in just 25 per cent of purchases, one of several rationales in 34 per cent of cases and not a reason in the remaining 42 per cent of purchases. Besides a lower price, consumers purchase undeclared not only unintentionally, but also to circumvent the failings of formal sector provision in terms of its availability, speed and quality, as well as for social and redistributive rationales.

Practical implications

To reduce the cash-in-hand consumer culture, not only are incentives needed to persuade consumers to purchase declared along with awareness raising campaigns about the benefits of purchasing declared services, but initiatives are also needed to improve the availability, speed, reliability and quality of formal provision and to address undeclared purchases conducted for social and redistributive purposes.

Originality/value

This paper improves understanding of how governments can stop consumers asking “how much for cash” and reduce demand for undeclared home repair and renovation services.

Keywords: informal economy; consumer behaviour; tax evasion; construction sector; Europe.

Introduction

In recent decades, significant advances have been made in explaining transactions in what is commonly referred to as the “cash-in-hand”, “undeclared” or “informal” economy (Chen, 2012; Webb et al., 2009; Williams, 2017). This scholarship has largely concentrated on the supply-side, explaining why employers and workers participate in the undeclared economy. Fewer studies have adopted a demand-side approach and sought to explain consumers’ motives for purchasing undeclared goods and services. However, if the undeclared economy is to be tackled, one needs to understand the reasons not only for its supply but also for its purchase. Therefore, the aim of this paper is to evaluate consumers’ motives for acquiring goods and services from the undeclared economy. To do so, this paper will focus upon why consumers purchase undeclared home repair and renovation services in Europe.

—In this paper, and reflecting the strong consensus among academics and policy-makers, the undeclared economy here refers to paid exchanges unregistered by or hidden from the state, for tax, social security and/or labour law purposes but which are legal in all other respects (European Commission, 1998, 2007, OECD, 2017; Williams, 2017). Of course, in practice, a consumer might not always know whether a supplier is declaring the income for tax, social security and/or labour law purposes. In this paper, however, this is not a problem because the primary focus is upon consumers’ motives for deliberately and knowingly attempting to initiate undeclared transactions.

Analysing this issue ~~The outcome will be to~~ advance knowledge in three ways. First, and theoretically, this paper evaluates not only the marginalisation thesis that undeclared purchases are made by groups marginalised from the formal market but also a range of competing explanations for consumers purchasing undeclared home repair and renovation services. These variously represent such consumers firstly, as rational economic actors seeking a lower price, secondly, social actors doing so to help someone in need or to provide a favour ~~for social and/or redistributive rationales~~, third, as doing so due to the failures of formal sector provision and fourth and finally, as unintentionally doing so. This will reveal that these are not mutually exclusive but complementary explanations and result in a more variegated nuanced understanding of which population groups are more likely to purchase for each reason. Second, and empirically, a contemporary evaluation of who purchases undeclared home repair and renovation services and why is provided by reporting an extensive cross-national survey conducted in late 2019 on a representative sample of 27,565 face-to-face interviews in 28 European countries, resolving the problem that the only previous study reports data collected well over a decade ago. Third, and from a policy perspective, knowledge is advanced by revealing that not only are incentives required to encourage consumers to purchase declared home repair and renovation services and awareness campaigns about the benefits of doing so, but also initiatives to improve the availability, speed, reliability and quality of formal sector provision and to address undeclared purchases made for social and redistributive reasons, along with developing an understanding of the populations that need to be targeted by these different policy measures.

To achieve this, the first section reviews the previous literature on who purchases goods and services in the undeclared economy and why they do so. This reveals that only one study has been previously conducted on the undeclared home repairs and renovations

sector reporting 2007 data. The second section outlines the data set used to evaluate the competing theories, namely a 28 European nation survey conducted in 2019 involving 27,565 face-to-face interviews, and the analytical methods employed. Reporting the findings, the third section will reveal which consumers in Europe are more likely to purchase undeclared home repair and renovation services, the extent to which each explanation prevails, and which groups are more likely to state which motives. The final section then discusses how this demand-side approach both advances theoretical understandings of the undeclared economy in the home repairs and renovations sector and explores the implications for tackling undeclared home repairs and renovations, along with the limitations of the study and future research required.

~~In this paper, and reflecting the strong consensus among academics and policy-makers, the undeclared economy here refers to paid exchanges unregistered by or hidden from the state, for tax, social security and/or labour law purposes but which are legal in all other respects (European Commission, 1998, 2007, OECD, 2017; Williams, 2017). Of course, in practice, a consumer might not always know whether a supplier is declaring the income for tax, social security and/or labour law purposes. In this paper, however, this is not a problem because the primary focus is upon consumers' motives for deliberately and knowingly attempting to initiate undeclared transactions.~~

Explaining the cash-in-hand consumer culture

In recent decades, the undeclared economy has moved to the top of public policy agendas of supra-national institutions and national governments (European Commission, 2016; ILO, 2015; OECD, 2017; World Bank, 2019). This is due to its negative impacts on businesses, workers, consumers and governments. Formal businesses witness unfair competition from those operating undeclared (Andrews et al., 2011; OECD, 2017; World Bank, 2019). Enterprises operating in the undeclared economy, meanwhile, lack legal protection relative to formal businesses and are unable to gain access to capital to grow (Loayza, 2018), and undeclared workers suffer poorer working conditions (ILO, 2015; Williams and Horodnic, 2019). Purchasers, meanwhile, find themselves without: legal recourse if a poor job is done; insurance cover; guarantees in relation to the work conducted, and certainty that health and safety regulations have been followed (OECD, 2017). There are also broader costs to governments in that: there is a loss of tax revenue and social insurance and regulatory control over the quality of service provision in the economy (ILO, 2018; Williams, 2017; World Bank, 2019). For all these reasons, tackling undeclared work is important. Until the reasons for its existence are understood, however, solutions cannot be identified.

Until now, the vast majority of studies have focused upon the supply-side examining employers and workers participation in undeclared work. These studies examine the types of work conducted (ILO, 2018; Williams, 2014), the demographic and socio-economic characteristics of informal workers and businesses (ILO, 2018; OECD, 2017; Williams and Bezeredi, 2019; Williams and Yang, 2018; World Bank, 2019), and their motives for participating in undeclared work (Maloney, 2004; Shahid et al., 2019; Williams, 2019; World Bank, 2019). Much less attention has been given to the demand-side. Here, a review is undertaken of the various theorisations of who purchases undeclared products and services and their motives.

