



Report on undeclared work and bogus self- employment in the private security services sector

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Executive summary

The private security sector plays a direct role in maintaining public safety across the EU, providing services such as guarding, surveillance, transport of valuables and close protection. Data from Eurostat estimates that it employed around 1.2 million people in the EU, Iceland and Norway and generated €47 billion in turnover in 2022. The sector is characterised by intense competition, complex subcontracting chains and diverse working arrangements. These conditions can increase the risk of unfair labour practices, such as undeclared work and bogus self-employment.

The study highlights that while no systematic data on the scale of undeclared work and bogus self-employment in the private security sector is available, estimates from the literature and stakeholders' interviews indicate that the overall prevalence is relatively low, with partially underdeclared work the most common labour law violation identified. Both undeclared work and bogus self-employment practice can vary significantly by sub-sector and Member State. Undeclared work is more common than bogus self-employment, the latter being limited in many Member States due to bans on self-employment in the sector or stringent and costly licensing requirements that discourage individuals from operating as self-employed. Undeclared work is more prevalent in certain sub-sectors, such as event security, where large numbers of staff are required at short notice, reducing the scope for due diligence and enforcement. It is also more common in less specialised activities, such as static guarding, where entry-barriers are lower. Lastly, smaller firms are more likely to engage in under-declaring work, often due to limited knowledge of labour law or stronger incentives to reduce labour costs.

Such practices are especially problematic in a sector responsible for protecting individuals, public spaces and critical infrastructure. Undeclared or bogus self-employed workers may not receive mandatory training or security screening, posing risks to public safety and undermining trust in the sector. They also face a higher likelihood of exploitation, including excessive working hours, unfair pay and exclusion from social protection. As a result, sector representatives have advocated for zero tolerance for undeclared work and bogus self-employment to ensure public safety and security are not at risk. In line with the European Labour Authority's mandate to address undeclared work, this study examined the prevalence and characteristics of undeclared work and bogus self-employment in the private security sector, as well as the underlying drivers, challenges and examples of effective practice in tackling these issues.

Methodology

This study is based on a mixed-method approach combining desk research, secondary quantitative data analysis, case studies, stakeholder interviews, and an in-person workshop. The desk research reviewed EU-level and national sources, including recent policy reports, studies and academic literature on the private security sector, undeclared work and bogus self-employment. The quantitative analysis mapped available data sources, focusing where possible on NACE Rev. 2 code 80.10 (Private security activities), which includes services such as armoured transport, bodyguarding, fingerprinting, polygraph services, security guarding and security shredding, while excluding public order and safety activities, security systems services and investigation activities.

A total of 12 stakeholders were consulted through 10 interviews. Participants included one academic expert, five social partners and six public authorities at EU level and in Austria, France, Germany, Ireland, Norway, Romania, Poland and Spain, ensuring as much geographical balance within EEA countries as possible. The three case studies highlight examples of good practice and initiatives led by public authorities or social partners to address undeclared work and bogus self-employment in the private security sector. The study also includes the key findings from the Workshop on tackling undeclared work and bogus self-employment in the private security sector, held in Bratislava on the 10th and 11th February 2026. The workshop brought together 40 participants from 17 Member



States, 5 EU candidate countries, international organisations and social partners. The event's participants have different backgrounds, including representatives from national labour inspectorates, Ministries of Labour, Ministries of Interior, police and national and European social partners.

Each chapter focused on a distinct research area within the study, and the key findings from these areas are presented below.

Key findings of the report

Characteristics of the private security sector

The European private security sector has doubled in size over the past 25 years, employing more than 1.2 million people in 2023 and demonstrating significant growth in both turnover and workforce size. There is no unified European conceptual definition of private security services, with differences in scope and services provided between Member States and defined by national sectoral law. However, international statistical classifications have enabled the collection of data on workforce composition and the size and characteristics of the sector, showing that the workforce is largely male and ageing. While micro and small enterprises constitute the majority of companies in the sector, most workers are employed by a few large firms, typically on full-time contracts, although temporary and part-time work is becoming more common.

Strict licensing and regulatory frameworks play an important role in limiting undeclared work and bogus self-employment, which stakeholders report as relatively rare. However, partial underreporting and irregularities remain, including fully undeclared work, underdeclared work, and misclassification of employment. These issues are most common in subcontracting chains and among smaller firms, with prevalence varying across countries and sub-sectors. At the same time, labour shortages and skills gaps are emerging as challenges for the future of the sector, and likely play a role in the prevalence of labour law violations.

Drivers of undeclared work and bogus self-employment in the private security sector

Economic factors are the primary drivers of undeclared and under-declared work in the European private security sector, affecting both employers and workers. For some non-compliant operators, rising labour costs, including taxes and social security contributions, combined with downward price pressure in public procurement create strong incentives to cut corners. Drivers also include unfair competition among companies, such as non-compliant operators intentionally disregarding labour and legal standards to reduce market prices, strict eligibility criteria for entering the profession, which employers may seek to bypass to employ lower-cost personnel, and an overall perception that the sector is low-educated, further incentivising low pay. Hiding the practice of undeclared or under-declared work is often facilitated by multi-layered subcontracting that obscures employment responsibilities.

Country-specific conditions, such as labour market dynamics, workplace culture, and the severity of penalties, also influence these practices, with certain sub-sectors, such as event security, being particularly susceptible to these practices.

Factors that push workers to engage in underdeclared or undeclared work include low wages, the rising cost of living, and barriers to entry, with some lacking awareness of employment rights, collective agreements, and the risks of irregular work. Unfair employer practices or limited alternative employment opportunities may leave some workers with little choice in practice.



Bogus self-employment is largely prevented by either licensing requirements or regulation prohibiting self-employment in the sector in most Member States. However, it is still encountered in some contexts, with the main drivers being consistent with the economic factors described above, as well as to circumvent ‘cooling off’ periods following police or military service.

Public procurement in the private security sector

Public procurement plays a significant role in the private security sector, but there are no comprehensive EU or national data on its share. The European Union has established an extensive legislative framework on public procurement, primarily through Directive 2004/18/EC, which sets out rules that public authorities must follow when tendering contracts, including procedures, exclusion and selection criteria, and award principles. The Directive gives Member States considerable flexibility, resulting in varied national approaches to the public procurement of private security services.

The findings of this study suggest that **while public procurement can be a powerful policy instrument, current procurement practices often still fail to address bidder compliance with law, are often insufficient on their own to address undeclared work and may, in some cases, even contribute to it.** Key factors include reliance on the lowest price or cost as the main award criterion, optional and imprecise exclusion criteria, legal uncertainty surrounding social clauses, and limited administrative capacity within public authorities for monitoring and enforcement. In some Member States, legal frameworks already include mechanisms to address labour-cost compliance, collective agreements and abnormally low bids. However, stakeholders point to persistent difficulties in the practical application, enforcement and monitoring of these rules, especially where price remains decisive or contract budgets do not adequately reflect the real labour costs of the service.

Possible solutions to prevent undeclared work in the private security sector need to be implemented across the planning and preparatory stage, the procurement and award stage, and the implementation stage. These range from providing adequate resources and training for contracting authorities to shifting the emphasis from price to quality criteria, alongside robust supervision and compliance checks.

Subcontracting represents a significant share of activity in the private security sector, both in private and public procurement. In some countries, subcontracting in the private security sector is strictly regulated via sectoral rules, limiting undeclared work to some extent, although compliance issues may remain. Additionally, private buyers of security services can follow guidelines on purchasing quality private security services and define their own requirements for supply chain management. However, legal constraints on restricting subcontracting in public procurement, combined with the challenge of balancing efforts to combat undeclared work in supply chains with compliance with procurement and competition law, make it difficult to fully address undeclared and undeclared work in the sector.

Challenges and good practices in tackling undeclared work and bogus self-employment

Challenges faced by enforcement authorities in tackling undeclared work and bogus self-employment fall into three main areas. First, **resource and capacity constraints** include, for example, insufficient staffing in labour inspectorates and police forces, lack of funding, and limited sector-specific expertise. Then, as outlined above, **long and opaque subcontracting chains** and **legal and procurement barriers** limit the full realisation of socially responsible public procurement in the sector.

Addressing undeclared work and bogus self-employment in the private security services sector requires a dual approach: robust regulatory frameworks that prevent these practices from taking root, and effective enforcement that ensures compliance once rules are in place. Good practices on the regulatory side include sector-specific rules and requirements that, as seen in Ireland and France, can significantly reduce the risk of undeclared work



and bogus self-employment by tailoring approaches and legislation to the specificities of the sector. Other good practices include strong procurement and subcontracting rules, including joint liability and social value clauses, and voluntary quality standards, such as the Dutch Security Industry's Quality Mark system that incentivises responsible labour practices.

In terms of enforcement, targeting high-risk areas is a particularly effective strategy for making the most of limited resources, with innovative examples including Albania's MIRA system that provides AI-powered risk assessment and 'naming and shaming' strategies leveraging reputational pressure to strengthen compliance. Other important practices include collaboration arrangements between authorities and social partners, reinforced IT systems, and practical on-the-ground tools that have improved efficiency and strengthened prevention and enforcement efforts.



1.0 Introduction

This section outlines the scope and aims of the study, the methodology used, key research considerations, and the overall structure of the report.

1.1 Scope and aims

The European private security sector is an important sector that plays a direct role in public safety. The sector covers a wide range of services, including guarding, transport of valuables, close protection, surveillance, and investigation services. The sector employs 1.2 million individuals across the EU, Iceland, and Norway, and had an annual turnover in the EU of €47 billion in 2022¹. However, the sector faces a number of challenges, including high competition, complex working arrangements and subcontracting practices, downward price pressure from 'lowest-price' procurement, and a socioeconomically vulnerable workforce.

These challenges can create conditions for unfair competition and labour practices, such as undeclared work and bogus self-employment. These practices should not be tolerated in any sector; however, they are particularly important to address in the private security sector, as the sector is responsible for protecting individuals, valuable items, public spaces, and critical infrastructure. If workers are undeclared, it is possible that they have not received the proper training and undergone required security checks, which can be potentially dangerous for overall public safety and undermine trust in the sector. Undeclared workers or those with a misclassified contractual status can be more vulnerable to exploitation, including working excessive hours, not receiving fair pay, and being excluded from social protection, such as unemployment benefits, workers' compensation, and pension contributions.

In line with the European Labour Authority's (ELA's) mandate to tackle undeclared work in the EU, the present study has been commissioned to explore the prevalence and characteristics of undeclared work and bogus self-employment in the private security sector, as well as the reasons, challenges and good practices associated with addressing these practices.

1.2 Methodology

The key data collection tasks for this study comprised desk research, involving a literature review and analysis of secondary quantitative data, case studies and stakeholder interviews. Each are outlined in more detail below.

The **literature review** covered both EU and national secondary sources, including the most relevant and recent policy reports, studies and academic literature on the private security sector, undeclared work, and bogus self-employment. In total, 59 sources were mapped across the study's research questions, including 16 sources of academic or grey literature, 10 EU publications, 13 national authority publications, 13 social partner publications, and 7 other sources, which are primarily legal. The full reference list is presented at the end of this report.

The **quantitative data analysis** involved a mapping of data sources to compile as much sector-specific data as possible. However, as outlined in Chapter 5, one of the key challenges for enforcement authorities is very limited data on undeclared work and bogus self-employment in the private security sector. Nevertheless, key Eurostat and OECD sector statistics on characteristics of the sector were compiled and are presented in Chapter 2. The data focuses, where possible, on NACE Rev. 2 code 80.10, Private security activities (Eurostat, 2008). This includes armoured car, bodyguard, polygraph, fingerprinting, security guard and security shredding services, excluding public order and safety activities, security systems activities, and investigation activities.

¹ Eurostat, Enterprises by detailed NACE Rev. 2 activity and special aggregates, https://doi.org/10.2908/SBS_OVW_ACT.



The **case studies** task involved the development of three case studies, which each presents a good practice or initiative from public authorities or social partners that tackles undeclared work and bogus self-employment in the private security sector:

- ▶ Case Study 1: Spain's Sectoral Observatory of Private Security
- ▶ Case Study 2: France's National Council for Private Security Activities (CNAPS)
- ▶ Case Study 3: Ireland's Private Security Authority Memoranda of Understanding with other public authorities

The case studies are informed by key stakeholder interviews and additional desk research, and are presented throughout the report.

Under the **interviews** research task, 12 stakeholders were consulted through 10 interviews². The interview task sought geographic balance within EEA countries, with interviewees from Austria, France, Germany, Ireland, Norway, Romania, Poland and Spain and the EU level, as well as perspectives from different stakeholder types. In total, one academic, five social partners, and six public authorities were consulted.

Lastly, an in-person **workshop** was organised with members and nominated representatives of the European Platform tackling undeclared work, national authorities working on undeclared work and social partners from the private security services sector. The workshop took place on 10-11 February 2026 in Bratislava, Slovakia and had a total of 40 participants from 17 Member States, 5 EU candidate countries, international organisations and social partners. The workshop focused on the topic of this study, including presentations on existing challenges with undeclared work in the sector, as well as good practices and national approaches to tackling the issue. The workshop held two working groups sessions, where participants were asked to discuss a set of the study's research questions, as well as common challenges and good practices in addressing undeclared work in the sector.

This report comprises four main chapters:

- ▶ **Chapter 2** provides an overview of the characteristics of the private security sector, including the size of the sector, labour market trends, and key demographics. It also provides an introduction to the prevalence of undeclared work and bogus self-employment in the private security sector.
- ▶ **Chapter 3** goes into more detail on the drivers for undeclared work and bogus self-employment, including general motivations and sector-specific challenges that can influence the prevalence of unfair labour practices in the sector.
- ▶ **Chapter 4** specifically explores two of the main factors that can either positively or negatively influence the prevalence of undeclared work and bogus self-employment in the sector – procurement and subcontracting. The chapter introduces the role of procurement and subcontracting, the key European legislation that governs it, and how undeclared work and bogus self-employment can be minimised through fair procurement and subcontracting practices.
- ▶ Lastly, **Chapter 5** provides an overview of the key challenges that enforcement authorities face in tackling undeclared work and bogus self-employment in the private security sector. It follows a presentation of good practices from public authorities and social partners that could potentially be adopted in other contexts and Member States.

² One interview was conducted by the European Labour Authority.



2.0 Characteristics of the private security sector

This chapter in brief

This chapter introduces the main characteristics of the private security sector, highlighting labour market trends and the main issues in relation to undeclared work, bogus self-employment and licensing. The main points are summarised as bullet points below and further expanded in-text:

- ▶ The private sector in Europe³ has experienced **significant growth** and transformation over the past 25 years, with employment rising from 600,000 employees to over 1.2 million employees in 2023. This growth is reflected in both the workforce size and the sector's turnover.
- ▶ Micro and small enterprises account for the majority of businesses in the sector, although the workforce still predominantly works for a relatively small number of large companies. Employees tend to be employed on full-time contracts, even though the increasing relevance of events and seasonal work is changing this pattern to temporary (or part-time) work. The workforce is predominantly male and ageing, with a growing share of non-national workers.
- ▶ Although there are agreed statistical categorisations of the private security services, there is no unified European conceptual definition, as the scope of services provided varies due to differences in national legislation and regulations.
- ▶ **Labour shortages** and **skill gaps** are emerging, with many companies concerned about future workforce availability.
- ▶ Although available data does not allow the prevalence of undeclared work and bogus self-employment to be measured, evidence and opinions from stakeholders suggest that there is an issue in the private security sector. The most common irregularities are **partially declared work** and the **misclassification of employment**. This phenomenon seems to be more prevalent when subcontracting chains are longer and among smaller firms. Some Member States and less specialised activities seemed to be more vulnerable to these practices.
- ▶ Licensing plays an important regulatory role in the private security sector, defining who is eligible to engage in private security activities and what rules they must comply with. As many Member States have licensing requirements to comply with applicable legislation, including labour law, licensing can have a preventative role in the prevalence of undeclared work and bogus self-employment in the private security sector.

2.1 The private security sector in Europe

The private security sector can be defined as those commercial companies providing protective and preventive security-related services for profit, whether at national or international level. This encompasses a wide range of specialised services, including physical security such as static guarding and the transport of valuables, close protection or bodyguard assignments, and rapid response interventions (OECD, 2008). It also covers technical

³ The analysis covers EU27 and EEA countries. References to Confederation of European Security Services statistics include all member organisations within its full membership scope, which includes also Turkey, Switzerland and the United Kingdom.



security solutions, remote surveillance and monitoring services, investigative work, as well as risk assessment and analysis aimed at identifying vulnerabilities and informing preventative measures.

However, Member States vary considerably in how they legally define the role and permissible activities of the private security sector. These differences stem from both practical considerations and deeper theoretical views about the state's responsibility for ensuring public security. As a result, countries adopt distinct approaches to the duties security guards may perform, with some allowing private security firms to adopt roles traditionally held by the police⁴, while others restrict them to a narrowly defined set of tasks. Because of this fundamental difference, the sector was excluded by the 2006/123 EC Directive, also known as 'Bolkenstein Directive' which establishes a single market for services within the EU, and to this day there is not a common definition of the private security services across the EU⁵.

Although no single, harmonised definition of the sector exists across Europe, a clear economic framing is provided through both the NACE (EU-defined) and ISIC (UN-defined) classifications. Both NACE 80 (Eurostat, 2008) and its international equivalent ISIC 80 (UN Stats, n.d.) define the core scope of the sector as security services aimed at protecting individuals, property and assets. The scope of private security activities included in this study most closely align with the 80.1 codes under NACE and ISIC, which cover armoured car, bodyguard, polygraph, fingerprinting, security guard, and security shredding services. However, some indicators and national contexts will also include the additional 80.2 and 80.3 codes, which include security systems and investigation activities, respectively. Nonetheless, around 90% of the employment in the sector is registered under NACE code 80.1, which will be the base for this analysis.

As said above, there are different regulations in place influencing the scope of the activities carried out by guards in the private security sector. However, the three main types of activities that private security sector workers tend to perform, as outlined by the Confederation of European Security Services, are:

- ▶ on-site guarding;
- ▶ remote monitoring and surveillance; and
- ▶ regulated business segments, which reflects more specific markets, such as cash-in-transit, aviation security and maritime security, which require ad-hoc controls on top of those applying already to security guards.

The private security sector has increasingly assumed a critical role in supporting public order. It now works closely with public authorities, providing additional resources in the fight against crime and terrorism (Confederation of European Security Services and UNI Europa, 2023a). This evolving role has driven workforce expansion, particularly through the growing presence of private security guards in public spaces, critical infrastructure, event security, and emerging sectors. As highlighted by the Ireland Private Security Authority:

'The Irish Private Security Authority was originally set to monitor and apply standards to the industry. It's an important industry and they give reassurance to the general public that the people minding them are well trained and vetted.'

⁴ Such as the protection and monitoring of ports, airports, prison and justice services, military infrastructure, public events, and assisting first responders (Confederation of European Security Services et al., 2018).

