



closing the gap between
formal and informal
institutions in the Balkans

Exploring
tactical
maneuvering
between
formal
and
informal
institutions
in Balkan
societies

Book of Abstracts

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Contents

SESSION I – EVERYDAY LIFE.....	2
INSTITUTIONS AND PRACTICES IN THE FIELDS – THEORETICAL FRAMEWORK OF THE INFORM PROJECT	2
NETWORKS OF KNOWLEDGE: INFORMALITY IN PRIVATE AND POLITICAL LIFE IN MONTENEGRO	2
BEYOND VOTE-BUYING: A TYPOLOGY OF CLIENTELIST PRACTICES IN THE WESTERN BALKAN REGION	3
THE RISE OF GRASSROOTS AUTHORITARIANISM IN WESTERN BALKANS: TESTING TWO ALTERNATIVE EXPLANATIONS	3
SESSION II – ECONOMY	4
THE SOCIO-ECONOMIC EFFECTS OF ETHNIC DIVERSITY IN A WESTERN BALKAN CONTEXT OPERATIONALISED THROUGH INFORMAL NETWORKING.....	4
FROM REFUGEES TO TRANS-LOCAL ENTREPRENEURS: CROSSING THE BORDERS BETWEEN FORMAL INSTITUTIONS AND INFORMAL PRACTICES IN BOSNIA AND HERZEGOVINA	4
FORMALISING INFORMALITY AND THE GENDERED ENTREPRENEURIAL SUBJECT IN KOSOVO.....	5
INFORMAL ECONOMY IN BIH – AN EMPIRICAL INVESTIGATION.....	5
SESSION III – POLITICS	6
TELEPHONE JUSTICE: INFORMAL INFLUENCE IN JUDICIARY IN POST-YUGOSLAV CONTEXT.....	6
WHO RESPECTS THE LAW: EXTERNAL LEGAL CULTURE IN SIX COUNTRIES OF SOUTHEAST EUROPE (A COMPARATIVE STUDY).....	6
PRIVATE FUNDING OF ELECTORAL CAMPAIGNS AND CLIENTELIST PRACTICES IN THE ELECTORAL PROCESS IN ALBANIA	7
WHO ARE THE CLIENTS? PREDICTORS OF CITIZEN ENGAGEMENT IN POLITICAL CLIENTELISM IN THE WESTERN BALKAN REGION.....	7
SESSION IV – OTHER CROSS-SECTIONAL TOPICS	8
INFORMALITY AND ITS SANCTIONS: IS CROATIA AN UNSUCCESSFUL EUROPEAN PROJECT?.....	8
LGBTs IN SERBIA: BETWEEN FORMAL ACCEPTANCE AND INFORMAL REJECTION	8
RELIGIOSITY AND INFORMAL ECONOMIC PRACTICES IN SOUTHEASTERN EUROPEAN SOCIETIES	9
FRIGHTENING OR ENCOURAGING EXAMPLES: SLOVENIAN AND CROATIAN EU MEMBERSHIP	9
POLICY BOOK	10
MEANINGFUL REFORM IN THE WESTERN BALKANS - BETWEEN FORMAL INSTITUTIONS AND INFORMAL PRACTICES	10

Session I – Everyday life

Institutions and practices in the fields – theoretical framework of the Inform project

In our studies of informality in the societies of South-East Europe, we have been guided by two groups of theories: a group of conceptions labelled “new institutionalism” (D.North, P.DiMaggio, W.Powell, J.March, J.Olsen, G. Helmke, S. Levitsky...) and another group of various conceptions which are usually assembled as “theories of practice” (P.Bourdieu. M. de Certeau, Ch.Taylor, T.Schatzki...). Bearing in mind our main research question - to what extent the harmonisation and transposition of EU rules and regulations within the national, legal, political and economic systems lead to substantive changes in practices and procedures, or alternatively, to what extent the imported rules remain “empty shells” with little influence on social life, the first step in our research was always the detailed, “thick” description of practices as they develop in the societies of South-East Europe. The next step was the identification of the reasons or motives behind the use of informal practices that our informants themselves cited. The final step was the identification of structural factors that encouraged these types of practices. In this presentation, the interrelationship between these two groups of guiding theories will be debated, the INFORM heuristic device that we developed during the project presented, and sequence of research activities described and analyzed.

