

## **Royal delicacies at peasant prices: cross-national differences, common grounds – towards an empirically supported theory of the informal economic activities of migrants**

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Shahamak Rezaei

Department of Society and Globalisation,  
Roskilde University,  
Building 25.3, P.O. Box 260, DK-4000 Roskilde, Denmark  
E-mail: shre@ruc.dk

**Abstract:** Turkish groceries and fast food restaurants, Chinese barbecues, Pakistani kiosks, Iranian pizzerias and carpet stores, Arabic kebab houses, erotic artists from Eastern Europe and Southeast Asia, exchange agencies across Denmark and many other EU countries, a growing number of wholesale businesses in the Copenhagen area and other EU capitals are all manifestations of contemporary immigrant entrepreneurship. The list could be easily extended as immigrants in many cities in the European Union, and in advanced economies in general, have set up their own businesses of various kinds.

But what is the role and the impact of immigrant owned businesses, and what influence do they have on the welfare state, on living conditions of immigrants and natives and on the economy in general? Drawing on empirical evidence from cross-national studies we attempt to provide answers to these core issues, whilst developing conceptual foundations of a theoretical framework that can explain the phenomenon, enabling us to make more reliable predictions future development.

**Keywords:** immigrant entrepreneurship; informal economic activities; bounded solidarity; enforceable trust; undocumented migration; parallel society; dual loyalty; divided loyalty; welfare state regime; non-EU migrants.

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**Biographical notes:** Shahamak Rezaei obtained his Doctorate in Business Administration from the University of Southern Denmark in 2001. He has since worked at different universities in Denmark and was a Visiting Professor at several universities in Canada and recently at University of Canterbury in Christchurch, New Zealand at the Department of Management, College of Business and Economics. He is currently at the Department of Society and Globalisation at Roskilde University in Denmark. His research has focused on global entrepreneurship and globally born SMEs, ethnic and transnational entrepreneurship, entrepreneurship and informal economic activities, economic consequences of migration, comparative welfare state analysis and labour market analysis.

## 1 Introduction

The current process of globalisation is not only about increasing cross-border flows of capital, goods and services, but also about people moving from far-flung areas to other places in search of a better life (Sassen, 1988). Besides, or because of taking their habitus and social, economic, cultural and symbolic capital with them to the new territories and institutional set-ups, these immigrants are affecting advanced urban economies in numerous (see for instance, Bager 1998; Bager and Rezaei, 1998, 2001; Barrett et al., 1996; Razin, 1993; Waldinger, 1996; Rath, 1999b; Rezaei, 2000, 2001) – and sometimes quite unexpected – ways for example, by revitalising formerly derelict shopping streets, introducing new products (for example ‘exotic’ foods) or by fostering the emergence of new spatial forms of social cohesion. In our view, these businesses are the quintessential economic nodes in social networks of immigrants linking production and consumers in concrete organisational and spatial ways. These processes are not confined to the formal economy in the strict sense of the term, but sometimes go beyond its boundaries. Therefore, the immigrant businesses are also to be seen as *potential primary nodes* of informal economic and under certain circumstances also illegal activities. Obviously, not every immigrant entrepreneur is involved in informal economic activities. Furthermore, it is important to emphasise that these kinds of activities are, of course, not a prerogative of immigrants; many indigenous business are also engaged in informal or illegal production and consumption. According to a very recent study (Rockwool et al., 2010) on the scope and character of informal economic activities in Denmark, a country that, after all, is the *example par excellence* of the public’s loyalty towards the (universal) welfare state indicate that a majority of the public (52%) across social and economic stratifications, admit engagement in informal economic activities.

Here, however, we focus on informal economic activities of immigrants as they may have significant implications for the process of socio-economic integration of newcomers and, thus, of the social cohesion of the societies involved in general.

By *informal activities*, we refer to

“activities aimed at producing a positive effect on income (for the person executing the activities and/or for the person receiving the results), for which the terms of legislation and regulations (planning requirements, social security legislation, collective labour agreements, and the like) applicable to the activities are not being met”.

The informal economy is thus conceived as a process of income generation rather than a characteristic of an individual (if only because a moonlighter may have an entirely legal job at another time of the day). The decisive characteristic of the informal economy distinguishing it from the formal economy is the lack of governmental control.

Immigrant businesses engaged in informal economic activities exemplify the double-edged sword that these activities inherently represent. On the one hand, they are by definition breaking the law and may eventually undermine the moral, legal, the financial underpinning of the welfare state. On the other hand, informal activities may provide immigrants – many of whom have difficulties getting access to regular jobs – with better economic opportunities, hence constituting an important, albeit illegal, stepping stone in their social and economic advancement, and also contributing to general stability. The many positive side effects of engagement in informal economic activities include the possibility to have a working life, reducing marginalisation of the labour

market, and thus reducing health problems, specifically psychological diseases that have been one cause of growing welfare state expenditure during the last decade.

In contrast to the apparent diversity of both the origins of entrepreneurs and the types of businesses they have established in the various European cities, the underlying processes of entrepreneurship are rather similar. These common processes have a strong bearing upon the *type, as well as the extent, of informal economic* activities in which immigrants may be involved. Although there have been notably successful immigrant entrepreneurs in advanced economies, most of these immigrant entrepreneurs are funnelled towards markets at the lower end. Often lacking access to significant funds, (financial) capital, and appropriate educational qualifications, most fledgling immigrant entrepreneurs can, in principle, only set up shops in markets with low barriers of entry in terms of capital outlays and required educational qualifications (Bager, 1998; Rezaei, 2001; Rezaei and Goli, 2007). In these markets, production is mainly small-scale, low in added value, and usually very labour intensive (*ibid*). Consequently, typical earnings are relatively coupled with long, hard days for many immigrant entrepreneurs and those employed in their businesses (*ibid*). Despite available work being seemingly unattractive, immigrants seeking salaried employment usually find themselves at the end of the labour queue. Entrepreneurship is therefore a far more attractive option than a dead-end job, or possible unemployment.

Accessible markets for typical immigrant entrepreneurs can be found in those parts of retailing, wholesaling, restaurants and other service activities where a small series of relatively low-value added products are economically feasible, for instance, in the case of 'ethnic' foodstuffs or restaurants. They can also be found in some manufacturing markets where market fragmentation, fluctuations in demand, and challenging global competitiveness has created room for small-scale producers at the lower end of the market. Due to processes of flexibilisation, these kinds of markets are increasing in number effectively enhancing opportunities for small businesses.

In many of these markets, cut-throat competition reigns and as a result, many firms fail. However, due to the low barriers of entry, failed businesses are quickly replaced by new start-ups (Bager, 1998; Bager and Heldbjerg, 2000; Rezaei, 2001) ensuring that competition remains fierce. Competing primarily involves undercutting other businesses rather than emphasising quality (as measure exclusively referring to the quality of the good itself). Cutting costs is also an attractive strategy in these markets. This can be done in formal ways, however with the scope being rather limited, many firms (especially recent start-ups) revert to informal practices by cutting corners with respect to taxes, labour regulations, minimum wages, illegal employment practices (e.g., employing children and undocumented immigrants), and engaging in other illicit transactions. These informal strategies to cope with highly competitive and flexible markets may be seen as an advanced way to circumvent rules and regulations, but, at the same time, they can also be viewed as undermining existing welfare systems.

We contend that immigrant entrepreneurs and their businesses are the most likely candidates for the role of central nodes in informal economic activities by immigrants. Specific market dynamics discussed above lead us to expect that immigrant entrepreneurs will typically display a rather different profile with respect to informal economic activities and illegal activities than that displayed by indigenous entrepreneurs who avoid operating within the boundaries of rules and regulations. It may be expected that the latter be predominantly found in markets where the opportunity structure for informal activities will be considerably different from that facing immigrant entrepreneurs. Insider trading at

the stock exchange, for example, will not constitute a typical law-breaking activity of immigrant entrepreneurs, whereas employing undocumented workers, tax fraud, and VAT probably will. We, therefore, expect that immigrant entrepreneurs will be overrepresented in *specific kinds of informal economic activities* and will constitute central nodes in the shadow or underground economy of immigrants in general. As such, immigrant entrepreneurs will not only create employment for themselves, but may also do so for other immigrants in an at least semi-formal manner.

The necessary conditions – immigrants lacking in financial and educational resources, and markets low entry barriers and, hence high levels of competition – are present in most advanced economies. We may, therefore, find immigrant businesses engaging in informal and illegal economic activities in Denmark as well as other European countries. We also expect that these activities will manifest themselves in distinct ways in different countries. Differences between countries exist with regard to policies towards immigration, traditions of immigration, insertion of immigrants, paths of economic development, and also with respect to regulatory frameworks (especially the welfare state and its concomitant arrangement of socio-economic rules and regulations) and associated enforcement regimes. These differences will generate different trajectories of opportunities for informal and illegal activities resulting in widely divergent chances of integration into the mainstream economy for the immigrants involved. Governments will therefore be confronted quite distinct challenges and social, economic and political costs with respect to policies aimed at dealing with informal economic activities.

The rise of immigrant entrepreneurship and its relationship with informal economic activities is a very complex and, in some respects, rather opaque process involving important questions from both a scientific and a policy perspective. From a policy maker's point of view, the most crucial questions centre on the dilemma of prioritising rule enforcement on economic activities (upholding the rule of law) versus facilitating the process of socio-economic integration of immigrants (as well as others) which is essential in maintaining and promoting social cohesion. Such integration has been on the top of societal and political discourse in many European Union (EU) countries during the new millennium.

Socio-economic integration encompasses three elements.

- 1 it may require a change the regulatory framework (a formal change of rules, as is the case in so-called economic development zones)
- 2 it may require the toleration of unlawful activities (a change in enforcement)
- 3 it may require upgrading the skills of immigrant entrepreneurs, thereby increasing their competitive edge.

In order to grasp this dilemma on a higher level, a more profound theoretical framework illustrating the dynamics behind the involvement of immigrant entrepreneurs in informal economic activities is imperative.

## 2 Empirical data

The development of the theoretical framework draws on a multitude of empirical data, much of which is inductive in character.

Our own empirical data collection involved structured qualitative in-depth interviews among immigrant entrepreneurs ( $N = 135$ ) and potential entrepreneurs ( $N = 57$ ) (those who have plans to establish themselves as self-employed). The investigation was conducted in 2003/2004 among immigrant business owners with specific national origins (see Tables 1, 2 and 3 in the following chapter). This research was supplemented by comprehensive quantitative registry-based data both in 2003–2004 and 2006, and 2007.

An EU cross-national comparative study on undocumented worker transitions (UWT), conducted by an international research team in Austria, Belgium, Bulgaria, Denmark, Italy, Spain and the UK, provides a second source of empirical data. The aims of this study include examining the relationship between the presence of ‘informal’ or ‘shadow’ industry labour market and migration flows, and testing theories concerning human capital and social capital in relation to migration. The research provided comparative data on the effect of different policy regimes on the character and the scope of the undocumented workforce and informal economic activities, as well as the overall impact of undocumented workers and the informal economy on competitiveness and society in general. This study also reflects upon whether different legislative regimes may combat or deepen vulnerability and exploitation.

With regard to data, this study includes structured qualitative data collection on the basis of an identical questioner, containing 210 qualitative interviews (30 in each country) with ‘compliant’, ‘semi-compliant’ and ‘non-compliant’ immigrants involved in the informal economy. Additionally, 84 interviews (12 in each country) with stakeholders’ representatives like unions, public and semi-public agencies, immigrant organisations were also conducted. The identical questionnaire includes a wide range of issues all related to establishment of business, relation to authorities, working conditions, and motivations.

A third source of empirical data for our analysis was the registry micro-data, which describes the socio-economic characteristics of the entire immigrant population living in Denmark as per December 31st, 2004. This database, which is maintained, updated, and made available by Statistics Denmark, links information from various official statistical registers. This quantitative data contains all immigrants and decedents (100%) and patterns of emigration from Denmark in conjunction with a representative 10% sample of native Danes. The key factor to be illuminated by this data is how many people, and why, had left Denmark in 2004 and who these people were. The focus in this context was on these individuals’ socioeconomic features, including education, profession, age, gender, and national origin.

The following supplementary survey was conducted for the purpose of the latter study. The survey was conducted in 2007 and included 3,073 immigrants and their descendants. Approximately one third of the sample was native Danes. Data from this survey allows for direct comparison with the registry-based data mentioned above on a wide range of socioeconomic factors such as age, gender, education, occupation, national origins and other features related to the socio-economic status of the individuals. This investigation collected attitudinal data as well as data regarding respondents’ future intentions to leave Denmark and on what grounds.

### *2.1 The character and the scope of the informal economy*

Informal economic activities were first seen as a kind of atavistic behaviour that somehow survived into modern age, but would be wiped out in due time as incomes rose

and production became a large firm affair. Contemporary research on advanced urban economies, however, has reversed this view. At present, informal economic activities are seen as an intrinsic part of advanced economies (Castells and Portes, 1989; Sassen, 1988, 1991). This new view explicitly includes immigrant entrepreneurs. They are part of the renaissance of small businesses, however being located in markets at the lower end of the economy, they also feature in specific informal and illegal activities (cf., Scott and Christensen, 1995; Light and Rosenstein, 1995). Migration and informal economic activities have, thus, become inextricably linked. Portes and Sassen-Koob (1987, p.48) state that immigrant communities have provided much of the requisite labour for these informal activities, have frequently supplied sites for their development, and have furnished the entrepreneurial drive to initiate them. In their view, the emerging post-industrial urban economies generate the conditions for informal economic activities.

