



Article

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Why Elections Prompt More Corruption, Clientelism, and Forbearance? A Study of Attitudes in Albania, Kosovo, and North Macedonia

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Abstract: Corruption is often defined as the abuse of public functions for private gain, but research has expanded this view to include clientelism and forbearance, particularly in neo-patrimonial contexts. While forbearance has been widely studied, it remains largely unexplored in Southeastern Europe, where corruption is often oversimplified. This article innovatively combines forbearance, electoral corruption, and clientelism to analyse tax authorities' behaviour during election periods in three Western Balkan countries. Findings suggest that due to staff politicisation and various other motives, tax authorities adjust their actions around elections, aligning with forbearance and electoral clientelism. This behaviour fosters tax evasion and market distortions, highlighting the need for a more in-depth investigation into these dynamics in the region.

Keywords: corruption; informality; tax behaviour; elections; Western Balkans

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Introduction

Corruption rates in the former socialist countries of Europe are among the highest in the world. Indeed, corruption has been regarded as one of the major challenges for

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the Western Balkan countries, which emerged from communism and planned economies to become market economies during the conflict-ridden 1990s. Citizens in these countries have consistently ranked corruption as one of the biggest problems facing their nations.¹ According to Transparency International (TI), the Corruption Perception Index (CPI) in all Western Balkan countries has consistently yielded high corruption scores. Some attribute this to the legacy of communism (Ledeneva 1998; Amini, Douarin, and Hinks 2022). Others point to endemic poverty rates, given that the region as a whole has among the highest poverty rates in Europe,² or sociocultural factors, given that acceptability of corruption remains relatively high.³ Belloni and Strazzari (2014) have argued that this may be due to the region's relatively recent dual transition: from war to peace and from communism to democracy. Furthermore, research indicates that as countries transition from autocracy to democracy, corruption tends to increase in the early stages but generally decreases in the long run as institutions strengthen (Merkaj and Imami 2025). Thus, the (still) high levels of corruption in the Western Balkan countries may mirror such a development.

Sotiropoulos (2017) identifies the geographical position of the Western Balkans as another reason for the high corruption in this region. Its position as a bridge between the East and West, he suggests, facilitates the emergence of corruption and organised crime, as the region serves as a transit route for illegal goods, human trafficking, and the flow of unrecorded payments across newly demarcated or porous national borders. Impunity has been named as another vital factor, with corruption barely punished in the past and the region having a poor record of prosecuting it, particularly among high-level public officials.⁴ Weak political finance

1 United Nations Office on Drugs and Crime (UNODC) Statistics and Surveys Section (SASS). 2011. *Corruption in the Western Balkans: Bribery as Experienced by the Population*. Vienna: UNODC. https://www.unodc.org/documents/data-and-analysis/statistics/corruption/Western_balkans_corruption_report_2011_web.pdf (accessed 8 July 2025).

2 Lilyanova, Velina. "Corruption – Still a Major Problem in Several Western Balkan Countries." Think Tank European Parliament. European Parliamentary Research Service. Briefing. May 2015. [https://www.europarl.europa.eu/thinktank/en/document/EPRS_BRI\(2015\)557025](https://www.europarl.europa.eu/thinktank/en/document/EPRS_BRI(2015)557025) (accessed 8 July 2025).

3 Shentov, Ognian, Ruslan Stefanov and Boyko Todorov. Eds. 2020. *Western Balkans 2020: State-Capture Risks and Policy Reforms*. Skopje, Sofia: Southeast European Leadership for Development and Integrity (SELDI). https://csd.bg/fileadmin/user_upload/publications_library/files/2021_04/WB_2020_EN_WEB.pdf.

4 McDevitt, Andy. "Fighting Corruption in the Western Balkans and Turkey: Priorities for Reform." Transparency International. Berlin. October 2016. https://images.transparencycdn.org/images/NISWBT_EN.pdf (accessed 8 July 2025).

controls allow “dirty” money to infiltrate politics, creating a vicious cycle of corruption and dependency.⁵

Starting from the above points, this article addresses a noticeable gap in the literature by offering insights from entrepreneurs with a focus on elections. This is only a partly novel approach. As Holland (2017) has pointed out, elections in Latin America have habitually marked a change in trend among politicians seeking to secure extra votes, a phenomenon that has not been explored sufficiently in other world regions, the Balkans among them.

It may be argued that “corrupt” is a static and permanent condition. However, this may not (always) be the case and corruption levels may vary significantly, even in the short or medium term. The life of a state is, after all, dynamic and depends on a number of geographical, social, and economic factors, with elections one of the most important. We suggest here that corruption and clientelism are dynamic and that short-term fluctuations can be observed, such as in the case of electoral patterns.

