



The aim of this project is to achieve social inclusion in further training for informal entrepreneurs in Europe according to their needs



INFORMAL ENTREPRENEURSHIP

Impact on Society

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TÜRKİYE

Informal entrepreneurship is a significant part of the Turkish economy, accounting for an estimated 25–30% of GDP. There are a number of factors that contribute to the prevalence of informal entrepreneurship in Türkiye, including:

High levels of poverty and unemployment: Türkiye has a high rate of poverty, with nearly 20% of the population living below the national poverty line. This means that many people are forced to start informal businesses in order to make ends meet.

Complex and burdensome regulations: The Turkish government has a complex and burdensome regulatory environment, which makes it difficult and costly for businesses to operate formally. This discourages many entrepreneurs from registering their businesses and complying with all applicable laws and regulations.

Cultural factors: There are also cultural factors that contribute to the prevalence of informal entrepreneurship in Türkiye. For example, some people in Türkiye view informal entrepreneurship as a way to avoid paying taxes and other government fees. Informal entrepreneurship can have both positive and negative effects on the Turkish economy. On the one hand, informal businesses can create jobs and generate income for people who would otherwise be unemployed. On the other hand, informal businesses can also operate outside of the law, which can lead to tax evasion, unfair competition, and other problems.



GERMANY

Informal work in general plays a relatively great role in Germany in comparison to other north-west European countries. There are considerable differences between them. Concerning the amount of informal employment in Germany, it is at a medium level compared with the other FIVE countries.

The arrangement of work and welfare is defined as the complex profile of the interrelations of culture, institutions, social structures and social actors in a specific region, society in Germany.

The size of Germany's informal economy is estimated to be 11.2% which represents approximately \$561 billion at GDP PPP levels. Informal economy (shadow economy) is the part of a economy that is neither taxed nor monitored by any form of government. Why Germany deals with informal economy, one of the reasons is the lack of qualified workers is making economists in Germany and other European countries fear huge economic losses in the future. Germany sees targeted migration as part of the solution. But there are still many obstacles in the way including informal market, which is widely spread among immigrants, refugees.

According to the Institute for Employment Research, the German government needs to attract a lot of specialist workers from abroad. Almost 1.9 million people came from abroad last year with the aim of finding work in Germany. More over illegal employment in general is a recurring topic of political discourse in Germany. The Government ascribes central significance to the curtailing of illegal employment. The illegal employment of third-country nationals in particular has been a more frequent topic of public debate in recent years, especially in relation to the increased immigration of persons seeking protection.



ROMANIA

Informal employment is a widespread phenomenon in Romania and a key challenge for the country's development and its stable future.

Informal employment is one of the key features of the Romanian labour market and the main concerns of the Romanian government.

The study reveals that informal employment in Romania involves

2.9 million persons, which accounts for 31.5% of all employment in the country.

Romania's economy ranks 36th in the world by GDP (PPP), with a Int\$731 billion annual output (2022).

Worth to note that in Romania Informal economic activities include doing odd jobs or providing services for which you are paid in cash. Examples include: home renovations, car repairs, etc. Employees often lack access to social protection or employment benefits, and untaxed envelope payments are common.

Informality on this scale is a serious problem. It means less tax income for the state and therefore less room to provide infrastructure and public services.

However, not everybody in the informal sector tries to evade taxes or social security contributions. For some people informal employment offers the only chance to earn a living. In this respect it even helps fight poverty in the country.

Romania government tries to strengthen people's trust in public institutions. This means leaner bureaucracies, less corruption and better public services. Beside innovative policies such as information campaigns on the merits of formality. While people won't change their attitudes towards the state overnight, the government must implement the right policies to provide a better future to people.



POLAND

The informal economy provides employment opportunities all over Poland.

The size of Poland's informal economy is estimated to be 22.4% , which represents approximately \$380 billion at GDP PPP levels. Main factor of this situation include poverty and unemployment rates in Poland. Informal or undeclared work is usually understood as performing a job without paying taxes and social security contributions.

Worth to note that currently many refugees, foreingers without a formal status undertake informal jobs in order to survive in Poland. Is there any potential solution for this? The informal sector could be improved by provide access to municipal procurement processes, make formal processes like as business registration or tax regulations, accessible and work with workers' groups to develop routes to formalise informal services.

Interestingly, that the country most affected by undeclared employment among the 27 EU economies time ago was Poland (14.4%).

More over, to mention about some advantages, disadvantages which are more critical and serious.