Recently, researchers have been pointing to the importance of networks for immigrant entrepreneurship and informal economic activities in particular (Portes, 1995; Portes and Sensenbrenner, 1993; Waldinger, 1996; Rath, 1998; Rezaei, 2001). These researchers suggest that being embedded in social networks may help to lower transaction costs with regard to recruitment of workers, or borrowing of capital (Rezaei and Goli, 2007). Moreover, networks that were traditionally considered as the arena in which pure social and cultural capital was produced and distributed are now seen as a necessary condition for both formal and informal economies as they generate trust (Rezaei and Goli, 2007). According to Roberts (1994, p.9):

“the trust necessary to conduct business under these [informal] conditions is mainly generated by kinship and community relations, including ethnic ones, while in the formal economy it is mainly generated by laws that guarantee contract and the operation of the free market. The availability of trustworthy personal relations, consequently, is (specifically) essential to the economic success of informal enterprise”.

Informal production (even more so than formal production) occurs within a moral framework in which bounded solidarity and (informally but most effectively) enforceable trust play a pivotal role (Portes and Sensenbrenner, 1993, Rezaei, 2001, 2002; Rezaei and Goli, 2007). According to Portes and Sensenbrenner (1993), this bounded solidarity and enforceable trust is enhanced in situations in which social groups encounter blocked economic opportunities, are subject to prejudices, and are able to activate a specific cultural repertoire. From this view, the (informal) economic practices of immigrant entrepreneurs are not simply a reflection of economic practices from their homelands; they are also part and parcel of advanced economies (Portes and Sassen-Koob, 1987). Incidentally, these networks do not have to be based on proximity; they can extend over a number of countries and constitute the base for transnational economies, making use of the globalised economy and highly praised competitive advantages.

Although the majority of research in this field has been based on the USA, immigrant entrepreneurship and informal practices of immigrant entrepreneurs has been the subject of a number of studies in various EU countries and has already resulted in a considerable body of literature (Barrett et al., 1996; Body-Gendrot et al., 1999; Kloosterman et al., 1998). Although valuable contributions to the understanding of informal economic activities have been made, taken together, findings have contributed to a rather fragmented and, in a certain sense, skewed pool of knowledge. Most researchers – with the exception of Ward (1987), Morokvasic (1993), Morokvasic et al. (1986, 1990), Razin (1993), Kloosterman et al. (1999) and Rath (1999a) – have confined their analyses to a

sole country, its welfare state and its regulatory framework. Furthermore, by emphasising cultural practices and cultural preferences of immigrant ethnic entrepreneurs, many researchers have ignored the dynamics of markets in advanced economies. These structural changes have, in our view, a significant impact on the matrix of opportunities and constraints for business start-ups in general, and for immigrant entrepreneurs in particular. Many researchers in this field have touched upon the role of government agencies and the opportunity structure within which immigrant entrepreneurs operate. However, they have done so in an incidental way.

Before elaborating further on the issue at hand, let us take a look at some core empirical issues regarding immigrant owned businesses. The following data provides an empirical description of the features of immigrant owned businesses.

**Table 1** How did you finance the start-up of your business?

<i>N</i>	<i>Former Yugoslavia</i>	<i>Pakistan</i>	<i>Turkey</i>	<i>Iran</i>	<i>China, HK, Taiwan, Vietnam</i>	<i>Total</i>
	25	24	43	28	15	136
Own savings	22 88.0%	20 83.3%	37 86.0%	23 82.1%	12 80.0%	114 84.4%
Danish bank loans	11 44.0%	12 50.0%	19 44.2%	10 35.7%	1 6.7%	53 39.3%
Loans from family	11 44.0%	9 37.5%	21 48.8%	14 50.0%	9 60.0%	64 47.4%
Loans from friends	9 36.0%	0 0.0%	10 23.3%	6 21.4%	2 13.3%	27 20.0%

Source: Survey 2003, existing enterprises, multiple responses possible

**Table 2** Cross-tabulation between having paid under the table for the business they own and whether the respondent is working undeclared

	<i>Have worked undeclared</i>	<i>Have not worked undeclared</i>	<i>Total</i>
Not responded	0	2	2
	-	100.0%	100.0%
Payment under the table	69 85.2%	12 14.8%	81 100.0%
No payment under the table	9 42.9%	12 57.1%	21 100.0%
Total	78 75.0%	26 25.0%	104 100.0%
	ξ <sup>2</sup>		22.05
Significance (two sided)			< 0.001

Source: Survey 2003, existing enterprises

**Table 3** Employees' (those who work in immigrant owned businesses and wish to start up as business owners) choice of finance

N	Former Yugoslavia		Pakistan	Turkey	Iran	China, Vietnam, Taiwan, HK		Afghanistan	Iraq	Thailand	Former Soviet Union	Total
	9	8	15	7	6	6	6	6	3	2	1	57
Own savings	9	8	14	7	6	6	6	6	3	2	1	56
	100%	100%	93%	100%	100%	100%	100%	100%	100%	100%	100%	98%
Danish bank loans	4	2	2	3	0	1	1	1	1	1	0	14
	44%	25%	13%	42%	0%	17%	33%	33%	33%	50%	0%	25%
Foreign bank loans	2	1	0	4	5	2	2	2	2	1	1	18
	22%	13%	0%	57%	83%	33%	67%	67%	67%	50%	100%	32%
Loans from family	8	8	14	5	6	6	3	6	3	1	1	52
	89%	100%	93%	71%	100%	100%	100%	100%	100%	50%	100%	91%
Loans from friends	4	0	2	1	1	1	0	1	0	1	0	10
	44%	0%	13%	14%	17%	17%	0%	17%	0%	50%	0%	18%

Source: Survey 2003, existing enterprises

### 2.1.1 Financing of immigrant enterprises

Table 1 indicates that only 40% used Danish bank loans to finance their enterprise. The differences across national origins have been addressed previously (Rezaei and Goli, 2006, 2007) The same data (Table 2) reveals that 85% of those who made under-the-table payments now work undeclared, compared to those who did *not* make under-the-table payments, of which only 43% work undeclared. This data (ibid) reveals a statistically significant relationship between working undeclared and having met demands of payments under the table when acquiring the enterprise.

Table 3 indicates the use of cultural and social capitals produced in ethnic and family networks in creating economic capitals.

Table 3 indicates that only 25% intend to apply for Danish bank loans in order to access funds for starting up, while 91% will rely on loans from family members.

## 3 Cross-national evidences

The UWT-study suggests that different economic and welfare conditions in the seven partner countries are an indicator both of the strength of the informal economy and of the presence of undocumented labour within it. The report also suggests further fragmentation of work, particularly in relation to women working in private homes who are now working in a larger number of establishments per week to maintain their existing incomes.

The Danish section of this thematic report focuses on the informal sectors in each of the seven partner countries, drawing on the different historical and economic circumstances. The report aims to add empirical insight to the following questions:

- 1 What circumstances and factors characterise specific sectors in which undocumented migrants participate in underground economic activities?
- 2 Is the underground economy a pull factor for irregular/undocumented migration?

However, the study also reveals many similarities in terms of sectors of operation, type of work undertaken and the work experiences of those who are undocumented. It further shows that the seasonal nature of the work and its casual nature are important components of work in the informal sector. This type of work is generally unwanted by local labour, and is only undertaken by undocumented workers because they lack alternatives. Looking at the perspectives and development in the underground economy in the EU, the report starts from an understanding of the phenomenon of informal work as a sociological one, highlighting the following features:

- The underground economy is *contextual*. Its *form, content and dynamic* are specific to the national and other contexts in which it is used and understood.
- The form, content and dynamic of the phenomenon are *situational*. It refers to the experiences of those people who are subject to those definitional and operational categories, in this case specifically undocumented migrants themselves.
- The occurrence and development of the phenomenon are *gradual*, influenced by many factors such as migrants' length of residency, year of entry, gender, capitals, government policies, political and public discourse, etc.

- The phenomenon is *conditional*, referring to the character of the residency as being understood and dealt with by migrants themselves, and by the actual practice of formal intuitions as a formal and/or informal response to the structural need of the national economy in the era of globalisation.

### *3.1 The underground economy as a facilitator of upward mobility for immigrants – the case of Denmark*

Comparing the character and the scope of the phenomenon of informal economy in Denmark, as compared to other countries/welfare state regimes, and as far as it involves immigrants, one cannot ignore the fact that the Danish situation with regard to the immigrants' status is characterised by an 'either-or' situation: either one has legal status (and so all the rights and obligations that status entails), or one does not. If one does not have legal status, e.g., are not compliant/documented one will not have any rights, and would be at risk of arrest and deportation at any time.

The side effect of this situation is that migrants who reside the country without legal permit, not only have no relations with the authorities, but they are completely on their own. Besides the compliant immigrants and descendents (those who reside and work in Denmark in complete accordance with law) the total pool of migrants also include non-compliant and semi-compliant, who either reside or work (or both) in discordance with law; for example, individuals with the following status:

- 1 asylum seekers
- 2 individuals aged under 24 who are married to Danes, but who are not allowed to stay in the country or work
- 3 individuals from former non-EU countries, which now are members of the EU
- 4 students whose limited work permit has or has not expired
- 5 au-pair
- 6 individuals who live in neighbouring countries and work without documents in Denmark on a regular basis
- 7 individuals who follow a similar pattern to seasonal workers although not working seasonally, but in accordance with the needs of the parallel economy.

The specific opportunity structure, created by the specific relationship between the lack of legal status and rights in Danish context leaves no other ways for earning a living and improving socioeconomic status than involvement in the underground economy. Many undocumented activities take place within firms and enterprises that are formally registered and otherwise pay their taxes. The underground economy is the arena where common economic interests between individuals of different legal/illegal status meet each other, and where all have advantages, some more, some less, depending on the degree of dependence in interference relation. Everyone, be it buyer, seller, employer and employee, take a risk, and mutual trust is the factor that makes it possible.

The very majority of the interviewees in the Danish (UWT) sample, of which the very majority consists of is non- and semi-compliant migrants, were involved in the underground economy. The majority of the tiny minority who were not actually involved, would also be as a consequence of change of status from legal (time-limited) to illegal,

when the legal residence and work permit is expired. This is the pattern across all seven countries, e.g., all variations of welfare state regimes included in the UWT study (as demonstrated in the following).

Working experiences and perspectives among (compliant, semi- and non-compliant) migrants, be it EU citizens, au-pairs, over-stayers students, asylum seekers, individual with expired residence or asylum seekers whose applications have been turned down, are quite different. The majority of the interviewees were working under different circumstances due to their status, network, human and social capital and other circumstances.

The results from the other six countries in the UWT study prove beyond any doubt that there is a demand for the services informal economic activities provide. In Denmark this demand, rather paradoxically, has been increasing during the last five years due to the growth of the Danish economy and the tremendous reduction in the unemployment rate. Some of the semi- and non-compliant migrants are fluent in English and plan to leave the country to settle down in English language countries such as Canada or the USA. Some have relatives overseas and consequently are more motivated to leave the country, and some others think that they can take advantage of having relatives in other countries. The data indicates clearly that non-compliant migrants who have relatives with a certain degree of socioeconomic resources and success are more motivated in their plans to leave.

It seems that migrants working outside the protection of law, regardless of whether the dominant discourse is friendly or hostile towards migrants, think that if they can make their own money, they will gain respect and success, and the natives and their institutions will be much more tolerant towards their lack of cultural or lingual competencies. It creates a hierarchy that is building upon economic success, and not on the degree of integration. As an interviewee expresses:

“My uncle, who is legal migrant, in Denmark has his own business, a chain of restaurants all in all he has six different restaurants and I, in spite of being illegal, have been helping him around his restaurants. I do both management, watering, purchasing at the wholesalers and practically everything. I even go to the tax department with him and sometimes translate for him from our mother tongue to English at the tax office cause his Danish is not that fluent, but when you have money and you are a legitimate tax payer no one question you anything at all they only focus on getting more and more tax out of you.”

Migrants seem also to be aware of the advantages that the cross border movement and activities that Schengen creates for them, so that they can shift from country to country without taking great risks. They are at the same time aware of not taking risks outside Schengen. Many are aware of doing the best they can to not attract the attention of the police and other authorities because in the end it will damage their chances to move upward socio-economically. It seems that many migrants work illegally for or with most close relatives, such as parents, friends and so on. There seems to be a pattern with regard to distribution of migrants among breaches and business lines that closely follows the status of the migrants and the ethnic business enclaves.

Migrants on fixed temporary terms of residence are usually occupied in professions corresponding to their educational merits; even a pattern of some over-education among immigrants has been observed empirically (Nielsen, 2007). The only difference is probably the students who, beyond the amount of monthly work time, can be engaged in business lines where it is easier to avoid the attention of taxing authorities and police.

“...I’ve been student in the beginning of my stay in Denmark, and had different student jobs. I have now been living in Denmark in three years. And in the recent time I have been involved with import business, mainly import of furniture to Denmark. We import from China to Denmark. Plans to go to Holland or Belgium.”

