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EXPLORING TRANSNATIONAL  
ENTREPRENEURSHIP AMONG ALBANIAN  
MIGRANTS AND RETURNEES

PhD thesis in Migration Studies

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December 2018

I hereby declare that this thesis has not been and will not be, submitted in whole or in part to another University for the award of any other degree.

Signature:

DATE: 28/12/2018

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## **LIST OF ABBREVIATIONS**

ACIT – The Albanian Centre for Competitiveness and International Trade

AIDA – Albanian Investment Development Agency

EU – European Union

INSTAT – Institute of Statistics

IOM – International Organization for Migration

OECD – Organisation for Economic Co-operation and Development

TE – Transnational entrepreneurship

UK – United Kingdom

USA – United States of America

## **FOREIGN WORDS**

*Arbëresh* – Albanian minority community living in southern Italy

*Nizams* – deported people, and people who left during the Empire's disintegration

*Sultan* – a title used for certain rulers who claimed full sovereignty

*Kurbet* – old practice of Albanians' labor migration

*Fason* – made-to-order industry

*Bella figura* – making a good first impression

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## SUMMARY

The overall aim of the thesis is to generate new knowledge, including primary empirical data, in order to enhance understanding of the phenomenon of migrant transnational entrepreneurship, including its potential for contributing to the development of the migrants' home countries – in this case Albania. Since the early 1990s, Albanians have been migrating in large numbers, looking for employment, income-earning and study opportunities outside their country of origin which, at that time, was convulsed by the political and economic uncertainties of the post-communist transition. Many of these migrants have continued to maintain ties with their families and communities in Albania by developing transnational entrepreneurial activities. In order to provide a fuller and empirically grounded account of the causes and consequences of the phenomenon, I draw on face-to-face interviews with 50 Albanian migrant entrepreneurs engaged in cross-border economic activities, supplemented by further interviews with key informants and policy-makers, as well as a critical scrutiny of government policy documents. The migrant interviews were carried out in Italy and Greece – the two main destinations for Albanian emigration – and with returned migrants in Albania.

Existing studies of migrant transnational entrepreneurship tend to examine it from various narrow and single-angle perspectives. My study engages in a wider perspective by setting the phenomenon within multiple theoretical lenses – individual actors' characteristics, beliefs and motivations; community networks and capital resources; the transnational and spatial contexts; the institutional-regulatory framework; and the wider framework of the migration-development nexus.

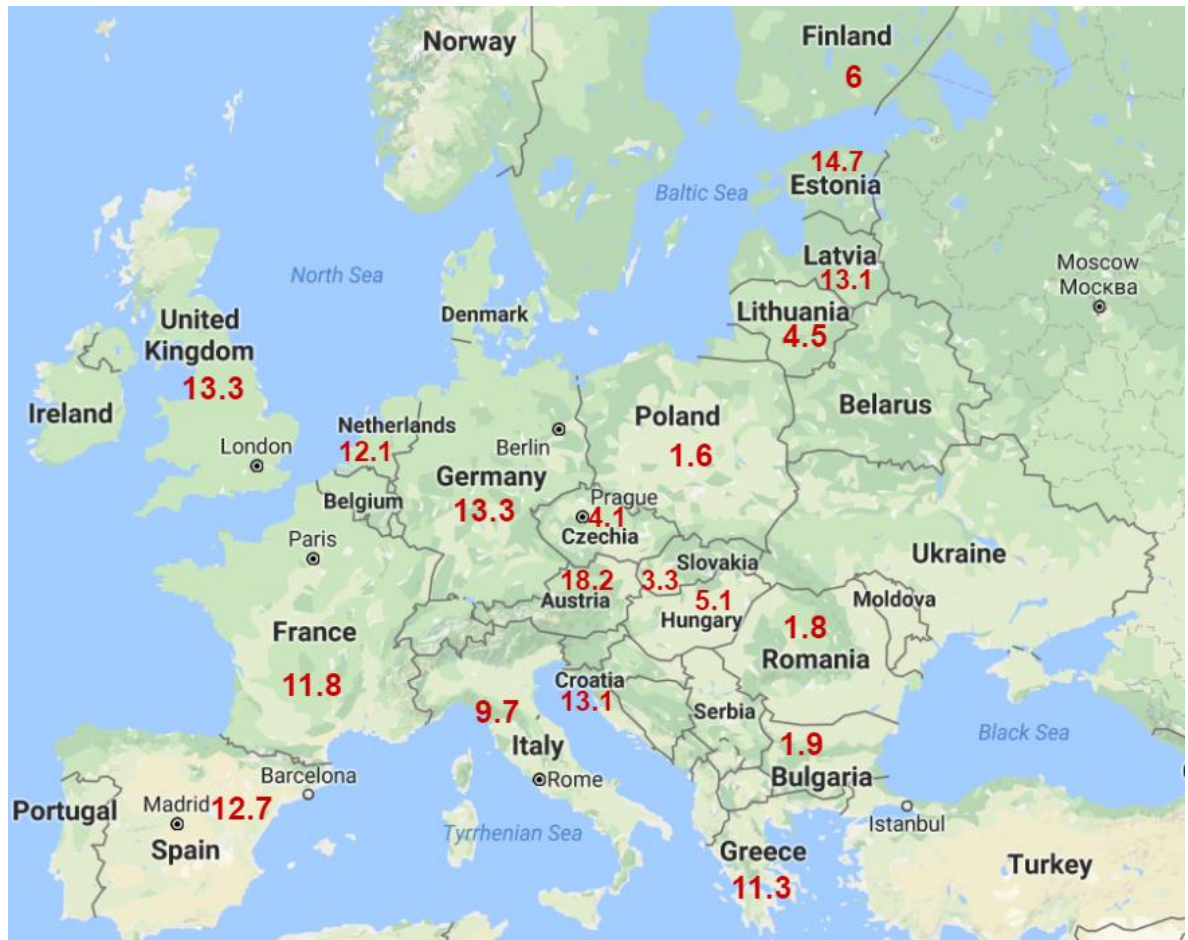
The thesis comprises eight chapters. The first set of chapters presents the necessary background context, including Albanian emigration and transnationalism, conceptual frameworks for studying transnational entrepreneurship, and methodology. Subsequent chapters present the empirical results and analysis, followed by a concluding chapter which focuses on policy recommendations. The analysis offers important insights into the ways in which three types of capital acquired during migration – economic, social and cultural – shape and determine productivity in migrants' transnational enterprises. Although my sample

did not exclude female entrepreneurs, the typical Albanian transnational entrepreneur is characterized as a married man, aged in his late 30s and with children. Two main types of entrepreneur are identified, which I call “necessity” and “opportunity” entrepreneurs: the former set up their small business as a way of escaping unemployment, the latter more actively perceive and pursue business opportunities. I also evaluate their contribution in terms of added value at the individual and community level, as well as potentially impacting on the country’s economic and social development.

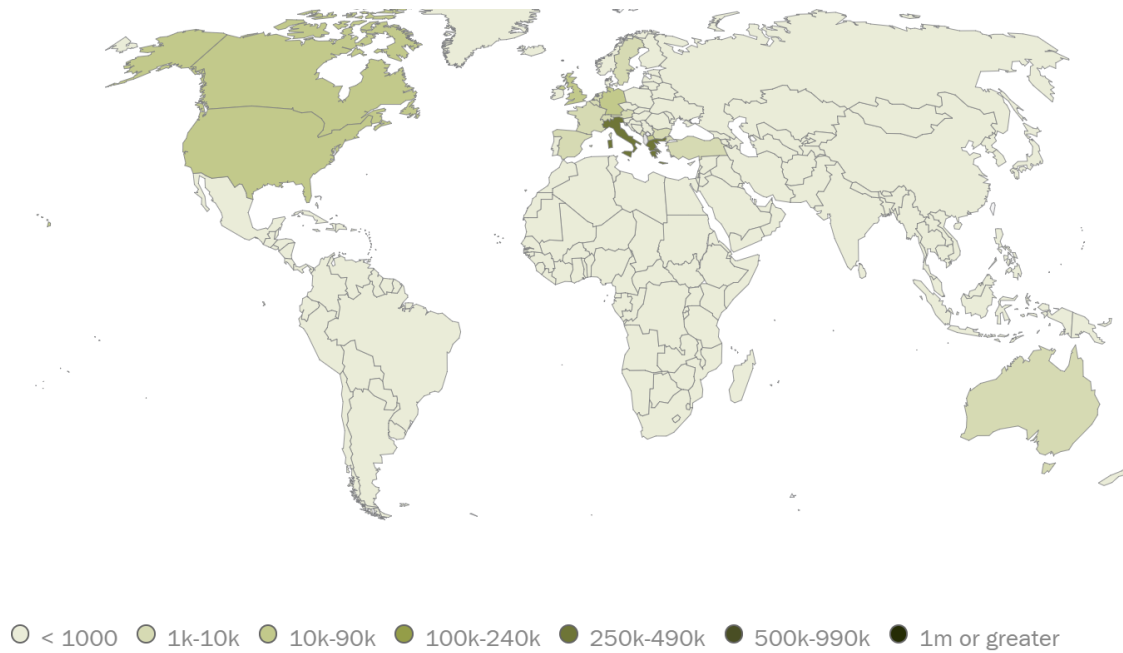
My most significant findings, and hence the key claims to originality of the thesis, include the following. There is evidence that Albanian migrants are shifting their remittance and savings behavior from survival and consumption towards investing in businesses, both abroad and at home. Although some transnational entrepreneurs set up their concerns out of necessity, as an alternative to unemployment and poverty, the majority are market-driven “opportunists”, who benefit from the experience, training and social capital accumulated whilst working abroad. The character of Albanian transnational entrepreneurship changes over time, including new sectors such as academic and professional activities. The whole field of migrant transnational enterprise holds considerable potential for the long-term economic development of Albania. Nevertheless, there are multiple challenges, especially to businesses located in Albania; these include shortages of loan capital, slow and inefficient bureaucracy, governmental instability, the culture of bribes and corruption, and the limitations of the Albanian market. Several policy recommendations are made to address these problems.

## MAPS

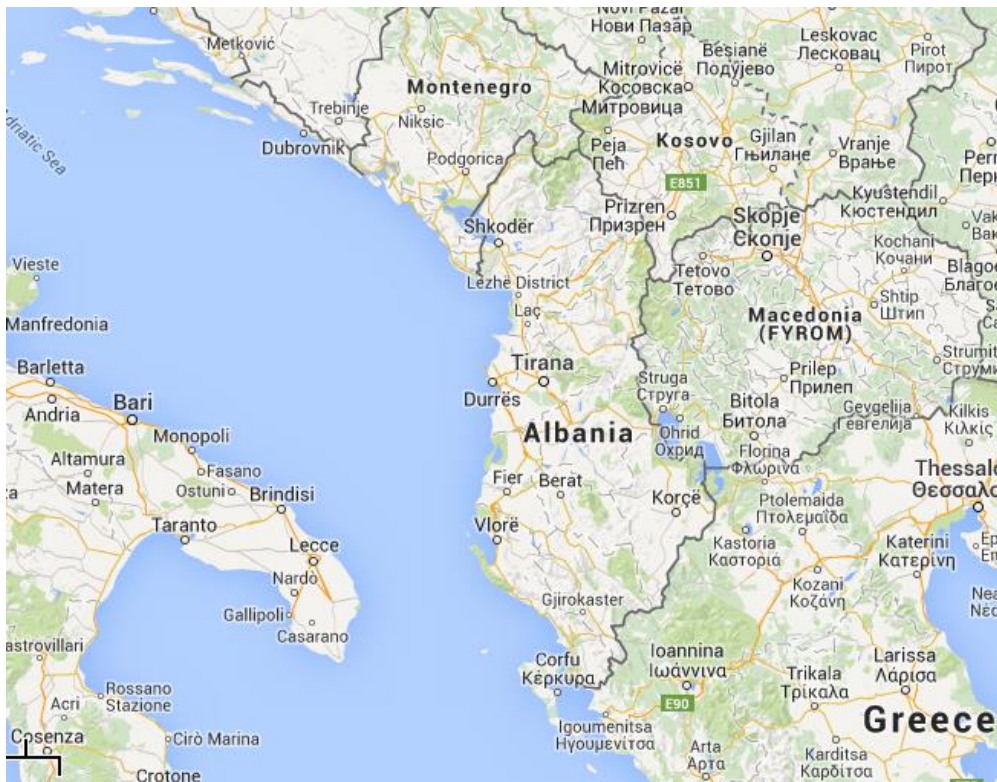
**Map 1.** Foreign and Foreign-born population (% of total population) 2016



*Source:* Eurostat, Foreign-born population by country of birth, 2016.

**Map 2.** Albanian population living abroad

Source: Pew Research Center (2015).

**Map 3.** Albania

Source: Google Map (2017).

# 1. INTRODUCTION AND RESEARCH QUESTIONS

## 1.1 Introducing transnational entrepreneurship

Migration has been an ever-present feature of European history, society and demography for several centuries, with migrants of various typologies (high-skilled, low-skilled, temporary, long-term etc.) moving within, into, and out of Europe (Moch, 2009). Particularly during the 19<sup>th</sup> and early 20<sup>th</sup> centuries, Europe was largely a continent of emigration, especially to the Americas (King, 1996). Hatton and Williamson (1994) identify the migration flows in the 19<sup>th</sup> century as the European trend of the great mass migrations from Europe to the Americas. Albania made up a small element in this transatlantic mass migration. However, Europe has also served as a destination continent, receiving immigration flows from various countries (Tilly, 1976; Zimmermann, 1994). Because of these migratory streams, rich countries in Europe such as the United Kingdom, Germany, Switzerland and France became dependent on poor countries for the unskilled labor that they were offering. In more recent decades, these rich countries have increased their border controls over both emigration and especially immigration by encouraging circular migration and discouraging unskilled migrants from staying in the destination countries. But the net effects of migration are not unambiguously positive. Overall, it can be suggested that both emigration and immigration flows have contributed towards the development, progress and civilization of Europe. For instance, the flows have promoted the co-existence of different cultures and religions in the European countries and have reduced some of the asymmetries and inequalities of the continent's development through establishing channels of cooperation. On the other side, large recent immigration flows have forced several European receiving countries to shift towards social exclusion policies and anti-immigrant movements; whilst countries like Albania have developed an arguably dangerous dependency on emigration.

Especially since the 1950s, Europe has become one of the most popular global destination regions, with an increasing international migration stock (United Nations, 2015). Map 1 shows one indicator of this stock pattern, as it varies across the continent. Particular attention is drawn to Italy and Greece, which both have around a tenth of their population foreign-born, with Albanians amongst the major contributors in these countries. Here as elsewhere, migrants continuously move back and forth across national borders to start



new lives and look for new opportunities. Faced with the dynamic nature of European migration and with the fact that more and more migrants were remaining in the host countries, these countries started to develop better migration and integration policies. These movements have been facilitated by the ratification of several agreements (Schengen, European Economic Area, and Visa Facilitation) that include most countries across Europe and allow their citizens to move freely between these countries. More and more of these immigrants are becoming transnational, belonging to more than one country at the same time, and actively involved in their own countries (Glick Schiller et al., 1992). They maintain ties with their homeland through sending remittances to families and relatives, investing, or participating in homeland politics. However, these are not their only economic contributions; they are developing and maintaining other forms of interaction with their homeland (Portes and Guarnizo, 1991), including establishing themselves as transnational entrepreneurs – the key theme of this thesis.

With technological progress in telecommunication and transportation, the evolving structure of the world economy, and changes in various aspects of the regulatory and institutional framework, transnational immigrant entrepreneurship has turned into an important global phenomenon. Due to these changes, scholars expect this phenomenon to be increasingly vibrant in the future (Drori, Honing and Wright, 2009). For this reason, immigrants' entrepreneurial activities are receiving increasing attention from both receiving and origin countries. This thesis was conceived to explore the transnational entrepreneurship phenomenon in Albanian immigrant communities and to provide new information about its causes and consequences. Transnational entrepreneurs are "individuals who migrate from one country to another, concurrently maintaining business-related linkages with their countries of origin and current adopted countries and communities" (Drori, Honing and Wright, 2009, p. 3). Transnational entrepreneurship is important as a topic to be studied because it is an emerging phenomenon and, according to Patel and Conklin (2009), it has a significant impact on economic, social and political structures worldwide. In particular, migrants, and especially those with an entrepreneurial flair, are seen as potential actors in the development process of their origin countries.

The research design of this thesis targets Albanian immigrants in Italy and Greece and returnees in Albania. Albania is one of the countries with the highest emigration rates to OECD countries (OECD-UNDESA, 2013). Since the early 1990s, Albanian citizens are

constantly seeking jobs and better life chances outside their country and, as a result, taking difficult journeys to countries that appear to offer more promising opportunities. In a large-scale interview survey, one of the first of its kind in the country, Barjaba and Perrone (1996) reported that Albanians saw emigration as the only way out of the country's chaotic economic and political situation. In fact, times have not changed much since then. According to the United Nations, there were about 1.2 million Albanians residing abroad at the end of 2015, which is equivalent to almost half of the population currently living in Albania (United Nations, 2015). Although Albanians leave the country, many of these migrants maintain different kinds of ties with their families and their communities in Albania while they are simultaneously incorporated into the host countries in which they have created a new life (Levitt and Jaworsky, 2007). Some of them retain and strengthen communication with their homeland through transnational entrepreneurial activities. As in many other countries, transnational migrant entrepreneurship is becoming a phenomenon with an increased visibility in Albania too. The Albanian immigrant entrepreneurs have multi-sited lives by being connected to several places at the same time. They are actively looking for promising opportunities across the national boundaries of the host countries in which they have settled. The majority of them tend to operate small or medium sized businesses, but a few are also involved in large-scale enterprises.

Studying the phenomenon of transnational entrepreneurship in Albania is important because of its growth prospects and potential to make important contributions to development. And yet many of the common explanations of ethnic entrepreneurship (see Jones and McEvoy, 1986; Fregetto, 2004; Masurel et al., 2004) do not apply to the case of Albanian immigrants. For example, cultural values and skills, family background, and inter-generational engagement are not significant determinants that influence business development among Albanian migrants. Albanians tend to mobilize various individual and other network resources and opportunities needed to establish their businesses. Additionally, because of the 'double transition' of Albanian migrants, in terms of migration (spatial transition) and in terms of transition from socialism to capitalism and more specifically the absence of entrepreneurship experience in their homeland during the communist regime, we might think of Albanians as being in a weak position for mastering entrepreneurship. In other words, one transition is spatial, with 'learning skills' that are needed to succeed in migration and return, and the other is related to the 'learning

skills' that are required in capitalism. But, paradoxically, the evidence tends to prove the opposite. Albanians have succeeded in identifying various entrepreneurial opportunities, and are nowadays increasingly engaging in a wider range of entrepreneurial activities. Therefore, an examination of entrepreneurship in a developing or transitioning country such as Albania, exploring when, how, and why Albanians are oriented towards entrepreneurship and the potential significance or impact of their entrepreneurial activities towards the development of Albania, are important in the context of its overall development. Also, scholars add that ethnic entrepreneurship provides an often uncertain trajectory with various opportunities, but also with many obstacles and failures (Nodoushani and Nodoushani, 1999). In order to identify these opportunities and obstacles that Albanians face while running their entrepreneurial activities, researchers need to undertake empirical fieldwork and to collect original data. In this context, research on this phenomenon is also needed in order to raise awareness among policymakers about its significance and complexity. By doing this, we can push the state towards paying more attention and to encourage transnational entrepreneurship.

## **1.2 Research aim and questions**

Despite its importance and impact, little is known about the scope, nature, and development of transnational entrepreneurship in Albania. Researchers have largely ignored transnational economic activities in the country, except for some studies on remittances (e.g. Vullnetari and King, 2011). The overall aim of this thesis thus is to provide a fuller account of the causes and consequences of transnational entrepreneurship among Albanian migrants and returnees doing business with/in Albania. For this purpose, I focus my study around three research questions:

- (1) What elements shape the development and operation of transnational entrepreneurial activities among Albanian migrants and returnees?
- (2) What are the characteristics of Albanian transnational entrepreneurs and their business activities?
- (3) What is the potential significance or impact of transnational entrepreneurship on Albania's development?

In order to analyze and get a better understanding of the dynamics of transnational ethnic

entrepreneurship among Albanians, I draw on the conceptual frameworks of economic sociology and migration studies as the most relevant ones. This is supported by drawing on additional theories and concepts which are presented in the literature review section in Chapter 2. Thus, the overall framework for understanding entrepreneurial activities in this study is built on multiple perspectives. Overall, it pays particular attention to entrepreneurs' characteristics; entrepreneurial motivations; capital resources; and the relevant economic, political, and legal frameworks. Using multiple approaches helps in examining transnational entrepreneurship not only through an ethno-cultural perspective but also as a result of other factors and developments. Analysis is conducted at three levels: micro, meso, and macro (Faist, 2000). Micro refers to small-scale interactions, the relations of individuals with other individuals and families; meso describes interactions with networks and organizations; while macro is about the large-scale interactions, and the relations of individuals with systems, markets and societies. More specifically, to explore this phenomenon, I consider literature on i) transnationalism; ii) ethnic entrepreneurship; and iii) ethnic transnational entrepreneurship.

In order to answer the three research questions posed above, I use semi-structured, face-to-face interviews as the primary means of data collection. Through the interviews, I explore in depth the transnational entrepreneurship phenomenon among 50 Albanian migrants and returnees. In addition, I interviewed 20 key informants (experts and policy makers) and other individuals involved in the production of relevant policy documents. Through face-to-face interviews, I explore in detail the social, personal and business backgrounds of the interviewees. Gathering qualitative data through interviews is important in identifying the elements that shape transnationalism, transnational entrepreneurship among Albanians and the characteristics of each entrepreneur. The insights from the interviews showed how the participants' entrepreneurial activities could be conceptualized as forms of transnationalism. Semi-structured, face-to-face interviews were selected as the primary mode of data collection for two main reasons: to collect first-hand original, detailed, primary data on interviewees' migration experiences and business profiles, in order to answer the research questions specified above; and because there are few reliable secondary data available on this topic.

Besides the interviews, document review was also used to develop the theoretical framework of the study and enrich the empirical analysis. Document review took place

before conducting the interviews and included primary source materials found in government departments. This process provided data relating to administrative, organizational, and institutional aspects of migration management and transnational entrepreneurship in Albania. In addition, through the document review, I was able to track changes and development of various government measures and policies.

This study concentrates on three countries in Southern Europe – Italy, Greece, and Albania – in order to get a multi-sited understanding of the existing transnational economic practices. Italy and Greece were chosen because they are the two neighboring countries where the majority of Albanians moved during the various stages of migration. There were around 440,000 Albanians in Greece and around 450,00 in Italy at the end of 2015 (United Nations, 2015). Other sources show a much higher number of Albanian population abroad. According to media reports, there are about 800,000 Albanians in Italy and around 600,000 Albanians in Greece. The discrepancy between the two sets of figures is most probably explained by the significant number of Albanians who are not properly registered in the two host countries and by their fluid, back-and-forth movement. I built the main pool of migrant entrepreneur informants largely through the snowballing sampling technique, but based on multiple access points in diverse locations. Also, in order to minimize the likelihood of confidentiality breaches, pseudonyms and anonymity are used throughout the presentation of the findings.

This study thus addresses the major gap in the existing body of knowledge on the field of transnational entrepreneurship in Albania, and to some extent on transnationalism and return migration and development. It contributes to research in various ways. First, my analyses provide a more thorough understanding of the multiplicity of factors behind the emerging phenomenon of transnational immigrant entrepreneurship. My study investigates how Albanian migrant and returnee entrepreneurs rely on their resources to establish a competitive business activity across two or more countries. Additionally, it gives direction and guidance to Albanian scholars and researchers for future research: especially as regards the reintegration of Albanian returnees, and the relationship between transnational activities and migrants' integration in the host societies. Also, the results from this study relate to the labor and entrepreneurship market in the destination countries. Scholars and policymakers get additional information on which sectors of the economy are migrants engaged. Finally, analysis of the implications of transnational

entrepreneurship for the development of Albania will contribute to policy recommendations, discussed in the last chapter of the thesis.

### **1.3 Overview of the thesis**

The thesis is organized into eight chapters. Chapter 1, this chapter, is introductory, setting out the importance of exploring the transnational entrepreneurship phenomenon in immigrant communities and providing basic preliminary information about its causes and consequences. The main purpose of this study is executed through three main research questions. The first question examines the elements shaping the development and operation of transnational entrepreneurial activities among Albanian migrants and returnees. The next question relates to the characteristics of Albanian transnational entrepreneurs and their entrepreneurial activities. Finally, the transnational entrepreneurship and development nexus is evaluated through a critical review of research findings and the wider literature.

Chapter 2 proceeds with a theoretical overview and literature survey of the relevant themes regarding transnational entrepreneurship and provides definitions of the key terms used in my research. More specifically, it provides a description of migration-generated entrepreneurship with a focus on Albanian migrants and returnees doing business in/with Albania. Immigrants' transnational entrepreneurial activities are established as a result of a combination of various factors. To address and understand the diverse set of transnational entrepreneurial activities, the following theoretical lenses are explored: individual actors' characteristics, beliefs and motivations; community networks and capital resources; the spatial context; and the institutional-regulatory framework. The diverse entrepreneurial paths are investigated by considering the key literature on transnationalism, ethnic entrepreneurship, and ethnic transnational entrepreneurship. The last section of the chapter explores the nexus between migration, entrepreneurship and socio-economic development of the origin countries, and the competing theoretical perspectives behind each of them.

Chapter 3 describes the geographical and contextual background of the study by exploring the development of Albanian migration flows. The first part of the chapter discusses briefly the chronology of Albanian migration in three major phases: before 1944, between

1945 and 1990, and mass emigration after the 1990s. Then, the main push factors triggering Albanian migration (poverty and unemployment) and the primary destination countries (Italy and Greece) are examined in order to contextualize the recent large-scale migration of Albanians. The second part of the chapter examines the diverse Italian and Greek reactions to Albanian migration and Albania's migration management framework. It documents the direction of the Italian and Greek governments' political response towards Albanian immigration from the early days until nowadays. The final part discusses the socio-economic mobility of Albanian migrants in Italy and Greece and migrants' contribution and return to their homeland.

Chapter 4 presents my research methodology. Research on migrant transnationalism is most effectively addressed by a mixed-method approach, including, to put it briefly, quantitative methods for collecting numbers and qualitative methods for collecting words. More specifically, the chapter outlines the data collection, research techniques, field sites, sampling method, as well as my fieldwork experiences in three different countries. Semi-structured, face-to-face interviews were used as the primary method for the study. The interviews explored in depth the transnational entrepreneurship phenomenon among 50 Albanian migrants and returnees. In addition, 20 key informants including experts, policy makers, and other individuals that were part of the production of relevant policy documents were interviewed during the fieldwork. Besides the interviews, document review and analysis was also used to develop the theoretical framework of the study. My research focused on three countries in Southern Europe – Italy, Greece, and Albania – to achieve an extensive and multi-sited view of the current transnational entrepreneurial practices. Italy and Greece were chosen because they are the two countries where the majority of Albanian migrants are located. The sample of the study was largely built through the snowballing sampling technique, whose advantages and drawbacks are reviewed. For the data analysis, the three procedures of Miles and Huberman (1994) are used: data reduction (extracting the essence), data display (organizing for meaning), and conclusion-drawing/verification (explaining the findings).

Chapter 5 is the first of my three “results” chapters. The interviews show that Albanian transnational entrepreneurs are a diverse group with different circumstances and backgrounds. Therefore, the first section of the chapter examines the socio-demographic characteristics of the study informants such as current age, age when they developed their

ventures, marital status, gender, educational level, and family background. The second part of the chapter focuses on the motives that draw Albanian entrepreneurs into becoming business owners. Factors such as economic conditions, level of education, unemployment, and social exclusion are examined in an attempt to understand the motives of entrepreneurs for starting their own businesses. I propose and develop a typology of business paths, dividing them into opportunity entrepreneurs (pulled to entrepreneurship by market opportunities) and necessity entrepreneurs (pushed to entrepreneurship). The third section examines the process of starting up the business, including the resources that the entrepreneurs use and in which sectors of the economy the entrepreneurial activities are established. The migration experience is examined as an effective advancement strategy for enhancing migrants' and returnees' skills in creating transnational ties and activities. Additionally, the following elements are considered when examining transnational entrepreneurial initiatives among Albanians: economic, social, and cultural capital. The chapter ends with an overview of entrepreneurs' business management strategies such as potential partnership, their relations with their employees, politics, and other entities in the country of operation.

Chapter 6 addresses the macroeconomic environment of Albania, focusing on the economic, political, institutional, and legal context of doing business in the country. The first part reviews Albania's transition from a centrally planned economy to a market economy and the several macroeconomic and fiscal policies to eliminate the country's vulnerabilities. The second part assesses the evolution of the political, institutional, and legal environments of business as they play an important role in transnational entrepreneurship development and in EU integration. The political environment in the country is complexly linked with many of the entrepreneurial activities that Albanian migrants and returnees want to achieve. Also, the Albanian government is working closely with local and international actors to improve the legal framework and reduce the shortcomings that disrupt the progress of entrepreneurship in the country. Regarding the development of the institutional environment since the collapse of the communist regime, despite some progress, there is still a need to correct the institutional weaknesses that hinder investment and the establishment of new businesses. The third section of the chapter proceeds with a survey of the biggest obstacles and benefits faced by entrepreneurs when operating a business in Albania. While Albania offers a range of opportunities such as low operating costs and rich natural resources, challenges are also



present in the business environment. Some of the key challenges are corruption, contract enforcement, access to funding, informality, and political interference. Exploring barriers and opportunities helps in identifying some areas where entrepreneurship in Albania can be improved.

Chapter 7 first surveys the various countries in which Albanian entrepreneurs have established their business and the reasons behind their entrepreneurial choices. This is followed up with a section on the challenges and opportunities that Albanian entrepreneurs face in the host countries, Italy and Greece. The thesis focused on entrepreneurial activities in Italy and Greece since the majority of the Albanian migrants are living in these two countries. The comparison between countries helps to gain a better understanding of the business environment in each country and possibly explore some areas where entrepreneurship in Albania can be improved. Moreover, the transnational entrepreneurship and development nexus is defined and explored, and more specifically how migrants and other key informants perceive the contribution of migrants' businesses to the overall development of Albania. Generally, Albanian entrepreneurs succeed in identifying and taking advantage of entrepreneurial opportunities, some of which belong to a recent trend in Albania, which I call academic entrepreneurship. The last section examines some of the potential factors causing the delay in the development of transnational entrepreneurship in Albania and across the wider Balkan region, including various disagreements, slow economic development, unfavorable business climate, and the legacy of communism. It shows how the economic relations between countries in the Balkans have failed to be at the level of the relations in other regions of Europe.

The final chapter lays out a set of conclusions that flow directly from the main findings of the research. The results of this thesis shed light on the dynamic nature of transnational entrepreneurship by showing the typical entrepreneurship path followed by Albanian migrants and returnees. Data show a shift from remittances being used for household consumption to investment opportunities. On the whole, it seems that migration experience serves as an effective advancement strategy for Albanians engaging in transnational entrepreneurship across different sectors of the economy and diversifying transnational activities over time, including academic entrepreneurship. The findings highlight a typology between opportunity and necessity entrepreneurs and a general positive view of the nexus between transnational entrepreneurship and social and

economic development of Albania. Then, the chapter discusses some of the limitations of the study when trying to make generalizations, whilst also stressing the advantages such as filling a gap in the existing literature on transnationalism by exploring an understudied phenomenon, namely transnational migrant entrepreneurship among Albanian migrants and returnees. The third part focuses on giving guidance to scholars and researchers for future potential research directions. There is a need to further explore the extent of the transnational involvement of migrant entrepreneurs and the reintegration of Albanian returnees. The chapter ends with a discussion of some areas where various policy recommendations are likely to enhance entrepreneurship in Albania.

## **2. TOWARDS CONCEPTUALISING TRANSNATIONAL ENTREPRENEURSHIP**

As mentioned in the introduction, the general aim of this thesis is to explore the phenomenon of transnational entrepreneurship among Albanian migrants and returnees doing business in/with Albania. Transnational migration-generated entrepreneurship is an increasingly important and multi-faceted process. However, much of the relevant research on this phenomenon examines it from various narrow and exclusive perspectives. This thesis puts the phenomenon in a wider, more inclusive perspective. It pays particular attention to the following categories: individual actors' characteristics, beliefs and motivations; community networks and capital resources; the spatial context; and the institutional-regulatory framework. Exploring multiple approaches will avoid reducing transnational entrepreneurship to an ethno-cultural perspective and instead take into consideration other factors and developments. Hence, including the aforementioned categories will allow for a broader understanding of transnational immigrant entrepreneurship by pointing out the role of various actors and structures and how they matter in the process.

In essence, this chapter addresses the conceptual background of my study and revisits three bodies of literature. I provide a synthesis of knowledge in each field and this combined literature review contributes to building up the theoretical foundation of my research. I begin with a brief conceptual discussion on transnationalism. In doing so, I examine existing literature, which both explores and critiques the concept and circumstances of transnationalism and theorizes the link between transnationalism and transnational migrants. Next, I delve more deeply into the literature on ethnic entrepreneurship, a related field to research on transnational entrepreneurship; I explore the development of ethnic entrepreneurship and the multiple factors behind it. Thirdly, I explore a particular subset of ethnic entrepreneurship, ethnic transnational entrepreneurship, for a better understanding of the patterns and consequences of immigrants' involvement in transnational entrepreneurship.

## 2.1 Transnationalism

“In recent years transnationalism has become one of the fundamental ways of understanding contemporary migrant practices across the full range of social sciences” (Levitt and Jaworsky, 2009, p. 13). However, transnationalism is a complex phenomenon and discussions about its definition, importance, and typologies among scholars are ongoing. Additional dispute takes place over the conceptualization of migrants’ cross-border activities and transnational engagement. The rest of this first literature section attempts to further disaggregate transnationalism for a more ambitious understanding of this phenomenon, stressing aspects which are of relevance for this thesis.

### 2.1.1 *The rise of transnationalism*

The concept of transnationalism brings an allegedly new and different perspective and is considered an essential approach nowadays in migration studies. It shows the wide range of features and changes amongst the new immigrant communities that have developed within the global capitalist system (Vertovec, 1999; Faist, 2000). Transnationalism attempts to explain why and how contemporary migrants’ social, political and economic linkages and practices have changed over time. Overall, research on transnationalism has been majorly conducted in the United States, leaving cases in Europe understudied. Previously, scholars doing research on immigration and migrants’ integration focused their studies on the ways in which migrants underwent a gradual process of incorporation/assimilation in the host countries, instead of examining how immigrants continue to look back and keep connections with their homeland (Gordon, 1964; Portes and Rumbaut, 1996; Alba and Nee, 1997). The introduction of the concept of transnationalism changed this approach, recognizing, following Light (2010), that most migrants are transnational because they intrinsically belong to more than one country at the same time. As a relatively new concept, transnationalism has created a lot of disagreements between scholars over the overall novelty, significance and complexity of the phenomenon. Some authors go even further by questioning the very existence of transnationalism (Waldinger, 1998; Lopez, 2001; Portes et al., 2002). Some of the main issues and critiques are discussed later below.

The concept of transnationalism made its appearance in Migration Studies in the early 1990s. It was introduced by a group of anthropologists, Linda Basch, Nina Glick Schiller, and Cristina Blanc-Szanton. Basch et al. (1992) elaborate on the complexity of this phenomenon by arguing that transnationalism is a product of world capitalism. They claim that the nature of the global capitalist system in the 1980s brought structural changes; these changes increased the dynamics of migration in a context of economic uncertainty in both sending and host countries, and thereby the probability of migrants building a transnational life. Thus, compared to immigrants in the late nineteenth and early twentieth centuries, the new immigrant community spans activities and linkages across both host and home countries. Basch, Glick Schiller and Blanc-Szanton (1994) define migrant transnationalism as “processes by which transmigrants, through their daily activities, forge and sustain multi-stranded social, economic, and political relations that link together their societies of origin and settlement, and through which they create transnational social fields, that cross national borders” (p. 7).

Similar to the argument of Basch et al. (1992), Portes (2001) also believes that transnationalism emerged as a result of the social and economic forces unleashed by capitalism. Yet, contrary to Basch et al. (1994) who are more inclusive in their analysis, Portes (1996) highlights mainly the economic aspect of transnationalism, notably the rise of transnational enterprises, which is the main focus of this study (this is discussed in greater detail presently). The new globalized capitalism increases demand for immigrant labor. Due to the prevailing low wage, driven down by a labor market which is both globalized and segmented, manual-worker immigrants, through their social relations, seek to build economic enterprises across borders. This is seen as perhaps the main or indeed the only option for improving their socioeconomic mobility. Nowadays, the exploitation of economic opportunities across borders is made easier by the ongoing technological advances.

As discussed above, scholars have linked the rise of transnationalism with the new global economy (Basch et al., 1992; Portes, 2001) and technological progress (Vertovec and Cohen, 1999; Levitt, 2001; Saxenian, 2002; Vertovec, 2004). They argue that structural changes in the global economy and the development of new technologies in telecommunications and transportation have affected the density and complexity of contemporary transnationalism by making communications across long distances easier

and quicker. Technological conditions a hundred years ago made it impossible for cross-border enterprises to attain the features of the contemporary initiatives (Portes, Guarnizo and Haller, 2002). Nowadays, modern forms of transportation and telecommunications, information technologies, and the international flow of finances allow immigrants to manage businesses thousands of miles away. Transnational migrants are taking advantage of the new interconnected world by operating in the country of origin and host country at the same time. But, these are not the only factors influencing contemporary transnationalism. Portes (2001) states that governments from the sending countries rarely start grassroots transnationalism. Yet, these governments make their entrance as soon as the developmental potential of transnational entrepreneurship becomes evident. National programmes are designed to promote transnational practices (Vertovec, 2009). Governments make a dramatic shift in policy such as granting dual nationality, offering the right to vote and other legislative changes in order to expand the scope and thrust of transnational involvements. Recently, the Albanian Government has started negotiations with their opposite parties and other international organizations for granting Albanian migrants the right to vote in destination countries. Through this policy, Albanian officials are encouraging Albanians living abroad to take an interest in the country's affairs. The Albanian government has also implemented several other policies to keep the Albanian diaspora connected and encourage them to invest in business back home. The Development Fund for Diaspora Investments is another example of the government's attempts to attract investments from Albanian communities living abroad. In addition, efforts from the civil society and private sector have been present, aiming to stimulate migrants to invest in establishing businesses in their home country. Thus, in addition to economic changes and technological advances, other factors such as political practices and legal frameworks have enabled greater cross-border practices.

Despite the novelty and interest raised by several studies in the existing and now quite well-established literature, skepticism continues about the existence and significance of transnationalism, and consequently about the importance of transnational business activities. Portes et al. (2002) illustrate the two main arguments as representing the skeptical position. Their argument starts with mentioning that some scholars (Waldinger, 1998; Lopez, 2001) believe that the majority of contemporary immigrants either assimilate in the host society or return to their home countries. Thus, in the view of these latter authors, cases of transnational entrepreneurship among immigrants are considered

to be exceptional. They minimize the phenomenon of cross-border initiatives and practices. The second argument refers to a general agreement in some of the literature that the claim of transnationalism being new is exaggerated. Several scholars (Jones, 1976; De Conde, 1992; Foner, 1997; Portes, Guarnizo and Landolt, 1999) have shown that return migration and visits to home countries have existed for centuries. They illustrate their objections by giving examples of economic transnationalism throughout medieval Europe. Trade diasporas (Curtin, 1984), networks of foreign merchants who settled in host societies in order to engage in commerce, symbolize an early example of transnational entrepreneurs. Foner (1997) adds that "transnational households", with members scattered across borders, were not uncommon a century ago; immigrants coming to the Americas engaged in transatlantic economic ventures linking places of origin and destination. However, this is not their only type of engagement. In addition to economic connections, there was a cross-border engagement of migrants in political and social developments in their home countries. De Conde (1992) and Jones (1976) illustrate the extensive engagement of migrants in their homeland at the political level. Thus, their skepticism has to do with both the frequency of transnational practices, and their assertion that transnationalism is not a new concept.

So what is new about transnational practices among migrants? One common view suggests that transnationalism is not a new concept, but several aspects of it have changed with the passage of time. More specifically, past and present transnationalism differ in many aspects such as in the "range and depth" (Goldberg, 1992) or "density and significance" (Jones, 1992) of migrants' lived experience in multinational social fields. Because of the new dynamics of the process of globalization, current cross-border migrant practices have a different diversity, intensity, and regularity when compared with past centuries. Portes, Guarnizo and Landolt (1999) add that early examples of economic transnational practices, involving merchants and commercial representatives, were of an elite type. In this way, contemporary transnational practices differ from the past because they cover a much wider range of activities and participants. In addition, the socioeconomic consequences of the current phenomenon are different from the past. For example, and making specific reference to transnational enterprises, Light (2010) states:

"Thanks importantly to the research of Anna Lee Saxenian (2002), the world has realized the economic importance of transnational entrepreneurs (TEs). Once thought to start only mom-and-pop stores, which they still do, immigrant

entrepreneurs, it is now realized, have recently been involved in major technical sector start-ups, including Intel, Yahoo, Sun Micro Systems, E-Bay, and Google” (p. ix).

However, ongoing disagreements on the novelty, dimensions, and conditions of transnationalism do not challenge its importance for contemporary migration theories (Portes et al. 2002); indeed, the existence of similar transnational practices among immigrants at the turn of the twentieth century demonstrates the concept’s value in pointing to previously overlooked connections. Portes (2001) continues to elaborate further on the debate of transnationalism’s novelty by recalling Merton’s notion of the “fallacy of adumbration”. In other words: “What is more common is that an idea is formulated definitely enough and emphatically enough that it cannot be overlooked by contemporaries and it then becomes easy to find anticipations of it” (p. 16). Thus, once a phenomenon is brought to attention, it is common to point to earlier instances. Smith (2003) argues that “...if transnational life existed in the past but was not seen as such, then the transnational lens does the new analytical work of providing a way of seeing what was there that could not be seen before” (p. 724). Therefore, transnationalism can bring new insights to migration studies, both nowadays and in the past.

Portes et al. (1999) believe that the rise of various forms of grass-roots transnationalism has both practical and theoretical significance. Practically, grassroots transnationalism offers an option to a wider range of people, as noted above. Theoretically, it represents a distinct form of immigrant adaptation. Portes et al. (1999) propose that transnational entrepreneurship is an alternative form of immigrant economic adaptation in which the opportunity to create transnational activities depends on the sociopolitical context of the host and sending countries. Contrary to the view of the sociological assimilation perspective, transnational communities highlight the fact that immigrants engaged in transnational activities do not have to abandon their culture and language (Portes, 2010). Portes, Guarnizo and Haller (2002) state that the (then) emerging perspective of transnationalism, instead of focusing on traditional concerns about the origins of immigrants and their assimilation within receiving communities, focuses on the continuing relations between immigrants and their countries of origin and how these engagements build social and economic fields that span national borders.



### 2.1.2 Typologies of transnationalism

In order to understand better the content of transnationalism and its significance, researchers have attempted to disaggregate transnationalism according to its various dimensions such as type of activity, intensity, scope, and frequency. Some of the most useful and relevant typologies used for organizing my study are discussed below.

Vertovec (1999) has elaborated six major approaches on which transnationalism is often grounded. These premises are the following: “transnationalism as a social morphology, as a type of consciousness, as a mode of cultural reproduction, as an avenue of capital, as a site of political engagement, and as a reconstruction of ‘place’ or locality”. Examples of each category are given in figure 2.1, with illustrations from Albania.

*Figure 2.1: Six major approaches to transnationalism*

Conceptual premise	Example
“Social morphology”	Social groups that are organized and distributed across borders (ethnic diasporas). Social networks that operate transnationally, for example between Albania and Italy.
“Type of consciousness”	Migrants’ multilocality, maintaining dual or multiple identifications, for example being Albanian and something else. Diasporas’ collective memories.
“Mode of cultural reproduction”	Different forms of globalized immigrants’ media and communication. For example, traditional music and television programs targeting different ethnic groups.
“Avenue of capital”	The institutional form of transnational practices is represented by the so-called “Big Players” (bureaucrats and professionals) and “little players” (migrants’ remittances and skills).
“Site of political engagement”	Part of the political activities are now undertaken abroad in different ways. For example, migrants engaging in the “politics of homeland” and political parties establishing offices abroad for migrants’ support, usually during

	political campaigns.
“(Re)construction of place or locality”	This approach supports the argument that many people face difficulties of relating to, or indeed producing, “locality”, which may result in “multi-locality”. As a result, new “translocalities” are created.

