

## An Evaluation of the Persistence of *Blat* in Post-Soviet Societies: a Case Study of Ukraine's Health Services Sector

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### Abstract

The use of personal connections to gain preferential access to goods and services and to circumvent formal procedures exists in all countries to varying degrees. In this paper, the aim is to critically evaluate the continuing widespread positive depiction of this practice as a form of friendly help. Studying the health services sector in the city of Mykolayiv in Ukraine, this practice known as *blat*, which was widely used in Soviet societies to gain access to goods and services, is shown to persist in post-Soviet market societies, albeit transformed. Those possessing connections and access to health services now increasingly view such access-assets as commodities to sell rather than provide them as non-monetised friendly favours. The outcome is a call for *blat* to be re-theorised more negatively as an exemplar of the darker side of social capital, and for a policy shift from doing nothing to seeking its eradication.

**Keywords:** social capital, *blat*, *guanxi*, *wasta*, corruption, nepotism, cronyism; informal economy, health services, Ukraine.

### Introduction

The practice of using personal networks to gain preferential access to goods and services, or to circumvent formal procedures, exists in all societies to a varying extent. This is variously referred to as *guanxi* in China (Chen, Friedman, Yu & Sun, 2011; Chen, Chen & Huang 2012; Luo, 2011; Yang & Wang, 2011), *wasta* in Arab countries (Smith et al., 2011), *jeitinho* in Brazil (Ardichvili et al., 2010; Ferreira, Fischer, Barreiros Porto, Pilati & Milfont, 2012), 'pulling strings' in English speaking countries (Smith et al., 2012), and *blat* in post-Soviet spaces (Ledeneva, 2008, 2009, 2013; Polese, 2008). The starting point of this paper is the recognition that in most societies using connections to gain preferential access and/or to circumvent formal procedures is construed in neutral or positive terms as a form of harmless friendly help rather than as an example of the darker side of social capital and a form of nepotism, cronyism and corruption hindering meritocratic processes. The aim of this paper, however, is to critically evaluate the widespread positive portrayal of this practice by examining the practice of *blat*, which refers to 'the use of personal networks for obtaining goods and services in short supply, or for circumventing formal procedures' (Ledeneva, 2013, p 273) in the post-Soviet world. Until now, there have been few, if any, in-depth contemporary studies of the prevalence and nature of *blat* in post-Soviet societies (Aliyev, 2014). To start to fill this gap, we here report a study of its usage and character when acquiring health services in the city of Mykolayiv in Ukraine. The intention in so doing is to display how a social networking practice, namely the use of personal connections to circumvent formal procedures, can be transformed as a society undergoes the transition from being a neutral or positive practice into a negative practice displaying the 'darker side' of social capital. The outcome

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will be to display the constant need to revisit the nature and meaning of specific practices since an acceptable behaviour in a society can quickly become a very different and unacceptable behaviour as that society changes.

In the first section of this paper, therefore, we review the existing literature on the use of personal networks to gain preferential access to goods and services or to circumvent formal procedures, with a particular focus on the use of *blat* in the Soviet and post-Soviet world and its usage in the health services sector. This reveals that although *blat* remains widely viewed either neutrally or positively as a form of friendly help, *blat* is thought to be changing in post-Soviet market societies into a monetised practice in which connections and access to assets are treated as commodities to be sold (Arnstberg & Boren, 2003; Ledeneva, 2008, 2013; Mikhailova & Worm, 2003; Smith & Stenning, 2006). Nevertheless, until now in-depth empirical studies of the contemporary character of *blat* are notable by their absence. In the second section, therefore, we present the methodology employed to study the use of *blat* when acquiring health services in the city of Mykaelaiv in Ukraine. Reporting the results, the third section reveals that although traditional style non-monetised *blat* comprising friendly help still exists when helping close social relations, those possessing connections and access to health services now view such access-assets as commodities that they sell for informal payments when distant contacts seek access. The final section then draws some conclusions regarding the need not only to re-theorise *blat* but also for a policy shift from doing nothing to pursuing its eradication.

## The use of personal networks to circumvent formal procedures: a review of the literature

Ever since the studies by Stack (1974) and Young and Wilmott (1975), social networks have been recognised as resources that people can draw upon to meet their needs. This early work emphasised the beneficial effects that arise from the friendly help provided by and for close ties. In recent decades, however, the literature on social capital has also highlighted the beneficial effects that arise when ties are forged between people who do not know each other very well (Putnam, 2000), or what Granovetter (1973) calls the 'strength of weak ties'. The outcome has been a widespread recognition of the beneficial effects of the friendly help provided by not only close ties (i.e. 'bonding' social capital) but also the weaker ties of people who do not know each other well (i.e. 'bridging' social capital) (Gittel & Vidal, 1998; Putnam, 2000).

Analysing social capital from an ethics perspective (Ayios, Jeurissen, Manning & Spence, 2014), however, a small number of emergent literature has begun to unpack how social capital also has a more negative 'dark side' (Garigiulo & Benassi, 1997; Gu, Hung & Tse, 2008; Putzel, 1997; Schulman & Anderson, 2009). This has revealed how the use of personal networks can result in nepotism (i.e. favouritism based on kinship), cronyism (i.e. partiality to close friends and acquaintances), and/or corruption (i.e. the use of public office for private advantage) and as a result hinder meritocratic processes (Ayios et al., 2014; Moran, 1999).