Previous studies have suggested possible linkages between corruption, clientelism, and elections in the context of the Western Balkans. Imami et al. (2018a; 2018b) provide econometric evidence of election cycles in the allocation of state-created rights, such as mining licenses and construction permits in Albania. Uberti et al. (2019) produced similar results for Kosovo’s mining sector. Other studies on the region have shown the link between privatisation, elections, and corruption (Ivanović, Uberti, and Imami 2023; Lami, Imami, and Kächelein 2016). These findings reveal a genuine political-economic effect, in which corrupt practices are reflected in statistics through a significantly higher issuance of licenses, permits, and privatisations in the run-up to elections. This is also exhibited in other phenomena, such as informal or illegal construction, which point to possible further development. Imami, Lami, and Pojani (2022) demonstrate a boost in informal construction (i.e. building with no construction permits) just prior to national elections, whereas Merkaj et al. (2024) show electoral patterns in the legalisation of informal constructions in Albania.

Another area where electoral patterns have been observed is tax enforcement and evasion. Lami et al. (2021) and Imami, Pugh, and Lami (2024) show how fiscal performance (including enforcement and evasion) is related to elections in the case of Albania. Moreover, fiscal performance, measured by monthly tax revenue,

5 Vrushi, Jon, and Isabelle Büchner. “Bringing the Receipts: Political Finance Transparency in the Western Balkans and Türkiye.” Transparency International. Berlin. October 2023. <https://www.transparency.org/en/publications/bringing-the-receipts-political-finance-transparency-in-the-western-balkans-and-t%C3%BCrkiye> (accessed 8 July 2025).

declines before elections, with a far larger impact when the elections lead to a change in the ruling party (Lami et al. 2021). Econometric analysis provides evidence that fines on non-compliant businesses decline significantly before general (parliamentary) elections, thus suggesting that lower enforcement is the cause of poorer fiscal performance before elections (Imami, Pugh, and Lami 2024).

Thus, there is quantitative evidence of the connection between informality and elections. However, the literature offers a limited picture of the motives underlying this phenomenon and provides insufficient understanding of the mechanisms at play to explain where these dynamics originate, develop, and persist, particularly in key areas such as fiscal evasion and tax morality. This is especially important because a central aspect of institutional development in what some insist on calling “transition economies” is the building and consolidation of tax systems capable of increasing government spending for the benefit of society, the economy, and the state as a whole. Fiscal capacity is indeed crucial for state-building and economic development (Ricciuti, Savoia and Sen 2019) and should be analysed more comprehensively, which is what we set out to do in this paper. To this end, this study analyses the behaviour of tax authorities related to elections in three Western Balkan countries: Albania, Kosovo, and North Macedonia.

We are inspired here by Holland’s seminal study on forbearance in Latin America (Holland 2017), which identified patterns that have not yet been analysed in relation to our focus region. Our narrow case study considers elections in Western Balkan countries. However, as Barth suggested, by focusing on the way social interactions are constructed and channelled, rather than the institutional features of different societies, it is possible to downplay the question of scale and concentrate on the depth of the issue rather than its breadth (Barth 1981, 131).

While, on the one hand, it can be argued that tax evasion may be related to clientelism and corruption, this behaviour can be regarded as taking place within a broader framework. To further this point, the article explores tolerance, forbearance, and exchange of favours between tax authorities and business actors in the frame of national elections. We no longer take for granted the simplistic statement that “corruption is endemic”, but go further to explore why and how this happens. We know that elections are a trigger, and as such this article complements our previous studies by exploring tax behaviour in relation to elections. We address this issue by showing the position and experience of entrepreneurs in the selected Western Balkan countries in an attempt to understand why and how such practices take place. The study is therefore both explorative and argumentative. We suggest that the main motives behind poorer fiscal performance or greater fiscal evasion before elections are forbearance and electoral clientelism or corruption. However, we also aim at teasing out a number of elements and factors that can help both understand and address this emergence of forbearance and its increase in the frame

of elections, a standpoint that can be used for comparisons with other countries and world regions. To do this, the rest of the article is divided into four sections. The following section surveys some of the main studies underlying this article and offers an overview of its theoretical background. The next section then details the methodological approach and choices made. This is followed by the empirical sections and finally a series of concluding remarks.

Theoretical Framework

Corruption is often regarded as a defining characteristic of transition economies (Treisman 2003). Indeed, scholars have linked corruption to the legacy of state socialism, tracing postsocialist graft to elite (i.e. *nomenklatura*) and non-elite (i.e. *blat*) networks of favours, or economies of favours, that proliferated under communism in response to shortages and restrictions (Ledeneva 1998; Miller et al. 2000; Uberti 2018; Amini, Douarin, and Hinks 2022). Corruption is generally also considered to be linked to informality and clientelism (Efendic and Ledeneva 2020). Other studies highlight the relationship between corruption and various institutional factors, such as democracy and economic freedom, as well as cultural factors, such as religious tradition (Treisman 2000). Often treated as a static variable, there is little evidence that corrupt or “flexible” behaviour may be related to a particular time or event, especially a recurrent one.

