

Towards a Descriptive Typology of Informal Institutions and Practices

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Abstract

Despite increasing awareness of the impact of informal activities in shaping political outcomes, scientific interest did not work in favor of conceptual clarity, and there have been no entirely successful efforts to classify informal institutions or other types of informal phenomena. The primary objective of this study is to offer a new descriptive typology of informal institutions, based on two variables: the compatibility between formal and informal rules, and the impact of informal activities on the functioning of the formal system. Two categories of the proposed typology capture situations of compatibility (complementary and substitutive informal institutions) and two refer to configurations of incompatibility. The latter differ regarding the impact of informal rules, which can either increase (deviant informal institution) or decrease the performance of the formal institutions (competing informal institution). Furthermore, the study formulates some critical remarks concerning existing conceptualizations of informality in political science, and argues for the use of the broader concept of „informal practices” next to that of the narrower „informal institutions”. The new typology delivers clear criteria to differentiate both between various forms of informal institutions and informal practices, and it is suitable to accommodate salient forms of informal activities practiced in different political systems, which is illustrated through a large set of cases.

Keywords: informal institution; informal practice; descriptive typology

Introduction

Dealing with informal inputs to politics has been on the political science research agenda for a long time, and their relevance in shaping political outcomes in all types of political systems hardly needs to be emphasized. Increasing scholarly interest in informality resulted in investigating newer and newer cases and theoretical aspects,

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and also the multiplication of compound catchwords. As political science is traditionally interested in the study of institutions, the qualifier “informal” has been primarily attached to the concept of “institution”, and the interplay between formality and informality has been central to the various strains of neo-institutionalism predominating in the literature (van Tatenhove, Mak and Liefferink, 2006: 11–14). “Informal” has been attached to a multitude of other concepts too, for instance, “politics”, “economy”, “governance”, “networks”, “organizations” and “practices”, each applied to a seemingly infinite array of phenomena (Christiansen and Neuhold, 2012: 4; Ledeneva et al., 2018). This burgeoning interest did not work in favor of conceptual clarity however, and the literature is not conclusive in what concerns the accounts of the interconnections between the formal and informal domains.

As Helmke and Levitsky (2006a: 16–17) observed, characterizations of formal-informal relationships tend to be oversimplified. Informal institutions are either classified as functional or problem-solving, when their effect is that of enhancing the performance of formal institutions, or as dysfunctional or problem-creating, when their effect is that of undermining performance (ibid.). In an attempt to depict more nuanced relationships, the cited authors developed a typology that captures four possible situations. This has become the most frequently quoted typology, and despite its widespread application – or precisely because of its popularity – little effort has been made to inspect some of its rather serious shortcomings.

This undertaking of creating a typology of formal and informal relationships is not unique either in the broader field of social sciences, or specifically in the political science literature however. Actually two other models preceded the one offered by Helmke and Levitsky: one developed by Nee and Ingram (1998) in the field of economic sociology, and the other by Lauth (2000) in the field of comparative politics. As this paper will make it clear, both of these earlier typologies allow for combinations of formal and informal activities that cannot be accommodated in the model of Helmke and Levitky, despite the claim of the latter authors that their typology represents a revised form of Lauth’s ideas (Helmke and Levitsky, 2006a: 4).

Thus, the primary concern of the present study is to critically examine the available models and to devise an alternative descriptive typology of informal institutions. The secondary purpose is to clarify and resolve some problems concerning the conceptual framework of “informal institutions” and its application to the empirical analysis of informal phenomena.

The paper proceeds in two broad sections. In the first section, I evaluate extant theoretical models of formal-informal interactions, I then turn to a more detailed discussion of the typology of Helmke and Levitsky, a scrutiny that includes both empirical testing and methodological arguments. At the end of this section, I present an improved descriptive typology, which reutilizes some categories from all three existing ones. I build on the same categorical variables as Nee and Ingram, and Lauth, namely the compatibility between the formal and informal rules, and the effects of pursuing informal rules on the performance of the formal institutions. I argue that these variables are more appropriate to grasp the core defining attributes of informal institutions than the ones used by Helmke and Levitsky, especially their variable of formal institutional effectiveness, which they interpret in terms of expected sanctions for rule infringement. Yet, it is not clear at all what the enforcement of formal rules adds to the characterization of many cases that naturally lend themselves to analysis in this context. Self-help networks, and organizational grey zones, which imply consistently overlooking breaches to workplace regulations, provide such examples. Another example could be *samizdat*, a subversive activity that exists despite the possibility of severe retaliation. The latter represents effective formal institution in the terms of Helmke and Levitsky, but their typology cannot accommodate *samizdat*-type activities, because genuine “competing type of informal institutions” appear only under ineffective formal institutions.

In the second part of the article, I address some more general issues that are central to the research of informality. First, a certain informal institution may relate differently to different sets of formal institutions. Second, the conceptual framework of “informal institutions” is appropriate only for the study of a rather narrow spectrum of empirical phenomena, namely, those activities that represent the consistent enforcement of “informal rules”. Third, to avoid prior conceptual narrowing, and hence, to grasp

various events that do not qualify as institutions, I argue for the usage of the broader concept of “informal practices”. Finally, I present one of the most important benefits of this conceptual shift; namely, grasping activities with contradictory effects within the same sphere of activity, which is a non-existing case within the conceptual framework of informal institutions. I also show that the typology proposed for informal institutions is suitable to classify informal practices too.