In this paper, the argument is that studying how social networks are used to gain preferential access to goods and services or to circumvent formal procedures may also contribute to understanding this 'darker side' of social capital. Nearly all languages have a phrase for this practice. In China, it is referred to as *guanxi* ('connections') which describes a network of contacts from which an individual can obtain favours in terms of accessing a good or service or bypassing bureaucratic procedures, which they must then reciprocate in the future (Hsuing, 2013; Mikhailova & Worm, 2003). Indeed, the literature on *guanxi* displays its widespread importance and permeation of Chinese culture and business (Luo, 2011; Luo, Huang & Lu Wang, 2011; Song, Bram Cadsby & Bi, 2011; Shou, Chen, Zhu & Yang, 2014; Zhan, 2012). Although its centrality in Chinese culture is sometimes lamented, such as when nepotism prevails in recruitment processes (Chen et al., 2011), few studies call for its eradication.

Reflecting the view of the Chinese population in general, most studies simply see it as an unavoidable and self-evident feature of Chinese culture that needs recognising when doing business (Chen et al., 2012; Munro Duckett, Hunt & Sutton, 2013; Yang & Wang, 2011; Zhuang, Xi & Tsang, 2010).

In Arab countries, meanwhile, the common term for using one's connections rooted in family and kinship ties to sidestep formal procedures is *wasta* (Hutchings & Weir, 2006; Smith et al., 2011) or *ma'arifa* in North African nations such as Tunisia, Algeria and Morocco (Mellahi & Wood, 2006; Yahiaoui & Zoubir, 2006). Again, most studies in Arab countries reveal a neutral or positive attitude of the population towards its usage (Bailey, 2012; Barnett, Yandle & Naufal, 2013; Kilani & Sakijha, 2002; Mohamed & Mohamed, 2011; Tlaiss & Kauser, 2011). Interestingly, few if any studies call for its suppression, despite the absence of a 'no nepotism' policy in the Arab business world and the widespread use of favouritism, rather than merit, in hiring and promotion decisions.

Furthermore, in Brazil and other Portuguese speaking countries, the term commonly used is either *pistolão* ('contacts') or *jeitinho* ('find a way') when referring to the use of connections to find a way to circumvent formal bureaucratic procedures. Again, the widespread view of its usage is generally neutral or positive, rather than negative. It is widely viewed as a helpful coping practice used by people confronted with difficulties in accessing goods, services, and bureaucratic formal procedures (Ardichvili et al., 2010).

In English-speaking countries, the term 'pulling strings' is used, referring to the process by which one obtains favours through links with influential persons, and these links may be longstanding ones, deriving from family connections or shared schooling, but they may also develop from short-term contacts (Smith et al., 2012). Although there has been no empirical research on the prevalence or nature of this practice in the English-speaking world, a cross-national comparative study of attitudes reveals that English people view the use of connections to circumvent formal procedures more positively than the Chinese, Arabs and Brazilians (Smith et al., 2012).

In all societies, therefore, this practice is widely construed in neutral or positive terms as a form of friendly help to enable those connected to get by or get ahead. Even though populations recognise this practice as a form of nepotism, cronyism and/or corruption, rarely is it negatively depicted and seldom is attention drawn to its problems in hindering meritocratic processes. Indeed, no known studies have considered it as an example of the 'darker side' of social capital. To start to explain why this is the case, attention now turns to the conceptualisation of this practice in Soviet and post-Soviet societies.

### The role of *blat* in Soviet and post-Soviet countries

In the Soviet and post-Soviet world, using personal networks to obtain goods and services in short supply, or for circumventing formal procedures, is widely referred to as *blat* (Arnstberg & Boren, 2003; Ledeneva, 2006, 2008, 2009, 2013; Mikhailova & Worm, 2003; Smith et al., 2011). Although it is a cliché to typify the ex-Soviet world as having possessed high levels of state control over the everyday lives of its citizens, managers at all levels tended to use informal practices to fill gaps left by the command economy and to allow the state system to function. Indeed, under the Soviet system money had relatively little value given the shortage of goods to purchase. It was much more important to have a wide network of friends and acquaintances to call upon in times of need, and a commonly heard phrase during the Soviet period was 'it is better to have a hundred friends than a hundred roubles'. Indeed, having friends in strategic places was very important, as it was not money that posed the main problem, but the shortage of goods and services, and one of the only routes used to gain access to these was through personal connections. Indeed, almost every worker had access to some form of asset that they used in *blat* (Arnstberg & Boren, 2003).

Given the limitations of the command economy, *blat* networks thus 'loosened up the rigid constraints of the political regime' (Ledeneva, 2009, p 257). Indeed, this was a ubiquitous practice. *Blat* was required to negotiate almost all aspects of life from acquiring everyday goods such as food

and periodic events such as holidays to life-cycle events such as obtaining kindergarten and university places. As Ledeneva (2008, p 123) states, 'Their pervasive use as a "safety-net" or "survival kit" made involvement in informal practices compulsory rather than voluntary'. Thus, *blat* in its traditional meaning in Soviet society was widely viewed in a positive or neutral manner since it helped people to cope with the inefficiencies of the command economy. *Blat* was seen as a practice largely based on social motives and in Soviet societies the ability to take care of friends through *blat* was an important status symbol and source of pride and prestige for those able to help others (Williams, Round & Rodgers, 2013).