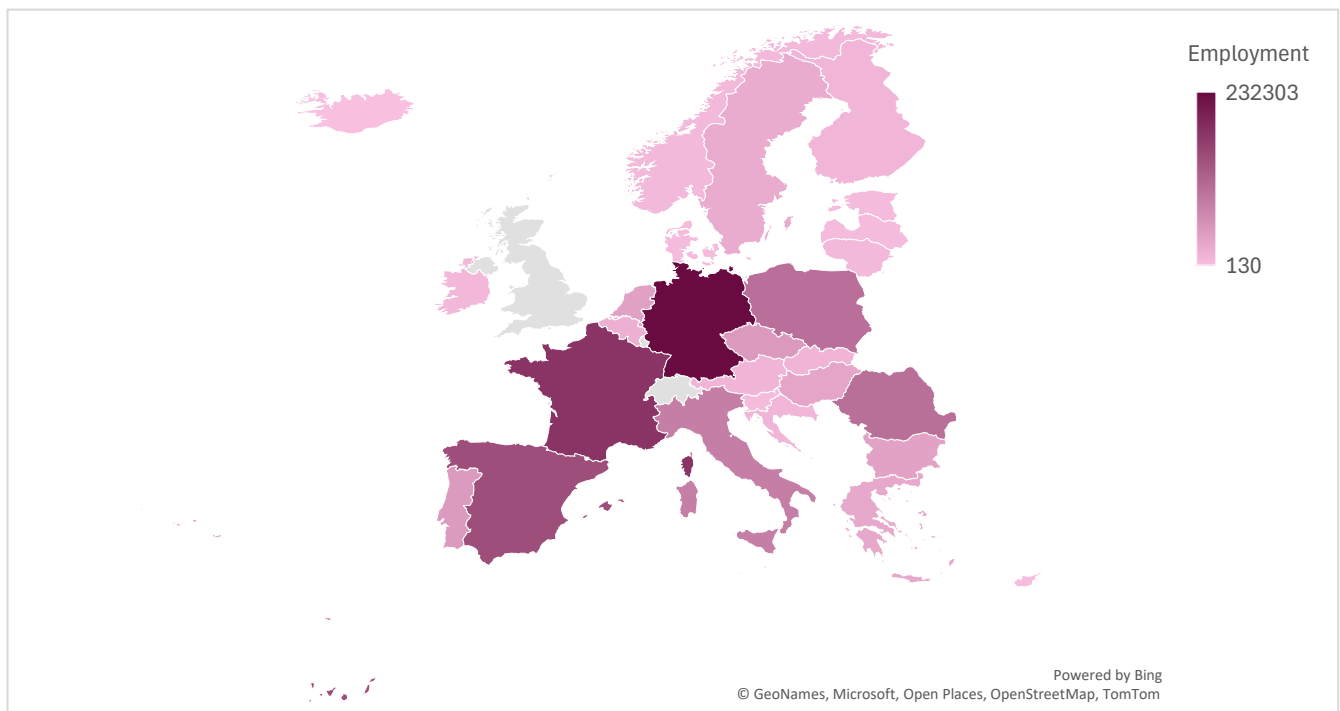
⁵ As an example of this, Norway still maintains a clear distinction between police and private security agents, keeping them at the same level of 'ordinary citizens'.

2.1.1 Size and characteristics of the sector

In recent years, the private security sector has become increasingly significant and profitable across Europe. Eurostat and OECD data indicate that both the number of private security workers and the sector's overall turnover have risen steadily. Analysis undertaken by van Steden and Sarre (2007) highlighted that the number of employees in the sector grew from 600,000 in 1999 to around a million in 2007. Recent high-profile events, such as the 2024 Paris Olympics and the UEFA European Football Championships have contributed to growth in the need for private security for crowd control, with broader sectoral growth opportunities in cybersecurity, theft prevention, and public safety (IBISWorld, 2025). Simultaneously, trends such as an increase in contactless payments are leading to a shrinking of other private security sub-sectors, such as cash management services.

In 2023, Eurostat estimated that there were around **1.2 million people** employed in the sector across the EU, Iceland, and Norway, which is in line with OECD calculations of sector-level employment, as highlighted in the figure below showing the number of people employed at country-level. While Germany, France and Spain have the highest number of persons employed in the sector, Malta (0.89%), Bulgaria (0.59%) and Romania (0.54%) have the highest share of their population active in the sector.

Figure 1. Map of people employed in the private security sector in 2023, by country



Source: OECD, 2025, *Structural business statistics by size class and economic activity (ISIC Rev. 4)*.

The table below illustrates the growth of the private security workforce by country between 2018 and 2023. As the data demonstrate, in most Member States the number of security guards has remained stable or has increased, despite the intervening pandemic years. Several countries have strategically expanded their security workforce to reinforce essential security functions and address emerging demands, with steep increases in Germany (reaching 232,303 persons employed in the sector), France (180,019), and Spain (145,731).



Table 1. Persons employed in the private security sector per country (FTE), 2018-2023

Country	2018	2019	2020	2021	2022	2023
Austria	13,940	13,617	12,764	13,594	14,298	13,625
Belgium	17,755	18,509	18,803	18,792	19,252	19,145
Bulgaria	46,454	44,673	43,749	41,616	39,687	37,760
Croatia	12,240	12,004	12,039	11,993	12,101	11,990
Cyprus	1,890	2,033	2,033	2,171	2,404	2,442
Czech Republic	40,856	41,463	41,796	49,288	48,444	49,410
Denmark	4,296	4,431	3,747	4,294	4,744	4,685
Estonia	5,204	5,032	4,892	4,555	4,772	4,660
Finland	12,568	13,101	11,862	9,836	10,822	11,264
France	148,007	136,832	160,202	172,773	173,347	180,019
Germany	224,294	222,254	204,910	219,914	223,165	232,303
Greece	24,224	25,362	24,504	27,610	31,307	28,940
Hungary	23,015	25,425	26,697	31,591	33,739	33,343
Iceland	100	87	62	80	101	130
Ireland	N/A	N/A	N/A	7,323	8,442	8,996
Italy	68,905	71,287	72,136	75,292	78,186	82,664
Latvia	6,768	6,699	6,439	5,751	5,482	5,229
Lithuania	7,121	6,977	6,697	7,601	8,111	7,768
Malta	2,730	3,505	3,739	4,368	4,613	4,902
Netherlands	31,545	32,503	32,404	32,186	35,460	38,241
Norway	8,836	8,893	6,699	7,897	8,325	7,487
Poland	106,478	101,516	96,558	99,027	103,615	102,824
Portugal	43,398	43,379	43,648	43,446	45,944	46,756
Romania	111,966	109,215	105,761	102,882	104,158	103,590
Slovak Republic	16,308	14,149	13,708	14,326	13,817	13,500
Slovenia	5,978	6,010	6,029	5,251	5,443	5,451
Spain	132,114	133,189	133,308	135,017	144,059	145,731
Sweden	20,969	22,255	22,027	21,650	22,666	25,280
European Union, Iceland and Norway	1,137,959	1,124,400	1,117,213	1,170,124	1,206,504	1,228,135

Source: OECD, 2025, *Structural business statistics by size class and economic activity (ISIC Rev. 4)*.

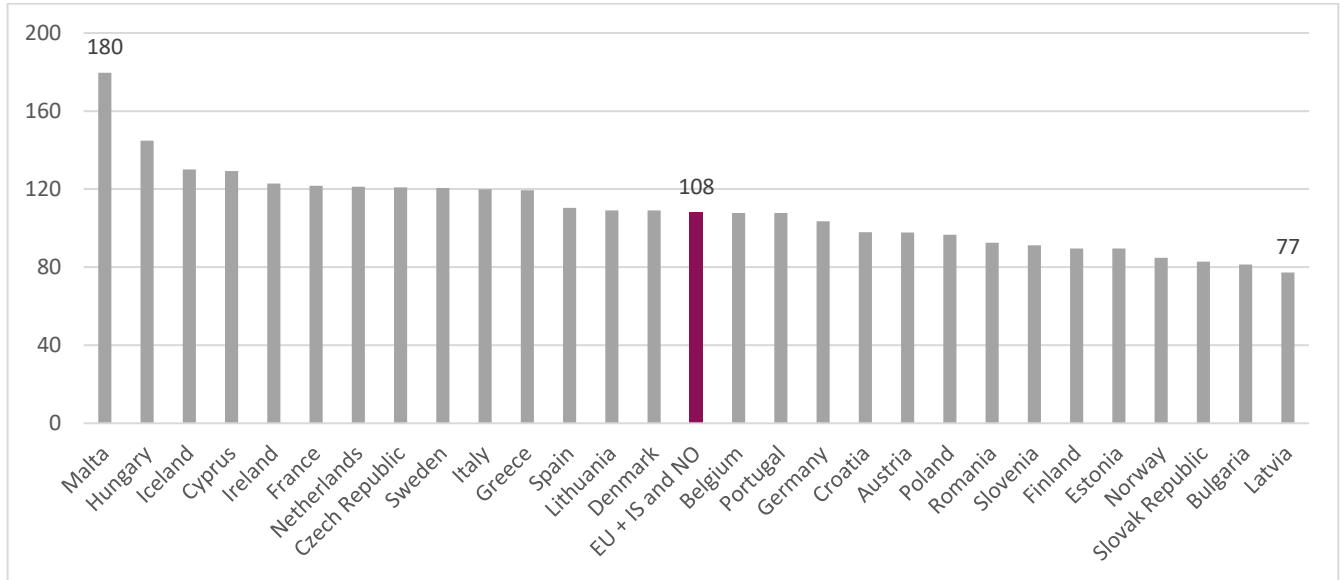
Note that data was not available for Luxembourg.

The variation in growth rates across Member States is better visualised in the Figure below. With an average growth of almost 8% of the overall workforce in the European Union, Iceland and Norway between 2018 and 2023, the growth index of the private security sector varied between a growth of 80% in Malta to a shrinkage of 23% in Latvia. As outlined above, high-profile events and increased demand in other areas, such as cybersecurity and



public safety, have contributed to growth in many EU Member States; however, these dynamics are applicable to all contexts. Recent research in Poland, where there has been a shrinkage of the market of 3%, has highlighted the impacts of inflation on personal costs paired with low unemployment has led to labour shortages and squeezed profit margins for private security companies (Poland Insight, 2024).

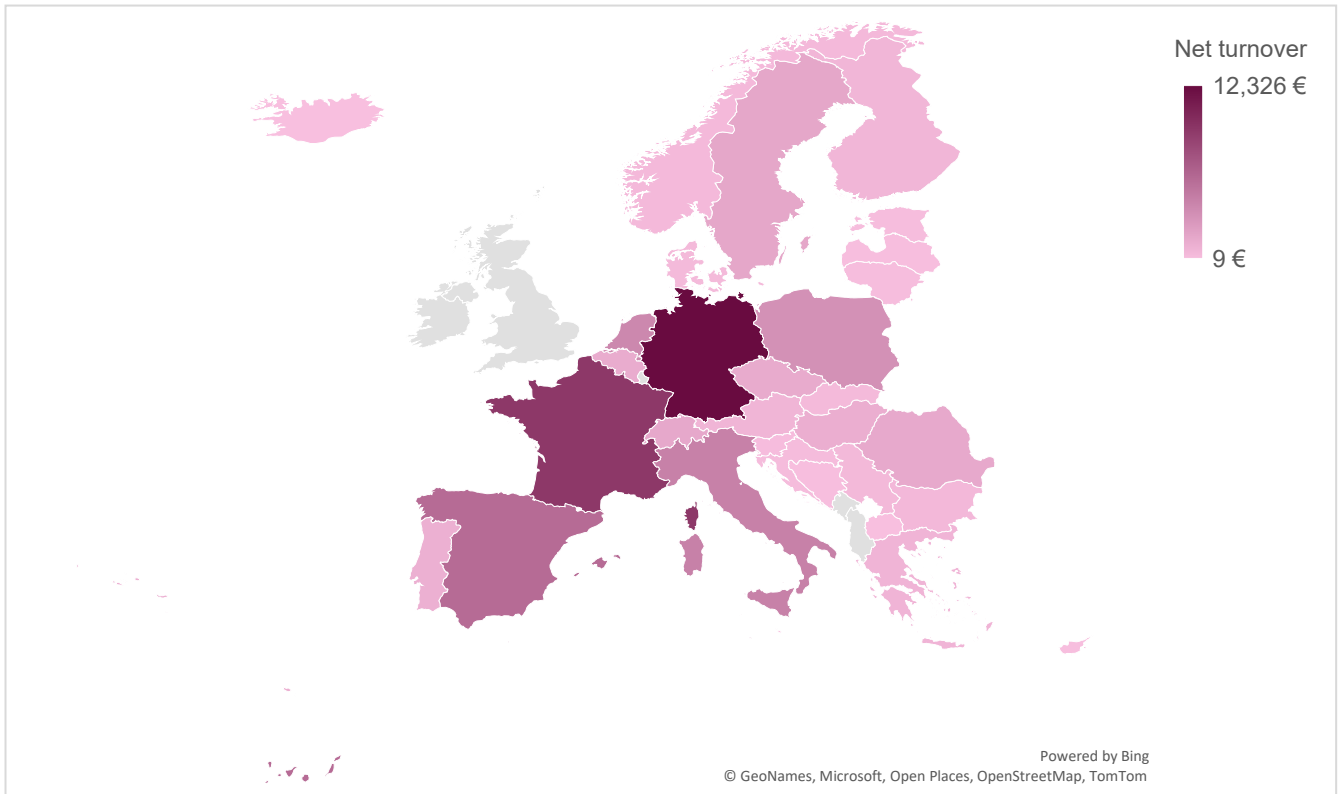
Figure 2. Growth index in number of employees in the private security sector between 2018 and 2023, by country



Source: OECD, 2025, *Structural business statistics by size class and economic activity (ISIC Rev. 4)*, own calculations.

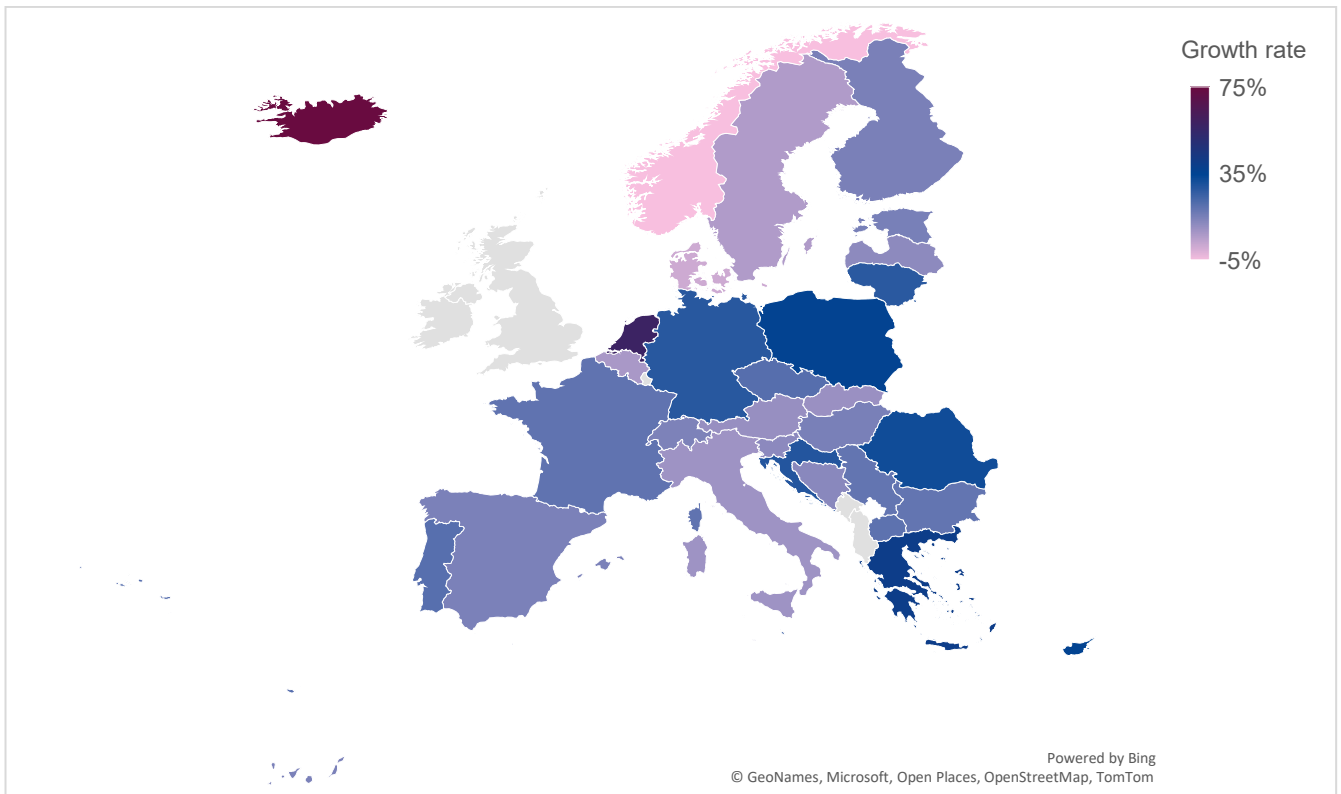
The private security industry is economically significant, with an estimated annual turnover of approximately €40 billion in 2015, rising to over €47 billion by 2022 (Eurostat, 2025). This represents more than 4% of the total turnover for administrative and support service activities in the EU. The sector is highly labour-intensive, with wages and related costs accounting for 80–90% of total expenditure, placing substantial pressure on company margins (an issue discussed further in Chapter 3). While absolute turnover remains concentrated in Western European countries such as Germany, Spain, France and Italy, recent growth patterns differ. The highest increases were recorded in Iceland (75%), the Netherlands (58%) and Greece (40%).

Figure 3. Net turnover in million euros in the private security sector across the EU, 2023



Data: Eurostat, 2025, *sbs_ovw_act*, *Enterprises by detailed NACE Rev. 2 activity and special aggregates*.

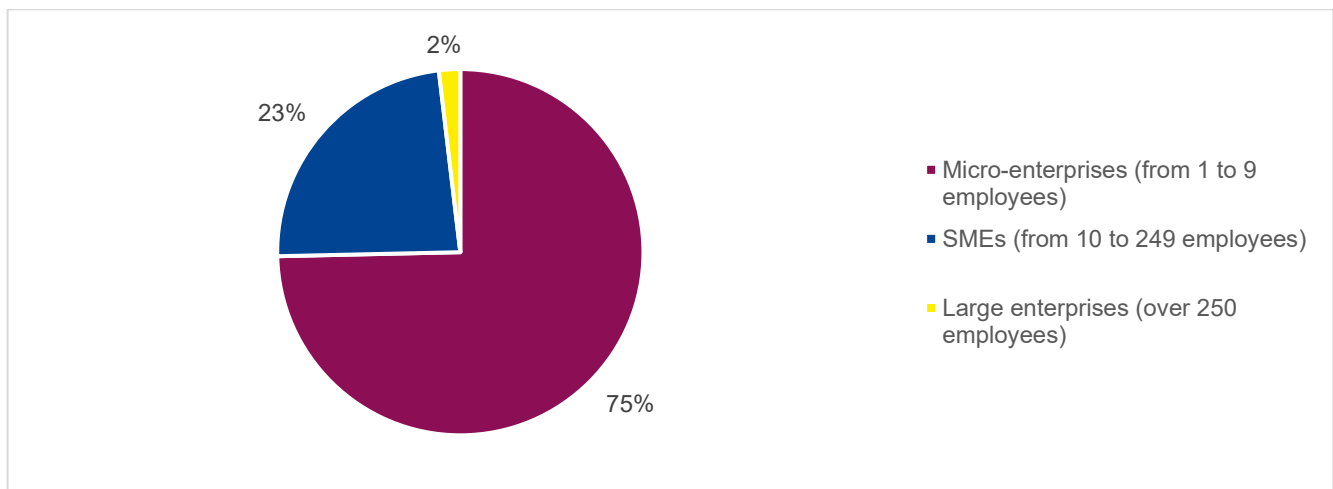
Figure 4. Growth in turnover between 2021 and 2023 in the private security sector across the EU



Data: Eurostat, 2025, *sbs_ovw_act*, *Enterprises by detailed NACE Rev. 2 activity and special aggregates*.