The literature also shows that corruption may be associated with the types of social and political organisation typical of low- to middle-income societies, rather than specific cultural traits or institutional characteristics (Khan 2011; Uberti 2016). In this context, corruption may be linked to electoral competition and may fluctuate around elections. As highlighted in the introduction, evidence from younger democracies, including Western Balkans countries, points at the incumbent’s (mis)use of various instruments to influence elections, including state-created rights or permits, and higher tolerance for, or enabling of, increased fiscal evasion and informal construction prior to elections. However, there is limited understanding of the underlying rationale and mechanisms at play which may vary across regions, countries, or even population strata (Polese et al. 2017).

While these tendencies can be used to explain, in general terms, what is happening, they provide limited insight into how or why it is happening, which is fundamental in addressing an issue, understanding its dynamics, and ultimately helping decision-makers to design the appropriate interventions. The same issue arises in quantitative investigations into the possibility that a politicised public administration may deliberately reduce tax collection efforts before elections to boost the economy as a whole and/or favour specific groups or firms connected to the

ruling coalition. This phenomenon occurs in advanced industrialised economies as well. Lami and Imami (2019) found a decrease in tax collection during elections in OECD countries, while Young, Reksulak, and Shugart (2001) found that, in the US, changes to Internal Revenue Service (IRS) audits coincide with elections, becoming less intense in electorally sensitive districts. The electoral effect is found to be more pronounced in younger democracies or transition economies with weak checks on the behaviour of the executive and more limited administrative capacity to monitor and discipline the tax administration. Accordingly, Lami and Imami (2019) find more pronounced cyclical effects in new democracies than in the more established OECD countries. Furthermore, incumbents in emerging economies and new democracies are under pressure to deliver tangible results – preferably reflected in personal gains – before elections, as voters in these regions often distrust politicians and their promises (Lami and Imami 2019).

These phenomena can be analysed from two different (but complementary) perspectives, namely neo-patrimonialism and forbearance. Neo-patrimonialism and clientelism (Weber 1947/1921) have been recognised as key principles of social organisation in developing and transition economies (North et al. 2013) – this applies to many economies in the Global South and the Western Balkan region, too. In younger democracies, the formal institutions of electoral contestation and participation may coexist with clientelist forms of political and economic organisation. These regimes can be considered “neo-patrimonial democracies”, characterised by patron-client networks, that is relationships between patrons (often politicians or ruling elites) and clients (individuals or groups seeking favours) that involve exchanges of financial resources for various benefits. The incumbent’s strategy to gain and maintain political power is primarily driven by the ability to create material benefits, which are then distributed to clients (Kelsall 2011). As a result, the ability to deliver on policy programs is often less relevant.

In this context, economic actors, such as firms, may engage in rent-seeking activities (e.g. bribes, political contributions) to secure favourable treatment and economic privileges, while patrons use the distribution of rents and property rights to obtain political support, consolidate power, and maintain control over the political landscape. In the context of elections, patron-client networks serve as a bridge between voters, politically connected firms, and political organisers – voters may receive benefits from these networks, and politically connected firms use them to advance their interests (Khan and Jomo 2000). Elections can reveal the relative organisational strength of competing patron-client factions. Due to the heightened need to mobilise support and re-establish political equilibrium, corruption and vote-buying may be particularly pronounced prior to elections, especially in countries with weak checks on the behaviour of the executive and weakly institutionalised political parties with poorly developed policy platforms. In this context, the

incumbent may increase the (corrupt) flow of rights and rents to their clientele before elections to hedge against the risk of electoral defeat (Tornell and Lane 1999) and to mobilise votes and support, thereby increasing the likelihood of electoral success (Collier and Hoeffler 2009). Consequently, in such cases, the incumbent is likely to engage in pre-election corruption, based on the clientelistic nature of political competition. That would imply that (the lack of) fiscal enforcement can, to a certain extent, be driven by clientelist motives, favouring the “client”.

While clientelism is a plausible explanation for the electoral patterns described above, motives and mechanisms can go well beyond this phenomenon and include forbearance, which is defined as a way of refraining from enforcing a law or right. However, when this occurs around elections, it may refer to the limited application of a law or a rule by political actors. For instance, Holland (2017) examines the way that some governments, or factions, in Latin American countries may arbitrarily decide to play loose or fail to enforce rules or laws as a form of informal welfare or social policy. Indeed, as pointed out in other studies, forbearance and other mechanisms of informal welfare can serve as a form of redistribution by allowing specific (e.g. disadvantaged) groups to access resources or opportunities they would otherwise be denied (Gupta 1995).