Marginalisation thesis

For some decades, the dominant view has been that undeclared work exists in the margins, disproportionately conducted by populations living in marginalized areas, such as less affluent regions and peripheral rural areas (ILO, 2018), and by marginalised socio-demographic and socio-economic groups, such as women, unemployed people, the less educated and those in financial difficulty (Slavnic, 2010; Taiwo, 2013). This marginalization thesis emerges out of, and is a central tenet of, two dominant theorisations of undeclared work. For modernization theory, undeclared work is a leftover of previous economic systems that persists in marginal enclaves not yet subjected to modernization and economic development (La Porta and Schleifer, 2008, 2014). For political economy theory, undeclared work is a by-product of a deregulated open world economy (Davis, 2006; Meagher, 2010; Slavnic, 2010; Taiwo, 2013) and “necessity-driven” endeavour conducted by populations excluded from the declared labour market and social protection systems (Castells and Portes, 1989; Gallin, 2001).

From the supply-side, extensive cross-national studies have revealed the need for a nuanced understanding of the marginalisation thesis. Although some marginalised groups (the unemployed, those having difficulties paying their household bills, the working class and younger people) are significantly more likely to participate in undeclared work (doubtless, due to their marginalisation from the labour market), others are not (those with less formal education and living in rural areas) and yet others (women and people in deprived European regions) are significantly less likely to participate (Williams and Horodnic, 2017). For these latter groups, therefore, undeclared work is not a substitute for declared work. Rather, they are excluded from participating in not only declared but also undeclared work.

Until now, however, when considering who purchases undeclared goods and services, it is simply assumed to be those needing to pay a lower price (i.e., marginalised groups). In developing economies, the undeclared economy is viewed as serving “bottom of the pyramid” (BOP) markets composed of low income consumers who purchase lower priced products and services (e.g., La Porta and Schleifer, 2008, 2014; World Bank, 2019). In more developed economies, meanwhile, the argument is again that consumers of undeclared products and services are largely marginalized populations, such as the unemployed, low-income groups and those in financial difficulty (Davis, 2006; Venkatesh, 2008).

The only known study analysing who purchases undeclared products and services reports 2013 data on East-Central European citizens. It finds that the propensity to purchase undeclared goods and services is significantly greater among men, younger people, those with a lower tax morale, and those in employment. Moreover, whether they have difficulties in paying the household bills, and whether they live in an urban or rural area, has no significant influence on the propensity to purchase undeclared goods and services (Williams and Horodnic, 2016). No studies have reported who purchases undeclared home repair and renovations. Therefore, it is important to improve understanding of who purchases undeclared home repair and renovation services. It is also important to understand their motives if undeclared transactions in this sphere are to be tackled.

Rational economic actor explanation

Akin to the supply-side literature which assumes that enterprises operate on an undeclared basis to save money, the common view is that consumers knowingly and intentionally ask “how much for cash?” in order to achieve a lower price and gain financially (Bajada, 2002; Davis, 2006; Castells and Portes, 1989; Fortin et al., 1996; Gallin, 2001; Sassen, 1997). Consumers of undeclared products and services are seen as rational economic actors weighing up the benefits of purchasing undeclared and the perceived costs, and if the benefits outweigh the costs, they do so. This approach emerged on the supply-side in the 1970s when Allingham and Sandmo (1972) applied the utility maximising view to tax non-compliance. Ever since, this utilitarian view of individuals pursuing financial gain has been dominant.

Policy initiatives to tackle both the supply- and demand-side of the undeclared economy have sought to alter the cost-benefit ratio confronting suppliers and consumers (Hasseldine and Li, 1999; Richardson and Sawyer, 2001). These initiatives have largely focused upon increasing the costs of operating in the undeclared economy rather than enhancing the benefits of operating in the declared economy (Williams and Puts, 2018). Governments have sought to increase the perceived and/or actual costs of participating in undeclared work firstly, by increasing the actual and/or perceived likelihood of detection and secondly, by increasing the penalties (Grabiner, 2000; Hasseldine and Li, 1999; Richardson and Sawyer, 2001). In recent years, nevertheless, other theoretical perspectives have emerged questioning whether those participating in the undeclared economy are rational economic actors seeking a lower price.

Social actor explanation

Rather than theorise participants in undeclared work as rational economic actors responding to cost/benefit calculations, a social actor theoretical perspective has emerged from wider scholarship on monetary transactions produced by critical, post-development, post-colonial, post-structuralist and post-capitalist theory. This scholarship questions the “thin” representation of monetary exchange as always market-like and profit-driven. Instead, a “thicker” portrayal of monetary exchange is adopted recognising the multiple logics, including social logics, underpinning monetary transactions (Bourdieu, 2001; Escobar, 1995; Gibson-Graham, 2006; Leyshon et al., 2003; Zelizer, 2005).

When applied to the undeclared economy, these “thicker” representations highlight how undeclared work is often conducted for and by close social relations (e.g., kin, neighbours, friends and acquaintances) for social or redistributive reasons rather than as market-like transactions for financial gain (Cornuel and Duriez, 1985; Nelson and Smith, 1999; Persson and Malmer, 2006; Smith and Stenning, 2006; White and Williams, 2010; Williams and Horodnic, 2018). For example, purchasers are viewed as paying kin on an undeclared basis for doing some home improvement task (e.g., decorating) as a way of giving them some money (e.g., if they are unemployed or short of money), and therefore any notion that charity is involved is avoided, which may otherwise stop the person from accepting the money (Kempson, 1996). In other words, the purchaser is not seen as seeking a lower price but rather, seeking to help someone who is in need of

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3 money, or doing a favour amongst friends, kin or colleagues. Undeclared purchases of
4 services or products from close social relations are thus more akin to mutual aid than
5 profit-motivated market transactions (Williams and Horodnic, 2018; Zelizer, 2005). This
6 social actor theorisation has therefore directly challenged the rational economic actor
7 theorisation which views participants as motivated by monetary gain.
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10 *Failures of the formal economy explanation*