* Advantages. Business pays none or less taxes. Pays less on Manpower (Wages and benefits) and other costs to operate a business

* Disadvantages. Exploitation of manpower (Low wage, benefits, abused) Poor workplace quality, less respect to workers, employees

Future might bring less changes, the informal sector has a great strength: livelihoods are readily available in this sector. Employment in the informal sector has grown over the past decades along with rising populations and accelerating urbanization, and it seems likely to continue in future, which might rise more problems in the country.



AFGHANISTAN

According to World Economics, Afghanistan's informal Economy is estimated to be around 72%. Sectors mainly compose the country's informal economy are Agriculture, Carpets, Handicrafts and Gemstones. Particularly, production and harvesting in the agriculture value chain is mostly informal and the majority of the businesses active in this part of the value chain are not formally registered with public entities and have no obligations to file taxes and obey the rules and regulations.

Agriculture is the largest sector of employment in the country, beside the informal sector is dominated by employment in family-based, small-scale trade activities.

Afghanistan's humanitarian crisis worsened in 2022 because of the country's enduring economic collapse in the wake of the Taliban takeover.

Its said that over 80 %of the population remained food insecure through the year.

People undertake any work, if they find. With a population of around 41 million people, Afghanistan's GDP (nominal) stands at \$14.58 billion as of 2021, amounting to a GDP per capita of \$363.7 (according to a World Bank report).

At the same time Afghanistan does have a huge deposits of copper, iron, marble, talc, coal, lithium, chromite, cobalt, gold, lapis lazuli, gemstones, and more making Afghanistan one of the world's most resource-rich countries on paper.



OUR PROJECT

Informal Entrepreneurship as a Sign of Lack Social Inclusion in Continuing Education



Informal Entrepreneurship as a Sign of Lack Social Inclusion in Continuing Education

Objectives

Some minorities in Europe are forced to work as informal entrepreneurs, sometimes under very bad conditions. Some of them are migrants who hardly speak any European language. The continuing education courses are not suitable for them. In this project, we are looking for solutions to how social inclusion for informal entrepreneurs in Europe can succeed in further education.

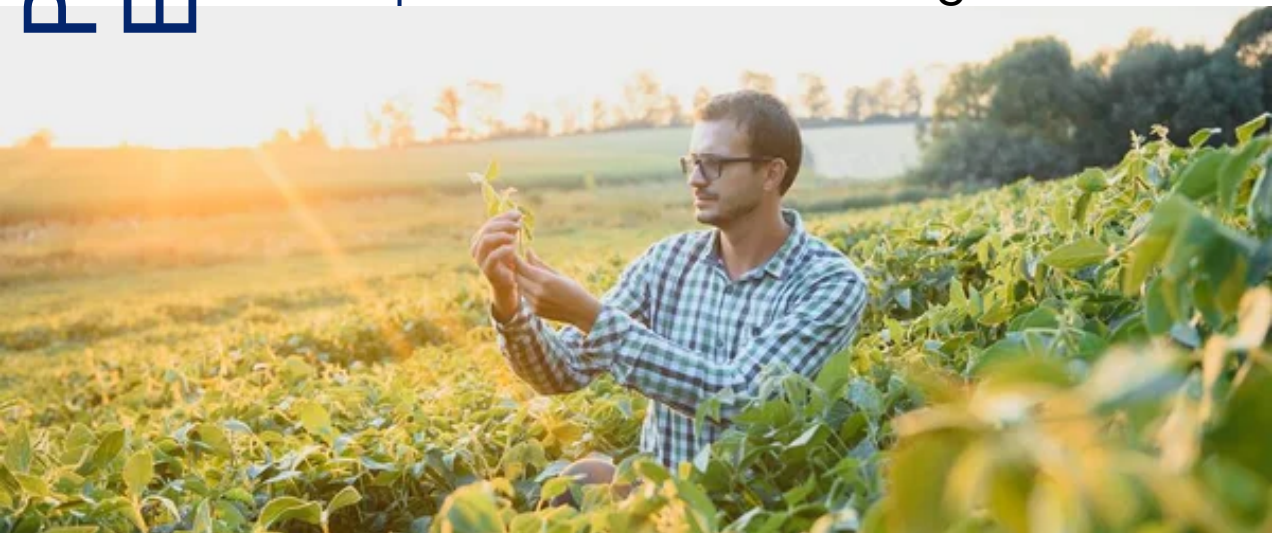
PROS & CONS OF INFORMAL ENTREPRENEURSHIP

Advantages

- Increases productivity
- Job opportunities and selfemployment
- Stimulates Business startups
- Enhance private sector activities