Following the collapse of the Soviet system and the faltering transition to the market, one might expect the importance of *blat* to have declined. After all, it emerged and was a direct product of the economy of shortages. The consensus in the literature, however, is that in post-Soviet societies, even if money now plays a greater role in accessing goods and services and circumventing formal procedures, *blat* persists but its character has changed (Ledeneva, 2013).

In the Soviet period, the goal of *blat* was supposedly friendly help that would enable people to gain access to goods and services or to circumvent formal procedures through their personal network. In post-Soviet market societies, however, the argument is that connections and access to assets are increasingly treated as a commodity, with gifts and/or money received and given (Arnstberg & Boren, 2003; Ledeneva, 2009, 2013). Thus, as the benefits of gaining access to a bank loan, health services, educational places and a job now have financial returns, the view is that providing access to assets is no longer purely about friendly help but is now reimbursed in the form of money, as Al Ramahi (2008) has also noted in the case of *wasta*. The argument is that as a consequence those occupying positions that can provide access to assets are using them to accumulate money in the new market societies (Smith & Stenning, 2006). The result, as Mikhailova & Worm (2003, p 517) argue, is that

*blat is losing its warm, human face and becoming increasingly 'materialized'. The transformation of its nature from being based on moral and ethical considerations to having an explicit financial expression is a phenomenon in itself.*

Although this depiction of *blat* as wholly non-monetised in the Soviet era and becoming wholly monetised in the contemporary period is doubtful, with the encroachment of money into the provision of access to assets, *blat* is nevertheless slowly acquiring a more negative meaning in the post-Soviet world, especially among young educated people (Arnstberg & Boren, 2003; Ledeneva, 2013). It is now more associated with corruption, by which is meant the use of public office for private advantage, not only in a pecuniary sense but also in terms of status and influence (Ledeneva, 2009).

Until now however, in-depth empirical studies of the extent and nature of *blat* in contemporary post-Soviet societies are notable by their absence. Here therefore, the intention is to begin to fill that gap. To do this, we focus upon a sector in which *blat* purportedly remains widely used, namely the health services sector (see Ledeneva, 2013). Reviewing recent studies on corruption in the health services sector both in transition economies and beyond, the a priori assumption has been that *blat* has disappeared. Indeed, no studies even consider the role played by *blat* or its contemporary character. Instead, the assumption is that bribes in the form of illicit monetary payments have replaced *blat*. As a consequence, the focus is upon the prevalence of informal payments in enabling patients to jump the queue, receive better care or just simply receive any care at all (Balabanova & McKee, 2002; Gordeev, Pavlova & Groot, 2014; Kaitelidou et al., 2012; Lewis, 2010; Moldovan and Van de Walle, 2013; Morris & Polese, 2014; Stepurko, Pavlova, Levenets, Gryga & Groot, 2013). These studies show how attitudes towards such informal payments range from strongly negative if the demand for payment is initiated by the professional, to tolerant if patient-initiated (Atanasova, Pavlova, Moutafova, Rechel & Groot, 2013; Balabanova & McKee, 2002). Indeed, it appears that money is often now sufficient for achieving what before required access to personal networks to attain (Morris & Polese, 2014). The

view therefore, is that informal payments are replacing blat.

Based on this review of *blat* in general, and corruption in the health services sector in particular, four hypotheses are proposed for investigation:

Hypothesis 1 (H1): blat remains commonly used in the health services sector.

Hypothesis 2 (H2): those with connections and access to health services now treat them as commodities to sell rather than provide them as a friendly favour.

Hypothesis 3 (H3): the informal payments made for providing access to health services are bribes, not gifts received for providing friendly help.

Hypothesis 4 (H4): informal payments have replaced blat as a tool for gaining access to health services.

## **Methodology: studying blat in Ukraine's health services sector**

To examine the use of blat in Ukraine's health services sector, we here report the results of a survey conducted in 2009 in the city of Mykolayiv, a regional centre in the south of Ukraine with a population of 498,700 people. During the Soviet period, Mykolayiv was a prosperous shipbuilding centre of the Soviet Union with three shipbuilding yards, but since the collapse of the Soviet Union, production volumes have decreased dramatically as well as the population employed at these plants. The result has been that Mykolayiv, akin to elsewhere in Ukraine, has witnessed a growth in unemployment and struggled to find a new economic role for itself in the post-Soviet world (see Onoshchenko, 2012).

### **Sampling and data collection**

To collect data, the first stage involved 200 face-to-face structured interviews composed mostly of closed-ended questions to collect quantitative data, followed in the second stage by a smaller subset of 30 unstructured qualitative interviews to obtain a richer and deeper understanding.

For the first stage, a spatially stratified sampling procedure was used. This involved conducting an equal number of interviews, namely 20, in each of the 10 districts of Mykolayiv. To avoid a spatial clustering of respondents, the households were selected for interview by calculating the number of roads in each district, and if there were 20 streets, then one household from each street was selected for an interview. If nobody answered, the next house on the street was visited until a response was achieved. Table 1 provides some descriptive statistics on the socio-demographic characteristics of the surveyed population and displays that the characteristics of the sampled population are similar to the characteristics of the broader population of Mykolayiv.