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12 A third theorisation for consumers knowingly and deliberately purchasing undeclared
13 products and services views such exchanges as resulting from the failures of the formal
14 economy. On the supply-side, participants in undeclared work are argued to deliberately
15 exit the declared economy. For neo-liberals, this is argued to be due to economic
16 problems with operating on a declared basis, such as complex registration systems, high
17 tax levels, corrupt public officials extracting bribes and burdensome regulations (Cross
18 and Morales, 2007; De Soto, 1989, 2001; Maloney, 2004; Perry and Maloney, 2007;
19 Small Business Council, 2004). For institutional theorists, meanwhile, this exit is more
20 for social reasons. The view is that undeclared work arises when the codified laws and
21 regulations of the formal institutions are not aligned with the norms, values and beliefs of
22 employers and workers, namely the informal institutions (Godfrey, 2015; Webb et al,
23 2009; Williams and Horodnic, 2015). When formal and informal institutions do not align,
24 undeclared work therefore arises, which although formally illegal, is deemed socially
25 legitimate (De Castro *et al.*, 2014; Kistruck *et al.*, 2015; Siqueira *et al.*, 2016; Webb *et*
26 *al.*, 2013, 2014).
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30 Similar arguments can be made that consumers purchase undeclared products and
31 services not due to the “pull” factors of the lower costs or for social/redistributive
32 reasons, but also due to “push” factors associated with the failings of the formal economy
33 to deliver goods and services. These formal market failings might be firstly, the lack of
34 availability and reliability of declared economy providers (e.g., formal economy
35 businesses may not deliver some tasks or if they do exist, they may be unreliable),
36 secondly, the speed of goods and services provision may be poor (pushing consumers
37 into the undeclared realm to speed up the acquisition of products or services) and third
38 and finally, the quality of the goods and services provided may be poorer when acquired
39 on a declared basis than when purchased in the undeclared economy. Unless these
40 failings of the declared economy are resolved, the view here is that consumers will
41 continue to purchase undeclared products and services.
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45 *Unintentional explanation*

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47 In all of the above theorisations of the reasons for acquiring undeclared products and
48 services, the assumption is that consumers knowingly and intentionally do so. The
49 assertion is that when confronted by either a lower price, a desire to help someone in need
50 or provide a favour, or formal economy failings, consumers deliberately and knowingly
51 acquire undeclared products and services.
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53 However, when explaining participation in undeclared work from the supply-side,
54 it is increasingly recognised that there is also unintentional participation in undeclared
55 work. For example, employers or workers may not be aware of all the laws and
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3 regulations regarding tax, social insurance and labour law and unintentionally violate
4 them (Williams, 2018). Indeed, Richardson (2006) reveals in an examination of 45
5 nations that regulatory complexity is the key determinant of tax non-compliance; the
6 lower the level of regulatory complexity, the lower is the level of non-compliance.
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8 Until now, nevertheless, no studies of consumers purchasing undeclared products
9 or services has sought to evaluate whether consumers unknowingly or unintentionally
10 engage in undeclared purchases. This is important to resolve. It cannot be simply
11 assumed, as is implicit in the above theories, that all undeclared purchases of products
12 and services are intentional. For example, consumers may not know when they acquire a
13 product or service that it is undeclared and only realise afterwards when an invoice or
14 VAT receipt is not issued. Therefore, it is important to investigate not only the reasons
15 for the knowing and intentional purchase of undeclared products or services but also to
16 know whether in some circumstances undeclared purchases are unintentional.
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19 *Past evaluations of the contrasting theories*

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22 Until now, there have been no studies of the extent to which undeclared purchases of
23 products and services are unintentional. Instead, all previous studies only evaluate the
24 commonality of the three theories that assume undeclared purchases are intentional.
25 These include analyses of a 2015 survey of three south-east European countries
26 (Williams and Bezeredi, 2017), a 2007 survey of 27 European countries (Williams and
27 Martinez-Perez, 2014a,b) and a 2013 survey of 28 European countries (Williams et al.,
28 2017) and 11 East-Central European countries (Williams and Horodnic, 2016). The
29 common finding is that all three rationales prevail in consumers' explanations for
30 purchasing undeclared goods and services. Williams and Martinez-Perez (2014a) find
31 that in 2007, a lower price is the sole motive for just 44 per cent of undeclared purchases,
32 one of several rationales in 28 per cent of transactions and not a rationale in 28 per cent
33 of acquisitions, but is more common among marginalised groups. By 2013 in 28
34 European countries, Williams et al (2016) find that the importance of achieving a lower
35 cost had declined and was the sole rationale in only 30 per cent of transactions (44 per
36 cent in 2007), one of several rationales in a further 31 per cent of exchanges and absent in
37 39 per cent of transactions (28 per cent in 2007). Synthesising these studies, the
38 importance of the other rationales had thus increased between 2007 and 2013 in
39 explaining consumer purchases of undeclared goods and services.
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42 The only known study of consumers' motives for purchasing undeclared home
43 repairs and renovations (i.e., it does not evaluate who does so) uses 2007 Eurobarometer
44 survey data on 27 European countries (Williams et al, 2012). It finds that a lower price is
45 the sole rationale of consumers for just 38 per cent of undeclared purchases of home
46 repair and renovation services, one of several reasons in 38 per cent of cases and not cited
47 as a reason in the remaining 24 per cent of instances. Hence, in 62 per cent of cases, other
48 reasons prevail, and seeking a lower price is absent in one-quarter of all undeclared
49 purchases of home repairs and renovations. These undeclared transactions occur not only
50 for social reasons but also to circumvent the failings of the formal sector in terms of the
51 availability, speed and quality of provision. However, this study only reports descriptive
52 statistics, is based on 2007 data collected well over a decade ago and does not evaluate
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3 the population groups more likely to cite each motive, when other variables are held
4 constant.

