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VOLUME 1

**THE GLOBAL ENCYCLOPAEDIA
OF INFORMALITY**

EDITED BY ALENA LEDENEVA

UCLPRESS

The Global Encyclopaedia of Informality

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The Global Encyclopaedia of Informality

Understanding Social and Cultural Complexity

Volume 1

Edited by Alena Ledeneva

with

Anna Bailey, Sheelagh Barron,
Costanza Curro and Elizabeth Teague

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in return, such as a piece of jewellery, perfume, a painting or flowers. The financial value of such gifts depends on a range of factors, such as income level and whether there was a previously existing relationship with the person who helped. For instance, when family members help one to access a resource, their favour does not necessarily need to be reciprocated in the foreseeable future, because it is already embedded in a long-term relationship of give and take. However, when a *štela* is established through a third party, there is more of an expectation to reciprocate immediately by ‘rewarding’ the favour giver with a material (or sometimes even financial) gift upon obtaining the desired resource.

As in almost any other form of giving, helping people to obtain a resource via a *štela* reinforces mutual social obligations. *Štela* is not just a form of material exchange, but a practice that reproduces existing and creates new social connections between people. When people connected via a *štela* occupy similar positions of power (and therefore could provide access to similar kinds of resources), this could turn into a long-term cycle of reciprocal exchange. However, *štela* also often links people in unequal power positions. In such situations, *štela* usually reproduces existing power arrangements, by confirming that the person in a more powerful position (such as a doctor, a politician, a director of a company or a teacher) is the one who can help others via a *štela*. The sense of indebtedness and gratefulness for a *štela* to the more powerful person reconfirms existing inequalities and differences.

In addition to reproducing existing social arrangements, *štela* can also make new things happen. For instance, *štela* can contribute to increasing one’s own influence and power (Brković 2017). Some people in Bosnia and Herzegovina, over time, have learnt how to serve as a *štela* for an ever-increasing number of people, doing so across multiple public and private arenas (see Stubbs 2013). In being able to skilfully help others to access various resources by circumventing the official procedure, they augment their own influence and power.

1.7 **Veza** (Serbia)

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The term *veza* (plural *veze*) literally means ‘connection’, and refers to the use of informal contacts in order to obtain access to opportunities that are not available through formal channels. These opportunities may

include information, services or goods for the benefit of an individual, group or organisation.

Where an individual is concerned, *veze* may be used instrumentally to serve the purpose of personal consumption, interests or goals; this may include access to services such as medical care, or obtaining formal documents such as a certificate, licence or permit. *Veze* ties may also be used by public or private organisations in order to secure privileged results. Connections in political, economic and everyday life may serve as a substitute mechanism enabling such organisations to influence other organisations' decision-making procedures in ways that would not be possible using formal means alone.

A survey of young people (aged 19–35) found that 25 per cent of recent graduates had used their parents' *veze* to find a job (Tomanovic, et al 2012). According to the same survey, 24.6 per cent of all those in employment found their jobs by means of their parents' *veze*. While graduates are linked to their parents by strong ties, it is weak ties – parents' contacts to whom the graduates themselves are unlikely to be bound – that are most likely to help them get jobs (Granovetter 1973, 1995).

Etymologically, the word *veza* derives from cohesion and binding exchange. The term may also refer to regular telephone communication (*na vezi sa ...*) or to an emotional relationship between two people (*u vezi sa ...*). The *Dictionary of Serbian Language* (Nikolić 2007: 134) gives several meanings, but the closest to this informal practice is 'mutual relations between people, something that connects them, brings them together: marital ties, friendship, love, cultural affinity, trade connections'. *Veza* may also mean 'a close acquaintance, friendship with an influential person'. The term's connotations may also include intense relations that imply reciprocity and trust between actors based on mutually binding ties or the existence of a guarantor or mediator.

The term *veze* is often used as a euphemism for using contacts in order to get things done. The expressions used in this context are as follows: 'I know the man' (*Znam čoveka*), 'See what can be done!' (*Vidi šta može da se uradi*), 'It will be taken care of' (*Biće sređeno*) (Stanojevic and Stokanic 2014). Connections may facilitate both legal and illegal activities. In the vernacular, the term is used to embrace a wide spectrum of practices, from such trivial legal activities as passing on information about job vacancies (since for important jobs it is necessary to know the right people) or getting advice on the best doctor, through semi-legal activities such as exercising discretion and favouring a certain candidate at a job interview, to illegal practices such as fixed or unfairly awarded tenders. Connections in Serbia are viewed as personal, family or social capital that

is operationalised and used instrumentally (Tomanović and Ignjatović 2004; Tomanović 2008; Cveticanin 2012). Other researchers have focused on the use of connections in the economy (Cvejić 2006; Babović 2009; Stokanić 2009) and politics (Goati 2006; Pavlović 2007; Antonić 2011; Vuletic and Stanojevic 2014; Stanojevic and Stokanic 2014).