As in previous works, the struggle between a government and government officers who are expected to enforce rules, but are also embedded in a society and feel solidarity with their compatriots (Polese and Rekhikhashvili 2017), can lead to the flexible application of rules as a social welfare mechanism. This tolerance can even go as far as to allow self-organisation of some areas of a state (Haid 2017; Haid and Hilbrandt 2019). While some decisions are dictated by reasons of pragmatism or solidarity, in other cases forbearance may be based on more cynical approaches. For instance, politicians may tolerate certain practices by a group whose votes they wish to attract, and governments may use the loose application of laws to support certain strata of a society without having to pay for it (Davies and Polese 2015).

Forbearance allows more flexible rules and indirect interventions. What is important for this article is the idea that forbearance could be regarded as comprising informal redistribution and support mechanisms, aimed at appealing to voters. In the light of fiscal enforcement, deliberate tolerance of greater economic informality (including higher fiscal evasion) may seek to accommodate the companies and households benefiting from it, similar to lowering tax rates (the latter should follow a chain of decision-making approvals and as such is more obvious or explicit than the tolerance of fiscal evasion, which is implicit). It is also important to note that the literature has paid a good deal of attention to Latin America, Asia, and Africa, but has often disregarded regions that might also fit this framework, including the Western Balkans.

Methods

This study is based on primary data collected in three Western Balkan countries: Albania, Kosovo, and North Macedonia. We use two types of surveys, one structured and the other semi-structured, both employing interview questionnaires. We focus on these three cases because, of the six Western Balkan countries, Albania, Kosovo, and North Macedonia are more similar in terms of population size; they share borders; and, importantly, they exhibit ethnic, social, and cultural similarities. Given these commonalities, we deduce that differences in corruption levels, practices, and mechanisms can at least partially be attributed to institutional factors.

The surveys were conducted between 2015 and 2016. The structured enterprise survey included 293 randomly selected, privately owned, and legally registered firms, primarily from the manufacturing and mining sectors. The questionnaire was developed as part of a large-scale research project and, for the purposes of this article, we focus only on findings relevant to our core research questions. The structured survey was conducted through face-to-face interviews by ten interviewers. Initially, the survey was implemented in Albania and Kosovo, later being extended to North Macedonia. The respondents were either company owners or top managers.

In Albania and Kosovo, where more resources were available for the implementation of the research project, a larger sample was drawn using a stratified approach. The total population of industrial firms in these countries, based on data from official business registries, was divided into sectors or “strata”, including key sectors such as mining, food and beverages, rubber and plastics, chemicals, non-metallic minerals, textiles and apparel, leather and footwear, electrical equipment, and others such as pulp and paper, wood and wood products, and furniture. Firms were then selected based on sample stratification. Stratification was used to ensure that firms from more successful sectors, which are naturally more numerous, were not overrepresented in the sample (Levy and Lemeshow 2008; Uberti 2020). The sampling process also prioritised larger firms (measured by the number of full-time employees) within each stratum, giving them a higher probability of being selected than smaller firms.

The semi-structured survey involved in-depth interviews with 60 respondents across all three countries, covering various sectors. These interviews were guided by a framework that included questions on company profiles, taxation, patron-client relations, vote-buying, and corruption. Due to the sensitive nature of these topics, the companies targeted for the semi-structured, in-depth interviews were not chosen randomly. Instead, the selection was based on personal contacts and relationships of

trust between the interviewers and the interviewees, who were identified with the help of informants (also known as “intimates”). This approach is based on well-established ethnographic research methods. As Gill and Johnson (1997) note, referencing Dalton’s classic studies of managerial culture, “intimates” are individuals selected based on mutual trust and their willingness to share information that, if disclosed, could put them in danger. For example, interviewees who reveal patterns of corruption and clientelism patterns among tax inspectors may be subject to retaliation. In this context, obtaining a random or systematic sample was not feasible – partly due to anticipated resistance to the research – and a random sample would likely have resulted in a very high refusal rate, diminishing its value (Imami, Pugh, and Lami 2024).

We adopt a theory-generating and exploratory approach to the data from both types of surveys, which we use to support the idea that, around elections, governments or politicians may behave differently and even encourage illicit behaviours following clientelist patterns with the aim of gaining consensus in order to improve their election performance. Findings from the structured survey were analysed using descriptive statistical methods, while qualitative data from the in-depth interviews were coded and analysed, with interviewee statements incorporated throughout the paper. Each firm is identified by country and sector. Additional details such as the year of foundation and the number of employees were excluded to maintain confidentiality.

Results

Politicisation of Tax Administration as a Prerequisite

The politicisation of public administration in the region in general, and of tax administration in particular, has already been well-documented. The tax authorities in Albania, for example, have traditionally been highly politicised, with tax inspectors selectively targeting taxpayers based on party affiliation and fines reportedly being used as a form of pressure (Lami et al. 2021; Imami, Pugh, and Lami 2024). The politicisation of public and administrative roles becomes apparent in various observations and experiences shared by interviewees across different sectors in the three countries. For instance, one Albanian food operator highlights that political ties are often manifested in tax inspectors and directors’ selections: “This can be noticed by the [tax] director. The directors are often selected based on their regional connections with the elected politicians” (AL, food).

