THE TIES THAT BIND

Social Capital in Bosnia and Herzegovina

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Executive Summary

National Human Development Report 2009

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**The Ties That Bind**

**Report Summary**

**INTRODUCTION**

Despite the progress made since the 1992-1995 conflict in Bosnia and Herzegovina (BiH), the country’s social fabric is weak. Recent research has found low levels of social solidarity and social trust. The modest improvements in economic stability and growth are belied by social fragmentation, and the points of cleavage have arguably deepened since the war.

The 2009 National Human Development Report (NHDR) places social trust within the broader conceptual framework of social capital in order to investigate the various dimensions of social networks and to explore the low levels of trust in more depth. The aim is to improve our understanding of the ties that bind members of society together in BiH – informal familial and local neighbourhood relations and formal associations, clubs and organisations. We distinguish between networks that foster social inclusion and those that facilitate discrimination, marginalisation and exclusion. Alongside the evidence on social capital, we present policy recommendations for social inclusion and human development.

**BRIEF BACKGROUND**

In 2009, BiH’s development horizon is dominated by accession to the European Union (EU). The country is officially a ‘potential candidate,’ and a significant majority of the population sees their future within the EU. The reforms required are both extensive and enormously challenging. Recent years have seen some concrete signs of commitment to reform: the Partnership for Peace agreement signed with NATO in late 2006 and the Stabilisation and Association Agreement (SAA) signed with the European Commission in June 2008.

Reform is slow to materialise, however. Constitutional reform remains a sensitive topic, even though the current constitutional structure, contained within the Dayton Agreement, is highly fragmented, complex, unwieldy and expensive. It cannot provide the basis for efficient decision-making or the reform that would allow rapid progress towards the EU. The current situation militates against the production of a diverse and cohesive society, as it does against political, institutional and social trust.

The BiH economy has seen stable macroeconomic growth in recent years. GDP growth has averaged 6% per annum since 2000, largely due to trade integration with the EU. The international financial crisis is beginning to be felt, however, as economic indicators weaken: imports and exports are down dramatically, and EU and regional commodity prices have dropped, as has demand. At 5.5%, growth in 2008 was down on 2007, while this year’s GDP is expected to reflect the downturn in the balance of payments.

Although official unemployment is high, recent trends have been positive. The current rate of 23.4% (21.4% for men, 26.8% for women) is down from 29.0% in 2007 (26.7% for men, 32.9% for women). Unfortunately, youth unemployment is twice as high (51.9%).

Despite the economic improvement, poverty remains widespread. One in five households (18.4%) is below a relative general poverty line, down from 29.0% in 2007 (26.7% for men, 32.9% for women). Unfortunately, youth unemployment is twice as high (51.9%).

**Table 1 Projected macro-economic indicators for Bosnia and Herzegovina**

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2008(est.)</th>
<th>2009(proj.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real GDP growth rate</td>
<td>6.8</td>
<td>5.5</td>
<td>-3.0</td>
</tr>
<tr>
<td>Current Account Balance (in % of GDP)</td>
<td>-12.7</td>
<td>-14.7</td>
<td>-9.6</td>
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WHAT IS SOCIAL CAPITAL?

The concept of social capital arises from the assumption that relationships matter: that the social networks we all participate in and our everyday relations are valuable. These networks have value in two senses: they provide the framework for pursuing individual goals and the ‘glue’ that facilitates social cohesion. They promote trust within and of the social environment, underwriting initiatives or risks on the assumption that others will respond as expected; and the flow of information on options within and between social networks, increasing knowledge of choices and widening individual horizons.

Social capital may be understood as:

- The socio-economic benefits for both individuals and communities that result from the every-day functioning of social networks.

Social networks produce such effects through:

- Norms of reciprocity and the expectation that kindness or favours will be returned;
- Trust in the social environment, underwriting initiatives or risks on the assumption that others will respond as expected; and
- The flow of information on options within and between social networks, increasing knowledge of choices and widening individual horizons.

Increased social capital can provide benefits for both society and the individual.

The social/community benefits include:

- Better democratic structures and practices,
- Stronger and more diverse civil society,
- Economic development with better cooperation and reduced transaction costs,
- More innovation with better information flow,
- More human capital and better human resources,
- Greater social cohesion, and
- Reduced prejudices and discrimination.