Among au-pair individuals it is rather clear that they currently work mainly with the job on basis of which they have their residence permit. It is on the other hand equally clear that they are developing relations that can help them stay when their legal period expires.

Also individuals from former eastern European countries follow a certain pattern, specific to their situation: They work mostly in construction, and they enjoy the possibility of travelling between countries and are due to that fact probably among most mobile migrants involved in informal economy, providing goods and services at lower prices for anyone who cannot afford the normal prices.

Migrants who are completely non-compliant cannot afford to be selective in any case; they do what they can, and do not have priorities beyond that of making money; cleaning, working at restaurants, grocery, loading/unloading at green markets, supermarket, pizzeria, cafés and taxi, construction, sales and so on. These groups of individuals work completely without contracts of any type, many women are in entertainment and prostitution, dancing clubs and so on:

“I make different wage depending on how busy we are but have no contract – they only make contract with people who has their paper ok. I make about 2000–2500 (ca. 350 Euros) during a good night and about 5–600 (ca. 90 Euros) when it’s a bad night normally toward the end of the month. When there is a big exhibition of fare or international conference or big football game then we make a lot of money.”

Also a group of individuals who are trapped in the situation by violating the specific Danish restriction on marriage they formally do not exist, but are having a life as spouse, financed by their partners. Those who wish to contribute to the family’s finances and want to work are primarily dependent on the family and friends to get necessary information about vacancies.

“Information on these vacancies and needs circulate in the network, and I’m not the only one who do have this specific sort of work life. There is no other way. I’m not in a situation where I can have any wishes on what sort of job I want to do. I have to help the family and our own life and therefore I am forced to, that is by my own consciences, to make a contribution.” (Interview quote)

The collaboration between the business owners, usually relatives and friends and ethnic/national group on the one hand and the employers on the other hand is characterised by ‘linked fates’ a feeling of ‘sitting in the same boat’:

“I work illegally in countryman’s businesses such as restaurants, caterings, flower shop, bakery etc. If there is a job and a reasonable payment I will do the job, without making any noise. It is good for the business owner, and for me, and certainly for the costumers. It is a closed situation where two unlucky people’s fates are linked together, but after all makes the third party involved, the costumer better off.” (Interview quote)

Individuals who have had illegal status from the beginning do not have any contracts and have not held any regular positions. On the other hand they usually think it is rather easy to go to other countries. Inside the circles of friends and families, they adjust their contribution to the needs of that circle. It is not a seasonal work, but rather an expression

of staying available for whatever needed, that makes it possible for them to offer the labour where it is needed, literally after short notice or a phone call. They are very mobile and in a strange way are expressions of free movement and adjustment of labour force par excellence. They also take notice, pay attention and do have information on the comparative wages in different countries, regions and breaches, and they use that information to manage their preferences with regard to maximising the upward socioeconomic mobility or simply make a living under the actual and changing circumstances. They know for instance that the wages in Germany and Norway is are much better when one is illegal. Local customs mean a lot. Danes are not used to give tips at restaurants, as an interviewee expresses:

“... you don’t get any extra thing for being specially nice or good or gentle or friendly. In other countries tips in restaurants and similar breaches are very high and make up a considerable share of your earning. Even when you don’t get wage you can live of the tips in restaurants or bars. In Denmark they don’t have the tradition for tips, and the tips are included in the price you pay, so it is rather difficult to be nicer to get more money...”

The possibilities for free movement make it also possible to work in terms that associate a sort of seasonal work among undocumented workers. Taking an Algerian male as an example; he comes to Denmark on a regular basis and works on and off for two to three months in some Algerian friends’ businesses, mainly restaurants, shops and firms. He makes some money in busy times – high seasons (October to January) and (May to August) and then returns home. Anytime anything happens he can be back in France within two to three hours and take care of things and if there is a need for him in Denmark he can be here within two to three hours – He does not pay tax in Denmark but says: “...on the other hand... I work and pay a lot of money for plane ticket so I have no desire to change my situation”.

Working undocumented also means not following the normal rhythm of work by the majority of the people. It is advantageous and a disadvantageous at the same time. In the specific circumstances that undocumented workers experience, it is, in a comparative manner, experienced as an advantageous condition:

“I have been working for some Danish companies with catering at nights, making sandwich and other fast food, cleaning hotels etc. It’s much better for me that I don’t follow the ordinary peoples work time, so I work primarily when others sleep, or are home. It’s quiet and you are not stressed, and the risk of being caught is much lesser. On the other hand you can in a bigger degree be your own boss when it comes to the tempo of working, you can take breaks and so on, and the most important thing is to get the job done properly and satisfy the owner or the Forman.”

Another specific feature of being illegal or undocumented in Denmark is that you need to have trustworthy connections, so that you can own things without being an owner in an officially registered manner, as one subject interviewed explains:

“...I have established a trade company in the name of someone else – a family member in Sweden who has legitimate permission to stay in Sweden. We import all kind of food and Middle Eastern products and have a shop and a distribution channel in different cities in Sweden as well as in Denmark. We also export a number of products to Dubai and Iran and from there sending them to Iraq. I travel almost every day to Sweden and work in the office and sometimes at the shop.”

Like in other countries, specifically Belgium, (Rezaei and Goli, 2008) the worker usually does not make any conditions for offering his/her labour; the only parameter is whether you get paid, and how much you get. All other issues are more or less irrelevant, and one cannot trust formal authorities such as the police, tax-offices, municipalities, or social workers. One cannot trust semi-formal actors such as unions. As an undocumented worker in Denmark you know that those institutions are not working for you, but for the natives and nationals, those with legal stay and for their members. Managing a life beyond and beside the law is the very essence of being undocumented in Denmark. This essence requires understanding, assistance and concerns from the family, if the individual has any, regardless of whether they live in the country where the individual lives and works, or whether they live in neighbouring countries. Some have their address in a neighbouring country but work in Denmark. It is impossible to improve your skills, qualifications and competencies when you are excluded from the mainstream educational and labour system. Undocumented workers usually have ideas about which countries provide better conditions; even the workers formal status does not change by moving to another country.

Under specific conditions and dependent upon one's human capital, engagement in underground activities can even been preferred given the speed at which one could ascend the echelons of the socioeconomic hierarchy: An individual working illegally as an erotic dancer expresses:

“My financial situation was not that good and I was studying at the university but saw all people around me, even those with top educations, and they all had very little amount of money to live for and they struggled to even have enough food for their children every day. I studied English literature and art and in the best option I would have got a job as translator or such a job in an international company and could never ever have money to survive and could never ever get a family.”

For these individuals it does not matter if they can acquire formal skills, it is about making plenty of money, so that when and if they get back home, have enough money to start their own businesses. These undocumented workers improve their skills but it in businesses they are not formally accepted; even when there is an obvious market for them.

“I want to stay here another two to three years and make more money then get home and get married and have my own family. I have a younger sister who also works here and we try to get as much as money as possible so our third sister does not need to come and work here.” (Interview quote)

“I work with anything that can give me money. All my work is in the field of personal entertainment and my services are to the rich people who enjoy the life. But I don't get much of that for myself because to be able to give high-class service it costs you a lot in maintenance of yourself and your body. It costs you to have nice cloth, nice bag, nice shoes – pedicure, manicure, hair dress etc. and on the top you have to compensate a lot to people who let you work. As I said, I work in personal entertainment business and in the luxury end of it in different clubs as personal dancer and personal accompanied – I have been doing the same thing in Italy, Belgium, and Germany and now in Denmark. There is no specific working hour; they call you when they want to. You are on hold all the time and when they call you then you should be there. But when I work in the club it is from 5 P.M. to 5 A.M. But most of the time you have one client to take care of and nurse so you do that. This is the ideal way of work but you can be less privileged and have to work and have to have

24 hours shift. Well it is risky because they cheat you with your money, they can beat you, they can give you a lot of nasty things but there is risk in every business – But I have no fear – Who pays my bills if I don't take the risk, ha? You tell me!" (Interview quote)

In other business, one is used to be used and abused, knowing one's own situation. Being a sort of Diaspora people, they usually do not compare their situation to that of similar natives, but to they are similar in the country of origin:

"I work within the construction business; I work both illegal and legal. I have a contract but I am underpaid compared to my Dane colleagues. I started working here to build some summer houses in the northern part of Copenhagen and then I had no permission to work here and I did it very cheap but it was still a lot of money compared to the same work in Poland."

Women working as au-pairs can be lucky if their hosts are kind and concerning, and help integrate them into society by providing opportunities for them to get some demanded skills, like language courses. Sometimes the host families can take care of formal procedures that can be very demanding for the individual au-pair women, so that they have more time to improve their skills, to enhance relationships with other people, or to increase their orientation towards the host society. Some other times, they have to do more work than they expected.

"I came here to be au pair girl. In the beginning I got visa for three years but it could not be prolonged after the period and my host was very bad. They borrowed me to all their friends and family any time that the others needed someone to work for them. During the first three years I worked at five different houses and I had never had a day off. Every time I complained they told me that they will not help me with extending my papers. I applied for an au pair job and based on that I got visa at the Danish embassy in Latvia. Then I got here and my host family turned out to be a very bad family and they abused me for four years."

Usually the compliant, as well as non- and semi-compliant workers have the idea that if you have the time and the necessary understanding of the society, you can get a job. The Danish economy has opened up during the last years because of the economic growth. There is also a paradox experienced by semi- and non-compliant migrant workers. These workers know that the economy needs them, they know that they can get any job because of their willingness to work, and at the same time they know that regulations do not necessarily serve the need of the market, but some political, (though according to their point of view, irrational) discourses. They know that they have to get by somehow:

"...She has a *work contract*, stating that she can stay in Denmark for the maximum of 18 months, which is also the length of the arrangement with the host family. The pay is 2500 DKK a month. Accommodation and food is included. We are not interested in the benefits that the government has provided for au pairs (and stipulated in the work contract, such as the right to attend Danish lessons) but mainly interested in more time to work."

This is also the case for migrants who work completely undocumented:

"...Let me tell you what happens if I am not here ... my sister goes bankrupt and her kids (she has four kids) will be raised on Danish tax payers' money. They will not have someone who cooks food for them at home and in the end they have to hang around with other Arab kids in the neighbourhood, making trouble, burdening the welfare state that they are so concerned about. We foreigners sacrifice our lives and own happiness for the family. I had a nice life

in France but came here to help my sister and her family, 'cause my mother and father and uncle asked me to do so. I am sure that if I get caught by police and sent back to France or Morocco they will help me out so that's the way we do it. The rest of my family is in Morocco and my kids and wife are also there, I send money to them so everybody is happy."

Another interviewee experience:

"...So our activities are all thoroughly underground, and it of course has major impacts on not only the kind of job we can get, but also on the working conditions, work-time, leisure time and so on, everything is mixed together, and you live a pretty stressing life, but that is exactly how it is..."

According to the empirical data, the visible minorities are most in jeopardy while participating in the underground economy. While the lack of legal status distributes risks equally among the undocumented, being a visible minority puts the worker in a double jeopardy: the employer has to make sure not to put the visible minorities and therefore 'the usual suspects' in front, where in some businesses most possibilities to make an extra earning are.

Many workers operate cross border and dream of making enough money to leave the country for other western countries:

"... I operate cross border, between Sweden, Denmark and Germany and, of course, the whole thing is illegal and part of the underground economy. Otherwise it wouldn't be possible to do this. Especially in countries like Sweden where it is illegal for ordinary people to visit my business. It pays well and I am satisfied. But at the same time I know that I am doing this for a short period of time. Or ... I have my own business in France and my staff take care of that and while it's running. I come here and work as well."

In the Danish situation the underground economy, as far as non-compliant migrants are concerned has to take place in immigrant businesses. But it is far from limited to that. Being part of the migrant networks makes it possible to work in mainstream businesses too.

The experiences of workers from eastern European countries like that of Poland tell the story that once changing status from illegal to legal, the motivation for doing underground economic activities decrease. Workers from Poland that, due to the EU enlargement, now reside the country legally express it this way:

"...As the situation has changed we do more or less exactly the same job, but now it is legal. The difference for us who do the work is minimal ... I have my own company and make contracts by myself for many people. All my contracts are legitimate and have no problems with tax authorities. I have plans to expand my businesses and when I get big enough I want to go back to Poland and lead the Danish branch from Poland."

The Danish situation is characterised by migrants relying on their own networks, acting on the basis of bounded rationality and shared understanding of a kind of legitimacy of underground activities as a human condition. Being dependent on the underground economy means having and developing good relations with people, usually countrymen, but also other migrants who can use cheap and easy labour. Understanding each other's condition and status creates a situation of mutual trust and need, where nobody will be better off from breaking the rules of mutual trust:

“...The form and character of my job is, of course, informal and underground if you like. But it is not criminal in any way. On the contrary, I feel that I help people when they need me, and if they don’t – well, they wouldn’t hire me anymore. If I can get the same amount of money if the owner pays tax it will be all right for me, because I am not going to stay or get old here or get education or any other welfare aid, I feel it is completely all right what I do. All that is back is a mutual trust between the two people, the man who wants a job done, and the man who will do it.”

