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Evaluating the use of personal connections to circumvent formal processes: a study of *veze* in Croatia

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Abstract

The aim of this paper is to evaluate the use of personal favours in order to bypass formal procedures. Reporting data collected from 2,000 face-to-face interviews undertaken in Croatia in late 2015, the finding is that 31 per cent of respondents had used *veze* at least once during the year prior to the survey, particularly when accessing health services and finding a job, and 20 per cent had helped others to circumvent formal procedures. The population groups significantly more likely to have both used and provided favours to bypass formal procedures are found to be younger people, higher income groups, those who also both supply and purchase undeclared work, and those living in Zagreb and the surrounding region. The paper concludes by discussing the theoretical and policy implications along with the future research required.

Keywords: informal sector; corruption; cronyism; nepotism; meritocracy; Croatia; South-East Europe.

INTRODUCTION

The use of one's personal connections to sidestep formal procedures by soliciting favours for and from contacts exists in all societies, albeit to varying degrees. This is variously termed *wasta* in Arab countries (Smith et al. 2011), *guanxi* in China (Chen et al. 2011, 2013; Yang and Wang 2011), 'pulling strings' in the English-speaking world (Smith et al. 2012), *jeitinho* in Brazil (Ardichvili et al. 2010; Ferreira et al. 2012), *blat* in post-socialist societies (Ledeneva 2008, 2009, 2013; Williams et al., 2013), *vrski* in FYR Macedonia, *vruzki* in Bulgaria, and *veze* in Serbia and Croatia. The reason it is important to study this practice is because its usage leads to the persistence of nepotism, cronyism and corruption, and the advent of favouritism, rather than meritocracy, in a wide range of spheres, such as job recruitment and access to health services. To contribute to the advancement of knowledge on this practice, therefore, the aim of this paper is to evaluate the prevalence and distribution of the use of *veze* in Croatia, and to discuss how it might be explained and tackled. Until now, no known empirical studies have been undertaken in South-East Europe of the usage of personal connections to circumvent formal procedures. This paper thus seeks to begin to fill this gap.

To commence, therefore, the existing literature on the use of personal networks to circumvent formal procedures will be reviewed. This will display that although the use of personal connections to bypass formal procedures has been studied in other global regions, no known empirical studies have been conducted of its prevalence and usage in South-East Europe. To fill this lacuna, the following section introduces a survey conducted of the use of *veze* in Croatia based on 2,000 face-to-face interviews undertaken in late 2015. The findings are then reported. This will reveal the extent to which *veze* is used and who uses it, using a logit regression analysis. The final section then discusses not only the theoretical implications but also how these illicit anti-meritocratic practices might be eliminated.

USING PERSONAL CONNECTIONS TO BYPASS FORMAL PROCESSES

All societies must produce, distribute and allocate goods and services, and thus have some type of economy. Producing, distributing, and allocating goods and services can occur either via the 'market' (private sector), 'state' (public sector) or 'community' (informal or third) sectors (Giddens 1998; Gough 2000; Polanyi 1944; Thompson *et al.* 1991). Conventionally, these have been seen as separate realms. This, however, is brought starkly into the question when examining the use of personal connections to bypass formal procedures because it displays how the private and public sectors are permeated by the informal realm.

Indeed, the use of social networks has been widely studied and portrayed as resources used by people to satisfy their needs. The early literature on social networks tended to draw attention to the beneficial impacts of the help provided by and for close ties (Stack 1974; Young and Wilmott 1975). In recent decades, furthermore, this social capital literature has also drawn attention to the beneficial effects of the ties forged between people who know each other less well (Putnam 2000), or what Granovetter (1973) calls the 'strength of weak ties'. The overarching emphasis, therefore, has been upon the positive effects of the help provided by and for not only close ties (i.e. 'bonding' social capital) but also weaker ties between people (i.e. 'bridging' social capital) (Gittell and Vidal 1998; Putnam 2000).

A small sub-stream of this social capital scholarship, nevertheless, has revealed the negative 'darker side' with regard to social networks (Ayios et al. 2014; Garigiulo and Benassi 1997; Gu et al. 2008; Putze, 1997; Schulman and Anderson 2009). This literature has shown how the use of social networks can also result in nepotism (i.e., helping out kin),

cronyism (i.e., favouritism to acquaintances and friends), and/or corruption (i.e., the use of public office for private gain), and result in favouritism over meritocracy (Ayios et al. 2014).