*Source: Vertovec (1999)*

Below, I have attempted to provide a systemization and typology of transnational practices in terms of direction, width, and scope by critically reading and systematizing existing literature. A useful typology recognizes the importance of scale and power directions: that transnational activities range from individual linkages to a more macro level such as transnational institutions. More specifically, Smith and Guarnizo (1998) divide transnationalism into transnationalism “from above” (global capital, media, and political institutions) and transnationalism “from below” (local, grassroots activity). Transnationalism “from above” refers to transnational activities conducted by powerful institutional actors such as states and multinational corporations, while transnationalism “from below” refers to grassroots activities conducted by immigrants and their home-country counterparts. Examples of the latter type are immigrants sending remittances and making charitable contributions to their countries of origin (Itzigsohn et al. 1999; Landolt 2001). Other scholars, such as Light (2007) and Drori et al. (2009), further explain the differences between these two categories by focusing on the role and involvement of the nation state. They explain that transnationalism from above is stimulated by states that admit immigrants without regard to numerical limitation because of their business skills, financial capital or other useful skills. An example would be Canada’s immigration regime, in which potential immigrants are assessed on a points system. The system assesses individuals’ education, skills, work experience and other factors. This practice creates skilled immigrant populations with potential entrepreneurs. On the contrary, transnationalism comes from below in the absence of the above pre-selection mechanism from the state. Hence, it generally comes from so-called “economic immigrants” who are independently establishing their businesses and taking advantage of opportunities in both home and host countries without a triggering mechanism from the state (Drori et al., 2009).

Additionally, categorizing the width of transnational practices by the degree of

institutionalization, involvement, and movement is another useful typology used for my study. Itzigsohn, Cabral, Medina and Vazquez (1999) make a distinction between “narrow” and “broad” transnationalism. On the one hand, “narrow” transnationalism refers to transnational activities with a high level of institutionalization, constant engagement of entrepreneurs, and regular movement of entrepreneurs between the countries where they run businesses. On the other hand, “broad” transnationalism refers to transnational activities with a low level of institutionalization, occasional involvement of entrepreneurs, and sporadic movement of entrepreneurs between countries.

Regarding the scope of transnationalism, transnationalism is mainly seen as a migration-related phenomenon, especially by migration researchers. However, some scholars believe that despite the above typologies, transnationalism has a broader scope. It is also linked with non-migration phenomena, since non-migrants too can engage in transnational business activities. For example, Portes (2003) argues that transnationalism arises from “the initiatives of common people to establish durable economic and other ties across national borders” (p. 875). Therefore, he introduces a typology that distinguishes between the activities of national states, global multicenter institutions, and private non-corporate actors (see Figure 2.2 below). In addition, Portes (2003, p. 876) argues that this classification highlights that “the concept of transnationalism, as used in the contemporary research literature, refers primarily to the cross-border activities of private grassroots actors, including immigrants” and that “there is a need for language that distinguishes these activities from those of large bureaucracies and other institutions.”

*Figure 2.2: Cross-border activities by different types of actors*

<i>Areas</i>			
<i>Activities</i>	<b>Political</b>	<b>Economic</b>	<b>Socio-cultural</b>
International	Establishment of embassies and organization of diplomatic missions abroad by national governments.	Export drives by farming and fishing organizations from a particular country.	Travel and exchange programs organized by universities based on a specific country.

Multinational	United Nations and other international agencies charged with monitoring and improving specialized areas of global life.	Production and marketing activities of global corporations with profits dependent on multiple national markets.	Schools and missions sponsored by the Catholic Church and other global religions in multiple countries.
Transnational	a) Non-governmental associations established to monitor human rights globally. b) Hometown civic associations established by immigrants to improve their sending communities.	a) Boycotts organized by grassroots activists in First World countries to compel multinationals to improve their Third World labor practices. b) Enterprises established by immigrants to export/import goods to and from their home countries.	a) Grassroots charities promoting the protection and care of children in poorer nations. b) Election of beauty queens and selection of performing groups in immigrant communities to take part in annual hometown festivals.

*Source: Portes (2001)*

Transnationalism thus embraces multiple political, cultural and economic activities with different degrees of institutionalization, involvement, and movement. Portes, Guarnizo and Landolt (1999) suggest that the category of transnational activities with a low level of institutionalization conducted by ordinary immigrants and their home-country counterparts deserves greatest attention because it represents a novel and distinct development in transnationalism. Transnational entrepreneurship can bring social changes to Albania. The positive non-monetary outcomes, some of which are further explored in chapter 7, include better work environment, international diffusion of knowledge and local capability development. The rest of the transnational activities have been well explored in the last decades. Accordingly, this study will focus on the economic aspect of transnationalism: more specifically, on the transnational enterprises established by

Albanian migrants and returnees.

## **2.2 Migrant entrepreneurship**

Entrepreneurs are often perceived as people with unique traits, skills and characteristics that enable them to succeed in business. Migrants are among those people succeeding in entrepreneurial activities, often getting involved in what is termed ethnic entrepreneurship; in other words, in activities which somehow reflect their ethnic or national origin, and/or serving the market of the migrant ethnic community. The majority of the existing studies examine cases of migrants moving from less developed countries to more developed countries such as the United States. Moreover, ethnic entrepreneurship was an activity often observed among ethnic groups in the United States, a country where individual initiative has traditionally been encouraged and highly valued. As a result, research on immigrant entrepreneurship has been dominated by cases in the USA, leaving European countries under-studied. However, with migrant and ethnic groups making up a growing proportion of the population in most European societies, ethnic businesses can be found practically everywhere. Volery (2007) elaborates three reasons why ethnic entrepreneurship in Europe has become more visible. Firstly, beginning in the mid-twentieth century, Europe changed from a source of emigration to an attractive destination for immigration. There were massive migration flows, especially into the more industrially advanced countries of North-West Europe, from Southern European countries, North Africa, and the Middle East. Secondly, economic restructuring, shifting from a manufacturing to a service-sector economic base, led to changes in the labor market and a job shift pattern, moving from large firms to self-employment in small ones. Finally, the opportunity structure for ethnic business in Europe has become more favorable as changes in industrial structure led to creation of small and medium sized enterprises (Blaschke et al., 1990).

With the growing presence of ethnic entrepreneurs in Europe, scholarly work has also grown and presented various findings on this phenomenon. The main objective of this section is to develop an understanding of the multiplicity of factors behind immigrant entrepreneurship. Any analysis and discussion on transnational entrepreneurship requires the clarification of the key concept, immigrant entrepreneurship. Transnational entrepreneurship is viewed as part of immigrant entrepreneurship since it is built on issues

such as cross-border activity and (although generally to a lesser extent) ethnicity.

Ethnic entrepreneurship is built on “a set of connections and regular patterns of interaction among people sharing common national background or migration experiences” (Waldinger and Aldrich, 1990, p. 3). Analogously, ethnic entrepreneurs are often referred to as “simultaneously owners and managers (or operators) of their own businesses, whose group membership is tied to a common cultural heritage or origin and is known to out-group members as having such traits; more importantly, they are intrinsically intertwined in particular social structures in which individual behavior, social relations, and economic transactions are constrained” (Zhou, 2004, p. 1040). However, explaining the motives of economic actors and the impact of social patterns on their actions remains a challenge. Many theories have been developed for framing the phenomenon, and in particular the decision regarding business entry. Below, I will discuss the main alternative schemes to explain why immigrant groups turn to self-employment. I focus on the following approaches: culturalist, structural, ethnic enclave, situational, mixed embeddedness, and social networks.

### *2.2.1 The culturalist approach*

The culturalist approach claims that some immigrant groups have a set of cultural qualities that encourage them to seek out business opportunities. Several scholars draw attention to the actors’ cultural resources or tendencies as factors that lead to successful business performance (see, for example, Borjas, 1986; Min and Bozorgmehr, 2000). This model suggests that “ethnic” migrants possess culturally determined features such as dedication to hard work, strong community ties, compliance with social value patterns, solidarity and loyalty, and inclination to self-employment (Masurel et al., 2004). Thus, specific cultural skills and values, inherited from the homeland and further nurtured in the host country, are seen as having a crucial role in facilitating and encouraging entrepreneurial activities. For example, ethnic networks provide resources to ethnic businesses through ties based on loyalty and obligation. Therefore, the culturalist approach would hypothesize that Albanian immigrants have certain experiences and cultural attributes that contribute to establishing a business. If they experience difficulties in the labor market of the host countries, they will venture into self-employment. This model is not very promising for the case of Albanian entrepreneurs since they come from

a country where they could not develop entrepreneurial skills, since private firms were forbidden under the communist regime.

However, this approach of privileging culture has its flaws, since it rests on cultural essentialism. Analyses based on this approach only are considered by Chan and Cheung (1985) to be dangerous, contributing to stereotypical impressions of specific immigrant groups. These stereotypical impressions affect the way people act and think. We tend to categorize people based on their culture; categorizing is not necessarily a bad process, but people are obviously more complicated than that as they are not represented only by their culture. Through stereotypical impressions, we risk assuming that certain cultural groups may not be interested or good enough to succeed in a specific business activity. The interaction between culture and entrepreneurship might be stronger for certain ethnic groups like the East African Asians than others (Basu and Altinay, 2002). Also, culture is not fixed; certain aspects of culture and the entrepreneurial base arise through various policies facilitating an entrepreneurial culture; therefore, we should not consider it as a destiny. In their study with London's immigrant entrepreneurs, Basu and Altinay (2002) highlight the complexity of the interaction between culture and entrepreneurship. Lastly, according to the culturalist approach, we are treating people's culture as a precondition to migrant entrepreneurship, while neglecting the economic implications of entrepreneurship. We risk underestimating an important determinant when it comes to building an enterprise: profit. The culturalists tend to see migrants as being motivated by nostalgia, identity and culture, instead of market forces and transformations. Some of the scholars have even gone further, albeit in a different direction in examining the culturalist approach by demonstrating that some cultural characteristics may serve as barriers towards the success of entrepreneurship (Ram and Deakins, 1996).

### *2.2.2 The structural approach*

By contrast, the structural approach, also known as the middleman minority theory (Light, 2007), sees the tendency of immigrants to start a business as motivated by the constraints and opportunities available to them in the host country. Middleman minorities refer to ethnic entrepreneurs who trade in goods between a society's elite and a lower income group, and who are thus located within the middle of the economic system. They were especially involved in retail trade and international commerce. Light (2007) states that

“middleman minorities turned to self-employment for self-defense amid the general absence of alternative earning options” (p. 4). Thus, this approach highlights that immigrants experience various kinds of disadvantage that block or make difficult their entrance in the labor market. Cultural alienation, exclusion or entry barriers in the labor market due to their limited skills, knowledge, and resources, push immigrants to seek opportunities in self-employment (see, for example, Bonacich, 1973; Bonacich and Modell, 1980). Fregetto (2004) explains that most immigrants have numerous disadvantages hindering them but which at the same time steer their behavior. Thus, supporters of this approach believe that ethnic enterprises are established as a result of structural limitations in the economic, social and cultural environment of the destination countries. Because of the limited access to obtaining jobs in the so-called primary labor market of secure and well-paid jobs, immigrants seek self-employment as an alternative and a promising route for survival.

Going back to my case, Albanian immigrants face various kinds of disadvantage in the labor market in host countries. They experience discrimination, difficulties in learning the language, non-recognition of credentials and qualifications obtained abroad, and other difficulties in adjusting to the ways of the host country. Studies show that often, Albanian migrants in Greece and Italy experience wage discrimination in the workplace (see Kokkali, 2011; Mai, 2011). Also, Albanian immigrants cannot hold positions comparable to those they held in the home country or get promotions because of language difficulties and lack of credentials. Often, there are mismatches between the level of jobs immigrants hold and their qualifications, since EU countries do not validate and recognize their Albanian degrees and diplomas. For example, Albanian immigrant employment in Greece is mainly in the secondary or informal labor sector regardless of skill levels (see Psimmenos and Kassimati, 2004; Barjaba and King, 2005). Therefore, according to the structural approach, these immigrants turn to entrepreneurship because their education qualifications are not recognized and they are experiencing difficulties in finding jobs in the formal sector of the economy.

This theory also assumes that immigrants enter the host country as sojourners, who do not plan to settle in the host country permanently (Bonacich, 1973). Barjaba and King (2005) give the example of single, male Albanians migrating to Australia during the 1920s with the intention to work, make money and then return to build houses and



improve their properties in Albania. The sojourning orientation of these immigrants explains why they start out in certain types of business sectors; the immigrant's main goal is to make money quickly and return to the country of origin. As a result, they are drawn to portable and easily liquidated businesses with relatively low start-up and running costs and minimal competition (Bonacich, 1973; Zhou, 2004). However, the migration trends among Albanians have changed over time. As a result, this assumption does not seem to fully apply to the majority of the contemporary Albanian immigrant groups in Italy and Greece. Nowadays, Albanians have the tendency to permanently settle within their destination countries instead of seeing migration as temporary. Barjaba and King (2005) show the evolutionary trend of Albanian immigrants to settle down through the increasing numbers of women and children in the migrant population structure, with family reunion becoming one of the main migration mechanisms among Albanians. Other studies demonstrate the high rates of family and children emigration (Albanian Government, 2015). Usually, the Albanian community sets down roots and rather quickly assimilates in these two countries, despite an earlier history of discrimination and stigmatization.

### *2.2.3 The enclave theory*

The enclave theory is an extension of the middleman theory. It represents a different view than other theories; it includes the role of spatial location when explaining why immigrants are drawn to self-employment. Accordingly, immigrants face two different labor markets in the host countries: the primary labor market (high-wage jobs that require formal education and experience) and the secondary labor market (low-wage jobs with minimal requirements). Usually, immigrants, due to their immigrant status, economic hardships, low skills, and discrimination find employment in the secondary market. Since the primary market is not accessible and the secondary market offers limited economic opportunities, immigrants establish an ethnic enclave, which is considered by Wilson and Portes (1980) as a distinct economic sector, separate from the primary and secondary sectors of the labor market. Portes (1981) explains that the ethnic enclave consists of immigrant groups, which concentrate in a specific spatial location and establish businesses serving the immigrant community within the enclave and the broader economy. The enclave is an important setting for the development of ethnic businesses; cheap and loyal labor in the ethnic enclave from migrants of the same ethnic group provides entrepreneurs with a labor cost advantage.

The enclave economy theory suggests that Albanian immigrants participate in entrepreneurial activities through the following two main paths. Some go into business after their arrival in the host countries by taking advantage of their ethnic resources. These groups of entrepreneurs cut labor costs by hiring co-ethnics at low wages and getting assistance from friends, relatives, and acquaintances (Werbner, 1984). This practice appears to be relatively common among Albanian migrants. For example, many of the entrepreneurs owning a restaurant in Greece hire Albanian migrants as their employees. In some cases, the low costs come from co-ethnics, both documented and undocumented, working under the table or long hours. Others, following the second path, get employed by co-ethnics and, as a reward of their hard work, the owner helps them start a business (Bonacich and Modell, 1980; Wilson and Portes, 1980).

#### *2.2.4 The situational approach*

In an attempt to address ethnic entrepreneurship in a more comprehensive way, Waldinger and Aldrich (1990) develop the situational approach, also known as the interactive theory. Their inclusive model takes into account both the opportunity structure and the specific characteristics of ethnic groups. It explains that the process of ethnic entrepreneurship is “an interaction of political-economic and social-cultural factors within unique historical conditions encountered at the time of immigration” (Waldinger and Aldrich, 1990, p. 31-32). More specifically, their interaction model consists of three key factors, namely the opportunity structure, group characteristics, and ethnic strategies. The authors perceive the opportunity structure as composed of market conditions (ethnic consumer products and non-ethnic markets) and access to ownership (interethnic competition for vacancies and state policies). Group characteristics consist of three categories involving pre-migration characteristics (skills and experiences brought by immigrants), the circumstances of migration (legal status) and post-migration characteristics (the occupational position of a minority group in the economy of the host society). The third aspect of the model is ethnic strategy. According to Waldinger and Aldrich, immigrant economic activity is an interactive consequence of the pursuit of opportunities by the mobilization of ethnic resources (p. 14). Ethnic resources are socio-cultural features of a group that can be utilized by co-ethnic businesspersons or from which their business can benefit (Light and Bonacich, 1988, p. 178).

The interaction model is an important contribution to the debate in this topic; however it also presents some limitations. Rath (2000, p. 7) shows that Waldinger and Aldrich (1990) assume that immigrants naturally define ethnic entrepreneurial strategies just because they share an ethnicity and/or identify themselves with one group with specific ethno-cultural traditions. I concur with this view: the case of Albanian immigrants can be seen as a counter-argument to the Waldinger and Aldrich perspective. As mentioned earlier, Albanian migrants and returnees lack past entrepreneurial experience and traditions due to the long-lasting communist regime in their homeland; therefore, their business initiatives are less likely to be explained by the Waldinger and Aldrich hypothesis. Other potential facilitating factors including individual actors' characteristics, beliefs and motivations; community networks and capital resources; the given spatial context; and the institutional-regulatory framework should be taken into account when addressing the development of ethnic entrepreneurship.

#### *2.2.5 Embeddedness/mixed embeddedness*

Embeddedness is another key concept in explaining the success of immigrant entrepreneurs (Kloosterman, van der Leun and Rath, 1999). This approach explains the process of how individuals transform into entrepreneurs and how they expand their entrepreneurial activities through different relations. Granovetter (1985) elaborates more on this term, distinguishing between "relational" and "structural" embeddedness. "Relational" embeddedness refers to the characteristics of economic actors' and their personal relations; "structural" embeddedness refers to the effect of personal relations on economic activities.

One of the most recent, comprehensive, and wide-ranging explanations of the factors that facilitate the development and success of immigrant entrepreneurship is "mixed embeddedness" (Kloosterman, van der Leun and Rath, 1999; Kloosterman and Rath, 2001). "In this view, the rise of immigrant entrepreneurship is, theoretically, primarily located at the intersection of changes in socio-cultural frameworks, on the one side, and transformation process in (urban) economies and the institutional framework on the other" (Kloosterman et al., 1999, p. 8). Mixed embeddedness, which is very central to this thesis, is a three-dimensional approach characterized by the interplay between the social, economic and institutional contexts. These categories are viewed as

complementing each other. Mixed embeddedness holds obvious promise for my study as it allows for a broader understanding of transnational immigrant entrepreneurship. The concept carries the potential to explain how customs, practices and beliefs helped Albanians pursue their entrepreneurial activities. In addition to the socio-cultural framework, the economic context where enterprises are established is important. For example, some of the Albanian migrants and returnees start their businesses because of their frustration at the lack of decent employment opportunities; while for others becoming an entrepreneur was something that they aspired to from an earlier stage of their migration trajectory. Additionally, the concept of mixed embeddedness assesses the evolution of the institutional environment of business in the country, whether this be Albania, Italy or Greece.

#### *2.2.6 Social networks*

Lastly, social networks constitute a crucial factor when analyzing entrepreneurial and transnational entrepreneurial activities (see, for example, Aldrich and Zimmer, 1986; Portes, 1995, 2000; Kyle, 1999; Faist, 2000; Poros, 2001; Portes et al., 2002; Wong and Ng, 2002; Guarnizo et al., 2003, Wong, 2004; Chen and Tan, 2009). Portes (1995) defines social networks as “sets of recurrent associations between groups of people linked by occupational, familial, cultural, or affective ties” and considers them important structures in which economic transactions are embedded (p. 8). He highlights the importance of networks in economic life, as “sources for the acquisition of scarce means...and as imposing effective constraints on the unrestricted pursuit of personal gain” (p. 8). Networks are believed to facilitate entrepreneurs’ access to resources and information. According to Kyle (1999) and Poros (2001), individuals with more diverse and broad social networks are in a stronger position to build and maintain transnational enterprises. With the case of Gujarati Indian migration to New York and London, Poros (2001) shows that these immigrants’ lives illustrate how certain configurations of network ties (organizational, composite, and interpersonal ties) channel immigrants to particular destinations and occupations. Poros (2001) explains that networks affect different types of migration and the occupational outcomes of migrants. They help individuals to mobilize resources for entrepreneurship and better exploit market opportunities in the host and home countries.

Similarly, Chen and Tan (2009) and Wong (2004) demonstrate the importance of networks in transnational entrepreneurship (TE). Chen and Tan (2009) attempt to examine TE through “glocalized” networks, taking into account both local and global linkages; meanwhile, Wong (2004) points out that transnational familial networks constitute an important form of capital among Taiwanese immigrant entrepreneurs in Canada. In the Albanian context, some cases included inter-family partnerships, a business team consisting of husband and wife or siblings. One example among my study participants is two brothers being involved in an inter-family partnership while running a successful winery in southern Albania. Both brothers migrated to Italy in the early 1990s and one of the brothers, after working for more than 10 years in northern Italy, decided to return to Albania and establish a family business in the city of origin. The brother who moved to Albania is operating the business from Berat, while his brother works primarily in Italy, contacting clients, suppliers, and other business contacts. Other cases among the study participants included “second-generation” children being involved in the business operation. The role of the family networks includes various services such as locating and contacting potential clients, suppliers, and business partners.

Although research has showed the importance of social networks for business operation, some scholars maintain that not all types of network are useful (see Salaff et al., 2006). The usefulness of these networks depends on the nature of resources offered (Salaff et al., 2006) and the institutional context (Drori et al., 2009). For example, social networks may be more useful when running a business in a developing country, because of the weak legal institutions, than in a country that has developed a stronger legal and institutional framework (Drori et al., 2009). According to this argument, social networks are expected to play an important role in the establishment and operation of transnational businesses in Albania, where there is a rather weak institutional environment.

### *2.2.7 Synthesis*

All of the perspectives described above make important contributions to the ongoing research discussion; nevertheless, as Oliveira (2007) suggests, they offer mainly mono-dimensional explanations. They emphasize the attribution of one cause to the existence of immigrant entrepreneurship. None of the existing monocausal theories can fully explain this phenomenon as a whole. They do not give an integrative model for explaining

the historical development of, and the reasons why immigrants in general engage in business. That said, understanding the diversity of immigrant entrepreneurial strategies remains a challenge. For this purpose, in chapter 5, I analyze how the following categories: individual actors' characteristics, beliefs and motivations; community networks and capital resources; the spatial context; and the institutional-regulatory framework, have influenced the transnational paths that Albanian immigrants and returnees have taken to entrepreneurship.

Also, immigrant entrepreneurship is a related field to research on transnational entrepreneurship; however, on its own, it is not a sufficient field of study in the context of my thesis. Drori et al. (2009, p. 1004) state "in contrast to the ethnic entrepreneurship paradigm, the locus of reference for transnational entrepreneurship is the international theater, where it focuses explicitly on the significance and opportunity of cross-border business activities". Therefore, other key concepts, perspectives, and practices that extend beyond the host countries should be considered when investigating transnational entrepreneurship among migrants.

### **2.3 Transnational immigrant entrepreneurship**

With the technological advances and reduced costs of transportation and communication, the ability of migrants to exploit entrepreneurial opportunities beyond a single country is higher. Transnational ethnic entrepreneurship has stimulated considerable interest and debate and, like immigrant entrepreneurship, has been examined from several perspectives (see, for example, Portes, 1996; Portes et al., 2002; Itzigsohn and Gioruli, 2002; Wong and Ng, 2002; Drori et al., 2006; Drori et al., 2009). As we noticed from the migrant entrepreneurship literature, the majority of the existing studies examine cases of transnational migrant entrepreneurship in the United States, leaving the European countries somewhat behind, with the East European realm even less investigated. However, with the post-communist transformation processes in these Central and Eastern European countries, the instances of transnational migrant entrepreneurs from these countries are more present and provide an interesting case for research. Despite the increasing attention to transnational entrepreneurship, there is no clear definition of what constitutes a transnational entrepreneurial activity and knowledge on this phenomenon is limited and fragmented. In the following paragraphs, I will try to define transnational

entrepreneurship by considering different perspectives available in the literature. Scholars from different academic disciplines have various definitions on transnational entrepreneurs and there is a knowledge gap in describing the reasons and ways in which individuals participate in transnational entrepreneurship. Furthermore, within the literature on transnational entrepreneurship, Albanian transnational entrepreneurs remain completely understudied. Very little is known about this phenomenon in the context of Albania. Here, then, I revisit and re-evaluate the existing literature on the transnational immigrant entrepreneurial process.

In order to have a better understanding of transnational immigrant entrepreneurship, it is important to define the concept. From a business perspective, transnational entrepreneurs are defined as social actors “capable of bearing risks and taking strategic initiatives to establish, integrate, and sustain foreign operations” (Yeung, 2002, p. 37). They are seen in terms of capabilities in strategic management and abilities to exploit business opportunities (Yeung, 2002). From a sociological perspective, transnational entrepreneurs are seen in terms of the immigrants’ integration and economic adaption or network relations. Drori, Honing and Wright (2009) define transnational entrepreneurs as:

“individuals that migrate from one country to another, concurrently maintaining business-related linkages with their former country of origin, and currently adopted countries and communities... travelling both physically and virtually . . . [to] engage simultaneously in two or more socially embedded environments, allowing them to maintain critical global relations that enhance their ability to creatively, dynamically, and logistically maximize their resource base” (p. 1001).

Compared to other scholars (see Portes et al., 2002) discussed below, Drori and colleagues address more specifically the scope and boundaries of transnational activities. Their definition highlights the importance of migration experiences, regular traveling abroad and engagement in different institutional environments. Other scholars emphasize the multi-polar links of transnational entrepreneurship in Europe. Through his research on Vietnamese entrepreneurs in London, Bagwell (2015) suggests that transnational entrepreneurship is not necessarily seen just as migrants moving back and forth between the origin and destination countries, but as multipolar. Meanwhile, other scholars focus on alternative elements when defining this phenomenon. For example, Portes et al. (2002) define transnational entrepreneurs as “the subset of firm-owners who travel abroad at least twice a year for business and whose success depends on regular contact with foreign

countries” (p. 284). However, by privileging and focusing on frequency of the cross-border movement of the immigrants as a defining feature of transnational entrepreneurship, other significant business activities may be overlooked. Consequently, I will build my research sample of Albanian transnational entrepreneurs based on Drori’s et al. (2009) definition, which covers a larger number of elements of transnational activities. Also, when examining transnational migrant entrepreneurship, it is important to analyze to what degree are these entrepreneurs taking advantage of transnationalism and transnational resources and support (Bagwell, 2015).

As mentioned above, Portes et al. (1999) argue that, once dominated by elite actors, transnational practices nowadays cover a much wider range of participants. This greater participation has resulted from various factors, such as the increase in global migrant numbers, and especially of those sending remittances. However, Landolt (2001) argues that it is invalid to assume that all migrants engage equally in transnational practices. What elements then shape the phenomenon of transnational entrepreneurship among Albanian migrants and returnees, and what is the potential impact of their activities? Drawing from economic sociology and the other theories presented in this discussion, the overall framework for understanding entrepreneurial activities and their outcomes in this study is built on multiple key elements.

Drori et al. (2010) argue that Bourdieu’s theory of practice (1977) is a useful theoretical framework for exploring transnational entrepreneurship. This theory is based on three key concepts: habitus, field and capital. By habitus, Bourdieu understands the “acquired and transmitted dispositions, mental structures and cognitive schemes that manage the ideas and actions of actors in a particular field” (Pavlov et al., 2014, p. 19). Fields are the social structures and settings – including, in my case, geographical contexts – in which the practices of actors take place. Lastly, Bourdieu names particular sorts of resources as capital. He distinguishes four types of capital, namely economic, cultural, symbolic and social, all of which interact between and with one another (Bourdieu, 1986). The notion of economic capital refers to resources that have direct economic value (Terjesen and Elam, 2009). It is convertible into money and can be institutionalized in property rights. Cultural capital includes educational qualifications and learned experiences held by individuals. Cultural beliefs and values can help actors initiate entrepreneurial activities. Symbolic capital refers to honor, trust and recognition. It can help entrepreneurs build



their entrepreneurial reputation and improve their credibility among other actors, and enhance their business performance. Lastly, social capital represents the social relationships and networks among individuals. It serves as a primary means of mobilizing resources for transnational activities (Vertovec, 2003).

Regarding the relationship between social capital and transnationalism, a recent study conducted in Albania and Serbia by Pavlov et al. (2014) found a direct correlation between the quantity of social capital migrants obtain and their success in establishing transnational networks and entrepreneurship. The more social capital they possess, the more successful they are in their transnational entrepreneurial activities. Therefore, social capital accumulation is seen as determining an individual's economic opportunities in life and as a key factor to be considered when explaining the success of migrants in their business activities. Similarly, Dahinden (2005) has previously conducted a case study of social networks of ethnic-Albanian migrants from former Yugoslavia to show the role of transnational ties in their decision making process. More specifically, Dahinden attempted to clarify how transnational ties help migrants decide on which family member(s) will migrate, in which destination country they will settle, and how they will proceed with their life projects. Through her study, Dahinden found a limited transnational participation and a virtual absence of transnational relations within social networks of Kosovan-Albanian migrants in Switzerland. Among her study participants, there were no specific transnational and ethnic businesses, neither in the national nor in the transnational context. She explains the lack of transnationalism as a result of the disadvantaged position of this particular group of migrants and their limited personal resources such as cultural capital.

Drori et al. (2009) also formulate a theoretical framework based on the factors influencing transnational entrepreneurship and their outcomes as well as the mechanisms of adaptation to both the home and the host country's environment. They elaborate on what they regard as the key aspects of the field: agency, cultural perspectives, institutional perspectives, power relations, and social capital and networks. Agency addresses the transnational entrepreneurs' embeddedness in home- and host-country contexts, which involve socioeconomic and political resources, such as state, class, network, family etc. The cultural perspective examines how transnational entrepreneurs use their cultural values to support their business activities and to adapt to different circumstances and cope

with several challenges faced along the path to entrepreneurship. The institutional perspective examines how transnational entrepreneurs understand the rules of the game and adjust their market behavior in order to maximize their revenues. The power relations perspective underlines how transnational entrepreneurs use the political context in both sending and receiving countries to develop and review their strategic positions and options in the context of the electoral cycles of governments and business. Finally, the social capital and networks perspective shows the importance of these two closely linked concepts as instrumental for entrepreneurial resource acquisition and success. Katila and Wahlbeck (2012) examine the significance of social capital and how it is mobilized in different ways depending on the migration paths. They examined the role of social capital and concluded that the success of the Chinese and Turkish restaurant owners in southern Finland lies in entrepreneurs' ability to mobilize the resources available in Finnish and co-ethnic social ties and in local and transnational ties. Scholars conclude that variations in access to bonding and bridging social capital explain differences between the business activities of the two groups.

Transnationalism is related with immigrants' embedded trans-border strategies for household maintenance, incorporation, and entrepreneurial expansion (Landolt, 2001). Addressing the transnational economic practices linking two Salvadoran communities in the United States and El Salvador, Landolt (2001) examines the relationship between economic transnationalism, immigrant settlement and economic development in the country of origin. The author analyzes four processes: i) the creation of border-spanning social networks by migrants and their home-country counterparts; ii) the construction of transnational economic activities and institutions; iii) the broader transnational social formations in which these are embedded; and iv) the cumulative and unintended consequences of economic transnationalism for migrant households, the immigrant community, and the country. It comes out that economic transnationalism is both part of a transnational settlement strategy, and it holds potential for economic development in the homeland.

While Landolt (2001) examines the potential of economic transnationalism for the homeland's economic development, other scholars look at how the homeland's economy impacts the types of economic transnational activities (see Zhou, 2004; Chen and Tan, 2009). The type of economic development in the country of origin defines certain

structures of opportunities unique to persons of a national-origin group and determines the types of transnational activities that migrants might pursue (Zhou, 2004). In economically developed countries, there is dominance of formal and large-scale transnational activities such as the cases of Taiwanese and Koreans (see Min, 1986; Zhou and Tseng, 2001). By contrast, in less developed countries, there is domination of informal trade and *viajeros* (travelers) such as the cases of Salvadorans and Dominicans (see, for example, Portes and Guarnizo, 1991). The study by Portes and Guarnizo (1991) on Dominicans in New York showed the existence of a large number of emigrant-created small and medium firms and is discussed in greater detail in the next section.

In addition, scholars explore the entrepreneurial motivations behind transnational entrepreneurship among migrants. Ojo (2012) shows the transition of Nigerian migrants in the UK from ethnic enclave to transnational entrepreneurship. They find that Nigerian migrants are motivated into transnational entrepreneurship mainly from gaining competitive advantages and a desire to contribute to the development of their country of origin. Moreover, Itzigsohn and Saucido's (2002) model on transnational participation represents a useful framework for examining immigrants' motivations that lead to the establishment of transnational enterprises. They give three explanations regarding transnational participation, namely "linear", "resource-dependent", and "reactive". Linear transnationalism views transnational practices as a result of the ties that link immigrants to their family members and homelands. Immigrants send remittances and build ethnic institutions within the host societies in order to maintain their social relations with their country of origin (Basch, Glick Schiller and Szanton Blanc, 1994; Glick Schiller, 1999). This perspective often focuses on immigrants' plans to return to their homelands, which may or may not be realized subsequently. Resource-dependent transnationalism refers to immigrants' labor market position. Immigrants start to engage with the country of origin as soon as they have the appropriate resources, notably the financial resources to send remittances, invest, and travel back and forth. The last perspective, "reactive transnationalism", views transnational practices as immigrants' reaction to a negative experience, often discrimination, pushing them back to engage more actively with their homeland.

The perspective of "reactive transnationalism" is also illustrated by other scholars such as Portes (2001). Portes adds that the extent of hostility and discrimination in the host

society may stimulate the rise of transnational entrepreneurs. When migrants find themselves in a complex and hostile context, are socially excluded, and are at a disadvantage when seeking employment opportunities in the host society, they tend to seek economic security through non-conventional paths such as self-employment. Contemporary immigrants take advantage of the increased global reach of everyday economic activities and engage in transnational business activities for improving their economic status. This argument may be seen as directly relevant to the case of Albanian migrants. This group of immigrants has been represented through very negative stereotyping by both the Greek and Italian media (again, discussed in greater detail presently). Barjaba and King (2005) confirm that media's framing of Albanian migrants created a hostile, deprived, and discriminatory environment in the two main host countries. Hence, this hostility may have influenced Albanians' initiatives and decisions to seek self-employment. However, it is important to note that hostility and discrimination may also make it more difficult for these entrepreneurs to set up and operate a business; this hypothesis remains to be explored further.

A specific empirical example illustrating the perspective of "reactive transnationalism" is Kosic and Triandafyllidou's (2003) study of Albanians in Italy. They show how immigrants act in a context of limitations and opportunities, which they actively integrate into their migration experience and their understanding of themselves, their country of origin and the host country (p. 997). These authors illustrate the adaptation strategies that Albanian immigrants develop from the beginning of their migration plans through to their transition and settlement in the destination country. They look at how immigrants make sense of the host country's context, social and institutional environment and the related immigration policies, and their strategies when attempting to cope with all these factors. Scholars explore the experience of Albanian immigrants from immigration policy implementation in the Italian administrative offices and how they perceive discrimination. This restricted institutional space limits the opportunities for immigrants' transnational entrepreneurship. Transnationalism and entrepreneurship develop in a synergy with migration plans, coping strategies and identity-related issues; a synergy which has both negative and positive interactional linkages.

In addition to the above theoretical foundations, institutional theory is another useful theoretical lens for my study (Bruton et al., 2010). Several scholars suggest that the

institutional theory should be utilized as a framework for studying transnational entrepreneurship (see, for example, Yeung, 2002; Drori et al., 2009; Urbano et al., 2010). Yeung (2002) argues that institutional context in both home and host countries enables and constrains entrepreneurs' strategies and decisions on business operations. As well, when exploring the institutional approach, Urbano et al. (2010) bring up North's (1990) perspective on the concept and types of institutions. North (1990, p. 3) defines institutions as "the rules of the game in a society, or more formally, institutions are the constraints that shape human interaction". In addition, North (1990, p. 37) distinguishes between formal (regulations, contracts, etc.) and informal institutions (codes of conduct, attitudes, etc.) and considers formal institutions as supplementary to informal ones in the sense that "they are deliberate means used to structure the social interactions in accordance with the cultural guidelines that constitute its informal institutions". On the other hand, informal institutions may also develop in opposition to the formal institutional environment, especially if the latter is too bureaucratic, expensive or corrupt. Based on the data derived from their study on transnational entrepreneurship in Spain, Urbano and colleagues (2010) suggested that both formal and informal institutions play an important role in the context of transnational entrepreneurship. In particular, formal institutions were important in increasing the number of transnational activities, while informal institutions had a high influence in promoting the emergence of transnational enterprises. That said, these studies emphasize the notion that institutional theory is a highly useful theoretical foundation when exploring the phenomenon of transnational entrepreneurship. Hence, for a more comprehensive understanding, there is a need to explore how the institutional context shapes the activities and strategies of Albanian transnational entrepreneurs, and this is done in a subsequent chapter.

Additionally, scholars have focused on understanding the extent of transnational involvement for entrepreneurial purposes (Rusinovic, 2008; Bagwell, 2015). Rusinovic (2008) makes a distinction of businesses among first and second-generation migrants in the Netherlands as having limited, moderate or substantial transnational involvement, and concludes that not all migrant entrepreneurs are transnationally active. Following the same line of reasoning and same classification of businesses, Bagwell (2015) found that Vietnamese businesses in London vary in the extent to which they engage in transnational activities: some firms operate in multiple countries, whilst others are small, locally-based ventures. Thus, while Landolt, Autler and Baires (1999) give an analysis of the various

types of transnational enterprises, Bagwell (2015) identifies the number of countries involved in the operation of transnational firms, focusing on the geographical extent of the phenomenon.

In the framework of examining the phenomenon of transnational entrepreneurship and the different types of activities which are considered to fall under this category, some scholars bring into focus transnational scientific entrepreneurs. Science-based transnational entrepreneurship is a growing phenomenon but the literature on this phenomenon remains underdeveloped (Portes, Guarnizo and Haller, 2002; Oliver, 2004). Saxenian (2002) identifies this group as individuals “who are foreign-born, highly educated professionals in dynamic and technologically sophisticated industries” (p. 66); for example, second-generation Albanians working in Silicon Valley or other well-known technological companies. In the context of my study, transnational entrepreneurs are those who were born in Albania and have moved to the host countries, including those who have subsequently returned to Albania. For understanding and examining this phenomenon and its potential impact, it is necessary to consider a number of factors. Oliver and Montgomery (2010) add that, in addition to contextual, cultural, and institutional factors, we should examine the individual factors of the entrepreneurs. For example, they argue that one factor that may be relevant is the area of entrepreneurs’ specialty as it is considered to be a critical factor that leads scientists towards entrepreneurial opportunities. Some types of the scientific work and inventions are more likely to bring into the market various products.

## **2.4 The potential impact of transnational immigrant entrepreneurship**

There is a general agreement that migration and development are linked in complex ways. The impact of migration on development in the country of origin continues to be a heated debate. Many scholars (Spaan et al., 2005; Faist, 2009; de Haas, 2010, 2012) point out three phases in this debate: shifting from optimism in the post-war period to deep “brain drain” pessimism during the 1970s and 1980s, and back towards neo-optimistic “brain gain” since the 1990s. Accordingly, scholars are divided between two groups, namely “migration optimists” and “migration pessimists”. De Haas (2012) compares this debate with the swings of a pendulum and believes that these reflect the general shifts in social and development theories. In addition, he elaborates on these opposing views by stating

that the majority of the migration optimists in the 1950s and 1960s (see, for example, Lewis, 1954; Kindleberger, 1965; Todaro, 1969) were inspired by neoclassical migration economics and/or “developmentalist” modernization theories, which perceive migration as stimulating development in sending societies. While the new migration and development optimistic approach is explained by the New Economics of Labor Migration paradigm (see Stark and Bloom, 1985; Massey and Parrado, 1998), a critical response to the old-style neoclassical migration theory.

The socioeconomic impact of migration in the host country has been more thoroughly studied (see Portes, 2009). For that reason, this section will mainly focus on the possible range of effects of migration on the country of origin, which is also more germane to my study on Albania. The optimistic perspective treats migration as a positive phenomenon, having a beneficial impact on the economic and social development of origin countries (as well as on host countries). Proponents illustrate how the governments of migrant-sending countries see transnationally oriented migrants and diasporas as potential actors of development (Saxenian, 2002; Zhao, 2005; De Haas and Plug, 2006; Gamlen, 2006; King, Lulle and Buzinska, 2016). Faist (2008) further explains that the positive role attributed to migrants is related to the claim that remittances, which he broadly defines as the flows of money, knowledge, and universal ideas, have a positive impact on the development of the migrant sending countries. Remittances are seen by migration optimists as the most effective instrument for achieving poverty alleviation, income redistribution, and economic growth (Kapur, 2003). For Albania, remittance flows to some extent have allowed for higher income, better healthcare and education, and poverty reduction (Vullnetari and King, 2011; King et al., 2013; Barjaba, 2002, 2003, 2011, 2013a, 2015).

Migrants also transfer their know-how and skills to the communities in their country of origin. Light (2010) and Lin (2006) cite the example of migrants from countries such as India and China working in the tech companies and building technical regions like Silicon Valley in their homelands. This trend in technology is also noticed in the case of Albania, but at a very much smaller scale. There are a few cases of Albanian entrepreneurs working in Silicon Valley or other tech companies in the United States and at the same time they are closely collaborating with tech companies and start-ups in Albania. In addition, other studies revisit the economic, socio-cultural, and political contributions of return

migration. They demonstrate the role of return migration in fostering development in countries of origin (see, for example, Ammassari, 2004; King, 2015). In particular, return migrants are perceived as potential actors in establishing enterprises in their home country upon return. King (2000) sees return migrants as potential innovators, bearers of newly acquired skills and entrepreneurial attitudes. Hence, returnees can facilitate knowledge and skills transfer gained overseas. The growing impact of transnational entrepreneurs will be more evident with the changing nature of the Albanian diaspora, as the new, post-1990s diaspora is becoming more active and connected with the homeland, especially in business activities when compared to the old diaspora formed during pre-communist times.

On the other hand, migration pessimists (Frank, 1969; Wallerstein, 1974; Papademetriou, 1985) draw on “structuralist” approaches, which consider migration as a negative phenomenon undermining the processes of sustained development of migrant sending societies. Migration aggravates problems of underdevelopment in sending countries through “various negative feedback mechanisms (backwash effects), which in its turn fuels further out-migration, thereby perpetuating the vicious circle of the migrant syndrome” (de Haas, 2010, p. 238). According to this group of scholars, migration drains origin countries of their scarce human capital, and this loss may become critical for certain professions. For example, Albania is currently suffering a shortage of qualified doctors and other medical staff. An increasing number of Albanian doctors and specialists are moving to Germany, as a more promising country for them to capitalize on their educational qualifications. Because of the mass migration of Albanian doctors, it is reported that regional hospitals do not have the required number of doctors to cover the needs of the local community. However, this path of reasoning becomes weaker if return migration is no longer a neglected issue; returnees are no longer perceived as individuals who “failed” in the host countries, and return migration is not necessarily perceived as a permanent move.

Another concern coming from migration pessimists is the issue of remittances. They argue that a significant portion of remittance flows is spent on consumption (food and clothes) and in “static” investment (land, remodeling or building new houses), rather than being invested in entrepreneurship initiatives (Rhoades 1978; Lipton, 1980; Albanian Government, 2015). This practice of “cosmetic development” (Rhoades, 1978) does



change the housing landscape of many villages and cities, but it does not encourage investment for business initiatives, and the nature of the economy of the country of origin creates a dangerous dependency on remittances. Albania is an example of an economy with a high dependency on remittances. Regarding “social remittances” (Levitt, 1998), King, Lulle and Buzinska (2016) acknowledge the importance of this kind of remittance and the way migrants see themselves as agents of economic and social change. However, through their study in Latvia, they conclude that the changes that educated and skilled migrants want to make in their country of origin, and other development initiatives that they might have, are constrained due to the limited market opportunities and the often non-transparent recruitment and hiring process in the country. This is a similar case to the context of Albania.

However, it is important to recall de Haas’ (2012) key arguments regarding the opposition between pessimistic and optimistic views. He argues that “because migration is not an exogenous variable, but an integral part of wider social and development processes, the development impacts of migration are also fundamentally heterogeneous” (p. 228). As a result, contextuality plays an important role in determining the nature of migration impacts on development in sending countries. Transnational migrant entrepreneurs do not operate in an economic, institutional and legal vacuum. In the context of Albania, the potential benefits depend on whether Albania provides a promising social, economic and institutional environment. In addition, when assessing migration impacts, it is vital to follow an inclusive and multi-scalar approach. De Haas (2012) argues that it is important to distinguish between the development contexts at the micro (individuals, families and communities), meso (local or regional), and macro (national, international) levels. Furthermore, de Haas (2012) adds that it is critical to identify the numerous dimensions of development (income levels, living standards, gender roles, political reform etc.). For example, in the case of Albania, transnational entrepreneurs may not have an impact on education development in Albania, but they may bring new work skills and cultures of work into Albanian society, an important contribution to the socioeconomic situation in their country. Also, some of the enterprises may not have a great impact in the overall employment rate of the country, but they have a significant impact on the employment situation in the local area where the enterprise operates. Some of the enterprises which were included in this study were hiring individuals from the local community.