In the political sphere, one speaks of *političke veze* (political connections). Informal political connections have been especially important in the whole period of modern Serbian statehood (nineteenth century onwards), in particular during the monarchy (until 1945). All political parties had *kafanas*, traditional restaurants or bars, where political strategies and tactics were organised and negotiated (Stojanovic 2012). Although the term *političke veze* predates the socialist period, its use took on a new importance during that era. The Communist Party controlled the entire social system, and *političke veze* provided competitive advantages through access to information and state orders requiring party authorisation. *Političke veze* also reinforced certain individuals' dependency on and loyalty to the Communist Party system by guaranteed privileges and personal promotion – something that also benefitted their family, friends and associates.

The years following the collapse of socialism, and especially following the overthrow of Slobodan Milošević in 2000, saw the introduction of privatisation and market reforms, and the move to a multi-party political system. Today, *veze* denotes not only connections to the ruling party, but also enhanced access to public resources through appointments, or the 'assisted' winning of state tenders by private firms. The current situation, characterised by a shortage of resources and weak institutions, ensures that the state is a significant player in the field of opportunities. For this reason, political parties fight to secure a monopoly over state resources in order to secure their own political survival. The downside of such monopolisation is a major redistribution of resources by means of informal channels. These channels include promising jobs to (potential) voters whose support could influence a large number of people to vote for the party in question, and guaranteeing private enterprises that they will receive concessions and state orders, even when the latter are supposedly awarded on a competitive basis.

Serbian opinion polls indicate that political engagement is perceived as a social lift. This in turn leads to a high level of membership in political parties. The percentage of party membership in Serbia is among the highest in Europe – 12.2 per cent (*World Values Survey Data 2005–8*), and it has been at this level since the period of late socialism. Furthermore, there is a high degree of fluctuating membership, whereby

membership rates of individual parties vary significantly according to whether that party is in power (Goati 2006: 134–6). This demonstrates that individuals have instrumental reasons for becoming party members.

A survey of young people in Serbia (Mojčić 2012: 103) suggests that informal channels are seen as the most effective routes for social mobility. More than two-thirds of those surveyed said that knowing the right people was crucial, while about half saw political affiliation as key, and only one-third of young people saw education as important.

In the economic sphere, informal contacts are used to avoid state regulation and circumvent the constraints of formal institutions. Likewise, personal connections are used to circumvent formal procedures. Entrepreneurs create safety nets of social networks to secure predictability in the economic sphere. Risks associated with illegal informal activities are avoided by creating personal relations with business partners and consumers. Circles of trust are based on already existing social ties – close neighbours, friends and relatives. Ethnic communities use family and other connections to establish ‘ethnic niches’ in certain sectors. For example, Bosniaks in Sandžak, south-western Serbia, used social networks to organise small firms to produce jeans (Stokanić 2009). By exploiting informal connections, entrepreneurs can secure reliable workers, raw materials, machinery, partners, distributors and consumers. Meanwhile, consumers use informal networks to obtain goods and services in short supply.

Administrative connections are used not only to secure legal rights (obtaining information or administrative permits), but also to bypass legal procedures. Research indicates that administrative access plays a significant role in enabling businesses to function (Cvejić 2016). Serbian families use social networks in order to access vital resources such as health care or the police. In 2008, nearly half of those surveyed said they could rely on the support of at least three people in the case of an emergency (Tomanović 2008). Some 40 per cent could rely on one or two such persons, while only 13 per cent had no individual on whom they could rely. As regards young people, 13 per cent of those surveyed said they used their parents’ contacts to solve administrative problems (Stanojević 2012).

Serbia’s economic and political elites are tightly intertwined. Informal ties provide members of the elite with financial support, contracts and valuable information. Patron–client relationships connecting political and economic elites facilitate but also impede Serbia’s institutional development, leading to non-transparent and divisive levels of distrust and uncertainty.

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This Encyclopaedia takes you on a voyage of discovery, to explore society's open secrets and unwritten rules. Broadly defined as 'ways of getting things done', these invisible yet powerful informal practices tend to escape articulation in official discourse. They include emotion-driven exchanges of gifts or favours and tributes for services, interest-driven know-how (from informal welfare to informal employment and entrepreneurship), identity-driven practices of solidarity, and power-driven forms of co-optation and control. The paradox, or not, of the invisibility of these informal practices is their ubiquity. Expertly practised by insiders but often hidden from outsiders, informal practices are, as this book shows, deeply rooted all over the world, yet underestimated in policy. Entries from the five continents presented in this volume are samples of the truly global and ever-growing collection, made possible by a remarkable collaboration of over 200 scholars across disciplines and area studies.

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