Following a pilot survey of 10 interviews conducted in 2009, which resulted in the deletion of a direct question on wider cash-in-hand work due to the unwillingness of participants to respond and a resultant loss of rapport, the full survey of 200 structured face-to-face interviews was undertaken. The structured interview schedule first asked participants how they got various everyday tasks completed, followed by questions on what types of work they did (both paid and unpaid) for others and how they acquired various goods and services. Following this, and as displayed in Table A1 in the Appendix, a range of questions were asked about their use of blat including their attitude towards blat, whether they had used blat to obtain help in various spheres, including health services, who had helped them, why they had asked for help and if the person helping them had been rewarded and if so, how. This was followed by open-ended questions on whether it would have been possible to achieve the same result without using connections and if not, why not. In the realm of gaining access to health services, the questions were confined to three key areas: obtaining help from a local doctor's surgery, receiving a hospital bed, and reducing the cost of an operation, and the time limit was confined to the last seven years.

**Table 1:** Socio-demographic profile of sampled population

Characteristic	% of sampled population	% of Mykolayiv population
Gender:		
Men	44	48
Women	56	52
Age of adult population:		
18-30	22	25
30-55	29	35
55+	49	40
Nationality:		
Ukrainians	74	78.2
Russians	22	18.0
Belarusians	2	0.7
Bulgarians	1	0.6
Moldovans	0	0.5
Jews	0	0.4
Armenians	1	0.3
Others	0	1.3

Source: authors' survey

The respondent was then asked the same questions but in relation to whether they had helped others, who they had helped, why they had helped them, whether they had been rewarded for help them, and if so, how. The final section of the questionnaire asked open-ended questions regarding the relative importance of *blat* compared with the use of money in gaining access to goods and services or for circumventing formal procedures, both in the past and today.

For the second stage, namely the unstructured qualitative interviews, maximum variation sampling was used. Following the 200 face-to-face structured interviews, 30 participants were selected for an in-depth follow-up interview by selecting participants from the main survey that maximise the diversity relevant to the research question (i.e. *blat*). Thus, those who help out others were selected (e.g. ranging from a hospital consultant to a receptionist at a local surgeon's office), those seldom if ever helping others, followed by those who had sought help via *blat*, ranging from affluent well-connected participants to poorly-connected and less affluent participants, and those who had not. These in-depth interviews focused on their use of *blat* and sought answers in relation to each of the above hypotheses, more precisely their views on: whether the participant thought *blat* remains commonly used in the health services sector; whether those with connections and access to health services now treat them as commodities to sell rather than provide them as a friendly favour; whether the informal payments made for providing access to health services are bribes, not gifts received for providing friendly help; and whether informal payments have replaced *blat* as a tool for gaining access to health services.

### Analytical approach

To analyse the resultant data from the first stage structured interview, which was mostly composed of closed-ended questions, the data was collated using the Statistical Package of the Social Sciences (SPSS), and the descriptive results were produced using simple cross-tabulations. Given the nature of the hypotheses to be tested, the use of descriptive findings was deemed appropriate and the use of more complex analytical methods, such as multivariate regression analysis, inappropriate due to the small sample size involved.

With regard to the 30 unstructured face-to-face interviews in the second stage, meanwhile, and given that the themes for analysis had been already defined by the hypotheses arising out of the literature review, content analysis was employed (see Bryman, 2012; Hay, 2005). Following familiarisation with the data that had been collected, and given that this unstructured interview was loosely based on questions posed regarding each of the hypotheses to be tested as described above, the first stage in the analysis was to code or sort the data collected according to the responses regarding each of the hypotheses. Following this initial coding and/or sorting, the second step was to read their answers to each hypothesis and identify the various differences and commonalities in their answers. This involved, for example, further coding and sorting answers according to whether they viewed blat positively or negatively, whether the respondents saw paying for health services as a bribe or a gift for friendly help, and whether they thought informal payments had replaced blat or not. Following this second stage coding, a third and final stage involved searching for more nuanced interpretations of the situation beyond such binary either/or readings of the situation, so that a further, more nuanced coding and sorting of their responses could be achieved. This coding was undertaken manually by highlighting on the transcripts, using a colour coding scheme to code the different types of responses to each hypothesis. Below, we report the findings.

## **Results: Evaluating the role of blat in the Ukrainian health services sector**

As Lekhan, Rudyi & Nolte (2004) point out, the provision of health services in Ukraine has undergone a radical transformation since the collapse of the Soviet Union, and there is now also a burgeoning private sector. Health services, nevertheless, remain officially a free public service. For those working in the health services sector, wages are low, both compared with international rates and relative to other professions nationally. A paediatrician at a public sector maternity hospital, for example, earns an official salary of 2000 hryvnias per month (\$US250), and in the private sector salaries are only 10-15 per cent higher (Lekhan, 2010: 68). While the price of foodstuffs is relatively low mainly due to lower quality control (1 litre of milk costs approximately US\$1, a loaf of bread US\$0.80 and a Big Mac is US\$2), imported consumer goods such as clothing or cars are more expensive than in Western Europe due to import taxes. The consequence is that many employed in health services work overtime, for which they receive one and a half or double wage rates. As an ophthalmologist interviewed during the course of the research, who had two official part-time jobs at public outpatient hospitals where she has both pryiom (surgery hours) and cherguvannia (accident and emergency hours) commented, 'If you work on single rate, you have nothing to eat. If you work on double rate, you have no time to eat'. This provides an important background context for understanding the contemporary role of blat in the health services sector in Mykolayiv.