1. Typologies of formal-informal interactions – an assessment

Before proceeding with the discussion of the available typologies, one must note that from a methodological perspective a comparison of these models is not compromised by diverging conceptualizations. First, all three adopt a neo-institutionalist approach, and more specifically, all three are based on North’s definition to “institutions”, namely, formal and informal rules that shape human interaction (Helmke and Levitsky, 2006a: 5; Nee and Ingram, 1998: 19–20; Lauth, 2000: 23). Recalling this definition is also useful because of the diversity of the examples cited by these authors. Although the “scale” of the cases seems to vary on a large range (from informal activities performed within a specific company to activities in which larger segments of the society are engaged), informal-rule-governed behavior represents their common denominator. Second, all three models are descriptive typologies. Finally, the term “relationship” or “interaction” is used similarly in the cited works, referring primarily to how informal institutions influence the working of formal institutions, but not the reverse route.

1.1. Extant typologies

Concerning the interaction between formal and informal institutions, the typologies of Nee and Ingram, and Lauth are constructed on two identical variables. Although these are not explicitly spelled out in their analysis, one can easily identify the following two dimensions: the compatibility between the formal and informal rules followed by actors in their activities, and the impact of informal activities on the performance of the formal organization/institution. Accounting for the effects of informal actions on the performance of formal institutions, both models contain three types, but the two typologies overlap only partially. First, there are the two “classical” situations in which formal and informal constraints coincide or are at odds with each

other with the corresponding consequences already indicated: increasing or decreasing performance, advancing or hindering the achievements of formal institutional/organizational goals. Nee and Ingram label these categories as “congruent” and “opposition norms”, whereas Lauth uses the labels of “complementary”, and “conflicting relationships”.

Next to these two possibilities, Nee and Ingram – interested in developing explanations for variation in economic performance – describe as their third type a situation of antagonistic relationship between the formal and informal rules, when, contrarily to the expectation, formal institutional stability and performance is maintained because informal activities deviating from formally prescribed norms ultimately further organizational goals. As an illustration of such “decoupled norms” they mention the US federal law enforcement agency, where it became an informal rule not to report attempts at bribery, because reporting apparently weakened the agents’ ability to secure the cooperation needed to complete their investigations (Nee and Ingram, 1998: 35). Though certain formal rules set up for fighting corruption were violated, the main task of the agency was more effectively accomplished.

In his own turn, Lauth (2000: 25) identifies as the third possibility the functional equivalence of formal and informal institutions and labels the corresponding relationship “substitutive”. Though Lauth omits to explicitly categorize into his typology the various types and subtypes of informal institutions of political participation that constitutes his empirical material, one can envisage as examples for the substitutive category various forms of civil disobedience, such as “wildcat strikes”, “political strikes”, or “blockades”. These phenomena are interpreted by Lauth as functional equivalents of formal (but not properly working) participation channels. He observes that these activities are illegal, yet legitimate and sustainable from a normative point of view in case they aim at correcting democratic deficits (ibid.: 38–40, 44). One can include within the same category the self-help networks that provide services in the area of social security: neighborhood associations, saver and migrant clubs, or burial societies for instance. According to Lauth (ibid.: 42), these informal institutions belong to the domain of customary law that is compatible

with the rule of law, and informal arrangements correspond to their formal counterparts. Consequently, it is safe to treat them as equivalents, and the definition offered by Lauth guides us to place them within the substitutive category.

It is readily apparent, however, that while both civil disobedience and self-help networks may provide positive inputs on the functioning of the formal institutions, civil disobedience implies law-infringement, whereas the maintenance of self-help networks does not. This indicates that from the point of view of compatibility between the formal and informal rules, the substitutive category actually contains two different sets of institutions: one that is rather similar to the third category identified by Nee and Ingram (i.e. formal institutional performance is bolstered by following antagonistic informal rules, here the various forms of civil disobedience), and the other that represent the harmless parallel working of formal and informal institutions (the self-help networks).

Discrepancies in Lauth's analysis also point to the fact that the substitutive type might require further elaboration: although he does not explicitly claim that the substitutive relationship implies compatible systems of rules, one is certainly led towards such an interpretation by the description he offers for the three categories, whereas at one point in his argument the substitutive and conflicting forms of interaction "are evaluated as either harmful or even lethal to democracy" (Lauth, 2000: 43). Yet, in case of a relationship called "substitutive", it is reasonable to expect at least a congruence of outcomes, if not a complete accordance between the formal and informal rules.

Therefore, up to this point, not three but four possibilities can be identified with regard to the interaction between formal and informal institutions along the dimension of compatibility of rules: two types of compatibility and two of incompatibility. Informal rules compatible with formal rules may supplement or replace formal institutions, and in both cases they further the aims of the formal institutions. Informal rules at odds with formal rule requirements may either increase or decrease the performance of formal institutions.