The total number of enterprises operating in the private security sector across Europe has demonstrated steady growth, reaching 40,897 in 2023 (Eurostat, 2025). The structure of the industry is characterised by a predominance of micro enterprises, with 75% of enterprises employing between one to nine employees in 2022. A further 23% of enterprises are Small and Medium Enterprises (SMEs, employing between 10-249 employees), while only 2% of enterprises employ 250 employees or more. However, even though the majority of the enterprises are smaller businesses, the majority of the workforce (around 58%) is employed by larger companies with over 250 employees (Eurofound, 2019). This distribution highlights both the prevalence of small and micro-enterprises within the industry and the comparatively limited number of larger operators with the capacity to deliver security services on a national scale.

Figure 5. Share of private security enterprises by size, 2022



Data: Eurostat, 2025, *sbs_ovw_act*, *Enterprises by detailed NACE Rev. 2 activity and special aggregates*.

2.1.2 Workforce composition and characteristics

The workforce in the private security sector is predominantly male, with low female representation and an ageing demographic. Women account for only around 15% of the workforce, according to CoESS member data, a figure consistent with Eurostat statistics for NACE 80 (Confederation of European Security Services et al., 2018). Interviews with other stakeholders corroborate this trend, noting that female workers typically represent between 15% and 25% of employees⁶. Age distribution also reflects a mature workforce: workers aged 25-49 make up more than half (55%) of those employed across 26 EU countries for which 2020 data are available (Confederation of European Security Services and UNI Europa, 2023b), while workers aged 50-64 constitute approximately 35% of the industry's total workforce.

Most workers in the sector are employed on full-time contract, with most countries employing between 85% and 98% of workers on full-time contracts, with notable exceptions of the Czech Republic (59%)⁷, Norway (61%), and Denmark and the Netherlands (64%). The countries with the highest share of full-time employment are Romania (97%), Cyprus (96%) and Ireland (96%). While full-time positions are predominant for regular guarding services, seasonal and events-based jobs that use part-time or temporary contracts are increasingly common (Cedefop, 2023). Temporary contracts⁸ have increased in Europe and Central Asia by 162% from 2010 to 2019, although

⁶ Based on interviews with EU-level and Spanish social partners, and a Romanian stakeholder.

⁷ OECD, 2025, Structural business statistics by size class and economic activity (ISIC Rev. 4).

⁸ Within the context of this ILO study, temporary contracts encompass 'fixed term, project or task-based contracts, casual work and temporary agency work'.



Self-employment in the private security sector is generally rare across the EU (Eurofound, 2019). Many Member States impose strict licensing requirements on companies, effectively preventing self-employment - for example, in Spain and Romania. In some countries, additional conditions apply: France requires security guards to hold a higher education degree to work independently, while Ireland has more costly licensing procedures. As highlighted by many participants of the workshop, self-employment in this sector is overall uncommon; nevertheless, a handful of countries still reported uncovering cases of bogus self-employment in the private security sector⁹.

Additionally, there is little evidence of remote work and platform work in the sector (Confederation of European Security Services, 2019; Confederation of European Security Services and UNI Europa, 2023b). Representatives of national authorities from France, Spain, Montenegro, Croatia and Norway all mentioned during the workshop that platform work is not permitted, as sectoral regulation requires all working in the sector to be employees of a licenced security company. Traditional intermediaries, such as temporary work agencies, are also uncommon as they cannot place individuals that do not have a private security licence¹⁰. Stakeholders from France noted that they still uncover cases where platforms try to enter the market, but they are reminded of the legislation that prevents platform work.

2.1.3 Challenges and changes in the private security sector

Despite the sector's recent expansion, a study by the Confederation of European Security Services and UNI Europa (2023b) points to a potential contraction in the workforce due to persistent skills shortages and rising labour costs. According to the study, 68% of companies in the sector believe that labour and skills shortages will pose a serious challenge to their development over the next five years, while 76% report difficulties in recruiting workers with the specific skills required for the job. This issue was corroborated by some stakeholders consulted through this study¹¹. Moreover, in some contexts, candidates are required to pay for their own training, and overall, there remains significant shortcomings in the provision of digital and soft-skills training, propelling potential skill mismatches in the sector (UNI Global Union, 2022).

These labour shortages are compounded by rising labour costs driven by inflationary pressures across the EU in recent years. In some countries, wages and minimum wage levels have increased, while public procurement contracts have not been adjusted, creating a financial imbalance that strains private security companies (Poland Insight, 2024)¹². This can pose significant challenges, as an estimated 40-60% of business in the security services industry originates from the public sector, with varying degrees across European countries (Confederation of European Security Services and UNI Europa, 2012). Procurement practices adopted by clients can thus play an important role in shaping employment conditions. Factors such as contract duration, subcontracting arrangements, and compliance requirements may influence the nature and stability of available jobs, alongside other economic and organisational dynamics. The role of public procurement will be further expanded in Chapter 4 of this report, which will discuss the centrality of public procurement practices to better understand drivers of undeclared work and economic instability.

These financial pressures seem to have also affected employment models. In fact, some countries have experienced an increase in the use of zero-hours contracts¹³. In these contexts, a relevant percentage of workers from EU countries reported employer retaliation for organising or unionising (UNI Global Union, 2024). These

⁹ Cases of bogus self-employment were mentioned by representatives of Albania, Belgium, France, Italy, Luxembourg, Malta, North Macedonia, and Spain during the workshop.

¹⁰ An exception to this is an example provided by French stakeholders during the ELA workshop, where CNAPS worked together with temporary work agencies ahead of the 2024 Paris Olympics to identify additional personnel. These workers were then given specific tasks, such as crowd control, that did not have as high training and licensing requirements.

¹¹ Based on interviews with social partners from Spain and a stakeholder from Romania.

¹² Based on an interview with a Spanish social partner.

¹³ Zero-hours contracts are contracts that do not provide a minimum number of guaranteed working hours.



conditions have contributed to more than half of surveyed workers expressing dissatisfaction with their pay. In addition, the sector is marked by highly unpredictable working arrangements¹⁴, which disrupt work-life balance and further reduce the sector's attractiveness, thereby contributing to high turnover (UNI Global Union, 2022).

In addition to this, several operational issues have emerged from the stakeholder interviews. The higher cost pressures highlighted above and the technological advancements in the sector are driving an overall decrease in the number of private security guards (the latter point was also found in the study Confederation of European Security Services et al., 2018). In the mid-term, this trend seems to be confirmed by a Spanish social partner:

'Where there were 7 guards, now there are only 3, with many customers switching from static surveillance to technological solutions.'

Interview data highlight several additional challenges, although these are less substantiated in the literature. In times of acute labour shortages, inspections in Norway uncovered companies bypassing formal training and licensing requirements by hiring employees under alternative job titles while still requiring private security duties¹⁵. Furthermore, sectoral regulations in most Member States limit the degree to which labour mobility could be used as a viable solution for solving acute labour shortages. Country-specific licences limit the ability for EU nationals to work in other Member States, and the majority of countries restrict the ability of third-country nationals to work in private security altogether. Legislation governing non-EU workers in the private security sector varies considerably across Europe, with different provisions determining the scope of roles they may undertake. In some countries, such as Spain and Ireland, restrictions create significant barriers to non-EU employment within the sector. Conversely, other countries, including France and Austria, permit non-EU workers to work in private security, provided they hold the legal right to work and meet national requirements. Nevertheless, an academic from Germany and the Ireland Private Security Authority noted a marked increase in the number of non-national workers entering the workforce, and representatives from Malta and Luxembourg shared during the workshop that third-country nationals make up a significant share of their private security workforce, reflecting broader shifts in workforce composition across Europe.

2.2 Undeclared work and bogus self-employment in private security

The European Commission provides clear and comprehensive definitions of both undeclared work and bogus self-employment¹⁶. The relevance of undeclared work – particularly in its under-declared forms – lies in its substantial economic and social implications. Undeclared work accounts for a substantial share of economic activity across all private sectors, representing more than 15% of the total gross value added in the EU (with no sector-specific estimates available for private security) and approximately 11.6% of total labour input on average (European Commission, 2017). Calculations made with more recent data indicate that it remains a persistent challenge: in 2019, an estimated almost 10% of total labour in the EU's private sectors was still undeclared (European Labour Authority, 2024), even though levels vary markedly across Member States.

¹⁴ Including the usage of zero-hour contracts and atypical working hours.

¹⁵ Based on an interview with Norwegian stakeholders.

¹⁶ Undeclared work refers to paid activities that are lawful in nature but not declared to public authorities, while acknowledging that regulatory systems differ across Member States, whilst bogus self-employment (BSE), by contrast, arises when an individual is declared as self-employed despite meeting the conditions characteristic of an employment relationship, typically with the purpose of circumventing legal or fiscal obligations.



2.2.1 Evidence on prevalence of undeclared work and bogus self-employment in the sector

The private security sector is a labour-intensive industry, often marked by relatively low wages and high competition, with a complex system of working arrangements and subcontracting practices. These vulnerabilities make the sector particularly exposed to forms of undeclared or falsely declared work (Belgium Federal Public Service, 2024; European Labour Authority, 2024). Moreover, the prevalence of SMEs and micro-enterprises in the industry adds another layer of complexity: smaller firms may not always be fully aware of the applicable legal frameworks, administrative requirements, or collective labour agreements governing employment conditions¹⁷.

There is limited structured evidence on the scale of undeclared work and bogus self-employment in the private security sector at an EU level, with much of the evidence presented in this report relying on national sources and stakeholder insights. However, evidence suggests that instances of completely undeclared work are relatively rare (Confederation of European Security Services and UNI Europa, 2020; Czarzasty and Owczarek, 2018). This is largely attributed to the nature of the sector itself, which is characterised by strict regulatory requirements, the necessity of obtaining various permits and licences, and regular inspections or compliance checks. These factors make it difficult for firms or individuals to operate entirely outside the formal system. Nonetheless, prevalence of undeclared practices varies across the EU, reflecting differences in national legislative frameworks and in intensity of the phenomenon. In the words of a Romanian social partner:

‘The situation is quite different country by country and the relevance of the phenomenon changes from country to country.’

While there is not comprehensive insight on the scale of undeclared work and bogus self-employment across the EU, there are country-level insights on the scale of violations in the private security sector:

- ▶ Enforcement authorities in the Netherlands have highlighted that the results of recent inspections in the private security sector suggest there is a problem (Confederation of European Security Services, 2025a). Recent inspections by the Seaport Police in Rotterdam found that nearly half of security companies and security guards were found to be non-compliant with relevant law and regulation (Politie, 2025).
- ▶ A written contribution submitted by the Associação de Empresas de Segurança in Portugal referenced an internal study conducted in 2015 that estimated the impact of non-compliance with law and collective agreements on the economy to be between €50-100 million per year, taking into account the estimated uncollected taxes and unemployment benefits (2025).
- ▶ During the workshop, representatives from Germany reported initiating 830 administrative offence proceedings in the sector in 2025, with an approximate number of 9,200 employees active in the sector overall. The proceedings resulted in EUR 31 million in criminal charges and administrative fines.
- ▶ Also, during the workshop, a representative from Albania reported uncovering an average of 3 violations per inspection conducted in the sector, which was above their overall average of 2.5. Of these violations, 35% were cases of undeclared work and 15% were related to the regulation of employment relationships.

Evidence collected from consultation activities and literature has shown an important distinction between fully and partially declared work:

¹⁷ More insight on the drivers of undeclared work and bogus self-employment in the private security sector is presented in Chapter 3.



- **Fully undeclared work** refers to individuals engaged in private security activities who are not declared to authorities altogether. The Austrian Federal Economic Chamber consulted through this study mentioned undeclared work being common in Austria amongst subcontracted companies that recruit individuals from other countries and fail to register them altogether. When consulted for this study, the Polish labour inspectorate cited a recent study, where inspections of nearly 6,000 individuals in administrative services, which includes the private security sector as well as other sectors¹⁸, found nearly 30% to be undeclared workers.
- With **partially declared work**, only a portion of the employee's remuneration is officially reported, while the remaining part is paid in cash or through other means (for instance, transportation and meal reimbursements). A stakeholder from Romania and the Ireland Private Security Authority mentioned partially declared work being the most common form of undeclared work in their private security sectors. In Ireland, this often will look like an employee having a full-time contract with a private security company that also takes ad-hoc jobs in the evenings and on weekends that are paid entirely in cash.

Stakeholder feedback indicates that the prevalence and forms of undeclared work also vary across sub-sectors within the private security industry. One-off employment, such as at events, seem to have a higher prevalence of undeclared work (as better described in Chapter 3 of this report). CNAPS emphasised that activities requiring fewer qualifications (such as static guarding), are particularly vulnerable to undeclared work, as they have lower entry barriers than in specific regulated business segments such as aviation security, and are subject to fewer regulatory requirements and less oversight. By contrast, highly specialised areas are typically subject to rigorous oversight. For example, in France, armed security services are closely supervised by the Ministry of the Interior, cash-in-transit operations demand extensive and costly training and are dominated by two multinational firms, and airport security requires personnel to hold restricted-area access badges, ensuring robust administrative checks and compliance measures¹⁹. In both Romania and Norway, inspections are conducted by the police, while proposed new requirements in Austria aim to strengthen and facilitate inspections by the relevant authorities.

On the other hand, bogus self-employment in private security remains overall relatively uncommon across most EU Member States. With **bogus self-employment**, individuals formally register as self-employed but work under the direct supervision and control of a company, effectively performing as employees (which is described also by Confederation of European Security Services and UNI Europa, 2023; Jaehrling, 2023b). This arrangement enables companies to reduce labour costs and avoid responsibilities such as social contributions and employment protections. This form of misclassified employment is less common in the sector, primarily due to strict licensing and regulatory frameworks governing the private security sector. In most countries covered by stakeholder interviews, individuals cannot operate as self-employed security guards or are in practice prevented from engaging in self-employment due to high licensing requirements for private security companies. As outlined by CNAPS, the requirements to being self-employed in France are quite strict:

'To be self-employed, a security guard must obtain the same accreditation as any other company director in the sector. Obtaining this accreditation requires a higher education degree, a level of qualification that most security guards do not have.'

¹⁸ The private security sector is only one sector included in the broader administrative services groups, which also includes rental and leasing activities, travel agencies, office administration, services to building and landscape activities, and employment activities.

¹⁹ Based on an interview with CNAPS.



However, cases of bogus self-employment do occur, and were mentioned by representatives of France, Spain, Luxembourg, Belgium, and Albania during the workshop, with bogus self-employment mentioned as being more common in North Macedonia and Malta.

Other forms of illegal work that were raised during consultation activities included:

- **Misclassification of employment**, which refers to individuals that are not correctly registered as private security employees, but are conducting private security tasks. An example was provided above from Norway, where the most common form of fraud in their private security sector involves hiring individuals under alternative job titles, such as bartender or cleaner. A social partner and national representatives from multiple countries also noted during the workshop that misclassification of employment is common challenge in the private security sector (e.g. the use of “stewards” during events providing regulated security services).
- **Subcontracting via temporary work agencies during events**: Some companies outsource through temporary work agencies, categorising staff as self-employed or placing them on atypical contracts that are more difficult for enforcement authorities to check. This practice is often used to bypass collective agreements and minimise wage-related expenses, creating vulnerabilities in compliance and worker protection²⁰.

There is not a widespread cross-border labour mobility element to employment in the private security sector due to national licensing requirements and the different competences for private security services across countries. However, there are still some countries, such as Austria, Italy, Luxembourg and Germany that do hire private security employees from other countries²¹. In Austria, for example, the practice of subcontracting companies recruiting individuals from abroad without registering them has been a driver of undeclared work in the country²². There were also cases raised of cross-border remote surveillance by representatives from Spain, France and Belgium during the workshop. In Spain, German security firms were providing surveillance for a German community in Spain entirely remotely, which is not permitted under Spanish law and required intervention from the Spanish labour authority. In order to effectively address any cross-border cases of undeclared work and bogus self-employment amongst mobile workers, the governments of Belgium, the Netherlands, and Luxembourg have established a legal framework for joint or coordinated inspections as well as information exchanges in the private security sector. More information is presented in the box below.

Box 1. Good practice: Multilateral BENELUX Convention for Combating Social Fraud

Belgium, the Netherlands and Luxembourg are finalising a treaty negotiation to provide a legal framework for **information exchange, joint controls, and multidisciplinary cooperation** between the countries for the purpose of addressing social fraud, unfair competition, and social dumping. While the agreement will apply across sectors, the recent Plan for Fair Competition in the Security and Surveillance Sectors drafted by Belgian public authorities specifically mentions that this treaty will pay specific attention to these sectors (Belgium Federal Public Service et al., 2024).

²⁰ Based on an interview with the Austrian Federal Economic Chamber.

²¹ Based on contributions made during the workshop.

²² Based on an interview with the Austrian Federal Economic Chamber.



2.2.2 Licensing

Most EU Member States provide at least some form of regulation for private security, and licensing is a fundamental part of it. In order to become operational, most Member States require private security companies to acquire a licence (Button et al., 2016), and then employees working in the private security sector require their own individual licences. Obtaining a licence typically involves following a mandatory training course, completing background checks, paying a fee, meeting minimum professional standards, and case-by-case approval. Because most EU Member States require private security guards to hold a licence, opportunities for misclassification and other unlawful practices are substantially reduced.

Member States often distinguish between different sub-sectors of the private security industry, imposing either unique licences or additional requirements depending on the sub-sector. For example, during the workshop, representatives from Germany explained how they distinguish between three types of activities:

1. Basic activities, such as parking attendants and information providers, where no additional qualifications are required;
2. Simple security tasks, such as gate service or access control, where proof of 40 hours instruction must be provided; and
3. Complex security activities for the protection of property and life, such as public transportation, protection against shoplifting, nightclubs, major events, and refugee accommodations, where an additional competency exam must be followed that covers commercial, criminal and civil law, hazard prevention, and de-escalation in conflict situations²³.

This was broadly seen as a good practice amongst participants of the workshop, as it better ensures those responsible for more sensitive activities, including the protection of people or the requirement to carry a weapon, have undergone more extensive training and background checks.

Several licensing frameworks reinforce compliance through mandatory checks and inspections. Ireland provides a clear example for this: the Private Security Authority obliges companies to comply with labour law as part of the licensing processes and has a formal collaboration arrangement with the Workplace Relations Commission (the labour inspectorate) to share information and mutually support enforcement. The application process for a licence in Ireland requires a vetting conducted by the national police, as well as additional certificates that assert compliance with tax and business registration regulations²⁴. Licensed firms then undergo regular inspections (often unannounced), that are conducted in cooperation with the national police, government agencies, and industry representatives; high-profile prosecutions have raised awareness on licensing, creating a strong deterrent effect²⁵. Similarly, in France, CNAPS applies rigorous controls when issuing licences, implementing a specific inspection framework during the process²⁶. Because CNAPS has investigative powers, the agency also supports with monitoring and enforcement of compliance during operations. Further, during the workshop it was shared that in Italy, companies must report the total and actual costs of employees during the approval process to ensure compliance with insurance and social security obligations, and non-compliance risks revocation or suspension of the licence. By setting strict conditions that companies and individuals must meet before they can operate, licences act as a strong deterrent against unfair labour practices and social fraud.

²³ For more information: <https://www.ihk.de/ostwestfalen/branchen/dienstleistungen/bewachungsgewerbe/erlaubnis-bewachungsgewerbe-6779708>.

²⁴ For more information: <https://www.psa-gov.ie/applying-for-a-licence-contractors/>.

²⁵ Based on an interview with the Ireland Private Security Authority.

²⁶ Available here:

<https://www.cnaps.interieur.gouv.fr/content/download/5423/44635/file/R%C3%A9f%C3%A9rentiel%20de%20contr%C3%B4le%20-%20Travail%20ill%C3%A9gal.pdf>.