### **The prevalence of blat**

When asked whether they had used blat in the past seven years to obtain surgical help from a local doctor, to get a hospital bed or to reduce the cost of an operation, 56 per cent of participants asserted they had done so. Moreover, some 21 per cent of participants had arranged for somebody they knew to gain access to health services either due to their direct employment in this sector or more usually by acting as a third party to help them establish contact with a relevant person. Consequently, the use of blat to obtain these health services remains a widespread practice.

The main reasons given for using blat when acquiring health services are to receive a better quality service (53 per cent), to get information (19 per cent), to jump the queue (9 per cent), to circumvent other formal procedures (8 per cent), to be introduced to useful people (6 per cent) and to reduce

the price (4 per cent). To understand why in the majority of cases *blat* is used to receive a better quality service, it is necessary to understand that there is a widespread belief that having personal connections with doctors is important and significantly influences the quality of treatment received as a patient. As a manager of a firm stated:

*If you personally know the chief physician, you will get absolutely different treatment. I always go to the doctors pulling strings. Once I recommended a good doctor to my sister but without introducing her to him. She visited this doctor without being patronised first and did not receive proper quality and care from him as I did.*

Consequently, in line with the literature on *blat* in post-Soviet states but contrary to the literature on corruption in health services, this study supports the hypothesis (H1) that *blat* remains commonly used in the health services sector. Is it the case, however, as the literature on post-Soviet states suggests, that although the practice of *blat* persists, its character has changed (e.g. Ledeneva, 2013)?

### Has the character of *blat* changed?

In the literature on *blat* in post-Soviet states, the argument is that whilst in Soviet society money played only a small role and using personal networks meant everything, under post-socialism, the new shortage is money and although the principle of using personal social networks for accessing services remains the same, the form of *blat* has changed (Ledeneva, 2013). Whereas in the Soviet period, *blat* was used as a form of friendly help to enable people in one's personal network gain access to services, in post-Soviet market societies, personal networks are increasingly treated as a commodity and gifts and/or money are received and given (Arnstberg & Boren, 2003; Ledeneva, 2009, 2013).

To evaluate this, two questions were asked. First, when the respondents stated that they had received help in accessing health services, they were asked, 'How do you reward your connections?'. Second, when they provided help or acted as a third party in providing access to health services, they were asked, 'What do you usually receive as a reward?'. The participants were given five options with regard to the type of reward given and received: cash; gifts; *quid pro quo*; just 'thank you', or 'other' which include rewards such as 'a plate of soup' and 'drinking beer together'. If participants stated that cash or a gift was given or received, this intimates the monetisation of *blat*, whereas if some other service (*quid pro quo*) is provided or they just say 'thank you', this intimates that non-monetised forms of *blat* in the traditional form of a reciprocal exchange of favours persist in the contemporary post-Soviet era.

As Table 2 reveals, 52 per cent of those receiving help in accessing health services had rewarded this with either a monetary payment (29 per cent) or a gift (23 per cent). As such, there appears to be a monetisation of *blat*. However, just 22 per cent of those giving help with access, which includes health practitioners and third parties who arrange access, stated that they received cash or a gift.

**Table 2:** Rewards for *blat* in the health services sector: by the type of reward

		Cash	Gift	Quid pro quo	Just 'thank you'	Other	Total
Reward given for favours received	No.	40	31	33	25	7	136
		29%	23%	24%	18%	5	100%
Reward received for favours done	No.	6	7	20	25	1	59
		10%	12%	34%	42%	2%	100%

Source: authors' survey



Table 3. Nature of relationship between the supplier and receiver of *blat*

		Relative	Friend	Neighbour	Colleague	Other
Receive favours from:	No.	30	38	9	18	52
		20%	26%	6%	12%	35%
Provide favours for:	No.	31	30	14	15	16
		29%	28%	13%	14%	15%

Source: authors' survey

Recognising that health practitioners receive cash or a gift in 70 per cent of cases, but third parties in only 10 per cent of cases, this discrepancy between how those receiving and giving help are rewarded is explained. While recipients are thinking of how they reimbursed the health practitioners rather than any third party arranger, those providing *blat* include a large number of third party arrangers who had not received cash or a gift for their services.

These results, therefore, only partially support the hypothesis (H2) that those with connections and access to health services now treat them as commodities to sell rather than provide them as a friendly favour. They reveal that although *blat* has been to some extent monetised, the so-called old-style *blat* in the form of non-monetised friendly help persists.