Moreover, it is important to distinguish between the various types of returnee when dealing with the return phenomenon and its impact on origin countries (see Ammassari, 2004; Cassarino, 2004). Ammassari (2004) argues that when exploring the impact of returned migration, distinguishing between highly skilled *élite* migrants and unskilled worker migrants is an important aspect. The development implications on the host and origin countries depend on the nature of mobility of these groups. From her study in West Africa, it emerged that the acquired human capital abroad that Ghanaian and Ivorian *élite* migrants transfer to their home country upon return has positive impacts on the development of their homeland. Hence, the highly qualified *élite* migrants have a greater development potential than the low-skilled worker migrants. After return, highly skilled migrants are better equipped in terms of various kinds of capital. Also, there is a visible gap between generations among migrants when it comes to their impact on the country of origin. Ammassari (2004) found that older generations of migrants played a more important role in nation-building; meanwhile the younger generation has a higher willingness to explore entrepreneurial opportunities and hence have the capacity to contribute to private sector development. Overall, we may conclude that explaining how, and under which circumstances, migrants return is particularly important when examining returnees' contribution to the homeland's development (Cassarino, 2004).

Existing literature suggests that transnational economic enterprises have a potential influence for boosting development in both the home and receiving countries (see Portes et al., 2002; Saxenian, 2002; Zhao, 2005). Such enterprises have a high capacity to have an impact on the socioeconomic mobility of immigrants and their influence on the countries of origin (Portes et al., 2002). For example, Saxenian (2002) puts forward the idea that transnational entrepreneurs play an important role in the international diffusion of knowledge and in local capability development. However, in order to better understand the impact of transnational immigrant entrepreneurship, it is important to identify the characteristics of entrepreneurs themselves and the types of ventures that they undertake.

Portes and Yiu (2013) propose that there are two types of transnational business activities: firms developed by immigrants of modest educational backgrounds and resources, and firms established by professionals. These two categories are both somewhat related to the transnational entrepreneurs of this study. Portes et al. (2002) further explain that individual differences matter: "Transnational enterprise is an exceptional mode of

economic adaptation, but one that is neither marginal nor associated with poverty or recency of arrival. On the contrary, it is the better qualified, more experienced, and more secure immigrants who are overrepresented in these economic activities” (p. 209). Therefore, seeing transnational entrepreneurship as representing a distinct form of immigrant adaptation, then transnational migrant entrepreneurs should be expected to have some distinctive characteristics that differ from both the mass of immigrants employed in wage labor and the more traditional ethnic entrepreneurs whose activities are limited to the host society only (Portes et al., 2002).

The heterogeneity of transnational activities is the second factor considered when analyzing their potential impact. For example, Itzigsohn et al. (1999) divide transnational practices into four major categories: political, civil-societal, cultural, and economic practices. Political transnationalism refers to non-governmental and hometown civic associations: for example, migrants’ membership and activism in Albanian political parties or electoral meetings in the destination countries, Greece and Italy. A considerable number of Albanian migrants are actively participating in the politics of the homeland and traveling to Albania to vote during elections. Civil-societal activity refers to “community practices in the religious, sports, or mutual-help fields that are not mainly political or market-oriented” (Itzigsohn et al., 1999, p. 324). Cultural practices refer to symbolic practices, such as the formation and promotion of identities, tastes and values (p. 324). Lastly, economic transnationalism refers to immigrants’ involvement in business activities that take place both in the host country and the country of origin: for example, transnational enterprises established by Albanian migrants to export/import goods to and from their home countries.

Landolt et al. (1999), in their study on Salvadoran immigrants in Los Angeles, Washington DC and El Salvador, go further and identify five types of transnational enterprises: circuit enterprises, cultural enterprises, ethnic enterprises, migrant microenterprises, and transnational expansion enterprises. Circuit enterprises are involved in the transfer of goods and remittances between a country of origin and its migrant settlements. Circuit firms include formal and informal international couriers. For instance, it is not uncommon for Albanian migrants to transfer remittances through informal and unrecorded channels. Cultural enterprises promote national identity among immigrants. They include ventures that produce and distribute immigrants’ mass media

(newspapers, TV programming) and businesses that produce or distribute goods from the immigrants' country (food and beverages). For example, same-day Albanian newspapers and magazines can regularly be bought in stores and kiosks in Greece and Italy. Also, many of the Albanian immigrants in the destination countries, as far as the United States of America, are watching Albanian TV channels. Among the various television channels, there is a channel that broadcasts specific programs for the Albanian communities living abroad with the aim of preserving the Albanian language and identity. Ethnic enterprises are small retail firms catering to the immigrant community (Portes, 2010, p. 208). These depend on a steady supply of imported goods from home country and on the continuing taste and demand for these products by the immigrant community, which may fade over time. Return migrant microenterprises are firms established by returnees to their home country that rely on their transnational links. The most common types of return migrant microenterprises include restaurants, video stores, auto sales and repairs, and office supplies (Landolt et al., 1999). Returnees who were in retail/food businesses in the receiving countries, often set up branches in Albania and get the products from abroad. Finally, transnational expansion enterprises are large companies and small- and medium-sized enterprises that mainly serve the special needs of immigrants. Landolt et al. conclude that the establishment of transnational economic enterprises is indispensable to the relations of Salvadorans and their home society.

Portes and Guarnizo (1991), researching the Dominican Republic case, recorded the presence of a large number of emigrant-created small and medium firms. This trend is also present in the case of Albania. Many Albanian migrants residing in Italy and Greece set up a parallel firm in Albania. The majority of the migration-generated businesses are small and medium enterprises concentrated in the service, retail, and construction sectors of the Albanian economy. In the service sector, the most common types of emigrant-created businesses are removal and remittances firms, laundries, car wash and car service shops. In the retail sector, businesses are concentrated in clothing and grocery stores. Often, migrants create construction firms too. In addition to transnational formal firms, informal practices are also present. An example is the individuals who travel back and forth to supply their businesses in Albania. They get non-durable consumer goods from abroad and bring them to Albania. In addition to small and medium ventures, a small number of Albanian migrants in cooperation with foreign investors have established large-scale enterprises such as call centers. Furthermore, it is important to note that many

Albanian entrepreneurs keep connections and collaborate with their past employers in the host countries by exchanging ideas, equipment, products, and technology.

After discussing the characteristics of transnational entrepreneurs and their business activities, it is important to note that not all of them contribute equally to economic development. As a result, it is necessary to differentiate between two different types of entrepreneurship: building on the extant literature by Reynolds et al. (2002) and others, I conceptualize these as necessity-driven and opportunity-driven. Schumpeter (1974, p. 132) defines “necessity entrepreneurs” as those who are simply self-employed, and “opportunity entrepreneurs” as those who go one step further and “reform or revolutionize the pattern of production”. The key difference between the two types of entrepreneurs lies in the entrepreneurs’ motivation to start their entrepreneurial activities. Necessity entrepreneurs start a business because they cannot find other opportunities in the labor market. They generally operate on a small scale. The transnational enterprises of Salvadoran immigrants in the US studied by Landolt et al. (1999) are an example of entrepreneurial activities driven by necessity. Research shows (see Acs and Varga, 2005; Acs, 2006; Desai, 2009; Newland and Tanaka, 2010) that necessity entrepreneurship can create value for entrepreneurs and any employees they might have, but has a rather minimal effect on economic development. On the other hand, opportunity entrepreneurs start their businesses in order to pursue a new market opportunity. In line with the above argument, these entrepreneurs, especially highly motivated and skilled migrants, take advantage of market openings and affect broader economic development. An example of entrepreneurial activities driven by opportunity is the case of Latino transnational entrepreneurs in the US studied by Portes et al. (2002).

## **2.5 Conclusion**

This chapter has provided a general review of transnational migration-generated entrepreneurship with a focus on Albanian migrants and returnees doing business in/with Albania. Because of the ‘double transition’ of Albanian migrants and the absence of entrepreneurial experience under communism, we would consider Albanians as being in non-favorable conditions for developing transnational enterprises. However, there are multiple indications that they have succeeded in entrepreneurial opportunities through mobilizing various resources and opportunities needed for business development.

The chapter has laid out a range of conceptual frameworks and provided a systemization and typology of transnational practices among Albanians in terms of directions, width, and scope. Some of the Albanian migrant entrepreneurs in Italy and Greece involve themselves in activities concerning their homeland. They are now engaging in economic transnationalism and are active in transnational social spaces. They are actively looking for new economic opportunities available beyond the national boundaries of the host countries. At the same time, this study examines how Albanians look for economic opportunities available in the former destination countries when they return to Albania. Immigrants' entrepreneurial activities in both the host and origin countries are created as a result of a combination of various factors. From the different perspectives discussed in the literature, I consider the broad conceptual frameworks of economic sociology and migration as the most relevant ones in understanding of the dynamics of transnational ethnic entrepreneurship among Albanians. Economic sociology pays particular attention to the relationships between economic activity, society, and changes in the institutions that impact economic activity. From the review of the existing literature, we saw that the majority of the studies offer mainly monocausal explanations. Meanwhile, my study offers an integrative model for understanding the diversity of entrepreneurial strategies by considering various categories when examining the transnational paths that Albanian immigrants and returnees have taken to entrepreneurship. More specifically, to address and understand the diverse set of transnational entrepreneurial activities, the following theoretical lenses were explored: individual actors' characteristics, beliefs and motivations; community networks and capital resources; the spatial context; and the institutional-regulatory framework. The diverse paths to the emerging phenomenon of entrepreneurship were investigated through an analysis of the literature on transnationalism, ethnic entrepreneurship, and ethnic transnational entrepreneurship.

In addition to examining the paths towards transnational entrepreneurship, the last section of the chapter examined the various potential channels through which migration and migrant entrepreneurs can stimulate development of Albania. The main channel discussed in the study, through which migration contributes to development, is entrepreneurial activities. Thus, the chapter explored the nexus between migration, entrepreneurship and the socioeconomic development of the origin countries, and the theoretical competing perspectives behind each of them. The discussion above highlights a generally and hypothetically positive view of transnational migrant entrepreneurs as key actors in the

migration-development nexus. The chapter made specific reference to entrepreneurial activities in Italy and Greece because these are the two main countries in which Albanian migrants are concentrated. However other groups of Albanian migrants around the world engage in similar transnational entrepreneurial activities, as the wide range of literature cited in this chapter indicates.

I would like to highlight, finally, that little is known about the scope, nature, and development of transnational economic activities in Albania. The lack of quantitative or qualitative studies of transnationalism and transnational practices among Albanians made my analytical review of the conceptual literature more difficult. Difficulties when reviewing the existing literature include that many of the data sources do not distinguish between migrant entrepreneurship in the host country and the migrant entrepreneurship that runs across borders. Secondly, the existing research on transnational immigrant entrepreneurship is mostly conducted through case studies, limiting generalizations and quantitative estimates on the frequency of the phenomenon. Even the existing case studies are mainly focused on ethnicity-based transnational entrepreneurship and on countries that are distant from, and different from, Albania. More importantly, for a better understanding of the phenomenon, there is a need for further research on the reintegration of Albanian returnees and the relationship between transnational activities and migrants' integration in the destination countries. The next chapter proceeds with a more in-depth discussion on Albanian international migration. It gives a detailed account of Albanian migration in order to frame an understanding and interpretation of the transnational entrepreneurship phenomenon among Albanian migrants and returnees doing business in/with Albania.

### **3. ALBANIAN INTERNATIONAL MIGRATION: TRENDS AND PATTERNS**

This chapter outlines the contextual background of my study, namely Albania's migration history. Albania is a country with substantial levels of both internal and international migration. However, this chapter focuses solely on international migration, as this is the aspect most relevant to my thesis. The first part of my account illustrates the chronology of Albanian migration, discussed in three major phases: before 1944, between 1945 and 1990, and mass emigration after the 1990s. The migration flows after the fall of communism are considered to be important as they shaped the contemporary history of Albanian migration. They have set the ground for the country's particular style of development and transnationalism. Then, the broad reasons for migration and the main destination countries are examined. The next part of the chapter examines the Italian and Greek reactions to Albanian migration and Albania's migration management framework. The final part discusses the socio-economic mobility of Albanian migrants in Italy and Greece, and migrants' contribution and return to their homeland. By examining the reactions of the host countries towards migrants and migrants' integration in the destination countries, we can better understand what might have led them to seek self-employment. Although this chapter is mainly about the history, geography and sociology of Albanian migration, links will be made where possible to the main theme of this research, transnational entrepreneurship.

#### **3.1 Pre-communist migrations**

There is relatively little information available on pre-communist migration outflows. Two of the main publications reviewing migration during this period are by Barjaba et al. (1992) and Tirta (1999). However, the data in this section should not be treated as numerically accurate historical research and should be viewed with caution. The first flow of Albanian migration took place after 1468, with the death of the Albanian national hero Skanderbeg (see Barjaba et al., 1992; Tirta, 1999; King and Mai, 2008). Following his death, the Ottomans occupied Albania. As a result, some 200,000 Albanian "refugees" (one-quarter of the country's then total population), moved abroad between 1468 and 1506 (for example, Tirta, 1999; Tachella, 2005). A large group of them migrated towards



southern Italy, where they are known by the name *Arbëresh*, while others moved northwards towards the Dalmatian coast and south to Greece (see Barjaba et al., 1992; Tirta, 1999; Tachella, 2005; King and Mai, 2008). In addition to these groups, there were many other migration flows during and after the Ottoman rule over Albania, mainly forced and labor migration (see Tachella, 2005).

Some of these migrants were *nizams*, deported people, and people who left during the Ottoman Empire's disintegration (Barjaba and King, 2005). Many Albanian young men also migrated within the military context of the Empire. They were recruited by the Ottomans and were sent to fight as part of the conquering crusades for the Empire (King and Vullnetari, 2003; Vullnetari, 2007). Other Ottoman-era migrants were people who were considered enemies of the ruling Sultans and were forced to leave the Empire and settle in its other occupied territories. Albania remained under the Ottoman Empire until 1912, with the Albanian Declaration of Independence. The independence was succeeded by short transitions from the Kingdom of Serbia occupation in 1913, to the principality of Albania (1914-1925), the Albanian Republic (1925-1928), and the Kingdom of Albania (1928-1939). For more detail on this fast-changing geopolitics see Vickers (2009). Then, the country was under the Italian occupation from 1939 until 1943, when the German army occupied the country. Meanwhile, due to the Balkan Wars (1912-1913) and the several treaties defining the boundaries for the new Balkan states, there were forced displacements of Albanian-speaking population located in the contested new territories (Vullnetari, 2007). These groups mainly moved within Albania, but also further afield to destinations such as Turkey and the United States. Others simply emigrated far away for economic gain or political asylum (see Tirta, 1999; Barjaba, 2003; Carletto et al., 2004).

At the end of the nineteenth century and the beginning of the twentieth century, related to the urbanization and industrialization processes which were developing in other parts of the world, as well as (to a limited extent) in Albania itself, Albanian labor migration became more intense (Vullnetari, 2007). Under difficult circumstances and extreme poverty, Albanians moved both internally and abroad. Some of their initial international destination countries were Turkey, Egypt, Romania, Bulgaria, and Greece (Tirta, 1999; King and Mai, 2008). Among these countries, Greece was the primary destination with around 400,000 Albanians by the mid-1930s (Barjaba et al., 1992). Later on, with

progress in transport and technology, flows were also directed towards more distant routes. Groups of young males from southern Albania migrated to the US; at first, they settled around Boston and then moved to other cities in Massachusetts, as well as New York, Illinois, etc. (Nagi, 1988; Tirta, 1999). Other distant destination countries were Australia and Argentina. See Map 2, p. xiii, for a simplified sketch of the current Albanian diaspora.

These pre-communist migrations tell us little about Albania migrant entrepreneurship, partly because the data sources are so sketchy. Most emigrants were, to some extent “forced” to leave because of population displacements or out of poverty. Hence, they were not a business elite and their emigration could not be regarded as that of a “trading diaspora” such as the Lebanese historically or the Chinese today (Cohen, 2008).

### **3.2 Migration during the communist regime**

After the collapse of the Axis powers, the Albanian Communist Party took power in 1944. Albania became a communist state with Enver Hoxha serving as leader until his death in 1985. During the communist regime, for around 45 years, Albania experienced political and economic isolation (King, 2003; Tachella, 2005). More specifically, emigration was outlawed and considered a crime, while rural-urban migration was strictly controlled by the state (Hall, 1996; King, 2003; King and Vullnetari, 2003). During this period, Albania’s borders were tightly sealed by the military, making the emigration of citizens almost impossible. However, despite such tight control, a small number of people were able to cross the Albanian border during the communist rule (Barjaba et al., 1992; Barjaba, 2002, 2003). The most usual ways of escaping the country were overstaying their rare sponsored trips when abroad, crossing the remote mountains bordering Greece and Yugoslavia, or swimming across the Ionian Sea to Corfu and the Shkodra Lake to southern Montenegro (see Map 3 on p. xiii for the location of these geographical features).

Because of strict control by the state, few people were permitted to compete in international events such as sports, cultural events and other performance competitions. From these groups, nevertheless, a small number of people did not return to Albania. Another way of escaping the communist rule was traversing the mountains. People from areas close to foreign borders, mainly young men, would walk across the mountains

towards Greece and Yugoslavia using remote tracks and dodging the border guards. In addition, a few people attempted to escape Albania by swimming. It was mainly those from Saranda (southern Albania) swimming to Greece, especially to Corfu, and those from Shkodra (northern Albania) swimming to Montenegro, then part of Yugoslavia. All attempts to exit the country were regarded as treasonable acts and were severely punished (see King and Vullnetari, 2003). Citizens attempting to cross the border and captured were imprisoned, and some were killed. Meanwhile, the family members of those who defected or who attempted to escape were punished by internal exile within Albania.

Once again, there is little in this historical era of communism and “non-migration” which can be directly linked to the main topic of the thesis, except perhaps one key point. This is that, under the communist regime, there was no scope for private entrepreneurship since all land and other means of production were owned and controlled by the state, ostensibly on behalf of the people. Whilst it is true that such a regime led to a kind of micro-scale, private-initiative “second economy” around the margins of the official state economy (King and Vullnetari, 2016), this was much less developed in Albania than in other East European countries of the communist era.

### **3.3 Post-communist migrations**

The breakdown of the communist regime that had been in place since 1944 triggered mass migration from Albania, a phenomenon also noticed in other Central and Eastern Europe countries. Tens, even hundreds, of thousands of Albanians were looking for the best prospects for the future across the borders. Barjaba and King (2005, p. 9) point out that there is a “historical continuity between pre- and post-communism migration.” These later migrations are therefore not an isolated phenomenon that has no historical precedent (King and Mai, 2008; Vullnetari, 2012). The post-communist migration could be seen as a continuation of the old practice of Albanians’ labor migration, known as *kurbet*, where it was regarded as commonplace for the male members of an impoverished family to seek work and income somewhere outside the territory. The first subsection below will review the four major migration episodes that occurred after the collapse of communist rule, taking place in the years 1990, 1991, 1997, and 1999 (these phases are illustrated further in Barjaba et al., 1996; Barjaba, 2000, 2002, 2003; King, 2003; Barjaba and King, 2005; King and Mai, 2008; Vullnetari, 2012). The second part will exemplify the post-2000

migration dynamics, since this period around the turn of the millennium also marked a turning point for the Albanian migration.

Some scholars describe the post-communist migration flows as a reflection of the Albanian political and economic crisis which unfolded with dramatic effect in the early 1990s (see Barjaba 1997; King, 2005). Barjaba (2000) characterizes them as intense, economically driven, irregular, and rapidly evolving. The intensity feature is suggested from migration estimates; practically one-third of the Albanian population emigrated and remained abroad during the period 1989-2001 (IOM, 2004). These large-scale migration flows were economically driven, and were seen as a rapid route out of poverty. Albania's troubled economy and continuing instability pushed many Albanians to leave their country. As well, they were nearly all irregular, as Albanians left the country at a time when there were no bilateral agreements between Albania and its neighbor EU countries, Greece and Italy. Destination countries witnessed a large inflow of irregular migrants. The only route to regular migration was through applying for visitor or family reunion visas, both difficult to obtain. Lastly, the rapidly evolving nature of the migration relates to the new routes, types, and destination countries of Albanian migration.

Looking at these migration flows is important as it can give clues to the evolution of transnationalism and how migrants' transnational engagement has changed over time. With more and more Albanians effectively belonging to more than one society, we can expect these migrants to keep connections with their country of origin and engage in various transnational practices. Through an overview of the migration flows we can better understand Albanians' migration paths, settlement, and their gradual transnational engagement. Albanians have settled and generally adjusted well in the destination countries, but at an increasing number of them remain active in the economic affairs of their homeland through sending remittances and business development.

### *3.3.1 Migration from 1990–2000*

The four post-communism migration phases mentioned above will be discussed here in chronological order. The first migration episode occurred in mid-1990, and was an integral part of the collapse of the communist regime. After continued clashes with the Albanian security forces, approximately 5,000 Albanians entered the compounds of

several Western embassies in Tirana (see Barjaba et al., 1996; King, 2003; King and Mai, 2008, 2009; Vullnetari 2012). These migrants were granted refuge in Western European countries such as France, Germany, and Italy. This first episode of the “embassy invasion” brought hope to thousands of other people who came towards Tirana with the hope of entering one of the Western embassies. There were also a few attempts of sailing towards Italy and Montenegro or crossing the Greek mountains.

The second episode took place in March 1991, after Albania’s first democratic elections, which were actually won by the communists, due to the weight of the rural voters. Approximately 26,000 migrants, mostly young men, crossed the Adriatic Sea towards southern Italy (Bari and Brindisi) by boats (see Barjaba et al., 1996; King and Mai, 2008, 2009). This incursion, which was highly mediatized in Italy and around the world, represented an iconic event in the history of Albanian emigration, and immigration into Italy. The migrants, after some delay, were eventually “accepted” by Italy as refugees fleeing the newly-elected communist government. Others traveled on foot across the Greek mountains from the southern border regions; most of these people were from the Saranda and Gjirokastra areas in southern Albania. In August 1991, there was another wave of around 20,000 “boat migrants” towards the southern Italian shores (King, 2003; Vullnetari, 2012). This second wave of “boat people” presented the Italian government with a political and humanitarian dilemma, since in the interim another election in Albania had ousted the communists and handed power to the first government of the democrats, led by Sali Berisha. Meantime, cross-border flows to Greece continued apace. Baldwin-Edwards (2004) highlights that although mainly male Albanians entered Greece in 1991 via the mountainous border, by the late 1990s, many women and children may have entered Greece through black market visas, smuggling routes and through being trafficked.

The third episode of migration occurred in early 1997 with the collapse of the pyramid savings schemes and as a result the parallel collapse of the first Berisha government (King, 2003; King and Mai, 2008; Vullnetari, 2012). Hundreds of thousands of Albanians involved in these fraudulent schemes lost their savings. A study conducted by Litchfield et al. (2012) gives evidence of the long memories of Albanians with respect to the demise of pyramid schemes and the impact that this scarring episode had on Albanians’ life satisfaction. Albanians found themselves in a similar economically desperate situation to

that of 1991. Soon, the so-called Albanian Unrest of 1997 took place. Due to the chaos, unstable political situation, insecurity and danger, economic hardships, unemployment, and poverty, many Albanians saw migration as the only route to survival. In March 1997, Italy accepted around 11,000 migrants (King and Mai, 2008; Vullnetari, 2012). Some of the boat departures to Italy resulted in the tragic death of dozens of emigrants (see Barjaba, 2002; Vullnetari, 2012). Similarly, there were continued migration flows occurring across the south of Albania towards the Greek border.

The fourth episode of migration took place in 1999, with the Kosovo refugee crisis (King and Mai, 2008; Vullnetari, 2012). During this period a considerable number of Albanian Kosovars moved to Albania in order to escape the brutal campaign of ethnic cleansing of Milošević. Due to the destabilization of Albania, the renewed difficult economic situation, and the lack of resources, many Albanians decided to escape the country. Also, during this period many countries opened their doors to Kosovars seeking asylum and unknown hundreds of Albanians (especially from the north of the country) saw this as a fast-track route to going abroad. They adopted fake Kosovar identities and claimed asylum (Vullnetari, 2012; Albanian Government, 2015). The destinations for the majority of them this time were Northern European countries, especially the United Kingdom (see Dalipaj, 2005).

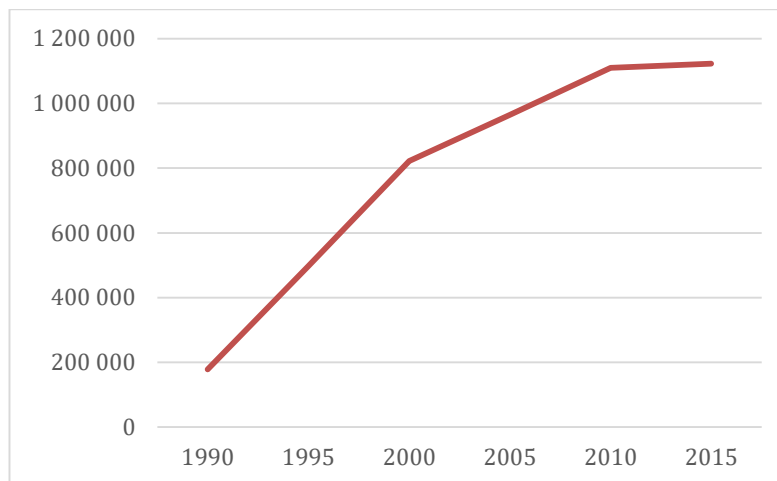
### *3.3.2 Post-2000 migration*

The year 2000 marks a turning point for the Albanian migration (Barjaba and King, 2005; Azzari and Carletto, 2009; King et al., 2011). After this year migration flows continued, but at diminishing rates, although the most recent few years have seen a renewed increase, due to problems with the Albanian economy, and perceived opportunities abroad. Accurate year-on-year data on Albanian migration are not available; however the changes in the migration trend can still be noticed from the period data provided by the United Nations (2015). Figure 3.1 shows that in 2000, the stock of emigrants abroad was around 4.6 times higher than it was in 1990, whilst in 2010, the stock was around 1.3 times higher than the one in 2000. In other words, during the period 1990-2000, the average annual emigration flow was around 65,000, while during 2000-2010 it was approximately 29,000 migrants. Gedeshi and Jorgoni (2012) argue that the downward trend of migration during the 2000s may be the result of Albania's gradual economic and political progress. After

2000, Albania had embarked on a period of transformation, including political stability and economic growth. It may also be because of stricter border control and tighter immigration policies of the host countries when compared with the border regime in the past.

Other scholars such as King et al. (2011) observe changes not only in the migration rate reduction, but also in the type of migration: “The migrants in Greece and Italy have transited from irregularity to a regularized status thanks to a series of legal measures implemented in both countries from the late 1990s” (p. 272). Recently, Albanians have more access to legal channels of migration. According to a government publication, the main three legal channels of Albanian migration are: i) labor contracts; ii) family reunification; and iii) student visas (Albanian Government, 2015). In recent years, many Albanians are taking advantage of seasonal labor migration. For example, during 2007–2009, the Greek government provided more than 40,000 stay permits for seasonal and temporary employment to Albanians (Gemi et al., 2010). The increase of legal migration is also noticed in the structure of the migrant population. Family reunion, mainly the reunion of women and children with men now legalized in the host countries, is a common migration mechanism (King et al., 2011). In addition to migration for employment purposes and family reunion, Albanians are leaving the country for studying abroad or religious and humanitarian activities (Albanian Government, 2015). Alongside the aforementioned migration paths, many Albanians have been relying on the yearly US Diversity Visa program. Unofficial data show that there has been a major increase in the number of people applying for this program from 2011 to 2015. In 2015, there were around 200,000 Albanian applicants, which is nearly 10 percent of the adult population in the country. This indicates that the potential for emigration to continue, rather than fade away, is still there in the aspirations of the Albanian population.

*Figure 3.1: Trends in international migrant stock of Albanians (1990-2015)*



*Source:* United Nations, Department of Economic and Social Affairs (2015).

Nonetheless, irregular migration is still present. It is taking place in two different forms: escaping the country through land borders or legally entering and overstaying in the European Union (EU)/Schengen countries (Albanian Government, 2015). On the one hand, Albanian citizens banned from entering the Schengen Area are utilizing the land border between Albania, Greece and Montenegro as a channel towards the Schengen area. On the other hand, since the end of 2010, with the visa liberalization for Albanian citizens with EU/Schengen countries, many Albanians are entering the EU/Schengen countries and are overstaying their 90 days visas; applying for asylum, usually without good reasons; abandoning their children by returning to Albania while leaving them in the host countries; or using EU/Schengen countries as a transit area for going to the UK, USA or Canada (Albanian Government, 2015).

From 2010 to 2015, Albanian migration stocks abroad have been constant when compared with the past (see figure 3.1). However, despite the lower number in the flow of departures there is a change in what Albanian migrants are recently claiming through their migration attempts. Since 2013, there has been a growing number of Albanians seeking asylum in various countries of the EU such as Germany, Greece, France, the United Kingdom and Belgium (Eurostat, 2017). This upward trend continued until the end of 2015, when the annual number of asylum seekers reached around 66,000. During the second quarter of 2015, Albanians were among the top three citizenships of asylum seekers in the EU (Eurostat, 2017). By the end of 2015, Germany was the top destination country for Albanians with around 54,000 asylum seekers. However, in 2016, there was a sharp



decrease of applicants by more than half, down to around 29,000 (Eurostat, 2017). The number of asylum seekers is expected to be smaller as more and more applications are rejected by the destination countries. However, Albanians are continually looking for new asylum opportunities despite the very low chances of getting asylum. While Germany was the most popular destination country, several other countries have experienced an increase in the number of asylum applicants. France seems to be the next destination country in which Albanians are seeking asylum. The Eurostat data show that 2017 is a turning point, since the number of Albanians applying in France is now twice higher than the number in Germany. However, during this year, we are referring to much lower number of applicants, Germany having around 2,300 and France having around 5,200 asylum seekers by mid-2017 (UNHCR, 2017).

This recent episode (which continues) of Albanians seeking asylum in Europe is counterintuitive, especially from an external viewpoint. It is baffling from within Albania too, although there are certain relevant factors at play, including the significance of the year 2013 which corresponds to the parliamentary elections and the political rotation that took place in Albania; the left-wing Socialist Party regained power in the country. One possible explanation for Albanians deciding to continue to leave their homeland may be a gradual lack of trust that Albanians have towards the political class, combined with the limited employment opportunities and the unstructured economy in the country. Yet these asylum claims are also somehow in contradiction with the current situation in the country. Albania is a candidate country waiting to join the European Union and it is considered a safe country. Albanians are not leaving from a war-ravaged country; therefore, it is difficult to grant them asylum unless there is an extreme case of an individual. Nowadays, the asylum seekers from Albania are in fact economic migrants who hope to make a living in another country. Another factor that triggered the rapid growth of asylum-seeking flows from Albania towards Germany might be the fact that, according to the German law, Albania was for a time considered a non-safe country. However, in October 2015, Albania, Kosovo and Montenegro were added to the list of safe countries by Germany.

Despite the low chances of asylum, Albanians are still planning to migrate and Germany remains one of the top destination countries. A survey on Potential Migration conducted by King and Gedeshi (2018) with 1421 households in Albania shows a change in the percentage of Albanians planning to leave the country after the mid-2000s. The same

survey was conducted in 2007 and 2018 and a comparison of results shows that 52 percent of Albanians intended to migrate in 2018 compared to 44 percent in 2007 (King and Gedeshi, 2018). The results of the 2018 survey signal an upward trend of potential migration for Albania. IOM (2017) confirms this trend by ranking Albania higher than any other European country and the 5<sup>th</sup> in the world among the countries with the highest percentage of adults planning and preparing to migrate.

### **3.4 Why and where do Albanians migrate?**

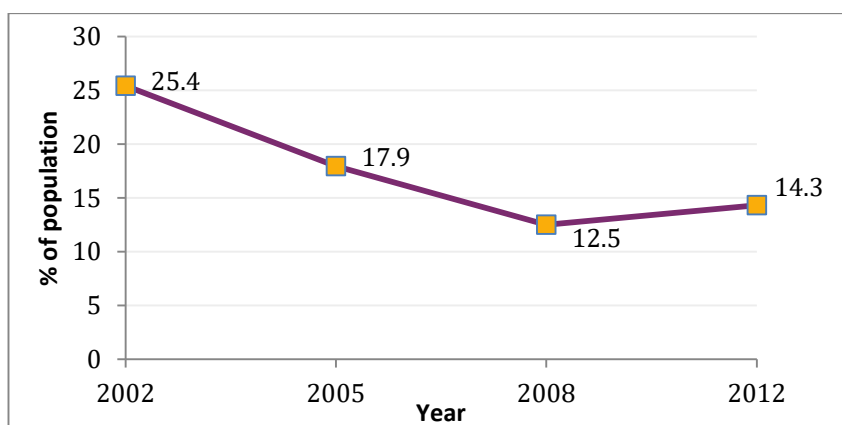
#### *3.4.1 Push and pull factors*

According to established migration theory, the factors that drive migration have often been identified as either push factors that cause migrants to leave their homeland, or pull factors that draw migrants to the host country (Lee, 1966). Albanian migration has always been present due to a combination of push and pull factors. The primary push factors for migration during the pre-communist period were mainly political and economic (Carletto et al., 2004), especially the latter (Tirta, 1999). Meanwhile during the communist regime, key factors shaping the migration decisions were primarily political. The majority of the few Albanians who left the country during this “closed” period did so because of political factors such as disagreements with the country's communist regime (Barjaba, 2004). The factors shaping the post-communist migrations have varied from economic factors to dissatisfaction with the corrupted political system, political violence, and harsh living conditions in the country (see King, 2003; Albanian Government, 2015). Barjaba and King (2005) argue that the post-communist migration flows were not simply triggered by economic motivations. The latter were heavily linked with the political situation at that time in Albania. As a result, they suggest that Albanian migrants are better described as “economic refugees” rather than economic migrants, meaning that Albanians were fleeing a political situation which offered them no economic future.

Beyond the aforementioned factors, Albania’s double challenge of continued poverty and high unemployment serve as constant push factors for migration (see, for example, de Soto et al., 2002; Barjaba 2004; King, 2004; Zezza et al., 2005; Litchfield et al., 2007; Gedeshi and Jorgoni, 2012; Barjaba, 2013a, 2015). Litchfield et al. (2007) show that for Albanians migration is an important strategy to cope with poverty in the country. Under

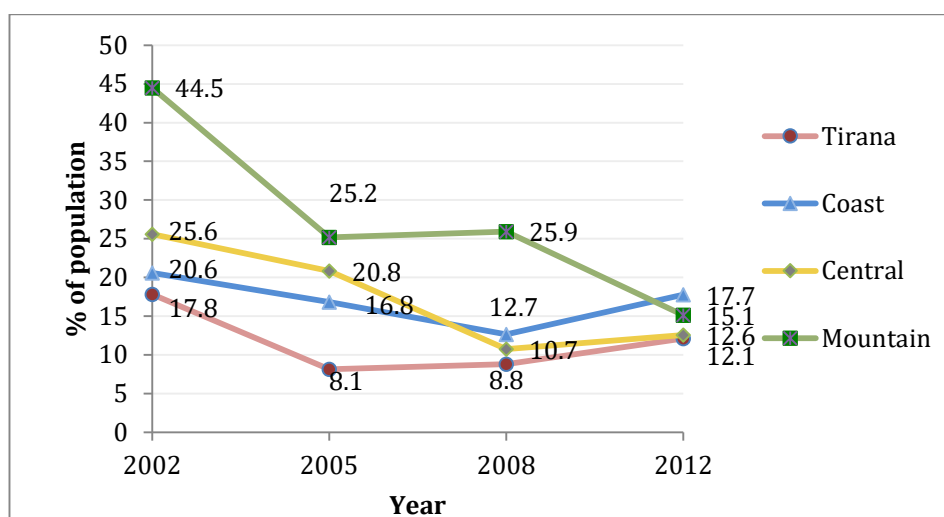
the communist regime, Albania was centrally functioning under a planned economy, in which the government allocated all the resources throughout the country. Since the collapse of the communist regime and the state-run economy, Albanians were experiencing the very different challenges of the free market economy with a very high level of unemployment. Also, despite the economic growth during the transition years, Albania remains one of the poorest countries in Europe (World Bank, 2015a). Approximately 14.3 percent of Albanians lived below the national poverty line in 2012 (World Bank, 2018). According to the same source, poverty levels have gone down from 25.4 percent in 2002 to 18.5 percent in 2005 and to 12.4 percent in 2008 (see figure 3.2). But after 2008, Albania saw its poverty rate increase, reaching 14.3 percent in 2012. This poverty growth brought with it some geographic changes in the poverty trend. During the period 2002-2008, the majority of the poor people resided in the mountainous regions. While after 2008, the coast region had the highest poverty rate of 17.7 percent in the country (figure 3.3). As the graph shows, poverty increased even in the capital region of Tirana. It is not so easy to explain this spatial shift, but it may have to do with high levels of internal migration of poor mountain households to the capital and to the coastal region.

*Figure 3.2: Poverty headcount ratio at national poverty lines*



*Source:* The World Bank, World Development Indicators (2018).

Figure 3.3: Poverty headcount ratio at national poverty lines (by region)



Source: The World Bank, World Development Indicators (2015a).

Other related economic factors such as lack of jobs are linked to the Albanian migration motives (Litchfield et al., 2007; Albanian Government, 2015). In July 2017, the unemployment rate in Albania was 14.3 percent and it has remained high since 1993 (INSTAT, 2017). It was at a record low of 11.2 percent in 1991 and an all-time high of 22.7 percent in 2001 (World Bank, 2015c). Youth unemployment was around 27 percent in January 2017 (INSTAT, 2017). Litchfield et al. (2007) examined the factors that trigger international migration in Albania and found that whether or not an individual considers migration depends on the economic conditions in the country. Due to miserable economic conditions and high unemployment, Albanians have left the country on a fairly continuous, if fluctuating, basis. According to the United Nations, more than 1.1 million Albanians were residing abroad at the end of 2015 (United Nations, 2015). However, the real number is estimated to be much higher than the data provided by the UN. Various sources suggest that the overall number of Albanian people living abroad varies from 1.1 million to 1.5 million, very high figures compared to the number of Albanians who reside in Albania itself, 2.8 million according to the 2011 census.

What is more, several reports suggest that the labor market in Albania is in a weak position (see International Labour Organization, 2011; World Bank, 2015a; Albanian Government, 2015). According to these sources, the inefficiencies and aspects of the vulnerability in the country's labor market include the following: i) long-term dominance of outdated labor market policies and strategies; ii) low employment rate and lack of

efficient employment policies; iii) high concentration of the labor force in agricultural and other traditional activities, which account for more than 50 percent of employees; iv) low labor productivity; v) high unemployment rate; vi) high level of labor market exclusion, especially for women, youth, and unskilled workers; vii) significant levels of informal employment, which coexist with the informal economy; viii) lack of reliable resources for labor market indicators and trends (there is a noticeable improvement since 2014); ix) poor performance of the labor market institutions, especially at local and regional levels; x) inefficient education and vocational training systems in promoting employment; xi) low budget for employment promotion programs (there was a significant increase in 2014 and 2015); xii) lack of competition between public and private employment services.

However, economic factors are not the only dimension triggering the massive Albanian migration. People's dissatisfaction with the broader quality of life and opportunities in Albania has played an important role in their migration decisions. Poor living conditions, lack of access to public services and poor infrastructure combined with poverty and unemployment serve as combined and mutually reinforcing reasons for Albanians to migrate. With the partial exception of Tirana, people in many of the urban and rural areas of Albania are vulnerable to poverty and are struggling to meet their basic needs (see again figure 3.3). Deficiencies with the public health and education systems contribute to Albanians leaving their country. With the transition period, the country started to experience a variety of problems such as a lower level and quality in education. Despite progress in recent years, the PISA<sup>1</sup> results show that Albania remains a low-ranked country in terms of mean scores when compared with other OECD countries. The public healthcare system also experienced numerous issues such as poor infrastructure, lack of specialists, lack of funding, and limited accessibility (World Bank, 2015d).

Theoretically, the Albanian government has a platform providing social protection to its citizens. However, there is a lack of equity, efficiency and transparency of current social assistance and employment programs. Since the 1990s, the social protection system in the

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<sup>1</sup> The Programme for International Student Assessment (PISA) is a study conducted by the Organisation for Economic Co-operation and Development (OECD) in member and non-member nations of 15-year-old school pupils' scholastic performance on mathematics, science, and reading.

country has seen numerous changes including different schemes for social assistance, employment services and unemployment benefits. Still, the management of social protection and the quality of services provided to Albanian citizens are in need of further development. For example, recently, the unemployment benefits in the county experienced an increase as an attempt to meet an International Labour Organization commitment; however, at the same time, the number of people receiving these benefits saw a significant decrease. There were about 10,000 beneficiaries in 2012, but the number eligible for unemployment benefits was reduced by half in 2015 (INSTAT, 2017). Furthermore, the country has 36 employment offices. However, it can be argued that these offices have not been successful in lowering the unemployment rate in the country. This issue can be due to various factors. First, the employment offices focus more on providing unemployment benefits to individuals rather than serving as mediators between job seekers and firms. Second, there is little efficient competition in the market. The country lacks well-established private employment agencies; therefore, the state offices are not as productive as they would be if they had stronger competitors in the labor market. Finally, the skills that unemployed people get through vocational training do not match market needs; they are not helping in getting people back to work. In addition to the issues discussed above, there are many other push factors that force Albanians to leave their homeland, including lack of safety and political persecution. However, King and Gedeshi (2018) show that nowadays more skilled and educated Albanians (students, full-time workers, and medium-high income people) intend to leave the country, leading us to the pull factors.

Pull factors have also been important in Albanian international migration. The higher development level of the destination countries draws a significant share of the Albanian population towards migration. The recent survey conducted by King and Gedeshi (2018) shows that reasons of migration among Albanians have changed. According to the survey of 2018, push factors such as economic difficulties still remain, but are less important than before when compared to the survey conducted in 2007. Opportunities for better education, job vacancies, positive work environment, higher wages, and better quality of life have stimulated more and more Albanians to want to migrate (Barjaba, 2004; Albanian Government, 2015). “There is no future in Albania” was among the top reasons of planning to leave Albania (King and Gedeshi, 2018). The impact of some of the above pull factors nowadays is perhaps not as significant as it was in the early stages of Albanian

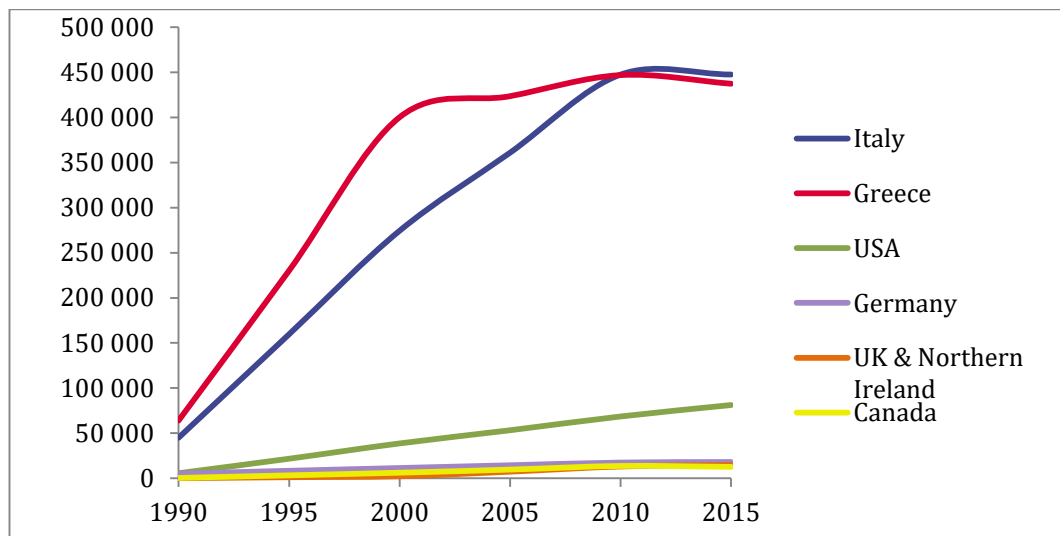
migration flows. Albania has made some progress over the years, which potentially helps in weakening the strength of the pull factors. However, better education opportunities and more satisfying career interests are continuously influencing Albanians' decision to leave their country. As also mentioned earlier, an increasing number of students are enrolled in institutions of higher education in Italy, France, other EU countries, and the United States. According to various people interviewed from Albania's Ministry of Education and Sports, the estimated flow number of Albanian students studying abroad is 5,000 annually (personal communication, August 1, 2015). Also, an increasing number of Albanians are hunting for better job opportunities in Germany, especially in the medical sector.

These more recent migratory contexts and factors have a more direct bearing on my research questions in this thesis. The general view that there is little future for younger people in Albania, whilst there are better opportunities, both economic and in terms of quality of life, in other European countries, drives the migration onward. This includes several people who, as we shall see in later chapters, are either looking for business opportunities from the start, or are able to graduate to the sector of transnational entrepreneurship after an intermediate spell as labor migrants and having accumulated the requisite capital and experience.