The use of personal connections to circumvent formal processes is an exemplar of this ‘dark side’ of social capital. In China, *guanxi* is the term used to refer to a network of contacts from whom favours can be sought in order to access goods or services, or to bypass formal procedures, which must then be reciprocated in the future (Hsuing 2013; Mikhailova and Worm 2003). This literature on *guanxi* reveals its extensive usage throughout Chinese business and culture (Luo 2011; Luo et al. 2011; Shou et al. 2014; Zhan 2012). Although a few notable studies have highlighted its negative impacts, such as in relation to nepotism in job recruitment (Chen et al. 2011), most studies on *guanxi* simply represent it as an inherent, inevitable and intractable feature of Chinese society and business culture (Chen et al. 2013; Munro et al. 2013; Yang and Wang 2011; Zhuang et al. 2010).

In Arab countries, *wasta* is the term commonly used to refer to connections rooted in kinship ties that enable formal procedures to be sidestepped (Smith et al. 2011), or *ma'arifa* is the term more commonly used in North African countries including Algeria, Morocco and Tunisia (Mellahi and Wood 2006; Yahiaoui and Zoubir 2006). These Arab world studies again reveal an overwhelmingly neutral or even positive attitude towards its usage (Bailey 2012; Barnett et al. 2013; Kilani and Sakijha 2002; Mohamed and Mohamed 2011; Tlaiss and Kauser 2011). This is nowhere better exemplified by the absence of a ‘no nepotism’ policy in the Arab business world and the widespread use of favouritism in hiring and promotion decisions rather than meritocratic processes.

In Brazil and other Portuguese-speaking nations, the terms *pistolão* (‘contacts’) or *jeitinho* (‘find a way’) are widely used to refer to such connections and again, its usage is viewed positively as a helpful practice (Ardichvili et al. 2010). Meanwhile, English-speaking countries tend to use the term ‘pulling strings’, which refers to favours obtained from longstanding connections, often arising from family links or shared schooling (Smith et al. 2012). Indeed, analysing attitudes towards the use of such connections to bypass formal processes, a cross-national comparative study by Smith et al. (2012) displays that this practice is viewed even more positively in the English-speaking world than is the case among the Arabs, Chinese, and Brazilians.

In post-Soviet societies, the term most commonly used to refer to the use of personal connections to circumvent formal procedures is *blat* (Arnstberg and Boren 2003; Ledeneva 2006, 2008, 2009, 2013; Mikhailova and Worm 2003; Smith et al. 2011). In the Soviet command economy, money had relatively little value given the shortages of goods, so a wide network of connections was important in order to access goods and services. Indeed, a common phrase during Soviet times was ‘it is better to have a hundred friends than a hundred roubles’. Indeed, *blat* was the means of accessing not only everyday goods such as food, but also arranging periodic events (e.g., holidays) and organising life-cycle events (e.g., places in kindergarten and university). For this reason, *blat* has a very positive connotation because it enabled people to cope with the inefficiencies of the command economy. Indeed, for those able to use their connections to help others, *blat* was an important status symbol (Williams et al. 2013). Today, however, although connections are still used to get preferential treatment in accessing services, it is argued that connections and access to assets are increasingly viewed as a commodity, with gifts and/or money received and given in return (Ledeneva 2009, 2013 Onoshchenko and Williams 2013, Williams and Onoshchenko 2014a,b). Al Ramahi (2008) has noted a similar trend with regard to *wasta* in the Arab world. Indeed, it is perhaps for this reasons that studies of informality such as in relation to the health services no longer study *blat*, but rather, focus upon the prevalence of informal payments when accessing medical services (Gordeev et al. 2014; Kaitelidou et al. 2012; Stepurko et al. 2013; Williams et al. 2016).

