

**TRADERS OF THE CENTRAL BAZAAR IN ASTANA: A
PERSPECTIVE ON MOTIVES AND SOCIAL NETWORKS**

**АСТАНАДАҒЫ ОРТАЛЫҚ БАЗАР САУДАГЕРЛЕРІ: СЕБЕПТЕР
МЕН ӘЛЕУМЕТТІК ЖЕЛІЛІРГЕ КӨЗҚАРАС**

**ТОРГОВЦЫ ЦЕНТРАЛЬНОГО РЫНКА АСТАНЫ: ВЗЛЯД НА
МОТИВЫ И СОЦИАЛЬНЫЕ СЕТИ**

by

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Abstract

This MA thesis focuses on the Central Bazaar traders in Astana that were recruited via convenience and snowball sampling. The goal of the research is to investigate the reasons for becoming a trader, identifying factors that lead to the decision to become a trader, and the role of social networks in traders' lives. In this paper I employ the bottom-up approach to research informal markets as opposed to macro perspective and thus I focus life stories of traders. The research fills the gap in the literature of informal markets by addressing the relationship between one's motives and social networks in trade.

As a result of semi-structured interviews and observations I found that traders' motives have decisive effects on the establishment of social networks and on the evolution of social networks over time as well as on traders' perceptions of success and failure. On the one hand I found that highly extrinsically driven traders are better off by establishing strong social networks, which often times evolve into unconditional social networks. This is due to the fact that strong social networks provide traders with the feeling of security and stability. Strong social networks over time, however, become less complex and turn into two-dimensional connections. On the other hand, highly intrinsically driven traders often times fail to establish meaningful social networks due to individualistic approach of doing trade and no desire to cooperate and commit to networks. Traders who are motivated by a combination of extrinsic and intrinsic rewards, in turn, establish vibrant social networks that tend to be flexible. To put it differently, they alternate between strong and weak social networks and thus achieve double safety nets that help them for the establishment of a more successful trade.

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Traders of the Central Bazaar in Astana: A Perspective on Motives and Social Networks

Introduction

The collapse of the USSR led to transformations in various spheres of its former states as well as in states that were under the Soviet influence. On the one hand, the Soviet demise brought hope that the former Soviet states will adhere to democratic principles and open up economically towards other states (Rumer, Sokolsky, and Stronski 2016). On the other hand, since the USSR collapse was not predicted, many people of the former Soviet Union experienced many emerging issues in their lives and thus did not welcome the changes (Shevchenko 2009). Despite these opposing views on the Soviet collapse, the post-Soviet states have undergone through various transformations, such as shifting from command to market economy and moving away from socialism to democracy. These transformations, however, were accompanied by various difficulties that deeply affected not only power politics within each state and regionally, but also daily life of ordinary people. In this respect, changes for ordinary people merit more elaboration. In particular, people experienced deterioration in living conditions, rampant unemployment, negative social mobility, and vast shortages in goods (Volkov 2002; Shevchenko 2009; Oushakine 2009). In this context people treated their lives as a constant struggle condition that one needs to navigate through (Shevchenko 2009). In order to meet ends to their lives many people took refuge in informal economy, more specifically, in a petty trade (Kaiser 1997; Werner 2004). Many predicted that with the improvement in the economic circumstances and development people will switch from informal activities towards more formal ones, i.e., switch from informal economy to official employment (Vidritskaya 2006). Nevertheless despite the fact that more than twenty years has passed from the Soviet collapse, many people still engage in trade, including street vending, in the USSR successor states. In this research I specifically focus on

trading activities at the Central Bazaar in Astana and try to seek for answers on why people engage in trade. I attempt to investigate traders' life, how they make sense of the current market situation as well as traders' outlook for the future.

Motivations for the Study

When I moved to Astana as a primary school student I resided with family near the Bazaar, which was at that time located at the intersection of Seifullin and Ualikhanov streets. Thus my introduction to the city started from learning and observing the bazaar life. The city and the Central Bazaar itself were alien to me and seemed magnificent in size as the village I was born at is very small and has limited markets, which are not referred to as bazaar. In order to save some time I crossed the Bazaar six times a week on my way to school and on my back home. Each time in the early morning regardless of weather conditions I witnessed traders bringing their goods via metal pushcarts and unpacking big bags on the metal racks that neither protected from the sunlight nor from the wind. I always wondered why people at the bazaar decided to trade because trading seemed to me as a very hard activity to engage in, especially during harsh winter and rainy days in Astana. I was also interested why people did not switch from trade as I observed the same people nearly every day for two years. After my family moved to a different part of the city my contact with the bazaar became very limited and later the Central Bazaar was moved to outskirts of the city.

When I was choosing a topic for thesis, however, my memories brought these questions back. My initial starting step in thesis journey has started from asking the question why bazaar in Astana has been relocated to a different part of the city. I was also interested if the same trend continues in different cities within Kazakhstan and in the Central region as a whole. In particular, the Central Bazaar in Astana was previously located at the intersection

of Ualikhanov and Seifullin streets and later relocated to Alash tas zholy.¹ The change in the bazaar location in this case could be explained via the “civilizing” mission of the state (Spector 2008). This is because bazaars often times lack proper sanitation, infrastructure, and are also characterized by petty crimes. In this respect, the relocation of bazaar is used as state’s attempt to control and eradicate existing problems of bazaars. For instance, in the case of the Central Bazaar in Astana the state gentrification resulted in roofing of the bazaar (Bissenova n.d., p. 20). Moreover, the literature on open-air markets and bazaars also points out the fact that the idea of modernity does not accommodate for the presence of bazaar in highly visible social places. Modernization in this case refers to state’s attempt to make bazaars in-line with modern era and thus legible for transformations (Spector 2008). In this respect, bazaars seem to be replaced by modern shopping malls also widely known as trade and entertainment centers (Jäger 2016, p. 182). In more practical terms, however, the relocation of bazaars can be explained via the bazaar growth with respect to the increasing population’s demand. In the case of Astana, the population increased dramatically, which might have led to the bazaar’s expansion, and thus the bazaar eventually was relocation to a new place that granted possibility for bazaar to unfold and grow.

After researching this peculiar topic, I decided to adhere to research bazaar, informal economy in general, and most importantly traders who operate at bazaars. In particular, I decided to research traders’ activities and decision-making in their trading activities. There are different types of markets, such as shopping and entertainment centers, bazaars, open-air markets, and the collection of haphazardly organized street vendors. In this paper, however, I narrow the scope of my research by focusing only on the Central Bazaar in Astana. Despite this demarcation of boundaries of my research I believe that my research findings are

¹ Historically bazaar was near the city center, but suddenly the location of the Central Bazaar started to disturb many with Astana’s elevation in status to a capital of Kazakhstan. For more information on this topic refer to Alima Bissenova’s (n.d.) *The Fortress and the Frontier: Mobility, Culture, and Class in Almaty and Astana* (forthcoming publication).

applicable to other bazaars both domestically and internationally as well as for informal markets literature in general.

Unlike other researchers I do not focus on property rights, power dynamics, hierarchy, elites control over markets, and patronage politics (Spector 2009) of the bazaar economy. Neither do I focus on gender dynamics of informal markets (Werner 2004), the extensive history of bazaar emergence (Hohnen 2003), nor illegal, illicit, and shadow parts of economy as mostly economists do (Vidritskaya 2006). Although each of aforementioned topics is important in its own right, I believe that literature on these topics is already vibrant. In this respect I rather focus on the livelihood of traders, their concerns, their personal histories, and viewpoints on current situation. This is because traders' personal experience is unique and is constantly changing on a daily basis, that is, traders' life stories always shed new light on ongoing changes and issues of informal markets. I do focus on the role of the government only to the extent it is mentioned by the research participants. There are also some negative connotations and stigma associated with trading that stems from the Soviet times (Kaiser 1997; Bernabè 2002; Hohnen 2003; Polese 2014) that I do not investigate either.

For many people traders' life and activities are enigmatic due to their limited knowledge about traders. The contact with traders for many people occurs during their visits to bazaars to purchase some goods and when the face-to-face bargain takes place, and thus leaving traders' livelihood unknown for the majority of people. Therefore I attempt to address the questions that would improve our knowledge about traders as a social group. Why did traders decide to become traders in the first place? How do traders live and operate in daily life? Why traders do not switch to other types of job? Do traders even have possibilities to change their occupations? These are the questions that I address in this research and in doing so I want to share traders' accounts on ongoing issues. Thus, in this paper I employ the

bottom-up approach to research informal markets as opposed to macro perspective such as power politics, elitism, or shadow economy of the informal economy.

Key Concepts

In this subsection I focus on core concepts of my thesis. In particular I attempt to conceptualize key concepts that are further used in the paper, such as informal economy, shuttle trade, social networks, and trust. As a result of providing clear definitions of key terms I avoid any ambiguity and misconceptions that might have been driven by competing definitions of the aforementioned concepts. I rather forge my definitions based not only on the literature of informal markets but also deduce conceptualization from the fieldwork with traders at the Central Bazaar in Astana. I believe that these definitions of key concepts help me in articulating research findings in the subsequent chapters.

Informal Economy

Traditionally the study of informal markets in the Soviet and post-Soviet context was highly interrelated with illicit activities (Kaiser 1997; Bernabè 2002; Sik and Wallace 1999; Chen 2007). This was due to the fact that informal economy was neither state planned nor state driven (Bernabè 2002). In this respect informal economy was treated as going against socialist ideals and received negative responses from the state. Furthermore, informal economy was also related with illicit activities (Sik and Wallace 1999). Although the latter view is often far-fetched from reality, the immediate period after the USSR collapse contributed and cemented this perspective due to “unlawful” business establishments being supervised by mafia and racket groups.² Despite these views on informal economy, I do not necessarily find the relationship between informal economy and illicit activities based on my

² Refer to Vadim Volkov’s (2002) *Violent Entrepreneurs* for further information on the relationship between informal economy and mafia based on the case of post-Soviet Russia and Alena Ledeneva’s (1998) *Russia’s Economy of Favours: Blat, Networking and Informal Exchange* and (2006) *How Russian Really Works* on the importance of *blat* in Russian economy.

research findings. As a starting point, I derive my definition of informal markets from

Sassen's (2001) definition of informal activity as quoted in Karrar (2013, pp. 461-462):

[Informal work] encompasses work that is basically licit but takes place outside the regulatory apparatus.... In other words, this is work that could have been done in the formal economy, unlike the criminal activities.... Government regulations play a particularly important role in the rise of informal production because of the costs that they impose on formal business through their various licensing fees, taxes and restrictions.

To put it differently, informal activity is not necessarily illicit by definition. Rather informal activity is licit, though does not necessarily comply with state regulations (Bernabè 2002). Criminal activities differ from informal work in this sense by the existence of laws, which go against criminal actions. In this respect the imposition of regulations by state delineates the differences between formal and informal activities. Based on Sassen's definition of informal work, one can extend the definition to informal trade as part of informal work as "licit economic activity evading state regulatory frameworks" (Karrar 2013, p. 461). Based on previous conceptualization of informal work and trade, I firstly define informal markets as the ones that are not necessarily performed with respect to state regulations or with limited state regulation that leads to the emergence of informal market activity. By extension, informal market activities refer to the activities that are performed in order to evade state regulations, in this research by traders. In particular, research participants claim that they do not necessarily pay taxes as one should with respect to state regulation. On the one hand, traders tend to underestimate their income as to pay the minimum tax income and earn more income for them in its immediate context. On the other hand, some traders overestimate their income in order to get higher pension when they retire, which corresponds to long-term strategic thinking.³ Some traders also pointed out the fact that they do not pay taxes on their own and rather utilize already registered individual proprietorships of other

³ In the Kazakhstani law on pension a person can choose any consecutive three years since 1995 as the basis for their pension that is paid on a monthly basis after a person retires. The details of the law can be found on the official site of the Unified Accumulative Pension Fund (<http://www.enpf.kz/ru/uslugi/budushchim-pensioneram/iz-chego-skladyvayutsya-vyplaty/>).

traders. That is, some traders pretend to be sellers rather than being individuals who organize trading establishments and occasionally avoid income taxes altogether. Thus, based on my findings, traders do not necessarily comply with state regulations.