#### *3.4.2 Destination countries*

With regard to destinations, the primary destination countries for Albanian migrants have been and still are the two neighboring EU countries, Italy and Greece. As noted earlier, groups of Albanian immigrants have been present in these countries since the pre-communist migration flows. Figure 3.4 presents a picture of more recent migration stocks with the total number of emigrants by year of enumeration and country of destination. The figure shows that the number of Albanian migrants living in Italy and Greece has been increasing, with particular growth concentrated during the 1990s. By 2015 Greece and Italy both hosted around 450,000 Albanian migrants, with the other relevant countries – the USA, UK, Germany and Canada – a long way behind.

Figure 3.4: Destination countries of migrant stock (1990-2015)



Source: United Nations, Department of Economic and Social Affairs (2015).

The geographic, linguistic, and cultural proximity, and the consumption of Italian television during communism have played an important role in attracting Albanians to this country (Mai, 2004). Easy and cheap access (compared to other distant countries) to clandestine border crossing directed Albanian migrants towards their neighboring countries with developed economies, Italy and Greece (Barjaba, 2004; Vullnetari, 2012). As well, being familiar (at least to some extent) with the language and the culture played a role in making them the main destination countries. Mai (2004) and Braga (2007) confirm a positive relationship between the consumption of Italian television and the tendency to migrate out of Albania during the 1990s. Watching Italian television exposed Albanians to a different way of life, stimulated their desire for migration and increased their expectations for an attractive lifestyle abroad. Also, compared to Albania in the 1990s, Greece and Italy were doing better economically. Additionally, in the south of Albania there is an ethnic Greek minority that speaks Greek. These factors influenced Albanians' decisions about migration and the destination selection.

In recent years, Albanians are migrating to more distant destinations than before (see Barjaba, 2000; King and Mai, 2008; Vullnetari, 2012). More and more people are now traveling longer distances and settling in various countries such as the USA, Canada, Germany, the UK, and other Western European countries (Albanian Government, 2015). The first flow of Albanian immigrants to the United States dates as early as the mid-1880s and to Canada in the early twentieth century. However, the scale of migration intensity in



these countries became significantly higher in the late 1990s, due to their immigration policies favoring high-skilled and educated migrants. In 2015, the USA hosted around 82,000 and Canada around 13,000 Albanian migrants (United Nations, 2015).

A growing number of Albanian immigrants are living in Germany too. Albanians from Kosovo and other ethnic-Albanian territories migrated to Germany after 1971, with the abolition of exit visas from the former Yugoslavia. In addition, after the year 1990, tens of thousands of Albanians migrated from Albania to Germany. Germany is one of the countries where the “embassy” migrants were exiled. These initial migrant settlements may have contributed to more migrants joining their friends, relatives, or partners in Germany. Also, Germany was one of the countries which gave asylum to many Kosovars during the Kosovo refugee crisis. As mentioned earlier, hundreds of Albanians claimed to be victims of the Kosovo war and sought asylum in Germany (see Vullnetari, 2012; Albanian Government, 2015). Again, these initial migration flows may explain why more Albanian migrants are currently seeking Germany as a destination country. Germany’s strong economy and low unemployment rate may also be another reason. Thus, Albanians may see this destination as a good place for finding a job. As well, Germany has a tendency to a relatively open door policy towards asylum-seekers (see Hansen, 2003). Possibly due to having a labor shortage and facing an ageing population, Germany tends to be more liberal and accepts migrants and refugees more readily than most other European countries – as was revealed during the Syrian refugee exodus of 2015. As a result of their policy, in 2015 there was a large number of Albanians asylum seekers. However, in 2016, the number of Albanians seeking asylum in Germany dropped. This downward trend of asylum seekers is expected in the future too, as the German authorities included Albania in the safe country list in October 2015. This action gives Albanian migrants very slim chances of getting asylum in Germany. Around 16,000 Albanians returned to Albania in 2015 after their asylum applications were rejected. The aforementioned survey conducted by King and Gedeshi (2018) on potential migration in Albania confirms Germany as one of the top preferred destination countries followed by the United States.

The United Kingdom is one of the other recently emerging destination countries where Albanians are settled or plan to migrate. There are no reliable estimates on the number of Albanians living in the UK; different sources report different estimates. According to the

United Nations, by 2015, there were around 15,000 Albanian citizens living in the UK. However, the official statistics do not reflect the true number of Albanian immigrants in the UK. The low number may be due to irregular migration and fake Kosovar identities. The majority of Albanians are concentrated in London and its region (see Vathi and King, 2012). Most did not arrive in the UK until in the late 1990s, with the collapse of the pyramid savings schemes in 1997 and the Kosovo war in 1999. Some of the Albanian migrants moved onward from Greece and Italy to the UK to seek better work opportunities (King and Mai, 2009). The UK, like Germany, was one of the refugee-hosting countries during the war in Kosovo. Some Albanian citizens claiming to flee the war settled in the UK. Thus, possibly because many migrants have already made it to the UK and their naturalization was granted, other family members are likely to follow them and reunite. Also, a large group of Albanians have applied for asylum in the UK, and according to the Home Office (2016), around 10 percent of the applicants have been granted asylum during the period 2008-2014. However, despite the rejection of most of the applications, only half of these people have obeyed to leave the country. In addition to the asylum seekers present in the country, the Home Office statistics add that Albanians are amongst the largest groups of irregular migrants in the UK.

The aforesaid countries are not the only destinations for Albanians. Some migrant groups are heading for other Western European countries, albeit in lower numbers when compared to these countries. These large-scale and diverse migratory flows have created Albanian diasporas in different countries around the world (see Map 2, p. xiii). When talking about the Albanian diaspora, it is important to highlight some of its key aspects. A consensus over definitions of Albanian diaspora is hardly evident in academic and policy discourses. Overall, the Albanian diaspora consists of i) students; ii) economic migrants; iii) family members of economic migrants; iv) asylum seekers and refugees; and v) unaccompanied minors (Government of Albania, 2015). As mentioned earlier, recently, asylum seekers are a group of increasing size too, even if the reasons for this are somewhat perplexing. Furthermore, the Albanian diaspora is generally seen as divided into two subsets: the old diaspora and the new diaspora. The old diaspora was formed by the Albanian population groups migrating from Albanian territories to build a better life in various destination countries, to escape the oppression of invaders and later the oppression of the communist regime. The old diaspora consists of three subgroups that migrated at three different periods of time: the old migration flows that took place during

the period spanning the Middle Ages to the mid-nineteenth century; somewhat newer migration flows that date from the second half of the nineteenth century to the end of the World War II; and the migration escapees during the communist regime. While the new diaspora is composed of individuals who migrated after the communist regime in Albania. In addition to the migration period, the old and new diasporas differ in their countries of settlement. The old diaspora is mainly settled in the United States, Canada, Latin America, Australia, a few countries in Western Europe, and some Eastern European countries, such as Croatia, Romania, Bulgaria, Russia, Ukraine, Slovenia, Bosnia and Herzegovina, as well as Turkey, Egypt, and Syria. Whereas the greatest concentrations of the new diaspora are in Italy, Greece, Germany, Switzerland, Belgium, Austria, and France. Also, a small part of the new diaspora is settled in the countries of the old diaspora. The new diaspora has received more attention by the Albanian government when compared to the old diaspora. Almost all the policies related to Albanian migration have their focus on the new diaspora.

### **3.5 The Italian and Greek reaction to Albanian migration**

Clearly, then, emigration from Albania has been on a dramatic scale. About 25–30 percent of the total population and 35–40 percent of the active population of the country became foreign immigrants since 1990 (Barjaba, 2013a). The stock of Albanian migrants abroad was estimated to be around 1.4 million by the World Bank (2011) at the end of 2010, representing almost half of the Albanian population. Nowadays, the migrants' stock may be expected to be higher, although increasing numbers will be “second-generation” Albanians born abroad: they are not migrants in the strict sense, but they are part of the overall Albanian diaspora. More specifically, according to various sources, there are around 600,000 Albanians living in Greece and the same number in Italy. These are somewhat higher figures than those quoted earlier and exhibited in figure 3.4, partly because of the addition of estimates for irregular migrants. Based on these figures, Italy and Greece are clearly the two key receiving countries, accounting for approximately 90 percent of the Albanian migrant population.

The reactions of the Italian and Greek governments towards Albanian migrants are important to examine as they could have potentially influenced migrants' motivations to seek self-employment, and perhaps imposed barriers to their transnational

entrepreneurship aspirations. For example, the status of irregular migrants could have caused Albanians to postpone their entrepreneurial initiatives, especially in the early 1990s. Government's reactions towards them have been diverse. Barjaba and King (2005) state that the reactions have run "from an initial welcome followed by a more mixed, ambiguous and ultimately repressive reception" and then with a more "moderate reaction" (p. 15). These authors add that media's framing of Albanian migrants and the political relationships between Italy/Greece and Albania have played a crucial role in molding the host-country reaction.

The first post-communist "departures" to Italy took place symbolically in mid-1990 when a family of Albanian citizens entered the Italian embassy in Tirana (see Barjaba et al., 1996; King, 2003; King and Mai, 2008, 2009; Vullnetari, 2012). These migrants were given exile in Italy. The second, and now massive wave of migration to Italy took place in March 1991, drawn by the general attraction of Italy as a land of glamour, sophistication and economic opportunity. "Hoxha's xenophobia was replaced by the people's xenophilia targeted particularly at Italy as the symbol of Albanians' aspirational Westernness" (King and Mai, 2009, p. 122). Encouraged by hopes and pushed by necessities, 26,000 boat migrants sailed the Adriatic Sea from Durrës and Vlora towards Bari and Brindisi. The initial mass of arrivals was accepted as refugees since they were seen as escaping the authoritarian regime in Albania. Migrants were sent to different parts of Italy and were provided with work and residence rights. However, not all of the Albanian migration waves were treated in this way by the Italian government. Governments' approaches towards the migration flows changed over time. In August 1991, as noted above, there was another wave of boat migrants entering the port of Bari, Italy. The response of the Italian government was much less welcoming, not granting refugee status to this influx of migrants. The new arrivals could not be treated as political refugees fleeing an oppressive regime since at this time Albania had a democratically elected government (King, 2003). The majority of the migrants were kept in a sports stadium with inadequate water and food supplies until the decision to deport them back to Albania was taken. The fourth wave of Albanian migrants took place in 1997 with Albania's financial disaster, the collapse of the pyramid savings schemes (King, 2003; Vullnetari 2012). Once again, the initial influx was accepted by the Italian government, however the subsequent arrivals were returned to Albania, again illustrating the vacillating stance of the Italian government towards migrants coming from Albania.

The Greek government has displayed similar fluctuating reactions towards Albanian migrants. After the collapse of the communist regime in Albania, there was a series of mass exoduses towards Greece. At the beginning, the Greek government welcomed the first group of Albanian migrants as refugees since they were considered to have escaped Albania for political reasons (King, 2003). However, the response became markedly less enthusiastic; the later groups were rejected. Due to the increasing migratory pressures, the Greek government passed a repressive immigration law in 1991 focusing on migration control and deportation (see, for example, Triandafyllidou and Veikou, 2002). Soon, hundreds of thousands of Albanians every year were deported and the Greek borders were secured against Albanians (Lazaridis and Wickens, 1999). Thus, Albanian migrants, once seen as political refugees, started to be seen as illegal immigrants and criminals in the eyes of the Greek media and wider society. Despite the extremely repressive regulations, the irregular migration of Albanians continued as there were no legal routes for immigration into Greece, and yet Greece was seen as the nearest and most accessible option in order to try to secure some work and a better life.

Media messages and coverage play a critical role in shaping the public's perception of immigrants (Hartmann, 1974; Danso and McDonald, 2001). The diverse reactions have been bolstered for the most part by the media's negative framing of Albanian migrants and the political relationships between Italy/Greece and Albania. As many studies have shown, Albanian migrants have been represented through very prejudicial stereotyping by the Greek media and society at large (Triandafyllidou, 2002; King, 2003; Kapllani and Mai, 2005; Vullnetari, 2007; Michail, 2009). Kapllani and Mai (2005) confirm the negative framing by arguing that the Albanian migrants have been represented by the Greek media "as criminals, as the embodiment of poverty and backwardness, and as the invader and enemy" (p. 164-165). Faced by the media repeating these stereotypes on Albanian immigrants, people in Greece started to take these portrayals as facts, even though they were not true and could not be generalized for all Albanian migrants.

The Italian media has created the same negative stereotypes. Albanians were perceived as "undesirables and criminals" and "persistently associated in the media with human trafficking, drugs, prostitution, burglaries and violent behaviour" (King and Mai, 2009, p. 123). The media framed the immigration issue through putting emphasis on security concerns (racism and being a threat to public order), instead of focusing on the economic

aspect of immigration. The news coverage was mainly depicting the illegal activities of some of the Albanian immigrants, which contributed to making the stereotypes more believable and led to an overall fear. All these stereotypical images of Albanian migrants have influenced public opinion and migration policies towards them.

However, it is worth noting that media have recently changed somewhat the portrayal of Albanian immigrants. This is partly due to the misconception and myths about Albanian immigration becoming less meaningful, a long-overdue evaluation of migrants' true contribution to the development of the host country, and the recent refugee and immigration crisis of 2015-2016 which affected Greece especially dramatically. After their stay in the host countries, Albanian migrants were able to show that they were not the people portrayed by the media, but human beings willing to take risks in search of a better life outside their homeland. Meantime, researchers have shown the positive impact that migrants have had on the development of Italy and Greece; for example, migrants' contribution through their labor in the development of the Greek countryside (Labrianidis and Sykas, 2009). Finally, with the so-called migration crisis, the attention of the media has shifted to immigrants in general, instead of Albanian migrants in particular. The media have shifted their attention to the migrants' efforts to reach Southern Europe states in the recent years, risking either the Aegean route from Turkey to Greece, or the central Mediterranean route from Libya to Sicily.

Yet the media is not the only factor influencing the host countries' reactions towards migrants' influxes. Political relationships between these countries have played a crucial role (Karydis, 1993, 1996; King and Vullnetari, 2003). Specifically, political tensions between Greece and Albania have often resulted in harsh reactions and hostile policy decisions from the Greek government towards Albanian migrants and from the Albanian government towards the ethnic-Greek minority living in southern Albania. The tensions are often related to the rights of ethnic Greeks in Albania and of ethnic Albanians in Greece. The government reactions of Italy and Greece towards Albanian migrants are changing in a positive direction. The heavy stigmatization is fading away and Albanian migrants are integrating more and more into the host societies. King (2003) argues that Albanians in Italy and Greece eventually have been able to address and overcome various exclusionary barriers. Nevertheless, there remain substantial issues of Albanians' social exclusion from the host societies, and a lingering residual "suspicion" of them.

The continuing antipathy towards Albanians in Italy and Greece, as well as the legacy of earlier more painful stigmatization, have not favored Albanians' attempts to set up businesses. A business needs a clientele that trusts its owners and managers, and if this trust is lacking, an almost insurmountable obstacle is erected. There are ways of overcoming these obstacles, largely through the nurturing of personal networks within and beyond the Albanian transnational community, but it takes time for these to evolve. Migrant businesses also need various permits to be legally established, and Albanians' history of irregular migration and alleged criminality have again not favored an easy transition to transnational business development.

### **3.6 Migration management framework**

Albanian public institutions have spawned numerous laws and policies required to manage the country's large-scale migration. Exploring the legal framework of migration is beyond the scope of this thesis; therefore, this section will mainly focus on the migration policy framework. In addition to the continuous efforts of the Albanian government to respond to the challenges and opportunities that migration flows present, and thereby change Albania's legislation, the Government has signed several cooperation agreements with the neighboring countries and the EU during the period 2011-2014.

In its various policy statements, the Albanian Government aims to: i) reduce irregular migration and its costs; ii) maximize the benefits of regular migration for all actors involved; iii) guarantee fundamental rights of migrants; iv) fight against irregular migration; v) promote voluntary return; vi) further encourage the contribution of migration to development. The country has various governmental actors whose authority and activity are related to migration; the key institutions responsible for dealing with all aspects of migration are the following.

#### **a) Former Ministry of Social Welfare and Youth**

This institution was responsible for all the labor-related issues of migration. There are two main recent documents on migration policies: Strategy on reintegration of returned Albanian citizens 2010-2015 (Ministry of Social Welfare and Youth, 2010) and National strategy for employment and skills 2014-2020 (Ministry of Social Welfare and Youth, 2014). The former document expands the pre-existing National Strategy for Migration

regarding the reintegration of Albanian returnees, which did not fully address the reintegration process. It pursues a sustainable reintegration for returned citizens, whatever the form of return, through providing assistance and support during their reintegration process. The latter document aims to better support employment by adjusting vocational education and training to the labor market needs of Albania, which will promote social inclusion. It also seeks to strengthen and increase the state's capacity in assisting and providing information on regular labor migration; make the improvements to infrastructure necessary for the successful provision of immigration services; recognize professional qualifications and experience obtained abroad; align Albanian migration legislation with EU practice; sign more bilateral labor agreements for managing migration, etc.

b) Ministry for Europe and Foreign Affairs (former Ministry of Foreign Affairs)

The Ministry for Europe and Foreign Affairs has as part of focus the protection of the rights of Albanian citizens living temporarily or permanently abroad in collaboration with other institutions. The migration policies of this ministry cover the following issues: improving delivery of services to Albanian citizens abroad facing difficulties such as prisoners and persons under investigation, and the improvement of crisis/emergency management capabilities; improving and expanding consular services; facilitating the movement of Albanian citizen across borders; and negotiating integration policies with governments of receiving countries and improving foreigners' treatment in Albania (Albanian Government, 2015). The main bodies of the Ministry for Europe and Foreign Affairs dealing with migration issues are the Consular Services and the Institute of Albanian Diaspora.

c) Ministry of Internal Affairs

The Ministry of Internal Affairs is responsible for the implementation of policies and services delivered to foreigners residing and/or working in Albania (Border and Migration Police), border management, and registration of Albanian emigrants in receiving countries (Civil Status Directory). One of the key documents is the National Strategy for Integrated Border Management 2014-2020 (Ministry of Internal Affairs, 2014), which seeks cooperation among all the entities involved in border protection and trade facilitation to establish efficient border management systems, in order to have open, but well controlled and secure borders (Albanian Government, 2015).



d) State Minister for Diaspora

This institution was created in September 2017 and the objective of the Minister is to continuously develop and implement policies related to the development of the Albania-Diaspora partnership. In October 2017, the Minister and his team presented their new National Diaspora Strategy and Action Plan (2018-2024). Two other important subordinate organizations for diaspora engagement are the National Diaspora Agency and the Albanian Diaspora Development Fund. These are among the main institutions with the potential to assist in the participation of Albanian transnational entrepreneurs in economic activities in Albania. The institution is still in the process of gaining more responsibilities related to migration management and building a stronger legislation related to the Albanian diaspora.

e) Ministry of Economy and Finance

The Ministry of Economy and Finance was created in September 2017 from a merger of other former ministries (Ministry of Finance, Ministry of Economy, and Ministry of Social Welfare and Youth) and is responsible for the financial, economic and employment issues in the country. The Albanian Investment Development Agency (AIDA), which is under the Ministry of Economy and Finance, is responsible for attracting foreign investments in Albania, including investments coming from Albanian communities abroad.

Additionally, various international organizations and experts have assisted the Albanian government to develop solutions related to migration problems. With their practical experiences from other regions, these actors have advanced practical options for more constructive migration management. In addition, they assist the Government through providing modern equipment and technology. The International Organization for Migration (IOM) is one of the bodies that has been working closely with the Albanian governments. One of the ongoing projects of the State Minister for Diaspora with IOM is a detailed mapping of the Albanian diaspora with the aim of increasing their engagement in development.

Numerous efforts have been made by successive Albanian governments towards improving migration policy formulation and making assistance to migrants and returnees more effective. Among these efforts, there is also the tendency to continuously increase

the number of institutions in the country involved with migration management issues. However, the higher number of entities is not necessarily effective. The government's efforts should be shifted towards building the capacity of institutions to successfully implement their goals. The lack of capacity in terms of funding and number of employees comes up in the interviews conducted with the government officials as one of their main concerns. Currently, Albania has 36 regional offices where there are "migration counters". However, none of the study participants reported to have been in touch with the migration counters upon their return. Also, data show that among the returnees who used the migration counters, only 15 percent found them useful and since 2012 there has been a decreasing number of returnees showing up to the migration counters (INSTAT and IOM, 2013).

### **3.7 Albanian migrants' integration**

As discussed earlier in section 3.5, due to the massive and irregular nature of especially the earlier migration flows, Albanian migrants often faced prejudice and incrimination upon their arrival in the host societies. However, the general impression is that Albanians have achieved some success in integrating into Italy and Greece (see, for example, King, 2003; King and Mai, 2009; Michail, 2009; King et al., 2011; Vathi and King, 2011). In the context of transnational migrant entrepreneurship, exploring migrants' integration in the destination countries can provide detailed information on the typology of Albanian entrepreneurs, especially the distinction which I draw between "necessary" entrepreneurs (driven by necessity) vs. "opportunity" entrepreneurs (attracted by market opportunities). It can also provide further information on other perspectives on transnationalism, which were discussed in detail in chapter 2. For example, hostility and discrimination in the host society can stimulate the rise of "reactive" transnational entrepreneurs (Portes, 2001). Accordingly, when migrants find themselves being socially excluded and having limited employment opportunities in the destination countries, they seek economic security through self-employment, or they hedge their bets by "investing both here and there", i.e. in the host and home countries (see Michail, 2009).

Vathi and King (2011) suggest that Albanian immigrants in Italy are at a better position when compared to their compatriots in Greece. Immigrants in Italy have experienced a relatively quick and successful integration process, including family formation and

reunification (King and Mai, 2009). This section will expand on how the by-now relatively long coexistence of Albanian immigrants with the native people and the values that they have shown during this period, have slowly replaced the myths about migrants. Also, it illustrates how these positive changes are improving immigrants' chances of integrating into the Italian and Greek societies. Their integration into the host societies is discussed through indicators organized around two areas: the corresponding legal framework, and the employment and work experiences of Albanian migrants in the destination countries.

There has been a steady evolution of the legal framework for migrants' integration and integration policies in Italy and Greece. The migration of Albanians initially started as undocumented and has been largely transformed into legal migration. During the first Albanian migration waves, both Albania (as a sending country) and Italy and Greece (as destination countries) were unprepared to manage the outgoing and incoming flows. Compared to Greece, Italy was in a better position in terms of prior experience with incoming migration flows. By the time Albanians arrived, there were already several established immigrant communities in this country. So, Italy had a legal framework regulating the immigration flows (Legge Martelli, 1990; Legge Turco-Napoletano, 1998; and Legge Bossi-Fini, 2002). Meanwhile, Greece was much more legally and institutionally unprepared to accommodate immigration flows, as in 1990 it was still mainly a migrant sending country, with migrant inflows largely composed of Greek returning migrants. In efforts to regulate the Albanian migrants' flows, Albania signed agreements on migrant seasonal workers with Greece in 1996 and with Italy in 1997 (Barjaba, 2013b). Changes to the migration legislation framework brought significant changes to the ratio of regular to irregular migration. Since 1999 the number of irregular and regular Albanian migrants in Italy and Greece has been changing in favor of regular migrants. Barjaba (2013b) shows that, from 1998 to 2005, around 70,000 Albanian irregular immigrants per year were legalized in both countries. Following the regularization procedures, in 2006, the estimated ratios of regular to irregular migrants were 1.5-1 in Greece and 3-1 in Italy. The legal framework changes and the Albanian immigrants' integration in Italy have been explored further by several scholars and researchers such as Barjaba and Perrone (1996); Barjaba (2002); Melchionda (2003); Pittau and Forti (2004); and King and Mai (2008).

The Albanian immigrants' employment in Italy and Greece is another indicator of their socio-economic integration, and of their potential for developing a business. The process of immigrants' employment in Italy and Greece is multifaceted. Both Michail (2009) and Kokkali (2011) suggest that Albanians' incorporation into the Greek labor market presents a complex image of inclusion-exclusion: while it cannot be claimed that immigrants are excluded from the labor market, even the formal labor market, neither can it be concluded that they achieve full inclusion. The insufficient social security in Greece does not give Albanian migrants access to unemployment benefits. Data show that only 57 percent of unemployed Albanian migrants are beneficiaries of unemployment benefits in Greece and Italy (Triandafyllidou and Lazarescu, 2009). Vullnetari and King (2011) agree that Albanian migrants in Greece have achieved both social and economic progress, but they argue that migrants continue to feel marginalized and discriminated against. Albanians in many cases experience discrimination in the workplace by receiving lower wages than natives doing the same work (Kokkali, 2011; Mai, 2011). For example, in 2007, an Albanian male migrant earned, on average, 36 percent less than a Greek male worker (Triandafyllidou and Lazarescu, 2009). Albanian migrants are not fully integrated; they are accepted in certain fields, but rejected in other fields of society. Yet, overall, occupational improvement is certainly happening in parallel with the establishment and development of the legal and institutional framework for migration in both Italy and Greece.

Many scholars (Labrianidis and Lyberaki, 2001; Hatziprokopiou, 2003; Lyberaki and Maroukisa, 2005; King and Mai, 2009) reinforce the idea that the overall work experience of Albanians is improving and that they are becoming increasingly integrated within local communities. Their studies claim an important shift from employment within the agriculture and construction sectors in the early 1990s, towards more diversified sectoral employment and signs of upward occupational and hence social mobility. For example, a study conducted by King and Mai (2009) with Albanians in three cities in Italy (Rome, Modena and Lecce) illustrates Albanians' partially successful assimilation into Italian society and labor market. The authors highlight the work improvement by stating that during interviews Albanians described their work experiences as moving forward towards better career opportunities, salary payments and work conditions. Albanians in the Italian labor market have a wide variety of occupations but their working conditions, as illustrated by King and Mai (2009), vary from South to North. Their occupations are

concentrated in various sectors such as manufacturing, tourism, farming, construction, and domestic services. Southern Italy is illustrated as an area where undocumented Albanians can find casual work in the underground economy, while the North of Italy is described as a place where Albanians (as documented migrants) have better chances in having access to more qualified and better-paid jobs, or even becoming self-employed.

This regional division is also partially confirmed by a publication from the Organisation for Economic Co-operation and Development (OECD) issued in 2014, which shows foreign-born employment by sector and country of birth. Table 3.1 lists the percentage of employed Albanians in Apulia's and Emilia Romagna's labor force. In the region of Apulia (which is located in south of Italy and includes the city of Lecce), Albanian immigrants accounted for 9.7 percent of the regional labor force, with agriculture, building, and hotels and restaurants as the top three sectors. On the other hand, in northern Italy (in the Emilia Romagna region, which covers the city of Modena), Albanians make up 8.7 percent of the labor force; here, the top three sectors of their occupations were building, hotels and restaurants, and information technology and business services. From the percentages presented in table 3.1, we can see that, in northern Italy, Albanians have more access to better jobs with the likelihood of higher incomes.

*Table 3.1: Albanian employment by sector, Italian regions*

ITALY			
Apulia (South)		Emilia Romagna (North)	
All sectors	9.7%	All sectors	8.7%
Agriculture	13%	Building	23.2%
Building	29.5%	Hotels & restaurants	11%
Hotels & restaurants	16.3%	IT & business services	8.3%

*Source: OECD (2014).*

Albanian migrants in Greece are in a broadly similar situation, with generally upward socio-economic mobility. Albanian migrants are present in almost all sectors of economic activity in Greece. A survey conducted by Labrianidis and Lyberaki (2001) in Thessaloniki (the second largest city of Greece) shows that Albanian workers have moved from unskilled farm work in the early and mid-1990s into construction, small firm employment, semi-skilled work and transport services by the end of the decade. Among

the sample studied by these authors, about one-third of men worked in construction and one-third of women worked in house cleaning. Among women another third were housewives while among men, one quarter worked in small industries. These authors show that Albanian immigrants in Greece managed to improve their employment situation and income. Lyberaki and Maroukis (2005) confirm the employment progress of Albanians in the Greek labor market through their survey covering 500 Albanian immigrants in Athens. They show that women are concentrated in domestic services (34.1 percent) and manufacturing together with restaurants and hotels (11.9 percent). On the other hand, men are concentrated in construction (41.1 percent), manufacturing and tertiary sectors (30.5 percent), with a high percentage (24.5 percent) in self-employment or business-owner categories. Additionally, a study from the Mediterranean Migration Observatory by Baldwin-Edwards (2005) presents the overall Albanian labor distribution force in Greece in 2005 (see table 3.2).

*Table 3.2: Albanian employment by sector in Greece*

<b>GREECE</b>	
Construction	39%
Industry	11%
Agriculture	11%
Tourism	17%
Other	22%

*Source:* Mediterranean Migration Observatory (2005).

It is worth noting that there is a limitation of data on Albanian labor force participation and employment in Italy and Greece. More specifically, the data for the labor market in Greece is outdated and may not illustrate the current employment situation in the country, which, for nearly a decade now, has been one of financial crisis, retrenchment, and unemployment, with immigrants most adversely affected. Official data on the Albanian migrants' employment situation in Greece do not exist to my knowledge. Italy is to some degree in a similar situation in regards to data on Albanian labor force participation in the country. There is a clear need for better data on Albanian employment in the destination countries for designing better policies and interventions.

Table 3.3 shows employment by sector in Albania to make a comparison with the employment situation in the destination countries, Italy and Greece. Percentages in tables

3.1 and 3.2 suggest that Albanian migrants in Italy and Greece have more access to better jobs and higher incomes. Meanwhile, in Albania, the share of population working in the agricultural sector is 38.2 percent and in the market services (such as hotels and restaurants, housekeeping, auto parts stores) is 25 percent. Thus, the labor market evolution of Albanians in their homeland has a slower pace, compared with that of Albanians in the host countries.

*Table 3.3: Employment by sector in Albania*

Sector	%
Agriculture	38.2
Manufacturing	10.1
Construction	6.9
Market services	25
Non-market services	17.4
Other industries	2.4

Source: INSTAT (2017).

Often immigrants take advantage of the work experience, skills, and contacts gained by working in the aforementioned sectors of the economy and as a result seek opportunities for self-employment. Immigrant self-employment in Italy is a relatively recent phenomenon that has nevertheless increased extensively over the last decade (OECD, 2014); the number of immigrant entrepreneurs has more than doubled since 2005. The most remarkable growth was observed in construction enterprises, with Albanians well represented. Hatziprokopiou and Labrianidis (2010) show that Albanian immigrant business owners have the highest rates of cooperation with Greek partners. The majority of businesses established in Greece by Albanians are in retail/wholesale, manufacturing and construction, while very few businesses are in the professional services or financial and healthcare sectors (Halkias et al., 2009). Among the service sectors, food and support services were the most common branches. Halkias et al. (2009) argue that Albanian immigrants seek self-employment in order to make money, own a business, and achieve social and economic assimilation. A part of these Albanian entrepreneurs initiate cross-border entrepreneurial activities. However, Albanians' experience and perceptions on their integration process in the host societies should be taken into consideration when reviewing the quantitative data emphasizing Albanians' integration.

Most of the literature referred to above dates from before the recent economic and migrant crises, or was based on pre-crisis surveys and fieldwork. The crises, which have been especially severe in Greece, have undoubtedly shaped the employment and business prospects of Albanian migrants in both host countries (Michail, 2013). This factor will also be built into the analysis of the interviewees' experiences in my own survey. For instance, the debt crisis, the 2015-2016 migrant crisis, and the austerity measures required under the financial bailout have potentially caused significant hardships to migrants in general and especially those working in the informal market. This situation may have led to the creation of exploitative work conditions, particularly among Albanian migrants working in the agricultural and construction sectors in the host country. Also, with the crisis, many of the Albanian migrants have left the labor market in Greece and either return migrated or moved on to other European countries (Michail, 2013).

### **3.8 Return migration and reintegration challenges**

Return migration, transnationalism and transnational entrepreneurship are connected to each other in various ways (Carling, 2014). For instance, migrants' intentions to return to the country of origin are shaped by their transnational entrepreneurial ambitions and practices. This section attempts to give a better understanding of the Albanian returnees' profiles and of some of the reintegration challenges that they face after their return to Albania. This is important for my study since a substantial part of the interview sample is made up of transnational entrepreneurs who are returnees and hence live now in Albania. Their profiles and reintegration challenges are important as they impact their transnational entrepreneurial activities. Indeed, reintegration in their homeland can be as challenging as integration in the destination countries.

Return migration is an important, but often neglected phenomenon in many countries, including Albania. King (2000, p. 7) confirms the lack of studies by stating that "return migration is the great unwritten chapter in the history of migration". Much of the existing literature tends to see migration as an irreversible process, neglecting the fact that, voluntarily or forced, some of these migrants return to their country of origin. Also, return migration is an important phenomenon that has to be taken into consideration when discussing the causes and effects of migration. In Albania, return migration is a rather recent phenomenon and little attention has been paid to it, in both policy-making and



research. As a result, reliable data have been largely lacking and the development of a feasible framework for tackling the multifaceted process of reintegration is still lacking. Although Albania is a country with ongoing emigration flows towards various destinations, an increasing number of individuals are returning to Albania. In this section, Albanian return migration will be discussed while considering the following matters: the determinants, extent, composition, origin, and some of the reintegration issues of return migration.

In the existing literature, return migration has been subject to contrasting approaches and definitions. On the one hand, return migrants are seen as a major burden for the homeland. They are perceived as individuals who failed in the host countries and are coming back due to forced return or because they were unable to work abroad due to factors such as inability to adapt, health issues, family issues, or retirement. On the other hand, scholars who are more aware of the returnees' sense of belonging, needs and potential perceive them as putative development actors. The potentialities of returnees are theoretically vast, both in terms of the financial and the human capital that they bring back to their country of origin (see King, 1986; Nicholson, 2004). Therefore, based on the latter assumption, reintegration of returned migrants to Albania can be meaningful to the returnees themselves and their communities in the homeland. But, the degree to which this assumption holds remains an open question, which will be addressed further in chapter 6 when discussing the potential impact of Albanian returnees running transnational businesses.

Regarding the definition of return migration: for the purpose of this study, the definition will be simplified as the process whereby international migrants (long-term or short-term) leave the destination countries (definitively or temporarily) and return to their country of origin (voluntarily or involuntarily). Reasons for return vary from economic or political macro-scale factors to migrants' individual motivations. King (2000) sets out some of the main reasons why migrants decide to return home. Cause factors for their return can be: a) economic (unemployment/end of contract, more jobs/better wages at home, desire to invest savings); b) social (racial hostility/difficulty in integration, homesickness, desire for enhanced status); c) family/life cycle (retirement, parental ties, marriage, children's education); or d) political (government policy at sending and receiving ends). Depending on the circumstances, migrants may go home for more than just one of the above reasons.

The rest of the section will present recent evidence about return migration to Albania and the several difficulties that return migrants are facing.

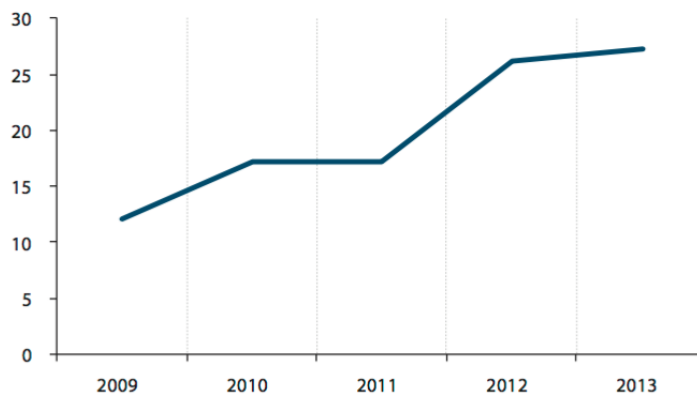
### *3.8.1 Characterizing return migration to Albania*

In the context of Albania, return migration has many dimensions and includes both voluntary and involuntary types. The following four typologies summarize the different modes of return migration as of 2014 in Albania: i) voluntary return of economic migrants; ii) forced return of economic migrants because of the financial and economic crisis in Italy and Greece; iii) return of accompanied or unaccompanied minors; and iv) victims of trafficking (see Albanian Government, 2015).

Albania does not have a formal procedure of registration for returning migrants. As a result, it is impossible to have accurate data on the number of migrants who have returned permanently in Albania. The majority of the data is provided by the Labor and Migration offices, in which returnees voluntarily register for receiving the benefits offered by the state. In addition, there is data provided by other organizations such as INSTAT and IOM. Figure 3.5 indicates the percentage of the returned migrants each year. The general trend shows increasing returns to Albania. The data comes from a national survey undertaken to shed light on the return migration to Albania during the five-year period 2009-2013 (INSTAT and IOM, 2013): around 139,000 Albanian citizens of age 18 and above returned to their homeland in this period. Following 2009, there has been an increasing wave of returnees with a marked increase in 2011. The survey shows that more than half of these returnees came back to Albania between 2012 and 2013. Also, 94 percent of the returnees came back to Albania voluntarily, while the rest were forced to return.

The majority of the returns seem to be related with the economic debt and political crises in Greece and Italy. This assumption is based on the following observations: the drastic increase happening after 2011; the leading country of return being Greece (and Italy, but with a lower percentage of returns); and the majority of the returns being voluntary. Some returnees come back to Albania as a result of the rejection of their asylum applications. The voluntary return of migrants, why migrants return and what motivates the return process will be further discussed in chapter 6 of this thesis.

Figure 3.5: Returnees by year of return (%)



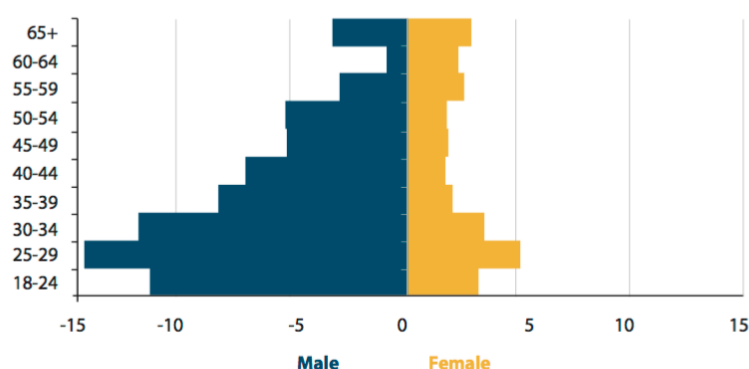
Source: INSTAT & IOM, Return Migration and Reintegration in Albania (2013, p. 31).

Regarding the number of returnees by country, the major part comes from Greece and Italy, around 71 percent and 24 percent respectively (INSTAT and IOM, 2013). Returns from other EU and non-EU countries account for the remaining 5 percent. Because of the enduring economic and political crises in Greece and Italy, a growing number of migrants have been returning to Albania after 2008. These returns are due to several factors, such as changes in various sectors of the economy, losing their jobs, and being unable to have the work/stay permit; all these factors are potentially connected to each other, producing a reinforcing effect. However, the majority of returns are due to simple unemployment. According to the Albanian Government, in 2014, 88 percent of returned migrants report unemployment as the main reason of their return (2015). Also, the share of the number of people returning for investment purposes is on the rise, although this return vector is still at a low level.

Regarding the composition of the return flows, figure 3.6 shows the proportion of returnees coming back to Albania by their age group and sex. With regard to age, it is important to highlight that these returnees tend to be of working age. According to INSTAT and IOM (2013), the most common age of returnees is between the age of 25 and 29, with a broader and dominant modal share within ages 18-34. The percentage of returnees of the group of 60 and above is low, about 6 percent. This age group does not comply with the common assumption that Albanian migrants will go back to their homeland once they reach their retirement age.

With regard to gender, there is a significant difference among male and female returnees' proportions, the former's proportion is much higher when compared to the proportion of females, 73.7 percent and 26.3 percent respectively (INSTAT and IOM, 2013). One possible explanation for the gender ratio is the gradual nature of the return decision; men returning first and trying to reintegrate in their home country before getting together with their families. It is also the case that men are the more mobile migrants, more likely to migrate back and forth on their own (King and Vullnetari, 2012). Another explanation may be related to the female-male ratio of the migrants' population in Greece, where males still predominate, although to a lesser extent than before. Beyond the aforementioned explanations, another important argument that should be taken into consideration is that Albanian women have become breadwinners in the host countries. Christou and Michail (2015) argue that Albanian women entered the domestic labor sector in Greece and they gradually started contributing significantly to the economy of their families. Their study shows that women's labor often provided almost the sole income to many Albanian households when the recent economic crisis emerged. This argument is reinforced by another study conducted by Michail and Christou (2016) in Greece. Scholars give evidence on how Albanian women gained a substantial degree of empowerment in the host country, taking over the role of breadwinner. More specifically, during the years of the economic crisis in Greece, scholars noticed signs of disempowerment of Albanian men. Therefore, the significant difference among male and female returnees' proportions may be related to the above explanations.

*Figure 3.6: Albanian returnees by age group and sex (%) (2009-2013)*



*Source:* INSTAT & IOM, Return Migration and Reintegration in Albania (2013, p. 29).

An important topic to be studied is the economic and occupational distribution of return migrants upon their return to Albania. Examining which sectors of the economy they are employed in would be helpful for analyzing if returnees have a tendency towards self-employment. The general assumptions are that they are not employed in the public sector and that they tend to rely on self-employment instead of working for other people. Also, by having data on their employment in Albania, we can get a better understanding of their impact on the country's economy.

### *3.8.2 Understanding challenges of reintegration*

Reintegration can be defined as “the re-inclusion or re-incorporation of a person into a group or process, for example, of a migrant into the society of his or her country of origin or habitual residence” (IOM, 2015, p. 13). Reintegration is an essential part of return migration, as it empowers and protects Albanian returnees and at the same time impacts their transnational business activities. Reintegration is also important as many of the returnees have to face multiple challenges in their homeland. Thus, many Albanian returnees perceive their return as temporary (Maroukis and Gemi, 2013). Several scholars have explored in detail the immigrants' attitudes and perspectives towards return to Albania and the conditions in their country of origin (see, for example, King and Vullnetari, 2003; Nicholson, 2004; Labrianidis and Hatziprokopiou, 2005; Michail, 2009, 2013; Vathi, 2011; Vathi and King, 2011; Vullnetari, 2012). The discussion on the challenges of reintegration will be based on the aforesaid studies, on the publication “Return Migration and Reintegration in Albania” (INSTAT and IOM, 2013), and my study participants' responses.

Once back home, returnees require assistance in one form or another in achieving economic, social and political reintegration. The reintegration process of returned migrants depends on various factors such as the migrant's experience abroad and the conditions in their homeland. In Albania, reintegration is a difficult process due to the poor economic and employment environment, corruption, and the lack of physical and social infrastructure. Some of the most frequently mentioned problems by returnees in the above studies can be grouped in four categories: employment, education, social issues, and health. Apart from the obstacles discussed below, returnees face many other problems, which will be explored further in chapter 6.

First, economic reintegration is one of the most difficult aspects of the entire return experience (see, for example, King and Vullnetari, 2003; Vathi, 2011). Economic reintegration means having the necessary resources and income to secure basic needs. Some of the returnees may not have been able to secure any savings out of their migration. As discussed earlier in the chapter, Albania is a country that does not offer many economic opportunities due to the high poverty and unemployment rates and the weak labor market. Re-entering the labor market in Albania proves to be a challenging task for some of the returnees. The above-cited survey conducted by INSTAT and IOM (2013) shows that almost 50 percent of returnees in Albania are unemployed. The lack of jobs makes it hard for return migrants to be involved in the economic system of the country. Furthermore, the high level of corruption makes it even more difficult for them to find or maintain a job. Corruption is generally accepted to be an area of systemic weakness for Albania. Not having the necessary connections and being unwilling to bribe prevents returnees from getting or keeping a job. One of the study participants recounts his difficult time when he came back to Albania. “I had very limited personal connections and while I was trying to get a job, I was asked to pay the authorities 3,000 euros in order to get job in a local institution in my city”. In Albania, in most of the cases, employment is not based upon merit and qualifications, but upon the individuals’ political contribution and nepotism (UNDP, 2014). Regarding returnees’ employment objectives, some of the returnees registering with the migration offices show a strong interest in business initiatives (Albanian Government, 2015). However, the majority of them lack the financial resources and are not familiar with the system and the bureaucratic procedures. Also, lack of infrastructure and of reliable utilities for the business activities of returnees is another obstacle in their integration. For example, poor transport infrastructure and unreliable water and electricity supply affects their potential economic plans to set up or expand a business.

Secondly, lack of fluency in the Albanian language, especially for the second-generation migrants, is another factor obstructing the process of reintegration (see Vathi, 2011; ACIT, 2012). The majority of the second-generation Albanians does not speak Albanian, or speaks it poorly, and they find themselves isolated and confused when they return to Albania (ACIT, 2012). Currently, only one private school offers courses in the Greek language, while higher education institutions do not offer any courses in Greek. Thus, second-generation returnees face many difficulties when attending classes taught in

Albanian. Also, many parents who have returned to Albania report registering their children at schools in Albania as a challenge. In addition to the language and registration barriers, returnees find themselves in a situation where friendship groups are already in place. This leads us to the third category of the challenges.