In South-East Europe, meanwhile, such connections are variously referred to as for example *veze* in Serbia and Croatia, *vruszki* in Bulgaria and *vrski* in Macedonian. Until now, however, there has been little, if any, scholarly literature on this practice, with the notable exception of Chavdarova (2013) who has discussed *vruszki* in Bulgaria, and there have been no known empirical studies of its prevalence and usage in South-East Europe. This is despite the fact that the use of connections to bypass formal procedures is commonly discussed in popular culture and is often at the core of popular critiques of how their societies operate. Such personal connections are often popularly viewed as resulting in significant privileges for individuals who are connected to the ruling powers and state apparatus, as well as to private firms and their owners. However, it is sometimes recognised more positively as a means by which ordinary people can get things done. Nevertheless, no empirical studies have been so far conducted of the prevalence and distribution of *veze* either in contemporary Croatian society or elsewhere in South-East Europe. Below, therefore, a survey is reported that seeks to answer the following two questions: what is the prevalence of *veze* in contemporary Croatian society? And which population groups are most likely to use *veze*?

DATA AND VARIABLES

Data

To evaluate the prevalence and distribution of *veze* in contemporary Croatian society, as well as how it might be explained and tackled, data is reported from 2,000 face-to-face interviews conducted in Croatia in late 2015. This survey included questions on whether respondents used and provided favours in order to bypass formal procedures, and the spheres in which this happened, and as part of the wider survey, whether they had participated in the undeclared economy. To collect this data, a multi-stage random (probability) sampling methodology was used to ensure that on the issues of gender, age, region and locality size, the national level sample, as well as each level of the sample, was representative in proportion to its population size. In every household the ‘closest birthday’ rule was applied to select respondents, while every subsequent address was determined by the standard ‘random route’ procedure.

Variables

To evaluate the use of *veze*, the dependent variable used is a dummy variable with recorded value 1 for respondents who answered ‘yes’ to the question: “Have you in the last 12 months asked anyone for a favour/help using connections in any of the following spheres?”, and zero otherwise if they had not used *veze*. The spheres analysed were: medical services (skipping queue, getting better examination, surgery); solving problems with the law enforcing authorities (traffic police, customs); finding a job; education (places in higher education/obtaining degree/diploma etc.); legal services and courts; everyday services at better quality or better price (e.g., bank services, hairdressers); repairs (housing, garages, car); tickets for events, theatre, concerts; hobbies and entertainment, tourist resorts, travel tickets; consumer goods excluding foodstuffs; communicating with local authorities on business matters (e.g. delaying tax payment); foodstuffs; speeding up bureaucratic procedures (e.g. at the municipal hall), and any other realms. This enabled the degree to which it is used in each of these spheres to be analysed.

To evaluate the distribution of *veze*, meanwhile, the following independent variables were analysed, derived from wider studies evaluating the associated issue of the important socio-demographic and socio-economic variables influencing participation in undeclared work (Williams and Horodnic 2015a,b, 2016; Williams and Padmore 2013a,b):

- *Gender*: a dummy variable with value 0 for women and 1 for men.
- *Age*: an interval variable indicating the exact age of the respondent.

- *Household size*: a categorical variable with value 0 for one person, value 1 for two persons, value 3 for three persons, value 4 for four or more persons.
- *Net income*: a categorical variable of the net income of individuals with value 0 for less than 2,500 HRK per month, value 1 for 2,500-5,000, value 2 for 5,001-10,000, value 3 for more than 10,000 HRK per month.
- *Working on an undeclared basis*: a dummy variable with value 0 for those not working on undeclared basis and value 1 for those working on undeclared basis
- *Purchasing undeclared goods and services*: a dummy variable with value 0 for those not purchasing on undeclared basis and value 1 for those purchasing on undeclared basis
- *Type of locality*: a categorical variable with value 0 for rural area or village, value 1 for small or middle-sized town, value 2 for large urban area.
- *Regions*: a categorical variable with value 0 for North Croatia, value 1 for Slavonia, value 2 for Lika and Banovina, value 3 for Istria, Primorje and Gorski Gotar, value 4 for Dalmatia and value 5 for Zagreb and surrounding region.

Given that the surveys responses included a large number of missing values and inconclusive answers (i.e., refusal and ‘don’t know’) across the dependent and independent variables, multiple imputation was used to predict the values. This is done using a system of chained equations for each variable with missing values, with 30 imputations simulated for each missing value. Furthermore, population weights are applied based on age and gender to correct for under- and over-representation in the sample.

To analyse the prevalence and usage of *veze* in various spheres of everyday life, descriptive statistics are presented. To evaluate who is significantly more likely to make use of *veze* in contemporary Croatia, a logit regression analysis is undertaken. Below, the results are reported.