Author: Predrag Cvetičanin

Networks of knowledge: informality in private and political life in Montenegro

Based on the ethnographic fieldwork carried out in the framework of the INFORM project, this presentation summarizes our interpretation of the complexity of informality in relation to the state in Montenegro. We argue that, in the context of low trust in other members of the society and relative instability of the bureaucratic state systems, Montenegrin society (and possibly that in other neighbouring countries as well) is structured around information networks, i.e., knowledge about the members of one's networks. On the personal level, the networks range from one's own family (the hub of highest trust) to other kin and fictive kin (*kumstvo*) ties, including the closest friends. Outside this range of people, information is actively sought after and one's choices are based on the assumption about the expected behaviour deductible from this information. Such information provides safety in dealing with people whom one otherwise would hardly trust. Mutual exchanges (often in gift form) are used to strengthen mutual ties. Importantly, the same principle forms the foundation of the political system. Here too, political parties actively collect information about the voters and their preferences. On the basis of (and sometimes in exchange with) this information, public and private jobs are being offered, thus locking voters in a reciprocal cycle. Thus, the same principles are being used in the private as well as in the political sphere, ensuring the stability of the system.

Authors: Klāvs Sedlenieks, Ieva Puzo and Diāna Kiščenko

Beyond vote-buying: A typology of clientelist practices in the Western Balkan region

In this presentation, we offer a comprehensive description of political clientelism in the Western Balkan region. We approach political clientelism as a set of practices of political mobilization and linkage-making pursued by both political elites and citizens, which can be contrasted in character with programmatic political mobilization. We categorize clientelist practices according to two dimensions: character of inducements employed (benefits vs. sanctions and threats) (Mares and Young 2016) and character of linkages established (short-term vs. long-term) (Nichter 2010, Gans-Morse et al. 2014). Empirically, we rely on a large body of data gathered in the framework of INFORM to illustrate the different practices that we observe. We conclude by underlying the general characteristics of political clientelism, as manifested in our region of study. Reliance on long-standing informal relations and norms in establishing clientelist linkages and employing a mixture of both positive and negative inducements for citizen engagement are two traits which are common for political clientelism across all Western Balkan countries.

Authors: Jovan Bliznakovski and Misha Popovikj

The rise of grassroots authoritarianism in Western Balkans: testing two alternative explanations

The Western Balkans have experienced more than a decade of democratic stagnation and backsliding, leading to the emergence of competitive authoritarian regimes. The analysis of survey results from the INFORM project and the World Values Survey revealed that these trends were accompanied also by the emergence of grassroots authoritarianism. The results show that, since the beginning of the century, the support for a strong political leader has noticeably increased across the entire region, while support for democracy as a form of government suffered a substantial decline. In an empirical test of two competing explanations for such trends, we found no support for the cultural backlash thesis, while the economic insecurity thesis did gain some empirical support. On a more general level, our results suggest that the rise of the grassroots authoritarianism is not a matter of specific segments of society, but rather an increasingly general social trend. We argue that the rise of the grassroots authoritarianism has not caused the rise in competitive authoritarian regimes in the region; instead, both can be understood as a product of the persistent ineffectiveness of democratic institutions and high levels of economic insecurity.

Authors: Miran Lavrič and Florian Bieber

Session II – Economy

The socio-economic effects of ethnic diversity in a Western Balkan context operationalised through informal networking

Ethnic diversity is an ongoing research topic in economics, investigated both at macro and micro-economic levels, and is a topical issue among policy makers. Motivated by a growing body of literature that investigates the effect of ethnic diversity, we explore the economic consequences of post-war decrease in ethnic heterogeneity at local level in Bosnia and Herzegovina (BiH) on individuals, families, businesses and society. The outcomes of these studies indicate a positive role of ethnic diversity on economy and society. In BiH, ethnic diversity, where preserved, is not a threat, but an important resource for entrepreneurial growth aspirations, pro-social behaviour of citizens, and individual and family economic well-being. These studies send a powerful policy message that ethnically more diverse areas in BiH are stronger economically. Policies designed to encourage and support ethnic inclusion in otherwise homogenous areas have the potential to be welfare enhancing. Moreover, the informal networking of entrepreneurs does confirm ethnic heterogeneity and inclusion on the ground, sending an operational message to the formal institutions that often fail to be ethnically inclusive and diversity supportive. Simply, formal institutions in the Western Balkans region need to learn from established informal practices of ethnic inclusion in the business sector.