Returnees' participation in the social life of their country of origin is also an important element of their reintegration process. Some returned migrants lack social networks that have the potential to support and inform them on difficult situations or different spheres of public life in Albania (see Vathi, 2011). They often lack the necessary information and connections to introduce themselves back into the society and help them attend events or other activities. This experience is more common among second-generation migrants, who left Albania at an early age or were born abroad. In addition, this group is also more prone to experiencing reverse culture shock. The migration experience shapes individuals differently from what they used to be back home. While living abroad they get used to doing things in other ways and once they return it is hard to readjust.

Lastly, the return of migrants turns out to be a problem for the public services of Albania, in particular the healthcare system. Overall, as we discussed earlier, the national healthcare system in the country is weak and is experiencing difficulties due to the poor infrastructure and lack of resources. The system is inefficient, lacks funding, and drugs and equipment are old or missing. Facing an increasing enrolment due to return migration while having the same resources impacts the quality and efficiency of service delivery. Around 56 percent of return migrants report having limited access to healthcare, once they are back in Albania (INSTAT and IOM, 2013). Moreover, there is a lack of policies and strategies to provide adequate health services to returning migrants. Migrants return to their country of origin in a variety of ways. Part of them follow legal channels, some return irregularly, and others are forcibly deported back. Each of these groups is exposed to different health risks during return. The Government does not have any existing healthcare schemes for migrants upon return. Facilitating access to health services upon return remains a critical gap in migrants' reintegration strategies.

All the factors discussed above challenge the reintegration process of returnees in Albania. In response to these challenges, the government of Albania has implemented various policies on return migration and reintegration and has created migration offices

assisting returnees with their resettlement in Albania. Currently, the country has 36 migration offices offering economic assistance, free training and professional development programs (Albanian Government, 2015). However, despite the Government's efforts to consolidate its institutions and policies, some returnees face significant difficulties and have negative reactions to this process. Only 15 percent of returnees registered with the migration offices think that the current reintegration services offered by the government are adequate (INSTAT and IOM, 2013). Ineffectiveness may be due to several factors. Poor communication between the government and returnees on the existence of the reintegration services may be one of the factors. Around 25 percent of returnees do not have knowledge of the existence of the migration offices or their locations in the country (INSTAT and IOM, 2013). Also, existing schemes for the reintegration of return migrants tend to be a spontaneous response to recent return flows. The Albanian government began attempts at easing the return and reintegration process only a few years ago with the development of the Strategy on reintegration of returned Albanian citizens 2010-2015, and the more recent Strategy on Migration and Action Plan 2018-2024. In addition, the existing programmes are often not successfully targeted and implemented (see Vullnetari, 2012). This may be likely to be as a result of institutions lacking the sufficient capacity to implement needed reforms and policies. Another factor may be that the existing schemes for reintegration of return migrants are largely provided by donors and civil society.

All of the above obstacles faced by would-be and actual returning migrants are germane to the main argument of this thesis, since economically ambitious and transnationally active returnees would be discouraged or even thwarted in their plans. Later, I will demonstrate the extent to which the difficult environment for reintegration is narrated on by Albania-based transnational entrepreneurs.

### **3.9 Remittances**

Remittances, including social remittances (Levitt, 1998), from Albanian migrants to Albania, as well as their transnational practices are evolving and impacting the country's economic and social development. There is a shift from using remittances for consumption to using them for investment plans among Albanian migrants. Most of the time migrant remittances are defined broadly as "personal monetary transfers that a



migrant worker makes to his/her relatives back in their country of origin” (IOM, 2009). However, the definition can be further broadened to include in-kind personal transfers. Remittances are considered to be an important contribution of migrants. Several studies have examined this topic and have acknowledged that the Albanian diaspora is increasingly important when it comes to Albania’s socioeconomic changes (see, for example, Korovilas, 1998; De Soto et al., 2002; Gedeshi, 2002, 2008; Nikas and King, 2005; Vullnetari and King, 2011; King et al., 2013; Barjaba, 2002, 2003, 2011, 2013a, 2015). The general consensus is that remittances have been successful in lifting many households out of poverty, improving their living conditions (food, clothing, furniture, domestic appliances, housing quality) and access to healthcare, medicines and education, and creating investment sources for different kinds of business development.

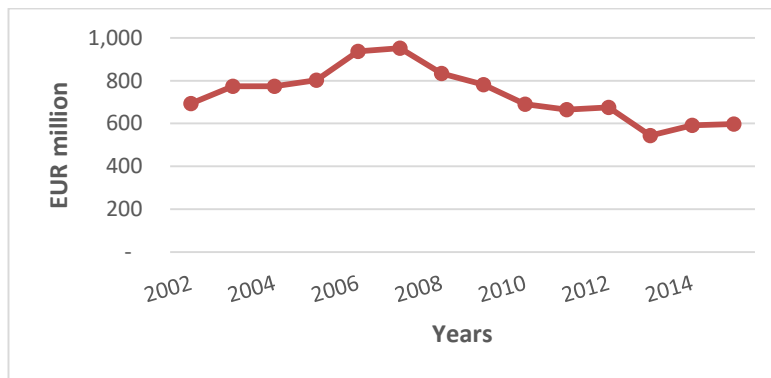
World Bank data show that Albania is a country with a high dependence on remittances. Remittances grew quickly during the 1990s to assume a high importance relative to the size of the country’s economy. Their level has varied from 9 percent to 27 percent of Albania’s GDP between 1992 and 2016 (World Bank, 2017c). The country’s economy in general, as well as individual households, have been reliant for a long time on transfers from emigrants, although these transfers have shown a decreasing trend in recent years, since the global economic crisis and its harsh impact on Greece, home to so many Albanian working migrants.

The importance of remittances to Albania is reflected in the government’s migration policies, and in the remittances ratio to foreign aid and investment. The Albanian government’s migration policy attention has focused on mobilizing remittances for economic development and poverty reduction; for example, through recent attempts to channel remittances via the formal banking system and into productive investment. The change in the government’s policy direction fits well with the phenomenon of transnational entrepreneurship. Migrants’ remittances can be diverted to conducting entrepreneurial activities across the borders. Regarding the remittances’ ratio to foreign aid, during 2015, the development assistance and aid received from abroad was around 334 million euros, while personal remittances received were about 1.8 times higher (World Bank, 2017a). Also, until 2012, remittances represented a higher percentage of the country’s GDP when compared to the foreign direct investment. However, with the

economic turmoil, remittances and foreign direct investment now represent almost the same percentage of GDP, around 9 percent in 2016 (World Bank, 2017c).

It is difficult to have exact data on remittances since a portion of them is transferred through informal channels such as cash-in-hand to relatives and friends. Figure 3.7 gives a profile of remittances to Albania since the early stages of migration. In 2007, remittances peaked at 937 million euros. However, there is a major drop in remittances since 2007, mainly as a result of the global financial crisis that severely impacted the European Union.

*Figure 3.7: Remittances in Albania, 2002-2015*



*Source:* Bank of Albania (2017b).

However, the slowdown of remittances to Albania is only partly due to the poor shape of the host countries' economies. There are many other reasons: i) aging among the first-generation immigrants; ii) higher costs for the upbringing of second- and third-generation immigrants; iii) rising cost of public services and living in the host countries; and iv) changes in individuals' behavior due to increased uncertainty from the economic crises (Albanian Government, 2015). Economic crises in host countries, especially in Italy and Greece, can be considered one of the main causes of the reduction of migrants' transfers to Albania. Due to the prolonged economic slowdown, many migrants have lost their jobs or experienced lower incomes. As a result, there has been a decrease of migrants' transfers to the homeland.

The reduction in remittances has several implications for the recipients. Remittances provide significant resources to many Albanian households and the proportion of the households benefiting from them is large (Duval and Wolff, 2010). In the context of

Albania, the reduction of the remittance inflow to the country has been associated with an increased poverty rate. Several researchers have confirmed the potential impact that remittances may have on poverty alleviation (see, for example, Russell, 1986; De Soto et al., 2002; Nikas and King, 2005). According to a World Bank report, without the large amount of remittances sent to Albania, living conditions would certainly be worse (World Bank, 2007). Another important aspect of remittances is how this money is spent. Recipients of remittances in Albania typically spend the money on: basic necessities (food and clothes); paying for health services; remodeling or building new houses and buying home furnishings/electrical appliances; performing family ceremonies; tuition fees; etc. (see King et al., 2011; Albanian Government, 2015). The social welfare system in Albania fails to cover some of the basic needs of poor families. In this way, remittances are mainly used for consumption and less as a source for financing investment and development projects. Only a small part of them are deposited in the banking system or invested in business enterprises such as hotels, shops, restaurants etc. (Albanian Government, 2015). Several researchers confirm that remittances to Albania have been critical for economic survival and poverty alleviation (De Soto et al., 2002; Gedeshi et al., 2003; King, 2005). Such a use reduces poverty and improves quality of life, but does not help to create many new jobs; while using remittances for investment purposes would boost incomes and possibly prevent new migration flows. Poor management of remittances is one possible explanation for the weak nexus between migration and development in Albania.

Besides monetary transfers, migrants have been transferring ideas, behaviors, values, and expectations; described by Levitt as social remittances (1998). Albanian migrants are potential capable actors in reshaping the country's social and political development, sustained partly by the increasing trend of transnational practices among Albanian migrants. They are maintaining some kind of connection with Albania by getting informed through mass media; sharing information and experiences with their close friends and family members; and frequently visiting Albania during holiday seasons.

Hence, Albanian migrants maintain ties with their homeland through sending remittances, investing, visiting and holidaying, or participating in homeland politics. There is a potential sequential link between sending and managing remittances, and using a portion of those remitted funds for business investment. Some migrants have established themselves as self-employed transnational entrepreneurs, whose activities have raised

interest. This theme is the main focus of the thesis and will be illustrated further through the discussion of Albanian migrants' and returnees' transnational activities, which follows in chapter 5.

### **3.10 Conclusion**

This chapter has discussed Albanian migration flows since the pre-communist period until recently. Such recent flows have the potential to shape transnationalism and transnational entrepreneurial activities among Albanian migrants and returnees. Albania has been undergoing a multiple but still problematic economic and political transition, and as a result is still “producing” emigration. It is considered as both a migrant sending country and a transit country for irregular immigration. The Albanian migration context continues to be characterized more by emigration rather than by immigration; it is among the European countries with the highest emigration stock, in relation to the size of the country's population. After nearly three decades of transition and migration, Albania is not yet making the transition from a country of emigration to a country of immigration. The main push factors triggering Albanian migration are poverty and unemployment. In addition to migrating for economic reasons, Albanians have left the country for other motives such as political, educational, personal, and religious. The majority of Albanian migrants (around 90 percent) are settled in Greece and Italy; less important, but still significant, are the UK, Germany, France, USA, and Canada.

Albanian migration trends continue to evolve. The period around 2000 presents a change in the trend of the migration flows. There is still an efflux of Albanian emigration, but migration has changed in numbers and type. There are fewer Albanian citizens leaving the country and the migration flows are becoming more regular. However, recently, there is an increase of the Albanian asylum seekers in the EU countries, especially Germany and France. As well, during recent years there has been a noticeable increase in return migration. Due to the enduring financial and economic crisis since 2008 in Greece and Italy, many Albanian migrants are coming back to their country of origin. Also, with the economic crises in the host countries, there is a reduction of remittances to Albania. Therefore, an efficient management of return migration and remittances by the Government can potentially have a positive impact on Albania's development. Reintegration efforts and strategies by the Albanian government should mainly focus on

the economic, social, and psychological reintegration of the Albanian returnees. It is important to mention that the successful reintegration paths of returnees highly depend on the governments' preparation for the return process.

Thus far, the fostering of transnational entrepreneurship has not been explicitly recognized in government policy. Hence, my primary research in this thesis will bring forward empirically grounded understanding as a basis for future policy-making.

On a wider canvas, this chapter has attempted to portray a solid historical and contemporary account of Albanian migration in order to frame an appreciation of the phenomenon of transnational business development by Albanian migrants and returnees. This understanding surrounds the empirical results chapters which start with chapter 5, and will be corroborated by the interview narratives that I collected during the field research in Albania, Italy and Greece. The nature of this field work, and the methodological, logistical, ethical and personal dimensions of data collection, are the subject of the next chapter.

## **4. METHODOLOGY AND DATA**

This chapter describes the methodological approach of my thesis. It sets out the “what, where, when, how and why” of my research plan, and the following sections of the chapter will provide answers to this template of methods-related questions. My research on migrant transnationalism and entrepreneurship is most adequately addressed by a mixed-method approach, defined by Greene et al. (1989) as designs that include at least one quantitative method (to collect numbers) and one qualitative method (to collect words). My research design is also multi-sited, spread across multiple sites in three countries. And finally, it is multi-perspective, combining insights and findings from migrant interviewees, key informants, documents, and available statistics. This chapter therefore provides detailed information on the data collection, field sites, sampling method, as well as ethical considerations.

### **4.1 Sources of qualitative and quantitative data**

This first section gives a summary of the sources that were used to collect the qualitative and quantitative data. Several prominent scholars support the use of the mixed-method approach for transnational migration research (Massey and Zenteno, 2000; Durand and Massey, 2004; Fauser, 2017). Although the qualitative approach was the key line of action in the study, I decided to integrate quantitative data too. For example, through making use of the existing quantitative data, I was able to have a better understanding of the distribution and characteristics of Albanian migration, further explore migrants and returnees’ integration, and examine the socioeconomic profiles of the Albanian returnees. Finally, through combining qualitative and quantitative methods, the findings of the study have a greater validity to a certain extent, due to the cross-checking of findings and data. For gathering qualitative data, I used document review and analysis; 50 semi-structured, face-to-face migrant entrepreneur interviews; 20 interviews with key informants; and also notes from the field journal. All these research techniques supplement each other and allow me to obtain richer data and provide ‘thicker’ analysis. Document review and analysis involved examination of a variety of policies, laws, and scientific literature which contributed to the theoretical framework of the research. Through the interviews with the entrepreneurs and experts, I explored more in-depth the transnational entrepreneurship

phenomenon. Also, during the interviews, I kept some general reflection notes. These data sources are discussed in greater detail in section 4.2, which covers the main research techniques used in the study.

Although my research was principally based on a qualitative approach, quantitative data were also collected. With the quantitative data, I was able to identify Albanian populations abroad and get country-specific information on migration and entrepreneurial activities. I used the data to provide the background context rather than relying on them in my final analysis. The migration and allied socioeconomic data mainly come from census and other sources available online. Sources such as databases from the UN, OECD, World Bank, National Bank of Albania, and the National Institute of Statistics are used to access relevant development indicators at country level, and indicators of the broad socioeconomic status of individuals. In addition, online censuses were used to map Albanian diaspora with a focus on the communities in Italy and Greece (Map 2). Unpublished raw data are also used in a few cases, for example the number of Albanian students studying abroad, taken from representatives of the Ministry of Education and Sports of Albania.

## **4.2 Research techniques**

My chosen research techniques of document analysis and interviews have their own advantages and limitations. Hence, data triangulation – the use of a variety of sources in a study (Denzin, 1978) – was used for validation purposes. In this way, I got richer and more variegated data and was more confident of my research findings.

### *4.2.1 Document review and analysis*

Knowledge of a specific phenomenon's context comes, in part, from document review and analysis. Bowen (2009) elaborates more on the specific uses of documentary material; documents can help in getting a better understanding of the historical roots of certain issues and can lead researchers to the “conditions that impinge upon the phenomena currently under investigation” (p. 30). This type of research took place in the first phase of my thesis, before conducting the interviews. The objects of this data collection method were primary source materials found mainly in government departments. The information

that I reviewed did not usually require special permission to access, but was not available online or in publicly available hard copies. I examined policies and reports on migration and development, and data and laws about entrepreneurship; this was often done alongside reviewing the wider literature related to transnationalism and transnational entrepreneurship, in order to develop the wider conceptual framework of the study.

Adopting Bowen's (2009) list of functions of documentary material, I expected document analysis to provide essential data relating to administrative, organizational, and institutional aspects of transnational entrepreneurship in Albania. The data helped in identifying organizations and individuals involved in entrepreneurial activities. The Brain Gain Programme, a government initiative aimed at attracting highly-skilled Albanian migrants, is one example of documentary material containing data on the individuals supported by the Programme. Also, further analysis helped in finding information related to the conditions that impinge upon the development of transnational entrepreneurship – for example, locating new evidence on the impact of Albanian government policy on transnational enterprises. Documents provided a means of tracking change and development by comparing successive drafts of a particular measure. The Albanian government drafts the National Strategy of Migration every few years. Thus, reviewing several drafts helped in understanding how the government's efforts on the reintegration of Albanian citizens returning to their homeland has changed over time. Another example of the documents reviewed is the Business and Investment Development Strategy. Reviewing these strategies of different periods helped in understanding how the business climate in Albania has changed over time. Documents also suggested additional questions to be explored that were not included in the initial interview guide.

After gaining access to the documentation, I developed a review protocol that was used throughout the process in order to ensure that valuable information was identified, analyzed, and recorded. When all of the relevant documents were reviewed, I identified various key participants for expert interviews, people linked to migration and/or business policies, policy makers, and people from various business associations. Through talking with people who knew something about the documents or were involved in the preparation of the documents, I had a better understanding of the context for which these documents were developed.



Document review and analysis had both advantages and limitations. It was less time-consuming and relatively low-cost since I selected the available documents to be analyzed instead of collecting this kind of primary data myself – in most cases an infeasible prospect. In addition, documents can be precise; they include exact names, references, and details of events (Yin, 1994). Exactness made documents advantageous in the research process. However, this technique had some limitations too. Their “exactness” may be more apparent than real. Since the documents have not been written for the same purpose as the research, they may not provide enough details to answer the research questions. Sometimes, they were incomplete, out of date, or inconsistent. Documents may or may not reflect reality. At times, they are written by people with a specific political agenda. To minimize this issue, I met with some people that were part of the report preparation. These meetings were critical to gathering usable information for my evaluation, understanding the context in which the reports were written, and for seeking clarification. I am aware that even the people who were part of the report preparation might also have a political agenda. However, from speaking face-to-face, whilst at the same time guaranteeing anonymity, I could gain a deeper insight to specific questions and could understand key interviewees’ level of enthusiasm and commitment for the topics being discussed, compared to what I would get from reading the official governmental reports.

#### *4.2.2 Semi-structured, face-to-face interviews*

My thesis relies quite extensively on interviewing, described by Kahn and Cannell (1957) as “a conversation with a purpose” (p. 149). Through face-to-face interviews, I explore in detail the social and personal backgrounds of the interviewees. Semi-structured, face-to-face interviews were selected as the primary means of data collection with the Albanian transnational entrepreneurs and their entrepreneurial activities for the following reasons. This type of interview was suitable since detailed, primary data on interviewees’ migration experiences and business profiles could be collected. This data would not be available in any other way, since not only are there few reliable secondary data available, but no-one else has collected this kind of primary interview material. In addition, I sought both clarification and elaboration on the answers given. Often, I found that interviewees were giving limited information, assuming that I was familiar with the business climate in Albania. Therefore, at some points during the interviews, I had to ask them to clarify

and interpret the meaning of the information provided. This approach also helped in getting the desired length for the relevant answers and guarded against the limited or truncated answers that would be the results of a standard question-response survey administered by a third party.

Semi-structured interviews also facilitate comparability of data between interviews (Bailey, 1994). This questioning and listening approach involved a set of predetermined, yet open-ended questions that were asked in a more or less systematic order. There was a series of questions I wanted to ask every interviewee in order to capture the evolving process of migration-generated entrepreneurship. I had the opportunity to build a spontaneous conversation with the informant, but always oriented towards predetermined questions and issues. I found it helpful to have an interview guide, as sometimes interviewees would start answering my given question and then lose track of the question asked. This issue was more common when the research participants were asked questions that were related to the business climate in Albania, as they would start talking a lot about the role of the government based on their political views. Also, often I had to help and guide the informants in the unfolding of their stories by commenting (always in a non-judgemental way) and following up on some answers given by them. I found that most of the study participants were open to talk about their migration experience, their conditions before leaving Albania and the difficulties they faced in the destination countries. They were less revealing when disclosing precise details about their business development and experience, especially as regards financial matters.

This type of interview administration had its weaknesses, however (see Kvale, 2008). It took a lot of effort, time and costs. Conducting 50 interviews in three different countries was a challenge for one researcher. Due to the research technique chosen for conducting research, I also had to limit the number of people I interviewed. I do feel that 50 interviews with transnational entrepreneurs is a significant achievement, and consistent with the amount of fieldwork time that is normally available to a doctoral researcher working in multiple sites. That said, a sample of 50 interviewees is not statistically representative and is only a small percentage of the total population of Albanian transnational entrepreneurs (whose actual size is unknown). This limitation does impact the possibility of making generalizations regarding Albanian entrepreneurs running transnational business activities, but this is a common issue with interview surveys of this type.

An important phase in the research was the development of a general interview guide, which gives a summary of the themes and questions to be covered in the interview. The interview questions were developed beforehand by acknowledging Zorn's (2001) suggestions for semi-structured interviewing (in Neergaard and Ulhøi, 2007) and were organized in two sections. Section A in the interview guide (see Appendix A) covered information on interviewees' background in the country of origin and their experience in the host country. Section B included information on interviewees' transnational enterprises and their perception of various issues relating to transnational entrepreneurship.

The first draft of the interview guide was prepared and tested before going out on fieldwork. I carried out five pilot interviews with returnee entrepreneurs based in Albania. Their businesses were in various industries including retail, furniture manufacturing, consulting, and information technology. Pilot interviews were conducted during August and September 2015, and served several functions. It allowed me to practice interviewing and enhance my interview technique. The answers I got from the interviews helped me understand whether I would get substantial data from the research participants, and exposed any difficulties experienced in answering questions. Following this, I was able to develop better interview techniques and some refinement of the questions. Thus, this pre-testing phase showed if the interview guide would work and whether changes needed to be made. I changed and added a few questions in both sections of the interview guide. Nevertheless, the overall success and usefulness of the pilot interviews meant that I could also use them as part of my overall analysis. Also, during the pilot interviews I started to become more aware and reflective of my positionality in the field.

The size of the sample for the transnational entrepreneur interviews was 50 overall: 6 entrepreneurs running their business in Italy, 7 in Greece, and 37 in Albania. I initially intended to have around 15 interviews for each of Greece and Italy. However, it was extraordinarily difficult to find this many interviewees because such entrepreneurs were thin on the ground, difficult to track down, and also not always willing to grant an interview. Therefore, I compensated by enlarging the sample in Albania. In addition, I interviewed 20 key informants; for example, I interviewed various experts and policy makers linked to migration and/or business policies and to the production of documents.

Hence, the overall corpus of interviews which are the basis of my empirical material stands at 70.

Regarding the key participants for expert interviews, the people I interviewed are representatives from the following institutions: Ministry of Internal Affairs; former Ministry of Social Services and Youth; National Employment Services and regional migration counters; Ministry of Education and Sports; Ministry for Europe and Foreign Affairs; State Minister for Diaspora; Ministry of Health and Social Protection; Institute of Statistics; Ministry of Finance and Economy; Albanian Investment Development Agency; and the Chamber of Commerce and Industry. All the representatives I interviewed were to some extent the responsible authority working within departments related to migration and business policies. For example, in order to examine the business climate in Albania and the contribution of migrants' businesses to the country's development, it was necessary to approach the existing business associations and chambers of commerce operating in Albania. As indicated earlier in this chapter, these interviews also helped with the document review process, as I had the opportunity to cover the areas of interest more comprehensively, get the context for which these documents were drafted and clarify certain issues that came up while reviewing the documents. Furthermore, through these "elite" interviews I was able to explore the informants' opinion on the potential impact of transnational entrepreneurship on the country's development. Having such additional information helped me to compile better recommendations at the end of the study.

My selection of key informants followed a similar pattern of identifying the transnational entrepreneurs: the snowball sampling technique, further discussed in section 4.4. When compared with the interviews with the migrant participants, I found that governmental respondents were more hesitant in expressing an opinion which could be considered critical to state institutions. While conducting the interviews with the key informants, I tried to research as much as I could about the person I was going to interview, and the context related to his/her job position. This information enabled me to examine and compare his/her answers with his/her past behavior and other people's behavior from a different political party. Another important strategy while conducting the interviews with the key informants is to triangulate among respondents (Hochschild, 2009). In this way, I was able to use information collected from previous interviews, without revealing the

identity of other respondents, with the purpose of pushing someone to giving further information on certain issues of interest.

Most interviews with the migrant research participants ranged in length from forty minutes to one hour, were conducted in Albanian, and were later translated and transcribed into English. In one case, a research participant asked for the interview to be conducted in Greek, for which I relied on an insider companion to help me with the interview.<sup>2</sup> Regarding the interviews with the key informants, I was more flexible with the length of the interview; knowing some of them personally or through various connections, I felt the responsibility to allow them to take as much time as they needed. In some of these cases, I found myself discussing things that were not very related to the information that I intended to get from them. Hence, I had to adjust my style of interview. Through being in a more relaxed situation, I thought I could get more sincere and detailed information. The interviews with the key respondents lasted about an hour and thirty minutes to two hours.

In the three empirical chapters of the thesis – chapters 5, 6 and 7 – I mainly rely on interview material, including extensive use of quotes, from the migrant and returnee participants, interviewed respectively in Italy and Greece, and in Albania. The expert interviews were used mainly as input into my discussions and interpretations of documents, the general economic and social environment for transnational businesses in Albania, and the policy realm.

The interviews were carried out as first preference in private places such as interviewees' offices in order to allow them an appropriate private space to share their information. In case this was not possible, interviews took place in coffee shops or other places chosen by the research participants. Conducting the interviews in places of their choice was often not convenient for me, but hopefully it helped them to be more comfortable when discussing details about their migration and business experiences. By giving them the opportunity to choose the place of the interview, I also showed how serious I was about conducting the research and how much I appreciated the fact that they were taking some

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<sup>2</sup> Whilst Albanian is my mother tongue, and I have fluent Italian and English, having had part of my education in Italy and in the US and UK, my Greek is not so good.

time from their busy schedules. I remember one case when I had to conduct one of the interviews while the informant was getting interrupted by his employees. He was trying to answer my questions while also completing an order with a strict deadline. However, while trying to accommodate their requests, I also had in mind my own safety. Some of the businesses were located in distant areas; therefore, sometimes I used gatekeepers or other people to accompany me on interviews. Regarding the interviews with the key informants, I did not find any difficulties in scheduling the interviews or gaining their trust as I was introduced to them through mutual and close connections. But, what I would like to highlight is that when trying to schedule an interview with some of them, I was often asked by their assistants what they could prepare before the interviews; an action that can be interpreted as a way for the respondents to be prepared to justify their work related to their position.

In addition to the notes taken during the interviews, I maintained a detailed journal with general reflection notes after each interview. During the interviews I noticed that taking notes became distractive and was interrupting the conversation. The participants started to feel less comfortable and were trying to find the right word and phrase during the moments when I was taking notes. For this reason, I found keeping a journal more useful than taking extensive notes during the interview. Furthermore, I was nearly always able to record the interviews, with the permission of the interviewee.

After the interviews were finished, the next process was to transcribe them into textual documents for analysis. The statements of the informants were transcribed word by word, with the exception of dropping frequent repetitions in order to have them in a more readable form. Interview transcripts are important when analyzing data; however, when putting oral conversations into words, I am aware that critical things such as tone of the voice are lost. However, my interview notes, also inscribed into the written transcripts, helped here. Ideally, I would prefer the study participants to read the transcribed data and interpretations, so they could get a chance to elaborate on their initial statements. Whilst I was able to re-contact some interviewees to check some facts and data, a full check by the informants of all the transcripts was not feasible. Moreover, the full re-interviewing step, presented by Kvale (2007) as one of the six steps of analysis, was likewise not easy in my case, given the scattered geographical distribution of the interviewees and the fact

that most of them were pressed for time – as had become apparent during the first interviews.

### **4.3 Field sites**

The data collection took place in accordance with the multi-sited research method, and involved multiple cities in each country. Many scholars (Marcus, 1995; Fitzgerald, 2006; Mazzucato, 2009; Fauser, 2017) see the multi-sited research method as a more effective way of studying transnational migration. They argue for multi-sited fieldwork in countries of migrants' origin and destination. Against the critique of dilution and scattering of research insight, Falzon (2009) adds that multi-sitedness is “a compromise worth making, especially in the case of research with transnational groups or phenomena” (p. 16). I collected data in several towns and cities of the migrant sending country, Albania, and in the receiving countries, Italy and Greece. This strategy helped in understanding how receiving contexts pattern migrants' economic mobility. Also, through the multi-sited approach, I was able to get a better understanding of the transnational practices, strategies, and involvement of Albanian entrepreneurs on both sides, homeland and host country.

However, multi-sited fieldwork is not without challenges, relating to both practical and methodological issues. As Fitzgerald (2006) puts it, “multi-sited work tests the limits of a method usually thought to rely on deep, local knowledge of everyday interactions as a means to understand members' experience” (p. 4). Thus, multi-sited research may impact the quality of the data gathered by risking the amount and quality of information obtained when doing research in one place only. Also, according to Pessar and Mahler (2003), the transnational social field approach (where multiple scales and sites are studied more or less simultaneously) is daunting (p. 838). I encountered several difficulties while collecting data in Italy and Greece. The geographical location of the businesses presented a difficulty as they were sparsely distributed across various regions. Another challenge I want to highlight is scheduling interviews with the study informants. There were several instances when I had to reschedule the interview sessions for more than a couple of times for the same person. This presented a more challenging and time-consuming situation with entrepreneurs located abroad. Potential informants could not make it to the initial appointments and a second round of appointments was needed. Gatekeepers abroad had a key role in negotiating in the field, helping to ease the communication and rescheduling

process. Also, the challenge of obtaining an adequate sample according to the originally developed criteria was present. Carrying out fieldwork in three different countries and different cities within these countries was difficult, logistically and financially, but not impossible. Data collection proceeded as follows.

Following the pilot interviews in Albania in 2015, the main fieldwork in Albania took place between January and April 2016, in Greece between May and June 2016, and in Italy between July and August 2016. I also conducted a few interviews with key informants between September and November 2016 and some additional ones in November 2017. Fieldwork in these countries was full-time, while I also worked on transcribing interviews.

In Italy, Albanians are the second largest immigrant group after Romanians (Dossier Statistico Immigrazione, 2014), while in Greece Albanians are by far the largest immigrant group (Mai, 2010). Albanians have settled in virtually all parts of Italy. Initially, I was planning to restrict my interviews with the transnational entrepreneurs to the region of Lombardy and its capital, Milan. Lombardy is a principal destination region for many international migrants. In addition, Lombardy has a high number of enterprises, predominantly composed of small and medium-sized businesses. However, due to the limited number of Albanian transnational entrepreneurs that I had access to, I had to expand my focus and continue with my fieldwork in other provinces of Italy. Prior to going to Italy and Greece I had been in touch with various research participants and gatekeepers. The interviews were conducted based on the available respondents rather than selecting them based on their business location. This was a clear case, then, of respondent-driven sampling. In Italy, I conducted interviews in both the Northern and Southern parts of the country. The interviews took place in four cities: Milan, Venice, Bari and Brindisi. The entrepreneurs in these cities were chosen based on the participant referrals and the number of potential study informants that were living in these cities.

In Greece, I interviewed transnational entrepreneurs in the cities of Athens and Ioannina. I chose Athens because, based on online census data, it is the city that accommodates the majority of the Albanian migrant population. Athens is a well-established economic center in the country, it presents a wide range of employment opportunities. These opportunities attract a high percentage of immigrants in general, including Albanian



immigrants. As a result, many migrant businesses are found in different parts of Athens. Ioannina is the other city where I conducted interviews. This is the largest city in north-western Greece and is located approximately 60 km from the Albanian border at Kakavia. It has a diverse economy focused on areas such as tourism, construction and food production. Reflecting these locational and economic factors, many Albanian migrants have settled in this city, some of whom maintain close links with southern Albania, especially with the cities of Gjirokastra and Saranda. Additionally, I expected cross-border activities and transnational businesses in Ioannina because of the excellent condition of the road connecting the southern cities of Albania with Ioannina. The condition of the road is worth mentioning considering the poor overall road conditions in Albania and the limited business partnerships because of the poor transportation in the country. These favorable conditions have supported the establishment of some businesses in Ioannina by Albanian migrants and returnees.

In Albania, the majority of the transnational entrepreneurs have located their businesses in the following cities: Tirana, Durrës, Saranda, Shkodra, Elbasan, Gjirokastra and Korça. These are the country's main towns. The interviews were mainly conducted in Tirana and Durrës since many of the entrepreneurs living elsewhere often visit these cities for business purposes. However, from my base in Tirana, I made frequent short trips to the north and south of Albania to conduct some of the interviews. I also interviewed entrepreneurs who had cross-border relations and practices with other countries such as the United Kingdom, Turkey, Egypt, and Germany.

Of the three countries in which I did my fieldwork, I consider Albania as the least difficult and the most significant one at the same time. It was less difficult when compared with doing research in Italy and Greece in terms of accessing research participants and travel costs. For instance, rescheduling an interview in Albania was easier when compared to Italy or Greece, for which I was making longer trips to conduct the interviews. The fieldwork in Italy was the most difficult as the respondents were located in different provinces. Travelling from north to south of Italy or vice versa was time consuming and costly. While in Greece, I conducted the interviews in Athens and in Ioannina.

Additionally, the results of the fieldwork in Albania had the greatest impact on my data analysis for the study. The informants gave me a better insight into their business and

migration experience when answering the questions, compared to the informants abroad. The research participants in Albania were more open in expressing their opinions and more interested in my research study, while the informants abroad were more hesitant, especially when expressing negative comments about the situation in their homeland. This was probably because of the stronger connections I had with the informants in Albania. I was referred to many of them by mutual connections, while for the ones abroad I made use of more distant contacts. Informants' differential degrees of hesitancy may also be explained by entrepreneurs in Albania feeling safer and more confident to talk about their businesses in comparison to immigrants in Italy and Greece. For example, when asked about the advantages of doing business in Albania when compared to other countries, the entrepreneurs in Albania were more open to discussing specific factors that they were taking advantage of while running their businesses. While the ones in the destination countries were more general in their answers, without going into details that would be linked to their specific business type.

#### **4.4 Access and sampling**

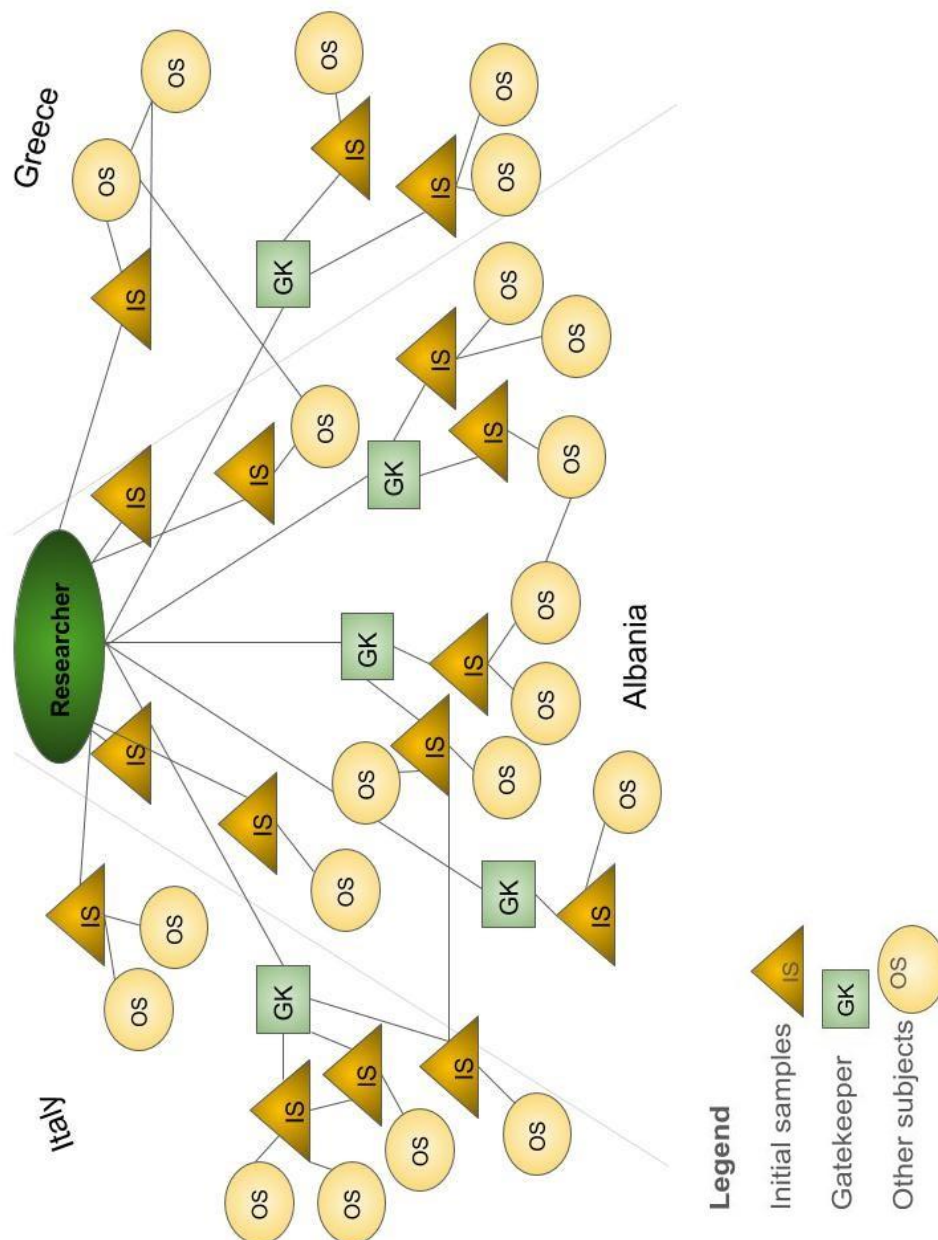
In this research, I used migrants' and returnees' transnational entrepreneurship as my central analytical focus. Building a sample that included a range of different entrepreneur profiles among transnational Albanian entrepreneurs in Albania, Italy, and Greece was a challenge. Especially when researching the migrant entrepreneurs in Italy and Greece, the following quotation often rang true. "Migrant selection is all the more complicated when the survey objective is to target a group from a specific origin: depending on the group, the sampling process may become a search for a needle in a haystack" (Beauchemin and González-Ferrer, 2011, p. 105). Transnational Albanian migrant entrepreneurs are a scarce and scattered population and difficult to reach. When the potential subjects of a study are difficult to locate, the snowball technique is the most appropriate to use. This approach is a feasible solution for accessing a population for whom adequate lists are not readily available. Snowball sampling is defined as "a nonprobabilistic form of sampling in which persons initially chosen for the sample are used as informants to locate other persons having necessary characteristics making them eligible for the sample" (Bailey, 1994, p. 438). In this way, then, I picked up the sample along the way.

I built the pool of informants by introducing myself to potential participants and by being introduced to potential research informants through various gatekeepers and then asking each of them to refer me to other Albanian entrepreneurs. As described in figure 4.1, initially, I found a few gatekeepers in the three countries where I was planning to conduct the interviews. Then, the gatekeepers suggested some potential participants from which I selected the cases that met the criteria and seemed to have an interesting story to tell. Gatekeepers were my main focal points; having a gatekeeper generally proved to be very useful, especially in Italy and Greece. They were particularly helpful in introducing me to potential participants and scheduling; and in some cases, rescheduling the interview sessions. For example, one of the gatekeepers was from the Italian Trade Commission in Albania. He was very useful in introducing me to various Albanian entrepreneurs who were doing business with Italy. The study participants were reached through email correspondence and phone calls. Besides the aforementioned technique, additional means were used in the study. Since snowballing may limit the diversity of the study informants, including gender, potential research participants were reached also through various professional and private networks. I found a few study informants, including two female entrepreneurs, through my friends and colleagues in Albania. In the upcoming sections, I will go into more details about my positioning in the field. Then, these study informants recommended other informants that were in compliance with the descriptions of samples needed, labeled in figure 4.1 as “other subjects”. Meanwhile, the key informants were chosen because of the positions they were currently occupying at the time of the interview (or in the past), in order to acquire information and context that only that person can provide about some document or process.

I would like to mention that while seeking access to conduct interviews with the migrant entrepreneurs, I encountered many refusals. Accessing and convincing potential participants to agree to the interviews was much more difficult than I expected. One of the reasons may be due to the ongoing campaign against the informal sector by the Albanian government. Many entrepreneurs were hesitant to accept the invitation to interview until they were fully assured that the conversation was not intended to explore sensitive information related to their business practices and relations. The study of entrepreneurs during the above ongoing campaigns was more challenging than expected because of a lack of trust over issues of taxation, capital investment, costs, etc. Another potential informant expressed his concerns about giving information regarding his

business since his activity was in its initial phase. There were a few cases when participants initially refused to participate and the gatekeepers or my family members were successful in being able to smooth access. When contacted directly, without being referred by someone they knew, potential participants would generally not even respond. It is worth noting that I had the advantage of having personal and family connections and to some extent some level of trust between several participants and myself. These advantages compensated for the disadvantages of the snowball sampling method and the generally high refusal rate.

*Figure 4.1: Referral sampling schema*



Morse and Field (1995) add that the information gathered by the researcher may be biased if s/he restricts research participants only to those persons acquired through snowball sampling. To increase the diversity of my informants, I used other approaches to identify individuals. Potential research participants were accessed through various professional and private networks. I established initial contacts with different business organizations, governmental and nongovernmental agencies, formal immigrant organizations, and other migrant associations. Some potential research participants were identified through the Brain Gain Programme, a government policy initiative aiming to attract highly skilled Albanian migrants to support the development of the country. Family, friends, and personal contacts with migration researchers in Italy and Greece also introduced and guided me towards various transnational entrepreneurs. The interviews were first conducted in Albania, collecting contacts of migrant entrepreneurs abroad, and then they were conducted in the destination countries (Italy and Greece), as per the timetable recounted above.

Another challenge related to building a broadly representative sample was who should be considered part of the transnational entrepreneur community and what type of practices should be considered transnational. For return migrant entrepreneurs, transnational entrepreneurs were defined as Albanian citizens who have been working and/or studying/living in Italy/Greece for a period longer than 12 consecutive months and who then returned and established a business in Albania or expanded a business that they had started abroad, and whose business success depends on more or less regular cross-border relations and practices. For migrant entrepreneurs living abroad, transnational entrepreneurs were defined as Albanian citizens who have worked in Italy/Greece for a period longer than 12 consecutive months, established a business abroad, and whose business success depends on regular relations and practices with Albania. The definition covered both the first and second generation of immigrants.

#### **4.5 Data analysis**

I started working on the method of data analysis before completing the interviews and transcriptions; however, the more systematic analysis started once I had all my research material. My qualitative data was in the form of text scripts, gathered from interviews with the Albanian entrepreneurs and key informants, fieldwork memos, and various

documents and notes on these. An outline of the information that was filtered from respondents' answers is presented in figure 4.2. For conducting my data analysis, I followed the three procedures of Miles and Huberman (1994): data reduction (extracting the essence), data display (organizing for meaning), and drawing conclusions (explaining the findings). These procedures were advanced by another data analysis strategy, memos. Memos to myself were written after each interview had taken place to help with the interpretation of material, aid my analytical thinking about the data and ensure remembering the various details from the interviews.