Traders also often treat state regulations as given, implying the fact that traders do not actively negotiate for changes in regulations but rather accept the regulatory environment as it exists. Moreover, traders find the presence of regulations in their trading places as negligible or weak, meaning that the presence of the state is very limited. As interviewees claim, the state presence is not observed at the Central Bazaar in Astana and the only thing that reminds of state is the office for filing taxes. As a result, traders seize the opportunity of limited state presence in order to establish own way of doing business, which is perceived as informal but not necessarily illicit. The only regulating agency at the Central Bazaar is considered to be the Bazaar administration that follows the rules of opening and closing time for traders and their use of public spaces.⁴ In this case, bazaar administration is not equated with state, as the administration does not regulate traders' market activity directly. The bazaar administration's existence can be explained and justified via the institutionalization of trading places, that is, regularly appearing practices, rather than its connection with state regulations (Sik and Wallace 1999, p. 706). To put it differently, the administration of Bazaar is the agency that helps to organize trading places and scrutinize everyday practices, the existence of which does not necessarily lead to the presence of the state or its interference to traders' daily life at the Bazaar.

In this respect it is also important to point out that informal market activity is not static. That is, one can switch from informal to formal market and *vice versa*. Traders claim that they tend to navigate through regulations in either formal or informal way with respect to

⁴ For further discussion of public spaces and public space use in trade refer to Polanyi's (1944/1957) *The Great Transformation* and Rekhviashvili's (2015) *Marketization and the Public-Private Divide*.

their external conditions and their eagerness to put more effort into circumventing regulations. This fluidity and dynamic nature of traders' decision-making enables traders to alternate between informal and formal realms, which are not always clearly delineated. As a result, it is beneficial to treat informality as a continuum (Sik and Wallace 1999, pp. 707-709). This is because the "continuum of informality" helps to better understand traders' behavior in different environments and their alternations between different practices related to their market activities (Sik and Wallace 1999, p. 707). Aforementioned institutionalization of trade can also be viewed in terms of a continuum due to its gradation in organization. For the purpose of this research, however, it is sufficient to say that some degree of institutionalization is necessary for informal markets to emerge.

Shuttle Trade

The next term that needs more clarifications for the research is shuttle trade. The term "shuttle trade," also widely referred to as a suitcase trade, refers to the case when people travel to particular places to buy goods in order to resell bought goods in different places (Spector 2009, p. 73). As the term implies, people used their suitcases to transport goods that were sold later. Shuttle trade has two variations, though the substance of each variation is the same. On the one hand, shuttle trade might involve crossing borders for buying goods (Kaiser 1997; Spector 2009). For instance, petty traders cross the border from Belarus to Lithuania to buy goods that are scarce locally on a casual basis (Sasunkevich 2014, p. 135). In the case when traders cross borders one may identify them as "tourist traders" due to the fact that traders often get tourist visas to justify their border crossing activities (Kaiser 1997; Hohnen 2003). On the other hand, shuttle trade does not always involve crossing borders (Nasritdinov 2006; Spector 2009). Rather traders might buy goods domestically within borders of one state. For instance, traders from Osh and Kara-Suu Bazaars often buy their goods from Dordoi wholesale market and sell them at the aforementioned retail markets (Nasritdinov 2006). As a

result, the former case of shuttle trade can be treated as international one due to traders' operation across two or more states' borders, while the latter one is domestic due to the fact traders operate within their domestic state (Spector 2009). Despite this difference the underlying rationale in both cases is the reselling of goods for some margin of profit. Therefore in my research I address both types of shuttle trade, that is, my interviewees engage in both domestic and international shuttle trade. At the domestic level some traders from the Central Bazaar in Astana tend to buy goods from Almaty and resell them at slightly higher price margins upon their return to Astana. At international level traders prefer going to Dordoi bazaar in Kyrgyzstan, Urumchi in China, and Osman Bey in Turkey depending on the accumulated capital and time constraints. As a result, in this research I focus on shuttle traders who operate both within and outside of Kazakhstan. Although there are different types of traders involved in informal trade, such as street vendors and sellers, I solely focus on traders who operate at the Central Bazaar in Astana and own business rather than work for someone as sellers. This is because traders who own business have in-depth understanding on the way of organizing and running trade business in comparison to sellers who might have rather limited understanding of these activities.

It is also important to point out the fact that some traders at stake self-identity as entrepreneurs rather than traders. According to these research participants, they are not simply sellers but rather individuals with organizational skills who are not scared of embracing risks; they do not obey someone's orders but rather assume power and manage their business ventures on their own. This self-identification as entrepreneurs and their characteristics is consistent with the literature on entrepreneurship. Entrepreneurs are often identified as individuals who are highly motivated to succeed, not afraid of taking risks, and act innovatively in order to achieve their goals (Stewart et al. 1998, pp. 203-204). Although this description provides useful insights about entrepreneurs' activities, in this research they

are still referred as traders. This is because the term entrepreneur is not specifically tied to informal markets. Instead, the term trader immediately drives this connection with informal markets and more specifically with trade. Furthermore, the term trader is not equated with being a seller in the literature on informal trade and there is no potential confusion possible from using the term trader. Thus, traders still exhibit characteristics of entrepreneurship and fit the definition of entrepreneurs, but the term trader exhibits connection with informal markets more vividly in comparison to entrepreneurs. As a result, in this paper I refer to research participants as traders due to their connection with informal market activity as they operate exclusively as shuttle traders of the Central Bazaar in Astana.

Social Networks

Another key concept that needs careful discussion is social networks that falls under the more generalized term of social capital. Although there are contested definitions of social capital (Bourdieu 1986; Coleman 1988; Putnam 1995), I adhere to Bourdieu's (1986, p. 51) definition of social capital that Bourdieu defines as:

[...] The aggregate of the actual or potential resources which are linked to possession of a durable network of more or less institutionalized relationships of mutual acquaintance and recognition [...] which provides each of its members with the backing of the collectively-owned capital [...].

According to Bourdieu's definition, social capital is essentially a type of relationship that one employs for own benefits but at the same time owes to each member of the network as well. This implies the fact that some degree of reciprocity is essential for the functioning of social capital. Moreover, social capital necessitates some level of institutionalization, that is, organization is vital for functioning of social capital as otherwise no contact could exist or survive among its members over time. Based on this understanding of social capital I define social networks as an individual's web of connections with others that act as safety-nets, mutual reciprocity obligations, and support mechanisms (Kuehnast and Dudwick 2004; Nasritdinov 2006; MacGaffey and Bazenguissa-Ganga 2000). In this respect it is important to

point out that social networks are better understood as web of relationships rather than simply relationships, because the latter might be two-dimensional whereas web is multidimensional in its nature. This is especially important as traders do not necessarily establish two-sided connections but rather try to forge various complex sets of relationships as to offset risks and unexpected calamities that could happen in respect to their trading activities. Furthermore, one can also treat social networks as social assets due to the fact that social networks are used as tools to initiate or achieve desired actions in the same of need, for instance, getting desired products or raising capital in precarious conditions (Nasritdinov 2006). There are various types of social networks, such as family and relatives based networks, ethnicity based networks, friendship based ones, and business partnerships, which are discussed in more details in chapter 2 on Social Networks.

Trust

Trust is another important key concept that is central to my research. In the simplest way trust is conceptualized as one's confidence in something (Sztompka 1999; Kuehnast and Dudwick 2004). There are various types of trust identified in the literature, though one may argue that trust has two main types, which are social and institutional types of trust (Harding 2008; Tan and Tambyah 2011; Kong 2013). Social trust, also widely referred as interpersonal trust, in its turn, is further divided into personalized and generalized trust types, in which the former is characterized by in-person knowledge of a person while the latter involves people an individual does not know directly or did not encounter at all (Tan and Tambyah 2011). Institutionalized trust refers to one's trust or mistrust into state and its institutions and is also known as political trust in the literature (Harding 2008; Kong 2013). Political trust is not directly addressed in this paper due to traders' limited reference to institutionalized trust, though traders tangentially touched upon this topic when describing the economic conditions in Kazakhstan as a whole and future prospects of trade. Furthermore, trust can also be divided

into thin and thick types based on knowledge, i.e., the source of trust or mistrust (Hosking 2014). In this respect, trust can be thick when it is supported by specific knowledge, assured by various means, such as laws, strong institutional performance, or personal experience. Thin trust, on the other hand, is not necessarily supported by a specific knowledge or is rather based on limited knowledge. In this research I focus mostly on social or interpersonal trust. This is because research participants discussed trust in relation to other people who they know either personally or based on their contacts. To put it differently, trust could be understood as being rooted in one's networks due to the fact that trust is cultivated over time with people's interaction. That is, in theoretical categories interviewees either discussed personalized or generalized trust in accordance to their lived experience. Many traders in the sample did not focus on the institutional type of trust. It is also important to point out that many research participants treated trust as the basis for establishing social networks and for successful performance of trade.

Research Site

The research site for the project is the Central Bazaar in Astana. I have chosen this research site because the Central Bazaar is a major market place in which petty traders operate. In addition, the Central Bazaar is structured around different types of goods, i.e., clothing, food, and toys are sold in different parts of the market. This divided structure of the Bazaar is convenient for traders because the gridded structure helps to establish a niche for their trade and in becoming well organized and visible for potential customers. Moreover, this structure of bazaar is convenient for clients as well due to the fact that customers can directly access different parts of bazaar for different purposes. It is also important to note that product division structure of the Central Bazaar was advantageous for the research purposes. In particular divided structure of the Bazaar helped me to observe petty traders' daily activities with respect to their specializing sectors, in this case apparel.

The Central Bazaar in Astana is located at Alash tas zholy.⁵ There is a big signboard the “Central Bazaar” (“Ortalyq Bazar” in Kazakh and “Tsentral'nyy Rynok” in Russian) when approaching the Bazaar. There are two areas for parking from the central entrance points - one in front of the Bazaar and to the left side of the Bazaar. There are two two-floor buildings behind the parking areas. Traders at the front building sell various products, ranging from apparel, bags, accessories, pop-corn and food, and mobile phone stores. The building at the left side of the Bazaar has studios (atelier), gold stores, and few cafes. The right side of the Bazaar has empty containers and construction site. The back side of the Bazaar also has parking area, though the entrance from the back side is small in comparison to the central one and is not used often by customers.

At the back side of the front building the Bazaar begins. It starts from apparel. The Bazaar is organized in long rows. Each row has approximately 30 containers (boutiques). I counted 34 rows of apparel. These rows do not have specific arrangements, i.e., male, female, kids' apparel is mixed. After the apparel section, there are rows with shoes and occasional clothing containers. There are 15 rows of shoes. There are also two perpendicular rows of mixed clothing across the bazaar, which do not have containers but rather seem to be movable racks and tables with no roof. I conducted my fieldwork in the section of the bazaar that specializes on selling apparel.

The right hand side of the bazaar has some cafes, construction site, and stores that sell carpets and everything for feasts. There many containers that sell small products which are not organized around particular type of good (such as apparel) commonly known as “1000 trifles” (“1000 melochey” in Russian), i.e., stores that sell small products that do not cost a

⁵ Previously bazaar was located at the intersection of Ualikhanov and Seifullin streets until 2008. The old bazaar remains idle for the most part, except for street vendors selling goods outside the area of the old bazaar. Starting from late April of 2017, the LLP Constructive-A company is planning to start construction of a residential complex at the territory of the old bazaar.

lot. At this section of the Bazaar I noticed many idle containers stocked on each other. There are also toy selling containers, though their number visually seems to be very limited.