FINDINGS

Examining the nationally representative sample of 2,000 respondents interviewed face-to-face in Croatia in late 2015, the majority (59 per cent) were overall negative about its usage, with 31 per cent adopting a neutral stance and just 10 per cent adopting a positive view of using connections to get things done. Despite this overall negative view of using *veze*, only 2 per cent asserted that using *veze* was not important when seeking to get things done in Croatia, 12 per cent that it was somewhat important, 30 per cent important, and 56 per cent very important. This is reflected in the findings on whether they used *veze* to get things done. Some 31 per cent of all respondents surveyed had used *veze* in the last 12 months at least once in order to bypass formal processes. Table 1 reports the spheres in which respondents had used *veze*.

Table 1. Pulling strings in various spheres of public life in Croatia, % of surveyed individuals

	Yes	No	Refusal/DK
Medical services: skipping queue, getting better examination, surgery	17.0	81.4	1.6
Repairs (housing, garages, car)	12.0	86.7	1.3
Finding a job	9.1	89.1	1.8
Everyday services at better quality or better price (bank services, hairdressers...)	6.2	92.3	1.5
Foodstuffs	4.5	94.2	1.3
Speeding up bureaucratic procedures (e.g. at the municipal hall)	4.3	94.4	1.3

Tickets for events, theatre, concerts	4.3	94.4	1.3
Solving problems with the law enforcing authorities: traffic police, customs	4.0	94.7	1.3
Hobbies and entertainment, resorts, travelling tickets	3.6	95.1	1.3
Consumer goods excl. foodstuffs	3.5	95.2	1.3
Legal services and courts	2.8	95.7	1.5
Communicating with local authorities in your business matters (e.g. delaying tax payment)	2.7	96.0	1.3
Education: places in higher education/ obtaining degree/diploma etc.	1.9	96.7	1.4
Other	0.5	97.6	1.9

Source: Authors' calculations based on the representative survey of 2,000 individuals in Croatia

Analysing the spheres in which the respondents had used *veze* to get things done, 17 per cent had used *veze* to gain access to medical services (e.g., jumping the queue, getting a better examination) at least once in the past 12 months. The second most frequent sphere in which Croatians used their connections to get things done was for various repairs, such as on their home or car. Some 12% of Croatians use their connections to find repair services for their houses/apartments, cars and/or electronic advices. When searching for employment for themselves or members of their family, moreover, 9.1 per cent of respondents in the prior year had asked people to assist them in finding a job. Similarly, 6.2 per cent had used their connections to obtain everyday services. At first glance, it appears that all other spheres do not appear to be particularly prone to the use of connections. For instance, only 4 per cent of citizens had used *veze* to solve problems with the law enforcement authorities, and 2.8 per cent when dealing with the legal services and courts. However, this does not mean that these spheres are not prone to dishonest behaviour.

When it is recognised that not all respondents needed to obtain these services in the past 12 months (e.g., medical services, finding a job, solving problems with the law enforcement authorities), *veze* appears to be commonly used to get things done. Indeed, for future research, asking respondents whether they had engaged with these realms in the past year before asking them whether *veze* had been used, would be useful in order to evaluate the proportion of instances in which *veze* is used. Here, therefore, it can only be concluded that *veze* seems to be very commonly used to gain access to medical services, finding a job, dealing with legal services and the courts, and accessing education, which are all realms that only a relatively small segment of the population would have had dealings with in the year prior to the survey, and less commonly used to obtain foodstuffs and consumer goods, which are activities that most would have engaged in during the year prior to the survey.

Some 20 per cent of respondents report helping someone to gain preferential access to a sphere (see Table 2). The lower supply-side figure is because participants provide favours in a limited range of spheres (e.g., in spheres in which s/he is employed), but can receive *veze* in almost any sphere depending on the breadth of his/her connections.