The individual benefits include:

- More choice and opportunities,
- More trust and confidence, and
- Greater social, political, economic and cultural participation/empowerment.

There are a number of typologies of social capital. The most common is by relationship type. When social networks are composed of kinship, close friendship and neighbourly relations or of people from similar religious or ethnic groups, they are considered to be bonding social capital. These networks tend to be homogenous. Networks connecting people who are different from one another in weaker relationships (acquaintanceship, loose friendship or work) involve bridging social capital. Networks of vertical relationships, connecting people of dissimilar social standing, involve linking social capital. Each kind of network provides different outcomes, some negative and some positive.

Social capital may also be understood in terms of its outcomes. Social networks that bring together people from all walks of life in a broadly-based web of affiliations benefit society more than socially fragmented or segmented ones. Exclusive networks can have negative effects. Rather than social solidarity and cohesion, social capital can result in nepotism and corruption. The type of action a network facilitates must be identified, if we are to interpret social capital in the light of human development and social inclusion. Social capital may therefore be either inclusive or exclusive.

- Inclusive social capital is created in open social networks that encourage new membership without restriction. The resulting diversity should be considered in terms of gender, race and ethnicity, class, age etc.

- Exclusive social capital is created in closed networks, where admission into the network either requires some costly activities by the outsider or is exclusively based on a non-acquirable social attribute such as race, family membership, caste and so on, which makes the admission of new members difficult or even impossible.

Fostering particular kinds of social capital can be foundational to human development that emphasises choice and optimises well-being. Such social capital can act as an ‘enabling framework’ through which human capabilities can be expanded.

Given the low levels of social trust, the fragmentation of the social sphere and the high levels of social ex-
clusion in BiH, analysis of social capital can contribute:
• To fostering multi-ethnic and diverse communities,
• To understanding network poverty and
• To creating a more vibrant Civil Society.

A thorough understanding of social networks enables governments to gain a better understanding of the dynamics of social participation, or the conditions under which participation can occur. Social policy can then focus on fostering fuller participation.

NOTE ON METHODOLOGY

The report draws upon a survey implemented in November 2007. The questionnaire provided information on social ties, reciprocal relations, social trust, social tensions, associational membership and volunteerism and political participation. All data was disaggregated by gender. Most data was also disaggregated by age, ethnicity, education, urban/rural settlement, income level and entity.

The survey was complemented by focus groups with excluded groups (unemployed women, the isolated elderly, internally displaced persons and minority returnees) and with representatives of civil society organisations, which examined the difficulties they face.

SOCIAL TIES IN BOSNIA AND HERZEGOVINA

BiH is a society dominated by strong family ties.

We asked about contact with family or relatives, neighbours, close friends, people of one’s own and other ethnicities and people of other ways of life.

People are more likely to spend time with and trust their immediate social network of family, friends and close friends. For example, only 4.4% said they rarely or never spend time with family. There are almost no differences across nationality, age, gender or entity. People are also more likely to rely on family in times of need.

Only about 10% of people feel that most people can be trusted.

The standard question on ‘generalised trust’ used in many different countries over many years asks ‘generally speaking, would you say that most people can be trusted, or that you can’t be too careful in dealing with people?’ The result for BiH is very low compared with other European and Western societies.

This question does not provide the whole picture, however. In answering, most people are probably thinking of others they don’t know well. When we look at who is trusted (specific trust), we find a much more differentiated picture.

As Figure 3 shows, 83% trust family members, while 61% trust close friends. This is much higher than the 10% for generalised trust. Specific trust figures fall for neighbours and are quite low – only 21% – for one’s own ethnic group. The 11% and 9% for other ethnicities and people with other ways of life respectively are similar to generalised trust. Thus, trust is high in family and friends, middling in neighbours and low in non-family and non-neighbours.

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The war matters less to people than a few years ago.

Clearly, BiH is just as divided by wealth, class and labour issues, as it is by ethnicity.

The war matters less to people than three years ago.

There has been a major shift in response from ‘very important, I’ll never forget’ to ‘important but I have moved on.’ This appears to apply equally to all sections of society, regardless of entity or gender. This is encouraging and suggests the time is ripe for initiatives to rebuild social capital and trust.
The general characteristics of social capital in BiH suggest a society built on strong, but primarily family or locally-based ties. There is little bridging or linking social capital. The resulting social fabric is characterised by fragmentation and segmentation rather than cohesion and solidarity. This web of localised strong ties lacks a compensatory integrative pattern of weak but wider-spanning ties that would link members of different communities, ethnicities or social classes. However pessimistic this picture, there are advantages to strong ties, especially for support in times of need. Very few people lack such networks in BiH, but those who do face particular difficulty. A further downside to a strong-tie, locally-based society is the potential for fostering social exclusion, nepotism, clientelism and cronyism.