Four types of informal institutions are captured in the typology crafted by Helmke and Levitsky too. However, their typology is constructed on two different categorical variables, namely the degree of convergence between formal and informal institutional outcomes, and the effectiveness of the relevant formal institutions (Helmke and Levitsky, 2006a: 13). On the first dimension, outcomes of formal and informal institutions can be convergent or divergent, the difference being whether the pursuit of the informal rules produces substantively similar or different results from that expected from strict and exclusive adherence to the formal ones. On the second dimension, formal institutions can be effective or ineffective. Here effectiveness indicates “the extent to which rules and procedures that exist on paper are enforced or complied in practice” (ibid.). The parameters of the formal institutional effectiveness, however, are not assumed by the analyst, but are dependent of the actors’ perceptions. In case of effective formal institutions, “actors believe there is a high probability that noncompliance will be sanctioned by official authorities” (ibid.). Where formal rules and procedures are ineffective, “actors believe the probability of enforcement, (and hence the expected cost of violation) to be low” (ibid.).

The cross-tabulation of these two dimensions yields four different types of informal institutions:

Table 1: A Typology of Informal Institutions

Formal institutions \ Outcomes	Effective formal institutions	Ineffective formal institutions
Convergent	<i>Complementary</i>	<i>Substitutive</i>
Divergent	<i>Accommodating</i>	<i>Competing</i>

Source: Helmke and Levitsky, 2006: 14.

Again, the complementary and competing types correspond to the “functional” and “dysfunctional” types that predominate in much of the literature with the added condition that complementary informal institutions work in effective formal institutional settings, whereas competing informal institutions in ineffective formal settings. I will return to the implications of the criterion of effectiveness in the next subsection.

Concerning complementary informal institutions, Helmke and Levitsky specify two subtypes. The first “fills in gaps” within formal institutions either by addressing contingencies not dealt with in the formal rules or by facilitating the pursuit of the actors’ goals more effectively within the formal institutional framework, for instance, informally agreed operating procedures of the bureaucracy that enhance coordination and ease decision-making. The second subtype serves as the underlying foundation for formal institutions. In this latter case compliance with formal rules is not rooted in formal rules *per se*, but in shared expectations created by underlying informal norms, such as norms of meritocracy, fair exchange, or gracious losing (Helmke and Levitsky, 2006a: 14; 2006b: 280). Helmke and Levitsky (2006b: 279) illustrate the second type by Singapore’s postcolonial bureaucracy (the formal organization of which resembled those of Indonesia and the Philippines, yet the latter two proved to be highly ineffective), where effectiveness is attributed to underlying norms of meritocracy and discipline shared by state bureaucrats and private sector entrepreneurs.

Contrarily, competing informal institutions trump their formal counterparts. For this category Helmke and Levitsky (2006b: 276–277) cite as examples corruption, clientelism, patrimonialism, extrajudicial killing by the police, clan politics, and certain “traditional” or indigenous institutions.

From the category where the relationships between formal and informal rules can be seen as incompatible, Helmke and Levitsky (2006a: 17) detached two additional types, the substitutive and accommodating informal institutions. Actors “bypass formal rules and procedures” or “violate the spirit of the formal rules”, nevertheless, this way they achieve results in domains where formal rules failed to do so (substitutive informal institutions), or generate outcomes that are generally viewed as beneficial (accommodating informal institutions), such as regime stability (ibid.: 16–17). Substitutive institutions usually compensate for weak or ineffective state institutions, and produce convergent outcomes. Conversely, accommodating informal institutions dampen the effects of strong formal institutions that produce (more exactly, would produce) outcomes disliked by the actors, and pursuing

informal rules results in divergent outcomes. In the latter case actors are unable to change formal rules or openly violating them is considered too risky, consequently, they turn to practices that help to reconcile their interest with formal institutional arrangements.

For substitutive institutions Helmke and Levitsky (ibid.: 16) mention *concertaciones* (or “gentelman’s agreements”) as a form of electoral dispute resolution in Mexico and *rondas campesinas* (community patrols) in Peru. For accommodating informal institutions the following are listed: early Dutch consociationalism and informal mechanisms employed by the governing *Concertacion* in Chile. Of the similar type of informal institutions are considered to be the *blat* (exchange of “favors of access”) in the Soviet Union and *guanxi* in China (Helmke and Levitsky, 2006a: 15; 2006b: 278).

1.2. An assessment of Helmke and Levitsky’s model

Though very compelling at first sight, elegant in being anchored in multidimensional thinking and with telling distinctive labels for the types, one might raise several objections regarding this typology. To start with, the categories collectively are not exhaustive, so the typology is not capable to accommodate all possible forms of informal institutions. This is due to the conditions imposed by the dimension of the effectiveness of formal institutions. As the following well-known examples of informal phenomena will illustrate, informal institutions having certain defining attributes of the competing, accommodating and substitutive types can occur along both effective and ineffective formal rules.

Let us consider underground activities in both democratic and nondemocratic regimes. The *samizdat*, for example, is an informal institution embodying dissent under harsh formal censorship. In the Soviet Union and its satellite states, the formal rules regarding publishing and the sanctions for violating rules of censorship were harsh (Boyle, 1988: 173–177, 189–193, 199–215). In this case, outcomes of following formal or informal rules can be considered divergent and the formal institutions effective, in the sense that the persons involved did expect severe punishment in case their activities were discovered. Consequently, *samizdat* has to

be included into the category of accommodating informal institutions. Following the same theoretical considerations, one has to lump into this category the “flying universities” functioning under state socialist regimes in East Europe (Falk, 2003: 42–43), likewise certain practices related to the hidden economy and “tricks” for meeting economic targets amidst constant shortage and poor allocation (Gregory, 1990: 54–77). But this clearly goes against the common sense of conceiving *samizdat* or flying universities that represented an informal framework for underground education and academic work as competing informal institutions considering that formal and informal rules of the game were definitely at odds, and related activities directly violated formal rules.