Another specific aspect of the common understanding is that

“‘The less you know, the better it is’: ...It is a big night club but I don’t know the owner they say it is someone in Monaco but we never see him; he has his managers and I don’t know them either cause it’s different people almost every night. I know the person who helped me to know these guys and he knows the managers. My friend never comes to the club but I have a girlfriend from Malaysia and she says that she has seen my friend in another club and my friend was the manager in my girlfriend’s club two to three years ago. But I don’t ask and I don’t want to know – the less you know the better.”

Another element of the legitimacy is the idea of a so-called ‘alternative tax’

“...I am not stupid I know when you don’t have permission to stay and work in a country then you don’t pay tax but it costs you in another way, you pay to other people who let you work without permission. You don’t pay tax to the government, but you pay the same money to the one who secures your life. That’s why they protect you; otherwise why should they give you a job?”

They also share the idea that unions are not working for them, and that underground activities lead to devaluation of their merits.

Semi- and non-compliant migrants’ engagement in the underground economy in Denmark is obviously closely related to status. But the lack of legal status and the lack of possibility to attain it, once having been illegal, does not seem to hinder development of underground economy. Neither does the existence of a highly regulated and monitored labour market.

The Danish study is an example par excellence for this case. Studies (Rezaei and Goli, 2006, 2007; Rockwool et al., 2010) have shown that activities in the informal economy are far from exclusively related to undocumented migrants or migrants in general. The major difference is the willingness to accept lower wages and worse working conditions. Due to the vulnerable situation in which undocumented migrants are situated, they usually, depending on their human and social capitals and market demands, end up in positions and businesses where working conditions are worse, lower paid, and all or many labour market regulations are ignored.

Being situated in an illegal situation, as a refused asylum seeker, being involved in a prohibited marriage etc. and being forced to be involved in undocumented economic activities and transactions, the question with regard to life chances and possibilities for the improvement of socioeconomic status is: ‘What counts most? Human capital or social capital?’ The specific Danish context described above, is an example par excellence of two phenomena:

- 1 The contradictions between political (and probably also societal) discourse on one hand, and the needs of the market on the other. It is rather obvious that the equilibrium of the political market is completely different from the equilibrium

created between supply and demand in the labour market, making a situation of rather schizophrenic character.

- 2 The contradiction between the formal aims of integration policy, that is more integration in the Danish society and institutions on the one hand, and at the same time creating a situation, where the crucial importance of the social capital and migrant network is rather obvious for the individual and collective migrants, in order to make a living.

Being illegal, staying in the country without being in accordance with the law, you do not have any rights, or any claims. One has to build up trustful relations, create and expand the network's relations and perform in a trustworthy way within the network. Having said that, it does not exclude the importance of human capital, but human capital can almost exclusively be exploited in the underground economy, due to the fact that it is against the law to hire individuals who are not supposed to be on Danish soil. Even if they are hired and get a contract within the mainstream economy, it will be undocumented work, conducted in businesses that are otherwise operating lawfully. Interviews show that migrant workers are very aware of this fact, and they try to manage to navigate through. The character of the human capital among interviewees differs depending upon their educational merits: some with university degrees, some almost without any education; they have differing professional skills too.

Another important feature is the development of the skills obtained due to the involvement in the underground economy. Underground economy, like any other feature, has its own principles, norms of behaviour, values etc. Learning these roles and rules, and taking advantage of them is the pivotal factor in differentiating between winners and losers.

On the other hand, the informal economy provides goods and services on a lower cost and a lower price usually making life easier for those who cannot afford the normal prices. With regard to the complementarily relationship between the informal and the regular economy Italy is the example par excellence: "The existence of an irregular labour market seems, by itself, to facilitate the existence of such a market among migrants as well. This is the case in all seven European countries".

### *3.2 Underground economy, mobility regardless of status – the case of the UK*

Empirical data from UK reveals that the experiences of the workers, with regard to engagement in the informal economy, differs according to their countries of origin, their gender, their period in the UK, whether they were documented or not; whether they were refugees or 'economic' migrants; their access to networks and in particular to institutional networks. The main points found were: Around one in four of those interviewed had previously worked in other EU countries and there was considerable movement around the EU. Migration to the UK was often associated with financial costs to the migrant or their family, paid to agents or others assisting their passage to the UK. These costs were often incurred through taking out high interest bearing loans; employment agencies in countries of origin had often facilitated entry into first jobs in the UK, and in most cases, the jobs turned out to be not as good as advertised; most interviewees sourced work through contacts in their own communities or through communities that shared elements of culture, history or language. Long working hours and poor working conditions were also frequently mentioned; pay was generally very low and documented status was not

necessarily associated with higher pay, although almost all the undocumented workers were earning below the national minimum wage; interviewees associated poor working conditions with lack of fluency in English and those who were more fluent believed that they were better able to assert their rights. Workers moved jobs relatively frequently, although few had successfully made a transition from informal to formal work. Many workers expressed a preference for working in private households, as they felt that they were better protected against police or immigration raids and few of those interviewed had been involved in trade unions, although many had made use of other collective community and migrant networks.

Most interviewees worked in the informal sector, regardless of whether or not they had a legal right to work. The main findings based on UK data are: the sectors most likely to operate informally were associated with cleaning, textiles, ethnic restaurants, and private construction; night work and work in private homes were more likely to be associated with informal work; here existed a category somewhere between the formal and informal sector, where some work was declared and was formal, while other was undeclared and informal; some workers preferred to work in the informal sector and few interviewees had never worked in the informal sector.

Most of our interviewees worked in what could be described as a semi-formal sector, regardless of whether or not they had the legal right to work. This sector could be categorised as operating as a business within the formal sector but nevertheless employing workers who were either undocumented without a right to work, or who were documented, but not declaring either all or part of their work. Thus, whether or not someone worked in the informal sector was not dependent on the individual's immigration status.

Taking an example a female, originally from Bulgaria, had worked as an undocumented worker in Germany even though her family's claim for asylum had been accepted and she could have sought out documented work. In the UK, she had also worked in the informal economy, providing domestic labour to private households for the first five years of her stay, whilst waiting for a decision on her asylum application. Another female had mainly worked in the underground economy, getting access to work through co-ethnic friends and working only in co-ethnic businesses and has continued to do so, even though she has a legal right to work.

The cleaning sector, both in private households and industrial cleaning, were typically sectors where undocumented work was prevalent and where, due to a high incidence of sub-contracting, parts of businesses operated informally; for example, paying workers as if they were self-employed and therefore avoiding payment of National Insurance – as was the experience of one interviewee who worked as a cleaner in a hotel. Working during the night (when most of the people are sleeping) was also more likely to be associated with undocumented or irregular work as night work, at least physiologically, provided anonymity and was seen as less 'out in the open', like in the Austrian and Danish cases. Among the Turkish-speaking women interviewees, work in the informal economy had primarily been in the textile sector and was categorised as hard work under poor conditions, with high levels of harassment and bullying. Two of these women spoke of ongoing health problems as a result of hard and repetitive work. Employment in ethnic enclave restaurants was also a more common entry route for workers without documents. Workers without documents tended to work in unseen jobs in the kitchens, whereas workers with documents were employed as 'front end' staff, according to one interviewee, who had worked in the restaurant sector. However, the interviewees point to

this sector as being a more difficult one to enter. Some workers expressed a preference for work in the underground economy, as it is considered to provide more freedom; the worker is able to leave without notice, although workers may have difficulty getting paid for work completed when the worker decides to move on. Despite having a legal right to work in the UK, a worker has to choose to work in the underground economy; as he avoided paying tax on his relatively poor earnings. Such workers were more likely to see themselves as 'mobile' workers who would move on, perhaps to a new country, if the situation required it. Other interviewees, who worked as cleaners in private homes, also expressed a preference for this kind of employment, even if in the informal sector. One cleaner compared it favourably with one job that she had in the formal sector, as a cleaner for a supermarket, where she found that she did not like the impersonal treatment she received from her line managers.

More commonly, work was described as somewhere between the formal and informal economies. One interviewee, for example, worked in a legal business but, although now documented, most of his colleagues were undocumented and employment for him was semi-formal, as some earnings were not declared. Others worked partly in the formal economy, but also worked in the informal economy. For example, one interviewee (a 15–24 year-old Russian) worked as a receptionist in the formal economy, while at the same time she worked 'cash in hand' for three hours a day, five days a week.

Few of those who were interviewed had never worked in the informal economy. One interviewee said that he had only done so on one occasion. Another interviewee had applied for asylum and had always been able to access documented work, since he had a right to work. For him it had been possible to progress in work and to improve his pay considerably. A third interviewee, whilst never having worked in the underground economy, described her experience of working in the care sector as somewhere between the two tiers of the economy (formal and informal). Not all the colleagues she worked with were regularised, and night shift workers in particular, were more likely to be undocumented. Another interviewee had also never worked in the underground economy. He was trying to have his dental qualifications recognised so that he could practice as a dentist, and working informally jeopardised this.

Looking at the working conditions in the underground economy, in the UK case also, we found bad conditions ranging from being bullied by employers and supervisors (and in some cases by co-workers) on the grounds of their undocumented status, being harassed by co-workers, and so on. An interviewee, a 40-year-old Filipino male worker, who had worked in construction, was harassed by co-workers, who knew he was undocumented, so badly that he eventually left his job. Colleagues would shout 'police' whenever he was working on high scaffolding and he said he felt always ready to jump. Another Filipino male had experienced bullying in a care home from his manager, which he felt was because of his limited English when he was new to the UK. He also thought that other Filipino workers were treated badly at that workplace, and he chose to leave and find another job. Others spoke of long working hours and of discrimination in the allocation of tasks. One Nigerian interviewee was working twelve hours a day, six days a week. In his experience, black people were rarely made supervisors and when applying for other jobs, he had also experienced discrimination from employers. A care worker from the Philippines was working 48 hours a week and sometimes longer. She too, expressed that discrimination denied her access to senior posts. A pizza worker from Algeria was working a ten-hour day, six days a week.

As in other countries mentioned before, in the UK, wages in the underground economy are generally low. Few of those interviewed were earning the average wage (currently, in London, where most of the interviewees worked, the average hourly rate of pay for male workers is more than £16 and the average for women is around £14 an hour) and many were being paid at below the legal minimum (£5.52 an hour from October 2007). Most people were not paid any additional premium for working overtime or for working on holidays. Some workers were part-documented declaring some earnings but not all of them. While the majority of undocumented workers were paid below the national minimum wage, two (one doing casual construction work and a domestic worker in a private household) earned significantly above the minimum, at £15 and £8 per hour respectively, and documented workers were divided equally into those paid below and above the minimum. Among those classed as semi-documented, slightly more were paid below the minimum wage than above it.

Insufficiency in language is generally seen as an obstacle to moving up the socioeconomic and professional hierarchy. Some of the interviewees attributed their limited access to work, beyond ethnic enclaves, to their lack of English. Other cases (an interviewee, a Bulgarian of Turkish origin, who is currently working as a driver for Turkish shops) indicate no need for English linguistic skills due to the nature of the work, as the communication is only with co-ethnics. Interviewee #4 would have liked to work as a childcare worker, but did not feel confident enough of her English language skills to seek out this kind of work. Others sometimes referred to the additional risks they faced because they did not understand instructions, particularly in relation to health and safety. For those whose command of English was good, there was a view that this assisted them in asserting their rights. For example, an interviewee; even though he lost his job, because his employer feared a police raid, pointed out that he had been paid in full for the work that he had already done, whereas other colleagues, who could not speak English, were dismissed without being paid.

Interviewees had rarely remained in the work that they had first accessed on arrival to the UK. Generally, most workers moved jobs frequently, and this was regardless of whether or not they were documented. Interviewee #2 had first worked in a Turkish club, earning just £100 a week, while documented colleagues were being paid four times that amount. From the club, he had moved to working in a clothes factory, which again was Turkish owned. He worked 18 hours a day on some occasions. The work was very hard and poorly paid and eventually he decided to return to Bulgaria.

For workers without documents, or those whose documents are not in order, it is important to be as anonymous as possible. This is one of the reasons why London was an attractive option for work for most interviewees, despite the higher costs associated with working in the Capital. Interviewee #14, a 21 year-old Algerian male, spoke of having moved from working in Brighton to working in London, because it provided anonymity. Work in private homes provided a similar 'protected' environment, although it may also have poor pay and working conditions. Paid domestic work has been a route into work for women migrant workers, in particular, whether they had arrived claiming refugee status or as economic migrants. Domestic work in private homes was often conceptualised as work that was 'safer' for those without documents, as it was felt that the police were less likely to raid private houses. It also meant that work could be conducted unseen. But, at the same time, the consequences were that workers were very poorly paid and were sometimes badly treated. For male undocumented workers too, work within private households was considered safer. Interviewee #13, a 40-year-old

Filipino male who had been bullied when working on large construction sites because he was undocumented, had shifted to work only in private homes. For him it felt safer to work alone on small construction projects in private homes. He had been advised to look for work outside London, where he had been told that police raids were less likely. Interviewee #20, although a qualified builder, was no longer able to access work on construction sites due to employers being wary of the increased sanctions, and relied on recommendations from friends or past clients to do small projects in private homes.