*Figure 4.2: Basic demographic and thematic coding from the interviews*

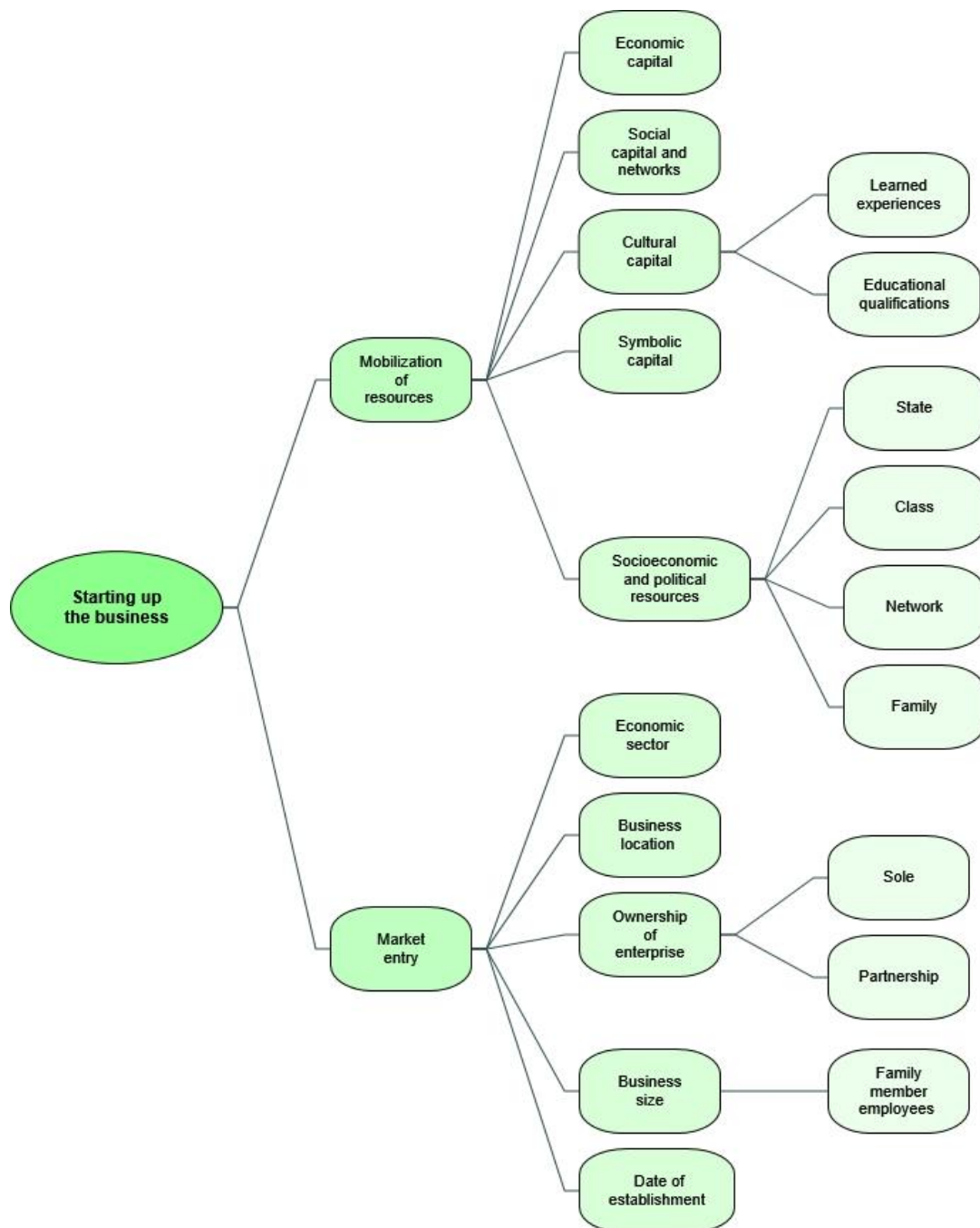
<b>Interviewee's background</b>	Age; Age when launched their business; Family; Place of residence; Gender; Educational level; Period of migration; Countries of destination; and Occupation/professional experience.
<b>Interviewee's experience in the host country</b>	Migration experience; Occupation/professional experience; and Relationships with Albanian communities abroad and host societies.
<b>Business data</b>	Distribution of economic activity across the sectors; Location, size and year of establishment; Entrepreneurial motivations; Mobilization of resources; Ownership of enterprises; Frequency of travelling abroad; and Family members as employees.
<b>Business environment</b>	Challenges and opportunities for entrepreneurs in Albania; Membership of business associations; and Migrants' perceptions on their business contribution to Albania's development.

As the first step, the complete interview transcriptions were read through for familiarizing myself with the data. Also, while reading the transcripts, I highlighted all the sections that could be later used as illustrative quotes in the study. Regarding data reduction, in order

to simplify the analysis and extract the essence, after reading all the interviews, I created a profile for each, emphasizing key points. These included information such as age when launched the business, business location, type of business, number of employees, and professional/occupation experience (see figure 4.2). Glancing at this information helped me recall their migration and business experience and facilitated comparison for data analysis. Then, I proceeded with examining various themes relevant to my research, adapting thematic analysis as the main approach. I used a combination of inductive reasoning and conductive reasoning (Bryman, 2016). Inductive analysis was used as the main approach for the study, since I wanted to obtain an understanding of the entrepreneurs' business operation, what motivates them, etc. That said, I looked for the emergence of themes closely linked to the data themselves, instead of imposing explicit predetermined frames. However, it is important to mention that some of the initial key themes and subthemes for my study were shaped by pre-established research questions, but also identified through the initial review of all the data results. That said, I was open to new potential themes from the data available. After completing the aforementioned stages, I started following the second and third step included in Miles and Huberman's (1994) model of data analysis; I started developing my impressions, displaying summaries of data, working on my analysis, and writing out my findings and conclusions based on the themes I had collected material on.

For structuring the material from the interviews, I relied on the computer software NVivo Pro 11 for ordering/reducing data and forming coding categories. I started with general categories and then within each of these categories, I generated more detailed sub-categories. Figure 4.3 gives an example of one of the selected categories in the data analysis process, "starting up the business". All the categories created during the data analysis were combined into themes. Through the themes, I tried to capture something significant about the data in relation to the main research questions. For instance, regarding the research question that had to do with the process of starting up the business, the main themes identified were mobilization of resources and market entry. These themes were created from the following categories: economic capital, social capital and networks, cultural capital, symbolic capital, and socioeconomic and political resources. Also, sub-categories such as learned experiences and educational qualifications led to the category of cultural capital.

Figure 4.3: Creating categories for the analysis of interviews: an example



## 4.6 Ethical considerations

Ethical issues inevitably arise while conducting research, especially when the research is fieldwork-based and involves interviews, conversations and other ethnographic methods. Mauthner et al. confirm that “researching private lives and placing accounts in the public



arena” raise multiple ethical implications (2002, p. 1). In order to protect the privacy of research participants and address any ethical concerns, I followed the ethical guidelines of the Social Research Association (2003) to carry out this study. The ethical dimensions of the researcher’s personal interaction with the informants addressed in the thesis are presented in two parts. The first part below addresses the two main ethical issues: informed consent and confidentiality. The second part discusses my own positionality in the field. Before going on fieldwork and conducting the interviews, I received the Certificate of Approval for Ethical Review from the University of Sussex.

#### *4.6.1 Informed consent and confidentiality*

While carrying out my study, principles of confidentiality were maintained as far as possible in order to protect the interests of the research participants. After contacting potential research informants, I explained to them what the research is about and gave them some time to consider whether they wanted to participate. I also provided them with a copy of the participant information sheet, which included the necessary information regarding the purpose of the study, the procedures of the interview and various addresses and contacts to answer any further questions they might have. The information sheet is found in Appendix B of the thesis. In addition, at the beginning of the interview, I made informants aware of the overall research goals, the length and degree of commitment required, and the terms of confidentiality. Similarly, I informed them about their rights to refuse to participate, re-negotiate consent at any stage of the interview, refuse to answer any questions they do not want to, and withdraw data just supplied. None of the informants asked to re-negotiated consent or withdraw their data. Before each interview, I obtained permission to record and oral consent to conduct my interviews and use quotes, from all research participants. According to the guidelines of the Social Research Association (2003) and taking into account the nature of my study, obtaining oral consent seemed to be more appropriate than a signed consent form in the Albanian context, where the signing of forms often has to be witnessed by a notary. In addition, I informed the interviewees that they had the right to access the transcription of the interview.

Maintaining confidentiality of records was another important matter of the research process. I took appropriate measures to prevent the disclosure of private data and of the identity of all my interviewees. When referring to participants in my study,

pseudonyms/generic Albanian names are always used to protect their privacy. Furthermore, when necessary, I changed some of the respondents' details. For example, I changed the city of their business location when I judged it as being information potentially recognizable to others. It is important to highlight that the participants' voices were very critical for the study and the subjects' anonymity does not impact their contribution in this research. Taking into account that Albania is a small country and the research participants could be easily identified based on their business type and location, I found it necessary to take some precautions. Also, to assure anonymity, the information was not passed on without consent. I used code numbers instead of names for interviews and stored these safely on a hard disk drive with restricted access.

#### *4.6.2 My identity in the field*

Before going on fieldwork, I reflected on my own positionality through considering both the similarities and differences between myself and the research participants. I was at pains to constantly bear in mind the words of the following definitive statement: "Positionality in qualitative research refers to the fact that a researcher's characteristics affect both substantive and practical aspects of the research process – from the nature of questions that are asked, through data collection, analysis and writing, to how findings are received" (Carling et al., 2014, p. 37). The identity of the researcher may affect the research process in various ways. For example, my nationality has influenced me in picking the topic of my research study. In agreement with the statement of Carling et al. (2014), the following is designed to explain my positionality in the field, and the interaction of myself with the Albanian migrants and returnees.

Based on the insider-outsider divide in research with migrants, I am firstly an insider, a member of the migrant group under study. According to Merton (1972), an insider is "endowed with special insight into matters necessarily obscure to others, thus possessed of a penetrating discernment" (p. 15). Being an insider, sharing a similar cultural, national, linguistic, and religious heritage, has many advantages when doing research. Like the majority of the research participants, I was born in Albania, speak Albanian, and have lived part of my life in Albania, Italy, and Greece. My research interest in migration reflects an experience that all Albanian migrants have. All these factors allowed me to blend in and facilitated the development of a rapport between the interviewees and me,

thus “producing rich, detailed conversation based on empathy and mutual respect and understanding” (Valentine, 1997, p. 113). Our shared attributes and experiences helped me to build a bond with the research participants and, as a result, they found it easier to answer my questions freely and to engage in wider conversations with me. In addition, the insider position helped me to have first-hand information and understand verbal and non-verbal expressions and gestures during the interview, again through shared migration history, language and culture. Furthermore, having insider companions was another advantage in making my entry in the field easier and for reaching the interviewees and gaining their trust. The interviews process with the key informants was at the same level of trust; I earned their trust through the people I approached to access them. Thus, these points of connection with the informants removed some obstacles related to my access to their lives and work; they had a positive impact on the dynamics between the interview dyad of the interviewer and the interviewee. In other words, had I not been Albanian, I would have faced greater difficulties in approaching the research participants, winning their confidence, and understanding their stories.

However, Narayan (1993) adds that

“The loci along which we are aligned with or set apart from those whom we study are multiple and in flux. Factors such as education, gender, sexual orientation, class, race, or sheer duration of contacts may at different times outweigh the cultural identity we associate with insider or outsider status” (p. 671-672).

Hence, my relationship with the informants was not determined solely by national belonging or migration background. Positionalities such as age, gender, academic status and specific migration and life experiences may take on more dominant meanings than shared attributes. In this regard, I was quite different from the research participants in many respects, and this may have limited the nature and progression of the interviews. The combination of my (young) age group and (female) gender may have affected the experience of difference between the informants and myself. In this sense, being a young female student could well have influenced interviewees’ answers and attitude. I found female respondents (a marked minority in my total interview sample) to be more open when answering the questions, while the majority of men were more reserved in acknowledging my presence. Women were more friendly and supportive during the interview process by behaving more casually and giving longer answers. This may have

happened also because all of the female respondents conducted their studies abroad, so they could relate themselves to the researcher; while men were more reserved, even occasionally suspicious, and less frank with their answers. I also felt that age played a key role in the interview process. I had more relaxed conversations with people from the same age group when compared to respondents who were much older than me. This was apparent in the way they would look at me and in their body language. This was the predominant dynamic in most of the interviews, where the demographic positionalities were usually those of a young female interviewing an older man.

Another aspect of identity worth noting is my student status. My status as a doctoral student in the United Kingdom may have caused insecurity and weakened the sense of commonality between the informants and me, but in my estimation it probably did not have a significant effect. In addition, my personal and professional reasons for studying and living in the United States and later in the United Kingdom may have been different from the migratory reasons of the research participants; and potentially made them feel distant from me. Because of the difference in migration reasons, I expect to have a somewhat different migration experience from informants. For example, I was not an undocumented migrant, never held the kinds of jobs they did and never lived in the neighborhoods they lived. Also, taking into account the politically charged environment in Albania and the political views of my family, I assume that some of the participants, to some extent, may have not been that open in their answers. Some of the questions that may have been impacted by my positionality in the field are those asked about the formal institutions in Albania, informants' relationship with them, the institutions' contribution to the development of entrepreneurial businesses, and the role of the business associations in Albania. However, I believe that these implications coming from my identity do not have a significant impact on my general findings. Overall, I still felt that I was obtaining relatively consistent and "truthful" reactions, even though some interviewees may have been more reserved or not explicitly expressing their concerns regarding the topics that they were asked about. What is more, during the interviews I tried to be careful in the answers I was giving in order to avoid being more prone to an outsider status. In fact, throughout the overall research process, I was constantly moving between the insider and outsider positions.

#### **4.7 Conclusion**

The purpose of this chapter has been to provide an overview of the methods used to study Albanian transnational entrepreneurs in Albania and abroad. These methods enable me to answer the key questions related to choice of methods, namely, which methods, why, how, when, and where? The overall design is a mixed-method approach, sustained over multiple sites in three countries, and conducted from a multi-level perspective, ranging from the main protagonists of the research – migrant transnational entrepreneurs – to elite and key informants, official documents, and the (limited) available statistics.

My total corpus of 70 completed and transcribed interviews, made up of 50 with migrants and returnees, and 20 with key informants, constitutes a volume of primary research consistent with the time and resource horizons of a doctoral thesis, especially considering the challenging circumstances (dispersed interviewee population, many refusals etc.) of the fieldwork.

My research approach for exploring transnational entrepreneurship among Albanian migrants and returnees includes both qualitative and quantitative data but prioritizes qualitative empirical data gleaned from face-to-face interviews conducted during fieldwork. The focus of the interview questions was in line with the research questions, which concerned the operation of transnational enterprises by Albanian migrants and returnees, the characteristics of Albanian transnational entrepreneurs and of their businesses, and the role of transnational entrepreneurship in the country's development. Besides the semi-structured, face-to-face interviews, document review and analysis, and literature searches were also used to develop the historical and theoretical framework of the study. Although the qualitative method, collecting words, was the key approach in this study, quantitative data were also integrated. The quantitative data helped in providing background information on context and issues of interest; I had a better understanding of the distribution and demographic characteristics of Albanian migration, of migrants' and returnees' integration, and the socioeconomic profiles of the Albanian returnees. Combining qualitative and quantitative methods, cross-checking of findings and data, gave to the findings of the study a greater validity to a certain extent.

In addition to providing information on issues such as data collection, research techniques, field sites, and sampling method, the chapter builds on and recounts my fieldwork experiences in three different countries, with a special focus on the interplay between my specific personal and researcher characteristics and particular social contexts of research. Assessing and reflecting on the insider-outsider divide before going on fieldwork was very useful, since various issues related to my positionality needed to be managed in fieldwork settings. Keeping in mind my positionality in the field helped me in the interaction with informants and in negotiating my status as a researcher throughout the research process. For example, sometimes I found it helpful to emphasize my student identity when asking informants to expand more on their answers. As I was conducting the interviews, my relationship with the research subjects differed with each respondent in how they engaged in the discussion process or the amount of personal information exchanged. In the next chapter, I discuss in detail the various paths of the Albanian entrepreneurs involved in transnational businesses activities, based on the interviews conducted during my fieldwork.

## **5. THE ENTREPRENEURIAL PROCESS**

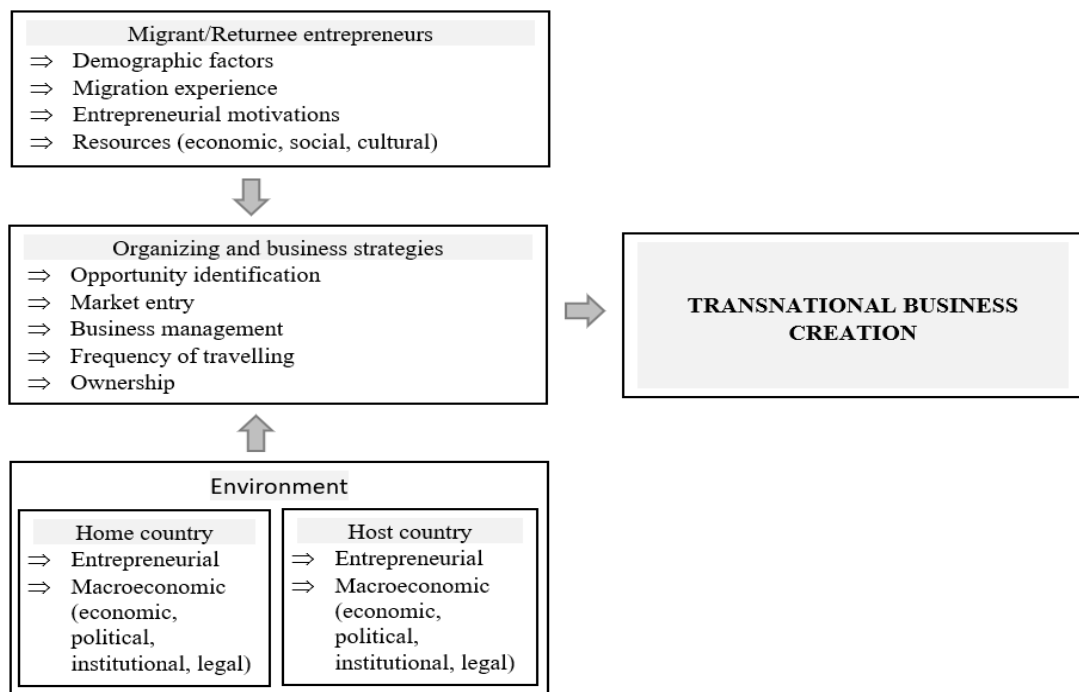
Albanian transnational entrepreneurs are a diverse group with different characteristics and backgrounds. The circumstances leading up to their current status as business-owners also vary. Therefore, the first section of this chapter examines their various socio-demographic characteristics such as age, marital status, gender, and educational level. The second part of the chapter focuses on the motives that stimulate Albanian entrepreneurs into becoming business-owners by proposing a dynamic distinction between “necessity-driven” and “opportunity-driven” entrepreneurs (Reynolds et al., 2002). The former generally set up businesses as a defensive strategy because they have no, or few, other viable livelihood options, whereas the latter are more driven by opportunities they perceive, and activate, in the market. Leveraging resources across borders for transnational business practices is the next topic, addressed in the third section of this chapter. It examines the dynamic process of starting up a business, the mobilization of resources, and market entry, including in which sectors of the economy the entrepreneurial activities are located. The last section of the chapter focuses on business management, including entrepreneurs’ potential partnership and their relations with their employees and other related entities. Figure 5.1 summarizes the typical transnational entrepreneurial path among Albanian migrants and returnees. It introduces the key aspects of the new venture creation: entrepreneurs’ characteristics, motivations, and resources and the role of the entrepreneurial and macroeconomic environment in host and home countries.

### **5.1 Characteristics of transnational entrepreneurs and entrepreneurship**

Building a profile of Albanian transnational entrepreneurs is important in many ways. Firstly, some of the entrepreneurs’ traits may affect their individual decision-making in the path to entrepreneurship and business performance (Baum et al., 2001; Baum and Locke, 2004; Block and Sandner, 2009). As an attempt to explain migrant entrepreneurship, the situational approach developed by Waldinger and Aldrich (1990) and reviewed in chapter 2 takes into account both the opportunity structure and the specific characteristics of ethnic groups such as skills, languages, business experiences, kinship patterns and entrepreneurial attitude. Migrants’ characteristics matter for the dynamics of getting involved in transnational entrepreneurship. In addition, their

entrepreneurship profile will assist in making estimates on the number of transnational entrepreneurs in the Albanian population. Lastly, knowing the profile of this group helps in formulating better policy recommendations and potential government programs focused on the intensification and improvement of entrepreneurship in the country. The study includes 50 transnational entrepreneurs who were interviewed in Albania and abroad. Table 5.1 shows the age of the entrepreneurs when they launched their business, from the time period 1992 to the present; 1992 is the year when one of the research participants created the first business after the fall of communism.

*Figure 5.1: The entrepreneurial process*



*Age* - The empirical data show the relation between age and entrepreneurship, which has been emphasized from previous research. However, such a pattern is affected by other characteristics of the Albanian migration such as the high rate of irregular migrants during the first decades of their migration experience. Half of the sample was aged 46+ years at the time of interview – a decidedly mature bias. More important is the age at which the business venture was started. My sample results show that there is a tendency among the participants to launch their businesses between the ages of 36 and 40 (Table 5.1). This is the modal group, and if we enlarge the age band to 31-45, this accounts for 60 percent of the total informants. One possible explanation for the relatively “late” age group is the long history of irregularity and stigmatization of Albanian migrants in the destination



countries, especially in Italy and Greece. Stigmatization of the Albanian migrants was further discussed in chapter 3. Their migration status and the myths and stereotypes created around Albanian migrants might have imposed obstacles to the journey from irregular migrants to entrepreneurs. For example, many Albanian migrants were identified with a false name which would obscure their true nationality. These circumstances have limited potential immigrant entrepreneurs from establishing a business, creating difficulties in navigating the legal steps of business establishment or building trust for access to finance and other resources in the destination country.

*Table 5.1: Characteristics of the interviewees*

Characteristics	Number of entrepreneurs
<b>Current Age</b>	
26-30	2
31-35	2
36-40	7
41-45	14
46 and Above	25
<b>Age at start of entrepreneurship</b>	
Under 20	1
21-25	5
26-30	7
31-35	8
36-40	15
41-45	7
46 and Above	7
<b>Highest educational achievement</b>	
Master's	2
Bachelor's	22
High School Diploma	19
Middle School	7
<b>Gender</b>	
Female	5
<i>Italy</i>	2
<i>Greece</i>	1
<i>Albania</i>	2
Male	45

*Source:* Fieldwork interviews (Albania, Greece, and Italy), 2016.

Given that my approach to the interviews was based on snowballing and not a statistically robust random selection, the age group may also be a result of sampling variations. This age pattern (36-40 years old) is contrary to the commonly held belief that young people are more likely to run their own business as they are more capable of producing innovative ideas (see the 2016 BNP Paribas Global Entrepreneur Report). However, this age group among Albanian entrepreneurs is not entirely surprising as it generally follows the age group widely reported in studies from various institutions such as Kauffman Foundation (e.g., Kauffman Index of Startup Activity, 2017), where the reported average age of entrepreneurs is 40 years old. Following this line of argument, it can be argued that entrepreneurship is a risky and dynamic path in which entrepreneurs have to first struggle in order to succeed. Also, as I will discuss later, resources (economic, cultural and social), accumulate with age and therefore, entrepreneurship opportunities increase with age.

In addition to irregularity and stigmatization discussed above, there are other possible explanations why middle-aged Albanians are more likely to launch their businesses. For example, when asked about the risks associated with establishing an enterprise, their answers generally revealed a fear of risks. Albanians may be less open to failure as it is considered a stop to your career; so, individuals wait longer for the right moment to take entrepreneurial decisions.

*Marital status* - The majority of the entrepreneurs were married when they launched their business. Since 74 percent of the interviewees were older than 31 years when they became entrepreneurs, this is not unexpected. Also, the entrepreneurs' age is aligned with the average age of Albanians at first marriage which was 27.5 in 2013 (United Nations, 2013b). The majority of entrepreneurs being married can also be linked with the family character of the Albanian migration. Albanian migration is mainly family migration and even return migration has a strong family component. Research in Albania shows that many of the Albanian returnees after 2012 reported to have returned for family reasons and were accompanied by their families (Barjaba et al., 2018).

The trend of married entrepreneurs is arguably contrary to the public belief that often entrepreneurs have difficulties in achieving a work-life balance. Only one out of the 50 entrepreneurs confirmed this problematic aspect of being a transnational entrepreneur. He reported that being an entrepreneur takes marriage to a different level of complexity.

Recently, he was divorced due to the high time demands of his business activities and travel arrangements. This particular pitfall of being a transnational entrepreneur may also apply to women's involvement in entrepreneurship, about which I shall have more to say at various points in this chapter.

*Gender* - Generally, entrepreneurship has become an increasingly important activity for women's involvement and employment. However, the findings of this study confirm a gender gap in entrepreneurship at the country level; there is a male dominance among Albanian entrepreneurs. First-generation males are the dominant actors in the field. This is in line with the gender trend of transnational entrepreneurship in other countries too. Other studies repeatedly show that men are more likely to become entrepreneurs than women (Reynolds et al., 2002; Verheul et al., 2006; Martin and Radu, 2009). Among the study participants, 45 were male, only 5 female. Generally, women are more likely to be employees or perform unpaid work in family businesses. Since the ratio of females to males of Albanian migrants is quite close in countries such as Italy, Greece, and the USA, in all cases with only a small majority of males, it might be expected to have more than 10 percent female entrepreneurs. This low number leads to the obvious question: Why are women underrepresented in transnational entrepreneurship? Do they face more challenges than men, or do they just choose other career paths in their lives? A number of possible explanations can be given to these questions. The descriptive data from the interviews suggest that women attempting to follow the entrepreneurship path face several challenges, such as limited access to financing, and the refusal or inability to support bribes and competitors' threats. Ana adds: "In a male dominated industry, you have to put a lot of effort into earning respect and trust and creating good reputation." However, the barriers encountered are not the only reasons why women do not establish their own firms. Their entrepreneurial motivations are further discussed in section 5.2.3 of this chapter. Regarding gender, an interesting issue that was raised during the interviews is who classifies as the entrepreneur of the business when family members are involved in the business operations. There is a very interesting case of the bakery owner whose wife learned to make Greek bakery goods. In this case, during the interview, Spiro was continuously emphasizing the important role that his wife had in the establishment and operation of the bakery shop, but still considered himself a sole proprietor.

My research data confirm that male and female entrepreneurs differ in terms of their personal and business profiles. For example, all of the female entrepreneurs completed their education abroad and the reasons of their migration to the host countries were for educational purposes; four of the female entrepreneurs received their education in Italy and one of them in Greece. Regarding marital status, the female entrepreneurs I interviewed are all single with no children; this, I suggest, is a significant characteristic and links back to the difficulties women have if they combine running a business and raising a family. Also, their firms are relatively new compared to the businesses created by the male entrepreneurs; the female entrepreneurs in my study established their businesses after 2007, while the ones operated by males have been in the market since the 1990s. With regard to the distribution of the economic activity, female entrepreneurs started and operate their businesses in different sectors such as manufacturing, consulting, and health and wellness. Four of the businesses operated by the female entrepreneurs are small in size, with up to 4 employees, while the fifth entrepreneur operates on a much larger scale, leading a business with approximately 800 people. This large number of staff may be partly because of the sector she is working in, manufacturing (a “Made in Albania” firm), which tends to require larger number of employees. She is a well-educated entrepreneur who completed her studies in Italy and is running a transnational manufacturing company between Italy and Albania.

*Education* - In addition to the above factors, the study tracked the educational backgrounds of the entrepreneurs. Table 5.1 shows that 48 percent of participants hold university degrees, 2 of them hold postgraduate degrees and 22 hold a bachelor’s degree. It is also worth pointing out that 19 informants, or 38 percent, have received a high school diploma and 7, or 14 percent, have completed middle school only. Most have received education only in their home country, Albania, although the women entrepreneurs are an exception. It is difficult to show a strong correlation between educational attainment and starting a business among the participants of the study. One line of reasoning is that the more educated migrants, holding a university degree, are not necessarily more likely to pursue transnational entrepreneurship; the difference is small. Migrants and returnees from across the education spectrum engage in entrepreneurial activities. Most (two thirds) of the research participants have established a business in a sector not related to their educational fields. For example, one of the entrepreneurs completed law school and is now running a bakery shop in Tirana. Spiro explained how he and his wife established

their business in this food sector because of the experience his wife had earned from working in this industry in Greece and because of their family tradition. He graduated the law school and was working as a translator during his migration period in Greece.

*Entrepreneurial attributes* - In addition to the above socio-economic characteristics of the entrepreneurs, a critical question often discussed in the literature (Blanchflower and Oswald, 1998; Shane, 2010; Lundborg et al., 2016), and which also came up during the interviews, is whether entrepreneurs are “born” or “made”. To some extent, this is a rather rhetorical question, and for sure, opinions and study findings on this issue vary. A quote in Bonnett and Furnham (1991, p. 466) describes the entrepreneur as “an innovator and opportunist in the sense of attempting things not previously undertaken or in ways not previously explored”. Several attributes are proposed, such as persuasive power, initiative, and independence. Some scholars believe that an individual is somehow predisposed to become an entrepreneur, attributing their entrepreneurial success to a certain type of character and innate skills that cannot be taught. They suggest that, although individuals can be taught about establishing and running a business, there are certain traits that they have to be born with; hence, it seems that genes have the potential to motivate entrepreneurship. Fisher and Koch (2008), in their survey of 501 CEOs, show that entrepreneurs are “different”, describing them as “risk takers” and “change agents”. Furthermore, our media glorifies cases of business outliers and wealthy college dropouts such as Mark Zuckerberg, Bill Gates, and Steve Jobs. They are portrayed as talented and visionary people who look to the future, without the platform of a long and highly academic formal education. However, we should be more critical of the successful cases portrayed by the media as uniquely talented visionaries. They are, perhaps, truly “exceptional” people whose characteristics and background cannot be generalized. As my study shows, factors such as migration experience, economic capital, and cultural capital play a more significant role in entrepreneurship.

During the interviews, participants were asked about important qualities that people should possess in order to be a successful entrepreneur. In addition to socio-economic factors, interviewees put considerable emphasis on character and personality traits. According to their answers, the most distinctive characteristic of an entrepreneur is being patient, followed by being creative and recognizing good business opportunities, building positive relationships with their clients and employees, and being competitive and

prepared to take risks. In addition, the entrepreneurs viewed themselves as individuals with a strong desire to be able to do their own thing instead of working for someone else. According to this way of thinking, it is not that an individual cannot be successful in doing business without possessing certain skills, but that their skills impact the way the individuals make decisions when operating their businesses. However, implying that entrepreneurs are “born” and entrepreneurship cannot be “taught” is a limiting way of thinking and depreciates our capacity to understand the essence of the phenomenon. Personality and the skills of an individual do matter, but not only in the field of entrepreneurship. You do not necessarily have the “wrong” personality to start a business.

Others have argued that some kind of genetic predisposition can influence the likelihood of starting a business, but this does not mean that doing business is not a practice reachable by any individual (Krueger and Brazeal, 1994). There are other determinant factors in the success of entrepreneurship. Entrepreneurs with certain personality and skills can survive and be successful only if the environment, circumstances or other external influences are supportive to their entrepreneurial ideas. That said, entrepreneurs can learn certain skills. They can be taught to turn good ideas into entrepreneurial activities. In addition, the fact that the number of women entrepreneurs is increasing can be interpreted as an argument supporting the notion that entrepreneurs “are made not born”. With the external factors and the overall environment improving, female entrepreneurship is on the rise; otherwise, if entrepreneurs simply were “born”, the number of women entrepreneurs would not change with the improvement of external factors. Education plays an important role in giving people the skills and confidence to take initiatives, be risk takers and become entrepreneurs.

To further address this question, the participants were asked if they came from entrepreneurial families. The value of family role models is not very significant in this study. Only 9 of the 50 interviewees reported that their father and/or mother was involved in entrepreneurial activities. The rest of the entrepreneurs were what I would call first-generation entrepreneurs, who created their businesses out of economic necessity or market opportunity and were not coming from entrepreneurial families. Those respondents who did come from entrepreneurial families were asked to explain more about their families and whether coming from these families made them more likely to enter and succeed in entrepreneurship. They emphasized that it was indeed the influence

of their family that led them to look for entrepreneurial opportunities. Artan, who is one of the oldest entrepreneurs in terms of business experience among the study participants, runs a business in the lighting industry. He grew up in a family of entrepreneurs. His grandfather from his mother's side was a trader before Albania was under the communist regime. His mother is also considered a successful entrepreneur. She was one of the first and few people who turned part of their apartment into a store shortly after the fall of communism. She established a store which is nowadays run by her grandchildren in the city of Saranda. In the quote below Artan tries to convince us that "genes matter" when it comes to entrepreneurship. He tells us that he comes from an entrepreneurial family and this is the reason why he has been successful in his entrepreneurial activities.

"Entrepreneurship is in my blood. There are definitely traits that I inherited from my mother and grandfather from the side of my mother. My grandfather was doing business, then my mom opened her small store next to our ground-level apartment. Then, of course I ended up establishing my own business too. There are moments in life when you want to do something extra from what you do every day...to do something better for yourself and your family." (Artan, Greece)

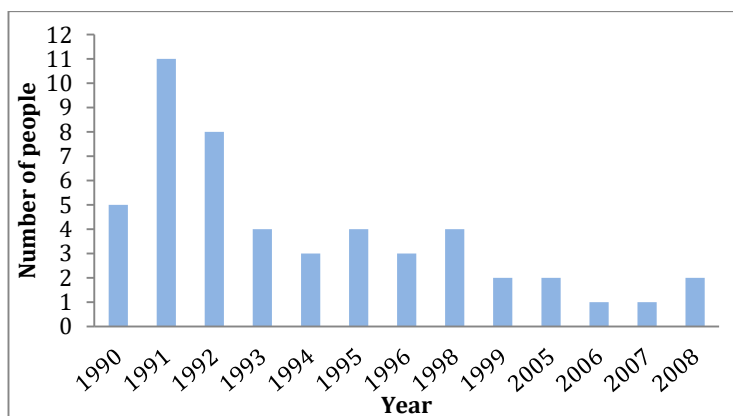
However, any generalization about genes influencing whether a person will start a business is difficult, if not deeply problematic especially in this relatively small-scale study. Overall, being an entrepreneur is socially constructed. Various influences lead us as a society towards determining what is a successful entrepreneur and what should be their unique characteristics. Therefore, even though it may seem that an individual is a naturally gifted entrepreneur, social influences throughout their life are very important. In this study, we should take into account that since more than three-quarters of the interviewees were older than 41 and that Albania was under the communist regime until 1991, their parents could not be involved in any entrepreneurial activities. More so than other Eastern European communist countries, Albania strictly outlawed the private sector for a long period of time. This was noted in chapter 3 and is discussed more thoroughly in chapter 6. Also, it is important to mention that this phenomenon may have created a generational gap in inheriting entrepreneurship activities in the country.

*Social background* - Additionally, the entrepreneurs in my study differ significantly from their social background before their migration experience. Some of the migrants and returnees shared similarities with each other, while others come with significant

differences in terms of their social circumstances. One category consisted of well-educated individuals who had high-level positions during the communist regime, such as academics, doctors, and directors. The other group of migrants that decided to leave Albania originated from a lower class of Albanian society. They had no or little work experience in the homeland and some of them had only a high school diploma.

*Year and reason of migration* - In regard to the time period of migration, 88 percent of the participants left Albania in the decade 1990-1999, which was the boom period for Albanian emigration, while the rest left after 2000 (figure 5.2). From the data collected from the interviews, it is clear that migrants' time of leaving corresponds to Albania's major migration flows described in chapter 3. When asked why they left Albania at that point, the majority of the reasons have to do with the difficult economic situation in Albania (31), followed by studying abroad (12), and exploring new opportunities (7). Among the individuals who chose migration as a way to explore new opportunities, only one of the migrants had in mind seeking business opportunities as a reason for his migration.

Figure 5.2: Time of first emigration



Source: Fieldwork interviews (Albania, Greece, and Italy), 2016.

Some of the current entrepreneurs with good education and relevant professional skills had left the country in order to find new opportunities for themselves and their families. Migration was a response to the constraining socioeconomic conditions in Albania, mainly as a result of the fall of communism, the failure of Albania's first democratic elections, the collapse of the pyramid savings schemes, and the Kosovo refugee crisis.



Lintner (2018) gives an overview of the critical moments of transition and how migrants deal with crisis, defining crisis as:

“On the one hand, a critical moment of transition or transformation of normality [...], on the other hand, it is perceived as a new opportunity to change individual behavior and to initiate innovative counter-strategies that will maintain a person’s capacity to act even in critical personal and structural situations.” (p. 1)

Accordingly, Albanians were motivated to find new strategies of survival. Kristo from Saranda, a typical opportunity-driven transnational entrepreneur, who is currently working as an international consultant for a Greek firm, explains his decision to leave Albania. He left the country with his family in 1991 in order to escape the hopeless situation in Albania, especially the overwhelming uncertainty that then prevailed, with the intention to look for new opportunities in Greece. Kristo recalls the moments when he decided to leave his city and look for opportunities abroad.

“There was a difficult economic and political situation in Albania. We felt like we were left on the railroad and the train was coming towards us...so we had to make a decision. We had two possibilities for our future: to stay in Albania and suffer or leave and explore new opportunities. I am a mechanical engineer and my wife is a medical doctor, both of us graduates of the University of Tirana. I thought that I would have less and less opportunities to make use of my profession, knowledge and skills in Albania. Meanwhile, my wife could continue to have some job opportunities in Saranda, as the town had a shortage of medical doctors. Initially we were in a dilemma. However, we decided to leave”.

At the time when Kristo left the country, Saranda was a small town with limited employment and market opportunities for professionals like him. During the communist regime, he was working in a mechanical enterprise for the maintenance of tractors and devices used by agricultural cooperatives. In 1991 the enterprise was closed down and it was clear that the mechanical sector was not going to be the future of his hometown. As a result, Kristo and his family decided to look for employment opportunities abroad.

Other entrepreneurs left the country alone and then reunited with their families abroad. Migrants were migrating alone for several reasons including the lack of visas for the rest of their family members, travel costs, scarce availability of accommodation, etc. Dionis from Elbasan, currently living back in Albania as a returned migrant, recalls his migration

experience and how he left on his own while his family remained in the country. He replied that:

“At the end of 1990, I decided to leave Albania and go to find a job in Greece. I couldn’t take my family with me for two reasons. First, it was not possible to get a visa. The borders at that time were still officially closed; we were not allowed to go abroad unless we could secure a visa. My brother, who was studying and had a few connections in Tirana, managed to get a visa to Greece only for me. So, I left my family in Albania [...] The second reason I was not able to take my family with me were the difficulties to find accommodation upon arrival. My cousins hosted me for the first 5-6 months and I could not have my family with me. [...] Before leaving my homeland, I had a goal of earning 100,000 drachmas and then I would reunite with my family.”

*Destination countries* - The countries of (main) destination for the 50 interviewed participants are as follows: Greece (21 people), Italy (20 people), Turkey (5 people), Germany (2), UK (1 person), Egypt (1 person). Italy and Greece were clearly the two main destination countries, receiving 82 percent of the respondents. In Italy, the cities of destination were varied and widely distributed across the country, while in Greece, the majority of interviewees were located in Athens, and in Turkey, in Istanbul. There was a tendency of people from the south of Albania to migrate to Greece, with people from coastal, north and central Albania going to Italy; this reflects the wider geography of Albanian migration (King, 2003). The majority of the entrepreneurs chose the destination country based on geographical proximity, travel connections, family members, and availability of visas. While the rest, who went to study abroad, chose the destination country based on the scholarships offered to them and accommodation arrangements. Regarding the destination country, Kristo (from the southern Albanian town of Saranda) explains that besides the advantage of geographical proximity, Greece had another advantage. His family members were ethnic Greeks and, because of their origin, they expected to receive better treatment by the Greek society and in the employment market compared to other Albanians who were relocating to Greece after the fall of communism. Therefore, they left Albania as a family with the hope that they could easily reintegrate into the new host society.

*Migration length* - As to length of stay abroad, this ranges from 2 years to about 20 years. On the whole, we can see that the years of residence in the host country are indeed related to transnational entrepreneurial engagement. Among the study informants, there are

entrepreneurs who have built their transnational ventures only after many years of living in Greece and Italy. Almost half of the entrepreneurs had more than 10 years of migration experience abroad before establishing their transnational businesses. That being said, the length of entrepreneurs' migration experience and their progressive assimilation in the host societies did not make migrants less likely to sustain their transnational ties with their homeland. The key point, perhaps, is that their migration experience gives entrepreneurs the opportunity for resource mobilization. However, the likelihood of Albanian migrants keeping transnational ties with Albania should not make Albanian governments and policymakers more prone to neglect building a clear approach to diaspora engagement.

## **5.2 Understanding motivations for entrepreneurship**

There is a lack of empirical studies examining entrepreneurial motivations in developing countries, including Albania (Williams and Round, 2009; Xheneti and Thapa Karki, 2017). This section explores the motives that stimulate Albanian entrepreneurs to engage in entrepreneurship. Transnational entrepreneurs possess multiple motivations behind their entrepreneurial activities. They experience various push and pull factors that lead to self-employment and business development. Therefore, this section aims to understand how the decision to establish a new company is created and whether the main motives for entering the business world are necessity-driven or opportunity-driven. Generally, necessity-driven entrepreneurs establish a business as a way to escape unemployment. On the other hand, opportunity-driven entrepreneurs take advantage of potential market opportunities. Distinguishing between these two groups deserves closer attention as it is important when discussing the impact of transnational entrepreneurship on the country's development, their business sustainability, and as regards policy development.

### *5.2.1 Necessity-driven motivation*

Chapter 2, my literature review, discussed entrepreneurial motivation by distinguishing between necessity-driven and opportunity-motivated entrepreneurs and the reasoning and outcome behind each category. A distinction exists between entrepreneurs who enter the market out of economic necessity and those who enter entrepreneurship because of the foreseen market opportunities, also referred as "push and pull" motivations (Schumpeter, 1974; Landolt et al., 1999; Portes et al., 2002; Reynolds et al., 2002; Acs, 2006; Hessels

et al., 2008; Desai, 2009; Newland and Tanaka, 2010). However, the majority of the studies on entrepreneurial motives are mostly “within-country” studies (Landolt et al., 1999; Portes et al., 2002; Acs, 2006). My own study attempts to look at entrepreneurial motivations among Albanian transnational entrepreneurs, who by definition operate across countries. In this way, I further explore the relationship between push and pull factors across countries.

One branch of the literature, and some people, tend to see migrants and returnees who are entrepreneurs as choosing the path of entrepreneurship by negative circumstances (Light, 2007; Thurik et al., 2008; Aliaga-Isla and Rialp, 2013; Lintner, 2018), implying that individuals can be pushed into entrepreneurial activities by reasons of necessity. Data from my study show that Albanian migrants have different aspirations for becoming business owners. Some of the migrants and returnees stated that their business establishment was a result of lacking conventional employment opportunities. As explained by the structuralist approach (Light, 2007), the tendency of Albanian entrepreneurs from the necessity cluster to seek self-employment is motivated by the constraints in the destination country. Becoming entrepreneurs was not something that they aspired to. Self-defense from the harsh labor market pushed them along the entrepreneurship path. For instance, a study in Italy interprets the establishment of migrants’ entrepreneurial activities as individuals’ personal response to the economic crisis (Lintner, 2018). In my study, 20 of the Albanian transnational entrepreneurs reported entering the business world because of the limited opportunities that the labor market offered.

Regarding the difficulties in the Albanian labor market, lacking the requisite networks and being unable to find a well-paid position were the main reasons. Entrepreneurs explain how they found themselves outside the labor market mostly because of belonging to a certain political party or lacking political connections. However, such structural limitations were not limited to the Albanian society only. Half of these entrepreneurs experienced difficulties in finding a job in Albania and half of them in the host countries such as Italy, Greece, and Turkey. These difficulties are also present in other studies which document the difficulties that Albanian migrants face in the destination countries – these studies were reviewed in chapter 3.

Some migrants become unemployed due to experiencing discrimination, difficulties in learning the language, non-recognition of credentials and qualifications obtained in Albania, and other difficulties in adjusting to the ways of the host country. Both my own research and other literature show that Albanian migrants experience initial (and sometimes long-term) downward occupational mobility and are underpaid in the host countries. It is reported that native workers get much higher wages than Albanian migrants for the same job; a phenomenon which has been confirmed by several scholars in Greece and Italy and was again discussed in more detail in chapter 3 (see Fakiolas, 2001; Kokkali, 2011; Mai, 2011). Therefore, migrants use entrepreneurship as a way of restoring their economic and social status in the host society. The extent of hostility and discrimination in the host society may stimulate the rise of transnational entrepreneurs; in other words, it encourages the development of “reactive transnationalism” (Portes, 2001). An illustration of this is the case of Bujar who runs a business concern in the food industry which employs two people. Before establishing his business in 2010, Bujar lived for five years in Athens. After the 2008 financial crisis, he found himself in a difficult economic situation and remained unemployed for almost a year and a half. As a reaction to a negative working experience in the host country, Bujar and his family decided to go back to his place of birth and open a small business there. According to him:

“The economic hardships of the financial crisis in 2008 influenced my decision to return and seek self-employment in my country of origin. However, I knew that employment opportunities in Albania were limited too, so I sought self-employment.”