At this point it seems well founded to note that, though not appearing among the categorical variables that the typology rests on, the issue of rule compatibility (next to outcome compatibility) is still lurking in the explanations attached to the types captured by the model. In fact, what seems to distinguish accommodating and competing types is not reduced to the variable concerning the effectiveness of the formal system, but there is a difference in the degree or nature of infringing formal rules, i.e. violating the spirit of formal rules (accommodating institutions) vs. violating the letter of formal rules (competing institutions) (Helmke and Levitsky, 2006a: 15).

Back to the examples, these informal practices are undertaken by the actors with a clear understanding of the risks implied in infringing formal laws; nevertheless, this does not hold them back. This is because some of these activities are usually guided by a “mission” to be completed, which trumps the losses incurred by acting against formal institutions. Nevertheless, there is no cell for competing informal institutions under effective formal institutions in the typology offered by Helmke and Levitsky. Contemporary cases of vigilante movements in Europe, paramilitary activity and organized crime from democratic settings would also qualify for competing informal institution existing along effective formal institutions as defined by Helmke and Levitsky.

By continuing this exercise of placing various informal institutions into the typology offered by Helmke and Levitsky, one can observe that some sort of accommodating

type is also missing from the column of ineffective formal institutions. Grzymala-Busse (2010: 322–323) pointed out certain cases of informal institutions in contexts where they do not directly undermine formal institutions, rather exploit them by capitalizing on the poor specification of formal rules. An example for this situation would be in the early phases of democratization in countries from Central Europe, where party financing rules were rife with loopholes and permitted the emergence of clientelistic networks between parties, business and governmental agencies. Now, playing upon gaps in the formal rules “contradict[s] the spirit, but not the letter, of the formal rules”, to quote Helmke and Levitsky (2006a: 15). To recall, they used this description for the category of accommodating informal institutions, and the presumed outcomes can indeed be seen as divergent. But the relevant formal context here cannot be considered an exemplary piece for the rule of law, where actors would expect formal sanctions for their dealings. The other possibility is to treat this informal institution as a competing type; nevertheless, this would imply a conceptual stretching of the competing category to all kinds of formal rule infringements, which was obviously not intended by Helmke and Levitsky.

Finally, some instances of informal phenomena cannot be placed into any of the categories of the typology because there is no formal sanctioning at play, so the effective/ineffective formal dimension proves to be of little use again. This is the case of self-help networks providing social security support brought into discussion by Lauth. But one might think of other instances too when formal institutions are either ignored or rendered neutral, because the costs of making informal arrangements are considered lower than the costs of relying on formal rules to resolve specific problems. Actors may prefer to resolve disputes without resorting to the legal system. Examples for this situation are provided by Pejovich (1999: 170–171), like informal agreements between merchants, and resolving conflicts concerning boundary fences or cattle trespass in rural Canada. These are cases that cannot be easily accommodated into the complementary category based on the assumption that the outcomes are convergent and the relevant formal institution effective, because they are rather genuine substitutes of formal institutions, they function in parallel to formal rules that may operate quite effectively otherwise. So, it is not clear

at all what the enforcement of formal rules adds to the characterization of this type of informal institution.

Cases of decoupled norms described by Nee and Ingram are again hard to be interpreted in the model of Helmke and Levitsky. Likewise, Van Maanen's (2010: 130–131) fieldwork in US urban police departments resulted that superiors may overlook officially taboo practices such as outwitting superiors, alcohol consumption, or taking a snooze, because these carry the value of "identity-work" in this particular occupational community, and can be traded sometimes for hard work on matters that might otherwise be resented and resisted by particular officers. Or, according to Anteby's (2008) monograph on a French manufacturing firm in the aeronautics industry, managers were willing to allow for the crafting of artifacts with company money and on company time, because "identity incentives" of this kind regulated the interaction order in the plant among craftsmen and managers, and at the same time ensured that official work was carried out well. These organizational gray zone activities imply violating certain formal rules; nevertheless, rule infringements are tacitly accepted by the management for the greater good of the organization. Do these cases qualify for the column of effective or ineffective formal institutions? If outcomes are considered convergent, should these informal institutions be considered complementary or substitutive? Neither option seems to provide a fitting framework for the informal occurrences just presented.

To summarize, the cases depicted above indicate that different types of informal institutions bearing specific characteristics of competing, substitutive and accommodating institutions can occur along effective, as well as ineffective formal institutions as defined by Helmke and Levitsky; furthermore, in particular instances it is not clear how to interpret the variable of formal institutional effectiveness. Translated to methodological terms, the problem is that the variable that establishes the columns in this typology (effective/ineffective formal institution) does not grasp the core defining attributes of a considerable number of informal institutions.