To understand this persistence of old-style *blat*, it is necessary to analyse the nature of the social relations between those engaged in monetised and non-monetised *blat*. As Table 3 reveals, a large proportion of *blat* involves helping close social relations such as kin, friends, neighbours or work colleagues. Indeed, 65 per cent receiving help with connections obtain this from close social relations and over 85 per cent of those providing help do so for kin, friends, neighbours and work colleagues, rather than for distant social relations. In the majority of cases where close social relations are involved, monetary compensation is absent; 83 per cent of *blat* between relatives and friends are non-monetised. As a hospital doctor asserted,

*When our relatives need health treatment or a consultation, we always help them with our connections; we refer them to good doctors we know, help them to avoid queuing. In return, we can always ask for help as well. For example, we often ask my father's cousin, who is retired, to do small odd jobs. I once tried to give her 20 hryvnias for the favour, but she refused. But we always help their family and their children and grandchildren and they help us and our parents. We never pay for this help.*

This is not the case when distant social relations are involved, such as friends of friends or distant acquaintances. When the *blat* is for or by distant social relations, 70 per cent was monetised. Consequently, traditional non-monetised *blat* in the form of friendly help persists in Ukraine but mostly for close social relations. The use of monetary relations, meanwhile, is when distant social relations are involved. This permeation of monetary relations in *blat* between more distant social relations, however, is not universal. As a woman solicitor stated,

*Due to my profession, I communicate a lot with people in various occupations. This gives me an opportunity to use these connections quid pro quo, such as when visiting a doctor.*

Hence, the closer the social relation, the more *blat* resembles traditional Soviet-style friendly help. The more distant the social relations become between the parties involved, the more commoditised the provision of help becomes and the more gifts and/or money are received and given. As such, the second hypothesis (H2) that those with connections and access to health services now treat them as commodities that they sell rather than provide them as a friendly favour is not totally confirmed. Although this is the case when distant social relations are involved, the so-called old-style *blat* in

the form of non-monetised friendly favours persists when closer social relations are involved. This, nevertheless, is not the only way in which monetary relations are encroaching informally into the provision of health services.

### Illicit payments for health services: bribes or gifts?

Of those who had visited their local doctor for surgery, received a hospital bed or entered hospital for an operation, 70 per cent had made an informal payment in the form of either cash or a gift to hospital staff. This is because in Ukraine it is widely accepted that although health services are free in the public health sector, there are informal 'tariffs' for doctors' consultations. As a manager of a firm stated,

*There is a standard tariff you pay unofficially for a doctor's consultation: 50 hryvnias. This gives you some confidence of being treated properly, with due carefulness.*

Indeed, this was reinforced by the vast majority of patients who commonly stated that giving a gift or monetary payment is 'mandatory', 'compulsory' and 'you have to do it or you will not be treated'.

However, although patients often think a 'standard' tariff exists and is compulsory, the doctors themselves have a different view. As a young female doctor explained,

*Sometimes thankful patients bring me flowers or sweets; sometimes they tuck money into my pocket after the appointment... The doctors do not have any tariffs for their consultation. Even though patients sometimes give me money, the amounts vary.*

Or as another doctor commented,

Sometimes I bring home a bunch of bananas, sometimes 30 hryvnias or several chocolate boxes, and there are also days when I receive nothing.

For others, however, particular areas of medicine have set tariffs regarding the level of informal payments required. As a male doctor working in obstetrics commented,

*In the maternity hospital, obstetricians usually receive 2,000-3,000 hryvnias in cash for each delivery. From this amount they give 20 hryvnias to a nurse and 100 hryvnias to a paediatrician.*

To the remark by the interviewer that such informal payments might be considered a bribe and could be prosecuted, he responded,

*Nobody fights this 'corruption' in hospitals. The state cannot provide doctors with an adequate salary, but doctors need to survive. If the informal earnings of healthcare workers were prosecuted, everybody would leave. Therefore, the state turns a blind eye.*

For this doctor, therefore, payments are not 'bribes' but gifts from the patient displaying their appreciation and gratefulness. As he explains,

*Have you ever visited a doctor in a public hospital who refused to treat you without being paid or extorted money from you? ... I do not consider that money given as a bribe; it is gift of gratitude by the patient.*

In his eyes, therefore, payments are an expression of gratitude by patients, not least in recognition of the low pay of doctors in the state system, and arise out of the failure of the state to fulfil its part of the bargain by insufficiently rewarding public sector workers. Indeed, as Polese (2008: 53) has accurately asserted, 'If I receive it, it is a gift. If I demand it, then it is a bribe'. For the majority of people working in health services, their view is that they do not demand such informal payments so it is not a bribe.

In the eyes of patients, therefore, the hypothesis (H3) is validated that payments made for providing access to health services are bribes since these are seen as compulsory. However, from the viewpoint of the staff, these are gifts voluntarily given rather than bribes demanded.

### Is money replacing blat?

Given the widespread use of informal payments when accessing health services, is it therefore the case that blat is less important? Is money now sufficient to achieve what before required access to personal networks to attain? As an older person asserted,

*In the Soviet times, it was enough to call the acquaintance and the issue was solved without money. Such acquaintances were called 'pozvonochnye' [directly translated as 'vertebrates' but comes from the word 'zvonom' which means 'a call']. There are no more 'pozvonochnye' today. Everything is done for money.*

For him, therefore, money has replaced the need for blat. An unemployed woman expressed a similar view:

*Today money is more important than connections. In any institution, there are people who are ready to carry out any request for money. You do not need to have connections in hospitals to obtain a health certificate from the medical board. It is enough to speak to a district nurse and for 100 hryvnias you get any certificate the next day.*

For these participants, therefore, those occupying positions that can provide access to assets are using them to accumulate money, and it does not appear that blat is important any longer in this post-socialist market economy.