VULNERABILITY AND NETWORK POVERTY

What happens when people lack access to strong familial and immediate ties? Who has no one to rely on when times get tough? What are the consequences of being ‘network poor’? Seeing family, friends and others regularly does not necessarily mean one can rely on them in times of need. We therefore looked at which social networks are also support networks.

To be ‘network poor’ is to be unable to draw on one’s social ties and networks when in need of help and assistance. Network poverty can be understood as ‘both the absence and weakness of social networks’ and ‘the difficulty of accessing opportunities or resources through these networks’. Network poverty can be a risk factor for poverty, unemployment and ill-health. It should be considered one determinant of poverty and social exclusion.

IDPs, minority returnees, the elderly, women in rural areas and people with lower education are some of the groups most likely to experience network poverty. Their network poverty was highlighted by our focus group discussions and directly related to low levels of trust, weak social ties, internal group tensions, lack of cohesion and low levels of reciprocity. Participants showed significant social isolation, saying they felt forgotten by society.

I do not drink coffee and I do not spend time with anyone. I do not visit any of my neighbours, and they do not visit me either. (Male, collective centre resident, disabled war veteran, lives alone)

I do not know, I really do not know. [If I get sick] who would come to me? I know of people who were in bed for 10 days [before anyone noticed]. (Male, collective centre resident, pensioner, lives alone)

Their stories express strong levels of estrangement, alienation, depression and social deprivation. They experience social exclusion on multiple bases, including network poverty, and their human development is sorely curtailed.

The elderly are most likely to be network poor.

Around 12% of the BiH population can be considered network poor.

Network poverty in BiH correlates strongly with age, with almost half the network poor over 60 years of age. Not surprisingly, given their age, the network poor are also in poorer health and roughly twice as likely as the general population to have a chronic illness.
INCLUSIVE SOCIAL CAPITAL:
ASSOCIATIONAL LIFE IN BIH

Formal networks – the organisations and associations that comprise civil society – are the key to creating the vibrant associational life needed to produce more inclusive social capital, particularly where they can build open social networks that encourage new members without restriction. The report reviews the state of civil society in BiH and the potential for a more inclusive social sphere, based on indicators like political empowerment and participation. The results suggest considerable work is needed in this area.

- Less than 20% are members (active or inactive) of a club, organisation or association.

Strictly comparable measures from other countries are rare, but, to indicate how low this is, some 80% of Norwegians and 90% of Swedes report being members of some association.19

Low association membership is indicative of limited civic participation. Only 10.5% of the sample claim active membership of a club or association, with political parties and sports or leisure groups the most popular. Interest groups, unions, lobby networks and religious organisations attract far fewer. Membership rates also differ by gender, age and ethnicity.

The higher rate for younger people bodes well for the future, if it reflects a trend for more people to join over time. The gender imbalance is clear, but more research is needed to identify its exact causes. It may be that existing associations cater more for men, or that men have more leisure time.

As figure 7 shows, association membership and education are strongly correlated.

- Associations produce more inclusive social capital.

Members of associations have more friends, know more people locally, spend more time with different people and have more diverse networks. Association membership correlates with having bridging and diverse social ties. Formal associational membership20 is related to inclusive social capital and could help overcome some of the more significant social cleavages in BiH society.

- Only 4.5% of people have done any volunteer work in the past 12 months.

One in three people regularly do unpaid work for someone outside their immediate circle.
Voluntarism in BiH needs to be put in context. As a concept, formal ‘volunteering’ suffers from association with the pre-war socialist government’s top-down approach. This is one reason people shy away from it. Given the connection between voluntary work, altruism and solidarity - helping others beyond one’s immediate network, it is worth noting how many of our survey respondents regularly help out others who are not family, friends or neighbours with cleaning, cooking, babysitting, transportation, filling in forms etc. Such unpaid, freely undertaken, reciprocal labour suggests considerably higher levels of ‘hidden voluntarism.’