Other countries apply similarly strict measures to reinforce compliance²⁷. Spain offers one of the most robust regulatory frameworks in Europe: the Private Security Law²⁸ prohibits self-employment for security guards, requiring all services to be delivered through licensed companies. Prospective guards must complete one of the legally recognised training and accreditation pathways to obtain their licence, including, among others, the three-to-four months standard system or the recently introduced formal vocational education qualification, Técnico en Seguridad, which has a duration of 2,000 hours. Further, all subcontracting must operate within a formal framework that involves notifying the Ministry of the Interior, making undeclared work difficult to conceal. Officials in Austria have proposed new provisions under a new Security Services Act, including requirements for statutory training, an appropriate vetting process, including checks by tax authorities, and the issuance official service ID cards, to strengthen compliance and simplify inspections²⁹. In Romania, security officers must obtain an official endorsement known as an *Atestat* (a *de facto* licence), confirming their employment status and ensuring they have the required qualification; however, it does not provide specific protections against under-declared work.

Norwegian authorities have adopted a similar licensing approach, though with less stringent controls compared to some other countries. The industry operates under national regulations, primarily governed by the Private Security Act³⁰ (*Sikkerhetsloven*) of 1998, which sets requirements for licensing, training, and ethical conduct of security personnel, followed by the Security Services Regulation in force since 2018. Data gathered from the interview with a Norwegian stakeholder points out at the ease with which anyone could open a private security company, with the grounds for rejection tending to be quite low. With the 2018 regulations, stricter and more comprehensive requirements for the training and education of security guards were put into place, with basic training of 120 hours and 30 hours of re-certification course every four years. In addition, companies are obliged to submit annual reports to the police, listing all employees working as security guards. The police retain discretionary powers to deny a licence based on trustworthiness and can revoke licences even without a formal conviction, ensuring a strong compliance mechanism.

In summary, licensing frameworks serve as a cornerstone of compliance in the private security sector. By imposing qualification standards, conducting background checks, and enabling enforcement through inspections and licence withdrawal, these legal provisions aim to reduce the prevalence of undeclared work and bogus self-employment. Enforcement of licensing standards is a multi-faceted process, which is analysed in Chapter 5 of this report.

²⁷ Based on interviews with the Austrian Federal Economic Chamber, a social partners from Spain and a stakeholder from Romania.

²⁸ Available in English at: <https://www.aproser.es/web/wp-content/uploads/2016/06/Act-5-2014-on-Private-Security.-Unofficial-translation.pdf>.

²⁹ Based on a written contribution by Austria trade union, Vida.

³⁰ Available in English at: <https://app.uio.no/ub/ujur/oversatte-lover/data/lov-20010105-001-eng.pdf>.



3.0 Drivers of undeclared work and bogus self-employment in the private security sector

This chapter in brief

Section 3.1 of this chapter examines the main factors motivating stakeholders to engage in undeclared or under-declared work within the private security sector. For both companies and workers, the predominant motivations are **economic**, followed by the intent to **circumvent specific legal requirements**.

Section 3.1.1 outlines the **primary drivers for employers**, which are linked to the price and cost pressure companies face in the context of rising labour costs, including taxes and social security contributions. Specifically, these include downward price pressure in procurement, especially public procurement processes that prioritise cost over quality of services, unfair competition among companies, such as non-compliant operators intentionally disregarding labour and legal standards to reduce market prices. Strict eligibility criteria for entering the profession also play a role, which employers may seek to bypass to employ lower-cost personnel. Companies also turn to certain mechanisms which make it easier to 'hide' the practice of under-declared or undeclared work, such as multi-layered subcontracting among private entities, allowing contractors to distance themselves from direct employment responsibilities.

Additionally, **country-specific factors** such as labour market conditions, workplace culture, and the severity of penalties for irregular employment practices could also enable undeclared or under-declared work. Certain **sub-sectors**, such as the private security of events, are also particularly susceptible to these practices due to their unique characteristics.

Section 3.1.2 discusses the main **factors pushing workers** to choose to engage in under-declared or undeclared work, including low wages, rising cost of living, and strict eligibility criteria for entering the profession that some prospective employees do not meet. Other workers may not have a choice regarding the matter because of unfair employer practices or a lack of other employment opportunities. There may also be a lack of awareness among workers regarding collective agreements, employment rights, and the negative consequences of engaging in under-declared or undeclared work.

Finally, **Section 3.2** reveals that bogus self-employment is effectively prevented in many Member States either by licensing requirements or regulation on self-employment. However, it does occur in some contexts, with the main drivers being the same economic factors described above, as well as to comply with 'cooling off' periods following police or military service.

3.1 Undeclared or under-declared work in private security

The main drivers of engaging in under-declared work in the private security sector are of an **economic** (e.g. high labour costs, relatively low pay) and **legal** (e.g. circumvention of labour laws, accreditation requirements) nature. This sub-section will explore why employers and workers engage in various forms of under-declared or under-declared employment, and focus on specific contractual arrangements, such as subcontracting chains or public procurement which, as evidence shows, tend to be more prone to under-declared work in the private security sector.



3.1.1 Drivers and enablers for employers

The literature reviewed indicates that **economic factors are the primary reasons** why companies participate in any kind of undeclared work. Generally, the private security sector is a **labour-intensive** sector, where labour costs constitute a significant portion of the total expenses, averaging 80-90% of costs (Confederation of European Security Services and UNI Europa, 2023a). This makes reducing labour-related expenditures a primary target for companies seeking to stand out in a competitive market and increase their profit margin. Participants of the workshop also mentioned the perception of the sector consisting of a low educated or unqualified workforce incentivises companies and contracting authorities to limit the amount being paid to security guards. Both public and private tenders for private security services often prioritise the lowest price bidder. This creates a **'race to the bottom'** in terms of costs, instead of quality-driven criteria. Therefore, to offer more 'competitive' prices, employers turn to undeclared or under-declared work, directly reducing costs related to wages, social contributions, and training (Confederation of European Security Services and UNI Europa, 2023a).

According to a study covering 11 European countries, the private security industry's community associates the unorthodox behaviours described above as methods to achieve cost efficiency with the so-called 'cowboy companies' (Badea, 2021). They are known to deliberately compete based on abnormally low prices resulting from cutting the costs of compliance to regulations and ignoring quality standards. Undeclared or partly declared work and failing to pay the employee's overtime compensations or night-time shifts compensations are other common methods of such companies. Using these methods, these 'cowboy companies' manage to outprice their competitors, and secure contracts. Among those surveyed for the same study³¹, respondents from 10 out of 11 countries regarded undeclared work as a form of unfair competition (Badea, 2021).

In several countries, there are **strict legal requirements for entering the profession**, such as a clean criminal record, verification of identity documents, residence permit, requirement to speak the language of the country fluently, a certain level of education certificate or undergoing mandatory training. While these permit requirements are necessary to ensure the quality of the security services provided, they may shrink the pool of eligible candidates and could lead to difficulties in securing the necessary workforce for assignments. Thus, to circumvent these regulations and secure lower-cost personnel, some employers deliberately hire staff under different job titles (e.g. receptionists, porters, doormen, auxiliary staff) allowing them to bypass legal requirements and maintain necessary staffing levels. This was reported by social partners in Slovenia and Croatia (Confederation of European Security Services, 2025a). Incidences of non-licensed staff performing security jobs were also reported by interviewees from Norway and Spain³².

As a result of intense price competition, some companies turn to the use of **(multi-layered) subcontracting between private entities**, which can be a key enabler of under-declared or undeclared work. CNAPS reported during the workshop that most infringements identified are in cases where there is subcontracting, as the longer the chain is, the less the primary contractor feels responsible. While there are many legitimate reasons for subcontracting arrangements in private security, literature points to the practice of companies across all sectors creating supply chains as a strategy to reduce labour costs and increase profit at the expense of workers' rights (Borelli, 2022; Danielsson et al., 2024; European Labour Authority, 2022).

This way, subcontracting allows the primary company to distance itself from direct employment obligations. Evidence indicates that labour law violations are widespread among subcontractors. For instance, issues such as unpaid wages have been frequently observed in subcontracting firms by inspection reports (Jaehrling, 2023b). In addition, to bring an example in practice, the Austrian Federal Economic Chamber shared that in Austria,

³¹ Austria, Bulgaria, Croatia, Estonia, Germany, North Macedonia, Norway, Portugal, Romania, Slovenia and Spain.

³² Based on interviews with stakeholders from Norway and a social partner from Spain.



undeclared work is primarily carried out by subcontracted companies that recruit individuals from abroad and do not to register them³³. An interviewee from Norway also explained that:

‘Subcontracting and outsourcing, especially in rural areas and smaller companies, can contribute to undeclared work due to high staff turnover and the need to fill positions with limited available qualified security guards. This dynamic makes it more likely for employers to bypass regulations or use undeclared labour to meet staffing needs.’

A legal review of public procurement practices in sectors such as private security services and cleaning – where it is common for contractors to hire other private entities for parts of the contracts – found that non-compliance is often enabled by subcontracting. The industry’s complexity, with many layers of subcontracting and a high prevalence of small and micro-enterprises, makes it difficult and resource-intensive for labour inspectorates to monitor and enforce compliance. Additionally, because of this market structure, most countries limit legal restrictions on subcontracting – such as setting maximum levels or contract portions – to avoid excluding small and medium-sized enterprises from competition (Jaehrling, 2023b). Amongst those consulted in this study, interviewees from Austria, France and Norway³⁴ reported issues with compliance and transparency in subcontracting.

Turning to unfair and illegal practices for the sake of being more competitive is also driven by the **downward pressure coming from the ‘price first’ criterion dominating many public procurement processes**. As explained by an EU-level social partner:

‘There is a lot of price pressure on public procurement contracts (higher than in the private sector), because public authorities themselves are under budgetary pressure. Outsourcing by public authorities is used to reduce headcount, thus, there is a pressure to try to keep the cost of private security services as low as possible.’

As a result of the pressure of making ‘efficiency gains’ in public authorities, public procurement contracts concerning labour-intensive services, such as private security, are frequently awarded based on the lowest price as opposed to an objective quality criterion (Jaehrling, 2023b). This can have a *‘detrimental effect regarding the quality of services provided because low cost cannot justify necessary trainings and employment conditions for guards’* (Confederation of European Security Services and UNI Europa, 2023a). In turn, the price pressure coming from the objective of ‘buying cheap’ creates unfair competition and can drive companies to use illegal practices (Jaehrling, 2023b). This takes place to the extent that in some countries, companies committed to upholding labour standards refuse to participate in public contracts³⁵. The ways in which public procurement practices can influence the prevalence of undeclared work in this sector are further discussed in Section 4.1.

There are also **country-specific factors**, which could enable the practice of undeclared or under-declared work, such as labour market characteristics, work culture, or the severity of penalties for irregular work arrangements. Examples of these enablers are presented in Box 2 below.

³³ Based on an interview with the Austrian Federal Economic Chamber.

³⁴ The Austrian Federal Economic Chamber, CNAPS, and a stakeholder from Norway.

³⁵ Based on interviews with a stakeholder from Romania and a social partner from Spain.



Box 2. Examples of country-specific enablers including of undeclared or under-declared work in private security

According to social partners, in **Belgium**, in recent years, approximately 40% of the inspections carried out by various federal social inspection services in the sector have identified non-compliance with labour law. In most cases, this was due to failing to register employees. The main drivers of this practice are high labour costs and social charges, driving companies to seek ways to reduce them, a lack of qualified security personnel, resulting in companies looking outside legal frameworks, and complex regulations and administrative requirements. These issues are particularly observed in small businesses and companies operating in the event and nightlife sectors (Confederation of European Security Services, 2025a).

In **Italy**, similarly to Belgium, the complexity of labour laws and high social security contributions were identified by social partners as among the main reasons why employers choose to not declare their workers. On the workers' side, however, the view is that it is high unemployment and the need for additional income that is likely to drive individuals to engage in this practice (Confederation of European Security Services, 2025a).

In **France**, according to employers' representatives, it is likely that recent salary increases in the sector (7.5% in 2023, 5% in 2024, and 3.2% in 2025) have contributed to the resurgence of labour law violations, as the increased cost of services are difficult for both private security employers and clients to absorb (CNAPS, n.d.).

In **Romania**, an interviewed stakeholder pointed out '*excessive taxation of labour*' as the main reason for employers engaging in undeclared work in the sector. As a result, employers rather pay salaries '*under the table*'. According to the interviewee, this is paired with negligible fines in case of unlawful practices, which are not likely to be investigated more than once a year. ³⁶

Generally, services that demand specialised skills or higher qualifications, such as armed security, dog detection, or cash transport, experience a lower rate of undeclared work³⁷. This contrasts with **events security and surveillance to construction sites**, which have been identified as sub-sectors in which there may be a higher prevalence of undeclared, partially declared work, or misclassification of employment. Participants from Spain and Croatia in the workshop reported that there have been multiple cases of misclassification of employment in construction, with construction personnel performing guarding duties rather than licenced security personnel. For the events sector in particular, the large number of workers needed in a short period of time is the main contributing factor for undeclared work, with complex subcontracting chains and the use of staff without licences to perform security tasks (misclassification of employment) both used to meet labour needs³⁸. Other contributing factors during events include, for example:

- ▶ Lack of quality control by public organisations when purchasing event security services (i.e. low-price pressure and, in many countries, legal requirements for event organisers to have a minimum number of security officers – as a result, price and quantity beat quality and control)³⁹,
- ▶ Insufficient control of events by national competent authorities due insufficient resources to cover the high volume of workers and breadth of large event spaces⁴⁰,
- ▶ Significant levels of paperwork needed to fully legalise a short-term workforce, leading to corners being cut for the sake of efficiency⁴¹; and

³⁶ Based on an interview with a stakeholder from Romania.

³⁷ Based on interviews with EU-level social partners and CNAPS.

³⁸ Based on an interview with EU-level social partners, as well as a social partner contribution made during the workshop.

³⁹ Based on an interview with EU-level social partners.

⁴⁰ Based on an interview with EU-level social partners.

⁴¹ Based on a contribution made during the workshop.



- Frequent last-minute adjustments in staffing and responsibilities⁴².

As irregular forms of employment and poor working conditions were frequently reported by interviewees to occur in the events sector, it is all the more important to draw attention to positive examples of practices where the risk of undeclared or under-declared work is effectively met by preventive measures of responsible authorities. The case study in Box 7 (see Section 5.2.1) presents the recognised practice of the French National Council for Private Security Activities (CNAPS), which has contributed to the success of private security during the Olympic and Paralympic Games 2024 in Paris.

3.1.2 Drivers for employees

When it comes to workers, engaging in undeclared or under-declared work is mainly driven by low wages. According to UNI Global Union's global survey of 11,000 security workers from 35 countries, **57% of security workers are dissatisfied with their pay** (UNI Global Union, 2024). Low wages, along with additional contributors to substandard working conditions (such as extended or irregular hours, insufficient break periods, mandatory overtime, and delayed wage payments), can make undeclared or under-declared employment financially appealing to workers.

Beyond low hourly rates and irregular contract arrangements, income security for these workers has been further undermined by the recent cost-of-living crisis. A recent survey conducted as part of the EU-funded social partner project 'INTEL' reveals that across all six participating countries⁴³, current inflation levels and rising costs of living were the primary concern of young workers in private security – before personal health and unemployment.

These challenges are compounded by prevalent industry practices – including non-payment of wages – which are especially frequent among subcontractors (Jaehrling, 2023b). These conditions are also the reason why workers are inclined to accept additional non-declared side-work offers coming directly from clients (i.e. circumventing the private security company contracted)⁴⁴.

Legal requirements to enter the private security profession may also drive workers to engage in undeclared work. In Austria, for example, many individuals interested in jobs in the security sector would not pass the mandatory security screening (e.g. checking criminal records) to work in private security, thus they choose unregistered employment in the sector. To tackle the occurrence of these situations, stricter eligibility rules and a service ID card has been proposed under a revised Security Services Act^{45,46}.

Foreign nationals in a legally precarious situation, such as without a residence permit also cannot meet legal requirements to enter the profession, even if they have relevant professional background. Hence, working undeclared or working with wrong documents is the only choice they have.

While a portion of workers may knowingly engage in these practices, others may be **coerced into accepting undeclared or under-declared work as a result of employer practices**. In the open responses to UNI Global Union's global survey, respondents from Germany, for example, reported being pressured into forced (unpaid) overtime. Security guards who attempt to assert their right to be compensated for extra hours worked can face harassment and intimidation (UNI Global Union, 2024). A social partner interviewed from Spain added that some workers, for example, those in small towns where jobs are scarce, may simply not have a choice other than to accept the disadvantageous conditions offered by the employer⁴⁷. In some situations, as reported by interviewees,

⁴² Based on an interview with the Austrian Federal Economic Chamber.

⁴³ Countries participating in the survey are Belgium, Croatia, France, Germany, the Netherlands, and Romania.

⁴⁴ Based on an interview with EU-level social partners.

⁴⁵ Based on an interview with the Austrian Federal Economic Chamber.

⁴⁶ Based on a written contribution from the Austrian trade union Vida.

⁴⁷ Based on an interview with a social partner from Spain.



workers may not be aware of their rights, collective agreements, or the negative consequences of undeclared work on social protection (e.g., on unemployment benefits, pension accrual, workplace injury projection, etc.)⁴⁸. Others may already be in a precarious situation (e.g. third country nationals), which leads them to engage in undeclared work⁴⁹.

3.2 Bogus self-employment in private security

Analysis of literature and interview data for this study indicates that, in the private security sector, instances of bogus self-employment are notably less common than other forms of undeclared work discussed above. This section will examine the primary factors contributing to its lower incidence.

The primary reason for the rare occurrence of bogus self-employment in the private security sector is the **general lack of self-employment within the sector**. According to a Eurofound report on the private security sector, self-employment does not exist in the sector in most countries or is at least very rare (Eurofound, 2019). This observation was also confirmed by an EU-level social partner interviewed for this study⁵⁰ and the majority of participants to the ELA workshop. This is due to the fact that many countries have strict requirements for accreditation and how self-employed individuals could carry out private security activities (Eurofound, 2019).

In France, for example, to become self-employed in the private security sector, one needs to have the same type of accreditation as a company director in the sector, including a higher education degree⁵¹. Another example was mentioned in Ireland, where obtaining the necessary licence to work in the sector as self-employed requires attending a four-day training course, and a review of any past criminal charges. In addition to this, to become legally self-employed, additional documentation and requirements, such as personal insurance, are necessary, which is a costly process⁵². In Romania, too, a stakeholder interviewed mentioned that national law excludes the possibility of self-employment, and therefore bogus self-employment in the private security sector⁵³.

In Belgium, a specific regulatory framework exists that outlines the criteria to be used when determining potential employment relationships amongst self-employed security guards, which was presented during the workshop. The Royal Decree of 29 April 2013 (2013/201567) lists nine criteria assessing genuine autonomy, including financial risk, pricing and purchasing decisions, and the ability to hire or substitute personnel. If at least five criteria are met, it is considered to be bogus self-employment. The criteria are tailored to the operational realities of private security: for example, one criterion covers the use of employer-provided uniforms, communication equipment, and licences bearing the co-contractor's name.

Where bogus self-employment does occur, a primary driver for this is **cost-saving measures** and **tax avoidance** on behalf of both the would-be employer and the would-be employee. However, participants in the ELA workshop raised another driver for bogus self-employment – many countries require a **'cooling-off' period** of up to a few years before police officers or military personnel can join the private security workforce to prevent conflicts of interest and protect sensitive information. In order to get around this, some stakeholders shared cases of bogus self-employment in which former police or military personnel acted formally as independent advisers while, in practice, performed senior security management functions. This was specifically mentioned by representative from Spain and Albania during the workshop; however, other stakeholders expressed this is seen more broadly.