Methodology and Sample

My thesis is based on the fieldwork conducted at the Central Bazaar in Astana during the fall of 2016. In particular, I carried out observations and 11 semi-structured in-depth interviews with traders for this research. In this respect triangulation of data collection helped me to obtain rich data for the analysis. Since I had no connections with traders prior to this project, I adhered to convenience and snowball sampling techniques and asked traders to share information about their livelihood as traders as well as to refer to other fellow traders to contribute to the research. Initially I piloted interviews in Kazakh and Russian languages as to ensure clarity of my interview guide and after that proceeded to the data collection process. Interviews were conducted in either Russian or Kazakh languages in informal settings, mostly when there were no many customers, though nearly all conversations were suspended and continued shortly after clients left. The informal setting, which was either trader's container or a café, for the interview helped to provide comfortable atmosphere for the research participants as to encourage them to share in depth answers. Interviews lasted around 40 to 60 minutes and were not audio recorded as to ensure rapport with research participants. I took notes during interviews and notes on my observations with interviewees' permission. Informed consent was delivered verbally to as to avoid having papers that could have potentially deterred research participants from giving interviews and disrupted connection with the researcher. I took notes of my observations when I was invisible to traders, mostly in the secluded construction area of the Central Bazaar as to avoid being conspicuous for traders and eliminate potential problems with rapport. I also used this time to complete my notes from interviews. After conducting the initial interview I included additional questions to my interview guide as to address themes and topics that emerged from

interviews. This is because I used concurrent analysis of interviews that allowed me to improve the following data collection, i.e., iterative research process. As a result, each consecutive interview generated more data for my analysis on specific themes raised by interviewees such as motives for becoming a trader, business operation, and hardships of trading business. Furthermore, I conducted follow up interviews with interviewees as to enrich my data and to do the member validation of my findings.

My sample consists of diverse traders who operate at the Central Bazaar in Astana and sell apparel. There are four male and seven female interviewees in my research with their ages ranging from 25 to 65 years old. The first group of traders entered the trading business during the *perestroika* period and still continues working at the Bazaar despite their advanced age. The second group entered trading business from 2002 and onwards and their age ranges from 25 to 36 years old, i.e., I categorize research participants as old-and-newcomers (pre-independence and post-independence or socialist and post-Socialist) to the trading business. This is due to the fact that the time when traders entered business shaped their organization of business and behavior as traders. There are three old-comers and eight new-comers to trade in my research. All interviewees are retail traders rather than simply sellers of the products. That is, research participants are essentially owners of business who undertake the decision-making related to every aspect of their activities as traders.

In order to ensure anonymity for research participants I provide pseudonyms for interviewees and eliminate shared information that could lead to interviewees' identity disclosure. This is because anonymity helps to establish rapport with research participants as well as to obtain truthful answers that are essential for the research. After interviews research participants had chance to look through notes taken by me while interviewing so that interviewees were able to enrich their answers or eliminate information that research participants did not want to disclose. It is also important to point out the importance of

anonymity because information on business organization for traders is very important due to high competition. Thus research participants felt comfortable only when anonymity was guaranteed for them. The following are the descriptions of each research participant that interviewees agreed to share with a wider audience of readers.

Interviewee 1 – Saltanat is a retired 65 years old female. She sells clothing dedicated for elderly women, often of big sizes. She buys her products from Bishkek's Dordoi bazaar in Kyrgyzstan. Saltanat started trading during the *perestroika* period as she was laid off from her scientific job of chemist.

Interviewee 2 – Yevgeniya, 62 years old retired female born in Balkhash. Yevgeniya sells clothing for females of advanced age. Yevgeniya, unlike other traders, directly cooperates with apparel factories in Belarus. Yevgeniya entered trading sector around twenty years ago after getting ill and consequently losing her job as a teacher of Russian language and literature in high school.

Interviewee 3 – Aisulu is a female trader in her mid-thirties who specializes in selling apparel for men. Aisulu buys her products from Beijing and sometimes from Urumchi. She entered trading business in 2002 shortly after graduating from university.

Interviewee 4 – Ruslan is a 27 years old male from Astana who sells male jeans that he buys from the flea market in Almaty. It has been 4 years since Ruslan started trading. Previously he worked as a civil servant in the government sector.

Interviewee 5 – Bota is a 30 years old female who specializes in selling winter coats from the beginning of October until late April. In the remaining time Bota sells female cocktail dresses. Bota currently purchases her products solely from Istanbul's Osman Bey Market in Turkey. Bota is trading since 2009 after she completed her master degree and worked for short period of time for the Ministry of Justice.

Interviewee 6 – Arman is a 62 years old male. Currently he sells sports clothing that he buys from Dordoi and Almaty bazaars. It was his wife who started trading in the early 1990s but starting from 2006 Arman took her role as a trader while his wife is taking care of grandchildren. Arman is an electrician by training.

Interviewee 7 – Aliya is a 49 years old female coming from Kyzylorda. Aliya sells male clothing that she usually buys from the flea market in Almaty. Previously Aliya worked as seller and decided to start her own business five years ago.

Interviewee 8 – Assem comes from Eastern Kazakhstan. She is 25 years old and specializes in selling kids apparel. Assem buys her products from Dordoi bazaar in Bishkek. Assem is trading since 2012 and prior to that worked as an accountant.

Interviewee 9 – Talgat is around 30 years old, male, and he started trading relatively recently, since summer of 2013. Talgat sells various types of apparel for men that he buys from Almaty and Bishkek. Talgat is a teacher of Kazakh language and literature by training.

Interviewee 10 – Mazhit is a 29 years old male coming from Kostanay. He sells apparel for males that he mostly buys from Dordoi and occasionally from Turkey and China.

Interviewee 11 – Marzhan is a 35 years old female coming from Shymkent. Marzhan specializes in selling winter coats and jeans and T-shirts throughout winter and summer periods, respectively. She is trading since 2008 and previously worked at KAZpost's finance department. She also buys apparel from Dordoi market.

Furthermore, it is also important to point out that despite the fact that majority of the interviewees are females, the focus of the study is not to explore gender dynamics of bazaar economy. Although the issue of gender is important in its own right, I attempt to focus in traders' lived experience in general. The fact that majority of research participants are females might be due to self-selection of interviewees. Moreover, the goal of the research is to focus on meanings that traders attached to their activities, making quantitative approach

less desirable. Thus generalizability of the research is limited in a sense that the sample is not representative and does not adhere to the norms of random selection. Nevertheless, the study is transferable to other similar contexts, such as the flea market in Almaty or Dordoi bazaar in Bishkek and could provide valuable insights for future research in the field of informal economy.

Thesis Organization

In this study I argue that motivations when entering trading sector not only have decisive effect on building social networks for traders, but also shape their perceptions of success and failure. I will firstly focus on traders' motivations for entering the trading business and operating at the Central Bazaar. In particular I review literature on motivations and propose viewing motives as continuum rather than strictly divided categories. This is because participants have multiplicity of motivates and they also tend to change over time. In the second chapter I focus on social networks that traders cultivate for alleviating risks and problems. In particular I focus on family, relatives, ethnicity, and business partnership types of social networks. Based on my fieldwork, I discuss more in details friendship based social networks as well as peculiar case of ethnicity based social networks of Kyrgyz traders at the Central Bazaar in Astana. In the third chapter I explain the relationship between traders' motivations and social networks by focusing on three representative cases: Saltanat, Ruslan, and Bota. Based on three representative cases I find that extreme cases of motivations either limit the prospects of cultivating trust or lead to the solidification of two-dimensional social networks. A combination of various motives aids in establishing the most vibrant social networks that help traders to become successful in trade. I conclude my thesis with the discussion of limitations, relevance of findings to other settings as well as future research possibilities in the informal markets realm.

Chapter 1. Motivations for Trading

In order to become a trader, one naturally has to firstly enter the trading sector. In this regard reasons for becoming a trader are important as motives can be treated as a guiding force in establishing business. Therefore, in this chapter I firstly focus on traders' motivations for joining the trading business. Although there are varieties of motivations for entrepreneurship, including trading sector, outlined in the scholarship, the research up-to-date is unstructured and lacks empirical evidence from Caucasus and Central Asia (Yalcin and Kapu 2008, p. 193). In particular scholarship identifies the following broad categories: extrinsic and intrinsic rewards approach (Boyd and Gumpert 1983; Langan-Fox and Roth 1995; Steward et al. 2003; Benzing et al. 2005; Choo and Wong 2006), push and pull factors (Alstete 2002; Werner 2004; Ipek 2007; Yalcin and Kapu 2008; Sasunkevich 2014; Cieslewska 2014; Polese 2014) as well as willing and unwilling trading motives (Ageev et al. 1995; Botoeva and Spector 2013). I will also focus on Yalcin and Kapu's (2008) integrative approach on motivations research that not only combines the previous approaches but also adds an additional type based on family related motives to trade.

After I briefly review each of the approaches I will situate my research findings on motivations for trading in these schemes and argue that trade entering motives have decisive effects on traders' future behavior in terms of establishing social networks and shaping perceptions of crises, which are discussed in more depth in the following chapters. I will also focus on the fact that flexibility of motivations is advantageous in the case of traders due to the fact that motives are constantly changing with respect to the context one is situated in. Therefore, instead of treating motives in dichotomous view, I propose the continuum of motivations as more fruitful in observing on-going changes in traders' lives and business organizations.

Extrinsic and Intrinsic Rewards

One way to classify reasons for entrepreneurship is to focus on extrinsic and intrinsic rewards derived from such activities as trading in the informal economy. Extrinsic rewards motives are treated as intentions to achieve monetary benefits (Boyd and Gumpert 1983; Langan-Fox and Roth 1995). This monetary benefit in turn could be used for various personal goals that are, nevertheless, related with material gains. Intrinsic rewards, on the other hand, refer to motives that drive entrepreneurs to achieve their personal goals, often intangible ones (Steward et al. 2003; Benzing et al. 2005). Intrinsic rewards include one's desire to achieve and realize own goals, become independent, and to gain public recognition. In this respect, extrinsic and intrinsic rewards are interrelated with the developing and developed economies. Developing economies and the economies under the transitional period are mostly associated with entrepreneurs who seek to gain extrinsic rewards from own activities, i.e., improving material conditions, whereas entrepreneurs in developed economies put more emphasis on intrinsic rewards as to realize own potential, often by avoiding taxation and regulations posed by the state (Bernabè 2002; Aziz et al. 2013). In this context, the Kazakhstani economy similarly to other Central Asian states is in its transitional period (Yalcin and Kapu 2008). As a result, the Kazakhstani traders are likely to be inclined towards extrinsic rewards. Nevertheless, entrepreneurs might be motivated by both extrinsic and intrinsic rewards, such as traders simultaneously looking not only for monetary gains but also achieving independence (Choo and Wong 2006). Therefore one can treat extrinsic and intrinsic rewards as extremes of a continuum, i.e., traders may have a nuanced gradation of motives along the continuum.

Treating extrinsic and intrinsic rewards as a continuum needs further elaboration as the idea of continuum is not widespread in the literature up-to-date. For instance, Choo and Wong, by focusing on the case of Singapore, claim that business owners are both motivated

by extrinsic rewards, such as higher monetary gains, and intrinsic rewards, such as being autonomous and independent from hierarchy (Choo and Wong 2006, pp. 52; 55).

Nevertheless, the extent to which extrinsic and intrinsic rewards overlap and reinforce each other is not emphasized as intrinsic rewards seem to dominate entrepreneurs' intentions, and thus, skew the focus towards the level of development of the economy at stake (Choo and Wong 2006, p. 58). In this respect treating various combinations of extrinsic and intrinsic rewards as continuum escapes the need to focus on the level of economic development. In particular, the dialectic classification of economic development of countries into developing and developed economies as in line with external and internal rewards could be avoided.

Rather the continuum in itself can show the development path within and across economies.

To put it differently, one can assess a country's economic changes via traders' movement along the continuum. Moreover, one can also make a comparison of different economies via the continuum, which might not be necessarily quantified but rather assessed via qualitative approaches as well. As a result, the continuum is fruitful for the discussion of any type of economy and their comparison without their prior classification.

Push and Pull Factors

In addition to extrinsic and intrinsic rewards approach, push and pull factors play an important in shaping entrepreneurs' motives. Push factors are characterized by the financial motives, such as increasing income, as well as contractions in the labor market that incentivize people to look for own employment (Yalcin and Kapu 2008, p. 188). Pull factors, in turn, refer to one's desire to elevate own reputation and independence (Yalcin and Kapu 2008, p. 189). Nevertheless, in reality the combination of push and pull factors affect entrepreneurs' economic and social behavior rather than each of factors having effect on one's behavior in isolation from the other (Alstete 2002). As a result, extrinsic and intrinsic and push and pull factors echo each other. The difference is that in push and pull factors

approach, the emphasis is put on flexibility of activities, which is advantageous in dealing with family matters and thus tend to emphasize female entrepreneurs rather than focus on the level of development of economies as in the extrinsic and intrinsic rewards literature.