Table 2. Doing favours in various spheres of public life in Croatia, % of surveyed individuals

	Yes	No	Refusal/DK
Finding a job	14.1	85.1	0.8
Repairs (housing, garages, car)	13.5	85.7	0.8
Medical services: skipping queue, getting better examination, surgery	10.5	88.5	1.0
Everyday services at better quality or better price (bank services,	7.1	91.9	1.0

hairdressers...)			
Foodstuffs	6.1	92.8	1.1
Hobbies and entertainment, resorts, travelling tickets	5.7	93.3	1.0
Tickets for events, theatre, concerts	5.4	93.6	1.0
Consumer goods excl. foodstuffs	4.9	94.1	1.0
Speeding up bureaucratic procedures (e.g. at the municipal hall)	4.8	94.0	1.2
Solving problems with the law enforcing authorities: traffic police, customs	4.3	94.7	1.0
Education: places in higher education/ obtaining degree/diploma etc.	3.8	95.2	1.0
Legal services and courts	3.2	95.8	1.0
Communicating with local authorities in your business matters (e.g. delaying tax payment)	2.9	96.3	0.8
Other	0.7	97.2	2.1

Source: Authors' calculations based on the representative survey of 2,000 individuals in Croatia

As Table 2 reports, 14.1 per cent of respondents had used their own position to help others find a job, and was the most common realm in which Croatians did favours for others. Furthermore, 13.5 per cent of citizens had helped others find a mechanic and/or handyperson during the 12-month period before the survey, while 10.5 per cent of citizens had helped someone to skip a queue or to get better treatment from the medical services. Besides these realms, 7.1 per cent of Croatians frequently assist other people to gain access to everyday services at better quality or price, or to access foodstuffs (6.1 per cent), access holidays, entertainment or travel tickets (5.7 per cent), or purchase tickets for events (5.4%).

Who, therefore, uses *veze* in order to get things done in Croatia? Table 3 reports the results of a logit marginal effects regression analysis which investigates whether individual socio-demographic, socio-economic and spatial variables are significantly associated with both receiving favours and doing favours for others, when other variables are taken into account and held constant.

Table 3. Logit marginal effects regression analysis of the propensity to use and provide *veze* in Croatia

	Using <i>veze</i>	Provision of <i>veze</i>
	Coefficient (Standard error)	Coefficient (Standard error)
Female	0.132 (0.115)	-0.117 (0.144)
Age	-0.010** (0.004)	-0.014*** (0.004)
Household size (RC: one person)		
Two persons	0.411* (0.168)	0.027 (0.222)
Three persons	0.387* (0.188)	0.119 (0.234)
Four or more people	0.566** (0.178)	0.018 (0.227)
Net income (RC: less than HRK 2,500)		
HRK 2,500-5,000	0.236 (0.135)	0.572*** (0.171)
HRK 5,001-10,000	0.389* (0.179)	0.488* (0.238)
More than HRK 10,000	0.240 (0.474)	0.741 (0.604)
Working on an undeclared basis	0.461* (0.196)	0.653** (0.226)
Purchasing undeclared goods and services	1.457*** (0.123)	1.293*** (0.151)
Type of community (RC: rural area or village)		
Small or middle sized town	0.040 (0.130)	-0.088 (0.162)
Large town	-0.261 (0.163)	-0.431* (0.203)
Region (RC: Zagreb and surroundings)		
North Croatia	-0.734*** (0.193)	-0.751** (0.248)
Slavonia	-0.862*** (0.195)	-1.001*** (0.269)
Lika and Banovina	-0.504* (0.241)	-0.482 (0.308)

	Istria, Primorje and Gorski Kotar	-0.312 (0.198)	-0.285 (0.238)
	Dalmatia	-0.795*** (0.175)	-0.541* (0.212)
Const		-0.904** (0.300)	-1.325*** (0.377)
Number of observations		2,000	2,000
Number of imputations		30	30
Prob > F		0.000	0.000
Pseudo R ²		0.110	0.112
Area under ROC		0.714	0.731