Many of those interviewed had used organisational networks to assist them on first arrival and to access important first jobs. This shows that they did not reject collective ways of organising. However, this did not translate into activity within social-partner organisations like trade unions. In some cases, this was because these organisations were not represented where they worked; in other cases, it was because they had no prior knowledge of union organising. Only two interviewees were currently trade union members; another had been a member in Ghana, while a third had worked with the trade unions whilst working in Italy, prior to migrating to the UK. High human capital, if attained in another country, rarely translated into good employment outcomes in the UK. High social capital, whilst often providing access to some employment and to supportive networks, often trapped individuals in low-paid employment in the informal sector, regardless of the individual's status.

In general, the interviewees can be divided into those with high human capital on arrival (professional qualifications and tertiary education) and those with low human capital, with a number of interviewees, particularly women, who had not been engaged in paid work prior to migration and who had not acquired qualifications in their countries of origin. In terms of social capital, high social capital did not also necessarily lead to better employment outcomes. Those like interviewee #1, who did not have many contacts with the Bulgarian community in the UK and who described herself as 'actually avoiding them', was more likely to have attained secure, formal employment. Interviewee #10 had social contacts with individuals from his own community, but also did not restrict his networks to these and had found his work through a friend who was not a co-national. Interviewee #5, although having sourced work through the Bulgarian community and mainly socialised with other Bulgarians, was wary and felt that he could not rely on his co-nationals. He already spoke English prior to arrival, was now almost fluent and, having moved his family to the UK, conceived his life as being primarily based in the UK for the future. Some individuals had developed networks within other communities that shared, not a nationality, but a language or culture and this enabled them to move beyond their pre-existing social networks. Interviewee #4 had relatively high social capital; however, the networks she had sought out were not within her own community of Bulgarians, but within the Greek community, through faith networks. This had given her access to employment in a hotel, although living conditions were poor and pay was only at around the national minimum wage. Interviewee #15 similarly had built her networks around the possession of a common language of communication, rather than around a group of co-nationals. None of the Chinese interviewees, except one, had high human capital, but all had relatively high social capital, relying on co-nationals to source work and to support them when work was not available. The Turkish interviewees, and in particular, female interviewees, also had high social capital and greatly valued the networks they had access to, which provided them with advice and support. However, this also served to confine them to work within certain narrow ranges of jobs, like textile factory work, which was informal and poorly paid.

### 3.3 *Filling up the gaps – the case of Austria*

In Austria, the underground economy makes up approximately 10% of GDP (21 billion Euro). Based on the figure of the underground economy's macroeconomic revenue, the economist Gudrun Biffl concludes that approximately 50,000 to 70,000 migrants engage in informal employment in Austria (Krenn, 2007).

According to the estimations of Schneider, the underground economy labour force had reached, in 2007, 709,000 'full-time Austrian informal workers legally resident workers' and 97,000 'full-time illegal foreign informal workers' (2003, 769,000; 112,000). Structure, organisation and working conditions within the underground economy differ according to the affected branches.

The interviews in Austria covered informal economic activities in the following trades: construction, domestic work (cleaning), domestic work (care for the elderly), hospitality, agriculture, small businesses (retail), printing plants, entertainment, and casual work. An important feature of Austria's underground economy is the entanglement of formal and informal employment in most branches. There exist certain possibilities – according to the Alien employment law – for employers to use a migrant workforce legally, e.g., in agriculture with harvest helpers, in construction with trade license holders, in domestic care on ground of the so called 'hausbetreuungsgesetz' or with au-pairs, in hospitality with seasonal workers. On the one hand, employers and companies realise those possibilities to hire migrant workers formally, but on the other hand, they equally rely on the informal migrant workforce. Though, it can be said that legal employment possibilities just function for certain migrant worker groups, depending upon their country of origin (migrants from third-world countries have many more difficulties in attaining a working permit than EU citizens), their sex (care-workers are de facto solely women), or upon their age (being an au-pair is possible up to the age of 28).

Looking at the responses about 1/3 of interviewees had working experiences in hospitality, as waiters/waitresses, kitchen personnel/cooks, and entertainment. Interviews were conducted with men and women from Turkey, CIS, Poland and West Africa. The residence status of the interviewees ranged from: student, undocumented and EU citizen to family reunification. On the one hand, there is a high demand for a flexible, low paid irregular workforce to stand in for short-term failure of permanent staff. In peaking periods additional personnel for kitchen work and serving are hired. Labour cost factor is decisive due to a labour intensive service sector. On the other hand, the function of irregular employment in the restaurant sector is to maintain a stable, low paid workforce, ready to work longer hours than admitted, if required, and to accept miserable working conditions due to the vulnerable position of irregular migrant workers.

Former employers and colleagues usually play a crucial role in job placement. Contacts via friends or certain communities (ethnic or political, for example) can be very useful for finding jobs in this branch. The interviews with irregular workers from Turkey showed that 'being Turkish' can be an entrance ticket to the irregular labour market in Turkish businesses. Another possibility means of finding jobs are announcements of potential employers; irregular employments on construction sites of companies and private households are not only common they are 'normal' and the rule. 'Irregular' means a variety of non-compliant forms of employment. Professional construction firms often operate with subcontractors who themselves employ migrants without reporting, or underreporting, them to the social insurance and/or tax authorities. Due to this praxis of

construction companies and developers to cooperate with subcontracting firms – like that of the Belgian or Danish case specifically with regard to countries subjected to EU enlargement, case based outside Austria or just in letterboxes – which employ the workers, the general contractors do not take over responsibilities for working conditions non-compliant with the Austrian labour law. Another possibility of ‘outsourcing’ responsibilities for construction workers is to hire self-employed workers, like that of the Belgian case – one-man-companies who themselves have to care about social insurance and tax payment. In the balance sheet of the construction firm these workers are entered as ‘expenditures/sachaufwand’. As a precautionary measure, companies are demanding more and more that their workers register a trade. Working permits seem to have become more important in construction than some years ago. Due to the fact that controls on construction sites have increased, it is not common and popular anymore to hire irregular working migrants; but to employ migrants with working permissions and underreport them to the social insurance agency, or (Polish) migrants with a trade license who are also working beyond their competences in accordance with their trade licenses.

Private households, too, function as employers of irregular migrants when, for example, renovating flats or building private homes. In the vast majority of the cases, the irregularity of the employment is total: workers are not registered at all, either with social insurance or with the tax authorities. As the interviews show, working conditions differ significantly according to the nature of the employer (firm or private). The reasons for hiring undocumented migrant workers are various. First and foremost is the labour cost factor, as in many other countries. Employers save social insurance and taxes if they engage their workers without documents, or as trade license holders. Discriminatory practices also result in a lower wage for migrants compared to the net wages of Austrian colleagues. Undocumented migrant labour is seen as a cheap cost factor – even cheaper than deploying machines, when battering down walls, ceilings, or staircases in old unsound buildings. Another important factor is the flexibility irregular migrant workers offer: “migrants often want to work longer [than Austrians] because they can earn more money to send home”. They often do not have families with them and do not mind working more than 40 hours a week. In peak times, when a flexible labour force is required immediately, undocumented migrant workers are welcome, even if the company ‘normally’ does not employ undocumented migrant workers. In other words, the non-compliant immigrant workers are competitive.

The lack of rights of undocumented migrant workers is, therefore, a decisive reason to hire them and exploit their labour:

“He takes me because he knows I am without rights. If I held a working permit I could go to the chamber of labour to claim my wages. Then he has to pay. That’s the problem. He knows exactly how things are going.”

The duration of jobs differ between some days and some years and can depend upon the demands of the specific employer. On very big construction sites with a sincere employer, the employment can last from the beginning to the end of the construction period, which can be up to two or three years. Whether or not workers can stay with the same employer depends on the employer’s order situation. Polish workers especially are returned in calm phases (winter) to their countries of origin. When reliant on insincere employers or recruitment agencies (see below) jobs may just last for some weeks or months. Casual work (in peak times) is naturally, of very short duration. The entrance into the informal labour market of construction often happens at a special meeting point

in Vienna, 'Herbststrasse', where day labourers are picked up by employers (for details see below).

Informal networks can include the ethnic or religious community, (former) employers, former colleagues, friends, relatives and flat mates. The Polish and Ukrainian churches in Vienna are a well-known meeting point for people from those countries. These places also function as an information centre for jobs, accommodation and the like; where on a 'blackboard' announcements in Polish or in Ukrainian are posted. Ukrainians also use the Polish church to look for work or accommodation. A common strategy for finding employment and workers is attending the 'Arbeiterstrich': these are two streets in Vienna where (mostly) men searching for work, stand and wait for some employer to pick him up. 'Arbeiter-Strich' is a word following an expression from the prostitution milieu: to hustle, to do street-prostitution. In this sense it means men are prostituting themselves for work.

Another strategy is to ask directly at construction sites. Some of the interviewees mentioned this method but all of them denied the 'effectiveness' of it. Or as another said: We are all colleagues – it is important having networking, competing and exploitation of recently arrived migrants: 'new comers' and this is the way one learns from other's 'experiences' this is indeed a 'learning by doing' environment: experienced colleagues are an important source of knowledge; especially newly arrived migrants who are not familiar with the applied methods on Austrian construction sites, (e.g., working with prefabricated walls) and who have comprehension difficulties due to lacking language skills, are very much reliant on their more experienced colleagues.

Solidarity is a very effective tool among undocumented workers. Interviewees emphasised the importance of social networks to warn friends/compatriots of incorrect employers. The phenomenon is very much like the one that occurs in the Danish case.

The organisation of housework is a broadly experienced social problem, which receives very little public attention. The regulation of housework and care in the current socio-demographic context has been left to the workings of the existent structures of the welfare state, the migration regime and the gendered division of labour. Solutions are sought on an individual, household-internal basis. A common strategy is to employ a paid migrant domestic worker, with the result that housework is being commoditised, but not on legal grounds.

Employing domestic workers can only work as a viable option as long as the workers' earnings remain considerably lower than those of their employers. The purchasing power of (dual-earner) families in the higher income bracket meets the supply of low-cost labour in the service sector. Such a supply exists thanks to the emergence of a specific class of women with no access to alternative sources of income. In Austria, restrictive immigration laws (Law on Aliens) and the Austrian Alien Employment Law impose important limits on migrant women's options. These laws, which regulate access to the labour market according to nationality, resonate with a parallel development towards the segmentation of the labour market along the lines of ethnicity, thus helping to reshape the hierarchy on the labour market. Domestic work is mostly performed alone. Only one interviewee said that if there was a lot to do she asked for a friend to help her (A-I12). Colleagues (working with other employers) are mostly female migrants. The diffusion of irregular employment in private households is widespread in the Ukrainian community in Austria. Colleagues are very important for job searching and advising which employer to trust: "my people can guarantee if an employer is ok and if he will pay you" (A-I3). Furthermore, they also function as stand-ins. Employers are Austrians and (settled)

migrants. Domestic workers without German language skills predominantly work in private households of (other) migrants who are able to communicate with them.

Empirical data indicates that trust relations are pivotal in order to enter and stay in the underground economy, not least in domestic work, since the workers enter the core private sphere of their employers. Therefore, private networks for job placement are crucial. Notes that salaries are left with and brief telephone calls are, in many cases, the only source of contact. The employee turns into an invisible person and the work is considered as self-evident, which is found done when the employer arrives home. Another feature of the invisibility of undocumented domestic workers is that the private household is a place of 'protected work': far from police, governmental control or prosecution, from labour inspection, in private, calm, and mostly regularly performed. On the other hand there is – precisely because of their invisibility – a greater vulnerability of being exploited, discriminated against: because nobody knows and nobody looks at industrial relations in private households.

Trustfulness can also become a burden for the domestic worker. Owning the keys of the households they care for means having a big responsibility and bond to the particular household that migrant domestic workers often do not want to bear. When childcare is part of the domestic work, emotional binding becomes an important aspect among the triangle of migrant domestic worker – child – parents/employer: to enter one's privacy also means to adapt to a private household's particularities: which polish to use, where to clean first, which method of cleaning to use. Sometimes these requests are easy to fulfil and employer and employee function together without problems. Sometimes, insisting on these particulars from the employer's side also means the degradation of domestic worker's skills and the simple will to exercise power over a servant. That is also the case with regard to work with elderly: provision of long-term care in Austria is guaranteed by state, family, social and community networks or via the market. In Austria, 'cash for care' benefits are not sufficient to cover the labour cost of a caregiver, mostly long-term care is provided for free by female relatives. It is estimated that about 30,000 remunerated informal carers are working in 24-hour-care for elderly people. The role of irregular migrant work is providing cheap labour for a service that cannot be regulated by the market. When working informally, caregivers do not hold any health insurance, nor are they insured in their countries of origin. Normally, employments are quite stable ones. Especially from the employer's view, it is important to stay with one or two carers to sustain a trustful relationship between caregiver and care receiver. Jobs are provided, on the one hand, by way of private networks like colleagues (from the same hometown) or former employers. Because the sphere is so intimate, people want somebody recommended, somebody they believe they can trust. On the other hand, job placement agencies are very common in this branch: often they are disguised as non-profit organisations placing 'voluntaries' to households in need for care.

Agencies are charging fees. 'Das Beste' charges 1,500 Euro from the informal carers and from the families – every year as long as the employment relationship lasts (A-17). Often, there is an unclear definition concerning the areas of responsibility/work. Informal caregivers have to do household tasks, medical tasks, social tasks (going for a walk, playing, cooking together with patient), and there is an unclear limitation of working hours.