Although bogus self-employment is limited in the private security sector at a European level, there are still some Member States that are facing challenges. For example, an EU-level social partner interviewed for the study

⁴⁸ Based on interviews with the Austrian Federal Economic Chamber and Ireland Private Security Authority.

⁴⁹ Based on an interview with the Austrian Federal Economic Chamber.

⁵⁰ Based on an interview with EU-level social partners.

⁵¹ Based on an interview with CNAPS.

⁵² Based on an interview with the Ireland Private Security Authority.

⁵³ Based on an interview with a stakeholder from Romania.



mentioned the Netherlands having an issue with bogus self-employment⁵⁴. To tackle this phenomenon, at the beginning of 2025, the government has introduced a reform, according to which an earlier enforcement moratorium was lifted, returning the Dutch Tax Authority's ability to actively enforce regulations against bogus self-employment. The reaction to the new legislation was immediate, with the security sector being one of the sectors where the most significant decrease of self-employed persons has taken place (CMS Law-Now, 2025).

Nevertheless, bogus self-employment may be an issue in other countries as well. For example, Belgium's 'Plan for Fair Competition' – an agreement among employees' and employers' organisations and the inspection services – includes an evaluation whether the current regulatory framework effectively prevents bogus self-employment. The Plan for Fair Competition focuses on eight sectors considered to be at 'high risk'. For the first time, in 2024 a specific Plan for the private security sector has been signed. More in depth information about the features and the specificities of the Plan will be provided in Chapter 5 (Arxia and Smeets, 2024).

⁵⁴ Based on an interview with EU-level social partners.



4.0 Public procurement in the private security sector

This chapter in brief

Section 4.1 of this chapter examines the **role of public procurement in the private security sector**. Public procurement plays a significant role in the private security sector, but there are no comprehensive EU or national data on its share; estimates from stakeholders consulted across countries vary from 20% to 70% of contracts.

- ▶ **Section 4.1.1** outlines the EU legislative framework governing public procurement, including obligations for compliance with environmental, social, and labour law.
- ▶ **Section 4.1.2** outlines how public procurement can both positively and negatively affect undeclared work. However, it currently acts mainly as a driver, with key contributing factors including:
 - ▷ reliance on lowest price or cost as the main award criterion,
 - ▷ optional and imprecise exclusion criteria,
 - ▷ legal uncertainty surrounding social clauses, and
 - ▷ limited monitoring capacity within public authorities.
- ▶ **Section 4.1.3** explores **possible solutions** to prevent undeclared work in the private security sector during the procurement process across different stages:
 - ▷ **Planning and preparatory stage** (e.g. ensuring adequate resources and training for contracting authorities, engage social partners in the process, establish public registers of sanctioned companies etc.)
 - ▷ **Procurement and award stage** (e.g. shifting the emphasis from price to quality-related criteria, exclude the use of lowest-price as the sole criterion)
 - ▷ **Implementation stage** (e.g. adequate contract supervision, checking and verifying the continuous compliance and including a price revision clause for long-duration contracts)

Section 4.2 examines **subcontracting in private and public procurement**. Although comprehensive data are lacking, evidence indicates that subcontracting represents a significant share of activity in the private security sector.

- ▶ **Section 4.2.1** explores sectoral regulations governing subcontracting in the private security sector, highlighting examples from Spain, France, and Belgium.
- ▶ **Section 4.2.2** focuses on the legal constraints on restricting subcontracting in public procurement, showing the difficulty of balancing the combat of undeclared work in public procurement supply chains with compliance with procurement and competition law.



4.1 The role of public procurement

This sub-chapter will explore the role and potential impact of public procurement on undeclared work in the sector, including the challenges and good practices associated with addressing undeclared work in public procurement. More challenges and good practices will be presented in Chapter 5.

There is no comprehensive data available on the prevalence of public procurement within the private security sector across the EU. **However, interview findings from EU-level social partners suggest that a range of 20-70% of work is awarded through public procurement, depending on the Member State.** According to national interview findings, the level of public sector involvement varies significantly by country. For example, in Austria, it accounts for around 55% of the market; in France, approximately 20%; and in Spain, between 20% and 24%⁵⁵. Interviewees from other countries were unable to provide specific estimates.

Public procurement can be a powerful way of preventing undeclared work and setting rules to manage supply chains and subcontracting chains in different sectors, and more generally, it has the potential to influence the prevalence of undeclared work and bogus self-employment in the sector either positively or negatively. Public procurement is regulated at EU level by Directives 2014/23, 2014/24 and 2014/25. Additionally, some Member States apply specific conditions when engaging in public procurement, such as prohibiting companies from applying for public support programmes or public procurement tenders if they have been included in 'non-compliance lists' (European Labour Authority, 2023). This section will first explore the EU rules on public tendering in relation to the private security sector and then explain how public procurement practices influence the prevalence of undeclared work in this sector.

4.1.1 European legislation on public tendering for private security services

The European Union has established an extensive legislative framework on public procurement, primarily through the Directive of 26 February 2014 on public procurement (which repealed Directive 2014/24/EC). The Directive sets out the rules that public authorities, but not private buyers, must follow when tendering contracts, including procedures, exclusion and selection criteria, and award principles.

A key provision is the **horizontal social clause** in Article 18.2, which establishes that all bidders must comply with applicable obligations in the fields of environmental, social and labour law, as established by EU law, national legislation, and collective agreements, or by relevant international conventions. This requirement also applies to subcontractors, meaning that the main contractor is responsible for ensuring compliance throughout the supply chain.

The Directive only applies to contracts above a certain threshold, which is defined at different levels based on the sector. For private security services listed in Annex XI⁵⁶ of the Directive, it only applies to contracts above a value of EUR 750,000 (excluding VAT). However, private security services fall under a **specific 'light regime'**; Member States are required to establish national rules that ensure transparency and equal treatment of bidders in line with the conditions laid down by Article 76⁵⁷. Within these principles, they enjoy broad flexibility to design their own procedures, allowing contracting authorities to take account of the specific characteristics of private security

⁵⁵ Based on interviews with social partners from Spain and Austrian Federal Economic Chamber, as well as a contribution from CNAPS during the workshop.

⁵⁶ The following security services are listed in Annex XIV: investigation and security services, security services, alarm monitoring services, guard services, surveillance services, tracing system services, absconder-tracing services, patrol services, identification badge release services, investigation services, detective agency services, graphology and waste analysis services.

⁵⁷ Article 76 specifies that: 'Member States shall put in place national rules for the award of contracts subject to this Chapter in order to ensure contracting authorities comply with the principles of transparency and equal treatment of economic operators. Member States are free to determine the procedural rules applicable as long as such rules allow contracting authorities to take into account the specificities of the services in question'.



services. In practice, this flexibility means that buyers may include quality-related criteria and award contracts on the basis of the best price-quality ratio, although such considerations remain optional under EU law.

Even within this flexible framework, Member States may choose to apply the **general provisions** of the Directive concerning exclusion (Article 57), selection (Article 58) and award criteria (Article 67) to contracts for private security services:

- ▶ **Exclusion criteria (Article 57)** define which companies must or may be excluded from participation in tenders. Mandatory exclusions include participation in a criminal organisation, child labour or other forms of human trafficking, and non-compliance with tax or social security payment obligations. Optional exclusions may include non-compliance with environmental, social or labour law, or breaches of collective agreements.
- ▶ **Selection criteria (Article 58)** concern a bidder's suitability to pursue the professional activity, its economic and financial standing, and its technical and professional capacity.
- ▶ **Award criteria (Article 67)** state that public authorities must base the award of contracts on the most economically advantageous tender, taking into account both price and quality-related factors.

Additionally, there are horizontal safeguards regardless of the application of a flexible or light regime, or when a contract is solely awarded on price. Article 69 allows contracting authorities to investigate and reject abnormally low tenders at award stage. Article 71 requires contracting authorities to ensure that subcontractors comply with the obligations referred to in Article 18(2), including social and labour law.

For contracts below EUR 750,000 (net of VAT), Member States are free to apply whatever procedures they deem appropriate to private security services.

4.1.2 Implications of procurement legislation and practices on undeclared work and challenges faced by public authorities

Overall, as explained above, the EU public procurement framework grants Member States considerable flexibility in the procurement of private security services. As a result, national approaches can differ significantly. A mapping of national legislation would therefore be required to understand how these services are procured in practice and whether the criteria applied in tenders help to prevent, or risk encouraging undeclared work and bogus self-employment, which lies beyond the scope of this study. Instead, the study uses evidence from interviews and the literature review to illustrate how public procurement practices in the private security sector affect compliance with labour standards and the prevalence of undeclared work.

Literature findings indicate that, while public procurement can be a powerful policy instrument, it is often not sufficient on its own to address undeclared work and may, in some cases, may even contribute to it.

The Confederation of European Security Services and UNI Global Union argued that the exclusion criteria, the award criteria (except those based solely on price), and the provisions relating to the execution of contracts should apply fully to private security services (Confederation of European Security Services and UNI Europa, 2014). Even when Member States choose to apply the general provisions (see Articles 57, 58 and 67 above) to private security services, the exclusion criteria for non-compliance with fundamental labour rights and collective agreements set out in Article 57 remain optional, which has been criticised by trade unions (European Labour Authority, 2024).

There are several **challenges** in preventing undeclared work and promoting socially responsible procurement more broadly, which are discussed further in Chapter 5.0. Common obstacles that hinder the inclusion of socially responsible requirements, including measures to prevent undeclared work in public procurement, are most notably the predominant reliance on the lowest price or cost as the award criterion, legal uncertainties regarding social



clauses and exclusion criteria, and a lack of capacity and data to implement and monitor compliance with socially responsible procurement requirements (European Labour Authority, 2024).

It is widely recognised that prioritising the **lowest price criterion** in public procurement can create conditions that increase the likelihood of labour law violations, driven by cost-cutting pressures and inadequate oversight (European Labour Authority, 2024). The risks associated with choosing the lowest price include compromised contract performance, unfair competition, non-payment of taxes or social security contributions, breaches of labour law, such as undeclared or under-declared work and bogus self-employment, non-compliance with sector-specific legislation, and, more broadly, a race to the bottom regarding labour law standards (Confederation of European Security Services and UNI Europa, 2023a).

One of the main factors that drive undeclared work in public procurement is the price pressure. According to EU-level social partners, public authorities are themselves under budgetary pressure and tend to outsource private security services to reduce the headcount of their employees, which creates pressure to keep the cost of these services as low as possible. A social partner from Spain explained that prices offered by procurement contracts make it difficult to maintain a healthy business, resulting in companies either opting out altogether or engaging in illegal work practices to save money:

'Public procurement is the main driver of undeclared work, because they are still focusing a lot on price and not on quality. Companies that are investing in individuals cannot sustain the prices given by public procurements. This means that some companies either refuse to participate – opting for private contractors or might engage in undeclared work practices.'

Box 3. Examples of unfair competition due to prioritising the lowest price award criterion

A 2021 study on unfair competition practices in the private security services market found that national public procurement policies prioritising the lowest price create strong incentives for companies to resort to undeclared work as a means of reducing costs to unsustainable and often illegal levels. This, in turn, fosters unfair competition and undermines quality and labour standards across the sector (Badea, 2022).

For instance, a predominant portion of contracts in **Czech Republic** are awarded to the lowest bidder (Badea, 2022).

Similarly, the **Hungarian** Government amended its public procurement regulation to introduce a minimum price for guarding services in public contracts, specifically to curb unfair competition based on excessively low pricing. This reflects a clear recognition of the link between public procurement practices and low pricing. However, this minimum price does not apply to private-sector contracts, where guarding services continue to be procured at abnormally low rates (Badea, 2022).

Interview findings corroborate this, indicating that the tendency to select the lowest-priced offer creates incentives for undeclared work. Several interviewees highlighted problems related to public procurement, particularly the price pressure associated with public contracts. For example, an EU-level social partner confirmed that public procurement can act as a **driver of undeclared work**:



‘Yes, definitely. The way public contracts are awarded is a big issue (little control of how services are bought, legal loopholes for companies to win awards, do not respect collective agreements). Legal uncertainty around awarding quality – many of them are being awarded based on price only.’

These issues are closely linked to the award procedure of public tenders. As mentioned above, the lowest-price award criterion can undermine the sector's quality and labour standards. When interviewed for this study, a representative from CNAPS explained:

‘There is a challenge in public procurement, since performance objectives are defined by cost, which can have a negative effect. There is a search for competitive private security service costs, which are very low, even unprofitable for some companies, who nevertheless agree to contract with the public sector (the State, local authorities, hospitals, etc.). The public market should not go below a certain price if it doesn't want to generate negative effects and cause undeclared work. Companies need to be profitable, and there are imposed costs that from the outset cannot allow them to be profitable (...). There are very negative effects of these contracts that were designed solely with an economic performance perspective.’

However, not all interviewees have raised concerns about the pressure put on companies in public procurement and links to undeclared work, which is likely due to differences in national public procurement legal frameworks, including the extent to which Member States make use of the flexibility provided under the EU public procurement framework (see section 4.1.1). When interviewed for this study, the Austrian Federal Economic Chamber did not see a need to make changes to public procurement processes and considers them sufficient, while a stakeholder from Norway clarified that ‘public procurement is generally not seen as a major driver of undeclared work in Norway’. In Norway, larger and serious companies tend to win public tenders and tend to comply with regulations.

4.1.3 Possible solutions to prevent undeclared work in the private security sector during the procurement process

Several solutions can be considered to prevent and tackle undeclared work in the private security sector during the planning, tendering and implementation stage of a public procurement.

At the **planning and preparatory stage of the procurement process**, public authorities can take a number of proactive measures to minimise the risk of undeclared work before a tender is launched. In contexts where statutory or collectively agreed labour standards are weak, public purchasers can establish specific minimum wage requirements above the legal minimum. In countries with strong collective bargaining coverage, procurement procedures may mandate the application of the most representative collective agreements to ensure fair working conditions.

- To enable public authorities to prevent undeclared work in public procurement contracts, adequate **human and financial resources**, as well as training to strengthen their technical capacity and knowledge are needed. Additionally, a comprehensive risk analysis of the private security market should be carried out before the procurement procedure begins. This should be followed by careful drafting of the contract, including the use of qualitative selection and award criteria, such as requiring companies to be covered by a collective agreement (European Labour Authority, 2024).



- ▶ Tools such as **best value guides**, such as the manual '*Buying quality private security services*'⁵⁸ created by the Confederation of European Security Services and UNI Europa, can assist public buyers in their tendering processes. It focuses on a '**best value**' **approach**, which is an optimum combination between price and quality and includes social criteria relevant for the private security sector (Confederation of European Security Services and UNI Europa, 2023a). This is a valuable resource for buyers, for whom it can be very challenging to assess the quality of the services before their delivery.
- ▶ **Social partners** can also play a constructive role during this stage. They can establish observatories (see case study below) to monitor draft tenders for poorly designed specifications and provide feedback before publication, thereby helping to prevent problematic procurement practices. Early consultation with trade unions and employer associations during the pre-tender phase can further improve the social responsibility and quality of procurement procedures (Jaehrling, 2023b).
- ▶ At the national level, a social partner from Spain proposed the establishment of **public registers** listing companies that have been sanctioned for fraud, with binding effects on their eligibility to participate in future bidding processes. Moreover, given that the private security sector is labour-intensive, **mandatory social clauses** should be introduced in public contracts⁵⁹.

Box 4. Case Study 1: Spain's Sectoral Observatory of Private Security

The **Sectoral Observatory of Private Security** (*Observatorio Sectorial de la Seguridad Privada*), created in 2013, is a collaborative body established to enhance the development and integrity of Spain's private security sector⁶⁰. It brings together all employers' associations and trade unions that have signed the sector's collective agreement to foster dialogue, research, and sustainable growth within the industry. The Observatory focuses on analysing market trends and producing studies to inform strategic decisions, promoting transparency and best practices in contracting processes, and monitoring employment conditions to ensure fair labour relations. Additionally, the Observatory works to combat unfair competition and unlicensed activities, safeguard compliance with regulations, and raise public awareness of the sector's role while aligning national initiatives with European standards.

One of the main focuses of the Observatory has been on public procurement in the sector. The Observatory's work in this area began with ensuring the correct transposition of EU Directives into Spanish legislation. This task was particularly complex in Spain due to its decentralised structure, as there are seventeen autonomous regions, each with its own authority regulating aspects of public procurement. Within this framework, the Observatory operates under the boundaries set by competition authorities, ensuring that public authorities comply with European Directives. This step was fundamental to maintaining compliance and consistency across procurement procedures.

Once this was verified, attention shifted to ensuring that public procurement processes consider fair working conditions and compliance with collective agreements. There is growing concern for fair and reasonable procurement practices due to increasing cost pressures not being adequately reflected in procurement tendering documents. The Observatory members screen more than 1,000 public contracts each year to ensure there is compliance with sectoral law and procurement regulation (Confederation of European Security Services and UNI Europa, 2023b). In this screening, roughly 20% of the cases are found to be non-compliant, and are then reported to the relevant authorities. The trade unions in the Observatory also review the cost structures in tenders to confirm alignment with collective agreements, and flag tenders with potentially low values that could

⁵⁸ Available at: https://www.securebestvalue.org/wp-content/uploads/2023/02/Best-Value-Manual_Final.pdf.

⁵⁹ Based on an interview with a social partner from Spain.

⁶⁰ For more information: <http://observatorioseguridad.es/observatorio/>.



create undue competitive pressure in the market⁶¹. The Observatory advocates for a rebalancing of criteria in public procurement, addressing the excessive emphasis on economic factors at the expense of quality considerations⁶².

The Observatory's oversight of the proper transposition of European Directives into national legislation, monitoring of public contracts, and advocacy for fair contracts can be considered good practices in addressing labour law violations in the private security sector. Together, these measures help create procurement processes that are fair, competitive, and aligned with broader social objectives.

During the procurement and award stage, effective safeguards could be introduced to reinforce compliance with labour standards. Contracting authorities may exclude bidders with a record of breaching labour laws or collective agreements, as well as those submitting abnormally low bids, which often signal intentions to undercut costs through non-compliance (Jaehrling, 2023). This was a practice mentioned by participants during the workshop, with a representative of Slovenia sharing that a company needs to prove they have not received a fine in the last two years to participate in public procurement.

- ▶ Shifting the emphasis from **price to quality-related criteria** also helps promote fair competition and decent work. For example, awarding additional points to bidders offering wages above statutory or collectively agreed minimums can serve as a positive incentive. In Poznań, Poland, this approach encouraged bidders to propose wages up to 17% above the legal minimum, demonstrating that socially responsible procurement can have a tangible impact on improving working conditions (Jaehrling, 2023a).
- ▶ In a joint statement, the European social partners of the private security industry criticised the widespread use of the lowest-price award criterion in public tenders and a lack of effective implementation of the EU procurement Directives in many Member States, which may incentivise some bidders to ignore social criteria. They called for a revision of public procurement rules for essential services and labour-intensive sectors such as private security, to **exclude the use of lowest-price as the sole criterion** and to ensure that public contracts are only awarded to companies that are party to or adhere to existing collective agreements (Confederation of European Security Services and UNI Europa, 2023a).

During the **implementation stage**, adequate contract supervision should be ensured, which includes checking and verifying the continuous compliance by the contractor and subcontractors with mandatory and exclusion criteria and the legal provisions tackling undeclared work. Financial and human resources are required to ensure adequate monitoring of compliance during the implementation phase. A lack of such resources poses a significant challenge for public authorities seeking to prevent undeclared work in procurement from private businesses (European Labour Authority, 2024).