5 In consequence, new survey data is here reported which evaluates not only who
6 purchases undeclared repair and renovation services, and the prevalence of the three
7 motives for intentionally purchasing undeclared home repairs and renovations along with
8 whether such purchases are unintentional, but also evaluates the population groups more
9 likely to cite each motive when other variables are held constant.
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12 **Methodology**

14 *Data*

15 To evaluate who purchases undeclared home repair and renovation services and why, the
16 results are reported of special Eurobarometer survey no. 498, which involved 27,565
17 face-to-face interviews conducted in September 2019 across 28 European countries (i.e.,
18 the 27 member states of the European Union and the United Kingdom). This used a
19 multi-stage random (probability) sampling methodology, with the number of interviews
20 varying from 500 in smaller countries to 1,500 in larger nations. A number of sampling
21 points were drawn with probability proportional to population size (for total coverage of
22 the country) and to population density according to the Eurostats NUTS II (or equivalent)
23 and the distribution of the resident population in terms of metropolitan, urban and rural
24 areas. In each of the selected sampling units, a starting address was then drawn at
25 random. Further addresses (every *n*th address) were subsequently selected by standard
26 “random route” procedures from the initial address. In each household, the respondent
27 was drawn at random (following the “closest birthday rule”). All interviews were
28 conducted face-to-face in people’s homes and in the appropriate national language with
29 adults aged 15 years and over. So far as the data collation is concerned, CAPI (computer
30 assisted personal interview) was used.
31
32

33 In this paper, the focus is upon those respondents who had purchased undeclared
34 home repair and renovation services. This sphere was the most common realm in which
35 consumers purchased undeclared products and services. Some 30 per cent of all
36 consumers purchasing undeclared products and services stated that they had acquired
37 undeclared home repairs and renovations.
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41 *Variables and Method*

42 To analyse firstly, who is more likely to make undeclared purchases of home repair and
43 renovation services and secondly, their motives and the individual characteristics of those
44 selecting different motives, a binary logistic regression analysis provides a suitable
45 technique. The following variables are analysed.
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49 **Dependent variables:**

- 50 • *Undeclared purchases* – a dichotomous variable with recorded value 1 for persons
51 who answered “yes” to the question “Have you in the last 12 months paid to buy
52 undeclared goods and services for home repairs or renovations of which you had a
53 good reason to assume that they included undeclared work (e.g. because there was
54 no invoice or VAT receipt)?”, and recorded value 0 otherwise.
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To analyse their motives, multiple responses were possible to the question “Why did you buy these goods or services undeclared instead of buying them on the regular market?” (lower price; faster service; better quality; in order to help someone who is in need of money; it was a favour amongst friends/relatives/colleagues; good or service is not available on the regular market; they only realised afterwards it was undeclared). The responses are grouped as follows:

- *Solely unintentional* - a dichotomous variable with recorded value 1 for persons who solely answered “yes” to “You only realised afterwards that it was undeclared” and value 0 otherwise.
- *Solely lower price* – a dichotomous variable with recorded value 1 for persons who solely answered “yes” to “lower price” and with recorded value 0 otherwise.
- *Solely social and/or redistributive reasons* - this variable is measured with two dummy items with recorded value 1 for persons who answered “yes” to solely either “in order to help someone who is in need of money” and/or “it was a favour amongst friends/relatives/colleagues”, and value 0 otherwise.
- *Solely formal market failure* – this variable is measured with three dummy items with recorded value 1 for persons who answered “yes” to solely either “lack of availability on regular market”, “faster service undeclared” and/or “better service undeclared” and with recorded value 0 otherwise.
- *Mixed motives* - this is a dummy variable with recoded value 1 when the respondent selected at least two different sets of motive for purchasing undeclared home repairs and renovations, and 0 if less than two sets of motive.

Independent variables:

- *Gender*: a dummy variable with value 0 for women and 1 for men.
- *Age*: a categorical variable with value 1 for 15-24 years old, value 2 for aged 25-39 years old, value 3 for 40-54 years old and value 4 for 55+ years old.
- *Marital status*: a categorical variable for the marital status of the respondent with value 1 for married/ remarried individuals or living with partner, value 2 for single, value 3 for those separated or divorced, and value 4 for widowed and for other form of marital status.
- *Employment status*: a categorical variable grouping respondents by their occupation with value 1 for self-employed, value 2 for employed and value 3 for not working.
- ~~*Migration status*: a dummy variable with value 0 for people who have not worked in other countries and value 1 for people who have worked in other countries.~~
- *Difficulties paying bills*: a categorical variable for the respondents’ difficulties in paying bills with value 1 for having difficulties most of the time, value 2 for occasionally, and value 3 for almost never/ never.
- *Area*: a categorical variable for the area where the respondent lives with value 1 for rural area or village, value 2 for small or middle sized town, and value 3 for large town.
- *Region*: a categorical variable for the EU region where the respondent lives with value 1 for Western/Nordic countries and East-Central Europe, value 2 for Southern/East-Central countries. ~~Western Europe, value 3 for Southern Europe, and value 4 for Nordic Nations.~~

In all cases, the aim was to evaluate the validity of the marginalisation thesis, namely that women, younger age groups, those not married, not working, with difficulties paying the bills, in rural areas and Southern/East-Central Europe, are more likely to engage in undeclared work.

For the univariate analysis, sample weighting has been used to obtain meaningful descriptive results, as recommended in both the wider literature (Solon et al., 2015; Winship and Radbill 1994) and the Eurobarometer methodology. For the multivariate analysis however, reflecting the dominant view in the literature, weighting has not been used (Solon et al., 2015; Winship and Radbill 1994).

Before reporting the findings, a brief note is required on the reliability of the data. In 91 per cent of interviews, the interviewers reported fair or excellent cooperation from the participant, in 8 per cent cooperation was average and in 1.3 per cent bad. Hence, although undeclared work is hidden from the government, it is very much hidden in plain sight so far as researchers. Below, the results are analysed.

Findings

The overall finding is that 10 per cent of citizens surveyed across the 28 European countries had purchased undeclared goods and services in the 12 months prior to the interview (compared with 11 per cent of citizens in 2013 and 16 per cent in 2007). Therefore, a gradually smaller share of the population is purchasing undeclared goods and services over time. Analysing what they purchase from the undeclared economy, the finding is that 30 per cent of undeclared purchases are home repairs and renovations (29 per cent in 2013). As such, 3 per cent of all European citizens surveyed (827 respondents) had in the past 12 months purchased undeclared repair and renovation services.

However, this varies across European regions. As Table 1 reveals, of all undeclared purchases, 31 per cent were for home repairs and renovations in East-Central Europe and Southern Europe, 28 per cent in Western Europe and 25 per cent in Nordic nations. There are also significant cross-national variations. Although 44 per cent of all undeclared purchases were for repairs and renovations in Greece, 42 per cent in Bulgaria, and 41 per cent in Slovakia, its share of all undeclared purchases is just 22 per cent in Austria, Lithuania and Portugal, 19 per cent in Germany and Romania and 14 per cent in Finland.