These participants, however, are exceptions. Most participants adopt a more nuanced view of the relationship between informal payments and blat. Rather than viewing money as becoming a substitute for blat, they adopt the view that although money is sufficient without blat, and blat is sufficient without money, combining money and blat is the most appropriate and effective way of securing a good quality service when acquiring health services. Indeed, this more nuanced understanding was not foreseen as a possibility before conducting the qualitative interviews and arose out of the third stage of the content analysis of the unstructured interviews. As a woman aged 26-35 years old asserts,

*Money is important today but connections are still in use. I lived in Kyiv and came back to my native city especially to give birth because my parents are doctors and have big connections here. In spite of a small official payment of 200 hryvnias [rather than the usual 2000 hryvnias due to her connections] to the hospital cash office and 20 hryvnias cash-in-hand to the nurse, I obtained very good treatment. And these people are not our close friends, just colleagues.*

Another example of how blat and informal payments are best combined is the following statement by a young woman:

*According to the law, I have the right to obtain a sanatorium voucher for 20 per cent of its price every five years because of my health condition. My acquaintance is responsible for the distribution of these vouchers. Last time I brought her a souvenir from the sanatorium and now I hope to obtain a discounted voucher next year as well. It is easier 'to make friends' with the authorised person for 100 hryvnias than to pay 3000 hryvnias full price.*

Despite the advent of informal payments for health services, it does not obviate the need for personal networks. Instead, the notion of being well-connected remains very important in modern Ukrainian society and a widespread belief remains that informal relations with health service professionals are still important.

Moreover, what is perhaps surprising, given that these practices are forms of corruption as well as of nepotism and cronyism, is that the participants in this survey showed no reticence in openly discussing them and they engaged in these activities openly without any apparent shame, remorse or guilt. Indeed, when asked whether they view *blat* positively or negatively, 48 per cent of participants expressed a very positive or positive attitude towards *blat*, 40 per cent were neutral and only 12 per cent viewed *blat* negatively or extremely negatively. Consequently, there is little questioning of *blat* even though its character has changed.

Consequently, this study does not validate the hypothesis (H4) that informal payments have replaced *blat* as a tool for gaining access to health services, as assumed by much of the literature on corruption in the health services sector that discusses only informal payments and ignores *blat* in the mistaken belief that illicit monetary payments have replaced it. Instead, this study shows that although illicit monetary payments are sufficient without *blat*, and *blat* is sufficient without illicit monetary payments, combining money and *blat* is widely seen as the most appropriate and effective way of acquiring good quality health services.

## Conclusions

This paper has evaluated whether the illicit practice of using personal networks to gain preferential access to goods and services, or to circumvent formal procedures, known as *blat*, persists in post-socialist Ukraine. To do this, the usage of *blat* when acquiring health services in Mykolayiv in Ukraine was investigated. In line with the literature on *blat* in post-Soviet states, but contrary to the literature on corruption in health services, this study supports the hypothesis (H1) that *blat* remains commonly used in the health services sector. Some 56 per cent had used personal networks when visiting a local surgeon, getting a hospital bed or seeking to reduce the cost of an operation. Contrary to literature on *blat* in post-Soviet states, however, the hypothesis (H2) that those with connections and access to health services now treat them as commodities to sell, rather than provide them as a friendly favour, is only partly supported. Traditional style *blat* persists. Only 52 per cent of those using *blat* in the past seven years to access these services had reimbursed those helping them in the form of either cash or a gift. When closer social relations are involved, old-style *blat* based on friendly help persists. The use of monetary relations is largely when distant social relations are involved.

However, this is not the only way in which monetary relations are encroaching informally into the provision of health services. Some 70 per cent of participants who had been to a local surgeon, received a hospital bed or entered hospital for an operation had made an informal payment in the form of either cash or a gift. Examining the hypothesis (H3) that these informal payments made for providing access to health services are bribes, not gifts received for providing friendly help, the finding is that this hypothesis is valid in the eyes of patients that payments made for providing access to health services are bribes since these are seen as compulsory. However, from the viewpoint of the staff, these are gifts given voluntarily rather than demanded bribes.

However, this does not mean that the hypothesis (H4) that money has replaced blat (H4) is supported, as purported by much of the literature on blat in post-Soviet states and the broader literature on corruption in the health services sector. Rather than viewing money as replacing blat, participants adopted the view that even if money is sufficient without blat, and blat is sufficient without money, combining money and blat is the most appropriate and effective way of securing a good quality service. This was not foreseen as a possibility before conducting the third stage content analysis of the in-depth unstructured follow-up interviews and is thus a new finding that emerged from the data itself.

Therefore, this paper reveals that blat in post-Soviet market societies needs to be re-theorised. Although blat remains commonly used, it has not commoditised as the literature on post-Soviet states often suggests. It continues to take the form of non-monetised friendly favours when close social relations are involved. Only when the social relations are more distant are personal connections a commodity bought and sold. When seeking preferential access to goods and services to circumvent formal procedures, moreover, illicit informal payments have not replaced blat, as assumed in the literature on corruption in the health services sector. Blat persists, and although illicit informal payments are sufficient without blat, and blat sufficient without illicit informal payments, combining the two is widely seen as the most appropriate and effective way of securing good quality service.