To unfold this issue a bit, the problem stems from the fact that Helmke and Levitsky seem to mix two different forms of typologies. They promise to craft a typology of

“formal–informal institutional relationships” (Helmke and Levistky, 2006a: 15), but actually the typology they offer is only one about informal institutions, as the title of their matrix suggests too (ibid.: 14). Following the methodological considerations of Collier, LaPorte and Seawright (2012), one can assess that this is a *descriptive* (or *conceptual*) typology, given that the cell types serve to identify and describe the phenomenon under analysis, namely, informal institutions. In this form of typology the meaning of the cell types (or the concept that corresponds to each cell) is “a kind of” the overarching concept around which the typology is organized, and the categories of the row and column variables provide the core defining attributes of the cell types (Collier, LaPorte and Seawright, 2012: 222). The overarching concept being “informal institutions”, Helmke and Levitsky’s first variable indeed captures (conceptually and empirically) the attributes of informal institutions: whether or not they generate similar outcomes to formally expected outcomes. Their second variable, however, which concerns the effectiveness of formal institutions, operationalized through expected sanctions for the violation of formal rules, cannot be said to represent a core attribute of informal institutions, and the laconic presentation offered by the authors to this categorical variable does not help us to disentangle this aspect. As it was illustrated in the test-cases too, it is not a proper variable to discriminate between different types of informal institutions.

This is not to say that formal institutional effectiveness cannot be a sound independent variable explaining the emergence or functioning conditions of informal institutions, and actually this approach is present in the description attached to each type of informal institution (Helmke and Levitsky, 2006a: 13–16.). Yet this would imply to construct a different form of typology, namely, an *explanatory* typology, in which the cell types together form the dependent variable, and the dimensions that establish the rows and columns are the independent variables (Collier, LaPorte and Seawright, 2012: 118). In this case however, the other variable should be replaced, because the convergence in outcomes cannot be conceived as an independent variable to the emergence or functioning of informal institutions.

1.3. Proposed descriptive typology of informal institutions

One way of addressing the problems identified in the typology offered by Helmke and Levitsky (2006a) is to redefine the dimension concerning the effectiveness of formal institutions. Instead of interpreting effectiveness in terms of expected sanctions and/or a context in which informal institutions emerge, one can consider effectiveness of formal institutions as a function of informal institutions, as it was used by Nee and Ingram (1998), and Lauth (2000). Furthermore, inspired by the same authors, it seems convenient to return to the other crucial and empirically readily identifiable categorical variable as well, the compatibility between the formal and informal rules.

To recall, after splitting Lauth's "substitutive" category in two subtypes based on the principle of compatibility between formal and informal rules, the combination of his categories with the categories constructed by Nee and Ingram already resulted four different types of informal institutions. These four types can be merged with the four types developed by Helmke and Levitsky. Clarifications concern primarily the substitutive and accommodating institutions (to be labelled deviant institutions) with regard to their distinctive marks as against the other types.

The following four definitions capture two situations of compatibility and two of incompatibility between formal and informal rules, the latter two differing with regard to their impact on the functioning of the formal institution: increasing or decreasing its performance.

Complementary informal institutions – the definition for this category is taken over from Helmke and Levitsky without substantially altering it. So, complementary informal institutions consist of informal rules compatible with the formal rules, where informal activities "fill in gaps" within formal institutions either by addressing contingencies not dealt with in the formal rules or by facilitating the pursuit of organizational goals more effectively by providing additional incentives and mechanisms of coordination and control. To add further examples to this category, one can mention the Eurogroup, which was exceptional in being highly visible to the public. It was created in 1997 as an informal forum for close policy dialogue among

the finance ministers of the countries that had adopted the euro as their currency, and facilitated to a great degree the work of the European Monetary Union (Puetter, 2007). Eventually, it was formalized under the Treaty of Lisbon. “Underlying informal norms” can be additionally exemplified by informal norms of honesty and fair exchange that can buttress formal regulations governing economic transactions (Nee and Ingram 1998, p. 34), and social norms of conformity that apparently govern a large range of social settings in Scandinavia including business, education, welfare, and work environment (see *Janteloven/Jantelagen* in Ledeneva et al., 2018).

Substitutive informal institutions – consist of informal rules compatible with formal rules, where informal institutions work in parallel to (strongly or weakly enforced) formal institutions. Basically, the difference between the complementary and substitutive institutions is defined by the existence of formal regulations: in case of complementary institutions there is a lack of relevant formal regulation, whereas substitutive institutions work in parallel to a set of formal rules. Substitutive institutions can be either neutral or raise the effectiveness of formal institutions. This means that informal institutions that violate formal rules do not qualify for this category, but for one of the next two categories. So, the category proposed here is narrower than the corresponding types indicated either by Helmke and Levitsky, or Lauth. Examples include self-help networks, custom law, and other types of informal agreements enforced by social sanctioning process compatible with prevailing formal regulations. One can add here the following cases: informal institutions of corporate governance in some states in India that replace the largely ineffective formal legal framework and capital markets and have non-conflicting aims with those of formal institutions (Estrin and Prevezer, 2011); *mahalla*, community-based informal institution embodying economic and welfare practices, which work in parallel to local governments in Uzbekistan, Tajikistan, Kyrgyzstan, Iran, Afghanistan, Turkey and Azerbaijan (see *Mahalla* in Ledeneva et. al, 2018); rotating savings and credit associations in northern Mexico, the South-Western United States, Nigeria, and Uzbekistan (see *Tandas* and *cundinas*, *Esusu*, *Gap* *ibid.*), as well as informal value transfer systems based mainly in the Middle East, the Indian subcontinent and parts of Africa (see *Hawala* *ibid.*).