Author: Adnan Efendic

From refugees to trans-local entrepreneurs: crossing the borders between formal institutions and informal practices in Bosnia and Herzegovina

This paper focuses on the former war refugees, who (partly) returned to their original homeland Bosnia and Herzegovina and became significant investors in their local communities. We are particularly interested in their experiences with manoeuvring between different countries, identities and institutional environments as these refugee entrepreneurs are running their businesses simultaneously in developed European economies (Switzerland and Sweden) and in their home country. Although the two companies run by the former refugees described in the paper are located in the areas that remain divided along the ethnic lines caused by the war (Srebrenica and Banja Luka), we find that the post-war returnees' businesses are ethnically tolerant and inclusive, sending a powerful message to the formal institutions, which often act in the opposite way.

Authors: Hariz Halilovich and Nirha Efendic

Formalising Informality and the gendered entrepreneurial subject in Kosovo

In Kosovo women are caught between low participation in the labour force and high unemployment rate. There is a tendency to consider this as a consequence of overall poor economic growth. In fact, it is the other way around – the lack of public policy that includes gender and sees women as actors in the economic field. The informal sector is thought to comprise approximately ten per cent of the economy, and the majority of those involved are women. Different strategies by state and non-state actors have tackled informal economy and driven many businesses to formalise. This has affected women's economic activity. Encouraged and promoted by policy makers women's entrepreneurship has followed the formalisation of the informal economy. Against this background, the paper focuses on gender dynamics in the interplay between formal rules and informal practices in the context of women-led businesses in Kosovo. It seeks to understand how gender shapes formal rules and informality. The paper is grounded social reproduction framework in conjunction with an ethnographic approach and interviews with women entrepreneurs who have formalized their economic activity in different locations in Kosovo. The paper shows that both formal rules and informal pressures are both structural and culturally embedded shaping a gendered entrepreneurial subject that maintains unequal power relations across public and private divide.

Author: Vjollca Krasniqi

Informal economy in BiH – an empirical investigation

This paper explores the size of the informal economy in Bosnia and Herzegovina (BiH) over the period 1998-2016, based on an indirect method of measurement known as the MIMIC approach (Multiple Input Multiple Causes). As the underlying determinants of the informal economy in BiH we include tax burden, the level of unemployment, the size of the agricultural sector and the level of government subsidies. We estimate that the average size of the informal economy for the observed period was 34% of GDP, with the largest percentage in 1998 (43%) and the smallest in 2009 and 2016 (30%). There is a modest decreasing trend in the size of the informal economy over time. Our model identifies two structural brakes over the observed period. The first is positive and is linked to the introduction of the value added tax in 2006 (a decrease in 2007-2009 follows). The second captures a short-run negative effect of the latest global economic crisis in 2009 (an increase between 2010-2011). To further assess these results and check their consistency with available primary data, we investigate the size of the undeclared work, assess tax morality and the additional income of families coming from informal sector. These indicators provide consistent results with those of the MIMIC approach.

Author: Edin Pasovic

Session III – Politics

Telephone justice: Informal influence in judiciary in post-Yugoslav context

While the rule of law is key political criteria for the EU candidate countries, reforms in this area are often hindered by an implementation gap between formal institutions and informal practices. As judiciary is key for guaranteeing the rule of law, this study analyses informal influence in judiciary in three post-Yugoslav countries: Macedonia, Serbia and Slovenia. While the first two are EU candidate countries and share similar problems with rule of law and lack of judicial independence, Slovenia is an EU member state since 2004. The study focuses on various forms of informal influence and the ways how they impact the overall independence and impartiality of the judiciary in the analysed countries. The primary method of enquiry are semi-structured interviews with judges, prosecutors and lawyers. Findings suggest that although judicial independence is constitutionally guaranteed in all of the three countries, there are various forms of informal influence which undermine it in practice. While in Macedonia and Serbia there is more evidence suggesting that such influence is widespread and systematic, the data gathered for Slovenia suggests that such influence is limited, incidental and often unsuccessful.