INSERT TABLE 1 ABOUT HERE

Who, therefore, is more likely to make undeclared purchases and why do they do so? To analyse who purchases undeclared home repair and renovation services, and therefore evaluate the marginalisation thesis, the first column of Table 12 provides descriptive statistics. This reveals that the propensity to purchase undeclared home repair and renovation services is greater among men, middle aged groups, single persons living with a partner/remarried/married people and those single living with a partner, those with more years in full-time education, the self-employed, those have worked in other countries, those who have difficulties paying the bills most of the time, and those living in larger

urban areas. Although those who have difficulties paying the bills most of the time are more likely to pay for undeclared home repair and renovation services, intimating the validity of the marginalisation thesis, this is not the case when it is recognised that ~~those with more years in full time education~~, middle-aged groups, those living in large urban areas and those who have worked abroad all have a greater propensity to do so.

Why do these consumers purchase undeclared home repair and renovation services? Respondents were asked ““Why did you buy these goods or services undeclared instead of buying them on the regular market?” and various statements read out. Multiple answers were possible. The responses were:

- 15.1 per cent did so unintentionally, only realising afterwards it was undeclared;
- 58.9 per cent stated it was to achieve a lower price;
- 25.8 per cent as a favour among friends, relatives or colleagues;
- 22.1 per cent in order to help someone who is in need of money;
- 23.8 per cent to receive a faster service;
- 9.7 per cent to receive a better quality service;
- 8.2 per cent because the good or service was hard to find on the formal market;

In Table 12, respondents purchasing undeclared home repair and renovation services are grouped according to whether they solely state: the unintentional response (they only realised afterwards it was undeclared); lower price (the rational economic actor explanation); faster service, better quality and/or the good/service is not/hardly available on the regular market (the failures of the formal economy explanation), and it was favour amongst friends/relatives/colleagues and/or in order to help someone who is in need of money (the social/redistributive explanation). If they did not state solely these sets of responses, they were classified as having mixed motives.

The finding is that 10.4 per cent solely stated it was unintentional, 25.1 per cent that it was solely to achieve a lower price, 8.1 per cent that it was solely due to formal sector failings, 13.8 per cent that it was solely for social and/or redistributive rationales and 42.6 per cent expressed mixed motives.

INSERT TABLE 12 ABOUT HERE

Some 1 in 6 (15.1 per cent) include the rationale that they unintentionally bought undeclared home repair and renovation services in the response, and 10.4 per cent state this alone as their reason for doing so. Therefore, the vast majority of undeclared purchases of home repair and renovation services are intentional. What, therefore, are their rationales for doing so?

The rational economic actor explanation that it was solely to achieve a lower price was stated by ~~one quarter (25.1 per cent)~~ (30 per cent in 2013) of consumers and a further 33.8 per cent (31 per cent in 2013) included lower price as one reason along with others related to poor formal provision and/or social/redistributive rationales. This reason is therefore wholly absent in 41.3 per cent of undeclared purchases (39 per cent in 2013). The relevance of lower cost as a rationale has therefore declined since 2013 (Williams et al., 2016). To explain purchases of undeclared home repair and renovation services, therefore, other rationales need to be included. Some 8.1 per cent of consumers stated that they purchased undeclared home repairs and renovations solely due to poor formal sector

provision and some 13.8 per cent that such services were acquired solely for social and/or redistributive rationales. Who, therefore, more commonly cites each rationale?

Table 23 reports the results of a binary logistic regression analysis on who is more likely to purchase undeclared home repair and renovation services and which population groups display a greater propensity to cite each explanation when other variables are controlled for and held constant. Starting with who displays a greater propensity to purchase undeclared home repair and renovation services, column 1 of Table 23 reveals that the propensity to do so is significantly greater among men, older age groups, single people and married/single living with a partner, the self-employed and those having difficulties in paying the bills most of the time and from time to time. This, therefore, reveals the need for a more careful nuanced and variegated interpretation of the marginalisation thesis. Those who are not working with fewer years in full-time education are not significantly more likely to purchase such undeclared services, and neither are women, those not working, or those living in rural populations or poorer European regions. However, those having difficulties paying the bills are significantly more likely, as are older age groups.

INSERT TABLE 23 ABOUT HERE

Turning to who is more likely to cite each rationale for purchasing undeclared repair and renovation services, column 2 examines who is more likely to state solely that it was unintentional. The propensity to cite this is significantly higher among men, those 25-39 years old and married people or single people living with their partners, and those living in Western Europe. It is significantly less likely to be stated by those living in Southern/East Central European countries, having difficulties paying their bills most of the time, revealing that for them, the decision to purchase undeclared home repair and renovation services is significantly more likely to be intentional.

Analysing those who cite a lower price as their sole reason, this is significantly more likely to be stated by those aged 25-54 years old. This differs to 2013 when it was more likely to be cited by men and those in employment, as well as younger people (Williams and Horodnic, 2016) and the divorced/separated. Those significantly less likely to cite a lower price as their sole rationale are:

- the self-employed and employed, and
- those having from time to time problems in paying the bills.

These groups who are significantly less inclined to cite lower price as their sole motive are thus unlikely to be swayed by governments changing the cost-benefit ratio confronting them.

Who, therefore, is significantly more likely to purchase undeclared home repairs and renovations solely due to the failures of formal market provision in terms of accessibility, quality and speed. This is significantly more likely to be stated by:

- the self-employed and employed compared with those not working.

It is significantly less likely to be stated by:

- Men; and
- people aged 25-39 years old, and
- those living in small or medium sized towns.

Analysing those who cite social/redistributive rationales only, this is significantly higher

among married people or those who are single and do live with a partner. It is less likely to be stated by:

- ~~people aged 25-39 years old, and~~
- ~~those living in Southern/East Central European countries. No population groups are significantly more or less likely to acquire undeclared home repairs or renovations due to social/redistributive rationales only.~~

Those more likely to state mixed motives are:

- the self-employed, and
- those who have from time to time problems in paying bills.