Deviant informal institutions – consist of informal rules incompatible with the (spirit or letter of) formal rules, and as a consequence certain formal rules are infringed, nevertheless, the result is a more effective functioning of formal institutions. This category is better described in terms of “decoupled” formal and informal rules developed by Nee and Ingram than by the definition given by Helmke and Levitsky to the “accommodating” category, hence, the new label. Note that the examples of civil disobedience analyzed by Lauth, as well as *rondas campesinas* and *concertaciones* cited by Helmke and Levitsky under the rubric of substitutive institutions qualify as deviant informal institutions according to the current typology, for they do violate certain formal rules, yet it can be argued that they also compensate for shortcomings of formal institutional functioning. Workplace arrangements that imply formal rule infringement, nonetheless boost organizational performance also qualify for this category. The officially forbidden yet tolerated practices in the US police department and the French aeronautic plant described in the previous section can be considered deviant informal institutions, likewise a series of other activities pertaining to the domain of organizational grey zones enacted by hospital employees, mail carriers, pipeline crews, investment bankers, and others (Anteby, 2008: 139–147).

Competing informal institutions – informal and formal rules are incompatible, and informal institutions work in ways that decrease the performance of formal institutions. Without the restrictions imposed by the variable concerning the effectiveness of formal institutions, this category can accommodate various informal phenomena brought up as test cases in the previous subsection, as well as the examples provided by Helmke and Levitsky for this category. The category thus includes: *samizdat* and other structures of cultural resistance; criminal activities and organized crime (such as *Obshchak* and *Krysha* in the post-Soviet space, or *Mafia Raj/ Goonda Raj* in India, see in Ledeneva et. al, 2018); local varieties of corruption, clientelism and nepotism (western examples include *Parteibuchwirtschaft* in Austria, *Vetterliwirtschaft/ Copinage* in Switzerland, *Seilschaft* and *Vitamin B* in Germany, *Old boy Network* in the UK, see *ibid.*); exploiting legal loopholes, which ranges from everyday forms of gaming the system to state manipulated international cyberattacks (see *Small-scale smuggling, Cyberattacks by semi state actors* *ibid.*), and the wide

spectrum of informal tactics resulting in “business” and “state capture” (such as *Vzyatkoemkost*, *Tamozhennye I'goty* and *Reiderstvo* in Russia, *Deryban* in Ukrain, or *Stróman* in Hungary, see *ibid.*).

2. Conceptual clarifications for a methodologically sound empirical research on informality

Having a descriptive typology of informal institutions set out, in the second part of the article I turn to some issues that seem important with regard to the employment of the proposed model in particular and more generally, the empirical research on informality.

The first observation is that the same set of informal rules may fall into different categories in relation to different formal institutions. For instance, as Reh (2012) elaborates on the relationship of informal politics and democratic governance, even the best intended informal arrangements bolstering the effectiveness of a given policy might infringe other normative standards (institutions). “Informal politics”, characterized by a restricted number of decision-makers, secluded decision-making process and constraining force of pre-decisions, may enhance problem-solving and efficiency, which represent important normative standards, but they harm under all conditions the democratic norms of deliberation and accountability (*ibid.*). Therefore, it seems that genuine complementary and substitutive informal political activity, in the sense of perfect compatibility between (all) formal and informal rules, are rather hard to find in the domain of democratic decision-making. The theoretical/methodological lesson is, however, that one must clearly state which (set of) formal institutions are considered when analyzing the consequences of informal activities.

The next observation is that a focus on informal institutions guides empirical research to detect consistently enforced informal rules, which implies to consider only a limited spectrum of informal activities. Even by expanding the definition of “informal institutions”, the case remains that all other forms of informal activities will escape scientific scrutiny.

The definitional criteria of “informal institutions” are that they are “created, communicated, and enforced outside officially sanctioned channels” (Helmke and Levitsky, 2006a: 5). Enforcement mechanisms are crucial to this definition (ibid.), therefore, for empirical analysis too. And here is precisely the point where the definition can be broadened. Recent analyses demonstrate, on the one hand, that the enforcement mechanisms supporting informal institutions include not just social sanctioning processes understood in the classical sense, but game theoretical calculus too, and, on the other hand, it can make use of official sanctioning processes.

Besides social disapproval expressed in shunning, ostracism, physical punishment, loss of reputation and alike, the disadvantages for rule-defecting individuals are extended to the domain of game theoretical thinking, that is, losing the payoffs conditioned by cooperative behavior. A similar line of argument is to be found in Lauth’s (2000: 24) analysis too. To list a few examples: in case of institutionalized (endemic or systemic) corruption, not paying the bribe results in not gaining access to goods and services; putting an end to clientelistic exchange results in losing the advantages related to the other’s support; not taking part in “ghost coalitions” implies minimizing the chances of influence and access to resources; and to add an informal arrangement with a more positive outcome too, not opting for power-sharing carries the risk of regime instability (Siavelis, 2006).

Furthermore, informal rules are not exclusively “enforced outside officially sanctioned channels”, but often by abusing of official sanctioning mechanisms. Breach of informal duties can be punished by resorting to vindictive measures such as harassment by superiors, firing, obstructing formal cooperation, or enforcing official monitoring processes that otherwise are selectively applied (Brinks, 2006). Actually, this aspect was observed by Helmke and Levitsky (2006a: 6, 27) based on Brinks’ article dealing with informal norms sustaining police violence in Brazil, yet they did not modify the definition in a way to encompass these instances too.