Note: Standard errors are given in parentheses

Significance: *p<0.05, **p<0.01, ***p<0.001

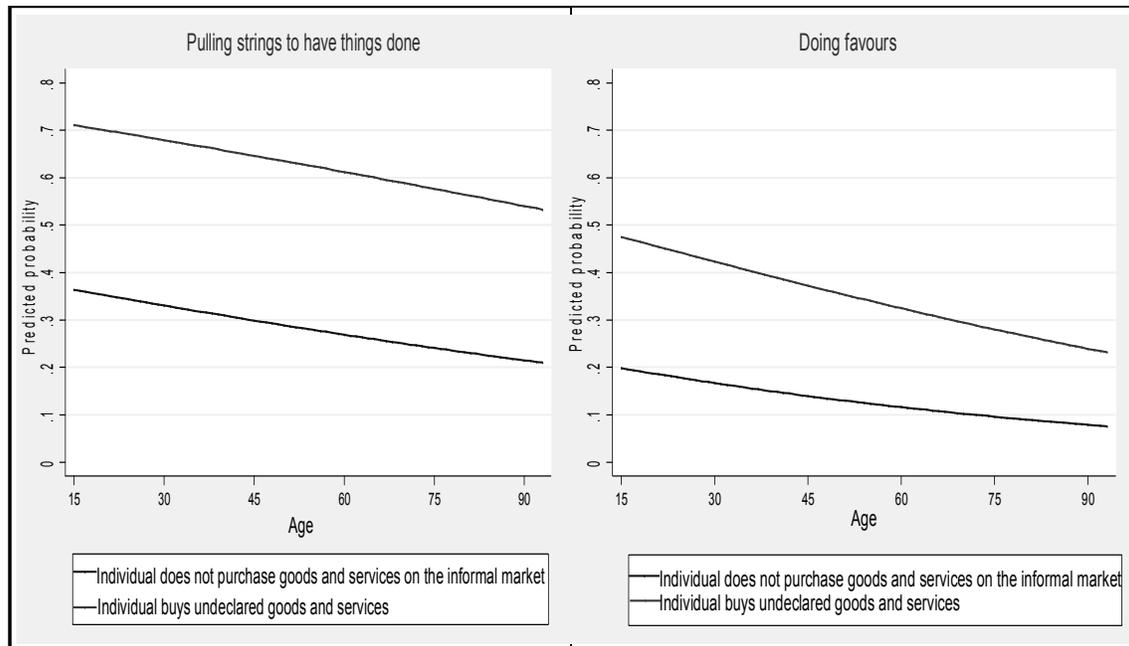
Source: Authors' own calculations based on the representative survey of 2,000 individuals in Croatia

Starting with whether particular socio-demographic population groups are more likely to use *veze* in order to get things done, the finding is that its usage does not significantly differ by gender, but that there are statistically significant variations by the age of the respondent. The older the citizen, the less likely are they to use connections in order to get things done. Similarly, there is a weak correlation by the number of adults in a household. The larger the number of adults, the more likely they are to use connections in order to circumvent formal procedures. This is perhaps unsurprising since the more adults that there are in a household, the more they seem likely to know somebody who might help them circumvent formal procedures. Examining the socio-economic variables, although more affluent groups are more likely to use connections in order to circumvent formal procedures, this is a relatively weak, albeit significant, correlation. There is a strong significant association, however, between those using connections to bypass formal procedures and those who both supply and purchase undeclared work. This perhaps reflects that those engaging in such behaviour are those rejecting the rule of law, in the sense that those not abiding by the laws and regulations of the state with regard to paying taxes, social contributions and abiding by labour laws, also bypass formal procedures by using *veze*. Finally, and on spatial variations in its usage, although there are no variations by whether respondents live in a rural or urban community, there are some significant regional variations. Compared with those living in Zagreb and its surrounding area, those living in all other regions are significantly less likely to use connections in order to circumvent formal procedures.

Turning to who is significantly more likely to provide connections to others, the finding in Table 3 is that very similar patterns are identified as when who uses personal connections to bypass formal procedures is analysed. This similarly reveals that gender is not significant and that there is a statistically significant correlation with age in that younger age groups are more likely to provide *veze* to others than older generations. However, there is no significant correlation with household size when it comes to the supply of *veze*. As before with those making use of *veze*, there is also a significant correlation with income. The more affluent are significantly more likely to help others circumvent formal procedures than lower income population groups, and so too are those who supply and purchase undeclared work more likely to also help others to bypass formal procedures. There is also a weak tendency for the provision of *veze* to be greater in rural than urban areas, and regionally, there is evidence that those living in Zagreb and the surrounding region are more likely to help others circumvent formal procedures than those living in North Croatia, Slavonia and Dalmatia.