Significantly less likely are:

- ~~those aged 25-39;~~
- ~~those having difficulties in paying their bills from time to time; and and~~
- ~~those who live in Southern/East Central Western Europe, and-~~
- ~~People who live in rural areas or villages, are less likely to cite mixed rationales as reasons to buy undeclared home repair and renovation services.~~

In sum, the assumption, grounded in a rational economic actor model that the main reason consumers purchase undeclared home repair and renovation services is to achieve a lower price has been here critically evaluated. Only a small portion do so for this reason. Consumers also purchase undeclared home repairs and renovations to circumvent the shortcomings of formal sector provision in terms of its availability, speed, reliability and quality, as well as for social and redistributive rationales. Below, the implications for theorising and tackling Europe's cash-in-hand consumer culture in the home repair and renovations sector are discussed.

Discussion and Conclusions

Reporting a European-wide 2019 survey, this paper has revealed that 10 per cent of citizens purchased undeclared goods and services in the 12 months prior to the survey, and 30 per cent of these purchased undeclared home repair and renovation services. Examining who is more likely to do so, those having difficulties paying the bills and older age groups are significantly more likely, providing some support for the marginalisation thesis. However, there is a need for a nuanced interpretation of this thesis because those with fewer years in full-time education are not significantly more likely to purchase such undeclared services, and neither are women, those not working, or those living in rural populations or poorer European regions. This is not surprising. Those not working and in poorer areas will be less likely to purchase not only undeclared but also declared home repairs and renovations.

Turning to the motives for purchasing undeclared home repair and renovation services, a common *a priori* assumption has been that consumers do so to achieve a lower price, exemplified in the expression "how much for cash?". However, the finding is that a lower price is the sole motive in only 25.1 per cent of instances and one of several rationales in 33.8 per cent of exchanges. Therefore, in three-quarters (74.9 per cent) of cases, other rationales prevail and seeking a lower price is wholly absent in 41.3 per cent of purchases. Such transactions are conducted not only for social reasons but also to circumvent the shortcomings of formal sector provision in terms of the availability, speed and quality of provision.

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3 However, different types of European citizen are significantly more likely to
4 explain their participation in particular ways. Consumers significantly more likely to cite
5 the motive of a lower price, and thus consumers more susceptible to alterations in the
6 cost/benefit ratio, are those aged between 25-54 years old, ~~and those who are~~
7 ~~divorced/separated~~. Those who have from time to time problems in paying bills are
8 significantly less likely, suggesting that they will be less swayed by governments
9 changing the cost-benefit ratio confronting them. Consumers significantly more likely to
10 cite formal market failures are the self-employed and employed compared with those not
11 working. Consumers more likely to cite social/redistributive rationales are married/single
12 people living with a partner. Social and redistributive motives are equally likely across all
13 population groups.

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16 Evaluating the theoretical implications, these findings refute the view that the
17 purchase of undeclared home repairs and renovations is always purely about achieving a
18 lower price. Instead, consumers are often also social actors pursuing social and
19 redistributive objectives and in addition often pushed into this sphere to circumvent the
20 shortcomings of the formal sector in terms of the availability, speed and quality of
21 provision. As such, if the purchase of undeclared home repair and renovation services are
22 to be fully explained, all these explanations need to be used. All three explanations are
23 relevant, albeit with differences in the propensity to state these motives across different
24 population groups. This points to the future research required. This ~~study research~~ now
25 needs replicating in other sectors and global regions to see if the same broad findings
26 prevail, including in “bottom of the pyramid” (BOP) markets in developing countries.

27
28 These findings also have important policy implications. Firstly, they reveal the
29 consumer groups who should be targeted to prevent undeclared home repair and
30 renovation services, such as by education and awareness campaigns of the costs of
31 employing undeclared suppliers (e.g., the lack of insurance and guarantees that the work
32 has been completed to the required health and safety standards). These are older age
33 groups, single people, the self-employed and those having difficulties in paying the bills
34 most of the time and from time to time. These education and awareness raising
35 campaigns can be organised either on a national level, or European level through the
36 European Commission’s European Platform tackling undeclared work. Secondly, they
37 provide strong indications of the policy measures required to tackle such consumers. The
38 conventional policy approach has sought to change the cost/benefit ratio confronting
39 consumers, such as by providing tax rebates or service voucher schemes that subsidise
40 the cost of using legitimate suppliers (European Platform Tackling Undeclared Work,
41 2019; Windebank, 2007). This study, however, reveals that such policy measures to
42 change the cost/benefit ratios confronting consumers will not always be effective.
43 Undeclared purchases are also a result of consumers pursuing social ends as well as the
44 shortcomings of the formal economy.

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48 In consequence, not only does formal sector provision need to be improved but
49 consideration is also required of how to address those who make purchases for social
50 ends. On the first issue of improving formal sector provision, the lack of availability and
51 speed of formal provision might be addressed by developing sharing economy platforms,
52 local phone hotlines and one-stop shops where customers can source formal sector
53 suppliers, and where suppliers can advertise services, whilst the reliability and quality of
54 formal provision might be addressed using quality assurance systems that guarantee

reliability and quality. This paper reveals that these measures need to be targeted at those consumers who are women, older age groups, the self-employed and employed. Again, these measures can be pursued either at a national level or a European level via the European Platform tackling undeclared work, such as through an EU directive to implement a pan-European Union quality assurance system. On the second issue of exchanges for social ends, consideration is required of whether to adopt a laissez-faire approach, tax incentives to use declared suppliers (e.g., vouchers or tax rebates to subsidise consumers using declared suppliers), and/or whether to develop new institutions so that such paid favours can be conducted legitimately, such as Local Exchange and Trading Schemes (LETS) or time banks (Valor and Papaoikonomou 2016).

In sum, if this paper encourages a shift beyond unidimensional theorisations of consumer motives for purchasing undeclared goods and services and towards a more variegated theorisation that recognises multifarious logics and drivers in different populations, one of the intentions of this paper will have been fulfilled. If this then results in greater consideration of the diverse demand-side policy measures required targeted at various groups, then the fuller intention of this paper will have been achieved.