Even by incorporating these aspects into our understanding of informal institutions, still only those activities can be considered that stem from the existence of (more or

less) clearly identifiable and consistently enforced informal rules. Though numerous phenomena qualify as informal institutions, they represent just a special type of informal phenomena. Yet, as observed by Radnitz (2011: 354) in his review article about the intersection of informal politics and the state, “[...] important political outcomes may emanate from occurrences that are informal, that is, unwritten and unenforced by state authority, but not repeated in predictable, patterned ways.” Actors may behave in single-shot games outside formal institutions (ibid.), moreover, according to varying contexts, they can also switch between the formal or informal rules of the game whereas some (formal and informal) rules are enforced and the others infringed (O’Donnell, 2006: 286–287; Ledeneva, 2006).

In order to avoid prior conceptual narrowing by adopting a focus on “informal institutions”, one might want to consider a broader term. Out of similar consideration, that is to escape the conceptual and empirical trap represented by studying “unwritten rules”, and particularly for addressing the “elusive domain of political and economic know-how” by which main actors of the Russian political scene routinely solve their tasks, Ledeneva proposes the term “informal practice”. Indeed, of the multitude of labels listed at the beginning of the paper, the term “informal practice” seems most appropriate, because it captures the behaviors themselves and not the social structures (network, organization) or spheres of activity (governance, politics, economy etc.).

The challenge is however, that there is no steadily used definition for “informal practices”. On the one hand, many authors use the terms without defining it, probably driven by a sense that they coincide very well with our everyday understanding of informality: “ways of getting things done” (see the conceptual framework and individual entries in Ledeneva et al., 2018). On the other hand, the opposite approach, though methodologically sounder, had not led to clarity either, resulting in almost as many definitions as there are treatments and approaches of the topic.

Ledeneva (2006: 22) introduces “informal practices” as a “regular set of players’ strategies that infringe on, manipulate, or exploit formal rules and that make use of

informal norms and personal obligations for pursuing goals outside the personal domain. Such strategies involve bending of both formal rules and informal norms or navigating between these constraints by following some and breaking others where appropriate.” A further variation of this concept is offered by Aasland, Grødeland and Pleines (2012) in an article examining patterns of generalized and institutional trust among elites in relation to informal practices and informal networks. They define “informal practices” as “behaviour not in line with formal procedures stipulated for dealing with a given problem or behaviour aimed at solving problems for which there are no (clear) formal procedures” (ibid.: 116). One can immediately observe that the second definition is broader than Ledeneva’s in the sense that next to practices that are aimed to evade the law, the authors have an eye for beneficial instances aimed at solving issues for which there are no formally stipulated procedures or these are just vaguely defined.

By adding up fundamental points of various attempts to define and characterize different informal phenomena, we can arrive to a more comprehensive description of “informal practices”. To start with the most general definitional criterion, informal practices take place in formally not codified settings. In case social ties and roles overwrite formally set roles, particularistic considerations will emerge in organizational behavior as opposed to those based on universalistic principles (Pearce, Branyiczki and Bigley 2000). Informal practices may be constrained or enabled by intermingling informal norms, yet they do not represent the consistent enforcement of particular informal norms. And finally, informal practices may relate variably to formal rule requirements and organizational goals: they can complement, substitute for, deviate from or compete with formal obligations.

The conceptual shift from “informal institutions” to “informal practices” implies that there are no more informal rules at work to assess their compatibility with the formal rules. Nevertheless, I consider that for the characterization of informal practices, the same typology can be applied as in the case of informal institutions, because it is surely possible to ascertain their compatibility with formal rule requirements, as well as to assess their impact on institutional or organizational effectiveness. Having the formal goals and rules established, one can assess whether the informal practices

increase performance (complementary, substitutive and deviating practices) or decrease performance (competing informal practices). To illustrate briefly certain types of informal practices I will cite here the work of Dutton, Debebe and Wrzesniewski (2016) on the sense of felt worth on the job studied in the context of hospital interactions (ibid.: 31–33). According to their analysis, extra information provided by nurses to hospital cleaners allows for anticipation and responses to upcoming needs, which contributes to better completing the cleansing job. This can be considered a complementary and/or substitutive informal practice. Nurses may share however confidential information too, yet knowing a patient's diseases helps a cleaner know how to approach the patient and the cleaning task, which, again, raises effectiveness. This is a case of a deviating informal practice. These activities qualify for informal practices and not institutions, because regardless of their prevalence there is no informal rule enforced by all, they are rather optional, and emerge in the interaction of particular nurses and particular cleaners.

Finally, the most important added value of the concept of „informal practice” is that it opens up the theoretical possibility to grasp the very empirical fact that actors switch between informal ways of contradictory effects within the similar sphere of activity, a phenomenon that is inconsistent with the logic of institutions. People may switch between complementary, substitutive, deviating or competing informal practices according to their current needs, strategies or possibilities, likewise between following formal rules and acting informally, hence, sometimes undermining, other times reinforcing formal organizational rules and objectives. But theoretically, within the same context or situation, they cannot navigate between informal institutions that would generate opposite outcomes (i.e. informal rules that bolster vs. those that undermine the same formal institution).