Disadvantages

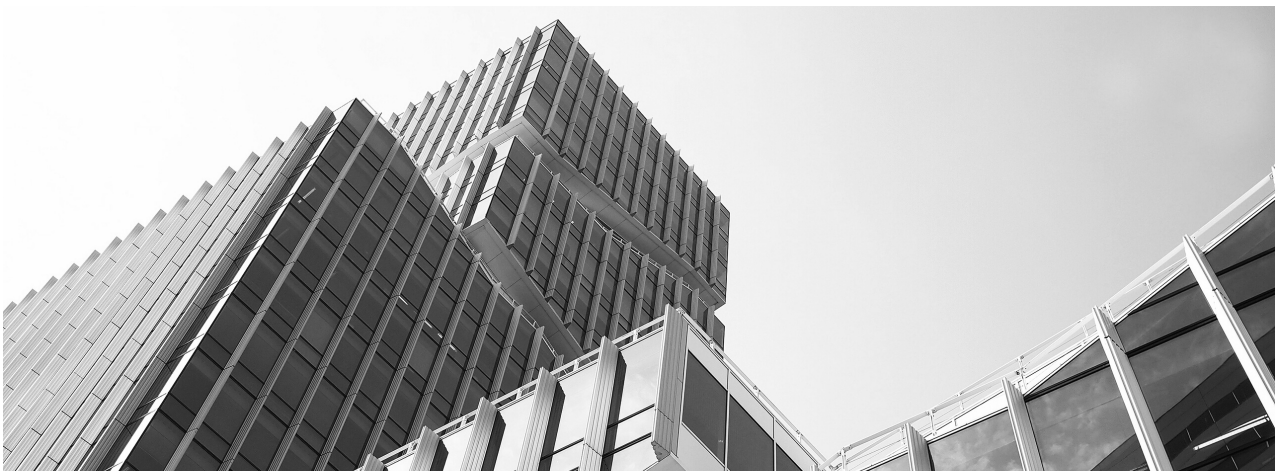
- Impacts public revenue
- Causes corruption and impacts rule of law
- No access to credit and business incentives
- No job security, odd working hours and low wages



DRIVING FACTORS FOR INFORMAL ENTREPRENEURSHIP

Key Factors

- Unfavorable business climate and regulatory environment
- Complicated procedures for business registry and insolvency
- High tax rates
- Unemployment and limited job opportunities
- Poor governance and weak rule of law in LDCs



Here are some key steps you can take the process of transferring informal entrepreneurship to formal entrepreneurship

Develop a Business Plan

A business plan is an essential document that outlines the goals, strategies, and operations of a business. A formal business plan is necessary if you want to convert your informal business into a formal one. It will help you to organize your thoughts and clarify your objectives.

Register Your Business

To make your business formal, you need to register it with the appropriate government agency. This process will vary depending on your location, but it usually involves registering your business name, obtaining a tax identification number, and obtaining any necessary licenses or permits.

Separate Personal and Business Finances

If you haven't already done so, you need to separate your personal and business finances. This involves opening a separate bank account for your business and keeping detailed records of all your business transactions.

Adopt Professional Practices

To operate as a formal business, you need to adopt professional practices. This includes maintaining good records, invoicing clients, maintaining a website, and investing in professional equipment and software.

Seek Assistance

If you need help with the transition from informal to formal entrepreneurship, consider seeking assistance from business support organizations, such as Small Business Development Centers or SCORE. These organizations provide counseling, training, and other resources to help you grow your business.

Project Partners

advisa Unternehmensberatung GmbH Germany



Advisa is a company with over 30 years of experience in advising small and medium-sized businesses, has helped create more than 800 successful business plans. Advisa also organizes development-oriented seminars on economic topics and future-oriented projects in Europe, Africa and Asia.

Liceul Teoretic "Traian Lalescu" Hunedoara - Romania

Liceul Teoretic "Traian Lalescu" Hunedoara is a school for general educational (at the secondary level) with about 880 students. Our students performed well in various fields: exams, projects and contest.



Giresun Lisesi - Türkiye



It is a high school that was established in 1946 and has graduated thousands of students since its establishment, continues to provide education to hundreds of students and at the same time provides courses that will make life easier for adults.

Stowarzyszenie Wspolpracy Polsko-Afganskiej Hamkari - Poland

Association for Polish Afghan Cooperation- HAMKARI was set up in 2010. Hamkari organized many events like conferences, cultural events, lectures, seminars focused on Afghanistan, in Poland and other countries.