Actually, their main task is to work with the patients' holistically, but often they are also asked to do other jobs, such as meal preparation for the relatives, too. In 24-hour-care, caregivers do not have any time for themselves; and do not have any

private space, no room of their own. Permanent availability is required although it is not absolutely necessary. Employers and patients think they will be at their disposal whenever they want them to come – especially if they seemingly do not have other important things to do. As such, 24-hour-care is described as a mental and physical burden. In agriculture in Austria, like in many other countries, different circumstances dominate; the employment is mainly covered by seasonal labour. In the countryside it is very common to approach asylum seekers in boarding houses and ask them to do some casual work in agriculture or forestry, and use asylum seekers as cheap and flexible irregular labour. Asylum seekers are not allowed to work legally in Austria with this kind of residence status. Though, there is the possibility to apply for limited working permit for harvest, farmers do not want to pay social insurance and taxes and minimum wage (5 Euro plus incidental expenses) so they are falling back on asylum seekers who are willing to work below minimum wage. Working time is very casual and flexible. Asylum seekers are called for some days or some weeks – as long as the harvest lasts. Asylum seekers in the countryside are pre-dominantly from Chechnya, Iraq, Iran, Armenia, and Afghanistan. Also, workers from Romania and Hungary are coming. Farmers state that they demand even less money than asylum seekers; probably that is just a strategy to pressure on to increase wages. Asylum seekers are paid less than Austrians. Employers are anxious to keep the distance between Refugees and Austrians so that they do not compare their wages.

Turning back to ethnic businesses, empirical data indicates that earnings in ethnic business are very low: between 300 and 750 Euro a month for working up to 60 hours a week, 12 hours a day. Especially when familial ties are involved, employers feel responsible, not only for the work performed but also for the whole life of employees, meddling in their employees' daily affairs. Gratitude is expected from relatives, friends or former neighbours who help in difficult situations when undocumented migrants are searching for any kind of work. Employers however often abuse the dependent situation of their 'protégés' who are in a very vulnerable position as (irregular) migrant newcomers. The role of the irregular work in this case was a stable, extensively used (12 hours a day), low paid workforce with the option of flexible lay off in periods of low business volumes. Not only ethnic ties, but also professional skills can help in finding work in ethnic business, as the case of A-I17, an undocumented migrant from CIS shows. In the beginning, he completed small jobs for his new (Turkish) employer's PC-business was not running very well before they began working there. The first week he worked without being paid. His employer knew about his vulnerable position as an undocumented migrant and was paying him very little (400 Euro a month for 48 and 55 hours a week), although he is earning – also with the incisive help of his employee and his competence – approx. 1,500 Euro a week. Prices for services are determined by his employer, who compares prices for the same services on the internet, choosing to offer services at a cost below these prices to attract customers and to remain competitive. Another important branch of ethnic business is cleaning companies.

Also, specific branches in industry are affected. According to the Austrian data, printing plants and book binderies seem to have relied heavily on undocumented migrant labour, work is placed via intermediaries who are actually the 'employers': Intermediaries get a lump-sum for a specific job and search for workers, organise and pay them; for the printing plants, it is an easier and more secure method of finding and employing workers. The printing plant officially does not know if the people hold a working permit or not. The intermediary allotted the work, also organised the

transportation to printing plants in lower Austria, transported the workers there and returned them again. Casual jobs are also a very important source of income for undocumented migrant workers to use to make ends meet. Examples of casual jobs are disseminating party flyers (earning between 6.50 and 10 euro an hour, A-I12); helping people to move from one place to the other (earning between 30 and 50 euro, A-I17, A-I1); rounds man of advertising material during the nightshift (at temperatures of minus 25°C, earning 500 euro a month, A-I23). Here, word-of-mouth recommendations, but also finding jobs via the internet and newspapers ('formal channels' of job placement), are the main job searching strategies. The working hours are very variable, sometimes all night long, in the case of disseminating flyers and advertisement material. Casual jobs can also develop to a more regular position when workers are 'recommended' to other employers in need, e.g., for disseminators.

Also, engagement in voluntary work or NGOs is used. The jobs are not badly paid, compared to other areas in the underground economy. The motivation for this engagement is various: firstly, it seems to be worthy work, which is done voluntarily, and with pleasure. Secondly, the work performed there requires skills these people want to practice, for example: being given the opportunity to gain some experience with broadcasting when working voluntarily for an NGO producing TV-programmes. Thirdly, some NGOs recruitment policies, especially those working with migrants, are to predominantly hire migrants as workers (e.g., due to required language skills). Also, voluntary work as a 'multicultural multiplier' can be taken into consideration.

Looking at the relationship between qualifications and skills prior to migration and the job they are doing now, one can see the following picture: data indicates that a majority of interviewees experience downgrading in the host country, which means that they have come to perform jobs below their skill level. Others, who have entered the country without any vocational certificate and only a secondary education, work as unskilled workers, although in their case – no downgrading is possible per definition. Also, a minority of about 20% experience a matching of skill level and job performed which means that their actual workplace allows them to use their skills in an adequate way.

With regard to irregular jobs, we can say that, with some exemptions, nearly all jobs available to undocumented or semi-documented workers are unskilled, low paid work. As a general rule, un- or semi-documented migrants are forced to accept a deskilling process in order to survive. Especially at the beginning, they have no choice but to do casual jobs, which are, more or less, by definition unskilled. Undocumented work is, in Austria, not so common for skilled or high skilled jobs, and if this kind of irregular work is mostly done by Austrians themselves (beside their regular employment) or requires either a fluent knowledge of the German language or special knowledge of Austrian law, the work is not accessible to un- or semi-documented migrants. One case which illustrates the common idea of a match between skill level and job is a person with a nursing diploma, who is at the moment working in a regular job in mobile elder care, a position on par with her skill level. To appraise this fact in an adequate way, one has to consider that this was the result of a ten-year, hard battle as an irregular migrant worker in Germany and Austria, including different forms of work below her skill level, times of unemployment, and casual jobs in Slovakia. To get a nostrification for her diploma in Austria she had to pass one-year examinations and pay 3,000 Euro (which she financed by irregular 24-hour-care work in private households). So, in this case one must consider the relationship between efforts and results. The complicated, bureaucratic and very

expensive process of nostrification (authentication) of vocational certificates from their home countries is one of the most important barriers for migrants to overcome in order to get access to adequate jobs. We have three other persons in our sample that explicitly stated that they cannot afford a nostrification of their vocational certificates – both in terms of time (for the courses) and money.

These examples show some of the different realities covered by the picture of a matching between skill level and current jobs for migrant workers. The majority of our interviewees (nearly two thirds) already had contacts with other migrants from their home country living in Austria. For them, this often was the main reason they choose Austria as the destination country for their migration project. Often they were directly invited by relatives or came in order to marry in Austria. These contacts played a decisive role in the adaptation process when they first arrived, especially when they entered the country undocumented; and afterwards, in terms of getting access to (irregular jobs). So these cases can be described as kinds of chain migration.

Presuming we could say that ethnic communities in general, as well as strong personal contacts and kinship, work as a social capital for the adaptation and survival of un- or semi-documented migrants in Austria. Even though one must consider that the impact of ethnic communities could have an ambivalent character and some migrants refuse, for different reasons, contact to communities of their home countries.

#### *3.4 The informal economy as a precondition – between two worlds – the case of Bulgaria*

In Bulgaria too, the percentage of people in the underground economy, in general, has increased since 2004. Thus, one can presume an increase in the percentage of informal employment. The development of the underground economy here is hardly due to the growth in the numbers of compliant, semi compliant or non-compliant migrants. Other factors are crucial. One is the structure of the welfare state. Migrants and refugees in particular, in Bulgaria, have to work out of necessity rather than to earn high incomes. This is also the case in a country like Denmark, a well-developed welfare state. People who are marginalised from the ordinary labour market are, all else being equal, motivated to participate in the underground economy in order to maximise their earnings, in order to be a part of the late-modern consumer society.

In Bulgaria the small financial assistance on the part of the state makes migrants look for any kind of vacancies. Thus, for example, the second most frequent type of complaints of the interviewees in the Bulgarian case were the low monthly benefits, which they receive and which cannot provide for normal living. Soon after being accommodated in the corresponding institutions, male migrants start looking for a way to enter the underground economy in order to financially support themselves and their families. Migrants often compare the conditions in Bulgaria with the much better ones in countries like Sweden, Switzerland, The Netherlands, Belgium, and Germany. Though probably not fully aware, as the following will show that the costs of living in those countries are correspondingly high.

Migrants with higher education and a good knowledge of their own, and the Bulgarian language can find work on a piece rate basis in NGOs, computer companies, other private business companies, where they provide translation and other intellectual services but without a formal contract and are paid cash in hand. These violations of the law are embarrassing for the migrant and for the employer, and these are usually

short-term agreements, which force the educated migrants to move from one job to another.

The UWT study indicates clearly that the underground economy, being a structural phenomenon, involves several kinds of firms and individuals. Even large and international companies use undocumented labour. The Coca-Cola Company in Bulgaria, the study shows, is quite popular among migrants who are hired (along with the local Roma) to perform the heaviest tasks – packing, loading and unloading. Migrants are paid BGN 20 daily, while at other places the undocumented workers receive ten to 15 BGN. The fact that the migrant employees are undocumented leads to other violations of the law – they are not provided with working equipment and, naturally, social security contributions are not paid.

In short, undocumented migrants work basically as temporary labourers, performing heavy manual labour in construction, or they work as porters in big companies like Coca-Cola. Others are employed in fast food restaurants (mainly Arabian) while others work as sellers or suppliers of goods in the big markets where undocumented immigrants are concentrated.

It does not seem that the conditions that dominate the informal economy in Bulgaria by themselves can be considered as a pull factor attracting people to migrate to Bulgaria. On the other hand, it seems that the welfare benefits and governmental financial assistance encourage involvement in underground economy. Also, it is obvious that the informal economy not only attracts migrants with no or low skills, but all kind of individuals.

Looking, generally, at the circumstances and factors that make specific sectors, or branches, more likely locations in which undocumented migrants participate in underground economic activity, the Bulgarian data shows that men are over-represented in construction, whilst women are over-represented in retail, hotels and restaurants.

Empirical data from Bulgaria indicates that well-educated migrants prefer to open their own businesses in order to secure higher standards of living for their families. An interviewee from the Ukraine describes how, at the time that she registered a company in Bulgaria, she had a legal obligation to secure at least ten work places for Bulgarians. Most of these ‘businesspersons’ employ ten people on paper, solely with the objective of obtaining registration.

Some of the refugee families had belonged to the middle or upper social layers in their countries of origin, and the poverty in the dormitory of the Agency for Refugees and in the Busmantsi Center makes them desperate; so too does the lack of opportunity as their options allow them only work in the underground economy as porters, construction workers, retailers at the market, or jobs of a similar nature. At the same time, they soon realise that even if they manage to legalise their status they would not be able to compete on the labour market with the Bulgarian specialists, and even if they manage to compete, their remuneration would be extremely low.

A further issue to be addressed is whether migrants’ specific social capital functions as a dynamic, or an obstacle, for their upward socioeconomic mobility, when compared to the social capital of the native population, in particular, and whether these advance or hinder the integration of migrants in the long run.

Communities based on family ties, or nationality, support participation in undocumented employment. The general example is of persons who have documented status and a registered business. They are registered as self-employed and support newcomers, usually relatives. Whilst waiting for their status to be regularised, newcomers

work for their relatives in exchange for accommodation and food, sometimes receiving salary in cash, under an oral agreement with their relative. Sometimes women work in a similar manner for their husbands, brothers or other relatives. A political refugee from Iraq, who runs a small factory producing furniture, explains the relationship between inter-community solidarity and the employment of refugees:

“Many refugees from Iraq arrive nowadays. Sometimes with their families and they have to feed them because the financial support is very low (EUR 27.5) per person/per month. I hire two or three of the newcomers in my workshop. I lose much, because I have to train them for two or three months and I pay them for that time... Then I have to hire new people, to train them, etc. This is not good for my business but I have to do it, because I am doing well and have the ability to help my fellow nationals.”

Those who came earlier and gained experience assist in the adaptation of newcomers and orient them towards the informal sector. Newcomers are assisted in establishing contacts with employers, who are usually well-settled immigrants or Bulgarians who have traditionally employed workers without formal contracts. Almost all of the interviewees had begun by working at the big Ilientsi market in Sofia, or in the other great market in the city of Dimitrovgrad, where practically everything is being sold, and where a documented employer provides jobs to unknown numbers of undocumented migrants.

The migrants who were interviewed by the UWT research team were unanimous in their opinion that the procedures for legalisation of their status and residence in Bulgaria were burdensome, extremely bureaucratic and to some extent impeded the process of their integration in the country.

The semi-documented or undocumented status of the migrants puts them in an extremely unequal and disadvantageous position in Bulgaria. They are unable to sign employment contracts, they drop out of the healthcare, social security and welfare systems, and they encounter difficulties in renting accommodation. As a matter of fact, semi-documented and undocumented foreigners live in an invisible, parallel world deprived of any security. It is especially difficult for them to overcome obstacles with regard to access to the healthcare system, any type of employment, and trade union protection.