Similarly, another respondent, representing a construction firm from Kosovo, observed that employment in the tax administration is largely influenced by political connections, stating, “I think that they [tax administration staff] are politicised because they are employed by politics” (XK, construction). This sentiment is echoed by another construction entrepreneur from Kosovo who noted: “Completely politicised, in most cases you can see how hiring is done” (XK, construction). Another respondent from the same sector and country estimated that “about 80 % of the administration is politicised” (XK, construction), reflecting a widespread perception that political ties are integral to public sector employment. Similarly, in North Macedonia, an interviewee emphasised the pervasive role of politics in all aspects of the Tax Directorate’s activities: “Everything in the DAP [*Drejtoria e te Ardthurave Publike*, Tax Directorate] is linked to politics. Employment, orders, selection of companies (for inspection), penalties” (NM, transport).

A respondent linked the participation of public administrative staff in political campaigns directly to politicisation, explaining: “As long as the public administrative staff are active in (political) campaigns, they are politicised, since the employment is done by politics” (XK, manufacturing). Another respondent noted: “Yes, some are politicised because they have family [members] within parties” (XK, food processing). Further emphasising the extent of political interference, another respondent (same country and sector) remarked: “They are very politicised because they carry out controls [inspection of companies] based on party affiliations” (NM, manufacturing).

Given this politicisation of staff, the aftermath of elections often brings a wave of personnel changes in public administration, especially when there is a change in government. One respondent from the mining sector in Albania pointed out: “About 50 % of the tax administration staff were changed after the last elections.” (AL, mining). The last parliamentary elections prior to this interview were in 2013 and resulted in a change in government from a Democratic Party-led to a Socialist Party-led coalition. In contrast to the many accounts of substantial politicisation in various sectors, there were a few entrepreneurs who suggested a more neutral environment, less influenced by politics. For instance, an operator in the food processing sector in Kosovo took the view that politics did not play a significant role, stating: “I don’t think that [tax administration] staff are politicised” (XK, food processing). Another interviewee from the same sector echoed this sentiment: “I would not say that they are politicised” (XK, food processing). A third respondent also expressed a more neutral stance, remarking: “Even if there is [politicisation of the tax administration], I don’t see that in my business” (NM, manufacturing).

Implications of Tax Administration Politicisation for Companies' Performance and Survival

Highly politicised tax authorities provide opportunities for politicians to engage in bribery, to protect certain (connected) businesses that may be supportive of the incumbent party or be willing to offer bribes, or to penalise businesses that refrain from doing so or are close to the opposition. For example, a manufacturing entrepreneur in North Macedonia highlighted the close ties between politicians and businesses, stating: "A large share of businesses try to operate illegally or in collaboration with politicians. Therefore, through the DAP, politicians try to protect their businesses or eliminate competitors" (NM, manufacturing).

One company manager operating in the manufacturing sector in Kosovo asserted: "Yes, there are cases where companies have connections with and support from politics and benefit from favours" (XK, manufacturing). Another respondent from Kosovo highlighted: "Those who have connections with politics solve their problems quickly" (XK, food processing). A further respondent in the same sector noted: "Everything is politicised. Everything depends on whether you are close to the government, the opposition, or are neutral. Only businesses that are close to government are safe" (NM, construction).

The notion that political favouritism extends to regulatory leniency is reinforced by another comment from the construction sector: "Completely politicised. Firms with party connections are either informed in advance of inspections or are not inspected at all" (NM, construction). A similar view was expressed by a trade sector entrepreneur: "The political support helps (ensure) you do not get attacked by the tax administration. Without political support, you are more exposed" (AL, trade). While an entrepreneur from Kosovo told us: "There are companies that have support from the political entity, there are some that have never even had a single formal visit from inspectors" (XK, construction).

Indeed, some companies that need the tax administration to provide them with a service, most notably a tax rebate, have to rely on political connections. Our semi-structured survey provided greater insight on this issue. Companies operating in different sectors in Kosovo and North Macedonia emphasised the importance of links or ties to politics (or politicians), with comments such as: "There have been cases of reimbursement procedures going much faster for companies linked to politics, sometimes within a month, while I had to wait two years" (XK, construction) or: "Everything depends on the connections that the enterprises have with politics" (NM, transport).

Some respondents emphasised the importance of connections more generally, without explicitly linking them to politics. “In general, companies with secondary ties are favoured” (XK, food processing), or: “I don’t know about others, but I receive warnings from people that I know in the inspections sector” (NM, mining), reflecting the crucial role played by informal networks. Another respondent emphasised that companies rely on personal networks to secure VAT reimbursements: “To get VAT reimbursements you certainly need connections” (NM, mining), further underlining the dependence on personal networks.