Because public procurement contracts in the private security sector can be long-term, mechanisms should be in place to maintain compliance and viability over time. One EU-level social partner highlighted the importance of including a price revision clause in long-duration contracts, noting that:

'During long-lasting contracts, there can be significant labour cost increases, but the service provider cannot cover these with already low margins, so they need to turn to unlawful ways.'

⁶¹ Based on an interview with a Spanish social partner.

⁶² For example, see: Observatorio Sectorial de la Seguridad Privada. 2021. 'Note: Social Partners Urge a Radical and Urgent Change in the Processes for Contracting Private Security Services.' <https://www.observatorioseguridad.es/los-agentes-sociales-istan-a-un-cambio-radical-y-urgente-de-los-procesos-de-contratacion-de-los-servicios-de-seguridad-privada/>.



Such clauses can help ensure that contractors remain financially able to meet labour and social obligations throughout the life of the contract.

Beyond individual procurement procedures, several **policy-level reforms** could strengthen the framework for socially responsible public procurement. EU-level social partners have called for a review of the EU Public Procurement Directive to include mandatory quality criteria and compliance with collective agreements (UNI Europa et al., 2026). Another proposed measure is the creation of a European database of sanctioned contractors, accessible to all contracting authorities across the Member States. In addition, efforts should be made to strengthen the implementation of ILO Convention No. 94 and compliance with Directive 2014/24/EU on Public Procurement, ensuring that public procurement acts as a driver of formal and quality employment⁶³.

4.2 Subcontracting

This sub-chapter will explore the role and potential impact of subcontracting on undeclared work in the sector under private and public procurement, including the challenges and good practices associated with addressing undeclared work in these contexts. More challenges and good practices will be presented in Chapter 5.

Subcontracting and subcontracting chains can occur both in private and public procurement. It refers to the practice whereby a company, the main contractor to whom a project or contract has been awarded, employs a firm or company outside its own company to do work as part of the awarded project or contract. (European Labour Authority, 2022).

4.2.1 Regulations of subcontracting in the private security sector

In France, subcontracting in the private security sector is strictly regulated. For example, the primary client must be informed of any subcontracting arrangements, the subcontractor must hold all necessary authorisations, such as a CNAPS licence for the company and professional cards for the staff, and there are mandatory checks for contracts exceeding €5,000⁶⁴. The contract must clearly specify the scope of the subcontracted activities, and subcontractors must demonstrate technical necessity (e.g., coverage of a specific region or job category), to prove the intent is not low-cost or irregular labour. Importantly, both the main contractor and the subcontractor must be approved by CNAPS and comply with all legal obligations. Legal limits have been introduced that restrict activities to only part of the main contract and limit subcontracting to two levels in surveillance and guarding activities, with cascade subcontracting prohibited except in rare and justified cases (CNAPS, 2024).

In Spain, subcontracting of private security services is highly regulated, as a social partner explained:

'The sector is highly regulated in Spain. There is a basic provision in the Spanish law, highly limiting subcontracting practices. Mainly because, according to the private security law, a contract must be made between a user of services and a private security company. Security guards cannot be self-employed. What you can have is the subcontracting of specific parts of the service, but it all needs to be contracted, and this limits the undeclared work practices in the sector.'

⁶³ Based on an interview with a social partner from Spain.

⁶⁴ Based on a contribution from CNAPS during the workshop.



However, a representative from CNAPS identifies how issues can still remain despite this type of regulation:

‘There are shortcomings on the part of companies that subcontract part of their private activities to another private security company. The suitability of the company manager or security guards is not verified by companies looking to subcontract part of their work (even though this has been a requirement since 1975). This is observed quite frequently.’

There are instances in which subcontracting is linked to efforts to reduce labour costs and increase profit margins, exploit differences in labour standards and employment conditions, and implement strategies associated with social dumping (Confederation of European Security Services and UNI Europa, 2023a). When a main contractor further subcontracts parts of the work, it can lead to a lack of transparency in the supply chain. This includes uncertainty around who the actual employer is, the role of intermediaries, and an unclear division of responsibilities regarding fair working conditions, declared work, and occupational health and safety standards. Most instances of undeclared work tend to occur several layers down the subcontracting chain (European Labour Authority, 2022).

Private procurement is not regulated by EU law, and private buyers are free to impose subcontracting restrictions if they wish in their private contracts. There may be, however, legislation at national level to restrict or regulate subcontracting in the private security sector, as shown by the examples from **Spain and France** above and **Belgium** in the box below.

Box 5. Legislation regulating subcontracting in the private security sector in Belgium

In **Belgium**, joint and several liability in subcontracting chains applies to social contributions and wages in the private security sector, construction and meat production. While it does not limit the number of subcontracting tiers it does make it riskier for the main contractor to subcontract in an irresponsible way, therefore using the joint and several liability as a prevention method can be an effective measure against fraud and undeclared work. In practice, this means that when a contractor hires a subcontractor, Belgium makes the contractor jointly and severally liable for the subcontractor’s unpaid social security contributions, tax debts and wages. Belgium requires an automatic withholding of part of the payment to the subcontractor. For example, if the subcontractor has social security debts, the contractor must withhold 25% of the invoice and the withheld amount is directly paid to the National Social Security office. After paying these the main contractor is no longer jointly liable. Additionally, if a subcontractor fails to pay wages required by law or collective agreement, workers can claim payment directly from the main contractor (European Labour Authority, 2022).

Additionally, private buyers of security services can follow guidelines on buying quality private security services and define requirements for supply chain management (Confederation of European Security Services and UNI Europa, 2023a).

4.2.2 Subcontracting in public procurement

The implications of public procurement on undeclared work and related challenges and solutions were already discussed in detail in Section 4.1. This part covers some specific legal constraints in relation to restricting subcontracting in public procurement procedures.

Subcontracting in public procurement can, in principle, be restricted by national legislation. This was a point raised by a number of participants at the workshop, with varying subcontracting limits mentioned by representatives of Belgium, France, Latvia, Croatia, and Germany, with Latvia imposing a limit at one level of



subcontracting. However, the obligation to ensure open competition, particularly to facilitate access for small and medium-sized enterprises (SMEs), has led to a cautious approach at both EU and national levels. As a result, legislation and case law have often limited the extent to which contracting authorities can restrict subcontracting (Jaehrling, 2023b).

In fact, under certain circumstances, limiting subcontracting in public procurement can be considered incompatible with EU law and, more specifically, with the EU Procurement Directives, as illustrated by the cases described in the box below.

Box 6. Legal constraints on restricting subcontracting in public procurement

In the *Vitali* case (C-63/18), the CJEU examined an Italian rule that capped subcontracting at 30% of the contract's value across all sectors. The Court found that this general limitation 'went beyond what was necessary' to combat criminal organisations and was not compatible with Directive 2014/24/EU (InfoCuria Case-law, 2019).

Similarly, in 2019, the EFTA surveillance Authority (ESA) opened up a case against Norway in the light of the ruling of the CJEU in the *Vitali* case against a Norwegian national rule that applies to the construction and cleaning sectors, and sets the maximum length of two links in the contract chain, but no restriction on the percentage that can be subcontracted (Losnedahl, 2024). Although a European Commission report has described the Norwegian approach as an example of good practice in socially responsible public procurement (European Commission, 2020), the ESA considered the blanket two-link limit not in conformity with EEA law. The Authority did, however, close the case after Norway issued guidance clarifying the 'competition exemption' and announced plans to review its legislation (EFTA, 2024).

While the ESA's decision not to pursue infringement does not imply that the Norwegian rule fully complies with EEA law, it illustrates the legal uncertainty facing contracting authorities that wish to address undeclared work and social fraud through subcontracting limits.

These legal constraints highlight, overall, that efforts to combat undeclared work in public procurement supply chains must balance social responsibility with procurement and competition law compliance. Rather than imposing blanket limits on subcontracting, contracting authorities should apply targeted, risk-based measures, for example, requiring transparency of subcontracting tiers, verifying compliance throughout the chain, and enforcing joint liability for wages and social contributions.

Establishing joint liability between subcontractors and main contractors and requiring compliance among the entire subcontractor chain with social and labour standards, including collective agreements, has been considered key to mitigate risks of undeclared work (European Labour Authority, 2024). There was agreement on this point from participants in the workshop as well. A representative from Spain explained that in their country, joint liability clauses come into play when subcontractors are operating in the same category of economic activity, but not if they provide very different services.



5.0 Challenges and good practices in tackling undeclared work and bogus self-employment

This chapter in brief

This chapter covers both challenges and good practices in tackling undeclared work and bogus self-employment.

Section 5.1 examines the persistent obstacles enforcement authorities face with working practices in the private security sector. These challenges fall under four main areas:

- ▶ **Resource and capacity constraints of enforcement authorities:** Labour inspectorates and police forces lack sufficient staff, funding, and sector-specific expertise. Limited access to registers and GDPR restrictions hinder data sharing, while weak social partner involvement reduces oversight effectiveness.
- ▶ **Subcontracting chains:** Long, opaque subcontracting chains diffuse responsibility, making it difficult to identify employers and enforce compliance. Practices such as '*shadow guards*' and under-declared labour exploit these gaps, particularly among small firms.
- ▶ **Legal and procurement barriers:** Although EU Directive 2014/24/EU and ILO Convention C094 promote socially responsible public procurement (SRPP), implementation can be inconsistent. Social clauses in public procurement tenders are underused due to legal ambiguities, optional exclusion criteria, and conflicts between cost and compliance.
- ▶ **Emerging work trends:** Remote and platform work remain rare in the sector, limiting related enforcement issues. However, future risks may arise from platformisation and digitalisation, requiring new skills and regulatory adjustments.

This chapter continues to explore good practices and potential solutions related to tackling undeclared work and bogus self-employment. In **Section 5.2**, practices and suggestions from public authorities and social partners are presented, covering:

- ▶ **Effective regulatory frameworks:** Sector-specific regulation and licensing requirements that have specific rules regarding compliance with labour law can have a significant impact on prevention of undeclared work and bogus self-employment. Further, regulation and approaches to procurement and subcontracting can also be developed to minimise the risk of undeclared work and bogus self-employment.
- ▶ **Approaches to enforcement:** Targeting areas of higher risk, collaborating across authorities and with social partners, and applying best practice in enforcement are methods that can increase the efficiency of authorities' work and contribute to effective prevention and enforcement of undeclared work and bogus self-employment.



5.1 Enforcement challenges in the private security sector

This sub-section will present an analysis of the challenges faced by enforcement authorities when tackling undeclared work and bogus self-employment in the private security sector as well as examining where there are differences with other sectors. It will reference the challenges associated with public procurement and subcontracting outlined in the chapter above. Furthermore, an analysis of how procurement regulations attempt to address undeclared work within the private security sector provides insights as to the legal safeguards in play and to what extent they are effectively enforced.

The primary challenges faced by enforcement authorities, according to the literature and interview data, can be categorised under four key areas. These are:

1. Resource and capacity constraints of the enforcement authorities;
2. Obstacles linked to subcontracting chains;
3. Legal barriers and procurement-related challenges; and
4. Emerging work trends such as remote work and platform work.

Each of these challenges are presented in more detail in the sub-sections below.

5.1.1 Resource and capacity constraints of the enforcement authorities

A key theme identified in both the literature and interview data reviewed for this study is that enforcement authorities have limited resources to tackle undeclared work and bogus self-employment in the private security sector.

Labour inspectorates often **lack the human and financial resources** to conduct thorough inspections, especially where complex subcontracting chains are involved, or where on-site visits are needed, which is often the case for the private security sector (European Labour Authority, 2024). When interviewed for this study, the Ireland Private Security Authority noted that they represent a small national authority with 57 staff members for the whole country, out of which only seven are full-time inspectors dedicated to the private security sector. In the Netherlands, the police force has the responsibility to monitor and enforce compliance of unlicensed private security companies but there is limited capacity at national and local levels and a lack of specialised personnel to effectively do this (Confederation of European Security Services, 2025a; Ministerie van Justitie en Veiligheid, 2022). Limited capacity in human resources is furthermore coupled with 'chronic underfunding of oversight authorities' (Jaehrling, 2023b, p. 35) and more limited social partner involvement can also lead to difficulties with enforcement. This is primarily linked to the fact that trade unions do not have procedural rights to enforce labour clauses in the private security sector, which means they are unable to effectively take collective action and obtain the information needed to submit a legal challenge (Jaehrling, 2023b).

Further, **limited access to relevant data and information** can make it challenging for authorities to carry out monitoring and enforcement in the private security sector. In particular, lack of access to comprehensive registers, such as company, tax, social security, and employment registers, as well as court decisions on past infringements or official compliance/non-compliance lists impacts the effectiveness of enforcement bodies in carrying out their compliance checks (European Labour Authority, 2024). Interviewees from Spain and Norway support this assertion, referencing 'asymmetries of information' when it comes to public sector workers trying to carry out their



enforcement roles and a lack of involvement of companies, employers' organisations and trade unions in supplying the information they need⁶⁵. Specifically, the Spanish interviewee said:

'There are asymmetries of information, and the big challenge is the means for the public sector to enforce controls and regulations.'

Moreover, even where specialised databases do exist, they are not always accessible to police officers or labour inspectors, who may also **not have the required sector-specific knowledge**⁶⁶. This lack of knowledge is also evident in the methodologies that authorities have available to them for assessing compliance in the private security sector, among other sectors. For example, in the procurement of private security, authorities often lack the internal procedures for adequately assessing the reasons for abnormally low prices in tenders, which are a strong indicator of potential non-compliance with labour obligations and thus undeclared work (European Labour Authority, 2024). This is supported by information provided by an interviewee from Norway:

'The sector's requirements for self-reporting and licensing are stricter than in other industries, but enforcement still requires significant investigative effort to uncover violations.'

For this reason, more **knowledge sharing** between industry and legal compliance bodies in the private security sector, as well as investment in inspection authorities, would greatly enhance enforcement efforts. Resistance to information sharing due to GDPR concerns and increased bureaucracy often preventing public authorities from obtaining up-to-date information on persons performing work and their working hours, which would greatly help in the monitoring of labour conditions, and detecting cases of undeclared work or bogus self-employment (European Labour Authority, 2024). This was a point raised by many participants of the workshop, including those representing countries where formal cooperation arrangements are in place.

5.1.2 Obstacles linked to subcontracting chains

A specific challenge faced by enforcement authorities, often linked to their limited capacity and resources, is the impact of complex subcontracting chains in several countries in the private security sector, as outlined in greater detail in Section 4.2 above. These chains obscure accountability and make it even more difficult for public authorities to trace responsibility and ensure compliance, especially where they only have direct contact with the main contractor.

In particular, in the private security sector, the **diffusion of responsibility** caused by long subcontracting chains means that without specific contractual provisions, 'the public entity has no direct legal relationship with or control over subcontractors' (United Nations Office for Project Services, 2024).

Some common practices in the private security sector used by companies in long subcontracting chains are the use of **'shadow guards'**, which is a way of employing fewer workers than contractually agreed,⁶⁷ and **other unfair labour practices** where they use undeclared or bogus self-employed workers to reduce costs (see Section 2.2 for more details) (Jaehrling, 2023b). These practices allow companies to circumvent wages and social costs often

⁶⁵ Based on an interview with a Spanish social partner.

⁶⁶ Based on an interview with a Norwegian stakeholder.

⁶⁷ I.e., this involves pretending to hire more staff than in reality, and not adhering to the number of staff agreed upon in the contract between the procuring organisation and security organisation providing the security personnel.



without being detected due to the difficulties faced by authorities with resources and capacity to audit and verify actual workplace conditions via on-site inspections (Confederation of European Security Services and UNI Europa, 2023a). In this regard, there is a clear need for more resources to be available to public authorities in order to more effectively monitor all subcontracting chains, especially considering the **high prevalence of small and micro-enterprises** in the private security sector, which has the potential to make the subcontracting chains even more complex and large. This phenomenon leads to more resource-intensive inspections by state labour inspectorates and trade union support services to enforce compliance with labour rights (Jaehrling, 2023b).

5.1.3 Enforcement of social clauses in public procurement in private security

While the **Directive 2014/24/EU** and the **ILO Convention C094** include provisions to help enforcement authorities address undeclared work in public procurement across all sectors, there are limitations to how authorities can use these legal frameworks to prevent non-compliant practices as described in the remainder of this sub-section, which particularly focuses on the challenges associated with the use of social clauses in public procurement contracts.

As mentioned in Section 4.1.1., the EU Directive 2014/24 specifically promotes **socially responsible public procurement (SRPP)**, fostering the transposition of labour and environmental clauses into national legislation. ILO Convention C094, concerning **labour clauses in public contracts**, sets out the grounds for exclusion and sanctions of public contracts where those standards are not observed (across all sectors). Convention C094 is also one of the eight ILO Conventions listed in Annex X of the Directive to be abided by.

As discussed in the Chapter above, Article 18(2) of Directive 2014/24/EU, known as the '**horizontal social clause**', is the primary mandatory provision for SRPP in the Directive as it requires Member States to comply with environmental, social and labour laws in the performance of public contracts as established by EU law, national law, collective agreements and international provisions (i.e., ILO conventions) (European Labour Authority, 2024; European Parliament, 2023). However, the **actual use of social clauses is often limited**. Public authorities may find these clauses more difficult to implement, enforce, and control compared to environmental ones; the reasons for this are detailed in the paragraphs below.

Legal ambiguity is a key theme in the literature across all sectors, including the private security sector, with Jaehrling (2023a), and the European Labour Authority (2024) making reference to the 'link to subject matter' constraint. Indeed, the existing legal frameworks mentioned above are often narrowly interpreted when it comes to the social clauses in procurement contracts. This means that the labour clause in a public procurement contract may only apply to those workers *directly assigned to performing the contract in question*, and not to the contractor's wider workforce engaged in other activities or contracts (European Commission, 2021). The result is that it becomes difficult to disseminate information about these workers' rights and to enforce them, which makes the job of enforcement authorities more challenging but also weakens individual and collective self-enforcement (Jaehrling, 2023a). For example, in Denmark, this lack of specificity on conditions and wages makes it more difficult to sanction potential violations of the labour clauses in public procurement contracts for private security workers (Refslund et al., 2023).

Another area of legal ambiguity is in the **vague phrasing and optional nature of exclusion criteria** within the Directive 2014/24/EU on public procurement. Specifically, there are optional exclusion criteria within the Directive related to non-compliance with social and labour laws by companies, relevant to all sectors. However, this grey area means that such non-compliance by a company will not automatically exclude them from a procurement procedure due to varying interpretations by local authorities. This is a clear challenge for enforcement due to the lack of consistency in implementation (European Labour Authority, 2024). This is further exacerbated by the non-transposition or incomplete transposition of EU instruments and international labour standards into national legislation in general (European Labour Authority, 2024).



There is further conflict of interest when one considers the need for public buyers to **favour market competition rules** in procurement procedures and **opt for the lowest price** to avoid the risk of making a mistake and being sued by rejected bids or adding social requirements to a procurement process (Jaehrling, 2023b). Although authorities may attempt to block bids for services with ‘abnormally low prices’, as provided for in Article 69 EU Directive 2014/24, given this tends to be an indicator of labour law infringements, courts will often allow these bids to pass as long as the companies provide an explanation. In many cases the explanation does not have to be well-evidenced, however, and thus allows companies using unfair practices, such as undeclared work to save on costs, to still win contracts (Jaehrling, 2023a). Enforcement authorities (or buyers) would have to actively investigate and challenge such bids, requiring resources they often do not have, in order to prevent such non-compliant offers from entering the market in the private security sector (Confederation of European Security Services and UNI Europa, 2023a).