### *3.5 Complementarity between the underground and the regular economy in the age of globalisation – the case of Italy*

The Italian UWT empirical data provides a portrait of a generation of wage labourers confronted with great difficulties in overcoming labour segregation but who, nonetheless, manage to free themselves from the immediate economic necessities that drove them first to emigration and then to ‘illegality’.

Nearly all the interviewees in UWT-data state that the immigrants send money to relatives in their countries of origin, pay for their children’s education and help their elderly parents: they see this not as a burden, but as a reflection of the success of their migration project. This also reflects socioeconomic mobility: from agriculture or the hotel and catering sector one takes a job in industry, from domestic work and care giving one goes to work in the hotel and tourism sector or in services. This shifting of sectors often entails a migration from the South to the North of Italy, due to the inequalities inherent in Italian society.

Under-qualification has a decisive influence on wages, which amount to between 1,000 and 1,100 Euros per month in industry, and only half that in the sector of domestic work and care giving. To live decently or, more and more often, just to make ends meet, many of the interviewees are obliged to work overtime habitually or find a second job.

A majority of the interviewees in the Italian UWT study work in industry, or in unskilled services, in sectors where the immigrants are “obliged to do the manual work, the dirtiest and most dangerous jobs [...] and the least paid, underpaid”, in ‘penal’ departments or where injuries or occupational diseases are more frequent. Or also in multinationals and in firms in the international avant-garde when it comes to cutting the costs of labour through casualisation and intensification of the work place, such as Fincantieri, Malagutti, Electrolux or Luxottica.

A growing trend is emerging of jobs with wages well below average, close to the levels of the underground economy. This spread of low-paid jobs is coming about through a restructuring of the labour market that is founded upon increasing recourse to apprenticeship and training contracts, on large-scale outsourcing of entire branches of production to temporary agencies; and upon systematic recourse to subcontracting to outside firms and cooperatives, especially in the public sector. This trend highlights the complementarity between the underground and the regular economy; as a result, in the sphere of the regular economy practices experimented with in the underground economy come to be assimilated and institutionalised, including the reduction of nominal wages as a direct means of cutting the cost of labour.

This process combines with a series of practices that, while not legal, are widely tolerated, based on the direct reduction of a part of the wages by employers, who refuse to pay vacation time, sick leave and severance pay. There is, moreover, a sharp rise in ‘grey work’ (full-time hours on part-time contracts, overtime paid outside the pay packet): as in the case of ‘black’ (undocumented) work, at the individual level it permits employers to evade social security contributions, which, in turn, leads to reductions in retirement pensions and erodes the social wage itself.

Speaking of the underground economy in Italy, the situation (like that of in Bulgaria) is such that the Irregular work is the rule. Nearly all the interviewees have had at least one direct experience of work in the sphere of the underground economy. Most had this experience during the first years of their stay in Italy, when they were still undocumented workers, though this by no means ends when a residence permit is obtained. The experience tends, in fact, to return as ‘black’ or ‘grey’ work. Many interviewees have a permit for work purposes that has to be renewed every two years of ‘legal’ residence in Italy. Employment in the underground economy, steady or sporadic, remains as the main or supplementary source of income, both for those who have obtained regularisation and for those who enjoyed regular status when they entered the country. Irregular is the relationship of complementarity between the underground and the regular economy and the neoliberal trends acting on a world scale that fuel the growth of irregular immigration, making it a structural and irreplaceable component of today’s labour market.

The first sectors of ‘black’ employment are those of domestic work and care giving, agriculture, hotels and tourism, construction, and services. Considering the experiences of work in the underground economy on the whole, we must also include the small firms of the manufacturing and metalworking industries. For most of the interviewees, the search for their first jobs came about thanks to the support of relatives or fellow countrymen, often paying mediators for the chance to meet the employer. A typical working day in the underground economy is often 50% longer than the typical working day in the regular

economy. The money wages of the workers in this sphere are, by contrast, inversely proportional to the length of the working day and, in spite of inflation, when they are not stabilised, seem to diminish, cutting even deeper into real wages. If we examine the figures for the last two or three years, we find that an hour of 'underground' work in the hotel and tourism sector is worth between five and seven euros; in construction, based on the worker's experience, between eight and 12 euros; in cleaning, five to six euros; while the 24-hour days of the immigrant women who work as caregivers for the elderly are worth between 400 and 600 euros a month. And even when working 220 hours a month as a construction worker, wages become substantial, the 'net' pay always comes 'after' – to the detriment of the social wage and all the worker's rights.

It is the economic necessities, and the competition between immigrant workers that drive wages down, which in turn contributes to the normalisation of this experience; and at the same time, leaves the immigrants no choice but to accept any work they can find in the underground economy. In this way, from the beginning of the migration experience, labour inclusion takes place under the sign of a double subordination, which manifests itself, on the one hand, in occupational segregation in the lowest layers of the labour market and, on the other, in subjective subordination to the employer. This is because migration policies make the possibility of obtaining and maintaining regularisation and, thus the success of the very process of stabilisation, depend upon the employer's will.

It is precisely in the intersection between these objective and subjective relationships, and in the complementarily relationship existing between the underground and the regular economy, that the precariousness of proper to bonded labour, as a specific form of exploitation reserved for immigrant workers comes to be institutionalised.

The average income for immigrant-owned firms in Denmark is around 167,000. There is only a weak link between education, on the one hand, and the average annual growth in value on the other. Immigrant-owned sales value in recent years, and as the establishment as an independent is increasingly recognised as an attractive way out of marginalisation, achieved explosive growth. Approximately 70% of all business owners and nearly 60% of employees in these companies recognise the existence of undeclared work. These estimates indicate that around 20% of payroll is of moonlighting. 75% recognise that tax laws are not respected, a phenomenon that appears to be most common in the catering industry. But shadow/undeclared employment and undeclared wages occur in all industries: The average hourly undeclared wage among people with immigrant backgrounds are is at DKK 42.56 but within the industry 'manufacturing, services, entertainment, etc.' and 'restaurants, takeaways, etc.', it is not uncommon to offer an hour's work for under DKK 30, which is approximately one third of the collective bargaining agreement's minimum wages before taxes, agreed between unions and employer's organisations. Very few self-employed immigrants are members of an employers' association, and even fewer are members of a union, or want to be. This stands in stark contrast to the fact that many of them are members of an unemployment fund. This is connected with the fact that there are tangible benefits of being a member of an unemployment fund. The majority of business owners admit to having, or knowing of, employees receiving unemployment benefits. Immigrant-owned businesses find that they often are subjected to inspection authorities, but most place little or no importance upon this. There are relatively high, higher and professional educations among the self-employed immigrants. There is no relationship between an entrepreneurs' highest completed education (in year 2003), and their branch locations. Nor is there a link between the highest completed education and earnings. Roughly speaking, the

self-employed immigrants divided into two groups: Those who chose to establish themselves as independent because they had a strong desire to do so, and those who did it because there were no other options. A majority (63%) among independent immigrants support the idea that the benefit system should be maintained. Where issues of ‘old age assistance’ are concerned, they are almost half of business owners (45%) predominantly negative vote. Compared with ‘child care arrangements’ are an overwhelming majority of 72.2% in favour and only a tiny portion of approx. 5.6% express a negative attitude. If you go on to other core principles of the welfare state, there is further division. Within all categories of origin, a majority of around 75% relates essentially negatively to the principles of income equalisation. This dare is said to be remarkable when you compare this negative attitude towards income equalisation with the fact that the very people with immigrant backgrounds are over-represented in relation to the receipt of many social benefits. There is a high degree of mono-ethnic orientation among self-employed immigrants. But this mono-ethnic orientation serves a practical purpose, as the use of the largely mono-ethnic networks is, both contextual and instrumental: the boundaries of an ethnic solidarity extended only to the immediate family. In addition, the vast majority of business transfers are not mono-ethnic in character. They involve the Danes, and people of other national origin as sellers. The rules and standards of behaviour are virtually identical, whether they act involving ethnic couples or people of different ethnic/national origin.

#### 4 Cross-national findings

Looking at the perspectives and development in the underground economy in the EU, this study departs from an understanding of the phenomenon as a sociological one, highlighting the following features:

- 1 The underground economy is *contextual*. Its form, content and dynamic is specific to the national and other contexts in which it is used and understood.
- 2 The form, the content and the dynamic of the phenomenon are *situational*. It refers to the experiences of those people who are subject to those definitional and operational categories, in this case, specifically undocumented migrants themselves.
- 3 The occurrence and development of the phenomenon is *gradual*, influenced by many factors such as migrants’ length of residency, year of entry, gender, capitals, government policies, political and public discourse etc.
- 4 The phenomenon is *conditional*, referring to the character of the residency as being understood and dealt with by migrants themselves, and by the actual practice of formal intuitions as a formal and/or informal response to the structural need of the national economy in the era of globalisation.

Clarifying the character of the informal economy we have, both with regard to the comparative cross-national UWT study and the other empirical studies introduced in the methodology chapter, departed from theoretical insight where the opportunity structure, formal as well as informal, has been emphasised as a dominant factor, influencing the individual and collective actions.

The empirical data in the countries included in the UWT-study indicates several differences across welfare state regimes:

- In Bulgaria, the underground economy is the precondition, influencing the mainstream economy as well as the businesses where semi- or non-compliant immigrant worker find their occupations: the Spanish data indicates clearly that the underground economy facilitates upward, cross-border mobility, and is there as long as it fulfils certain socioeconomic needs of immigrants and their families, in Spain as well as in their country of origin. The Belgian data indicates several governmental initiatives to combat underground economic activities, but also a situation where semi- and non-compliant immigrant workers do not understand themselves as immigrants, but utility maximises, helping the Belgian market to fulfil existing needs. The Danish data indicates that even a highly regulated and monitored and organised labour market cannot avoid the occurrence and development of underground economic activities. The consequence seems to be the growing importance of the immigrant networks as the forum of reliance, which obviously is the opposite of the declared policies towards greater degrees of integration of immigrants in to the mainstream society.
- The Italian data indicates the development of a certain complementarily relationship between the underground and regular economy, with lower wages in both areas. It is also a story of how change of status does not necessarily lead to the reduction of underground economic activities. The Austrian data shows how semi- and non-compliant migrants fill the gaps that the welfare state leaves due to the growing tasks and burdens. The UK data indicates how the mobility and freedom of movement has become the preferred feature of underground economic activities, but also how the existence of long term perspectives; with regard to upward socioeconomic mobility, due to the development of human capital through education and skills, make engagement in underground economic activities unattractive. These are major differences.

But there are also many substantial similarities:

- In all countries the very existence of the underground economy makes it possible for semi- and non-compliant, and even fully compliant immigrants (that is with regard to status) to make a living, escaping from the poverty trap. All other things equal they would have been much more stocked in fixed positions.
- Data indicates that there is a rather well developed understanding of the needs of the labour market, and that information are circulated within and across ethnic and national boundaries, also involving natives.
- Certain breaches are more suitable for underground economic activities. They are primarily characterised by not being easy to control and monitor by authorities. Considering that control costs, and that control also creates social externalities, it is always a choice to be made by politicians whether a harder line could be purposeful.
- Some countries have introduced control measure; others have chosen laissez-faire style of treating the underground economy. None has succeeded completely to erode underground economic activities. It seems that the demand for labour and the

rational consumer play the pivotal role under both circumstances that is regardless the character of the welfare state regime.

- The UWT-study suggests a divergence in the trajectories of undocumented migrants, between the extremes at one end of the Italian model, wherein after a period of time migrants may be able to move into the formal sector and particularly into trade union and collective organisation, and at the other end, the Danish model, where undocumented workers remain permanently excluded from the formal sector.

In all countries the underground economy influences the mainstream economy as well as the businesses where undocumented migrants find work.

Migrants' economic activity represents, as a manifesting incidence of the global era, a link between them and their country of origin. This happens not only when they have to support their families, but also when they have to plan their return, to empower their communities or sometimes to set up businesses between the two countries.

With regard to engagement in economic activities, migrants in all countries do not conceptualise themselves as migrants, but as maximising their opportunities while helping the host country to fulfil existing needs. This is most obvious in the Italian case where the complementarity between the underground and regular economy is explicitly acknowledged and addressed.