However, the responses from this category of Albanian migrants suggest that even though they experienced difficulties in finding the proper job position, they were somehow in a stronger position when compared to their Albanian counterparts in the host society. As mentioned earlier, often, migrant entrepreneurs use entrepreneurship as a way to improve their social status. Migrants often face multiple social constraints in the host countries and they see entrepreneurship as a way to improve their status in the society. That said, when talking about entrepreneurship, we need to acknowledge the role that some psychological motives such as the need for achievement and satisfaction have on individuals (McClelland, 1961, 1975). For instance, some of my research participants had been professionals in Albania, such as former university professors, engineers, and lawyers, and they had to take jobs that were absolutely not aligned with their education

and skills, experiencing a status loss. For example, Kristo was a senior engineer in Albania when he decided to migrate to Greece. When he and his family moved to Greece, he had to start working in a restaurant. During the interview, he emphasized how his status loss in the host country was not something that his ego could tolerate. For him, exploring entrepreneurial opportunities was a path towards status gain. Kristo narrates his experience:

“In the short run, I needed some money and the necessary experience in the destination country, but that was not a compromise that I would make in the long run. At the beginning of my migration experience, I had to survive, but later on I knew that I needed to make some progress in my career. I wanted something different”.

Regarding business size, the literature suggests that immigrants' enterprises tend to be small (Sequeira et al., 2009). Among my migrant and returnee participants, entrepreneurs of the “necessity” cluster typically own small companies with up to 15 employees. When asked about their business operation and their future business plans, respondents tended to display a lack of entrepreneurial ambition and enthusiasm and even feared the thought of expanding their ventures. This may be connected to the entrepreneurs' aspirations. Studies show that necessity entrepreneurs tend to have lower aspiration levels when compared to opportunity entrepreneurs (Reynolds et al., 2002). Also, my research participants in this category did not expect their profits to increase in the coming years and did not seem to be in a bullish position in the market. When asked about the reasons behind their hesitation, they gave skewed and pessimistic perceptions on the difficulties of expanding their business activities. Also, it is likely that necessity entrepreneurs have limited access to resources (Morris et al. 2006). Regarding the sectors in which they operate, their firms are mainly concentrated in the service and retailing industries.

### *5.2.2 Opportunity-driven entrepreneurs*

Individuals can also be pulled actively rather than defensively into entrepreneurship (Kolvereid, 1996; Feldman and Bolino, 2000; Carter et al. 2003; Wilson et al., 2004). This may be a result of various factors such as market opportunities (Baron, 2006; Cohen and Winn, 2007, Mainela et al., 2014) or the desire for independence (Shane et al., 1991; Kolvereid, 1996; Carter et al., 2003; Van Gelderen and Jansen, 2006). In terms of opportunity recognition, Baron (2006) shows how entrepreneurs use cognitive

frameworks in “connecting the dots” in an environment with changes in technology, markets, and policies. Opportunity-driven entrepreneurs make the majority of my sample; 60 percent of the entrepreneurs interviewed maintained that they entered transnational entrepreneurship as a result of recognizing potential market opportunities and of the expected material gains. They related how they were pulled to the entrepreneurship vocation by the unexploited business opportunities that they saw in Albania. They explain how their migration experience gave them new ideas and skills in identifying business opportunities. In particular, I found that the highly skilled migrants were the ones who could make profit out of market opportunities. Some of the participants started entrepreneurial firms in the same industry they worked before, while others focused on new industries.

Devis is an example of a “second-generation” opportunity-driven transnational entrepreneur. He owns an educational consulting firm that he established while pursuing his undergraduate studies in the United Kingdom. Coming from an entrepreneurial family, he knew that he could easily take over the family company upon his return to Albania; but he also knew that he had to expand the scope of operations of his family business through making use of his international connections, knowledge, and experience. He highlights: “I could simply have followed my father’s business plan and implementation, but I wanted something different that would be my own.” Nowadays, Devis recruits students for UK and other European universities from the Balkan countries, under the roof of his family’s business, but without shifting from his educational background.

Another case of an opportunity-driven entrepreneur is Artan who comes from an entrepreneurial family and now runs a lighting business. He was raised in an entrepreneurial family and he believes that because of this fact, he was capable to chase various business opportunities in life. He entered the business world by inheriting a small shop from his family, then migrated to Greece, where later established his transnational business by making use of various economic opportunities spread across both countries, Greece and Albania. Artan has several years of working experience in Athens before quitting his job in Greece and establishing his own business. He highlights his monetary desire although he had a decent job:

“I was ambitious and would not compromise with having a regular and boring job, like all my close friends did at that time. If you want to make money, you have to take risks in life.”

However, my research shows that entrepreneurial motivations are not fixed, but change over time. Sometimes, opportunity-driven entrepreneurship has its roots in the necessity-driven entrepreneurial activities and experience. Although the entrepreneurs interviewed may have started as necessity-driven, some of them explain how they took advantage of market opportunities along the way. They diversified their entrepreneurial activities based on what they perceived was needed in the market. A good illustration of this kind of transnational entrepreneur is the case of Altin who was a former army officer and is now living in Albania. Initially he migrated to Italy to work, he got married to an Italian woman, and then decided to return to his homeland to pursue his business activities. In Italy, Altin was the owner of a small painting firm, even though he did not have any previous experience in this sector. After 10 years of working experience in Italy, he decided to move his business energies beyond the host country and towards his country of origin. Altin further explains his path to entrepreneurship in Shkodër and how he diversified his business in order to capitalize on perceived new business opportunities.

“I initially owned a painting firm in Albania. At first, the business was going well and I had enough customers interested in my products. But, as time passed, the frequency of painting houses and the requested quality changed. People had less money and I started having fewer clients. [...] So, business affairs were not going well in the sector that I was initially focused. Therefore, in addition to the initial business activity, I decided to have a second entrepreneurial activity with different products. Three years ago, I established a ‘Made in Albania’ firm which assembles shoes to be exported in Italy.”

In a further quote from his interview, Altin describes how he identified emerging market opportunities in Albania following initial setbacks:

“Bringing new products is the key to my business success. It is important to find out what the market is missing. When I was explaining to my partners and existing customers what I was planning to bring to the market in Shkodër, I was getting negative feedback. When I was using a technical language to explain how the painting ingredients were different from the existing ones, my audience was not sure what I was talking about. My partner was actually thinking that I was a great liar.”



He explains how he established his business at a time when several things were in his favor. During 2006-2008, Albania was experiencing strong economic growth and had a favorable business climate. In addition, increasing investments in the city of Shkodër was one of the top priorities of the Government of Albania at that time and as a result the economic and social situation in the city was improving. Altin adds that, at that point, many families were renovating their houses with the money sent from their family members abroad. All the aforementioned factors helped the successful development of his business initiatives.

As mentioned before, entrepreneurial motivations can change over time because of several factors. Motivation is a dynamic process triggered by different factors and activities (Baum and Locke, 2004; Williams and Gurtoo, 2011; Adom, 2014). Contrary to the findings of my study, some of the existing literature treats entrepreneurs' motivation as fixed. For example, for some scholars, entrepreneurs enter the market out of economic necessity or market opportunity (Reynolds et al., 2002; Desai, 2009). This binary categorization overlooks the dynamic nature of entrepreneurial motivations. Below, I discuss some additional examples when entrepreneurs change their business activities with time and the entrepreneurial motivations can change for any given entrepreneur. Altin elaborated more on how he switched his business focus to a different industry because of the market conditions. At first, Altin established his business as a result of taking advantage of the market opportunities at that time; then, he was forced by the economic situation to switch the profile of his entrepreneurial activities. After the global financial crisis of 2008, the economic growth of Albania started to slow down. As a result, the painting business was not doing as well as in previous years. Forced by the changing economic situation in the country, Altin had to find new market opportunities that would be more profitable. Therefore, he established a small factory which assembled shoes for export to Italy. There were three main factors which impacted Altin's decision to enter the footwear industry: i) the market situation and the expected high demand for shoes assembled for export; ii) the government of Albania was offering several fiscal and financial incentives to this industry and "Made in Albania" producers; and iii) his contacts and business networks in Italy.

In another example, Andi, the owner of a supermarket in a town in southern Albania, explains how he and his brothers made use of the gap between the increasing needs of population and the absence of big grocery shops in the town:

“The market in [names town] was missing large and well organized supermarkets which would offer safe products to a large part of the citizens. In 2012, when my brothers and I returned, there were a lot of small grocery shops selling mostly local products. But the town was becoming bigger and bigger and the population was increasing due to internal migration. It was time to build a supermarket where people could find local and exported products in the same place and with a higher food safety.”

Panajot, the owner of a pharmacy in another town in Southern Albania, describes how the incentive to start his own business was solicited by a foreign investor in pharmaceuticals, who subcontracted entrepreneurial activities in Albania. At that time, there was a mistrust of medications produced in Albania and as a result there was a high demand for drugs coming from Greece.

“At the hotel where I was working in Greece, some of the clients were pharmaceutical companies organizing different conferences and workshops. The hotel owner who had more information than me at that time, introduced me to these clients while having in mind a potential collaboration. I developed a relationship with these people and was able to convince them to build a business in Albania. We decided to establish a pharmacy in my hometown. The reasoning behind this business activity was that I was coming from a town which was far from the capital of Albania and close to Greece. The medications produced in Albania and even the ones which were exported from some unsafe countries, had created a mistrust in the Albanian citizens. There was a high demand for drugs coming from Greece. A lot of people were asking their relatives or friends to buy drugs for them and bring them to Albania when they would come home on vacation. Therefore, we thought that establishing a pharmacy was a great opportunity.”

Regarding the decision to go transnational, some of the opportunity-driven entrepreneurs reflected a desire to expand the firm that they created in the host countries for several reasons such as emotional attachment to the homeland or lower costs. For example, Vaso underlined that, after many years of working in Greece, he felt the need to be closer to his country and his people.

“Of course, I was happy with my earnings in Greece and the opportunities that I have in this country. However, I thought that the moment to be closer to my country and my family had arrived. So, I decided to offer the services of my

business in Albania too. This would help me to share some time between living in Greece and Albania.”

However, emotional reasons are not the only factors. For some of the entrepreneurs, their decision to go transnational is closely linked with cost analysis. Entrepreneurial activities are conducted across borders as a way to create value for the venture. Interviewees explain that their business establishment abroad was partly due to foreseen higher revenues. Beni explains how he decided to enter the market of Kosovo because of the business incentives that Kosovo was offering and at the same time avoiding taxes in Albania. In other words, his transnational investment decisions were made based on the logic of exploiting the differences between Albania and Kosovo.

“Based on the overall shape and obstacles of the agricultural sector in Albania, I decided to move some of my business affairs to Kosovo. I buy the tools abroad, store them in Kosovo and then sell them to the farmers in Albania. This way the Albanian farmers do not pay the VAT.”

Among the research participants, entrepreneurs in the “opportunity” cluster typically own larger companies with up to 1000 employees. Regarding aspirations of expanding their companies, this group showed clear entrepreneurial ambitions and enthusiasm. The entrepreneurs’ aspirations are aligned with the findings of many other studies, which show that opportunity entrepreneurs tend to have higher aspiration levels when compared to necessity entrepreneurs (Reynolds et al., 2002). This might be a result of opportunity entrepreneurs having better access to resources when compared to necessity entrepreneurs (Morris et al., 2006, Hessels et al., 2008). However, along the lines of their business aspirations, I would also like to highlight respondents’ hesitation and pessimistic perceptions on the difficulties of expanding their business activities, especially in Albania. This creates a kind of spatial asymmetry in the nature of transnational entrepreneurship between “home” and “host” countries, for example Albania and Italy.

### *5.2.3 Multi-dimensional motivations*

Capturing complex entrepreneurial motivations only through the dualistic opportunity-necessity lens is oversimplified. The various motivations among Albanian transnational migrants and returnees to develop business can also be found beyond the framework of

analysis which was introduced above, in section 5.1. Thus, entrepreneurial aspirations are also shaped by variables such as family traditions, demographic traits, and experience.

*Family tradition* - Among the Albanian transnational entrepreneurs, one cluster consists of migrants who were from entrepreneurial families and went abroad to pursue their studies. Upon completion of their studies abroad and their return to Albania, this group of individuals entered the business sector by taking over pre-existing family-owned businesses. Therefore, they did not establish a new firm, but continued running the family enterprise. This group of people is referred in this thesis as “second-generation entrepreneurs”. Respondents explain how, while abroad, they always had in mind entering the transnational business path in order to follow their parents’ example and continue their family tradition. Although the majority of my informants are first-generation entrepreneurs who have established a new firm, it is observed that there is a tendency of a transition from first- to second-generation ownership among the participants. The existing entrepreneurs have a tendency to transfer their businesses to their children at a certain point. During the interviews, I noticed that the entrepreneurial families expected their children to return to their home country after completion of their studies and follow their parents’ steps. Devis, who is an example of a second-generation entrepreneur, states that after completing his undergraduate studies in the United Kingdom, he returned to Albania in 2013. As a son of entrepreneurial parents, he knew that he would take over the family company after his return from the UK. The second-generation owners expand on the ownership transition by explaining how after studying in prestigious foreign universities, they are more capable of making use of the connections, knowledge, and experience earned abroad to run their transnational businesses.

The second-generation entrepreneurs have been influenced by, but do not necessarily behave in the same way as their parents. In some cases, entrepreneurs entered the family business and later on diversified the services and products of their firms, or their ventures are part of a larger company owned by their parents. Devis explains his experience of his family business involvement after completing his undergraduate studies in England.

“Currently, I own an educational consulting firm in Tirana. It operates under my father’s business. My father is focused on economic affairs, while my part of the

firm is focused on educational advice to several students who are looking to complete their studies abroad.”

*Gender* - Gender differences in entrepreneurial motivation among the study participants are also present, and were raised earlier. Although based on a small subsample of 5, my findings suggest that entrepreneurship among females involves more pull factors than push factors. Women entered into entrepreneurship because of the perceived market opportunities and a desire for personal development and independence. Their responses reflected a desire to take additional responsibilities beyond what Albanian society expects from women, and hence having more control over their work life. Also, their entrepreneurial motivation is mainly driven by these individuals’ cultural capital (educational qualifications, values, work experience, and skills) and social capital (social networks). More specifically, my small subsample of female participants received their education and had some work experience abroad before establishing their own transnational business.

Although female/male patriarchal roles in Albanian households have changed out of necessity and some women see themselves as responsible for the wellbeing and survival of the household (Christou and Michail, 2015; Michail and Christou, 2016), Albania remains a strongly patriarchal society. As a generalization, the majority of Albanian women see themselves more as doing domestic and care work instead of bearing the financial responsibility of the household. There still exists the notion of women doing care work (King and Vullnetari, 2015). Official surveys also show that Albanian women still tend to prefer to be full-time homemakers, supporting their families and raising their children (INSTAT, 2011). Based on my theoretical reasoning and the available evidence, in the context of Albanian society, women do not have the pressure of economic responsibility and survival due to the patriarchal hierarchy operating in most Albanian households. The aforementioned responsibilities and the associated high time demands of entrepreneurship might therefore lower the motivation of women to build entrepreneurial activities. And for those women who pursue a business career, their motivations seem to be beyond the economic returns from seeking self-employment. Thus, female respondents established businesses for somewhat different reasons when compared to the male entrepreneurs. However, generalization of the findings is difficult due to not having a large enough representative sample.

*The “communist” entrepreneur* - Overall, the communist attitude of outlawing the development of the private sector can be seen as a historical constraint to the development of the entrepreneurial spirit and skills. However, people’s past experience under the communist regime might also be considered as a driver into the commercial world, stimulating the desire for what is denied. Although private initiatives were not allowed during the communist regime, a limited number of people secretly operated private activities and exchanges (King and Vullnetari, 2016). Some market activities were “only officially” abolished by communism; consequently some underground activities were able to function. These private economic activities involved the production and trading of both essential and “luxury” goods and services.

During my fieldwork, I have identified five groups of entrepreneurs that existed during the communist regime in the country: Roma, sailors, high-level officials of state-owned companies, former diplomats or international trade officials, and individuals who had the motivation of becoming an entrepreneur for reasons of status. Under communism, Roma were much involved in illegal trading of watches and other luxury goods smuggled in via the ports. They used their social distance with the rest of society as an opportunity to continue private crafting and exchange of products away from the political and legal attention of the regime and authorities. Another group involved with entrepreneurial opportunities during communism was sailors, who had access to goods being transported by ship and through the ports. In my interview with him, Selim elaborates on his entrepreneurial experience under communism. Selim belongs to the Roma community and has been doing business in the city of Elbasan for decades. He was 25 years old when started to sell items on the black market in Albania. Currently, he owns a firm manufacturing and retailing clothing.

“After the fall of communism, I was decisive in my wish to engage in entrepreneurial activities. My previous experience from illegally trading watches in Albania under the communist regime was pushing me towards my future entrepreneurship plans. I started selling watches bought by Albanian sailors in 1974. In 1984, about 10 years after I had started my illegal business, I was stopped by the police for carrying a large amount of money while I was travelling towards Durrës. I was threatened to get jail time. I lied and told them that the purpose of holding this amount of money was for buying a television for my family. [...] This is just an episode which demonstrates how the illegal business I was doing under the communist regime gave me the experience of how to protect myself from danger. [...] I migrated to Turkey with the idea that I would build my commercial

business activities in this country. Through my migration experience, I hoped to get the necessary contacts to continue my passion for the trade business.”

The interview with Selim also illustrates how the communist regime shaped Albanians’ strategies for survival, which have in turn influenced activities and strategies. In sum, strategies of survival during the communist time were followed by strategies of entrepreneurship after the communist era.

Another group of communist entrepreneurs is former high-level officials and managers of big state-owned enterprises, agencies and institutions. Petrit is one of those entrepreneurs. He described how he used the experience and knowledge from working in state-owned enterprises to move into entrepreneurship after the fall of communism. During the communist regime, he had a high-level position in the agricultural sector which was highly regulated by the state. His familiarity with the system and his involvement in its administrative procedures, facilitated the development of his own entrepreneurial activities. Now he owns a big company in the agribusiness industry, which was established right after the fall of communism.

Structural factors such as access to market and contacts abroad after the collapse of the communist regime motivated Albanian migrants and returnees to open up their businesses. Under the communist regime, people working as diplomats or international trade officials were travelling abroad and had established some connections there. The success of their transnational activities depended on the contacts and acquaintances they developed during communism and was complemented with their subsequent migration experience in host countries and usage of their connections as government officials for establishing market connections.

The dissatisfaction with prior work arrangements during communism may have also played a role among the Albanian entrepreneurs. Having an entrepreneurial spirit during the communist regime would put people in danger of being categorized as “politically incorrect”. However, some of the entrepreneurs might have indirectly benefited from this pressure and, as a reaction, found themselves being pushed into entrepreneurship: hence, a different kind of “reactive entrepreneurship” to that noted earlier. In a paper exploring business growth in post-communist Albania, Xheneti and Bartlett (2012) show that older

entrepreneurs grow faster because of their unfulfilled aspirations during the communist regime. Some of the study participants reflect a syndrome of becoming an entrepreneur for its status; achieving something that was forbidden for so long would give individuals satisfaction. Hence we need to acknowledge psychological motives such as the need for achievement and satisfaction behind the entrepreneurial activities (McClelland, 1961, 1975).

### **5.3 Starting up the business**

In addition to understanding the motivations behind respondents' establishment of their ventures, it is important to examine how individuals act to implement their entrepreneurial decisions. This section of the chapter identifies the resources used to get enterprises up and running and firms' selection of markets. The first and second subsections expand on how entrepreneurs raise the resources they need, which is considered to be a critical process in the creation and survival of firms. It shows how transnational entrepreneurs draw resources from several sources for their entrepreneurial activities. The third subpart illustrates entrepreneurs' decisions with regards to market choice.

#### *5.3.1 Mobilization of resources*

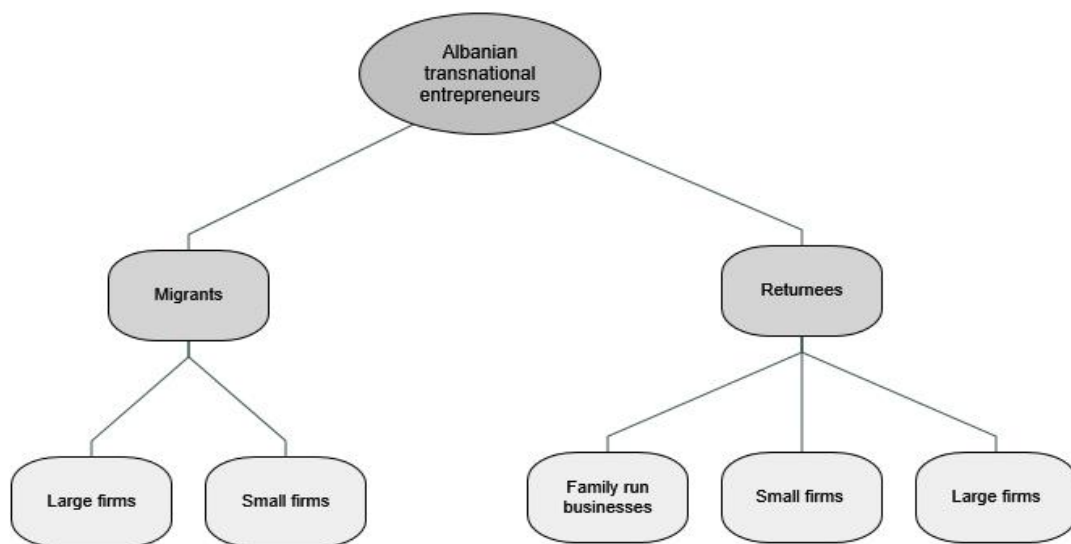
The research sample is composed of two distinct categories of Albanian transnational entrepreneurs: returnees who are running transnational firms based in Albania from their homeland, and migrants who are running their transnational businesses from the host countries, Greece and Italy (see figure 5.3). Transnational entrepreneurs have access to different environments, which offer them a diversity of resources. The purpose of this typology lies in highlighting the relevance of participants' past migration experience, the type of resources mobilized, and the motivations for their entrepreneurial activities.

Several studies show that returnees are quite likely to engage in self-employment upon their return to Albania (Piracha and Vadean, 2010; Hausmann and Nedelkoska, 2017). In my study, there is also a marked phenomenon of entrepreneur-returnees, which comprises three categories. The first group is made of migrants who did not necessarily establish their own business. These entrepreneurs completed their university or other higher education studies in the host countries and then returned to Albania and



moved into or inherited an existing family firm. The second group consists of entrepreneurs who migrated to the host countries and then returned to Albania with the express purpose of expanding their already-existing or pre-planned businesses in a country that offers known markets, social capital, etc. The third group is made of entrepreneurs who migrated to the host countries and for many reasons decided to return to their homeland and, upon their return, motivated by various reasons, established their own transnational firms *ex novo*. Thus, the first group is essentially the category of second-generation entrepreneurs, who completed their studies abroad and returned to Albania to run their family business; while the second and third groups consist of entrepreneurs who returned to Albania and established their own business, rather than taking on or inheriting family businesses. The main difference between the second and third group is the reason of return. Entrepreneurs of the second group returned because of perceived entrepreneurial opportunities in their homeland, while the third group returned to Albania for reasons that are not related to their entrepreneurial activities, which were then developed subsequently.

Figure 5.3: Transnational entrepreneurs



Source: Fieldwork interviews (Albania, Greece, and Italy), 2016.

Not all of the Albanian migrants whom I interviewed decided to go physically back to their home country in order to start and run a business. Some of these entrepreneurs stay in the host countries, and run their transnational businesses from there. The responses from the interviews with this specific group of entrepreneurs reflect their successful and

ongoing assimilation into their host societies. They are capable of taking advantage of the knowledge they have from both markets and in this way build successful business strategies and expand their transnational entrepreneurial possibilities. Among these migrants, none of the interviewees inherited a family firm in Albania. They established their own firms with the help of foreign investors or their own capital.

The set of resources used by the informants of this study is diverse and follows three of Bourdieu's four types of capital, namely economic, cultural and social, all of which interact between and with one another (Bourdieu, 1986). Raising economic capital is a very important, if not a critical, process when establishing new firms, and varies from accumulating capital from personal funds to foreign investors. Generally, entrepreneurs in developing countries have limited access to efficient credit markets and as a result experience more frequent market failures (Paulson et al., 2004). That said, foreign investments and personal savings are often important in overcoming credit constraints. In this study the typical foreign investors are the owners of the firms that migrant entrepreneurs used to work for in the past in the destination countries. In a developing or "transitioning" country such as Albania, the lack of efficient credit markets is a common concern among my research informants. Among those interviewed with small businesses, the main economic contribution for starting a business is personal savings. These were mainly collected while living and working abroad. Other studies too have found that migrant entrepreneurs rely on savings accumulated whilst working in the host countries when seeking self-employment opportunities (Ilahi, 1999; Nicholson, 2004; Martin and Radu, 2009). Martin and Radu (2009) conclude that, upon return, migrants in the labor force of Central and East European countries are likely to switch into self-employment. With respect to Albania, Nicholson (2004) found that return migrants save the major part of their earnings and use them to establish micro-enterprises and small businesses. Entrepreneurs of small ventures have limited access to additional financial resources as they are perceived by the financial institutions as unattractive. As a consequence, owners of micro-enterprises have to seek alternative ways to finance their businesses. In the same study, Nicholson (2004) shows that in the 1990s savings and informal credit provided more investment in small businesses than banks. In addition to using their personal savings, my study interviewees acknowledged having borrowed money from their family members and extended family.

The existence of a wide financial range among the transnational enterprises was reflected in interviews. Owners of large transnational firms enter business with a bigger start-up capital and additional financial resources from banks and foreign investors. Especially ventures with more than 100 employees were strongly related to the aforementioned funding sources. The majority of the respondents from this larger-business category cited that they took advantage of their access to foreign funding instead of the banking system. Kristaq, owner of a food processing firm in southern Albania, explains how a foreign investor gave him the necessary financial capital to set up his business.

“I was in Greece in search of my destiny and my intention was to start up my own business at some point in Albania. After several years of working for the company, I had the experience and willingness for having my own business in Albania, but not the necessary start-up capital. So, I found financial support from my Greek boss. He placed a lot of trust in me by providing the initial start-up capital and the material to me.”

Finding financial capital from foreign and co-ethnic investors was very helpful for some of the entrepreneurs who did not have the necessary capital to start their own business in Albania. As expected by the enclave economy theory (Bonacich and Modell, 1980; Wilson and Portes, 1980) summarized in chapter 2 of the thesis, some of the respondents reported to have received help in starting their business from previous employers as a reward for their hard work. However, a few respondents were not willing to volunteer any information about the circumstances and terms of money borrowing from their foreign investors or previous employers. It is unclear how these investors placed their trust in the Albanian migrants; my guess is that this group of migrants at that time was perceived as having links with human trafficking and drugs.

In addition to economic capital, possessing cultural capital attributes – including knowledge, values, educational qualifications, experience, and skills – is important in pursuing entrepreneurial activities. Migrants return to their home country with new skills, contacts and ideas (Nicholson, 2004). The variables included in the realm of cultural capital have to do with informants’ experience both in the homeland and in the host countries; for example, their occupational and professional status in Albania and during their migration period. Among the entrepreneurs, cultural capital is regarded as critical to identifying and exploiting potential transnational market opportunities.

On the basis of the interviews made, the accumulation of knowledge, ideas, and values in the host country as a key driver of transnational entrepreneurship is emphasized. Albanian entrepreneurs were exposed to new multicultural societies, which were different from the country they were coming from. The migrants learned new things and acquired new ideas. For entrepreneurs running small businesses, knowledge and values earned in the course of their migration experience are found to positively influence migrants' entrepreneurial spirit and behavior. A study conducted by Lundberg and Rehnfors (2018) confirms that the entrepreneurial opportunities identified by transnational entrepreneurs were strongly related to entrepreneurs' previous work and personal experiences. With enhanced skills from working abroad, they are more likely to choose self-employment and replicate the business in which they were working in the host countries. Their entrepreneurial instincts led them towards creating a new venture. Dori, owner of a firm in the agribusiness sector, shows how he got the idea of establishing his own firm while he was living in Australia and teaching in one of the universities there. He recalls:

“The father of a student I had in one of my classes was doing research on several types of trees, a topic in which I was very interested. Thus, we started to collaborate and share ideas with each other. At some point, I suggested him to make use of our research that we had for one of the trees and try to use it for entrepreneurial purposes. He already had established some business ties with Indonesia and he assigned me as his representative in this country. My experience in Indonesia helped me to know better this type of business. However, I was still insisting that we should try to enter the Albanian market. In 2007, I planted 100 trees in Albania and things worked as predicted.”

Meanwhile, for the group of entrepreneurs who completed their studies abroad and inherited a family business upon their return, their past migration experience is not as relevant to the survival and success of their current entrepreneurial activities. Rather, the knowledge and skills acquired abroad are supplementary, but not critical to their business actions. Also, during their migration experience in the host countries, they mainly acquired cultural capital, in terms of languages and “paper” qualifications, rather than social capital. They viewed their migration experience as a great opportunity to improve their academic qualifications and skills, but as less likely to provide them with an extensive set of professional connections. Also, the enhanced academic qualifications acquired abroad serve as a tool to secure credibility in the eyes of the foreign customers of their family-owned businesses.

Thus, education is of importance in the business development process. Albanian migration flows in the 1990s can be classified in three different categories in terms of skills and knowledge, and each category seems to have different entrepreneurship potential. The first migration flows were mainly composed of members of the industrial working class who lost their jobs after the fall of Communism. Agricultural workers were the second group to migrate, and intellectuals the third. The majority of the workers and peasants had no entrepreneurial experience or skills, found no significant differences between their previous and new jobs, and as a result might be thought to be less likely to establish business activities. On the other hand, many of the skilled emigrants left the country with the intention to receive higher qualifications, knowledge and skills, and then to come back to Albania. However, most of them found themselves involved in “heavy” jobs abroad. Emigration caused a deep change in their working life and they might have been more eager to escape their demeaning working situation. This served as a motivation to establish their business activities.

In some cases, the entrepreneurial ideas started while they were still pursuing their educational studies. At that stage in their lives, students had the gift of time and research facilities on their side to develop business plans. Devis, owner of an educational consulting firm, recalls how he developed his business ideas and plan while pursuing his undergraduate studies in Economics in the United Kingdom. He considered the educational period the best time to develop his entrepreneurial spirit and embark on his venture.

“It was only after leaving for my undergraduate studies when I realized that I was into entrepreneurship. While completing the first year of university studies, I started my business in recruiting students for UK and other European universities from Balkan countries. My entrepreneurial initiative was supported by other students who helped me prepare the business plan with new ideas on how to pursue this particular business idea in the context of Albania. Some of them were also from Albania, so they were familiar with the Albanian market and people’s mentality. Even nowadays, I keep contact with them and they help me with some business issues that I encounter along the way.”

However, there are also cases whereby entrepreneurial activities required only little education in the ventures’ developmental and operational phases. As also mentioned earlier, in my sample, the acquisition of additional post-secondary education does not seem to have a significant effect on the phenomenon of transnational entrepreneurship.

Employment and entrepreneurship experience from working in the host countries is a key driver towards business development among those interviewed. Researchers argue that migration experience is positively related to seeking self-employment (Kilic et al., 2007; Piracha and Vadean, 2010) and transnational business creation (Drori et al. 2006; Lundberg and Rehnfors, 2018). My informants described how their migration experience enriched their entrepreneurial abilities. Piracha and Vadean (2010) show the positive impact of migration among Albanian returnees; when compared to people with no migration experience, they found that return migrants are more likely to become entrepreneurs. Similarly, Kilic et al. (2007) demonstrate empirically that there is a positive impact of Albanian household past migration experience on the probability of owning a non-farm business upon return. Among my participants, about 60 percent of the entrepreneurs had more than 7 years of working experience in the host country before trying their own transnational activities. Toni, an entrepreneur who has been running a restaurant in northern Albania for the last 10 years, recalls his employment experience in Lombardy in northern Italy.

“I started as a dish washer in a restaurant. A few months later, the assistant to the chef left, so I took new responsibilities in the kitchen. I then had two jobs, working 16 hours and getting the same wage. However, I was not concerned for the money. My principal objective was to learn and acquire skills. The overall experience that I was going to get from working in a restaurant was an essential asset for my future plans. I worked there for other seven years [...] Later on, I started my agritourism business in Italy by opening my own restaurant. [...] After many years, I decided to come back to Albania and open the same restaurant in my country. I chose the place where I was born and where my family was located because of the benefits I could have. For example, I built the restaurant on a piece of land owned by my father. I used my social networks to get out the news and find more clients.”

The work experience in the receiving countries was mentioned by several transnational entrepreneurs to be an asset for starting their own business. Through their work, they learned useful skills and managerial practices. Kilic et al. (2007) go even further by distinguishing between returnees from Italy and Greece. They conclude that returnees from Italy have a much higher chance of seeking self-employment when compared to those coming from Greece. Thus, the destination country raises the probability of establishing a business upon return. Spiro, a Greek bakery chain owner, is one of the entrepreneurs showing how valuable was the experience his wife got from working in a bakery in Athens to the establishment of their business in Tirana. They established their family business in 1996, one year after they returned to Albania. He adds that more

important to the income that his wife earned during the migration period was learning the “secrets” of the profession.

“My wife’s experience is the major contribution to our business success. She was working in a bakery shop in Athens for three years. While working there, she learned the recipes for preparing Greek bakery products which are very popular in our country. After a year of returning back in our homeland, we had the proper financial resources to establish our own bakery. My wife was preparing everything by herself at the beginning. Then, when our business started to grow, she hired more people and became the production manager of our bakeries.”

Similarly, the study respondents addressed the importance of management and technical skills earned abroad as determinants of business start-ups and success. Coming from a country in which entrepreneurship was forbidden, so they could not develop home-grown entrepreneurial skills, the skills they acquired during their migration experience helped them initiate entrepreneurial activities.

Entrepreneurs add that interpersonal communication skills, building trust and strong relationships with employees, customers, and key stakeholders are also important for running a successful business. Devis, who it will be remembered runs a small business in the education industry, shows how he learned great communication skills while working in the UK and how he successfully used these skills for the benefit of his own business. He expands on how important it is to have progressive and harmonious relations with the employees.

“To be a good manager, you need to have good communication and relations with your employees. They tell you things you never know and you never see. They teach you how you can make the job easier for them and more profitable for you. Good management consists of keeping close contact, getting suggestions, and keeping good relations with your employees. Tell them you are extremely devoted to your job and convince them you are ready to make sacrifices for your job.”

However, investment of past migration work experience is not the only source which contributed to participants’ current entrepreneurial activities. It can be argued that Albanian emigrants have become more easily adapted to host societies due to their mimetic tendencies, being able to imitate the natives. Many Albanian migrants changed their religion and names when they arrived in the destination countries, especially in Greece (Kokkali, 2015). Also, it is noticed that Albanian migrants often introduce themselves simply as “foreigners” without being noticed and when they feel confident

enough in the social or work circles, they start identifying themselves as Albanians. Hiding the nationality is especially easy for Albanian migrants in Italy, as their physical characteristics such as being “white”, and their familiarity with Italian cultural values are in their favor. Mai (2006) shows that Albanians, unlike other immigrant nationalities, are not gathered in ethnic communities. The fact that Albania has almost half the equivalent of its population living abroad, but there still is a lack of Albanian neighborhoods in the host countries, shows Albanians’ capabilities to mimic natives. These reflections can help to explain the success behind Albanian migrants becoming entrepreneurs. They worked for a certain period of years in companies, picked up the necessary entrepreneurial skills from their employers, and then sought self-employment.

In addition to raising cultural capital, entrepreneurs often make heavy use of social capital. Social capital constitutes one of the core factors in successful entrepreneurial dynamics and outcomes. Transnational entrepreneurs tend to maintain transnational ties and indeed try to continuously expand them. My findings show that social networks constitute a rather crucial factor when analyzing transnational entrepreneurial activities among Albanian migrants and returnees. Entrepreneurs mobilize resources from prior social ties such as family members, friends, colleagues, and friends of friends. Individuals with more diverse and broad social networks are in a stronger position to mobilize resources and to build and maintain transnational enterprises; they can better exploit market opportunities in the host and home countries. Entrepreneurs explain the importance of receiving support from individuals from their network for the establishment of new ventures and their ongoing successful performance. Some cases included inter-family partnerships, a business team consisting of husband and wife or siblings. The findings are also aligned with a study conducted by Pavlov et al. (2014), which showed a direct correlation between the quantity of social capital Albanian migrants have and their success in establishing transnational networks.

Regarding the location of social networks, the contacts that prove to be of help to transnational entrepreneur migrants and returnees are located in both the country of origin and the host country; indeed, this is the very essence of transnational enterprise. Ana’s case is an example of how transnational contacts are a source of inspiration for new business ideas and products. Ana runs a wellness salon located in northern Albania and she explains how she is able to embrace the latest services and technology for an improved



salon/client relationship by frequently visiting friends and colleagues in Italy. On the other hand, the transnational entrepreneurs settled in the host countries and running relatively small companies, often seek to cut labor costs by getting assistance and hiring co-ethnics. One of the company owners explains how his own business model depends on transnational recruiting as he is hiring Albanian citizens looking for employment in Italy. Also, often Albanian migrants are hired “under the table” as an attempt to avoid paying taxes.

Entrepreneurs explain how mobilization of cross-border social and economic networks is key in the maintenance of their transnational firms. The survival of their ventures is based on partnerships and collaboration with contacts whom they met during their migration period. Migrants’ extensive and diversified networks help them in terms of channeling market information and financial resources. The interview with Kastriot, owner of a manufacturing enterprise for 15 years, revealed that his transnational venture was dependent on the social networks he skillfully created during his migration period in Italy.

“My social networks in Italy helped me to achieve my business plan. My employers became my partners and at the same time my clients. They were encouraging me to return to Albania and start my business there instead of working for them.”

The case of Shkëlqim, the owner of a winery in southern Albania, is illustrative of the importance of political networks. Shkëlqim and his brother created their own firm in 2001 in the city of their origin, and now they export wine to northern Italy.

“The political ties in Albania are crucial to the business success. I was able to get the land for the vineyards and the permission by tapping into the political connections of my family members at home.”

Landi, owner of a healthcare consulting office, who was working after completing his studies in Turkey, explains how his social networks were valuable and contributed to the set-up of his business in Albania.

“I was teaching in a university in Turkey and one day a colleague of mine from the university introduced me to some people working in a hospital in Turkey. After working on a project together, they gave me the idea of establishing a healthcare consulting firm in Albania which would be part of the hospital in Turkey. [...] After several meetings, we decided to confirm our entrepreneurial

partnership. They helped me establish the office in Tirana which has been in business for five years now.”

Moreover, family ties are also helpful in supporting transnational ventures. Among the various trusted social linkages, particular preference was always granted to family members. My findings show that all of the participants had a least one close member of their family living in Albania. The involvement of family members is an important source of social and other capital in starting and maintaining transnational businesses in terms of labor force, support, and encouragement. The interviews conducted with some of the entrepreneurs reflected a continuum of spousal support. A few of the entrepreneurs explained the absence of family members in the day-to-day operations of the business as a way to reduce anticipated work-family conflict. Among the companies in which family members were present, all of the members were conducting at least some unpaid work. The most common way of their involvement in the business affairs is mainly as partners. Artan, a lighting retailer, dedicates his business success to his family, in particular to his wife. He repeated that his wife was critical in accomplishing daily tasks that keep the business running. Additionally, Toni who is running a fabric and sewing firm in a town in central Albania, expands on his family contribution to the business.

“The family contribution consists of their understanding and encouragement at the beginning when I decided to start the business. Also, I had to leave them here in Albania while I was abroad. After I started the business, my wife and sons were involved in the business. Now, after more than 20 years, my sons are the ones who mainly manage the business. My contribution now consists mainly of ideas, consultation, and experience.”

The economic, cultural, and social resources discussed above have to be viewed as complementing each other. None of these types of capital is sufficient to satisfy on its own the requirements for transnational entrepreneurial achievement, unless invested in combination. For example, for the entrepreneurs who inherited family-owned businesses, the mobilized resources from family members were of great importance at the ownership transition phase. However, for a successful day-to-day business operation, entrepreneurs need to make use of their skills and qualifications earned abroad.

### 5.3.2 Albania: *Pecunia non olet* (“Money does not stink”)

Overall, there is the impression, which is quite widespread in Albania, that some of the Albanian entrepreneurs in the country and abroad might have used allegedly “illegal” ways to make money, especially right after the fall of communism. I will discuss some of the potential theories behind this phenomenon in this section; however, I need to make it clear that this discussion is not related to any of the study participants. In the framework of the discussion on resource mobilization, I will refer to some of the studies and theories regarding the potential risks that Albanian migrants might have encountered during their migration experience, without in any way associating them with the mafia. Some people argue that, overall and more particularly in Italy, for some migrant entrepreneurs, money gained through human/drug trafficking and being involved with the mafia<sup>3</sup> might have served as the initial capital for investment and entrepreneurship (Leman and Janssens, 2011). Entrepreneurs with a migration background often state that the initial capital for creating their businesses was made possible from gifted money or money borrowed by their employers or foreign friends in the country of destination. Typical scenarios included: “I borrowed money to buy the business from my boss” or “My friend gave me a loan for the business.” However, for some of the cases, this amicable relationship is questionable as at the beginning of the 1990s Albanian immigrants were represented through very negative stereotyping by both the Greek and Italian media (Barjaba and King, 2005). Therefore, the transition from being identified through negative stereotyping to becoming business partners remains unclear. One possibility is that some of the Albanians might have been used by the foreign entrepreneurs in the host society for various dubious activities. Coming from poverty and extreme living conditions might have made them more inclined to engage in such activities (Schneider, 2015).

In addition, the “dubious” ways of making money that might have been used by some Albanian entrepreneurs can be linked with cultural roots and social behavior. For instance, in Italy, Albanian migrants might have been more prone to be recruited by the

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<sup>3</sup> Mafia is a type of organized crime syndicate, whose actions focus on protection money, racketeering, arbitration of disputes between criminals, and organizing illegal agreements and transactions. The mafia’s origins are in Sicily, but it is widespread in much of southern Italy and its contacts are also spread by migration and contacts with migrants. It is also a generic term associated with other groups, e.g. the Russian mafia, the Albania mafia etc.

Italian mafia; this is because of the absence of religious beliefs and certain traditional cultural values associated with “honor” and clan-like social and kinship structures. In order to better explain this assumption, I will make a distinction between the behavior among Albanian migrants and Senegalese migrants in Italy.

Perrone et al. (1990) show how, when a Senegalese leaves Senegal, he belongs to a clan, with tens or even hundreds of brothers, sisters, and cousins. He lives in a village where all the individuals are more or less related in this way. When Senegalese migrants leave the country, everybody gives them a gift to support them. Therefore, the future migrant perceives himself as a member of the extended-family clan. The clan invests resources for the best, smartest, and most productive members. In doing this, the clan has the guarantee of “investment return”: that migrant will use the resources received only for good and positive things. In return, the migrant, as a member of that clan with these cultural and social values, feels the pressure not to be involved in actions and situations which might violate the values of their clan, family, and village. Therefore, the concept of shame matters. The Senegalese culture is an oral culture and every message is an imperative or a guideline which determines the behavior and reputation of all clan members. In such a culture, the individual’s status is mainly established by their reputation in the society. This generally serves as an obstacle for the Senegalese migrants to be involved in illegal activities.

What about Albanian migrants? For the majority of Albanians, religion is not as significant and powerful as it is for other ethnic minorities. This is partly a result of the communist regime’s banning of all religions. Religious identity in Albania is usually attributed by familial history rather than actual practice. Generally, there is a lack of religious practice in the country. Being a more secular nation, Albanians feel less accountable to God, which might make them more careless regarding the ethical process of making money. In addition, the Albanian oral culture has less power than Senegalese oral culture. The social pressure that the Albanian family or clan exercises on individuals does not impose the same moral shame as in the case of Senegalese family. Albanians have a tendency to accept more easily actions done by their family members. One additional explanation might be the fact that after the fall of communism, Albania entered a lawless period (Schneider, 2015), accompanied by an eagerness to earn money

immediately. These circumstances explain why Albanians might have been less respectful to the ethical and moral values of doing business and making money.

### 5.3.3 Market entry

There is a broad distribution of economic activity across the different market sectors (Table 5.2). Note that the total number of companies exceeds the number of interviewees because a few participants operated more than one company. The highest number of the entrepreneurs have their business in manufacturing. There is a diverse manufacturing sector which includes enterprises in apparel, furniture, footwear, beverage, paint, and miscellaneous manufacturing. The rest were concentrated in retail, followed by agriculture and agribusiness, as well as in other sectors such as catering, consulting, and health. The retail businesses include groceries, pharmaceutical products, home goods, construction materials, auto parts, and personal accessories. The high percentage in manufacturing can be partly explained by the low entry barriers in terms of educational background and income, plus other factors such as foreign direct investment, competitive labor costs, low transportation cost, and supportive government policies. Manufacturing industry, especially the textile and footwear division, is an important part of the Albanian economy, especially under the “Made in Albania” label. It is one of the sectors with the largest share of total exports of Albania, 34 percent in 2014 (INSTAT).