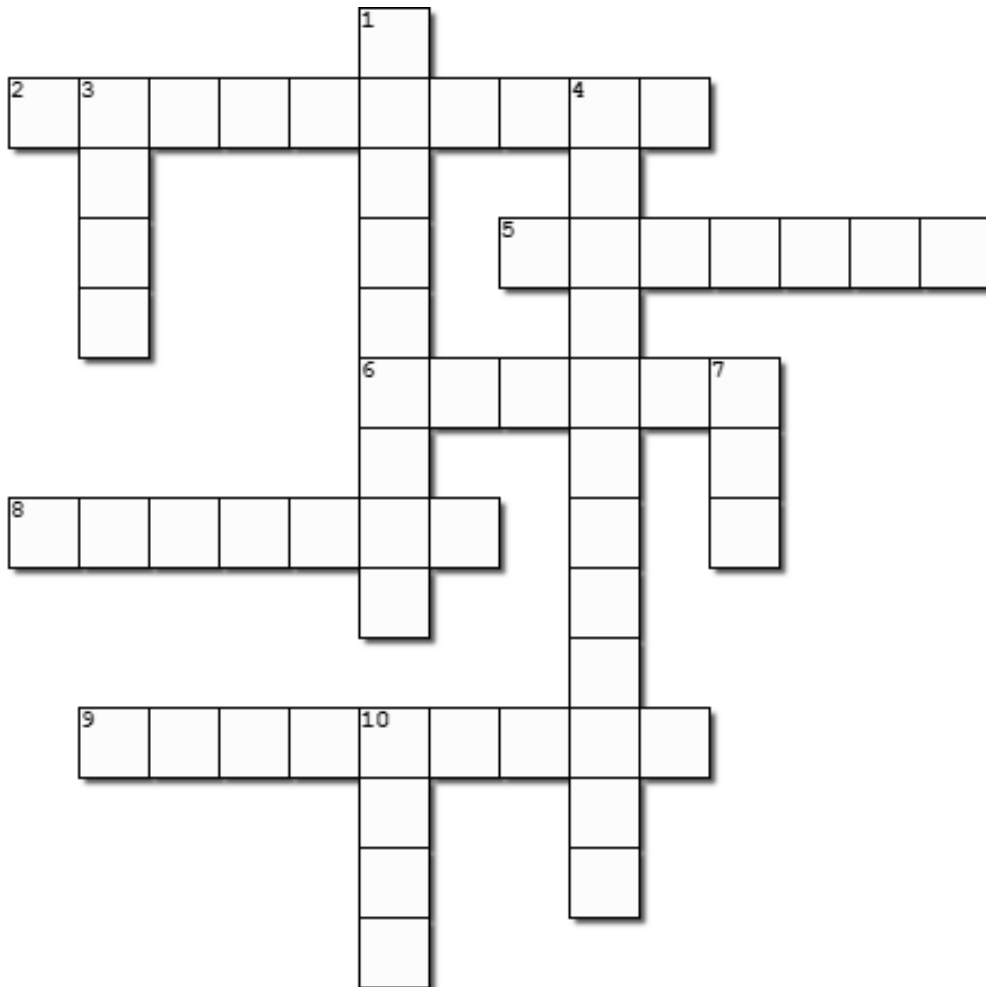


Bizlinks Consulting and Marketing-Türkiye



BizLinks is a Consulting and Marketing firm that links businesses to investment and trading opportunities. Our core objective is to assist investors and traders from Turkey, Central Asian Countries, and the Middle East in their offshore investments and Exports & Imports. Meanwhile we provide business development services and trainings to newly established firms and help business startups become competent and successful.

Complete the crossword puzzle below



Across

2. Informal market, often held outdoors
5. Small, new business with high growth potential
6. Skill or craft offered by an informal entrepreneur
8. What informal entrepreneurs often lack access to
9. You don't need a fancy office for this type of business

Down

1. Essential skill for marketing your informal business
3. Money available to start or grow a business
4. Person who takes risks and starts something new
7. Source of income for many entrepreneurs
10. Informal term for a successful informal entrepreneur

Answers: (1) Homebased, (2) Fleamarket, (3) Loan, (4) Entrepreneur, (5) Startup, (6) Talent, (7) Tax, (8) Funding, (9) Boss, (10) Marketing

ARE YOU AN INFORMAL ENTREPRENEUR?



Is your business registered with the government authorities?



Do you incur tax payments and have to comply with governance and reporting requirements?



Do you have employees whose salary you deposit in the bank?



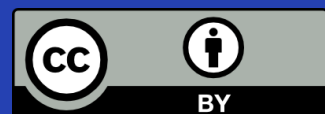
If your answers "NO" for all these questions, you are one of an informal entrepreneur

Do you know;

A recent report by ILO (2019) estimates that, worldwide, 62% of total employment is in the informal sector. This percentage differs considerably across countries, ranging from 85% for the group of low-income countries to 18% for the group of high-income countries (ILO, 2019, p. 15)



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