The main rationale behind push factors is the need for survival, mostly in monetary terms. With the collapse of the Soviet Union people's economic and living conditions deteriorated, which pushed people to engage in shuttle trade and street vending as there were no other work options available (Werner 2004; Sasunkevich 2014; Cieslewska 2014; Polese 2014). This was due to the economic changes, i.e., shift from command to market economy, and widespread privatization campaigns that lead to the unprecedented unemployment levels (Werner 2004). In this respect people were forced into informal market to compensate for decreased income. Furthermore, those people who remained in previous occupations had to put up with lower salaries than they used to have before (Werner 2004). Doctors and teachers, for instance, were pushed to trade because of low salaries and frequent delays in payment, though they perceived new economic activities as unworthy due to the decline in their social status (Werner 2004; Cieslewska 2014).

At the same time, people also seized opportunities to gain some benefits as well. For example, low transportation costs in close distances allowed people to curb costs of living by occasionally engaging in trade (Werner 2004). Buying and reselling goods in different places also became frequent in close proximities. People used this technique as to buy goods from trade and city centers and brought them to relatively secluded areas (Werner 2004). In addition, it was convenient to trade for some people because of their networks, such as family members living abroad, who could help in obtaining and selling goods (Polese 2014; Sasunkevich 2014; Ipek 2007). The difference in prices and purchasing capacity of people also encouraged to take advantage from trading. People crossed borders to economically less developed states to buy goods due to low prices of goods and resold them for higher prices in

their home states (Sasunkevich 2014). In these cases, the sense of trust and solidarity were important in order to cultivate the feeling of safety that people lacked in the light of the USSR collapse as to ensure functioning of businesses.

Willing and Unwilling Traders

Another way to investigate motives for trade is to look at one's willingness to enter informal markets. With the declining job opportunities in the late Soviet period and early years of independence of the former Soviet Republics, professionals had to look for alternative sources of income by changing their occupations. As a result, people sought to enter areas with least barriers to entry with commerce and trade being the most viable options (Botoeva and Spector 2013, p. 489). Some people, however, tried to utilize previous skills to gain new job opportunities. For instance, people in Kyrgyzstan engaged in crafts industry by utilizing their artisanal skills (Botoeva and Spector 2013, pp. 489-490). On the one hand, the displacement from previous occupations led to the emergence of "unwilling traders" (Ageev et al. 1995; Botoeva and Spector 2013). On the other hand, some people decided to engage in trade with own will rather than being forced due to contracting labor market. To put it differently, people were interested in business and thus willingly decided to quit previous job positions (Ageev et al. 1995, p. 372). In this respect willing and unwilling trading motives are best understood as in line with intrinsic and extrinsic factors, respectively.

Integrative Approach

As it can be seen from the previous discussion, extrinsic and extrinsic rewards, push and pull factors, and willing and unwilling ways of traders all constitute similar approaches to understanding the motivation of becoming a trader, though each of the approaches seems to be developed in isolation and not put into one scheme. Despite this unstructured nature of the motivations for entrepreneurship literature there were some attempts to establish an integrative scheme (Bernabè 2002; Yalcin and Kapu 2008). One of such attempts was Yalcin

and Kapu's (2008, p. 189) categorization of motives into four categories: financial, recognition, freedom, and family tradition motivations for entrepreneurship. Financial reason encompasses one's intention to earn money and achieve financial security (Yalcin and Kapu 2008). Recognition motive, in turn, highlights one's desire to achieve personal goals through self-realization (Yalcin and Kapu 2008). Freedom motivation focuses on traders' willingness to organize business in a desired manner without having any boss and escaping hierarchical nature of formal job positions (Yalcin and Kapu 2008). Family tradition motive focuses on continuing family business, which often passes from one generation to another (Yalcin and Kapu 2008). In this respect, financial motive integrates extrinsic rewards, push factors approach, and unwilling traders. This is because financial is focused on factors that are associated with external pressure to earn money. Recognition motive is similar to intrinsic rewards that works via one's desire to achieve such goals as elevating one's self-esteem and does not necessarily involve external factors. Freedom motives highlight the importance of autonomy and independence, which were not treated as separate category in entrepreneurship motives literature. Rather freedom motive was treated as an integral part of the pull factors and intrinsic rewards. Family tradition motive was not previously addressed and is rather derived from the analysis of Kyrgyz entrepreneurs as representatives of transitional economies of the former Soviet Republics. For instance, the case of Osh bazaar in southern Kyrgyzstan shows that trading was more of tradition and mode of life for many families that starts from childhood rather than just a way of earning money (Nasritdinov 2006, p. 61). Considering this integrative approach, one may argue that the integrative approach towards motives does not fit the motivations literature but rather shows one's available social networks that support the establishment of business, including trade. More details on this issue are provided in chapter 2 that focuses on types, roles, and functions of various social networks.

Findings

When I asked research participants why and how they entered the trading business each of them provided unique personal stories, ranging from escaping poverty to the desire of enriching oneself in a short period of time. Although each trader had a unique story, their experience is consistent with motives identified in the scholarship. Despite being consistent with the previous literature, however, motives of traders' entrance to the trading business cannot be viewed in a dichotomous view, such as external and internal rewards and push and pull factors approaches. I propose to treat motivations as a continuum that is later used in explaining the role of motivations in establishing social networks as well as on the way traders' tackled hardships in their market activities.

Traders who entered business in the late Soviet period, mostly during the *perestroika* period, claim that they were forced going to trade due to financial hardships. This is because *perestroika* was associated with economic reforms that diminished the role of the state in people's everyday life, mainly by allowing economic freedom (Kaiser 1997). This increased economic freedom, however, meant that many people were laid off from their occupations as state no longer secured job positions for people. As a result, people either found themselves displaced from their previous occupations with limited prospects for employment or experienced prolonged delays in payment that forced many to look for alternative sources of income. In this respect it is important to point out that the second economy was always present, even when the Soviet rule was at its zenith (Kaiser 1997; Ledeneva 2006; Spector 2009). In particular, the "second economy," also referred to as informal economy, complemented and compensated deficiencies of the centrally planned formal economy, known as the "first economy" (Kaiser 1997). The magnitude of informal activity, however, increased with the decreasing state grip over the economy that allowed for liberalized

approach of doing business in the post-Soviet space (Chen 2007; Mogilevski 2012; Sik and Wallace 1999, pp. 697-698).

Saltanat, Yevgeniya, and Arman

Interviewees who started engaging in trading prior to the collapse of the Soviet Union indeed claim that they were laid off and experienced delays in salary payment. For instance, Saltanat (Interviewee 1) worked as a chemist in Tselinograd⁶ but was asked to leave her job due to labor force cutbacks.⁷ She could not find any other job due to widespread unemployment so there was no other choice but to trade like many other unemployed people did. That is, with lost jobs people had to find alternative ways of earning money and they found themselves firstly selling things from their home (books, clothing, pickles, etc) in streets. After few attempts for employment, they decided to try their luck in informal market activities in devoting substantial time for such informal market activities as in the case with Saltanat. Similarly, Yevgeniya (Interviewee 2) also lost her job, though the reason to be laid off in her case was due to becoming ill. After this event Yevgeniya also could not find employment with respect to her training as teacher and had to become a trader like Saltanat. In addition, previously unemployed workers also had to join the trading activity as to compensate for the decreased income. For instance, Arman's (interviewee 6) wife previously did not work and had to contribute for the family income due to deteriorating economic conditions, i.e., she was pushed to join the trade. In this respect people who started trading in the late 1980s and early 1990s were forced into rather than willingly embraced trading activity due to unfavorable external factors such as labor market contraction and economic recession. To put it differently, there was very limited choice in finding employment as to

⁶ Tselinograd later became the capital of Kazakhstan and renamed into Akmola and later to Astana. For more information about Astana chronology visit the official site of the Kazakhstani president akorda.kz (http://www.akorda.kz/en/republic_of_kazakhstan/astana).

⁷ Saltanat was asked to leave her job rather than simply being laid off, i.e., Saltanat was encouraged to leave her position "voluntarily" so that she could find another. In general in the post-Soviet space being laid off has strong negative effects for future employment.

earn income and trade became the only viable option for many people who lost their jobs or were forced into finding additional sources of income.

Ruslan and Marzhan

Research participants who entered business after 2000s also claim that they experienced financial problems. However, in this case the labor market was relatively stable and provided them with employment. This is especially apparent from the fact that all new-comers had had jobs previously. They, however, were not satisfied with their salaries and considered their compensation to be inadequate for living. This group of traders, thus, decided to establish own business in the form of trade with the goal of realizing their potential and in becoming independent from their low-paid occupations. For instance Ruslan (Interviewee 4) left his civil service job in favor of trading. As Ruslan puts it, working in civil service is prestigious and there is potential for growth. Ruslan, however, did not want to work for long period of time to get promotion. Rather Ruslan wanted to escape the hierarchy of workplace and become independent from bosses. Moreover Ruslan remains very individualistic in his approach of doing business and does not interact and rely on other traders. Ruslan's initial purpose was to escape the hierarchy of the civil service, earn money by relying solely on himself in a short period of time, and most importantly realize his potential, that is, Ruslan was not struggling with financial difficulties as old-comers to trade *per se* but rather wanted to realize his potential and become more successful financially as a result of his actions. In this respect Ruslan is closer to the intrinsic rewards side of the continuum. Marzhan (Interviewee 11), in comparison to Ruslan, exhibits more pragmatic and balanced approach in becoming a trader. As Marzhan puts it:

I worked at KAZpost a financier [up until 2005]. My [nominal] salary was 30,000 tenge. After working for two years I became frustrated with the fact that I, despite being educated, could not afford anything. I had to economize on everything and frequently asked parents to help me [financially]. Then I simply decided to quit and try my luck in trade. I borrowed money from parents and friends and went to the flea market [barakholka] in Almaty to buy dresses. For two months I sold dresses by going to

people's workplaces and eventually rented a place at the [old] Bazaar. I became my own boss and no longer dependent on my parents. In retrospect it seems so risky but back in those days I was convinced that I am doing a right thing [...].

Interviewee 11 (Marzhan)

As we can see from Marzhan's story, she experienced financial difficulties due to her low salary of just 30,000 tenge in 2005. Thus Marzhan had to rely on her parents' help to sustain her life in Astana. This is consistent with the literature on extrinsic rewards, push factors, and unwilling trading. In addition to her financial difficulties Marzhan felt that she underutilized her knowledge and did not get payment that accurately compensated for her expertise, education, and skills. As a result, one may argue that Marzhan wanted to realize her ambition in her endeavor to establish business via trading at the Central Bazaar in Astana. Thus Marzhan is not only motivated by financial motives but is also motivated by the drive to achieve self-realization. To put it differently, Marzhan's entrance to trade is motivated by complex sets of causes.

I infer that, similarly to Marzhan, other newcomers to trade were motivated by the combination of external factors, such as low salary, and internal drive to achieve self-realization and freedom. Thus in this case Marzhan's life story is treated as a representative point in case. In this respect, based on my interviewees' responses, who currently operate at the Central Bazaar in Astana, motives for trading and in becoming entrepreneurs are consistent with the previous research. Nevertheless, motivations cannot be viewed in the dichotomous perspective. Rather research participants' narratives yield complex set of motivations that have the effect on traders' behavior at the same time. This is because if we recall aforementioned life stories of Saltanat, Yevgeniya, Marzhan, and Ruslan, then one can observe the fact that motivations to enter trading business vary a lot. The former two interviewees were forced into trading due to financial troubles and unfavorable economic conditions as a whole. The latter case with Ruslan shows how some individuals willingly

embraced trade with the goal of self-realization and personal growth. Marzhan's case shows a combination of both internal and external factors that motivated her to join the trading business. This implies the fact one's motivations are multidimensional and have various gradations. To put it differently, the continuum of motives can be understood as the case in which polar opposites are external and internal motives that are connected with varying combinations of external and internal motives. The more a trader is closer to either of the ends of the continuum, the more one of the motives dominates the behavior of a trader at stake.