Another example includes **deciding which collective agreement applies** to workers hired under a procurement contract (sector, type of contract etc.), which can be confusing (Jaehrling, 2023a). For example, in Poland, labour inspectors could not reclassify civil law contracts as employment contracts; only labour courts could. This meant that the process to ensure a worker is under the correct contract was slow, as all parties had to agree that employment conditions were being met. Inspectors were thus often limited to use ‘soft’ measures, such as issuing improvement notices, to encourage employers to correct misclassification voluntarily⁶⁸. However, this will soon be resolved in Poland, as new legislation will come into force July 2026 that provides greater competences to labour inspectorates, allowing them to reclassify improper civil-law contracts into employment contracts⁶⁹.

Another legal constraint is the **self-cleaning mechanism**, made mandatory by the EU Public Procurement Directive (Article 57(6)), which allows companies facing exclusion from public tenders to demonstrate that they have taken sufficient corrective measures to restore their reliability, depending on the transposition of the Directive into national law. In Germany, for example, a company found guilty of failing to pay taxes or social security contributions can regain eligibility by subsequently fulfilling its obligations and settling any outstanding claims, or by formally committing to do so. Once these steps are taken, the company can no longer be excluded from future tenders (Jaehrling, 2023b). This contributes to the difficulty faced by public contract administrators in determining whether a labour clause has been violated, as supplier companies have the right to argue their case and present evidence in its favour. This leads to contract administrators having to ‘act as a sort of labour market judge’ (Refslund et al., 2023, p.13), which they are not necessarily qualified to do.

However, according to an interviewee from Norway, the challenges faced by enforcement authorities in the private security sector differ from those in other sectors because private security is more strictly regulated. For example, it requires self-reporting and licensing, making undeclared work less common compared to industries like construction, cleaning, or food delivery. Furthermore, in many professions within the private security sector, the strict licensing and professional requirements can limit the extent to which employers can recruit a more vulnerable population of workers in the first place.

5.1.4 Emerging work trends

As new work trends linked to digitalisation were emerging in 2018/2019, there appears to have been consensus in the literature (Eurofound, 2019; Confederation of European Security Services and UNI Europa, 2023b) about the fact that **employment models using platform work or remote work in the private security sector are limited**. While interviewees consulted as part of this study also maintain that such work trends are not strongly

⁶⁸ Based on an interview with the Polish labour inspectorate.

⁶⁹ For more information, see: <https://www.gov.pl/web/rodzina/reforma-panstwowej-inspekcji-pracy>.



relevant to the private security sector⁷⁰, country representatives from France did mention platform work as an emerging trend in the sector that needs to be treated with caution.

Generally, inspections by authorities largely take place on-site, although with a temporary hiatus during the Covid-19 pandemic, where, according to the Ireland Private Security Authority:

‘During COVID there were a lot of desktop investigations. It has since evolved back to pre-COVID work with on-site inspections.’

While platform work does not play an important role in the private security sector, **platform work is associated with enforcement challenges for public authorities in other sectors**. For this study, platform work is understood as matching of demand and supply of paid work through an online platform using an algorithm⁷¹, where issues with enforcement tend to be linked to the identification of employment relationships, which can be obscured through complex contracts and technology (i.e., through ‘algorithmic management’) (European Labour Authority, 2025). Many platform workers are classified as ‘self-employed’, which has traditionally restricted their ability to engage in collective bargaining and to conclude collective agreements, despite the existence of collective action and self-organisation in practice (Van Rosmalen, n.d.). The 2024 EU Platform Work Directive establishes a rebuttable legal presumption of an employment relationship if certain indicators are met, which shifts the burden of proof onto the platforms to demonstrate that a person performing platform work is not an employee (European Labour Authority, 2025).

Focusing specifically on the private security sector, there are **few examples of platform work matching labour supply to demand at present**. The social partners for the private security sector intend to put in place a plan to evaluate the potential impact of employment and recruitment platforms, although this has not yet been put into practice at the time of writing this report (March 2026). This could be due to the strict regulation of the sector, according to the social partners during an interview. Indeed, in France, a representative from CNAPS confirmed:

‘When it comes to platforms, we are protected against “Uberisation”.’

In practice, this means that French enforcement authorities are able to act against practices like bogus self-employment which are often facilitated by platform work. However, there may be attempts in the future to develop legal platforms for labour supply and demand matching (i.e., with clearer employer-employee relationships), although this would be a costly practice for companies looking to do this.

One way in which emerging work trends will affect the private security sector is the **increasing use of technology and digital skills required for this sector**. Indeed, academic research suggests that the impact of technology will require some private security workers to shift from routine and automatable tasks to tasks that are complementary to new technologies, but also potentially more complex and demanding (Confederation of European Security Services et al., 2018). This is furthermore backed up by an interviewee from Romania:

⁷⁰ Based on interviews with EU-level and Spanish social partners, Norwegian stakeholders, the Austrian Federal Economic Chamber and CNAPS.

⁷¹ See Eurofound definition: ‘Platform work is the matching of demand and supply of paid work through an online platform using an algorithm. Three parties are involved in the matching process: the client demanding work, the platform which manages the algorithm and the person who provides the work through the platform. It is work based on the performance of individual tasks or projects rather than a continuous employment relationship.’ For more information: <https://www.eurofound.europa.eu/en/topics/platform-work>.



‘People working in the security sector need to use computers and advanced technology more often than previously and upskilling could actually provide opportunities to ensure legislation is respected by the employers.’

As such, it appears that the strict regulation of the private security sector and the nature of work is reducing the risk of undeclared work through platforms and remote working environments, however new technologies will require a shift in the skillset of the workforce, which may have other implications, e.g., higher-skilled labour force and pay-scale adjustments, or revisions to collective agreements. Any changes made would then have to be respected and enforced to ensure fair working conditions for these workers.

5.2 Solutions and good practices in enforcement

This sub-section provides an overview of potential solutions to these challenges that have been used by public authorities and social partners to address and prevent undeclared work and bogus self-employment in the private security services sector. The section first explores how regulatory frameworks can work to both prevent undeclared work and bogus self-employment, as well as set strong foundations for enforcement. This is followed by a presentation of practices in enforcement, such as approaches to targeting areas of higher risk, collaboration between public authorities and social partners, and on-the-ground approaches to enforcement.

5.2.1 Effective regulatory frameworks for addressing undeclared work and bogus self-employment

A **strong regulatory framework** can go a long way in preventing undeclared work and bogus self-employment altogether, as is the case for bogus self-employment in many EU countries (Eurofound, 2019). For example, in Ireland, bogus self-employment is very rare due to licensing requirements costlier and stricter requirements for a company than for an employee⁷². Countries that are struggling to tackle bogus self-employment can look into similar frameworks as a method for preventing this practice in the private security services sector. Another good practice mentioned by workshop participants is the presence of **substantial penalties**, such as loss of licence and large fines, which play an important role in both prevention and repeat offences. France has limited cases of bogus self-employment due to both a regulatory framework that imposes the same requirements for self-employed individuals that companies must reach and the application of the same fine in cases of violations for both (EUR 150,000). In Italy, non-compliance with insurance and social security obligations can result in the revocation or suspension of a company’s operation authorisation⁷³.

As further outlined in Chapter 2, licensing systems can act as a strong deterrent against undeclared work and bogus self-employment in the private security services sector. The majority of stakeholders consulted for this study came from countries with **licensing systems that have specific requirements to adhere to labour law** as part of the conditions for a licence and conduct inspections to ensure compliance⁷⁴. As outlined in the following quote from a Norwegian stakeholder interviewed, these requirements are viewed to play a role in compliance with labour law in the sector:

⁷² Based on an interview conducted with the Ireland Private Security Authority.

⁷³ Based on a contribution made during the workshop.

⁷⁴ Based on interviews conducted with a social partner from Spain, a stakeholder from Romania, CNAPS, the Austrian Federal Economic Chamber, and the Ireland Private Security Authority.



‘Strict licensing requirements, mandatory self-reporting by companies, and severe consequences such as loss of operating licences for violations can act as both deterrents and preventive tools, and their effectiveness is supported by the low prevalence of undeclared work in the sector.’

As most countries use licences as a form of regulating the private security industry, ensuring there are requirements in place to comply with labour law can be a solution for tackling undeclared work and bogus self-employment that does not require significant restructuring of a country’s regulatory framework. For example, a new service licence will soon be introduced in Austria that will simplify the verification process during on-site inspections and set stricter labour law requirements for companies that are expected to further prevent bogus self-employment and undeclared work in the sector^{75,76}. In addition to licensing requirements, participants in the ELA workshop mentioned requirements to wear an identifiable uniform that indicates the security company an individual is working for and a badge that indicates either an individual’s name or licence number as being particularly helpful for inspections. This makes it easier for inspectors to identify individuals who are performing security duties without a licence, misclassification of employment, and to ensure they have been properly declared to tax and labour authorities.

Box 7. Case Study 2: France’s National Council for Private Security Activities (CNAPS)

The National Council for Private Security Activities (Conseil national des activités privées de sécurité - CNAPS) is a public institution operating under the supervision of the French Ministry of the Interior. Established in 2012, CNAPS aims to regulate entry into the private security profession, oversee the issuance and management of professional permits, ensure adherence to sector-specific regulations, and promote awareness among industry stakeholders regarding relevant legal frameworks (CNAPS, n.d.). Notably, CNAPS places particular emphasis on preventing labour law violations within the private security sector, introducing a dedicated control framework for this purpose in 2024 (CNAPS, 2024).

Recently, CNAPS has played a crucial role in meeting the security challenges presented during the Olympic Games 2024 in Paris, which required a large mobilisation of professionals while ensuring that private security personnel meet existing recruitment requirements, and were lawfully employed. The Senate acknowledged the effectiveness of CNAPS’s preparatory measures – including the timely distribution of professional cards (permits) and extensive compliance controls – deeming the event an ‘undeniable success’ for private security operations (CNAPS 2025). From early 2023 to August 2024, CNAPS issued 7,234 professional cards with an average processing time of three to five days, or even forty-eight hours in the six weeks preceding the Olympic Games opening ceremony (Sénat, 2025). When interviewed for this study, CNAPS further highlighted the significance of targeted inspections during the Games, with CNAPS overseeing compliance at 90% of Olympic sites, examining nearly 4,000 security agents across 324 companies, and observing a high level of regulatory adherence, which was attributed to the rigorous measures implemented beforehand, notably the extensive background checking of agents⁷⁷. Before the event, the CNAPS commissioned a retrospective background check (*rétro-ciblage*) of the 180,000 professional cards already in circulation. Beyond security checks, the CNAPS also examined the criminal records of applicants to verify that they have not committed any acts incompatible with exercising a private security activity (Cour des comptes, 2025).

⁷⁵ Based on an interview with the Austrian Federal Economic Chamber.

⁷⁶ Based on a written contribution from the Austrian trade union, Vida.

⁷⁷ Based on an interview with CNAPS.



In addition to CNAPS's internal measures, collaborative efforts with other government agencies were instrumental in successfully mobilising adequate private security personnel and conducting comprehensive background checks. For recruitment initiatives, CNAPS worked closely with France Travail, the national public employment service, to identify suitable candidates. In issuing professional cards, CNAPS maintained active information exchange with CODAF (Departmental Anti-Fraud Committee) and URSSAF (the agency responsible for social security and family benefit contributions). While data-sharing practices with these institutions existed prior to the Olympics, the heightened cooperation in the months leading up to the event enabled CNAPS to broaden the scope of its checks and inspections, contributing to the recognised success of private security operations during the event⁷⁸.

The successful practice of CNAPS in combating labour law violations lies not only in its targeted efforts, but also in its judicial police powers, which allows it to investigate and record violations of the rules governing the private security sector, and in a legal framework that allows it to exchange information with other organisations with powers relevant in preventing and combating undeclared work⁷⁹. It is also crucial to mention that the prestige of the event as well as security concerns around the event have drawn significant attention from the state. Specifically, the state invested 68 million euros into strengthening the attractiveness of the sector. This investment enabled the funding of a training bonus ranging from 600 to 2,000 euros, awarded to newly trained persons (Sénat, 2025).

The transferability of the initiative, in addition to CNAPS' readiness and data-driven approach to checks and controls (using information exchange), is on the condition of an enabling regulatory framework and sufficient financial support. Overall, the example constitutes an important example for large-scale fraud detection.

Procurement and subcontracting are other areas where regulatory frameworks can provide robust methods for preventing and detecting undeclared work and bogus self-employment. A key message in the literature is that there is a need for more comprehensive controls in procurement, before and during implementation of the contract, in order to ensure adherence to collective agreements, tax and social security payments, and standards of decent work (Confederation of European Security Services and UNI Europa, 2023a; Jaehrling, 2023b). As outlined in Chapter 4 above, there are steps public authorities can take at each stage of the procurement process, such as including social clauses during tender preparation, placing greater weight on quality criteria during at the awarding stage, and ensuring contract supervision during implementation to support with detecting potential non-compliance. Contract managers, in particular, could play a larger role in ensuring compliance rather than relying too heavily on labour inspectorates (Confederation of European Security Services, 2025a; UNOPS, 2024). Public procurement is an area that has received significant focus from social partners, with many advocating for stronger procedures for ensuring fair competition and preventing poor labour practices, as outlined in by one of the social partners from Spain:

'Social partners are pushing hard for quality in the provision of public procurement, pushing for the execution clauses that are not accepting any illegal practices, trying to combat [non-compliant companies] from the sector and pushing for the respect of the collective agreement.'

⁷⁸ Based on an interview with CNAPS.

⁷⁹ Based on an interview with CNAPS.



Procurement and subcontracting regulation could also be revisited to have stronger mechanisms in place to prevent undeclared work and bogus self-employment. For example, joint liability clauses that make the main contractor equally liable for labour fraud conducted by subcontractors is a strong method of prevention, as it imposes direct consequences for outsourcing illegal labour practices and incentivises due diligence amongst primary contractors⁸⁰ (European Labour Authority, 2024).

In addition, social partners can play an important role in tackling undeclared work and bogus self-employment during the procurement process. As outlined in a publication by the European Platform tackling undeclared work, social partners can be invited to **provide feedback on tender specifications** at the outset to ensure they adhere to collective agreements and contain adequate social clauses (European Labour Authority, 2024). A social partner from Spain mentioned a good practice from the Andalusia region, which held consultations with key stakeholders prior to the launch of the tendering process to ensure the clauses and conditions in place were balanced, including social and environmental clauses. Similar practices are in place in Northern Italy, where some regions allow trade unions to monitor tender documents, their implementation and enforcement, as well as allow trade unions to help solve issues that arise⁸¹. Social partners can also be invited to **support the monitoring public contracts** during implementation to ensure compliance with labour standards and collective agreements, notifying the relevant authorities, as needed, when noncompliance is uncovered (European Labour Authority, 2024). As outlined above in Case Study 1 on the Spanish social partner observatory (Box 4), the observatory members screen over 1,000 public contracts each year, and notifies the relevant authorities when cases are identified that do not comply (Confederation of European Security Services and UNI Europa, 2023b). National observatories like this play an important role in regulating employment conditions and identifying bad practices, making it easier for authorities to effectively target the companies or contracts with the highest risk of noncompliance (Confederation of European Security Services and UNI Europa, 2018; Jaehrling, 2023b). Further discussion on good practices in procurement and subcontracting is presented in Chapter 4, above.

Social partners can also play a broader role in preventing undeclared work and bogus self-employment by creating their own **voluntary standards** for companies to comply with. Although these would not carry the same weight as regulation, these practices can create broader cultural shifts that incentivise good practice and fair labour practices. An example by the Dutch Security Industry trade association is presented in the box below. Another example is the 'Private security services – Protection of critical infrastructure' standard (EN 17483) that established by the Private security services committee of the European Committee for Standardization (CEN/TC 439)⁸². The standard outlines specific requirements for security services in airports and aviation, maritime and ports, and the energy sector, providing a certified quality standard for companies in the areas of organisation, processes, personnel and management.

Box 8. Good practice: de Nederlandse Veiligheidsbranche Quality Mark system⁸³

The Dutch Security Industry (de *Nederlandse Veiligheidsbranche*) is a professional association in the Netherlands for the private security sector, representing security companies, research agencies, and private alarm centres. The organisation actively contributes to improving working conditions in the sector, strengthening the sector's image, and informing sector-specific legislation and regulation.

As part of the efforts to improve working conditions and strengthen the sector's image, the Dutch Security Industry has developed **Quality Marks**, which are awarded to companies that meet strict requirements for expertise, integrity, and compliance with law and regulation. In order to obtain a Quality Mark, companies must

⁸⁰ For more information on due diligence, see: <https://data.europa.eu/doi/10.2838/39830>.

⁸¹ Based on an interview with a German academic.

⁸² For more information, see: <https://www.cencenelec.eu/news-events/news/2022/eninthspotlight/2022-02-07-discover-new-en-17483-1-on-the-protection-of-critical-infrastructure/>.

⁸³ Information on this good practice is obtained from the Dutch Security Industry website: <https://www.veiligheidsbranche.nl/>.



adapt their policies and processes to comply with the specific requirements for the certification, request a credit check, and undergo an audit with one of six independent bodies authorised by the Dutch Security Industry that assesses whether all the requirements have been met. Following the award of the certification, Quality Mark holders are audited annually to ensure they remain compliant with the requirements.

The association offers seven different Quality Marks, each focused on a different sub-sector and area of activity. The most commonly used Quality Marks are Security, Event Security, Hospitality Security, and Money and Valuables Transport. These marks support the prevention of undeclared work and bogus self-employment by providing strict oversight of compliance with collective labour agreements and applicable social policies. They include requirements related to personnel and organisational quality management, covering areas such as training, competence, conduct, integrity, and quality assurance policies and procedures.

By requiring responsible business practices and compliance with applicable regulation and collective labour agreements, unfair labour practices, such as undeclared work and bogus self-employment, are disincentivised. This system encourages and rewards good practices amongst private security companies. Having a Quality Mark signals to potential clients and enforcement agencies that a higher standard for regulatory compliance, including compliance with fair labour practices and collective agreements, has been met. These standards help raise expectations across the sector by setting a clear benchmark for what responsible operation looks like.

5.2.2 Good practices by the enforcement authorities in tackling undeclared work and bogus self-employment

Although strong regulatory frameworks are an effective approach in preventing undeclared work and bogus self-employment, there will always be a need for enforcement to ensure compliance with these frameworks. The research conducted for this study suggests that the actions listed below can all be effective approaches to making the greatest use of resources available to enforcement agencies and effectively tackling undeclared work and bogus self-employment:

- ▶ Targeting areas of higher risk, such as specific sub-sectors or companies,
- ▶ Developing IT systems that generate sector-specific insights on labour violations,
- ▶ Sharing information and collaborating between public authorities, as well as between public authorities and social partners,
- ▶ Making use of best practices on the ground, such as sharing tailored checklists for employers and developing sector-specific enforcement tools.

Both the literature and interviewees suggested **targeting areas of higher risk** as a common approach to make the most use out of the resources available to enforcement authorities. As highlighted in the case study on CNAPS in Box 7 above, the Authority was created for the purpose of addressing a sector which was considered higher-risk. Because event security has been highlighted as a sub-sector with heightened risk for undeclared work⁸⁴, additional control measures were put in place by the authority to ensure lawful employment of the security officers hired for the Olympic Games 2024 in Paris⁸⁵. Another approach to targeting higher risk can be seen in the Netherlands, where the industry association for the security industry conducts more frequent checks for companies that were found to be non-compliant with the sector's collective labour agreement in the past. In addition to this, companies that are found to be non-compliant for a second time are placed on a "non-compliance list" limiting their

⁸⁴ Based on interviews conducted with EU-level social partners and the Austrian Federal Economic Chamber.