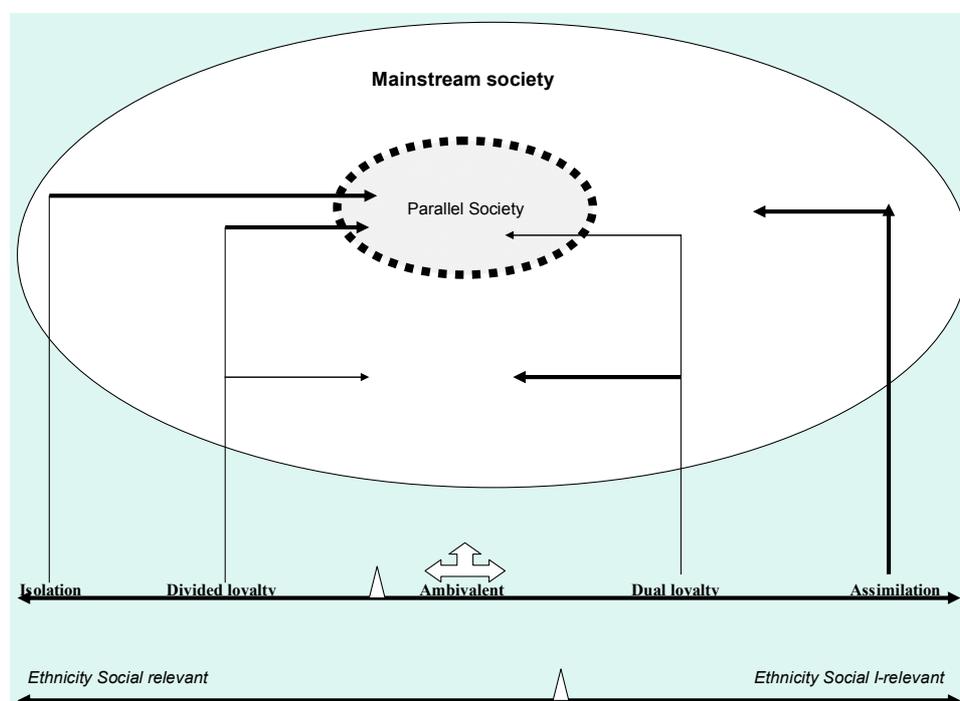
And most importantly, our empirical data indicates clearly that the informal economy provides employment opportunities for those without documents, and those who need to make more money in order to improve their upward socioeconomic mobility via extra jobs.

## **5 Conclusions – towards a new theoretical approach**

In order to improve the perception of the dynamics of immigrants' informal economic activities, the phenomenon should be seen in an interactional perspective. Both the character, the scope and the intensity of the informal activities as well as its specific mode of organisation are developed in close interaction with the opportunity structure at hand, institutional practices, and with other community actors and institutions, as well as immigrants' responses in relation to a number of push and pull factors, stimuli of lack of it, so to speak.

Attempting to grasp this complexity comprehensively, we believe, there is a need for a paradigm that replaces the dominant paradigm will draw on economic-sociology as a reference: The socioeconomic paradigm is rather paradoxically the very paradigm that deliver and have delivered the framework for evaluation and action that immigrants refer to in everyday life both with regard to explaining the motivation to emigrate from their country of origin and to explain their action preferences and choices in the host society.

In the following we describe the Rational Governance of Socioeconomic Mobility of Migrants (RG-SM) model: [RG-SM as an effort to utilise the (primary and secondary) empirical and theoretical insights presented in this paper].

**Figure 1** RG-SM model (see online version for colours)

Source: Rezaei and Goli (2007)

The RG-SM model is based upon the theoretical perspectives of Banton (1996), Scheffer (2003), Hector (1996), and Reinsch (2000) illustrates what alternative options newly arrived, and settling, immigrants' meet in relation to the location of their loyalty and thus involvement in and adaptation of the new society's values and institutional practices.

In the starting position the model operates with two communities; the majority (mainstream) society, and the parallel society and between them exist several push and pull factors. Obviously, we refer to 'the parallel society' as an ideal type. These communities' activities can be complementary or can compete against each other. The development of this specific character (whether they are complementary or competing), is a consequence of various factors, including the societal and political discourse, state policy and the biases of the formal and informal institutional practices of the host society.

The RG-SM model follows an ambition to steer development in a pragmatic, practical and appropriate direction, and where rational political and administrative governance is the central concept. The model operates with new insights as well as understandings of the incentive structure and the motivational pattern that pervades immigrants laureate in the economic sphere and must therefore be taken as a basis for policies that intend to modify the existing apathy and discouragement to transform immigrants from culture-bearing mammoths to modern rational traders, both as individuals and collectives who are able to evaluate and make choices between available options in order to maximise utility. The model also recognises immigrants' efforts by finding ways and breaking out of structurally and institutionally closed situations, as demonstrated in this paper, both in the Danish and cross-national cases.

The RG-SM model's central premise is that formal actors, instead of throwing themselves into battle against wind turbines with sanctions and control and top-down monitoring and further deepening the divide between 'us' and 'the other', must support the socio-economic creativity and dynamism that characterises migrants socio-economic activities, and try to maximise the societal benefit of such. The following describes the model and the main components briefly.

### 5.1 *Loyalty and trust – an ethnic and national project*

- *Dual loyalty* refers to immigrants' overall sense of obligation towards both host and home country. They can, in this situation, not see any significant conflict between being loyal to the home country (or ethnic group), while being extremely fair compared to the host country, in terms of the national community and national norms, values and institutions. When an actor, be it a collective or an individual, has a dual loyalty, it means that he has internalised the host country's social and political norms and that person acts in accordance with applicable laws, rules and norms. In addition, using the legal means and opportunities available to them in his hunt for socioeconomic mobility. In very few and very rarely occurring politically-charged or otherwise tapered situations, such as major conflicts between host and home country's interests, it can be difficult to maintain the dual loyalty.
- *Shared loyalty*: in analytical and practical terms, shared loyalty is more complex. It is described as follows:

“A pattern according to which members of a diaspora demonstrate loyalty two their host country in domestic spheres and two their home country in regard to home country and trans-state politics. Under such circumstances, members must show loyalty to diaspora and their host countries and comply with their norms and principles pertaining to law and order. They also accepted the basic rules of the political game prevailing in these countries. In this vein they comply with regulations in the economic and financial spheres, they may actively participate in the defence of their host countries during wars, and in practicing democracies, they run in election campaigns for seats in parliaments and local legislative bodies and then compete for executive positions.” (Scheffer, 2003)

Actors who have divided loyalty, share virtually all their leisure, voluntary work/activities and informal activities among their host country or homeland culture. Also coming into conflict with the host country, but a significantly higher degree than those who have chosen a dual loyalty as a strategy.

- *Ambivalent loyalty* is a 'wait and see' position. It is an inactive orientation and reflection phase before the individual or collective take the choice between the divided or dual loyalty. The position on the issue of loyalty is an election that is not given in advance according to pre-defined ethnic ties, Scheffer leaves no doubt:

The adoption of a certain pattern of loyalty however [...] does not depend only on whether these are historical, modern or incipient Diaspora. “... As with other aspects of diaspora 'political behavior, the selection and adoption of a particular kind of loyalty is also largely a matter of individual and collective choice ... This means that entire diasporic communities, smaller groups within these communities and individual members usually make their decisions on this matter after careful consideration of prevailing conditions in host countries, the

relations with home country and the conditions there ... in addition to the primordial factors, diaspora 'identities and identification depend on instrumental factors, then the cost-benefit considerations in the widest meaning of this term are important in determining individual and communal collective decisions concerning the preferred strategy in this sphere." (Scheffer, 2003, our emphasis)

The question is: "what factors influence the players' choice of specific types of loyalty?". Scheffer believes that players' preferences over the choice between loyalty forms under the influence of the following five factors:

- 1 Each ethnic group-specific composition of primordial, psychological/symbolic and instrumental/situational ingredients that determine the group's identity and identification.
- 2 The nature of the specific ethnic group's sense of obligation to his ethno-national identity, and whether this identification is with the home country.
- 3 The specific ethnic group's operational strategy in relation to the issue of assimilation-isolation of the host country's culture and social life. Assimilation and isolation are the extremities of the scale, where many other strategies, such as integration are located.
- 4 The degree of each ethnic group organisation.
- 5 The structure, scale and scope and intensity of trans-national networking activities.

In addition, Scheffer believes that both internal factors, especially the current situation in the host country, as well as external factors, especially the international social and political circumstances affecting players' choice of loyalty strategy. But Scheffer attaches particular importance to the internal factors:

"... Of these two sources of influence on loyalty patterns, the social and political situation in host countries is the more potent one ... Thus, for example, greater openness and porosity of borders, substantial tolerance toward 'the other' and 'otherness', enhanced legitimacy of multiculturalism and pluralism and societal acquiescence in the establishment of diaspora communities and organizations, including diaspora trans-state networks, are likely to promote diaspora 'dual loyal ties.'" (Scheffer, 2003)

Each individual or collective actor in the starting point is ambivalent over the issue of loyalty. In relation to the choice of loyalty strategy against the host country and its institutions and values of the actor in principle go both ways; develop a dual loyalty or a shared loyalty. The strategic choice on that, taken under the influence of collective organisation, depends upon the degree and the strength of the collective emotional commitment in relation to country of origin and whether there is a collective identification with their home country. In addition, it depends upon what strategy the collective choice pursues in relation to assimilation or isolation, the intensity of transnational relations, and collective self-nature; representing the collective specific composition of primordial, psychological/symbolic and instrumental/situational ingredients. These factors are part of a continuous interaction with a series of internal and external circumstances; including the situation in the host country is crucial. Scheffer's argument departs from and should be conceived in a framework in which loyalty is understood as deliberate calculations for a final strategic choice by one individual and

collective actor makes a response and reaction, in opposition to internal factors, such as a host country's institutions and practices.

The RG-SM model, which thus represents both a new framework of understanding and a new framework for administrative and political action based on the following premises:

- 1 Migrants' actions in the socio-economic sphere is to be understood as rational in the sense of utility maximisation. This implies that efforts to understand immigrants' socio-economic arrangements, strategic choices and preferences, and hence the search for methods that make it possible to influence them in appropriate directions, must be rooted in the socio-economic incentives and motivation structure of the immigrant acts. Instead of focusing on cultural explanations for inefficiency and waste of resources that characterises integration, the focus must be laid on the formal and informal institutions' practices and their consequences.
- 2 As rational economic agents immigrants and descendants act 'ethnically neutral' in the economic sphere of life. Here, they act in accordance with existing social (and not ethnic) role description (Banton, 1996) (for instance, Muslim shop owners in Copenhagen sell both erotic magazines and alcohol when both are in direct contravention of their religion!). But when ethnicity becomes politicised and dominates the nature, the extent and the patterns of a relationship that becomes ethnicity are pushed to the fore and assume a dominant role. This means that formal institutions, including the state, have a role in ensuring that the ethnic stratification does not dominate the public sphere, and that cuts across the other socioeconomic stratification (Banton, 1996).
- 3 Immigrants' loyalty and solidarity are at the point of departure (upon arrival in the host country) an ambivalent, 'wait-and-see' position. The newcomers are feeling rather strong for their homeland, but are also very open to the new society. The character of the loyalty and related solidarity develops as time goes by, mainly as a result of the meeting with the host country and its institutions (and not as a consequence of the cultural baggage which the migrant has with him). The attitude by the host country in relation to newcomers, and the formal and, nonetheless, substantial opportunity structure available to the immigrants, is essential where loyalty is placed in the long run. Depending on the subjective experience of the meeting with the host society's institutions, immigrants adjust their sense of belonging, solidarity and loyalty: in some cases to 'split'/divided loyalty, which occurs when they formally adapt laws and norms of the host society, but continue with 'ethnic' embedding and leisure. In other cases we observe the appearance of a 'dual' loyalty which is loyalty both with the country of origin and the host society with empathy and acceptance by the host country's norms, values and institutions, not only in working hours but also in leisure time. And finally, there are some who are settled in an ambivalent position (Scheffer, 2003). In extreme cases, bounded loyalty and solidarity are a basis for total isolation and total assimilation.
- 4 Immigrants' loyalty is a crucial factor in relation to the nature of the trust they exhibit in relation to formal institutions and the social and economic and political life of the host country. There is a correlation between loyalty types on one side and confidence and solidarity types and adjustments in relation to the host country's laws, rules, values and norms, especially those that dominates labour relations. To

build a loyalty relationship, the individual players are not around having to establish a relationship of trust. Confidence can take various forms and also changes over time depending on the experience of the relationship from Calculus-based trust to knowledge-based trust and then to identificational-based trust (Lewicki and Bunker, 1996).

- 5 Immigrants and descendants' socio-economic activities take place, depending on the nature of loyalty, trust and solidarity within two different communities, which today is manifested quantitatively and is statistically observable and detectable:
  - The majority (mainstream) society with its principles, norms, values, institutions, rationales, etc.) – the parallel society (the society whose members follow alternative sets of loyalties, solidarity, trust, and rationales; and where through a combination of the opportunities offered by the majority community, the opportunities available in their own communities find solutions to practical problems, including ones of socio-economic character). Immigrants, who due to lack of financial or other abilities and resources, are marginalised, and as satellites are excluded from participation in the mainstream society, included in the Parallel society.
  - With regard to the channels of communication and points of reference for evaluation of the daily practices, the parallel society is characterised as being a 'satellite-dish-society' – the society where alternative information loyalties, solidarity and similar factors are disseminated; which is observed when the satellite dishes face a different direction to the host country's media.
- 6 Under normal circumstances<sup>1</sup> the parallel society and the mainstream society are complementary. But there are also contrasts and competitors against each other. The positive effect of parallel society membership includes providing opportunities to achieve socioeconomic mobility through an alternative means.

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### **Notes**

- 1 “The [continuum] scale records the relative frequency with which a particular role is socially relevant. In circumstances of ethnic tensions ... ethnic roles that have been towards the middle of the scale have been pushed up to the basic than that. At other times ethnic roles may move towards the independent than because other definitions have become more potent. Ethnic definitions can lose ground to other social definitions, such as those of religion, class, nation or friendship.... Changes in ethnic terms often come about not because people change the value they place upon association with co-ethnic, but because they change their ideas about which relationships are to be governed by ethnic norms”.