In addition, it is important to point out the fact that there are differences among old-and-newcomers to trade in their motives when entering the trading business. This is vital due to the fact that their motivations later shaped their behavior and perceptions of success and failure that will be discussed in the following chapters. Traders' motives can be treated as a continuum, i.e., ranging from highly driven by financial motives to highly driven by the sense of individualism, with a mix of these motives in between. In this respect, traders who started their business the late 1980s and early 1990s are mostly driven by financial motives, whereas later incoming traders are more inclined towards achieving personal goals. There are also traders who do not fit either ends of motives extremes, that is, traders who are both driven by extrinsic and intrinsic rewards, which helped them be the most successful in tackling problems due to their flexible nature, which is discussed in more details in chapter 3.

Motivations in entering trade also vital in the development of social networks, such as family, kinship, ethnicity, friendship based social networks. This is because various proclivities of traders shaped their interaction with other people, i.e., in developing own social capital over time. These social networks proved to be vital for traders' performance in informal economy and success due to unpredictable economic conditions and regulations present in the society. More details on social networks are discussed in the next chapter. At

this point it is suffice to say that motivations for becoming part of the informal economy and particularly becoming a trader are important for the cultivation of social networks.

Chapter 2. Social Networks

Social networks are essential for traders' activities due to the fact that social networks enable traders to organize trade, receive desired goods in a smooth manner, and minimize risks of being cheated. This is because social networks make one's functioning in a trading business more reliable. Social networks not only minimize risks via the establishment of trust among traders, but also help to ensure the delivery of goods and rely on contacts due to mutual indebtedness for the members of social networks (Kuehnast and Dudwick 2004). If we recall the definition of social networks used in this research which was conceptualized as an individual's web of connections with others that act as safety-nets, mutual reciprocity obligations, and support mechanisms, then one might clearly identify the crucial elements of social networks as being the cultivation of trust, establishment of reciprocity among its members, and buffering of risks. In this respect, however, it is important to identify the reasons for social networks necessity in trade.

The existence of social networks is intertwined with the *perestroika* period (Kaiser 1997). This is because the role of the government in people's life shrank significantly that led to the increased uncertainty and difficulties in daily life. People lost the sense of security in terms of employment, living conditions, and in having necessarily products for their daily life (Kaiser 1997; Werner 2004). Moreover, people lost the sense of predictability and did not know what to expect from the future (Shevchenko 2009). As a result, in order to escape the uncertainty and unpredictability of life people utilized their connections and social capital to minimize risks in their lives. In the case of traders, social capital was utilized to build social networks for the viable performance of trade that increasingly became the source of income (Nasritdinov 2006, p. 16).

In the post-Soviet period the necessity for social networks did not evaporate over time but rather proved to be integral for one's performance as a trader. This was mainly due to the

fact that the strength of government in the former USSR states remained weak in the initial phases of independence (Volkov 2002; Shevchenko 2009). Mafia and racketeer groups took some functions of state such as regulations of trade and guaranteeing security (Volkov 2002; Ledeneva 2006). With the increased state capacity, however, social networks did not weaken. In this case the resilience of social networks was due to the fact that state regulations were not shaped with respect to traders' capabilities (Williams and Onoschenko 2014). In particular, the state levied taxes and complicated the process of establishing, running, and closing down of a business so that people could not match the requirements (Nasritdinov 2006, p. 18; MacGaffey and Bazenguissa-Ganga 2000, p. 4). As a result, people relied on their social networks rather than on state to alleviate hardships of life, thus making the existence of social networks an essential part of informal economy.

There are various types of social networks that traders rely upon in their trading activities. For instance, there are social networks based on family ties and relatives (Hohnen 2003; Nasritdinov 2006). Some traders rely on people of the same ethnicity and people who live in the same areas (MacGaffey and Bazenguissa-Ganga 2000; Hohnen 2003; Nasritdinov 2006). There are also traders who work with their friends and there are some traders who try to establish business partnerships as their businesses expand (Hohnen 2003; Nasritdinov 2006). In the following subsections, I briefly discuss each type of aforementioned social networks and proceed to findings derived from the fieldwork. Although I discuss each type of network as different from other, social networks can overlap due to being webs of connections in their nature. For instance, traders in Osh can rely both on family ties and at the time on a broader scale on homogenous ethnic composition like Uzbek *mahallas* (Nasritdinov 2006). Thus division of social networks into separate categories is solely used for analytical purposes.

Family and Relatives Based Social Networks

Social networks based on family ties are special cases of social capital (Nasritdinov 2006, p. 20). In a family setting, traders' can rely on the family members to perform some tasks which are related to trade (Hohnen 2003). For instance, Werner (2006) found that sometimes female children take role of sellers while parents are away to buy goods whereas male children help in the transportation of items for sale. To put it differently, the division of labor within family members helps for the successful performance of trade as traders escape unnecessarily costs, such as using services of sellers and push cart pushers (Nasritdinov 2006). Furthermore, since traders' rely on help from family members they also become less costly in terms of time and organization because spouses and children might take care of some aspects of trade. In a more subtle way, the reliance on the family members diffuses the responsibility on each family member (Nasritdinov 2006). This is because each family member performs tasks that are important for successful trade. And as a result of shared responsibility each family member feels accountability for own actions and in relation to the family members. In addition, since family members are intimately connected with each other the issue of trust is not problematic but is rather assumed in family based social networks (Nasritdinov 2006). To put it differently, family based social networks are based on strong personalized trust relationships, which can be described as unconditional (Wallace, Shmulyar, and Bedzir 1999).

The role of relatives is similar to the family members. Social networks based on wider kinship exhibit high moral responsibility and trust due to the fact that people personally know each other well and interact on a daily basis with each other (Nasritdinov 2006). The social proximity in the case of kinship is not distant, which helps in preserving strong connection with the network members as people exhibit personalized trust. In this respect moral values and high value attached to kinship help to reinforce obligations of helping out in the time of

need and increase costs of non-conformity to help kinship. The costs of non-conformity go beyond simple material costs. For instance, the refusal to help relatives leads to being cut off from other kinship due to loss of credibility, which might be hard to repair. Kinship-based social networks in comparison to family-based ones, however, seem to be weaker. This is because over time kinship ties are becoming less rigid, which makes family networks unconditional and reliable whereas kinship based networks less reliable in comparative terms (Wallace, Shmulyar, and Bedzir 1999).

Ethnicity Based Social Networks

Similar to family based social networks, ethnicity based social networks are also considered to be a special case of social capital. This is because ethnic social networks tend to be based on common values, which are often ingrained via the socialization process in society. In addition, ethnicity based social networks have a common basis for the establishment of trust, which can be ancestral heritage and other types of cultural and social similarities. To put it differently, trust for ethnicity based networks could be generalized rather than personalized one. According to Hohnen (2003), Lithuanian markets are essentially ethnic places in which many ethnicities come into contact and support each other. For instance, ethnic connections help to gain loans from ethnic community in return for mutual indebtedness in the future. In some instances ethnic social networks have more rigid form of loan system that tends to rotate so that each member of the networks benefits from being a part of the network.

The strength of ethnicity based social networks varies a lot. In some instances ethnic social networks can be as strong as family based social networks and in some cases significantly weaker. The degree of strength tends to be connected with the status of ethnic group in a wider community. The less an ethnic group is powerful and lacks in social status in a wider society, the more likely that the ethnic group at stake will establish strong ties among

its members (Nasritdinov 2006). In this case ethnicity based social networks might be more characterized by personalized trust. For instance, the Hazarbutz nomadic tribe in Afghanistan has strong ties due to its weak status among other tribes (Frederiksen 1996). Hazarbutz, however, are successful in caravan trade that specializes in selling tea due to the tribe's high tribal unity and solidarity among its members. The Hazarbutz tribe members do not only help other members of own tribe materially but also scrutinize mutual help via the credit system. The credit system is informal in its nature; nevertheless, the system is reliable due to the fact that the system is checked upon. This is possible due to the fact that the Hazarbutz tribe has revered elders who are able to enforce laws so that each member of the tribe abides them, i.e., the importance of authority and enforcement are central for successful performance for ethnicity based social networks (Frederiksen 1996).

Ethnicity based social networks are functional in international trade as well. For example, the research on traders between Congo and Paris shows that the Congolese traders travel to Paris for trade purposes due to the fact that the economic conditions in Congo are grim (MacGaffey and Bazenguissa-Ganga 2000). And in order to gain some material gains the Congolese traders pull resources from the community, which is mostly homogeneous in ethnic composition (MacGaffey and Bazenguissa-Ganga 2000). The collection of money is possible due to the fact that community members have the sense of solidarity. The Congolese traders, however, have to reciprocate the community members in return to a received help. Reciprocation happens not only via the repayment of the loan as one time thing phenomenon, but also by the constant redistribution of earned material resources (MacGaffey and Bazenguissa-Ganga 2000). The Congolese society has the idea of *lusolo*, which can be explained as a shared ownership of benefits (MacGaffey and Bazenguissa-Ganga 2000, pp. 126-127). The refusal to share income with the community members has its negative sanctions, which is mostly engendered via the accusation in witchcraft and subsequent

exclusion from the network. Since the Congolese traders do not assimilate to local communities in Paris, the reprisal mechanism is costly for the traders at stake that encourages conformity to the existing norms. In the Congo-Paris trade, social networks also act as strategic survival mechanisms (MacGaffey and Bazenguissa-Ganga 2000). This is because in the case of failure, traders do not simply rely on the immediate help from traders who travel with them, but rather reassure their survival via the community back up, that is, traders have double safety net support system.

Despite the fact that ethnicity based and family based social networks are reliable in terms of ensuring safety, these social networks put burden to the members of networks. This is because of the traders' dilemma (Evers and Schrader 1994). The traders' dilemma refers to financial obligations a trader has in front of his family or ethnicity based social networks (Evers and Schrader 1994). For instance, in the case of the Congolese traders the redistribution requirement is explained via the traders' dilemma, i.e., a trader's moral obligation to share financial resources. As a result, traders cannot use their profits for further investment into their trade, but rather lose investment opportunities in favor of preserving networks. To put it differently, high level of trust and ensured safety mechanism of family and ethnicity based social networks come at the cost of losing potential growth of their trade.

Friendship Based Social Networks

Friendship based social networks are often characterized by common interests (Hohnen 2003). This implies the fact that friendship based networks have to synchronize goals and interests among its members and thus are hard to establish and maintain over time. The more extensive is the network, the more effort needs to be put in to maintain the network (Nasritdinov 2006). The cultivation of trust, reciprocity, and mutual indebtedness is more problematic in social networks based on friendship ties in comparison to the previously discussed social networks. This is because unlike family, kinship, and ethnicity based

networks, friendship networks do not have rigid reprisal mechanism that encourages the preservation of the network (Nasritdinov 2006). In other words, breaking agreements or disobedience with trading partners can easily lead to the dissolution of trust and the abolishment of social networks. In this respect friendship based social networks are not only hard to establish but also complex to preserve over time because friendship based social networks are brittle.

It is also important to point out that friendship networks are rather more voluntary to adhere to and thus less costly to exit from. Despite the fact that friendship based networks could easily be broken out of its members volition, there might be negative effects from such actions in the long run. This is because the information on someone's failure to fulfill obligations could be spread further and thus damage trader's reputation, making the establishment of future contacts and cultivation of trust problematic. In the bazaar setting the information might be disseminated informally via gossips and casual conversations rather than more in formal ways (Nasritdinov 2006).

In addition, friendship based social networks more frequently occur in settings of small-scale trade and retail bazaars rather than wholesale markets that involve large financial flows (Nasritdinov 2006). This could be explained via the limited capital of friendship based social networks. For instance, in the ethnicity based social networks one might pull large sums of money and also receive more support from the network members (MacGaffey and Bazenguissa-Ganga 2000). In this respect family based networks, in comparison to friendship based ones, might have less capital due to the fact that in family networks age variation is likely to be considerable. However, trust issues are more fore-fronted in the case of friendship based networks because they are not unconditional.