In addition to personal and/or political connections (both of which are needed to enjoy protection from inspections or quicker VAT reimbursements, as highlighted above), bribes also appear to be crucial for some interviewees. One respondent reported that “unnecessary delays are irritating; to speed up the procedure you are forced to provide favours” (XK, construction). Another interviewee provided the following response: “There are many delays when you apply for a VAT reimbursement. Problems are solved only when a percentage is paid [...]. Otherwise, it’s impossible. You apply for VAT reimbursement and end up facing penalties higher than the reimbursement you applied for” (NM, construction). Bribery seems to be the main survival strategy employed by entrepreneurs who are not close to the incumbent party. An entrepreneur from the construction industry (which tends to be highly dependent on politics, also for construction permits), noted: “Very politicised, either you have to be close to the government, or pay a bribe, or disappear as a business” (NM, construction).

However, other interviewees stated that they had not observed such behaviour or that bribes are only necessary if companies engage in tax evasion. For instance: “We pay our taxes regularly, and I don’t think this behaviour exists” (XK, food). “Usually companies pursuing illegal VAT reimbursement need political connections and to engage in bribes. Companies that operate properly [in compliance] don’t need that.” (NM, construction).

Informality, Corruption, and Elections

Corruption is prevalent in the Western Balkans and is also linked to elections, as confirmed by the survey results. Many of the enterprises surveyed reported that corruption is higher before elections. Indeed, almost one third of respondents in the case of Albania and Northern Macedonia, and 18 % in the case of Kosovo state

Table 1: Answer to the question: “When is corruption in government offices most prevalent?”

Question	Albania		Kosovo		North Macedonia	
	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage
a. The last six months before elections	34	31.5 %	23	18.0 %	19	34.5 %
b. Immediately after elections, before the new government is formed	1	0.9 %	6	4.7 %	6	10.9 %
c. Immediately after the new government is formed	4	3.7 %	8	6.3 %	9	16.4 %
d. Two years before/ after elections (halfway through a legislature)	18	16.7 %	10	7.8 %	10	18.2 %
e. Not related to elections	34	31.5 %	54	42.2 %	10	18.2 %
Other or combinations of several options	17	15.7 %	27	21.1 %	1	1.8 %
Total	108	100 %	128	100 %	55	100 %

Source: Primary data/survey designed by the authors.

that corruption in government offices is most prevalent during the six months before elections. A total of 31.5 % of respondents in Albania, 42.2 % in Kosovo, and 18.2 % in North Macedonia see no connection between elections and corruption (Table 1).

Many respondents from the business sector suggested that informal practices increase during election periods. As many as 60 % of the Albanian entrepreneurs surveyed, approximately 30 % in Kosovo, and 40 % in North Macedonia indicated that the best time to engage in informal economic activity is in the six months leading up to elections. In Albania and Kosovo, only a minority reported seeing no connection between economic informality and elections (Table 2).

Previous research on other forms of informality, such as informal construction, has produced similar results. Voters expect lenience before elections, and various governments, on both sides of the political spectrum have acted in line with this expectation (Imami, Lami, and Pojani 2022).

Table 2: Answer to the question: “When do you think might be the best time to conduct informal economic activity?”

Question	Albania		Kosovo		North Macedonia	
	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage
a. The last six months before the elections	65	60.2 %	38	29.7 %	22	40 %
b. Immediately after elections, before the new government is formed	2	1.9 %	12	9.4 %	10	18.2 %
c. Immediately after the new government is formed	0	0.0 %	3	2.3 %	8	14.6 %
d. Two years before/ after elections (halfway through a legislature)	0	0.0 %	0	0.0 %	1	1.8 %
e. Not related to elections	26	24.1 %	45	35.2 %	13	23.6 %
Other/combinations	15	13.90 %	30	23.40 %	1	1.80 %
Total	108	100 %	128	100 %	55	100 %

Source: Primary data/survey designed by the authors.

The Relationship between Tax Administration Behaviour and Elections

As shown in Table 3, no more than 10 % of respondents believe it is more likely that they will incur a fine or be forced to pay outstanding taxes by the tax administration prior to elections. In contrast, more than 20 % of respondents in all three countries believe this is more likely to occur after a new government is formed. Overall, fewer than half of all respondents see no connection between tax inspections and elections.

For many companies, tax behaviour is strongly related to elections. This is also clear from comments made during our semi-structured interviews. Two entrepreneurs operating in the different sectors in North Macedonia highlighted that inspections and controls follow a regular pattern, with “no inspections before the elections” (NM, textile) and “frequent controls [inspections] afterwards” (NM, construction). A similar pattern can be found in Albania, where one respondent stated: “Inspections before the elections are rare, but immediately increase after the elections” (AL, processing).