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Table 1. Purchase of undeclared goods and services: % of which are home repairs and renovations

Region/ country	Purchasing undeclared goods or services	Of which, Repairs or Renovations
	(%)	(%)
<i>28 European countries</i>	10	30
<i>East-Central Europe</i>	10	31
Bulgaria	17	42
Slovakia	12	41
Czech Republic	16	34
Hungary	15	33
Poland	5	32
Croatia	18	28
Slovenia	11	28
Estonia	13	26
Latvia	21	23
Lithuania	16	22
Romania	7	19
<i>Western Europe</i>	9	28
United Kingdom	5	39
Ireland	14	35
Belgium	16	34
France	8	31
Netherlands	27	28
Luxembourg	13	24
Austria	12	22
Germany	7	19
<i>Southern Europe</i>	13	31
Greece	27	44
Malta	30	36
Spain	9	32
Italy	12	28
Cyprus	16	27
Portugal	16	22
<i>Nordic nations</i>	14	25
Denmark	16	36
Sweden	13	24
Finland	14	14

Source: authors' calculations from special Eurobarometer survey no. 498, 2019

Table 12. Prevalence and motives for purchasing undeclared repair and renovation services: by population group, 2019

Variable	% purchasing undeclared goods and services :						N
	% purchasing undeclared home repairs & renovations	Not intentional	Solely lower cost	Solely formal sector failures	Solely social/redistribution	Mixed	
<i>All</i>	3.0	10.4	25.1	8.1	13.8	42.6	<u>833</u>
<i>Socio-demographic variables</i>							
Gender							
Man	3.5	12.1	22.5	6.8	14.6	43.9	<u>468</u>
Woman	2.6	8.1	28.2	10.2	12.5	41.0	<u>365</u>
Age							
15-24	2.2	11.3	18.3	9.8	12.7	47.9	<u>76</u>
25-39	3.5	20.2	27.2	6.6	10.8	35.2	<u>217</u>
40-54	3.4	5.0	25.6	7.7	12.8	48.8	<u>241</u>
55+	2.8	7.0	24.6	9.5	17.2	41.7	<u>300</u>
Marital status							
(Re)Married/ <u>Partnered</u>	<u>3.3</u>	<u>11.9</u>	<u>10.4</u>	<u>23.6</u>	<u>8.4</u>	<u>56.0</u>	<u>574</u>
<u>Single living with partner</u>	<u>3.8</u>	<u>16.8</u>	<u>18.4</u>	<u>8.0</u>	<u>12.0</u>	<u>44.8</u>	
Single	2.9	9.2	28.7	7.8	12.4	41.8	<u>162</u>
Divorced or separated/ <u>Widowed/Other</u>	<u>2.3</u>	<u>4.1</u>	<u>27.5</u>	<u>7.9</u>	<u>8.9</u>	<u>51.6</u>	<u>97</u>
<u>Widow</u>	<u>1.8</u>	<u>2.6</u>	<u>15.4</u>	<u>12.8</u>	<u>15.4</u>	<u>53.8</u>	
<u>Stopped full-time Education</u>							
<u>15-</u>	<u>1.5</u>	<u>10.5</u>	<u>22.8</u>	<u>19.3</u>	<u>8.8</u>	<u>38.6</u>	
<u>16-19</u>	<u>3.1</u>	<u>6.9</u>	<u>24.6</u>	<u>8.4</u>	<u>14.4</u>	<u>45.6</u>	
<u>20+</u>	<u>4.0</u>	<u>12.5</u>	<u>27.3</u>	<u>6.2</u>	<u>13.6</u>	<u>40.4</u>	
<u>Still studying</u>	<u>2.0</u>	<u>20.8</u>	<u>20.8</u>	<u>8.8</u>	<u>8.8</u>	<u>33.2</u>	
<i>Socio-economic characteristics</i>							
Employment status							
Self-employed	5.6	3.7	19.4	13.9	12.0	50.9	<u>118</u>
Employed	3.3	14.2	22.9	7.7	12.1	43.4	<u>408</u>
Not working	2.3	8.0	29.9	6.6	16.3	39.2	<u>308</u>
Migration status							
<u>Worked in other countries</u>	<u>3.3</u>	<u>8.8</u>	<u>22.6</u>	<u>8.8</u>	<u>15.3</u>	<u>44.5</u>	
<u>Not worked in other countries</u>	<u>2.9</u>	<u>10.8</u>	<u>25.5</u>	<u>8.2</u>	<u>13.4</u>	<u>42.1</u>	
Difficulties paying bills							
Most of time	5.0	4.8	34.9	7.2	13.3	39.8	<u>88</u>
From time to time	3.9	10.4	16.6	9.1	11.2	52.7	<u>250</u>
Almost never/never	2.6	11.5	27.8	7.8	15.2	37.6	<u>494</u>
<i>Spatial characteristics</i>							
Urban/rural							
Rural area or village	3.0	12.9	23.8	10.9	16.9	35.5	<u>252</u>
Small or medium sized town	2.9	9.5	27.9	5.1	12.1	45.4	<u>339</u>
Large town	3.3	3.3	9.0	22.4	9.4	12.1	<u>242</u>

1								
2								
3	EU region							380
4	Western/Nordic	<u>3</u>	<u>14.8</u>	<u>24.8</u>	<u>8.9</u>	<u>16.7</u>	<u>34.8</u>	453 38
5								<u>0</u>
6	Southern/East-Central	<u>4</u>	<u>6.8</u>	<u>25.2</u>	<u>7.6</u>	<u>11.2</u>	<u>49.1</u>	453
7	– Southern	4	8.4	29.0	4.6	9.9	48.1	
8	– Western	3	16.1	24.3	10.1	17.0	32.5	
9	– East-Central	3	3.6	20.1	12.8	12.8	50.6	
10	– Nordic nations	4	5.1	28.2	0.0	12.8	53.8	

Source: authors' calculations from special Eurobarometer survey no. 498, 2019

Table 23: Logit regressions of propensity to, and reasons for, purchasing ~~undeclared goods and services for~~ home repairs or renovations ~~from informal economy~~