Author: Borjan Gjuzelov

Who Respects the law: external legal culture in six countries of Southeast Europe (a comparative study)

Legal culture can be viewed as a specific part of political culture related to the legal system, the level of obedience towards social norms, respect for both formal and informal rules as well as the disposition to circumvent rules and norms in cases where they pose serious obstacles to individuals' social and political goals. In this context, the Western Balkans societies share cultural commonalities based on historical legacies and communist legal traditions. The analysis raises the question whether the political, historical and cultural similarities among Western Balkan societies would generate relatively homogeneous popular dispositions towards the Law and legal obedience.

The study examines legal culture through analyses of attitudes on law abidingness in six countries of the Western Balkans (Albania, Bosnia and Herzegovina, Macedonia, Montenegro, Kosovo and Serbia) as a dependent variable utilizing a large quantitative dataset based on a survey conducted in the second half of 2017 by utilizing binary logistic regression to test the interaction between popular attitudes on the Law and law abidingness and a set of three value-based factors as independent variables: background characteristics; general and institutional trust; and dispositions towards EU rules.

Authors: Nenad Markovikj and Ivan Damjanovski

Private funding of electoral campaigns and clientelist practices in the electoral process in Albania

While eventual abuse with public resources during electoral campaigns can be easier to track due to an increased visibility in media and access to public documents, private funding of political parties is a much more complicated issue. Elections campaigns have become more costly and state funds provided to political parties manage to cover only a small part of these campaign costs. Therefore, political parties and candidates are increasingly relying on donations to raise the funds necessary to do an effective campaign, an approach that carries the risk of elections campaigns being funded by dubious financial sources or through promises of favours from candidates to different donors.

The aim of the paper is to analyse who are the donors, how things are done and what are the expectations of donors basing on legal documents, interviews, survey data, reports and journal articles. Not only public-sector employees are vulnerable to abuse of state resources, but also business owners and private sector employees, especially through tax offices and differentiated attitude of state institutions to businesses. The use of elections in solving everyday issues, especially issues related to employment will also be analysed.

Author: Gentiana Kera

Who are the clients? Predictors of citizen engagement in political clientelism in the Western Balkan region

In this presentation, we answer to the question of who are the citizens engaged in political clientelism in the Western Balkan region. We employ logistic regression analysis on survey data gathered in the framework of INFORM to derive the main characteristics of "clients." We use three different response variables in our models that report clientelist practice: offers for clientelist benefits; clientelist pressure through coercion; and citizens' requests for clientelist benefits (clientelist benefit-seeking). We show that political clientelism in the Western Balkan region is multifaceted and that different categories of citizens are engaged through different practices. Furthermore, we raise attention to the fact that clientelism is not limited to the poorest segment of the population as most studies in political science on clientelist targeting implicitly or explicitly assume (e.g. Brusco et al. 2004; Stokes 2005). Our findings underscore the need to understand clientelism as a group of practices rather than as a single uniform phenomenon.

This notion is relevant for both scientific inference and for policy-making directed at prevention and suppression of political clientelism.

Authors: Jovan Bliznakovski and Misha Popovikj

Session IV – Other cross-sectional topics

Informality and its sanctions: is Croatia an unsuccessful European project?

In the line of questioning the limits of the concept of informality, the presentation will refer to the paradox of the Croatian five years long EU membership and the parallel growth of regressive social processes and excesses. Beside the yet proverbial “unimplementation of the reforms”, “poor dragging of EU money” and other gaps, still in the domain of the rational causes and yet reachable realms of normality, the cases of ill-natured, “unforced informality” increasingly mark the social life of the country with the predispositions for the transition once evaluated as one of the best, while today representing one of the worst examples of the post-socialist transformations. In identifying the background of the Croatian idiosyncrasy, the project conducted interviews with the two eminent Croatian female politicians will be consulted, both playing the key role in the processes of integration and both pointing to the set of notorious “hajduk traditions”, as the explanatory source of their nowadays deviations. Nevertheless, worth of additional derivation of this argument is: what are the prerequisites of reproduction of such „relics of the consciousness”, especially when it comes to their, invalid or none, legal and social sanctioning, as to be one of the main post-accession syndrome of the weak European democracies.