If the potentially beneficial contributions of formal voluntarism are to be harnessed, such activities must be recognised and stimulated.

Another important indicator of inclusive social capital is political participation, particularly as it relates to empowerment, human development and socially beneficial collective action.

Some 88.9% of the sample said they were registered to vote. This is a significant proportion and indicative of interest in democratic processes. Voter registration appears almost equally spread across BiH and in both urban and rural areas. Voter registration is a rather passive measure of participation, however. A stronger measure is how often people contact government representatives on issues they need resolved. We asked respondents whether they had contacted anyone in government, at any level, on any issue over the previous 12 months. Only one in eight had done so, and even then almost exclusively at the local level. Men were much more likely to do so than women (17.9% vs. 7.0%).

It is difficult to know how much contact with officials encourages inclusive social capital. It is certainly link-
Social capital, but is it inclusive? Using personal connections, particularly with those in authority, for personal gain pervades BiH society. Contacting one’s representative may demonstrate empowerment, but, given the range of reasons why people use their political connections, is not necessarily conducive of equality.

‘[BiH] lacks organisations that really engage people… that give people a sense that they are doing something useful, that they are contributing to society-building and social justice.’ (CSO representative, Sarajevo)

Our research shows that, while the potential for building inclusive social capital exists, the relevant areas contain significant weaknesses. Civil society and voluntarism retain remnants of the past that affect how they are perceived and understood now. The quantitative data shows low levels of participation, while the qualitative data suggests high levels of mistrust, suspicion and misunderstanding of the contribution they can make to a healthy, functioning democracy. The results on political participation similarly complement the pessimism articulated by the focus groups. These findings indicate a need to raise awareness, to overcome common perceptions and to encourage both civic and political participation.

**EXCLUSIVE SOCIAL CAPITAL: ŠTELA AND PERSONAL CONNECTIONS**

Informal social networks and ties are an important resource for people in times of trouble. If closed, elitist or exclusive, they can be used to produce and re-produce inequalities. The report also looks at this negative side, through the prism of ‘štela,’ a local notion that articulates a form of nepotism cum clientelism. We look at how having stela facilitates access to services, produces significant inequalities and contributes to social exclusion.

Personal connections are used to access services or institutions in largely unmerited ways. The relationship of stela between two people acts as an unwritten contract and involves obligations that may, or may not, be financial. Often deriving from immediate social ties, the use of stela is widely spread throughout all layers of society and is present in most relationships between people and service providers in BiH.

Nearly everyone said having stela is useful in obtaining most basic services, including access to education, employment and health care. Most also agreed that stela also helps in obtaining official documents and fulfilling formal procedures.

95% of survey respondents reported that having ‘štela’ is always or sometimes useful for access to basic social services.

85.7% of people see personal connections as the only way to get a job and most people use family connections in their search for employment.

As well as asking directly about stela, our survey data also offers insights into the lack of transparency in
the employment sector by looking at job seeking methods. More than one third of employed respondents said they had found their job through personal connections.

Overall, participants in focus groups were unequivocal about the need for štela in everyday life. They stressed the necessity of using or having štela to get access to almost any service. They also expressed concern at the lack of transparency in many public sectors and the need for personal social connections to manoeuvre within the system.

It is important to point out that BiH is by no means unique in this regard. The grey areas between ‘networking’ and nepotism/clientelism are apparent in many countries, and the line where favours stop and corruption starts is not always easy to identify. What is significant in BiH is the scope of the phenomenon, where it appears to pervade so entirely so many institutions. As such, it is the degree to which štela acts as a disincentive, reduces the quality of services, blocks access to services and encourages corruption that is of such concern.

**CONCLUSIONS AND POLICY RECOMMENDATIONS**

The NHDR 2009 examines in some depth the very low levels of social trust in BiH identified in previous research. Generally speaking, very few people in BiH feel that most people can be trusted. Asking the gen-
eral trust question led us to look in more detail at who people do feel they can trust in their everyday lives – family members, relations, neighbours, close friends, people of their own ethnicity etc – and at the kinds of social networks in which they are embedded. We investigated their sense of belonging, the number and kinds of friends they have and their acquaintance networks in order to improve our understanding of how trust functions within the web of social ties.

We have produced a detailed depiction of mainstream social networks, through the quantitative survey, and of the network poor at risk of social exclusion, through focus groups. Our aim has been to analyse social capital through the lens of human development in order to understand how multiple levels of disadvantage contribute to social exclusion.