Business Partnerships

As one's trade becomes more successful, one naturally attempts to improve and solidify his or her position in business. In the case of success traders might establish business partnerships among themselves. Business partnerships are characterized by substantial financial flows and networks that span across various geographical distances (Nasritdinov 2006). Business partnerships are mostly understood as differing in scales in comparison to other types of social networks. In this respect, business partnerships are more structured as to ensure the functionality of the network. For instance, traders from Bishkek have established own partnerships with Turkish traders, which are utilized to purchase goods in large amounts and resell in the local markets and in some instances to the Kazakhstani traders (Nasritdinov 2006, p. 83). From this example we can observe that trading partners are connected with each other mostly on the basis of business rather than having intimate connections as in the case of family and kinship or homogenous ethnic composition. In this respect business partnerships require the cultivation of trust which is often times supported via official documents. Although business partnerships are the hardest case for trust cultivation, when significant trust level prevails, one benefits from the network the most due to sheer scale of the business that comes in wholesale type only (Nasritdinov 2006, p. 98).

Findings

When research participants shared information about the organization and intricacies on their trade related activities, the interviewees essentially provided descriptions of their social networks. Interviewees highlighted the importance of trust in trade as vital for carrying out trade activities. Traders also pointed out the importance of having a backup, i.e., safety-nets, due to the unstable nature of trade. The norms of reciprocity and mutual help are also carefully enacted by traders at the Central Bazaar in Astana.

As was mentioned in the introductory chapter, the research participants buy their products both domestically and internationally. Domestic traders purchase their products from the *barakholka* flea market in Almaty, whereas traders who buy products from foreign states mostly travel to Kyrgyzstan, China, and Turkey. This differentiation in purchasing places is mostly connected to traders' capital. Traders with limited capital tend to buy products either domestically or from Kyrgyzstan, while traders who were able to accumulate or raise more funds travel to more distant markets to purchase their goods.

Bota

The source of the initial capital varies significantly with each trader. For instance, Bota (interviewee 5) worked on her own to accumulate money for the initial trip to Kyrgyzstan. This was because Bota was highly educated and her parents were against her decision to become a trader. As a result, Bota did not receive any help from her family members. The amount of money that Bota accumulated for her first trip was 300,000 tenge and she traveled to Dordoi on her own to purchase female t-shirts that she later resold at a shared container with another trader to pay a lower rent fee. However, with every subsequent trip Bota improved her contacts with domestic traders as well as traders at Dordoi bazaar, i.e., expanded her social networks. Eventually Bota accumulated enough capital to switch from selling t-shirts to selling winter coats and dresses for females that she currently purchases solely from Turkey.

The reason for Bota's ability to improve her financial situation and become more successful was the fact that Bota was able to establish trust with other traders who in times of need lent her money. Bota also supported other traders when they needed help to reciprocate their previous acts of help. In this regard, mutual acts of help create the sense of solidarity and most importantly safety mechanisms, especially for those traders who do not have support from their families. Trust, in Bota's case, was built slowly on the basis of shared

experience, such as traveling together to buy goods, engaging in everyday trade chores with other traders, and by sharing information about traders and goods with other traders. The more Bota interacted with traders, the more opportunities unfolded for Bota, which she later seized and was able to climb the traders' career ladder.⁸

Bota, however, does not limit her contacts with currently established connections. According to Bota, the most valuable asset that traders have is information, which Bota claims many traders do not realize. And the best way to get information is to have multiple sources of information. Thus Bota constantly expands her social networks to get updates and when Bota sees opportunities these networks could possibly bring, she tries to intensify networking by sharing information from her side and interacting with network members more and more. At the same time Bota distances herself from other social networks that she perceives as not yielding: not providing new information or having a limited financial flow. Nevertheless, Bota does not completely withdraw from non-yielding social networks. This is because even these limited social networks still could provide safety in the case of need. Moreover, these networks could yield new information in future due to vibrant nature of social networks. As a result, Bota's case shows us that the ability to cultivate trust enables traders to ensure themselves from failures via the sense of mutual indebtedness and the urge to reciprocate in the case of need. Moreover, the case in point shows that one's social networks evolve over time and become more complex. Possessing information and being rooted in an information network are vital for realizing one's potential.

Ruslan

Interestingly enough, Ruslan (interviewee 4) shared very different experience from Bota's case. Ruslan does not interact with traders at the Bazaar except for sharing lunch

⁸ For more information on traders' career ladder refer to chapter 3, the subsection on "Mixed Motives and Flexible Social Networks."

together or looking after neighbors' containers while they are away⁹ and *vice versa*. Ruslan purchases his products – male jeans – only from the flea market in Almaty. He traveled twice to Dordoi but gave up on this idea because Ruslan found traveling to Dordoi to be expensive in terms of time and money. In terms of time, Ruslan asserts that it takes about a week to deliver goods from Dordoi to Astana, which Ruslan finds as extremely long time. Other traders, however, claim that product delivery from Dordoi is usually done in two days and maximum in three days. Furthermore, Ruslan finds traveling to Almaty more cost effective in terms of money spent in comparison to traveling to Dordoi. With this logic, Ruslan is better off purchasing fewer products at once and traveling more frequently to Almaty than going to Dordoi and purchasing more products but waiting a long time for the delivery.

Considering Ruslan's case, we can see that Ruslan remains very individualistic in his business approach. Ruslan always travels alone to buy his products and his container is closed while he is traveling. Ruslan did not cultivate strong relationships with other traders except for mundane interaction on a daily basis. Ruslan does not feel any responsibility to help others and neither Ruslan expects other traders to help him in the case of need. In this respect, Ruslan surely escapes potential traders' dilemma, i.e., Ruslan does not need to help out members of network if it does not suit his own interests. Ruslan's approach, however, makes his trade less vibrant which in turn does not yield high returns. This is because Ruslan did not establish trust with neither with local traders nor with traders in Almaty. In the former case Ruslan does not want to feel indebted to anyone and in the latter case Ruslan chooses to purchase goods from different traders rather than sticking to the same traders to buy goods from. As a result, Ruslan chooses not to cultivate trust,¹⁰ be mutually indebted, or to reciprocate some favors. This leads to Ruslan's precarious position in trade as Ruslan does

⁹ Away for short time for such purposes as going to restroom, buying food, and praying (Interviewee 4).

¹⁰ Ruslan has developed only weak personalized trust with immediately connected traders.

not have networks to utilize in the case of need due to very individualistic approach of making business.

Saltanat

Unlike Ruslan, however, many traders deliberately choose to establish some form of social networks. This is especially apparent from the case of traders who started trade from the *perestroika* period. For instance, Saltanat (interviewee 1) not only has established strong social networks over time, but also became so invested in her social networks that it became too costly to withdraw from networks due to mutual indebtedness, the sense of solidarity, safety provision, and established trust.

Saltanat has started trading during the *perestroika* period. She firstly sold her pickles and some clothing and decided to invest in trade full-time due to widespread unemployment. Saltanat and her husband collected all of their money and asked their relatives to help. Gradually Saltanat started building trust with other traders. This was essential for her because Saltanat had to rely on others to make her trade going forward. Saltanat briefly sold clothing from Russia but then decided to switch to cheaper alternatives to have more clients. Saltanat chose to buy products from Dordoi. Currently Saltanat buys products only from two traders: one of them resides at the Dordoi bazaar and the second one also sells products at Dordoi but has small atelier used to sew own products for later sale. In the latter case Saltanat can ask specific clothes to be tailored specifically for her. Saltanat reciprocates by providing atelier with the provision of new fashion samples. Saltanat does not always travel to meet with traders in Kyrgyzstan. Saltanat rather interacts with them on a daily basis via phone and whenever she physically travels to Dordoi, she stays at either trader's home as a guest. This is because over these years of interaction Saltanat has experienced many ups and downs with them, such as borrowing money, products, asking goods for consignment (*tovary pod realizatsiyu*), and delivering goods via customs. Since traders from Kyrgyzstan trust Saltanat,

she does not need to pay for goods immediately. In return, Saltanat reciprocates traders with gift giving and most importantly recommending Kyrgyz traders to other traders at the Central Bazaar in Astana.

In this case Saltanat has established strong networks that could be relied upon in the case of need. Both sides feel mutually indebted due to their shared experience. Strong networks, however, discourage Saltanat to look for cheaper alternatives available in the market as in the case with Bota. That is, strong social networks tend to inhibit growth potential for traders. In this respect strong social networks provide stability for the members, which do not necessarily bring higher economic returns. One may argue that Saltanat's case is an example of unconditional networks because if Saltanat chooses to withdraw she practically has no safety-nets and support from other traders. Moreover, one may argue that Saltanat's networks became two-dimensional over time and lost its quality of a web. To put it differently, instead of having multiplicity of connections, networks became limited by the bilateral agreements, though networks still provide safety nets, the sense of solidarity, and mutual indebtedness.

So far I have discussed only friendship based social networks. This is because Bota and Saltanat based their social networks with respect to the utilization of personal contacts who are not their immediate family members or kinship. Saltanat used help from relatives once in the initial start, but did not rely later on kinship in her trading activities. Rather both Saltanat and Bota heavily rely on their friendship ties. In the case of Saltanat friendship-based social networks are strong and to some extent even have reached the unconditional support level. In Bota's case, however, networks are used strategically to seize new opportunities and obtain information. In this respect, Saltanat exhibits strong friendship-based social networks. Bota in turn chooses to have weaker ties in social networks that she perceives as having less potential

and prefers to have strong ties in the case of advantageous social networks. Overall, Bota's social networks are characterized by their flexibility.

If we turn to Ruslan's case, it becomes apparent that Ruslan deliberately has chosen to abstain from the cultivation of trust and connections with traders. Ruslan does not want to feel indebted to anyone and solely relies on his own abilities, i.e., Ruslan prefers to work individually rather than being part of a wider network. This might be due to the fact that Ruslan's initial goal in entering trade was to become self-sufficient and independent from others and in doing so achieve self-realization. Overall, Ruslan did not establish social networks due to his mindset of being independent from others.

Kyrgyz Traders

Despite the fact that interviewees in my research based social networks with respect to their friendship ties, research participants also shared information about ethnicity based social networks. In particular, based on their personal interaction interviewees claim that recently they observed growth in a number of Kyrgyz traders at the Central Bazaar. In this regard it is important to point out the fact that I could not establish contacts with Kyrgyz traders and thus I solely rely on information shared by the local traders rather than Kyrgyz traders themselves.

Kyrgyz traders tend to rent out the front containers of each row, which is most of the times envied by local traders. Traders claim that in the bazaar setting it is desirable to have front containers in the row. This is because clients tend to firstly notice products that are in the beginning of the row. Furthermore, customers do not closely follow rows fully because the rows are too long and thus clients who try to economize time view only the front containers. In addition, it is highly problematic to for traders to differentiate own products and become visible to customers – if one's container is in the middle or in the back of the row. Thus, traders in the middle containers of rows feel like their products are lost and non-visible to potential customers. And since rows are long at the Central Bazaar in Astana

traders compete to rent the front containers. In this respect, the fact that Kyrgyz traders already occupy desirable containers implies the Kyrgyz traders' availability of substantial capital because they won the competition for best places at the moment.

Traders also claim that Kyrgyz traders have advantage in comparison to local traders because Kyrgyz newcomers take their goods for consignment (*tovary pod realizatsiyu*) from wholesale traders from Dordoi market. As a result, Kyrgyz traders are able to charge slightly lower prices to the goods sold in comparison to the Kazakhstani traders. Kyrgyz traders also deliver goods quickly in the case of need, such as running out of goods, due to the fact that Kyrgyz traders have support from their domestic traders. This results in increased competition at the Central Bazaar in terms of prices and attracting customers. Moreover, Kyrgyz traders' success in the Kazakhstani market might potentially lead the sense of animosity and envy due to the fact that these traders are considered to be "aliens" and also reaping profits in comparison to local traders at the Central Bazaar.