Author: Ines Prica

LGBTs in Serbia: between formal acceptance and informal rejection

This paper, as part of the Horizon 2020 project: “Closing the Gap Between Formal and Informal Institutions in the Balkans” (Nº6935237), investigates the interaction between new “EU-like” formal and informal institutions, mostly shaped by adjusting to, confronting, and evading the formal rules.

Formal endeavors aimed at the change of the social status of the LGBT persons in Serbia are a case in point, as they are directly linked to the idea of Europeanization. In accordance with the EU conditions, a number of laws aimed at fighting discrimination of LGBTs were passed, programs with the same goal were implemented, and several Pride Parades took place without incidents (as Belgrade was “besieged” by heavy police forces). At the same time, high state officials publicly manifest their reluctance toward non-heterosexuals, with the police practicing indirect resistance toward organizing the Pride.

The LGBT affirming actions were characterized by short time-span and superficiality, which makes this case a paradigmatic one of Serbian Government’s attitude to Europeanization: the formal obligations (as imposed) are fulfilled, while simultaneously enormous (informal) efforts are undertaken in order that no changes occur in the society.

Author: Milos Jovanovic

Religiosity and informal economic practices in Southeastern European societies

The dominant religions in Southeastern European countries (Serbia, Macedonia, Montenegro, Bosnia and Herzegovina, Kosovo, Albania), Orthodoxy, Islam, and Catholicism, contain social teachings, which include several norms that deal with certain forms of economic practices. These post-socialist societies develop various forms of informal practices, some of which are contrary to elements of religious social teachings and religious ethics. In the process of the revitalization of religiosity after the fall of socialism in this region, the question can be posed as to whether the attitude towards informality and the application of certain informal economic practices, which range from the illegitimate to the illegal (getting things “done” through informal connections, tax evasion, corruption), correlates to some extent with the level of religiosity and the type of religion. The results of the research show that there is a connection between belonging to a certain confession or religion, self-declared religiosity and level of religiosity, and approving of informal practices and engaging in them. At the state level, a specific dynamic was developed even when it came to approving of and engaging in informal practices depending on whether the members of certain confessions were a minority or a majority at the level of the observed country.

Authors: Nemanja Krstic, Jelena Dinic and Danijela Gavrilovic

Frightening or encouraging examples: Slovenian and Croatian EU membership

In answering the question about how much trust they have in the European Union for the Standard Eurobarometer survey on public opinion carried out in March 2018 50% of Slovenian and 49% of Croatian respondents expressed their distrust. That they are very pessimistic about the future of the EU stated 32% of the Croatian and 34% of the Slovenian respondents. In both cases the survey results appear on the more negative half of the respective graphs that encompass the answers of all members of the EU. The INFORM's interviews carried out in WB countries having the goal of joining the EU show that the so-called “ordinary people” often form their respective expectations in accordance with Slovenian and Croatian experiences. Thus, taking the mentioned Standard Eurobarometer survey as a starting point, we analyse 25 interviews carried out for the INFORM project in Slovenia and Croatia with experts in various fields. What we are interested in are their experiences of past membership, including their opinion on formal novelties and possible informal reactions, and their expectations for the future.

Authors: Tea Škokić and Reana Senjković

Policy book

Meaningful reform in the Western Balkans - Between formal institutions and informal practices

This book contains collection of articles which provide policy implications related to the problem of achieving substantive reform on the basis of harmonising legislation in Western Balkan (WB) countries with the standards of the European Union (EU). While WB states have generally been successful in adopting legal reforms that make up a part of EU conditionality, many laws remain unenforced, amounting to "empty shells." In the space between law, as it is written, and practices as they are engaged in everyday life, exists a gap, characterized by informality, clientelism, and exchange often based on strong tie relationships. Some instances of informality undermine the goal of establishing rule law and contribute to corruption. Others offer valuable solutions to persistent social problems or represent traditional vehicles of social cohesion that should be promoted. The recommendations in this book seek to address both, constructive and damaging instances of informality, and to identify policy measures that can help to harmonise not only legislation, but existing informal practices on the ground.

Editors: Eric Gordy and Adnan Efendic