This is related to the very nature of informal institutions. As Lauth (2000: 25) briefly mentioned it, and Brinks (2006: 203, 204) developed it with more details, “[i]nformal rules derive their existence in part from the very fact of their operation”, specifically, they “must have both normativity (in the limited sense that they state a standard of conduct) and facticity (in the sense that they are actually enforced).” In other words, “[w]hile laws and other formal rules may, in some sense, continue to be laws even if

they are never enforced, it makes little sense to say there is an informal rule but it is never [or seldom] applied” (Brinks, 2006: 203).

This argument guides me to conclude that two sets of contradictory informal rules (norms of meritocracy vs. favoritism for instance) is a non-existing case within the execution of the same sphere of activity. Dealing according to the rules of one informal institution implies not to obey the rules of the other, which requires the existence of the latter set of rules. To make this point clear by another example, consider the case when certain “informal output norms” are set up by workers’ groups sabotaging performance. These norms represent the minimum allowed by formal requirements, whereby informal rules are enforced by ridiculing offenders (“rate-buster” or “speed king”) (Nee, 1998: 86, 88). This is a clear example for a competing informal institution. Obviously, there is no place for another type of informal institution that would speed up the performance of the same group of workers, be it complementary, substitutive or deviating.

Contrarily to these theoretical and empirical implications concerning “institutions”, informal practices of contradictory logics do not rule each other out. As the following example illustrates, it is possible to pursue all four types of practices concomitantly. An intensive analysis of the Romanian censorship system from the state socialist period, backed by examples from the other states employing a Soviet-type censorship, proved that beside a complex set of formal organizational coordination and control mechanisms that were appropriately designed to meet critical contingencies of the field, the effective implementation of the censorship policy was maintained by various types of informal practices based on trust-centered interpersonal ties between editorial offices and controllers (Kiss, 2018). Via writing intellectuals, editorial personnel and censors, informal communication contributed to the spread and clarification of information regarding censorship norms (complementary informal practices). In an attempt to “help” editorial offices, censors might have even violated formal rules by sharing confidential censorship directives (deviating informal practices). There were other informal practices, such as preventive strategies employed by editors-in-chief, counseling and ensuring with controllers, which worked in parallel to formal control and ultimately doubled official

command (substitutive informal practices). The fourth type comprised interactions that undermined the effectiveness of the censorship policy, practices such as negotiations between the censors and editors-in-chief, intervening through personalized networks on behalf of a publication, or taking a risk by turning a blind eye to problematic issues (competing practices). Rather than consistently enforcing certain informal rules (institutions) that would have undermined or strengthened the employment of censorship, actors engaged in informal practices based on practical considerations, and consciously or unconsciously their activities had opposite impacts on censorship they disliked: sometimes they reinforced, other times undermined it (ibid.).

Conclusion

As the multitude of evidence cited in this paper shows, informality and formality coexists in virtually all spheres and levels of organized social life. The present analysis contributed to the study of informality by offering a heuristic device that facilitates investigating the nature of informal institutions and practices, and by problematizing issues of conceptualization. More precisely, I proposed an improved descriptive typology of informal institutions that can be applied for the classification of informal practices too. In addition, I drew attention on the limiting implications of using the conceptual framework of “informal institutions” on the scope of empirical research, and proposed to consider the employment of the broader term of “informal practices”.

The proposed typology draws to a great extent on the detailed descriptions and rich empirical material incorporated into three extant models. Besides cumulating earlier research results however, the novel typology also rectifies methodological shortcomings identified in extant models (i.e. inconsistent classification, mixing the logic of explanatory and descriptive typologies, using categorical variables that do not represent core attributes of the phenomenon under scrutiny).

The inspection of the typologies prepared by Nee and Ingram and by Lauth, each having three categories defined by identical categorical variables, allowed me to identify altogether four different types of informal institutions. These types were

subsequently merged with the four categories crafted by Helmke and Levitsy along the categorical variables introduced by Nee and Ingram, and Lauth: the compatibility between formal and informal rules, and the impact of informal activities on formal institutional performance. The proposed typology encompasses two situations of compatibility and two of incompatibility, whereas one category from the latter group does not undermine, but bolsters formal institutional performance. The categories of the novel typology were labeled as complementary, substitutive, deviant and competing informal institutions.

With regards to conceptualizations of informality in political science, I argued that even by broadening the definition of “informal institutions”, the scopes of the empirical research remain still substantially narrow compared to the complexities of real-life situations. In case of “informal institutions” only those informal acts can be considered that stem from the existence of consistently enforced (informal) rules, consequently, the rest of informal activities, like those that can be conceived as one-shot games or which imply inconsistent activities, are omitted. “Informal practice” seems a promising approach for grasping these events too, although the term lacks a similarly elaborate theoretical basis for the time being. Besides the fact that this conceptual shift enables researchers to broaden the array of phenomena under scrutiny, it is also suitable to grasp situations involving activities with contradictory logics and effects, which is theoretically a non-existing case with “informal institutions”. This is related to the fact that the very existence of informal institution is conditioned by its consequent and consistent enforcement, a condition that does not allow for temporarily suspending compliance and switching between different sets of rules. When this is the case, methodologically is more appropriate to speak about “informal practices” and not “informal institutions”. Finally, I demonstrated that just like “informal institutions”, “informal practices” may display various relationships to formal rule requirements, and the description of the four categories of informal institutions is suitable for the systematic analysis of informal practices too.

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