Chapter 3. Bridging Motivations and Social Networks

In this chapter I focus on connections between traders' motivations to trade and their relevance to social networks. Although the literature on motivations for entrepreneurship and social networks is vibrant, one might be perplexed if motives and established social networks affect one another. So far in chapter 1 we have established the continuum of motivations that captures traders' motives when entering business and while operating in trade. The continuum's extremes are characterized as the following: extrinsic end is consistent with financial drive and search for external rewards, whereas intrinsic extreme of the continuum refers to one's personal goals such as self-realization and achievement. The extreme cases are connected with various combinations of extrinsic and intrinsic motives. Social networks, which were discussed in the previous chapter, in this research are conceptualized as an individual's web of connections with others that act as safety-nets, mutual reciprocity obligations, and support mechanisms. In this case I focus on traders who can be considered as shuttle traders operating both domestically and internationally. The vital elements of social networks are the cultivation of trust, establishment of reciprocity among members of the network at stake, and the provision of safety-nets. To my knowledge the research up-to-date did not directly address the relationship between one's motives and social networks in trade. I attempt to fill this gap by focusing on the Central Bazaar traders in Astana. My argument is that traders' motives have decisive effects on the establishment of social networks and on the evolution of social networks over time. I will elaborate my argument by focusing on three representative cases from my fieldwork and in doing so shed light on traders' lives and perspectives.

Extrinsic Motives and Social Networks

When traders are motivated by extrinsic factors to join trade often times the economic conditions in the state are weak (Bernabè 2002; Aziz et al. 2013). People are rather forced to

engage in trade rather than eagerly becoming part of the trading sector. In this respect in the aftermath of the Soviet breakdown people experienced dire living conditions, unemployment, and volatility in economy that pushed people to become traders to sustain their lives (Shevchenko 2009). Unpredictability of the economy and weakness of the state to provide adequate living conditions encouraged the establishment of social networks that provided the sense of safety to the members of networks.

Based on Saltanat's life story, one can observe that extrinsic motivations encouraged her to establish strong social networks in order to escape uncertainty and unpredictability of her life. Saltanat lost her job in the late Soviet period and decided to engage in trade to find alternative source of income to compensate for the loss of the previous occupation's salary. Saltanat's initial products came from Russia but Saltanat decided to switch to the Kyrgyz products as clothing from Russia was considered to be expensive for local people. In particular, Saltanat established contacts with Kyrgyz traders from Dordoi bazaar. She did not only buy but also borrowed goods from Kyrgyz traders due to her limited initial capital. This was possible because Saltanat established friendly connections with traders based on trust. In terms of trust, Saltanat's friendship based social networks are consistent with thick trust due to personal knowledge about her friends' trustworthiness and reliability. From her side, Saltanat also proved to be reliable and trustworthy person by keeping her promises to return money on time, lend money when Kyrgyz needed help, and in doing some favors for Kyrgyz traders as well. As a result, this friendship based network provided Saltanat with safety net in terms of availability of goods regardless of her financial capabilities. Saltanat in return reciprocated Kyrgyz traders via sharing new fashion trends, gift giving, and recommending Kyrgyz traders to other traders at the Central Bazaar. Since this network was reliable, Saltanat increasingly ceased her other networks and solely focused to cooperate with traders from Dordoi.

Nevertheless, over time Saltanat's friendship based social network became solidified and static. To put it differently, Saltanat did not attempt to establish more efficient networks outside of already existing networks but chose to utilize and intensify the network with Kyrgyz traders. In this respect Saltanat's social network instead of being a web – complex combination of various social networks – rather became two-dimensional connection – a bilateral mutual help, support, and risk alleviating agreement. Saltanat's network became unconditional as in the case of family based social networks, i.e., Saltanat does not want to withdraw from the network under any circumstances because doing so is costly for her. That is, Saltanat does not have other networks to rely upon and thus commits to preserve currently established strong and reliable network.

The existing network, however, is still functional in Saltanat's case. This is because Saltanat's goal in trade is still to earn stable income and guarantee the sense of certainty and security. This might be associated with Saltanat's initial volition in trade: to earn income and minimize risks of life because the state does not reliably provide security. That is, Saltanat lost institutional trust in the state and her life became less secure in terms of income and employment. This mindset permeates Saltanat's actions up to this date. In this respect Saltanat's unconditional networks serve the purpose well, because these networks are predictable and yield stable income. Nevertheless there are new possibilities to gain more profits, such as switching to Turkish products or switching from selling female dresses to sell winter coats, that Saltanat is not interested in or does not realize due to limited information in her network. In this respect, success for Saltanat means stability, predictability, and security rather than constant growth. The inability to achieve stable income and reliable connections or even going out of trade is considered to be a failure. Based on this understanding of success and failure, Saltanat self identifies herself to be a successful trader and is satisfied with the way her business is currently performing.

Intrinsic Motives and Social Networks

In comparison to extrinsic motives, intrinsic rewards are mostly associated with strong and stable economies that provide favorable conditions for business establishments (Bernabè 2002; Aziz et al. 2013). The Kazakhstani case, however, is considered to be in its transitional level of economic development from developing to a developed economy. As a result, researching Kazakhstan might reveal new insights on the role of intrinsic motives (Yalcin and Kapu 2008). Intrinsically driven traders often seek independence, self-realization, personal development, and other personal goals (Steward et al. 2003; Benzing et al. 2005). In this respect Ruslan's life story is a representative case when traders are highly intrinsically motivated and thus perform poorly in cultivating social networks with other traders.

Ruslan has started trading four years ago.¹¹ He specializes in selling male jeans that he purchases from the flea market in Almaty. Previously Ruslan worked as a civil servant in the governmental sector, but decided to leave his job in order to escape a strict hierarchy at work and become his own boss. Ruslan wants to achieve self-realization and in doing so gain material benefits, which, Ruslan thinks, naturally follow when people lead their own lives and have their own businesses.

In terms of managing trade Ruslan is very individualistic and independent from any external help and actors. Ruslan does not rely on external help from other traders nor does he rely on the help from family members and kinship. Ruslan accumulated his initial capital without any input from relatives or family members. Ruslan tends to change traders from whom he buys jeans in Almaty by comparing the prices charged. In this respect, Ruslan does not attempt to establish regular contacts with traders.

As a result, in Ruslan's case there is no trust involved in his relationships with other traders. This is because Ruslan is self-sufficient and independent. Ruslan deliberately does

¹¹ The fieldwork was done in 2016, and if one is reading this thesis in 2017, then it is already 5 years (Ruslan's entrance year to trade was in the spring of 2012).

not cultivate social ties because Ruslan does not want to be indebted to anyone. Ruslan rather prefers to work alone and reap all benefits from his actions. Ruslan assumes total responsibility for his actions and realizes that there is no back up from other traders who often times help each other financially or in logistics of trade.

Due to Ruslan's lack of interaction however, he does not know about possibilities that are available and widely known by other traders. At the simplest level, Ruslan decided not to buy goods from Dordoi due to a long delivery period of a week. There are delivery services, however, that could easily deliver goods to Astana in two to three days, such as *Abdi*, *Natasha*, and *Zamira*. Moreover, the lack of social networks inhibits Ruslan's potential to growth because Ruslan does not have connections that potentially could disseminate valuable information.

For Ruslan success is measured via independence and self-realization of own skills and material gains that follow when one utilizes own skills properly. In this regard, Ruslan finds himself in a conflicted position because although he did achieve independence, the material gains did not follow. Ruslan wants to buy a flat for his family, but at this point Ruslan does not have a chance to do so due to his limited income generated from trade. Ruslan's case shows that extremely individualistic approach does not always lead to gains or growth in terms of finance. Instead, individualistic approach limits one's potential to cultivate social networks that provide safety mechanism in case of calamities or need. Moreover, the absence of social networks deprives a trader from obtaining valuable information on prices and suppliers in different bazaars. This is because when adhering to individualistic approach and having circumscribed interaction, one is not able to cultivate meaningful connection due to the lack of trust, which exists only in a rudimentary state.

Mixed Motives and Flexible Social Networks

Now I focus on the third case of Bota. Unlike Saltanat and Ruslan, Bota is motivated both by extrinsic and intrinsic rewards. This is because Bota wants to be independent but only to a point where it would not impede her material gains, thus, both intrinsic and extrinsic rewards equally matter for Bota. In this respect, Bota is in the middle-range of motivations continuum that we have already established in chapter 1 (Choo and Wong 2006).

Bota has been in the trading sector since 2009. Currently Bota specializes in selling winter coats and dresses for females. Previously Bota worked at the Ministry of Justice but decided to quit her job and become a trader. From the initial steps in entering the trading business Bota started to cultivate connections with other traders. Bota perceived connections as valuable social capital for trade. This is because Bota did not know much about market places for buying products, prices of goods, and the logistics of trade. By interacting with other traders Bota learned the intricacies of trade and slowly accumulated more and more capital to buy her own container at the Central Bazaar in Astana.

In establishing connections with traders Bota paid special attention to ensure that she would be secure in the case of losses because Bota's family did not support her trading activities. This was done via the cultivation of trust. Initially Bota relied upon thin trust, i.e., generalized trust, in the form of one's reputation and gossips about that person. If she perceived traders as trustworthy based on thin trust, then Bota increased her interaction with the traders at stake. With increased personal interaction Bota built thick trust, i.e., personalized trust, over time as she relied on personal experience of doing business with traders. The role of information is important in this case because as Bota puts it, information is one of the most important assets one can have in trade. Bota also shares information about prices and traders who can make discounts to reciprocate other traders as well as reciprocating via establishing mutual financial help.

It is important to point out that Bota's social networks are flexible in nature. Bota does not stick to social networks that do not provide her with safety nets or the sense of mutual indebtedness. Instead of completely abolishing such networks, however, Bota still preserves them as weak connections. This is because Bota wants to gain double safety nets: from her weak and strong social networks. In this respect, I elaborate Nasritdinov's (2006, pp. 21-22) finding that traders choose to have weak social networks further. In particular, traders choose to have weaker ties in the case when weaker social networks are used as secondary mechanisms for the provision of safety. The primary safety net, however, is bound to strong networks that have high sense of obligation for mutual help among its members.

Bota understands success as constant improvement, development, and growth. In particular, buying a container for trade or a flat are the showcases of success in material terms. Bota also claims that traders have own career ladder or hierarchy that one can climb and achieve personal and professional growth. In particular, the first step in the hierarchy is to trade products from Almaty. The next step is to trade goods from Kyrgyzstan. Later on traders can choose Chinese, Russian, or Turkish products to sell. The last step is to sell fur and leather after which a trader no longer is engaging in petty trade but rather establishes business partnerships and opens shops, often times not at bazaars. With every step traders' capital has to increase as well as the fact that traders need both strong and weak networks to protect themselves from failures. Bota understands failures as losses in business and stagnation at traders' career ladder. In the worst case scenario, a complete withdrawal from the trade is treated as failure. In respect to Bota's understanding of success and failure, Bota is rather a successful trader. This is because she was able to buy a container and a flat for herself. Moreover, Bota switched from selling Kyrgyz products to solely selling Turkish products of higher quality. In future Bota wants to sell expensive fur and establish own shop.

From three cases – Saltanat, Ruslan, and Bota – we can see that traders' motives significantly affect the way traders shape their social networks. In particular, highly extrinsically driven traders tend to focus on establishing strong social networks that might evolve into unconditional social networks due to high trust level, mutual reciprocity and indebtedness, and the provision of safety nets in the case of need. Nevertheless, rigid social networks tend to lose its complex nature and turn into bilateral agreements that do not necessarily yield best profits. Rigid social networks, however, eliminate unpredictability and provide the sense of stability and security to the members of the network. Highly intrinsically driven traders often times cannot establish meaningful social networks due to the lack of trust and commitment to help others, and thus cannot count on mutual help. The last case in which traders have a mix of intrinsic and extrinsic motives, social networks tend to be flexible, i.e., alternating between strong and weak ones based on thick or thin trust, urge to help as well as to mutually reciprocate. In addition, in the mixed motives case traders get double safety nets due to having strong social networks and preserving weak social networks for precautionary measures.