Table 3: Answer to the question: “When is it most likely to incur a fine or have one’s outstanding tax dues enforced by the tax administration?”

Questions	Albania		Kosovo		North Macedonia	
	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage
a. The last six months before the elections	11	10.2 %	8	6.3 %	5	9.1 %
b. Immediately after elections, before the new government is formed	2	1.9 %	6	4.7 %	6	10.9 %
c. Immediately after the new government is formed	28	25.9 %	26	20.3 %	16	29.1 %
d. Two years before/ after elections (halfway through a legislature)	23	21.3 %	4	3.1 %	19	34.5 %
e. Not related to elections	25	23.1 %	63	49.2 %	8	14.6 %
Other/combinations	19	17.6 %	21	16.4 %	1	1.8 %
Total	108	100 %	128	100 %	55	100 %

Source: Primary data/survey designed by the authors.

One reason why tax inspections decrease before elections is that political parties are seeking to be more attractive to voters, as confirmed by one construction entrepreneur from North Macedonia: “To make itself more attractive during elections, the party reduces inspections before elections” (NM, construction). The aim may be to gain favour with companies, thereby appealing to potential voters in two ways: on the one hand, by not inconveniencing them with inspections, while on the other, (indirectly) allowing them to benefit from reduced monitoring and enforcement, facilitating tax evasion (given the high diffusion of fiscal evasion in the region), and thereby increasing their real profits.

It appears that fewer tax authority controls before elections are also linked to pressure for votes as well as to bribes, as illustrated by one respondent: “Before the elections, there are pressures for votes and cash” (AL, trade). Some respondents confirmed that certain larger companies, with large numbers of employees, are persuaded or pressured to influence their employees to vote for the incumbent party. Fearing that fines could influence election outcomes, the “Pro-Export Albania” association even requested that the Central Election Commission suspend business inspections for four months before the 2021 parliamentary elections (Imami, Pugh, and Lami 2024).

Interestingly, one interviewee from North Macedonia highlighted that “businesses which are close to the government usually engage in lobbying activities and pressure (their employees) so that the same party stays in power” (NM, trade), while another interviewee from the same sector and country expressed a similar view: “[...] large companies are generally close to the government and they know that if the government goes, they lose business” (NM, construction). Indeed, in some sectors, most notably mining and construction, business success depends on access to permits/licenses, for which a good relationship with the incumbent is crucial. Without such connections, businesses risk being pushed out of the market.

One of main reasons why tax inspections decline before elections might be that tax inspection staff who are politically affiliated are busy with election campaigns, as illustrated by the entrepreneurs we interviewed. One entrepreneur from the construction sector in Kosovo highlighted that “[d]uring elections [inspections] are reduced because they [inspectors] are busy with the elections and not with their assigned duties” (XK, construction). A similar view was expressed by another entrepreneur operating in the same sector and country: “During the elections they are reduced because there are officials that go out (to participate) in campaigns” (XK, construction). Indeed, only a few entrepreneurs state that they do not see any difference in tax authorities’ behaviour related to elections, as illustrated by comments by two entrepreneurs from North Macedonia and Kosovo: “Tax inspections are not related to elections” (NM, textile); “I don’t think that inspectors’ visits are connected to elections, there are no differences” (XK, construction).

Discussion and Conclusions

In line with a general tendency across emerging and developing economies, corruption is a major challenge for the Western Balkan countries. Although corruption can be related to past socio-economic and institutional factors, it is not a constant; its intensity varies, influenced by social, geographical, and economic factors, as well as political developments –in the case of this study, elections. Before elections, we observe increased corruption, which is also reflected in various informal/illegal activities such as fiscal evasion and informal construction. In aspiring democracies, like those in the Western Balkans, corruption/bribery alone does not fully explain such emerging informality trends. Such practices can be motivated by clientelism, which is central to social organisation in many developing and transitional economies, including those of the Western Balkans. In neo-patrimonial systems, power is maintained through personal loyalty between patrons, like politicians, and their clients. Tax authorities appear to be highly politicised and their behaviour towards businesses is influenced by the political connections that businesses have. Political

power is secured by offering benefits, which are distributed to clients. That may imply preferential or selective treatment in general and especially before elections, specifically in the context of business inspections by tax officials.

Research findings also show that incumbent politicians may relax tax enforcement to increase their appeal to voters before elections. This has resulted in higher expectations of being able to engage in informal economic activity prior to elections – 60 % of the Albanian entrepreneurs surveyed, 30 % in Kosovo, and 40 % in North Macedonia responded that the best time to conduct informal economic activity is during the six months before elections. In addition to lower fiscal compliance (Imami, Pugh, and Lami 2024; Lami et al. 2021), extensive informal construction before elections has been documented in the past (Imami, Lami, and Pojani 2022). Around elections, forbearance may allow political actors to apply rules more leniently, helping wider groups access resources they would otherwise be denied and thus enabling companies to engage in fiscal evasion, providing them with direct benefits. This practice can act as informal redistribution, allowing politicians to gain votes by supporting certain groups without explicit financial costs (as opposed to lowering tax rates, which requires approval by parliament and is more likely to be subject to media scrutiny) (Lami and Imami 2019).