To provide a more graphic portrayal of these findings regarding who is more likely to receive and give favours in order to bypass formal procedures, Figure 1 presents the predicted probabilities of a representative Croatian citizen receiving and giving favours to bypass formal processes, according to their age and whether they purchase and supply undeclared work. This 'representative' worker is defined using mean and modal values of the remaining predictors. That is to say, the behaviour is evaluated of women from the capital, where all

earn between HRK 2,500 and HRK 5,000, and share their household with two persons. For this representative citizen, and examining those who do not engage in undeclared work, the probability of using personal connections to circumvent formal processes ranges from 20% for 90 year olds to 37 per cent for the youngest age group. For those who engage in undeclared work, meanwhile, the probability ranges from 53 per cent for the oldest age group to 70 per cent for the youngest age group. Similar findings prevail when the supply side is considered, although the probabilities of participation are somewhat lower than for the demand side, ranging from 8 per cent for the oldest age group not engaged in undeclared work to 48 per cent for the youngest age group who engage in undeclared work.



Source: Authors' own calculations based on the representative survey of 2,000 individuals in Croatia

Figure 1. Predicted probability of the use of personal connections for a representative Croatian citizen: by age and participation in the undeclared economy

DISCUSSION AND CONCLUSIONS

In this paper, the prevalence of the practice of using personal connections to bypass formal procedures, known as *veze*, in Croatia has been evaluated, along with who gives and receives such favours. Reporting data collected from 2,000 respondents in late 2015, the finding is that 31 per cent of respondents had used *veze* in the past 12 months to get things done, particularly when accessing medical services or finding a job, and 20 per cent had helped others

circumvent formal processes. Using logit regression analysis, the population groups significantly more likely to have both used and given favours via *veze* so as to bypass formal procedures are found to be younger people, higher income groups, and those who also both supply and purchase undeclared work, and living in Zagreb and the surrounding region.

Analysing the theoretical implications, therefore, and when explaining the use of *veze*, it has been shown that a statistically significant correlation exists between the use of *veze* and participation in the undeclared economy, intimating that those who do not accept and abide by the laws and regulations of the state are more likely to receive and give favours that bypass formal procedures. This can be theoretically interpreted through the lens of institutional theory (Baumol and Blinder 2008; North 1990). From such an institutionalist perspective, all societies have both formal institutions, which are the codified laws and regulations that define the legal rules of the game, as well as informal institutions, which are the ‘socially shared rules, usually unwritten, that are created, communicated and enforced outside of officially sanctioned channels’ (Helmke and Levitsky 2004: 727). Adopting this institutional perspective, the use of personal connections to circumvent formal procedures can be therefore seen to arise when the norms, values and beliefs of citizens are not in symmetry with the codified laws and regulations. The greater the level of asymmetry, the greater will be the use of *veze*, as has been also revealed when evaluating participation in undeclared work (Williams and Franic, 2016; Williams and Horodnic, 2015a,b; 2017). This suggests that tackling the asymmetry between formal and informal institutions is necessary in order to tackle this endeavour.

How, therefore, can this use of *veze* to bypass formal procedures be tackled? A range of policy options are available. Firstly, governments might seek to eliminate it through the use of tougher penalties, although whether the political will exists to do this remains open to question. Secondly, it might be also tackled by reducing the asymmetry between formal and informal institutions. On the one hand, this might be achieved by pursuing changes in the norms, values and beliefs of citizens (i.e., the informal institutions) regarding the acceptability of this practice. For example, awareness raising campaigns could be pursued regarding the negative impacts of *veze* and the positive impacts of replacing favouritism with more meritocratic processes across Croatian society. On the other hand, it might be also pursued by modernising the formal institutions so as to reduce the formal institutional inefficiencies and imperfections that lead to *veze* being used. None of these are mutually exclusive policy measures, and they can be sequenced in various ways, such as by organising an awareness raising campaign alongside the modernisation of the public services so as to reduce the bypassing of formal procedures, and then following this up with a regime of tough penalties for those who continue with these practices that result in nepotism, cronyism and corruption. Whether this is the appropriate sequencing has not so far been evaluated.

Nevertheless, what is known is that the use of *veze* cannot continue if a modern meritocratic society is to emerge, and doing nothing is not an option. If this paper thus encourages further research on its prevalence and distribution across a wider array of South-East European countries, along with greater debate on how to eliminate this practice, then it will have achieved its intention.

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