Conclusion

In my MA thesis I focus on the Central Bazaar traders in Astana. My research goals were to investigate the reasons for becoming a trader, identifying factors that lead to the decision to become a trader, and the role of social networks in traders' lives. As a result, I wanted to shed light on traders' lives, activities, and their perspectives on the future, as traders' activities and lives are "enigmatic" for ordinary people due to limited knowledge about traders and interaction with them.

In this paper, I employ the bottom-up approach to research informal markets as opposed to macro perspective such as power politics, elitism, or shadow economy of the informal economy. This is because life stories of each trader are unique and improve our understanding of informal economy in relation to its actors. To my knowledge, the research up-to-date did not directly address the relationship between one's motives and social networks in trade. In my thesis, I attempt to fill this gap by focusing on the Central Bazaar traders in Astana. I also emphasize the importance of treating informality as the continuum of informality due to a fluid nature of informal market activities. Similarly, I go beyond treating one's motivations to join trade as polar opposites – external *versus* internal volitions approaches – and promote using spectrum of motives due to traders' complex sets of motives.

I adhered to convenience and snowball sampling to establish contact with research participants. I conducted semi-structured interviews and observations focusing traders' lives and activities that are related to trade. I provided anonymity to my interviewees as to ensure rapport and obtaining truthful answers for the research purposes. Names used in this research are pseudonyms.

My general argument is that traders' motives have decisive effects on the establishment of social networks and on the evolution of social networks over time as well as on traders' perceptions of success and failure. On the one hand, I found that highly extrinsically driven

traders are better off by establishing strong social networks, which often times evolve into unconditional social networks. This is due to the fact that strong social networks provide traders with the feeling of security and stability. Strong social networks over time, however, become less complex and turn into two-dimensional bilateral agreements. On the other hand, highly intrinsically driven traders often times fail to establish meaningful social networks due to individualistic approach of managing trade and no desire to cooperate and commit to networks. Traders who are motivated by a combination of extrinsic and intrinsic, in turn, establish vibrant social networks that tend to be flexible. To put it differently, traders alternate between strong and weak social networks and thus achieve double safety nets that help them for more successful trade.

Discussion

Based on the thesis findings one might see that traders tend to alternate between weak and strong social networks. In this respect the evolution of social networks is important. This is because traders can strategically choose to have weaker or stronger social networks depending on the network members' capabilities in terms of capital and information. In addition, traders might reverse their social networks, i.e., intensify weak social networks and weaken previously strong social networks with respect to economic conditions and context in general. For instance, if traders observe that economic conditions are not germane for larger scales of trade, then traders might choose to weaken social networks as to avoid traders' dilemma when members of the network observe losses. In addition, traders might disperse strong social networks when customers' income shrinks or their preferences and tastes shift over time. Alternatively, traders could choose to intensify networks in the case of positive economic developments, the adoption of policies that promote trade, or buyers' increased interest in purchasing particular types of goods. In the aforementioned positive developments traders might utilize social networks in order to raise more capital for investment into

increasing scales of trade or in taking more risky behavior to reap more benefits and compensate for risks by strong social networks that provide safety nets.

The issue of intensifying or loosening up of social networks could also be connected with the fact that social networks become weaker over time due to their limited functionality as business growth. To put it differently, there might be limits of some social networks in the case of asymmetrical capital accumulation by the members of networks. For instance, Bota once she accumulated enough capital switched from Kyrgyz to Turkish apparel to specialize on and thus Bota has chosen to weaken her previous social networks. Nevertheless, Bota did not completely withdraw from weak social networks due to the fact that even weak social networks were previously invested in, that is, Bota already incurred sunk costs, and Bota still could get benefits from the network to compensate for her sunk costs. In addition, even limited and weak social networks might provide safety nets in the case of need because members of the weak social networks still need to reciprocate for the previously received help.

The case of Kyrgyz traders in Astana's Central Bazaar also requires further elaboration. The presence of new actors at the Central Bazaar might lead to increased competition between Kyrgyz traders and local traders. This is because Kyrgyz traders tend to have substantial capital that not only allows for renting the most desirable places at the Central Bazaar, but also strong safety nets from Kyrgyz traders in Kyrgyzstan who can provide goods in short period of time, for cheaper prices due to bigger scales of trade, and in providing goods for consignment. If Kyrgyz traders do not accommodate, assimilate, and blend in to local traders, then Kyrgyz traders' presence might lead to increased antagonism towards them. In the worst case scenario, conflict might occur between local traders of the Central Bazaar and Kyrgyz traders.

In addition, the fact that Kyrgyz traders are in a minority status in Kazakhstan might lead to ethnicity based social networks intensification which were not present previously. To put it differently, Kyrgyz traders' sense of minority status might lead to their treatment of each other as members of one integrated community and thus cultivate the sense of solidarity and cohesion as a social group. In this respect it would be beneficial to make a comparative research if Kyrgyz traders at the Central Bazaar in Astana organize their communities as the Hazarbus tribes in Afghanistan.

Limitations

There are several limitations in my research. In particular, the generalizability of the research is limited. This is because I adhered to the convenience sampling technique. In this respect my sample might suffer from self-selection due to the fact that establishing contacts with traders is problematic due to traders' limited time available to give interviews and general unwillingness to reveal intricacies of their trading activities. The majority of traders in the sample are females, which could be explained via females' openness and friendliness towards youngsters. In this respect I have to point out that despite my age I look younger, which might effect on traders' perception of me as a researcher.

The issue of generalizability, however, is always present for qualitative research approach as it is hard to extend findings to the whole community as people are diverse in terms of lived experience and perspectives. Conducting quantitative research could avoid the issue of generalizability, though the thickness of findings might suffer. Future research might employ a combination of quantitative and qualitative approaches to investigate informal markets.

Another limitation of the study is that there was no access to Kyrgyz traders in Astana. I could not find gatekeepers to the Kyrgyz traders' community. Moreover, Kyrgyz traders tend to interact among themselves and do not establish contacts with local traders. As a

result, the issue of access became an obstacle in this research to gain Kyrgyz traders' insights and perspectives on informal market activities. Although I used responses of local traders about the Kyrgyz traders in this research, this approach cannot be used as a substitute for the Kyrgyz traders' responses. One, however, could overcome this issue by committing more time to find gatekeepers to the Kyrgyz traders' community and over time access them and capture the perspective of the Kyrgyz traders.

Due to limitations in time and available finances I could not travel with traders to interview other members of social networks, such as traders who operate at Dordoi with whom traders of the Central Bazaar in Astana interact and sustain social networks the most. Gaining perspectives from other members of social networks could potentially provide more nuanced and detailed understanding on the role and functions of social networks as a whole.

Furthermore, based on my research participants responses I focused only on friendship based social networks in depth. I also briefly discussed ethnicity based social networks that Kyrgyz traders have in the Kazakhstani market. With more time commitment and material support, one can elaborate other types of social networks present at the Central Bazaar in Astana. Moreover, one could compare and contrast various types of social networks and thus identify the establishment of specific types of social networks with respect to context.

Trustworthiness and Transferability

Trustworthiness of the research is supported in various ways. In particular, I use triangulation to support and reinforce research findings rather than to compensate for deficiencies or drawbacks of different research methods. In terms of data collection, I conducted semi-structured interviews with traders who operate at the Central Bazaar in Astana and observations of traders' daily activities. In order to establish rapport I guaranteed anonymity for research participants. After conducting interviews, I asked interviewees to read the notes taken and also to validate their answers. I provided time for traders to eliminate

information from my notes that traders did not want to disclose but unintentionally shared. I also used opportunity to ask traders to elaborate their responses.

The research findings can be transferable to similar contexts to the Central Bazaar in Astana. For instance, I expect highly similar motivations for trading in other cities of Kazakhstan as well as in the post-Soviet space in general due to shared economic conditions. Moreover, since social networks go beyond the borders of one state, I expect that social networks are similar in neighboring states due to the existence of trading networks, such as between Kazakhstan and Kyrgyzstan. Therefore, one could utilize the research findings to states that experienced similar economic conditions and are also similar in their cultures to the Kazakhstani society.

Future Research

This research revealed valuable insights that can be extended in future research that will fill gaps in the literature on informal markets. For instance, sources of trust in trade like gossips and reputation can be researched as a separate topic. This is because trust is an essential part of one's social networks. The absence of trust limits the potential for cultivation of social networks. Thus, in future research one can address the following questions: how trust is built over time? What are the sources of trust and mistrust for traders? How different sources of trust coincide with thick and thin types of trust in theoretical terms? Does trust change in the case of economic changes? Seeking answers to these questions might provide more insights on why some social networks are preserved over time, become more intensified, weakened, or abolished altogether. Moreover, this research potentially could elaborate more on the relationship between various types of social networks and sources of their trust. As a result, one could provide an account on the evolution of trust with respect to various contexts in terms of time, locale, and social actors.

Another important piece of findings that need further elaboration is related to educational attainment levels of traders and traders' specialization in finance related fields. As one can see from the description of the research participants, traders in the research at stake are educated, mostly having degrees in economics and finance related fields and teaching. Thus one could be interested in investigating why people with specialized education abandon their occupations and join the bazaar trade? On the one hand leaving previous occupations in favor of trading might be connected with financial motives. On the other hand, since some traders were primarily motivated by internal drives, financial motives alone cannot accurately reflect traders' behavior. One may argue that people join the trading sector and give up on previous occupations due to traders desire to become invisible and distanced from the state (Knudsen 2014). Researching the topic of traders' educational attainments and specialization might unravel existing problems in the labor market and as well as in government policies that are not apparent from the first sight in the Kazakhstani society.

Moreover, the fact that many traders in the research are not only highly educated, but also specialize in finance and economics is peculiar. This is because traditionally trade is associated with the least barriers to enter sector of economy, that is, activities that do not require specific skills prior to establishing the trading business (Choo and Wong 2006; Botoeva and Spector 2013). Moreover, once traders enter informal economy they also realize the lack of managerial skills in trade related activities (Benzing et al. 2005). In this research, however, traders have managerial skills and specific knowledge in finance that are vital for successful trade. As a result, having some level of expertise in economics might provide advantage over traders who do not have such knowledge and in out-competing other traders in the long run. I believe that researching this topic will reveal valuable insights if some people join trade in order to utilize and develop their skills in comparison to their previous working places.

One can also see that traders in the research shared the knowledge of social networks that are needed in order to escape uncertainties and volatility in economic conditions. Social networks proved to be helpful in buffering risks as well as in acting as credit giving mechanisms. As a result, it would be beneficial to research if social networks compete with banking system and government regulations. To put it differently, one might investigate if social networks might have debilitating effect on the banking system as well as on the effectiveness of governmental policies (Kuehnast and Dudwick 2004). This research potentially could identify if the banking system in Kazakhstan is not suited for small scale businesses due to high interest rates. Alternatively, traders' preference to use social networks instead of formal credit system that banks provide might signal the fact that banks are not trusted by traders regardless of used interest rates. Moreover, the research on laws and policies could identify if the government is adopting policies that specifically hinder the growth of informal economy or alternatively promote informal trade, though in non-conspicuous ways such as tolerating the existence of informal markets. In this respect, one could explicate if the state is purposefully tolerates informal markets due to employment opportunities for people. As a result, informal markets could compensate for state's weakness in tackling unemployment and in the creation of working places.

Bota's case also shows the fact that traders have their own career ladder. The career ladder is mostly related to one's origins of the products for sale, where the initial step is to use Almaty's barakholka and Kyrgyz goods and later switch to Chinese and Turkish products, and the scales of trade. In this regard, the future research could elaborate if traders do have similar perceptions of personal or professional growth in trade. In addition, traders' perceptions of career might significantly affect their ideas on success and failure in trade. This type of research could also reveal if traders have strict preferences and a hierarchy of interests in particular types of goods. Moreover, Bota's case also shows that trading is

considered to be a petty type of business. To put it differently, focusing on career ladder and aspirations of traders could help us in understanding transition from small-scale to medium-scale businesses. In this subsection I outlined several directions for the future research. Nevertheless, the topic of informal markets is fruitful for other research topics as well depending on one's research interests and pressing issues in the respective contexts of geographical areas.

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