On the other hand, research findings show that many tax authority employees actively participate in party campaigns, diverting their attention from their official duties. From this point of view, lower fiscal enforcement is not an objective per se but rather a consequence of the limited available human resources (e.g. to conduct field inspections). Another factor behind lower tax enforcement might be corruption (e.g. bribe), which is something that may increase prior to elections. Indeed, research shows that some tax inspectors were incentivised to take more bribes during this period – either to finance election campaigns or to secure their financial stability in case of job loss after the elections. In highly politicised public sector administrations, staff turnover is particularly high during political transitions. These motives and mechanisms are not mutually exclusive but rather complementary, and what they have in common is the politicisation of the inspection process resulting from the politicisation of the administration staff (Imami, Pugh, and Lami 2024; Merkaj and Imami 2025).

This politicised behaviour can result in increased fiscal evasion and reduced tax performance during election cycles, a trend already observed in the region. Such tax authority behaviour distorts both economic performance and political competition, and also results in increased public debt (Lami 2023). Of the three Western Balkan cases studied, Kosovo appears less susceptible to political manipulation than Albania and North Macedonia. This could be attributed to significant support and oversight from the EU and other international institutions, strengthening Kosovo's institutions after the 1998/99 war.

Though this study focuses on the Western Balkans, its findings may apply to other young democracies and postcommunist economies. However, the study's

limitations, including the small survey sample – particularly in North Macedonia – and the focus on just three countries, raise questions about its broader applicability. Despite these constraints, the use of both the structured survey and semi-structured interviews adds depth, reinforcing earlier econometric studies that link corruption, clientelism, fiscal evasion, and elections. While our survey was conducted in 2015–2016, recent studies confirm the widespread use of corrupt, clientelist, and informal practices in general, and in relation to elections in particular (Imami, Lami, and Pojani 2022; Imami, Pugh, and Lami 2024; Ivanović, Uberti, and Imami 2023; Merkaj et al. 2024), thereby supporting the findings of this paper.

The political and institutional landscape in the countries under scrutiny here has recently undergone changes, especially in Albania. Since 2017, Albania has been implementing a vetting process to reassess the integrity, ethics, and competence of judges and prosecutors. This process has exposed widespread corruption. More than half of the officials evaluated were dismissed due to past misconduct, highlighting a long-standing system of evasion within the judiciary (Jusufović 2023). Additionally, the Special Structure against Corruption and Organized Crime (*Struktura e Posaçme Kundër Korrupsionit dhe Krimet të Organizuar*, SPAK), which was established as part of a reform of the justice system, has played a significant role in combating corruption.⁶ Similarly, high-profile cases of corruption have also been dealt with in Kosovo and North Macedonia, with the arrest of former key politicians.

The justice reform in Albania, which has been considered a *sui generis* process, is also expected to impact election-related corruption. A Task Force, monitoring mechanisms, and a reporting platform were all launched by the aforementioned SPAK to prevent electoral crimes ahead of Albania's parliamentary elections in May 2025. A dedicated working group oversaw public funds to prevent misuse. These efforts align with SPAK's Strategy for the Investigation and Prevention of Electoral Crimes for the 2025 Parliamentary Elections.⁷ The indictment of high-profile politicians is expected to contribute to reducing widespread corruption in general, and election-related corruption in particular. Progress in addressing corruption would not only facilitate the Western Balkan countries' accession to the EU but also attract greater foreign investment by aligning legislation with EU standards.⁸ It would be interesting to follow up this study with research into how election-related tax

6 Dyrnishi, Arjan. "Albanian Security Barometer: National Survey 2020." Friedrich Ebert Foundation, Tirana Office, and Center for the Study of Democracy and Governance, Tirana. May 2022. <https://csdgalbania.org/wp-content/uploads/2022/06/ASB-2022-ENG.pdf> (accessed 8 July 2025).

7 "SPAK Takes Measures to Implement a Dedicated Strategy against Electoral Crime." *Tirana Times*. 29 January 2025. <https://www.tiranatimes.com/?p=155109> (accessed 8 July 2025).

8 "Albanian Premier Faces Tough Year Ahead of Elections." Oxford Analytica Daily Brief. 8 April 2024. <https://dailybrief.oxan.com/Analysis/DB286244/Albanian-premier-faces-tough-year-ahead-of-elections> (accessed 8 July 2025).

evasion practices are evolving in the context of the extensive institutional changes taking place in the region.

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