⁸⁵ Based on an interview conducted with CNAPS.



access to future contracts in the sector (de Nederlandse Veiligheidsbranche, 2024). Lists like this that bans companies that have engaged in undeclared work or been sanctioned for social fraud was mentioned by a social partner from Spain and the Austrian Federal Economic Chamber as potential solutions for the sector, suggesting this practice could be transferrable to other countries too. These lists could also be connected to e-tendering platforms, so companies with a history of labour violations are automatically flagged during procurement procedures without separate checks (European Labour Authority, 2024).

There can be a preventative element to targeting areas of higher risk as well. The Ireland Private Security Authority highlighted a recent example in the hairdressing sector, which was suspected to have high levels of undeclared work:

‘The Revenue Commissioners might target a specifically at-risk industry. They targeted hairdressing at one stage after observing a lot of cash-in-hand payments there. They did a study and released a lot of information about it. Then that industry knows they are being watched, which results in higher compliance. It’s really important for the industry to know they are being watched.’

A similar approach has recently been adopted by the Seaport Police in Rotterdam, which conducted 26 inspections of security companies and security guards in the Rotterdam port area over a period of a few weeks and published an article outlining their findings that nearly half were found to be non-compliant with relevant law and regulation, including unlicensed personnel performing security tasks (Politie, 2025). CNAPS also reported taking a ‘naming and shaming’ approach for egregious cases of workplace violations during the workshop. By making public that there is a specific focus on one sector or drawing attention to penalties, employers may increase compliance to avoid unwanted fees or penalties and reputational damage.

In order to be able to target high-risk areas, public authorities need insight and data on the problem at hand. As has been outlined above, there is a significant information gap on the private security services sector, particularly regarding the scale of undeclared work and bogus self-employment. The majority of interviewees for this study pointed to investment in **IT systems that allow for systematic collection of evidence** as a key solution for tackling undeclared work that has not been sufficiently implemented yet⁸⁶. Automatic data collection of the results of inspections, whether undeclared or bogus self-employment was uncovered, the share of employees that were engaged in labour law violations, and the sub-sector that was investigated could all help to inform future inspections and prevention efforts against undeclared work and bogus self-employment. More advanced systems could also keep track of the contractual conditions that were in place, such as subcontracting or procurement agreements, to see which have the highest prevalence of undeclared work. Such systems are currently being developed in both Ireland and France⁸⁷. In France, CNAPS has also recently created a new national inspector profile for individuals with IT experience for the purpose of working on large-scale fraud detection using government and public data.

‘Both the Norwegian Work Authority and the police are working on crimes in work life. Collecting information from both would provide a better picture of undeclared work in general, including in the private security sector.’

⁸⁶ Based on interviews conducted with social partners from the EU-level and Spain, the Ireland Private Security Authority, stakeholders from Norway, and the Austrian Federal Economic Chamber.

⁸⁷ Based on interviews with the Ireland Private Security Authority and CNAPS.



As outlined in the quote above from a Norwegian stakeholder interviewed, one suggestion for accessing this data was to increase collaboration between public authorities to allow for more seamless data exchange between licence providers, social insurance authorities, and labour inspectorates⁸⁸.

A cutting edge approach to risk assessment was presented by Albania during the ELA workshop. Their labour inspectorate recently developed an AI tool with International Labour Organization support and EU funding that uses machine learning to conduct risk assessments (International Labour Organization, 2025). The Matrix of Intelligence and Risk Assessment (MIRA) tool considers inspection history and data from the Albanian tax authority to flag potentially higher risk companies based on a defined set of indicators. The representative at the workshop reported that after the implementation of MIRA, identification of non-compliance increased from 40% of inspections to 68% of inspections, making the inspectorate much more effective in identifying undeclared work. While not developed specifically for the private security sector, these tools can be used to identify which sectors have higher risks and should be prioritised, such as the private security sector.

Another key practice that has been highlighted through the study is **collaboration between public authorities**. Many country representatives mentioned cooperating with other authorities during the ELA workshop, although the formality of this cooperation can vary. Collaboration across authorities allows for individual authorities to have more tools at their disposal, including the pooling of resources and intelligence. The main barriers to this cooperation raised by participants included relationship management, practicalities of information sharing, and increased bureaucracy.

While not specific to the private security sector, Finland has developed a Grey Economy Information Unit⁸⁹ that integrates data from tax, police, border control, and other sources to profile companies at risk of labour practices. Within the private security sector, CNAPS can also be looked to for good practice, as the authority's legal framework allows for information exchange on undeclared work with other authorities that have powers in this area⁹⁰. CNAPS cooperates with the Organization for the Collection of Social Security and Family Benefit Contributions (URSSAF), the Departmental Anti-Fraud Committees (CODAF), the National Institute for Labour, Employment and Vocational Training (URACTI), and the labour inspectorate (Confederation of European Security Services, 2025b). This allows for comprehensive verification of compliance with the law any time an establishment is visited, increasing the effectiveness of controls. The representative from CNAPS interviewed acknowledged that while there is a regulatory element that can facilitate this collaboration in other Member States, there is also a human dimension that requires building relationships and trust between authorities. The licensing body in Ireland has adopted a similar approach, through the establishment of Memoranda of Understanding with other authorities involved in the enforcement of labour law. Further information is outlined in Case Study 3 below.

Box 9. Case Study 3: Ireland's Private Security Authority Memoranda of Understanding with other public authorities

The Private Security Authority (PSA) is the statutory body responsible for licensing and regulating the private security industry in Ireland. It operates under the Department of Justice, Home Affairs and Migration, and was established in 2004 following the passing of the Private Security Services Act (2004)⁹¹. The PSA currently licences over 40,000 contractors and employees across 14 sectors, such as security guarding, cash-in-transit, event security, private investigation, and monitoring services⁹².

⁸⁸ Based on interviews with the Austrian Federal Economic Chamber and a stakeholder from Norway.

⁸⁹ <https://www.vero.fi/harmaa-talous-rikollisuus/>.

⁹⁰ Based on an interview with CNAPS.

⁹¹ Government of Ireland, Oireachtas, *Private Security Services Act*, No. 12 of 2004, <https://www.irishstatutebook.ie/eli/2004/act/12/enacted/en/html>.

⁹² <https://www.psa-gov.ie/about-the-psa/>.



The PSA has signed Memoranda of Understanding (MoU) with Workplace Relations Commission (2016)⁹³ and the Revenue Commissioners (2018)⁹⁴. The MoUs aim to facilitate information exchange and joint investigations or actions between the PSA and these government institutions, both of which conduct investigations into potential undeclared work. The MoUs were established under the legal basis of Sections 13(1) and 13(2) of the Private Security Services Act, which allows the PSA to make inquiries to other agencies in the context of an investigation. One of the motivating factors for the MoUs was ensuring the sharing of information was compliant with the General Data Protection Regulation (GDPR). This required some additional administration to prove the legal justification for the sharing of information, and the creation of more robust internal documentation on what information was transferred and why⁹⁵.

The PSA conducts joint investigations with the Revenue Commissioners and the Workplace Relations Commission, as well as with the Department of Social Welfare. The cooperation with the Revenue Commissioners has proven most beneficial for the PSA in detecting misclassification of employees, as it is very quick to verify whether individuals checked during an on-site visit are classified as employees or contractors. The collaboration with the Department of Social Protection has also been valuable, as it is possible to see whether an individual is on social welfare, which may be an indication they are engaging in underdeclared work and are receiving part of their salary under the table. It is difficult to uncover whether someone is misclassified or engaging in undeclared work based solely on the information available on the premises, so collaboration with other government agencies has proven essential in effectively tackling undeclared work. Many of the investigations performed by PSA are conducted outside normal office hours, such as in the evenings or on weekends, in line with common working hours for the private security sector. This engagement with other authorities allows them to send over the information they uncover in a site visit when it is collected and receive a response from the respective agencies by Monday morning⁹⁶.

Collaboration between public authorities and social partners can also facilitate the effective tackling of undeclared work and bogus self-employment. Representatives from Spain, Norway, Croatia and Greece reported there being collaboration with social partners during the workshop, highlighting that social partners and public authorities have a common goal – to have a healthy sector with fair competition. Good examples of collaboration between public authorities and social partners in the area of procurement have already been referenced in Chapter 4 and the section above; however, there are other areas in which social partners can also add value. Interviewees have highlighted that social partners often have sector-specific insights that public authorities may not, and can better support the work of prevention, deterrence, and awareness raising through ongoing consultation with companies and greater oversight on potential bad practices⁹⁷. Similar points have been made in the literature, including highlighting also the role social partners have in advocating for stronger labour protections in regulation and enforcement (Confederation of European Security Services and UNI Europa, 2018; Czarzasty and Owczarek, 2018). For example, the Portuguese social partner, Observatory of Private Security⁹⁸, works closely with the Ministry of Internal Affairs to discuss the regulatory framework that governs the private security sector in order to better prevent undeclared work, promote better employment contracts, and strengthen social clauses in procurement (Confederation of European Security Services and UNI Europa, 2023b). A similar initiative exists in Italy, Federation of the Private Surveillance and Security Sector, ConFederSicurezza e Servizi, which represents the private security companies in conversation with key national authorities⁹⁹. Social partners can also directly

⁹³ Workplace Relations Commission, 2016, Memorandum of Understanding Between Workplace Relations Commission and Private Security Authority. Available at: https://www.workplacerelations.ie/en/publications_forms/memorandum-of-understanding-between-wrc-and-psa.pdf.

⁹⁴ Revenue, 2024, Memorandum of Understanding between the Revenue Commissioners and the Private Security Authority. Available at: <https://www.revenue.ie/en/tax-professionals/tdm/collection/debt-management/mou-private-security-authority-and-revenue.pdf>.

⁹⁵ Based on an interview conducted with the Ireland Private Security Authority.

⁹⁶ Based on an interview conducted with the Ireland Private Security Authority.

⁹⁷ Based on interviews conducted with a German academic and EU-level and Spanish social partners.

⁹⁸ Observatório da Segurança Privada.

⁹⁹ For more information: <https://www.confedersicurezza.it/confedersicurezza.aspx>.



contribute to tackling undeclared work and bogus self-employment by working together with public authorities, as is being done in Belgium.

Box 10. Good practice: Belgium's Plan for Fair Competition in the Security and Surveillance Sector

The **Plan for Fair Competition in the Security and Surveillance Sector** is an agreement between social partners and public authorities in Belgium that sets concrete measures that all parties have agreed to in order to tackle social fraud and promote fair competition (Belgium Federal Public Service et al., 2024). The plan includes actions for all groups:

- The Social Intelligence and Investigation Service (SIOD), responsible for strategic direction on combatting social fraud, has committed to conducting information campaigns on social fraud and social dumping, and provided social partners access to the online Fair Competition Reporting Point¹⁰⁰, so they can report cases of social fraud or worker exploitation;
- Social partners have committed to organising information sessions for employers in the security and surveillance sector on the applicable legal and collective labour agreement provisions for wages and working conditions;
- The inspection services have committed to developing a preventative checklist for inspections that employers can use to ensure they have all documents necessary for an inspection, as well as to increasing collaboration across agencies;
- Social partners and the inspection services have also committed to evaluating whether the current legal framework is sufficient in preventing bogus self-employment in the security sector, and depending on the outcomes of this assessment, the Ministers of Employment, Social Affairs and the Self-Employed will adjust the legal framework as necessary.

The plan provides a structured framework for social partners and public authorities to tackle social fraud in the security and surveillance services sectors in order to strengthen fair competition, the functioning of the market, and the public image and support for the sectors. Meetings with the parties of the agreement are held on an annual basis to assess progress and allow for any new concerns to be raised.

It was reported at the workshop that of the eighteen actions outlined in the plan, nine have been completed, eight are in progress, and one has not started, as it is a legislative action.

There are a few practices that were highlighted as being important during enforcement procedures.

For example, **on-site checks** are still considered to be much more effective than desk-based enforcement in private security. As outlined in a recent study on working conditions in the private security services sector, over a two-year period in Germany, a considerable number of minimum-wage violations were uncovered through on-site visits while nearly none were detected through desk-based inspections (Jaehrling, 2023b).

Another good practice is the creation of **self-inspection tools for employers** to use in advance of an inspection, such as the checklist included in Belgium's Plan for Fair Competition in the Security and Surveillance Sector. The Netherlands Labour Inspectorate has developed an online tool for this purpose that supports employers in ensuring they are fully compliant with Dutch labour law¹⁰¹. It guides employers through a set of yes or no questions, and provides a list of improvement points after each section based on their responses. Checklists can also be used to

¹⁰⁰ www.meldpuntsocialefraude.belgie.be

¹⁰¹ See: <https://www.zelfinspectie.nl/>.



ensure inspection services have access to all information necessary for comprehensive control of labour compliance, such as payslips, working time registers, employment contracts, etc., which makes inspection procedures more productive and thorough (International Labour Organization, 2008). These checklists can be effective for both prevention and mitigating undeclared work risks, as they provide a clear structure for employers to follow when performing due diligence (European Labour Authority, 2024).

Lastly, **sector-specific approaches** can be particularly beneficial compared with other enforcement approaches, as by nature they adapt to the specific challenges and structure of the private security services sector. For example, CNAPS developed an inspection framework that focuses specifically on labour law violations in the private security sector, which has supported inspectors on the ground with uncovering undeclared work (Conseil national de activités privées de sécurité, 2024). Sector-specific **awareness-raising campaigns** were also mentioned by participants of the workshop as an important element for prevention to inform companies and employees what is considered undeclared work or bogus self-employment, what the individual and collective consequences are for these practices, and what penalties can be applied in cases of non-compliance.



6.0 Conclusions

The insights presented in this study aim to contribute to the understanding of undeclared work and bogus self-employment in the private security sector, and to inform authorities and social partners of practical approaches that can increase compliance and improve the working conditions for those employed in the sector.

The private security sector in Europe has experienced significant growth over the past 25 years, and makes up an important segment of the EU market with 1.2 million employed in the sector across the EU, Iceland and Norway in 2023. Given the role that the private security sector plays in protecting public safety, the sector is highly regulated, with national frameworks and licensing requirements which establish the rules and requirements that companies and employees in the sector must comply with. Such frameworks act as an important disincentive to undeclared work and bogus self-employment, since these practices put companies and individuals at risk of losing their licence. However, the private security sector is a labour-intensive industry with the majority of its services being provided through public procurement and subcontracting. Downward price pressures associated with 'lowest price' tendering criteria and perceptions of the sector being low-educated and unqualified has resulted in low wages and high competition in the sector, which can result in complex working arrangements, subcontracting practices, and unfair labour practices that take advantage of forms of undeclared work and bogus self-employment for cost savings.

There is no systematic data available that can provide insight on the scale of undeclared work and bogus self-employment in the private security sector; however, estimations on the scale of these problems have come through the literature review and consultation activities. While the **overall prevalence is low, there are some areas where prevalence is higher**, and any cases of illegal work in the sector can have an impact on public safety. Across the EU, there is a larger share of undeclared work than there is bogus self-employment. With undeclared work, partially declared work is more common in the sector, although fully undeclared work remains an issue in multiple Member States. Bogus self-employment, on the other hand, is less common in the sector due to some Member States not allowing self-employment in the private security sector altogether, and others having stricter and more costly licensing requirements for companies that disincentivise an individual from operating as self-employed.

Across both undeclared work and bogus self-employment, the scale of these practices varies across sub-sectors and Member States. For example, the event security sub-sector has a higher prevalence of undeclared work due to a large number of staff being needed in a short period of time, so there can be less due diligence and enforcement activity than under normal circumstances. Additionally, sub-sectors that require fewer qualifications, such as static guarding also have higher prevalence of undeclared work due to there being less oversight compared with the more highly specialised sub-sectors. Across sub-sectors, undeclared work tends to be more common amongst smaller firms who may be less aware of labour law or have stronger incentives to minimise labour costs. For bogus self-employment, there is greater variation across Member States, as some countries have regulatory frameworks in place that either disincentivise or ban altogether self-employment in the sector, while others do not, and thus have more cases of bogus self-employment.

The most prominent **motivations for these practices are economic savings and the circumvention of legal requirements**, such as labour law and licensing requirements. For private security companies, the main drivers for undeclared work and bogus self-employment include:

- Specific companies disregarding labour standards to reduce market prices, which can incentivise a race to the bottom;
- Complex layers of subcontracting, which can allow primary contractors to distance themselves from direct employment responsibilities, and thus compliance with labour law;



- ▶ Procurement processes that prioritise cost over quality of services, which can create downward price pressure;
- ▶ Strict regulatory requirements for the profession, necessary to ensure public safety and security, that can impose additional costs on employers and difficulties finding qualified individuals; and
- ▶ Country-specific factors, such as work culture, enforcement practices, labour market conditions, and regulatory frameworks that may incentivise unfair labour practices.

For employees, the main factors that can lead to engaging in undeclared work or bogus self-employment are low wages, strict eligibility criteria for the sector that some individuals may not be able to meet, and limited awareness of employment rights, collective agreements, and the potential long-term consequences of underdeclared work. Employees may also be coerced into accepting such practices by employers, e.g., through forced overtime or only being offered cash payments.

Although there is attention on the topic and provisions in place to prevent undeclared work and bogus self-employment in the private security sector, there remain challenges for enforcement authorities and public bodies to fully prevent and address undeclared work in the sector. **Procurement and subcontracting practices have faced increasing attention in recent years from social partners and industry professionals** due to their role in this. A large share of the sector is engaged in either public procurement contracts and/or subcontracting chains, and these practices play an important role in ensuring fair competition and regulatory compliance in the sector overall. The EU Directive on public procurement (Directive 2014/24/EU) establishes the rules that public authorities must follow when tendering contracts, including the requirement that contractors and sub-contractors must comply with applicable social and labour law. However, there is considerable flexibility in what is required for the private security sector, specifically, so procurement approaches vary across Member States. In some Member States, procurement rules are used as tools for preventing undeclared work and bogus self-employment, while in other countries, reliance on lowest cost award criteria and lack of monitoring for compliance may contribute to the prevalence of unfair labour practices.

In addition to those outlined under procurement and subcontracting, there are other challenges for enforcement authorities when tackling undeclared work and bogus self-employment. In general, **labour and tax inspectorates face resource and capacity constraints** to fully enforce labour law across the board, and many do not have sector-specific expertise that can undermine the effectiveness of their controls. Further, there is **limited data on the private security sector** specifically, including on prevalence of unfair labour practices and insight on where there is the greatest risk for noncompliance.

Nevertheless, there are a number of actions that can be taken by public authorities and social partners to reduce the prevalence of undeclared work and bogus self-employment in the private security sector. **Throughout procurement processes, contracting authorities could:**

- ▶ Place greater emphasis on quality award criteria;
- ▶ Engage with social partners throughout the process to ensure contracts awarded comply with collective agreements and fair labour practices;
- ▶ Impose joint liability clauses that require primary contractors to ensure subcontractors also comply with legal requirements; and
- ▶ Monitor the implementation of contracts for compliance with labour law.

Strong regulatory and licensing frameworks have been highlighted as playing a significant role in the prevention of undeclared work and bogus self-employment in the private security sector. By **setting licence requirements**



that include provisions covering compliance with labour law and establishing loss of licence as a consequence of noncompliance, individuals and companies operating in the sector are strongly disincentivised to engage in illegal work practices. Other actions that can be taken by enforcement authorities include:

- ▶ Prioritising areas that have higher risk and developing IT systems that monitor and identify labour law violations in high-risk areas;
- ▶ Sharing information and collaborating across authorities and with social partners; and
- ▶ Making use of best practice in enforcement, including developing tailored checklists and sector-specific tools.



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