The full report contains recommendations in two broad areas: Strengthening Associational Life and Addressing Social Exclusion. The aim is to build inclusive social capital, while reducing the effects of exclusive social capital. The recommendations are addressed to state, entity and cantonal governments, municipal authorities, civil society organisations and representatives of the media.

Our recommendations for strengthening associational life include:

**Recommendations to governments**
- Strengthen coordination with civil society organisations
- Improve and develop the legislative framework for voluntarism

**Recommendations to municipal authorities**
- Improve mechanisms for the distribution of funds to organisations at the local level including through the use of clear, relevant and equitable (including gender sensitive) criteria for applications
- Make public facilities (such as sports facilities, youth centres, meeting places etc.) available for use by CSOs at free or favourable rates

**Recommendations to civil society organisations**
- Lead by example to dispel the negative image of Civil Society Organisations in BiH
- Create umbrella organisations that can represent Civil Society in different fora
- Actively target women for membership in associations and/or make the activities of associations more amenable to women

**Recommendations to the media**
- Report on successful civil society initiatives throughout the country
- Raise awareness of the benefits of formal voluntarism

Our recommendations for addressing social exclusion include:

**Recommendations to governments**
- Ensure the production of high-quality state and entity social inclusion strategies and policies and involve civil society in their production and implementation
- Take into account network poverty when devising policies on social inclusion
- Address the situation of the most vulnerable, in particular IDPs remaining in collective centres
- Implement more inclusive and gender-sensitive education policies
- Improve level of transition from primary school to secondary school among students and strengthen retention levels in high school

**Recommendations to municipal authorities**
- Improve mechanisms for identifying vulnerable groups and groups at risk of exclusion in local communities
- Strengthen equitable service delivery, in particular social services

**Recommendations to civil society organisations**
- Work with governments and local authorities to improve the quality of services that specifically target vulnerable groups
The NHDR 2009 and its recommendations aim to provide a basis for addressing some of the most significant cleavages in BiH’s social fabric with a view to improved human development and greater social inclusion. Building linkages between segmented and homogenous social networks in BiH will take time, but is essential for the future of the country and its stability as it progresses towards the European Union.

- Coordinate with other organisations working in similar fields to improve collaboration and thereby the quality of services provided
- Undertake and encourage the use of social accountability mechanisms in particular with regard to the provision of health and education services

**Recommendations to the media**

- Improve knowledge and understanding of the processes of social exclusion and the obstacles faced by excluded groups in BiH
- Raise awareness of the plight of the most vulnerable in BiH
- Improve skills in and undertake more in-depth investigative reporting
- Improve knowledge and understanding and raise public awareness, of the notion of ‘conflict of interest’
NOTES

2 Ibid.
4 Agency for Statistics of Bosnia and Herzegovina, the Federal Institute of Statistics, the Republic Institute of Statistics of the Republic of
5 Ibid, p.12.
6 Ibid.
7 International Monetary Fund. Op. Cit.
8 The relative general poverty line in BiH is defined by the government statistical agencies as the equivalent household consumption ex-
penditure below a standard threshold set annually to 60% of the median monthly equivalised expenditure of the household (EU standard
methodology).
p.59.
13 European Commission Directorate-General for Employment, Social Affairs and Equal Opportunities. 2007. Social Cohesion, Trust and Par-
14 Allen, K. 2000. ‘Social Capital within the Urban Small-firm sector in Developing Countries: A Form of Modern Organization or a Reason for
Economic Backwardness: Presented at Constituting the Commons: Crafting Sustainable Commons in the New Millennium, the Eighth Con-
16 Ibid.
17 We asked respondents whether they trust all, most, some or no people in each of the specified groups. We have combined the first two
categories – all and most.
20 Obviously, not all kinds of associations produce more inclusive social capital. Some kinds are clearly more effective and/or exclusionary
than others. Nevertheless, the quantitative research does reveal a general tendency for associational members to be in more diverse social
networks.
21 Štela is by no means a phenomenon unique to BiH. We retain the term only because no single English word covers all the different ways
the Bosnian term is used.
22 Agency for Statistics of Bosnia and Herzegovina, the Federal Institute of Statistics, the Republic Institute of Statistics of the Republic of
THE TIES THAT BIND

Social Capital
in Bosnia and Herzegovina