	% purchasing services of home repairs and or renovations	Unintentional-rationale	Intentional: Lower cost rationales	Intentional: Formal-sector failure motives	Intentional: social/Redistributive rationales	Intentional: mixed rationales
Variables	Coef. (S.E)	Coef. (S.E)	Coef. (S.E)	Coef. (S.E)	Coef. (S.E)	Coef. (S.E)
Socio-demographic variables						
Gender (RC: Women)	-	-	-	-	-	-
—Man	,142 (.087)	,479 (.266)*	-,218 (.177)	-,583 (.274)**	,137 (.220)	,127 (.156)
Age (RC: 55+)	-	-	-	-	-	-
—15-24	-,948 (.174)***	,719 (.551)	,084 (.407)	-,157 (.539)	-,302 (.475)	-,075 (.328)
—25-39	-,602 (.132)***	1,002 (.378)***	,597 (.267)**	-,789 (.424)*	-,504 (.337)	-,471 (.237)**
—40-54	-,421 (.124)***	-,523 (.452)	,507 (.259)*	-,550 (.390)	-,105 (.317)	-,025 (.221)
Marital status (RC: Widow)	-	-	-	-	-	-
—Married	,336 (.205)	1,283 (.955)	-,518 (.490)	-,169 (.544)	,209 (.485)	-,502 (.360)
—Single	,442 (.219)**	,960 (.937)	,451 (.515)	-,049 (.569)	,008 (.515)	-,248 (.376)
—Divorced or separated	-,109 (.253)	,895 (1,156)	1,375 (.558)**	-,1332 (.875)	-,135 (.798)	-,382 (.450)
Socio-economic variables						
Employment status (RC: not working)	-	-	-	-	-	-
—Self-employed	,365 (.148)**	-,877 (.585)	-,969 (.302)***	1,392 (.421)***	-,295 (.366)	,632 (.254)**
—Employed	,136 (.109)	,593 (.345)*	-,743 (.228)***	,723 (.371)*	-,158 (.284)	,250 (.198)
Migration status (RC: Not worked in other countries)	-	-	-	-	-	-
—Worked in other countries	-,032 (.111)	-,229 (.366)	,120 (.236)	-,147 (.359)	,193 (.275)	-,072 (.207)
Difficulties paying bills (RC Almost never/never)	-	-	-	-	-	-
—Most of time	,317 (.152)**	-,977 (.592)*	-,047 (.291)	,278 (.505)	,170 (.392)	,102 (.276)
—From time to time	,276 (.101)***	-,021 (.309)	-,795 (.224)***	,409 (.322)	-,156 (.271)	,518 (.182)***
Urban/rural (RC: Large town)	-	-	-	-	-	-
—Rural area or village	,019 (.111)	,380 (.335)	-,109 (.235)	,093 (.332)	,254 (.282)	-,406 (.203)**
—Small or medium-sized town	-,126 (.103)	-,077 (.339)	,272 (.226)	-,596 (.368)	-,017 (.289)	-,002 (.193)
EU region (RC: Nordic nations)	-	-	-	-	-	-
—Western	,168 (.197)	1,419 (.775)*	-,161 (.388)	1,743 (1,301)	-,424 (.515)	-,873 (.349)**
—East-central	,247 (.211)	-,288 (.870)	-,351 (.418)	2,036 (1,314)	,111 (.547)	-,144 (.366)
—Southern	,155 (.206)	1,071 (.806)	,259 (.404)	,863 (1,332)	-,259 (.552)	-,441 (.364)
Constant	-1,208 (.275)***	-5,124 (1,271)***	-1,238 (.618)**	-3,686 (1,425)***	-1,921 (.720)***	,400 (.504)
Observations	3685	1085	1085	1085	1085	1085

Variable	% purchasing services of home repairs and or renovations Coef. (S.E)	Unintentional rationale Coef. (S.E)	Intentional: Lower cost rationales Coef. (S.E)	Intentional: Formal sector failure motives Coef. (S.E)	Intentional: social/Redistributive rationales Coef. (S.E)	Intentional: mixed rationales Coef. (S.E)
Socio-demographic variables						
Gender (RC: Women)						
Man	.145 (.086)*	.371 (.260)	-.240 (.174)	-.535 (.271)**	.130 (.218)	.160 (.154)
Age (RC: 55+)						
15-24	-.802 (.168)***	.685 (.532)	-.309 (.385)	-.033 (.524)	-.333 (.464)	.206 (.316)
25-39	-.540 (.126)***	.944 (.362)***	.480 (.253)*	-.677 (.396)*	-.577 (.321)*	-.332 (.224)
40-54	-.404 (.122)***	-.489 (.444)	.539 (.254)**	-.601 (.373)	-.215 (.308)	.039 (.216)
Marital status (RC: Divorced or separated/widowed/other)						
Married/Partnered	.403 (.135)***	.979 (.575)*	-.301 (.272)	.317 (.443)	.650 (.394)*	-.329 (.241)
Single	.326 (.166)**	.370 (.621)	.153 (.324)	.300 (.525)	.507 (.462)	-.358 (.289)
Socio-economic variables						
Employment status (RC: not working)						
Self-employed	.324 (.147)**	-.895 (.582)	-.784 (.298)***	1.179 (.407)***	-.337 (.361)	.556 (.252)**
Employed	.123 (.108)	.462 (.345)	-.683 (.224)***	.653 (.364)*	-.158 (.280)	.236 (.197)
Difficulties paying bills (RC: Almost never/never)						
Most of time	.299 (.149)**	-.630 (.578)	.102 (.280)	-.069 (.499)	.068 (.386)	.003 (.269)
From time to time	.297 (.099)***	.258 (.301)	-.776 (.221)***	.241 (.317)	-.188 (.270)	.465 (.179)***
Urban/rural (RC: Large town)						
Rural area or village	.019 (.111)	.406 (.328)	.089 (.233)	.137 (.326)	.242 (.278)	-.365 (.200)*
Small or medium sized town	-.120 (.102)	.044 (.330)	.307 (.220)	-.715 (.361)**	-.091 (.284)	.028 (.189)
EU region (RC: Western/Nordic)						
Southern/East Central	.053 (.089)	-.716 (.271)***	.113 (.184)	-.166 (.294)	-.452 (.232)*	.473 (.164)***
Constant	-1.112 (.157)***	-3.514 (.679)***	-.641 (.332)*	-2.409 (.548)***	-1.900 (.459)***	-.545 (.298)*
Observations	3698	1087	1087	1087	1087	1087
Nagelkerke R Square	.032	.154	.071	.062	.042	.077

Significance: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Source: authors' calculations from special Eurobarometer survey no. 498, 2019