The outcome is that although the legacy of Soviet times is to view blat neutrally or positively, which is a view adopted by 88 per cent of the surveyed population, with only 12 per cent viewing it negatively, the commodification of blat means that it is becoming an example of the darker side of social capital. Whether it takes the form of old-style friendly favours or new-style commodified blat involving illicit informal payments, this practice results in cronyism, nepotism and corruption, and supports allocation based on favouritism rather than merit.

Tackling this illicit practice will be difficult, while a positive or neutral attitude persists towards its use based on the legacy of the Soviet economy of shortages. What, therefore, is the way forward? One policy approach is to seek to eradicate it through tougher penalties for those caught engaging in it, although whether there is the political will to do this is doubtful. Another approach is to provide incentives and make it easier to receive health services without the need for blat and informal monetary payments. This could be achieved by raising the salaries of hospital staff to such a level that the staff will no longer feel they need informal payments and patients will no longer feel the need to provide such gifts and donations. A final approach is to run awareness raising campaigns about the negative effects of blat and informal payments and the positive effects of meritocratic values across the society. These policy approaches, moreover, are not mutually exclusive. They can be combined in various ways, such as by running awareness raising campaigns alongside improving the wage levels of hospital staff and then to follow this up with tougher penalties and sanctions for those failing to comply. Whatever approach is adopted, however, what is certain is that the persistence of blat and its new combination with informal payments for accessing free public services cannot continue. A laissez-faire approach, therefore, is not an option.

What is now required is to evaluate critically whether a similar shift in the character of blat is occurring in other sectors and countries in the post-Soviet world. Perhaps more importantly, greater attention could now be paid to evaluating critically whether the character of *guanxi*, *wasta*, *jeitinho* and 'pulling strings' is changing in similar ways, and documenting the negative implications rather than taking it as a normal social practice. If this paper thus engenders a wider evaluation of whether this practice needs to be re-theorised more negatively, along with greater debate on what needs to be done to eradicate this illicit practice, then it will have achieved its objectives.

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**Appendix 1:** Questions on *blat* in structured interview schedule

**Q1:** What is your attitude towards getting things done by pulling strings/using connections/ *blat*?

1	2	3	4	5
Very positive	Rather positive	Neutral	Rather negative	Very negative

DOES ANYBODY HELP YOU?

Fill in Table 1 answering questions 2-4 for each sphere

**Table 1:** Spheres in which you have used connections top gain access in the past 7 years

Spheres	Q2	Q3	Q4	Q5
Health services: local surgery, hospital bed or operation				
Solving problems with the traffic police, registration of a vehicle and MOT				
Finding a job				
Education: Places in primary-secondary and higher education				
Legal services and courts				
Army conscription				
Everyday services at better quality or better price				
Repairs of housing, garages, dachas				
Tickets for events, theatre, concerts				
Hobbies and entertainment, resorts, travelling tickets				
Consumer goods				
Foodstuffs				
Communicating with local authorities in your business matters (e.g. tax inspection)				

**Q2:** Has anybody helped you to achieve a goal / solve a problem / receive extra benefits in the past 7 years?

1. No
2. Yes, to circumvent the rules / laws / bureaucracy
3. Yes, to make rules / laws work
4. Yes, to reduce final price
5. Yes, to improve quality
6. Yes, to get information
7. Yes, to be introduced to useful people
8. Yes, to receive service without a queue
9. Yes, to maintain connections
10. Yes, other \_\_\_\_\_

**Q3:** If yes, how did you reward your connections? (several answers are possible)

1	2	3	4	5
With cash	With a gift	Quid pro quo	Just 'thank you'	Other _____

**Q4:** What is your relationship with the people you usually ask for help?

1	2	3	4	5
Relative	Friend	Neighbour	Colleague	Other _____

**Q5:** Would you have been able to achieve this aim without connections? YES?NO. If NO, why?

DO YOU HELP ANYBODY?

Fill in Table 2 answering questions 6-8 for each sphere

**Table 2:** Spheres in which you have helped others gain access using your own connections in the past 7 years

Spheres	Q6	Q7	Q8	Q9
Health services: local surgery, hospital or bed and operation				
Solving problems with the traffic police, registration of a vehicle and MOT				
Finding a job				
Education: Places in primary-secondary and higher education				
Legal services and courts				
Army conscription				
Everyday services at better quality or better price				
Repairs of housing, garages, dachas				
Tickets for events, theatre, concerts				
Hobbies and entertainment, resorts, travelling tickets				
Consumer goods				
Foodstuffs				
Communicating with local authorities in your business matters (e.g. tax inspection)				

**Q6:** Have you helped anybody to solve problems in the following spheres in the past 7 years?

1. No
2. Yes, to circumvent the rules / laws / bureaucracy
3. Yes, to make rules / laws work
4. Yes, to reduce final price
5. Yes, to improve quality
6. Yes, to provide them with information
7. Yes, to introduce them to useful people
8. Yes, to enable them to receive service without a queue
9. Yes, to maintain connections
10. Yes, other \_\_\_\_\_

**Q7:** If yes, what do you usually receive as a reward for your services? (several answers are possible)

1	2	3	4	5
With cash	With a gift	Quid pro quo	Just 'thank you'	Other _____

**Q8:** Who are the people you usually do favours for?

1	2	3	4	5
Relative	Friend	Neighbour	Colleague	Other _____

**Q9:** What is more important now, in 90's, in Soviet times: connections or money? Why? Please, give examples.