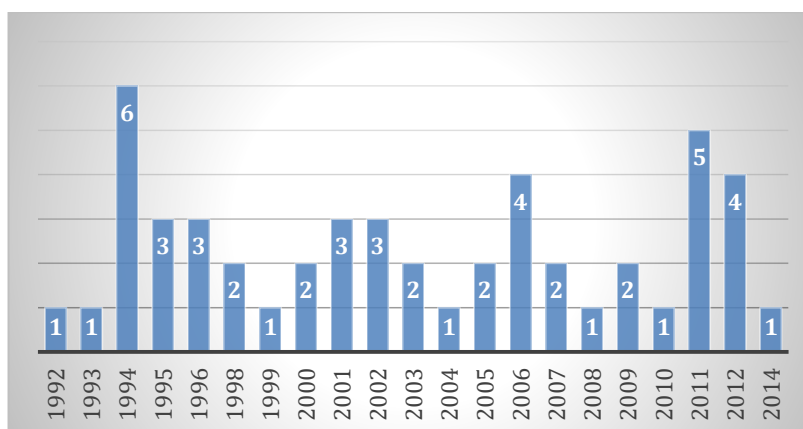
*Table 5.2: Sectors of transnational companies*

Sectors	Number of companies
Manufacturing	11
Retail	10
Agriculture and agribusiness	7
Food catering	5
Consulting	4
Health	4
Construction	3
Fishing	2
Transportation	2
Legal services	1
Information technology (IT)	1
Tourism	1
Craftsman	1
Call center	1
Education	1

*Source:* Fieldwork interviews (Albania, Greece, and Italy), 2016.

Regarding the employment size of the enterprises, there are ventures that have two employees and there are also firms that have up to 1000 people employed. They were all established in the period 1992 to 2014 (see figure 5.4). The operating business period at the time of the interview survey ranges from 3 to 25 years. There is variability in the period when migrants and returnees built their businesses, which leads us to examining under which circumstances transnational ventures grow. Regarding the businesses running abroad, my findings show that the firms located in Greece are smaller in size when compared to the ones established in Italy, but the issue of small sample size should be borne in mind when making this comparison. Thus, the probability of being involved in large transnational businesses is highest among individuals with migration experience in Italy. This may be explained by several conditions: their working experience in the host country (working for well-established companies), their connections with potential partners/shareholders established in the context of their work relations, and their capital accumulation. Also, the large enterprises, which in my case are the firms with more than 100 employees, have been in business for at least 16 years and the owners were at least in their mid-forties. These businesses are mainly found in the sectors of manufacturing, and food production and services.

*Figure 5.4: Transnational business creation, 1992-2014*



*Source:* Fieldwork interviews (Albania, Greece, and Italy), 2016.

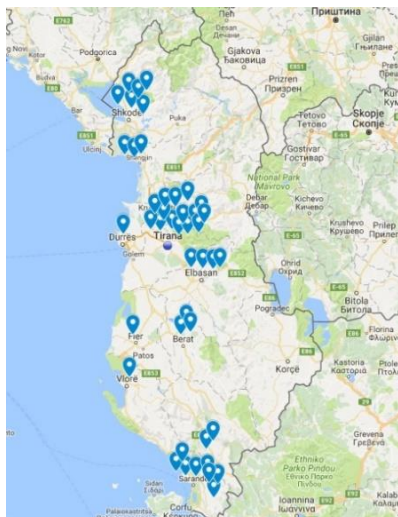
Figure 5.5 illustrates the distribution of transnational businesses which I surveyed by interview in Albania and abroad. The majority of the companies which I surveyed are based in Albania. In Albania, the businesses are located in various cities of north, south, and central Albania, including Tiranë, Shkodër, Sarandë, Elbasan, Gjirokastër, Berat, Shëngjin, and Lezhë. Regarding the transnational businesses abroad, there are 13

companies that I surveyed via interview in total. As pointed out in chapter 4, the location of these latter businesses is a matter of sample selection, rather than representing a larger phenomenon.

Shifting back to Albania, there are several reasons influencing the location of the transnational business. Data from interviews show that there is a natural tendency of returnee entrepreneurs to establish their businesses in their city or place of origin: this was the case with 58 percent of the businesses. One rather obvious explanation for this phenomenon might be that entrepreneurs are more familiar with the environment back home. Stevenson (1983) shows that knowledge of the territory that entrepreneurs operate in is very critical to their success. Familiarity gives entrepreneurs a clear advantage as they develop their businesses. Often, during the interviews, informants mentioned how they were taking advantage of (political) connections and support from the local community in managing the administrative complexities. Emotional attachment to the city of origin and the presence of other family members was another reason determining respondents' decision to start a business in their town of origin. However, not all of the respondents were aligned with this reasoning. A small percentage of the enterprises, 16 percent, was established in the capital of Albania, Tirana, by entrepreneurs who originated from other parts of Albania. Despite not being their city of origin, the owners of these firms decided to establish their business in a different location from their home town mainly on the basis of the market potential in the capital city.

*Figure 5.5: Business locations in Albania, Italy, and Greece*

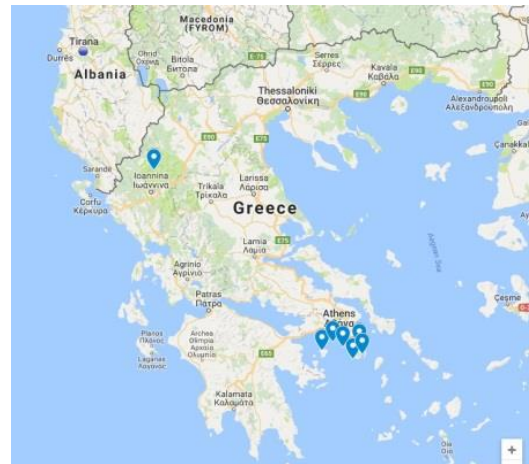
a) Albania



b) Italy



c) Greece



*Source:* Barjaba, 2017; adapted from Google Maps, 2017.

The standard literature on transnational entrepreneurship treats it as a process in which migrants establish transnational enterprises in the host countries; these activities include services and products similar to the ones in the country of origin (Lundberg and Rehnfors, 2018). However, the majority of the transnational activities among my study participants are happening in the opposite direction, whereby entrepreneurs are introducing products and services to the Albanian market. For example, many of the entrepreneurs explain how they took advantage of the increasing needs of the Albanian population and the absence of certain products to establish their transnational business, based on importing and exporting between the countries.

## 5.4 Business management

The purpose of this final main section is to investigate how transnational entrepreneurs engage in different forms of business management, an essential part of any company. To be fully effective, entrepreneurs are continuously in search of novel and alternative ways of organizing their business operations and improving their performance. Below, I discuss entrepreneurs' relations with various business associations, frequency of travelling, and the type of ownership.



#### *5.4.1 Relations with employees and business associations*

Business organizations bring together various entrepreneurs from specific sectors of business. They have the potential to provide a number of benefits to business owners who are part of these dedicated organizations. Doner and Schneider (2000) give an overview of the positive functions that business associations have in developing countries, including strengthening property rights, lowering information costs, and improving coordination. However, among my survey participants, 70 percent are not part of business associations in Albania. These informants explain that they are pessimistic about the role of these associations in the homeland. Some of their concerns have to do with distrust. Business associations are seen as being linked with political parties and their agendas, and not serving businesses. Artan, an entrepreneur in the lighting industry, with extensive business experience in Greece, asserts that business associations in Albania do not produce any added value to entrepreneurs:

“The business associations are not my interest. They are more like governmental structures. The close relationship between the government and those leading the business associations is evident from several cases. One of the cases was when the previous government selected the President of the Chamber of Commerce as the representative of the Democratic Party in the parliament. All of the leaders belong to a political party. Their main goal is to get political benefits instead of standing up for entrepreneurs’ demands.”

Gole, the owner of a supermarket chain in Albania, who imports and exports products from/to Greece for the last 10 years, also confirms the inefficiency of the business associations in the country. He explains that associations are simply seen as entities without any power or willingness to help and, as a result, entrepreneurs have no incentives to become members. He adds:

“The business associations depend more from politics than businesses. The Albanian governments make various personal favors to the leaders of the big associations in order to manipulate them and keep them closer to themselves rather than the businesses. So, the business associations are not the voice of the businesses in Albania and are not representing the common interests of the entrepreneurs in the private sector.”

Some of the entrepreneurs have tried to be part of various business associations, but have dropped out as they were considered ineffective. They argue that many local associations do not have a clear purpose and objective. These actions are hugely significant, not only

for the credibility of these associations, but also because they symbolize the wider clientelistic structures embedded in Albanian society. Ana, the owner of a beauty spa, expresses her disappointment with the business associations which failed to have a goal and a strategy behind it.

“I have been part of a business association in [names town]. It had to do with the spa issues. I attended some of their meetings, but none of the meetings were productive for me. It did not have any goals and I believed it had nothing to offer me. After a few tries, I decided to not be part of it anymore as I considered it a waste of time.”

However, not all entrepreneurs find business association unhelpful. On the basis of my informants, 30 percent of the entrepreneurs attach value to them. They appear to be more optimistic about the associations' ability to improve the business climate and as a result foster entrepreneurship. These participants express their optimism by claiming that business associations offer support and networking opportunities. Members of these associations can help with recruiting processes, service referrals, and other contact information. For example, Zamir, who actively participates in associations, is more explicit in explaining the efficiency of these business structures. The business networking can help entrepreneurs identify market opportunities faster. He revealed how the Turkish business association in Albania assists entrepreneurs in networking.

“The lobbies here are strong and active. Twice a week they contact us, get information and deliver advice. There are four Turkish Chambers of Commerce in Tirana. They give us trust, support, security and partnership.”

Another entrepreneur who has been in the Albanian market for a considerable period of time expresses his point of view regarding the role of business associations in the country. Shkëlqim, the wine producer, in partnership with his brothers, runs a business between Albania and Italy. He states some of the cases when these associations have represented the voice of the entrepreneurs and were able to achieve their goal.

“I am member of a business association. Business associations in some cases have been successful. For example, when the government was discussing the option of requiring all the businesses running in Albania to have indoor video surveillance. However, entrepreneurs were concerned about privacy issues and asked the business associations to raise their voice and refuse to accept this proposal. In this case, we were able to convince the government not to take further action.”

Nevertheless, even those who are part of the business associations, are not fully satisfied with the role of the associations. They are skeptical about the insufficient benefits of membership. Ben, owner of an economic consultancy office states:

“I am a member of an association, but once you are a member you need to put a lot of effort and time to it; and at the same time, it is not very productive. It conducts various activities such as seminars and fairs around the world. Membership in these associations keeps us connected to an environment that we should be part of. It is more like a trade union organization.”

This is the case of Jani in Lezhë, too. He runs a restaurant that employs seven people.

“I am the vice president of a tourism association. Unfortunately, the business associations have very little access to political decisions that have to do with the sector of the economy to which they belong. Overall, there is no government support and cooperation with the existing business associations in tourism.”

There is still a lot of work to do in order to have successful and productive business associations in Albania. Toni, an entrepreneur in Berat expresses his opinion on this issue.

“Recently, the business associations have started to be more active. Earlier, each individual was creating his own business association. We had many associations which were not organized and did not have any influence. While nowadays, the business association for the “Made in Albania” shoe companies, is getting larger, more powerful and trying to solve our main concerns. At least now, we are more organized compared to the past. However, there are still many things that need to be changed regarding the associations’ operation.”

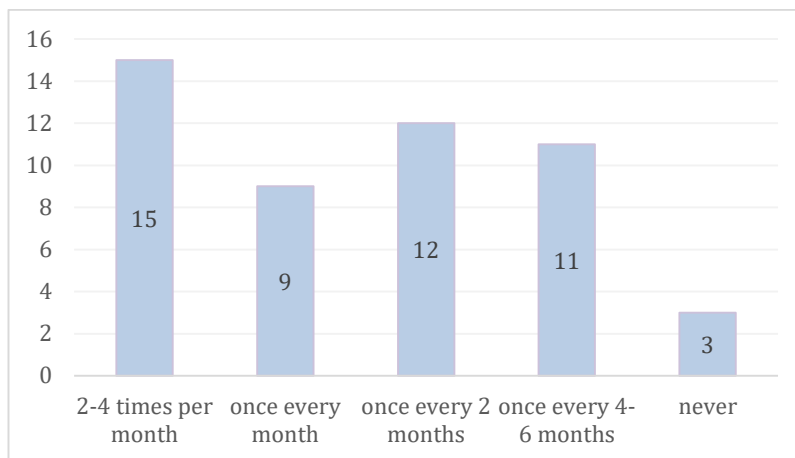
In many ways, then, business associations function as a microcosm of Albanian politics and society: often cliquey and linked only to dominant political parties; in other cases useful and efficient; but more often, perhaps, requiring more transparency and strategic development. This is a wider issue linked to the realm of policy, which I will return to in the final chapter.

#### *5.4.2 Frequency of travelling*

Migrants involved in transnational business activities generally have to be prepared to be mobile for the success of their ventures. Light (2001) explains how transmigration involves the frequent shuttling between at least two societies. The transnational entrepreneurs in my survey are required to travel back and forth between Albania, Greece, and Italy; 94 percent are travelling for business purposes at different frequencies. Around

32 percent of those travelling have to travel as often as 2-4 times per month. In addition, keeping in touch with cross-border contacts and participating in several events are often important to transnational entrepreneurs. For some of the entrepreneurs, traveling abroad serves as a means of learning. They go abroad to participate in various training and workshop programs and network with other successful entrepreneurs. They emphasize that while running a business transnationally nowadays is easier than it used to be, it is essential to have a strong team that you can rely on. Some of the entrepreneurs said that they to use these business trips as an opportunity to visit family members. For example, Altin reports spending about 5 months per year in Italy conducting business and visiting his grown-up children.

*Figure 5.6: Frequency of business travel (number of entrepreneurs)*



*Source:* Fieldwork interviews (Albania, Greece, and Italy), 2016.

While transnational entrepreneurship and traveling are intertwined, for some entrepreneurs this is not the case. Traveling abroad is not a must for all transnational entrepreneurs. Recent technological advances have allowed entrepreneurs to be flexible in conducting business from a distance and not have to travel to the areas where their businesses are located. Nowadays, with the growth in smartphone use and other technological advances, it is easier and more convenient for entrepreneurs to communicate and complete business transactions from their country of residence. Selim adds more of his experience on how the technological advances have changed his daily business operation:

“In the past, I used to go to Turkey once a month. Then once in three months. Now, I go maybe once in six months or less frequently. Nowadays, it is not

necessary to travel often because payments are made through the bank, not with cash as before. Fifteen years ago, in order to buy the products, I used to go to Istanbul with my money in the bag. Those trips were stressful and risky. Now, I complete the payments through the bank.”

Also, as figure 5.6 shows, a small number of entrepreneurs do not have to travel for business purposes. During the field interviews, they clarified the fact of not travelling by mentioning that their partners and teams abroad are taking care of the business affairs.

#### *5.4.3 Ownership of enterprises*

Ownership of migrant enterprises, especially those which are transnational, is understudied in the literature. Existing literature covers topics such as the motivations that lead migrants to seek self-employment and the resources used to establish their ventures, but firm ownership is not extensively evaluated. A critical decision to be made by entrepreneurs entering a new market is the choice of the entry mode: sole venture or partnership. Assignment of ownership differs among industries and companies. In my own study, 72 percent of the transnational entrepreneurs have chosen sole venture. Sole entrepreneurs seem to be more focused on having strong personal control. Also, 42 percent of the sole ventures confirmed that they have family members involved in the business affairs, usually as partners. The participants were keen to highlight issues of trust and loyalty as the main reasons.

Other ownership patterns are present among the entrepreneurs. The rest of the entrepreneurs, 28 percent, argue that constructing a strategic partnership is seen as beneficial and key to their business success and performance. It contributes to achieving their goals and objectives by providing competitive advantage over their competitors. Joining forces gives entrepreneurs more financial power and greater access. Also, it makes firms' strength in the market more apparent.

From a financial risk reduction perspective, entrepreneurs explain that the best strategy is to choose a partnership. More specifically, entrepreneurs' strategy depended on the risk foreseen when entering the market and while running their business. Among the entrepreneurs in partnership, the predicted risk seems to be a determining factor when

deciding the market entry. Also, fear from state abuse in Albania led entrepreneurs to choose a partnership strategy of spreading of assets and ownership.

## 5.5 Conclusion

Creating a typology of Albanian transnational entrepreneurs helps in illustrating the successful business paths of some of the Albanian migrants and returnees involved in cross-border entrepreneurship. It emphasizes the importance of migration experience and the set of resources, namely economic, cultural, and social, that have had an impact on the business success for each category of the transnational entrepreneurs. In the context of transnational experience, my interview data show that migration has generally served as an effective advancement strategy for Albanians sustaining their transnational ties and entering into transnational entrepreneurship. The key point, perhaps, is that their migration experience gives entrepreneurs the opportunity for resource mobilization. These findings are in line with the more anecdotal evidence on the positive impact of migration in enhancing migrants' skills and increasing the probability of them creating their own enterprises in either the home and host countries. A framework that outlined four major factors: a) characteristics of transnational entrepreneurs, b) entrepreneurial motivations, c) the start-up process, and d) business management practices, was used to generate a profile of Albanian transnational entrepreneurs and of their various business activities.

The probability of being a transnational entrepreneur varies cross migrants and returnees with different characteristics, including civil status, age, gender, and education. The overall picture of the socio-demographic factors above is quite clear: the typical (former) migrant who starts a transnational business is portrayed as a married man in his late 30s. With reference to their living residence, at least in my survey, the majority of entrepreneurs interviewed live in Albania. Albanian entrepreneurs are furthermore found to be differentiated according to their gender, educational qualifications, and socio-cultural background; we also observe a difference in the motivations of their involvement with transnational entrepreneurship.

The research findings highlighted two groups of Albanian transnational entrepreneurs: opportunity entrepreneurs are generally pulled to entrepreneurship by the market

opportunities they perceive; whereas necessity entrepreneurs are pushed to entrepreneurship because they have no, or few, other viable livelihood options. Creating this typology and analyzing the differences between these two groups is important as the impact that entrepreneurs have on the country's development depends on the motivations behind their entrepreneurial transnational activities. Among the study participants, I found that the majority of the transnational entrepreneurs built their activities by exploiting perceived opportunities. In addition to the necessity-opportunity dualism and differently from some of the existing literature, this study has critically evaluated entrepreneurs' motivations in relation to other factors and most importantly highlighted that their motivations change over time. Indeed, for some of the transnational entrepreneurs, opportunity-driven entrepreneurship has its roots in the necessity-driven business activities.

Placing transnational migrant and returnee entrepreneurs within the triangle of individuals' characteristics, macroeconomic and entrepreneurial environment, and entrepreneurial motivations, gives a more complete understanding of the phenomenon. This profile was generated to have a better understanding of different approaches to entrepreneurship in Albania. Exploring Albanians' engagement in entrepreneurship is important in the context of Albania's overall development. Transnational entrepreneurship is of long-standing interest to policymakers and academics due to the recognition of these businesses as a source for the country's development. In the next chapter, I engage in a deeper analysis of Albania's macroeconomic and entrepreneurial environment, based on statistics and the interviews conducted during my fieldwork.

## **6. ALBANIA'S MACROECONOMIC AND ENTREPRENEURIAL ENVIRONMENT**

Examining transnational migrant and returnee entrepreneurs within the framework of individuals' characteristics and entrepreneurial motivations, which were discussed in chapter 5, and the macroeconomic and entrepreneurial environment, now discussed in chapter 6, gives a more in-depth understanding of the phenomenon. More specifically, from a macroeconomic perspective, the ability of Albania to support entrepreneurship is determined by the wider economic, political, institutional, and legal context. The current macroeconomic environment in the country, as well as the unstable political climate, do not appear to sufficiently support the business initiatives of the entrepreneurs that wish to conduct business in Albania; this diagnosis is confirmed by the opinions of many of my research participants, as we see presently. For this reason, when addressing and understanding the diverse set of transnational entrepreneurial activities among Albanian migrants and returnees, I examine here Albania's macroeconomic and entrepreneurial environment.

The first section of the chapter gives an overview of the economy of Albania, first under the communist rule, and then tracing economic trends up to the current economic context. The second part of the chapter assesses the evolution of the political, institutional, and legal environment of business and its potential impact on entrepreneurial activities. To fully understand the concept of transnational entrepreneurship, the interplay of various contextual factors needs to be accounted. The third and final section investigates in more detail the overall business environment in Albania, by listing some of the advantages of and obstacles to starting a business in the country, and illustrated by a selection of representative quotes from the interviews.

The overall objective of this chapter is to explain the complex and historically layered dynamics of the Albanian political economy. It provides essential context to explore and interpret the experiences of the returnee entrepreneurs, whose voices will also echo through parts of the chapter, and it will set the scene for chapter 7, which looks more broadly at the migration-development relationship.



## 6.1 The broad macroeconomic environment

### 6.1.1 *The economy under communism*

Because of the absence of entrepreneurship in Albania during the communist era, we would expect Albanians to be in a weak position when it comes to conducting entrepreneurial activities within the country and transnationally. However, Albanians in general, and Albanian migrants and returnees in particular, are nowadays increasingly engaging in various types of entrepreneurial activities. I suggest that the unfulfilled economic aspirations under communism might be a reason of Albanians engaging in transnational economic activities. Therefore, it is important to deepen our understanding of Albania's economic transition and of its various phases. We need to first see how Albania's economy functioned during the communist regime in order to understand how entrepreneurship was an unexplored and forbidden area for Albanian citizens.

Albania was under the communist regime for more than four decades. During this period, the country followed a very strict self-isolated policy and a centrally planned economy (Draper, 1997). It had an economic system in which the state owned all the means of production and made all the economic decisions. Private enterprise was not allowed as it was considered a characteristic of capitalism and the bourgeoisie and as a result was incompatible with the socialist economy. Muco (1997) gives an effective summary of the economic centralization of Albania. He explains how the state had different layers of hierarchy where economic decisions were made. Therefore, all the economic decisions such as the pricing and allocation of goods and services, production systems and quotas, and employment structures were tightly controlled and handled by the central government. The same restrictions applied to the state enterprises. The State Planning Commission and Branch Ministries were in charge of all the economic indicators related to the state enterprises. Quality and quantity of factors of production and labor mobility were in accordance with the plans and dictates of the central government.

Regarding economic ideology, during the communist regime there was a tendency to force the acceleration of industrialization and the collectivization of the agricultural sector. The government regarded collectivization as a policy that generally increased productivity and as a result would solve agricultural supply and distribution issues. The

Albanian Government, along with other countries in Central and Eastern Europe, followed an adaptive approach towards collectivization. It started with the Agrarian Reform implemented in 1946 (Cungu and Swinnen, 1999). Through this reform, the communist government took the land from large landowners and redistributed it among small peasants. This policy on the one hand removed the instinct for large-scale private ownership among Albanians, making them even less likely to enter the realm of expansive entrepreneurship after the fall of communism. On the other hand, the small plots redistributed to the peasants were too small to be economically viable, and lacked the back-up for this system to develop into business-oriented farms. Soon after, the communist government started the process of collectivization. Civici (2012) explains that the process of collectivization started with the establishment of the first socialist cooperative in 1946, and de facto ended in 1967, but de jure ended in 1976 with the new Constitution, which sanctioned the public ownership of land. Thus, all agricultural land was administered in cooperatives and state farms, with “private plots” squeezed out.

The second issue which the communist government aimed for was acceleration of industrialization, with a special focus on heavy industry. During 1950-1960, there was a sharp increase in the scale of domestic industry, such that, by 1960, industry counted for 50 percent of Albania’s GDP (Civici, 2012). During this period, the country had a well-established technology (given the period) for the extraction of oil and other minerals, a moderately efficient operation of the textile and food industries, and some transportation improvements.

However, this stable economic growth and development eventually came to an end. In the 1980s, Albania’s average economic growth was not more than 1 percent per year (Civici, 2012). The extensive use of the country’s resources – notably agriculture and minerals – was not followed by technological improvements or increased productivity. Also, the former socialist countries – first Russia, then China – terminated their aid to Albania (Copper, 1979). In 1976, the Albanian Constitution banned foreign aid and loans, prescribing that the country will develop its route to socialism based on its own internal resources (Muco, 1997). However, factors such as poor leadership and inefficient management of economic development brought an economic crisis to the whole country. There was a sharp decrease in local production, exports, and consumer goods. Meanwhile the population was constantly growing, but most of young labor force remained outside

the market as new job creation had almost stopped. The demographic increase was not supported by economic growth and job creation. When faced with such difficulties, some attempts were made by the government to decentralize the state-owned enterprises and improve the quality of economic management (see, for example Gjyzari, 1989; Muco, 1997; Kaser, 2006). However, these measures did not change the core characteristic of Albania's economy: state ownership over the means of production. The difficult economic, financial and political situation in Albania led to the final breakdown of the communist regime. After the election in 1991, the Albanian Democratic Party took over the country and started to implement new economic reforms. The new Albanian government, with international help, made macroeconomic stability a priority (Kaser, 2006).

#### *6.1.2 The post-communist and current economic context*

The unfavorable macroeconomic and political environment that has devilled Albania for the past almost three decades may be partly seen a legacy of the communist political economy. Huntington (1991) asserts that when democratization started to take place in the Balkans, these countries were not ready yet. They were missing the "Western" historical experience of feudalism, reformism, Enlightenment, the French Revolution, and liberalism. Because of the lack of this so-called Western culture, these "Balkan" countries have difficulties in accepting and developing democracy. Other writers confirm obstacles to the development of well-functioning democracies in other "East European" countries (Linz and Stepan, 1996). When analyzing the democratic distortions based on the experiences of Eastern Europe and Latin America, Greskovits (1998) argues:

"Even the more successful East European nations will continue to exhibit varied combinations of relatively low-performing, institutionally mixed market economies and incomplete, elitist, and exclusionary democracies with a weak citizenship component" (p. 184).

In Albania's case, the democratic deficit comes as a result of the lack of democratic institutions, history of authoritarian leadership, lack of the rule of law, domination of the traditional laws and customs of the Kanun,<sup>4</sup> and the enduring influence of ideologies.

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<sup>4</sup>The Kanun, also known as the Kanun of Leke Dukagjini, is a set of traditional Albanian laws, based on largely unwritten codes of honor, family and clan loyalty, and sometimes violent means of resolving

Weak democracy impedes the establishment of a market-oriented economy. As a result, Albania is one of the European countries struggling with its path to a well-functioning economic system. The country had a poor democratic inheritance and very limited market experience. Also, establishing a market economy is not just about following various successful models. Experience from many other post-socialist economies shows that reconstruction of a market economy is a long and complex task and has often fallen short of expectations (Svejnar, 2002; Lane and Myant, 2007). The drawbacks of the transformation process in Albania can be considered as typical for other post-socialist countries, facing a variety of problems in their organizational and institutional change. In the case of Albania, it is also about trust. Albanians were not psychologically, sociologically, and culturally ready to face the challenges of a market economy and of a democratic society. Hence, the economic behavior of Albanians, as we will see below, has not been fully in accordance with the standards, requirements, and needs of a capitalistic economic system.

When discussing Albania's economy, we cannot ignore the effect of the large-scale emigration in the country's economy (King, 2005). For example, with the successive migration waves, which were discussed in detail in chapter 3 and which continue today, Albania suffered from brain and skill drain. The country lost individuals from all categories of the population, including well-known scientists and highly skilled professionals (Gedeshi et al., 1999; Barjaba and King, 2005; King, 2005). Hence, high-skilled emigration has contributed to a loss of the country's human resources, productive capacity and business environment. Additionally, these massive migration flows have caused other implications for economic growth and the business climate, such as population aging, low birth rates, wider regional disparities and degraded lands. Below, I discuss some key features of the country's economy that matter to the Albanian transnational entrepreneurs and are also important in relation to the empirical evidence of the study. In doing this, I follow the initiative of Zhou (2004), who finds that the homeland's economy is important in determining the types of economic transnational activities.

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conflicts. It is an ancient code of conduct that regulates life for a large portion of the Albanian population in central and northern Albania.

*Financial and economic crises* – Since the fall of communism, Albania has undergone a transition – albeit flawed, as indicated above – from a centrally planned to a market-oriented economy. Starting from 2000, Albania entered the path of a steady economic growth and indeed it continues to make broad macroeconomic progress (see figure 6.1). The period from the fall of communism until the year 2000 can be considered as a preparatory phase for a stronger economy. It is important to mention that during the transition period, three economic crises hit the country: the collapse of the financial pyramid schemes in 1997; the global financial and economic crisis in 2008; and the deeper Greek economic crisis, on the doorstep of Albania.

These crises came with political, social, and economic consequences, although the impact was far more internally severe in 1997, as figure 6.1 shows, where the macroeconomic impact was almost on a par with the collapse of communism in 1990-91. As can be expected, my interview data show that these crises also had a negative impact on the entrepreneurship activities in the country, destroying business confidence. Some of the older participants described how their business initiatives were interrupted by these three crises, especially the one in 1997. The economic breakdown from the pyramid schemes' collapse was followed by a period of civil disorder in Albania. For many of the entrepreneurs, this was not a good period for operating their businesses. A few of them had to put their businesses on hold because of the difficult situation in the country. For example, one of the interviewees described his fear when travelling by car from Greece to Albania and how he was hiding cash on his body. Another participant paid his family members to guard the building where he had his business. In terms of economic indicators, in 1997, Albania experienced a sharp decrease in GDP growth rate (see figure 6.1). After that period, Albania's GDP level experienced a rapid increase.

However, with the global financial crisis of 2008 and especially Greece's long-running debt crisis, the country experienced again a decline in the GDP growth rate, bottoming out in 2013. As expected, the Greek crisis negatively impacted the economy of Albania in several fronts, namely sharply rising number of returnees, falling level of remittances and amount of Foreign Direct Investment (FDI), and unfavorable trade exchanges. As one of the participants stated: "We have felt the Greek economic crisis deep in our bones. We faced a tough situation." Because of the turmoil in Greece, tens of thousands of Albanian migrants returned home, cutting off remittances and increasing the

unemployment rate in Albania. For a more detailed discussion on remittances, refer back to section 3.9. As for foreign direct investment, Greek FDI to Albania has decreased since then, dropping from 53 percent of total FDI in 2006 to 27 percent in 2011 (World Integrated Trade Solution, 2018a). The same source shows that trade exchanges changed too. The Albanian imports from Greece went from 14.6 percent of the total in 2007 to 7.9 percent in 2016, and exports went from 8.3 percent of total exports in 2007 to 4.6 percent in 2016. As a result of these financial and economic crises, Albania's GDP growth rate has remained low in recent years.

*Figure 6.1: GDP growth in Albania (annual %), 1981-2016*



Source: The World Bank, 2016.

Changes in the GDP can predict business growth; an increase in the GDP may encourage a business to expand, hire new employees, pay higher salaries, and offer more services and products. For the coming years, the Albanian economy is projected to have a GDP growth rate of around 3.8 percent in 2019, not very different from the existing one (World Bank, 2016a). On the other hand, the Ministry of Finance and Economy provides more optimistic data regarding the economic growth of the country, a rate of 4.3 percent in 2019 and 4.4 percent in 2020 (Ministry of Finance and Economy, 2018). Some scholars (for example Civici, 2016) are more pessimistic about Albania's potential for economic growth. According to them, economic, financial, and social indicators show that Albania lags behind many countries in the Balkan region and even more so the EU. The projected increase from the aforementioned institutions should clearly be supported by various factors such as an increase in both foreign direct investment and domestic private investment and a corresponding increase in private consumption. For example, an increase in FDI might not be very promising based on the challenges that entrepreneurs are currently facing in the country, as showed in the fifth round of the Business

Environment and Enterprise Performance Survey<sup>5</sup>. This survey is further discussed in an upcoming section (6.3.1 on the Albanian business environment).

*Foreign direct investment* – A variable of signal importance when it comes to a country's economy, including especially its entrepreneurial development, is foreign direct investment. FDI can be an important variable when examining transnational entrepreneurship as my interview findings show that some of the Albanian transnational entrepreneurs used foreign investment for their ventures. Also, FDI is assumed to bring into a country capital, technology and knowledge that can be transferred to and stimulate domestic and transnational entrepreneurs operating in the country (e.g., Javorcik, 2004; Haskel et al., 2007). Data show that Albania's ability to attract foreign direct investment is not very promising. Based on a report from the World Bank published in 2016, the value of FDI as a share of Albania's GDP has been decreasing in recent years: from 9.8 percent in 2013 to 7 percent in 2018 (South East Europe Regular Economic Report, 2016). In addition, according to Sanfey and Milatovic (2018), Albania has the lowest level of FDI per capita in the Western Balkans: around 1,000 euro, compared to countries such as Montenegro (6,000 euro), Serbia (3,000 euro), and Bosnia-Herzegovina (2,000 euro). A more reliable investment framework is needed in order to attract more foreign income into the country.

*Poverty* – Another important macroeconomic variable of Albania's social economy is the poverty threshold. Often, when talking about the relationship between poverty and entrepreneurship, scholars see entrepreneurship as a mechanism to reduce poverty (e.g., Bruton et al., 2013). However, it is also important to see it from the other direction; how poverty impacts entrepreneurial activities in the country. The poverty level is important to be considered, as entrepreneurship evolves in a particular context and structure of economy. Also, this can be a factor in determining the paths of opportunity and what can be called "necessary" entrepreneurship. In Albania, the poverty level has declined since the 1990s, and then decreased by half between 2002 and 2008, but increased again after 2008 (World Bank, 2015f). The increase can be attributed to a combination of slower economic growth, higher unemployment, and falling remittances. In 2012, 14.3 percent

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<sup>5</sup> BEEPS V is a joint initiative of the European Bank of Reconstruction and Development (EBRD) and the World Bank Group.

of the Albanian population was living in poverty (World Bank, 2015f); this was the last time the level of poverty was measured. One in seven can be considered to be a high incidence of poverty for a European country, and it shows that many Albanians have failed to escape poverty since the fall of communism. Poverty remains a critical issue for the country and business development.

One approach to tackling this issue is for the Albanian government to focus on specific groups of people who have not been able to gain from the expansion of the economy during the transition years. Studies show that the poorest groups of Albania's population are: vulnerable children (5.7 percent of total number of children aged 0-14); vulnerable unemployed youth (around 23 percent of young people 14-25 years old); vulnerable women (divorced, heads of households, abused); vulnerable elderly (around 13 percent of elderly people in the country); and the Roma communities, for whom there is no separate data (Dragusha and Miruku, 2014). This assumption can be made from the high unemployment rate among these mentioned groups; lack of jobs is more persistent among these vulnerable groups.

In fact, a key economic indicator which has not changed significantly since the fall of the communist regime in Albania is indeed the unemployment rate. Available data show that the unemployment rate in the country was 15 percent in 2017 (World Bank, 2018). In the same year, the youth unemployment rate was 33.6 percent and female unemployment was 15.4 percent. During the last 25 years Albania experienced a model of economic growth with no or only a modest level of job creation (Barjaba, 2013). The intervention policies of the Albanian government to address the issues of poverty and unemployment can vary from as simple as providing the population with more financial planning skills in order to be able to manage the existing capital they have, to improving access to finance as a way to lead them to entrepreneurial activities. The high poverty incidence in the country has had many negative effects for entrepreneurship such as discouraging the workforce, weakening the skills of the labor market, increasing structural unemployment, and slowing down the potential of self-employment. The shortage of skilled workers serves as a barrier to the productivity and expansion of business activities. All these effects have served as pitfalls to overall welfare and development. Taken in the round, the vulnerable welfare system and the weak and slow pace of development discourage the operation of transnational entrepreneurial activities in Albania.



*The banking system* – Another vital sector of the Albanian economy with great importance to entrepreneurship is the banking sector. In order to have a healthy economy, a country needs to have a healthy financial sector (Schumpeter, 1934; King, 1993). The success of transnational ventures depends on the financial sector and examining this sector helps to understand the underlying factors that influence entrepreneurs' business decisions. Evidence suggests that the issue of getting finance for the small business sector remains a challenge.

The banking system in the country has changed significantly since the fall of communism. It currently consists of the Bank of Albania, which is the only first-tier bank, and various second-level banks; the country has 16 second-level banks operating in the market (Bank of Albania, 2016). Overall, the banking sector is considered as adequately capitalized, liquid, and stable; confirmed by the last report of the IMF in 2017. Regarding the financial freedom index, Albania has a high score and is considered to be aligned with the EU standards (The Heritage Foundation, 2016).

Nevertheless, the banking system has not met the expectations of serving as an engine for investment and growth. For instance, there is room for banks to expand lending. It is accounted that loans to businesses and households amount to approximately 37 percent of the country's GDP (European Commission, 2018). Participants report problems with lack of finance due to limited information, collateral requirements, excessive scrutiny and evaluation, requirement of many documents etc. In addition, a considerable part of the currency circulates outside the banks, in the black market. This phenomenon might be linked to money generated from illegal activities such as human trafficking and drugs, and ineffective contract enforcement, lack of independence, accountability and transparency and uncertain property rights in the country. At the end of 2017, 20.9 percent of the currency, or around two billion Euro, was circulating out of banks, compared to 19.9 percent in 2009 (Bank of Albania, 2018). This percentage is very high when compared to the level of Eurozone countries (2 percent), and neighboring countries such as Macedonia (8.2 percent) and Serbia (6.5 percent). This phenomenon leads to higher interest rates, lower levels of investment, reduced domestic demand, lower consumption and less job creation. Based on the above indicators, Albania's banking system is still far from creating satisfactory conditions for transnational entrepreneurship when compared to other countries in the region. The banking system should be more actively involved in

providing entrepreneurs with financial assistance and capturing the remittances market. The financial institutions have untapped potential for transforming remittances into a source of financing for transnational entrepreneurship and other development projects.

*The private sector* – Private sector economic activity plays an important role in developing and transition countries such as Albania, as the country has moved from central planning to a market economy. Free market entrepreneurship is seen as an essential asset in the transition economies, from Central and Eastern Europe and the former Soviet Union to China (Kornai, 1992; McMillan and Woodruff, 2002; Stoica, 2004). Given the critical role of entrepreneurship in countries' economic growth (Schumpeter, 1934; Acs, 2003), empowering the private sector has been and still is a priority of all Albanian governments since the fall of the communist regime. The private sector in Albania is estimated to contribute about 87 percent of the country's GDP and to employ 85 percent of the labor force (INSTAT, 2017). The Albanian Government's efforts in improving the country's private sector have been numerous. One of the most recent ones is the Albania's Economic Reform Program (ERP 2018–2020), which covers various macroeconomic and fiscal policies. It aims to ease the regulatory burden on businesses, expand access to financial services, increase national research and innovation capacities, and attract new investments. Overall, the ERP's framework appears to be slightly optimistic. For instance, ERP predicts strong foreign direct investment inflows. However, the FDI inflows have been focused on natural resource-based industries; which as non-renewables may not be at the same rate in the future. The opportunities might be more limited, which will cause a drop in FDI. Also, while the ERP has launched some important business-relevant reforms, it neglects other important issues that have to do with the business climate such as the judiciary, property rights and contract enforcement issues.

The small and medium-sized enterprises (SMEs) are important for the country's economy and have been receiving the government's attention recently. Many studies assess the role of SMEs as the engine of a country's growth (Acs et al., 1997; Ayyagari, 2003). The development of this sector has had a positive impact on Albania's economic growth and employment. The government has intensified the fight against informality through the action plan of 2017; however, despite these actions, SMEs identify the informal economy and unfair competition as key obstacles when it comes to doing business. By sector,

around half of the Albanian SMEs are in trade, accommodation and the food service activities (INSTAT, 2015c), and the majority of such enterprises are small.

Regarding trading partners, the main ones are European countries. For 2018, the main export partners of Albania are Italy with a 54.5 percent share, Serbia/Montenegro 8.8 percent, and Greece 4.6 percent (World Integrated Trade Solution, 2018). On the other hand, the countries from where Albania is importing are Italy with a share of 29.3 percent, Germany (9.5 percent), China (8.8 percent), and Greece (7.9 percent). Greece and Italy thus remain as the two countries with which Albanian entrepreneurs are trading most goods and services. Trading with more developed countries, and having stable trading partners abroad, are of key importance for Albanian transnational entrepreneurs.

*Informality* – Another matter of concern for Albania’s economy and business community is informality. A high level of informality has been present in both the economy and labor market of the country. Speaking at a press conference in 2015, the Economy Minister expressed his concerns over the level of informality which was calculated to be almost 50 percent of the country’s GDP, with 30 percent of businesses operating without being registered at all and having no cash accounting system (Ministry of Finance of Albania, 2016). Among the several concerns regarding informality, unfair competition is one of the challenges faced by entrepreneurs when doing business. The business environment in Albania remains costly because of the unfair competition coming from the informal sector (European Union, 2018); this might serve as an obstacle to transnational entrepreneurship and foreign investment. The fiscal system in Albania is not that strong, leaving room for tax fraud and tax avoidance.

Despite the continuous efforts of Albanian governments to improve the country’s overall economy, Albania’s economic transformation still has several inconsistencies, some of which were discussed above: low productivity, continuous trade deficit, stubborn unemployment, high poverty and social exclusion, and high level of informality in the economy and labor market. Regarding these issues, the government of Albania has embraced several reforms focusing on macroeconomic and fiscal sustainability, competitiveness, energy, formalization of the economy and labor market, pensions, and territorial administration.

The government has, to some extent, realized the importance of environmental resources as economic assets and has recently undergone a reform to better exploit the natural resources in a rational way, in order to increase the welfare of the country. For example, concession agreements<sup>6</sup> have recently been an important tool for the Albanian government in the framework of increasing the investment level in the country. So far, these agreements have been granted for various activities in the country, including mining, energy, infrastructure and tourism. However, as confirmed by the International Monetary Fund, this approach is not always and necessarily beneficial for the country. Albania does not have the required institutional framework to manage these agreements and analyze the costs and benefits of the projects. In fact, the provision of concessions has significantly increased the public debt and as a result has challenged the business environment in the country.

Having a new strategy (2018-2024) for the Albanian Diaspora's engagement in the country's development is a very recent effort of the government. This strategy has great potential for the engagement of transnational entrepreneurs who are considered to be part of the new and old Albanian Diaspora. It can encourage many entrepreneurs conducting businesses in a host country to consider doing business across borders too. However, from a more critical perspective, the Diaspora Strategy is focusing more on the preservation of the Albanian language, culture, and identity, and on political issues such as out-of-country voting for Albanian citizens living abroad, rather than on the Diaspora's economic contributions. In the last couple of years, the country is under a reform momentum which is expected to reduce the fragilities of the economy and bring significant progress in the near future. However, a proper implementation of these policies and capacity building remains critical. Next, I will discuss Albania's position in the EU integration process.

### *6.1.3 Albania's efforts to join the European Union: some significant indicators*

Albania's progress towards integration in the European Union (EU) is of great importance for entrepreneurs operating within and across the country. EU integration can serve as a

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<sup>6</sup>In the case of a public service concession, a private company enters into an agreement with the government to have the exclusive right to operate, maintain and carry out investment in a public utility for a given number of years.

guarantee to foreign investors and transnational entrepreneurs who are looking for opportunities to invest and operate businesses in an EU member state, taking into account the current problematic perception of Albania in the international financial and political environments. Among other benefits of Albania joining the EU are: more freedom for Albanians to live and work across much of the continent, removal of trade barriers, lower business costs, more business efficiency, and better access to products, etc. The reasons why Albania should join the EU and the advantages from joining are many and easy to list. However, the path towards the EU is not an easy and straightforward process, which requires the engagement and positive commitment of the Albanian government, both governmental and nongovernmental institutions, and even of the Albanian citizens. The Albanian government thus far has mainly focused on creating a positive political and macroeconomic perception rather than improving the main indicators of economic and social development. In recent years the EU is looking much more critically at the macroeconomic perceptions and data supplied by countries aspiring to become full member states.

For an analysis of the position of Albania in relation to EU integration and the overall situation, it is necessary to analyze some of the basic development indicators such as i) Gross Domestic Product per capita (GDP), (ii) the level of tax payment, and (iii) the corruption index as a fundamental indicator of good governance. These indicators are also relevant to the business environment in the country. The analysis of these development indicators is based on a comparison of Albania's indicators with those of some countries in the region that have been accepted in the EU (Croatia, Romania, Bulgaria) or are in some kind of process of accession, such as Serbia, Montenegro, Kosovo, Bosnia and Herzegovina and Turkey.

Firstly, it is not by chance that the countries of the region which have been admitted to the EU, at the moment of accession had a GDP per capita much higher than Albania. This is not the responsibility of today's government only, but of the governments of Albania over the last three decades. It should be clear by now to the Albanian government that the EU is not ready to accept a mismanaged and poor country whose population will be a burden for the taxpayers of the European Union. Secondly, Albania is officially considered a democratic country. However, we have a democratic country and a capitalist economy when we have a proper fiscal regime and an effective fiscal culture. Albania's

problem is not just the fiscal system, such as the choice between flat-rate or progressive taxation. It is important to analyze whether Albania has fiscal transparency, fiscal sustainability and fiscal education. On the one hand, it is important to make sure Albanian citizens are paying taxes, but on the other hand, it is important to examine whether the state has the willingness and capacity to properly collect taxes. In order to have a capitalist economy, there is the need to invest in the fiscal culture of the state and entrepreneurship. Thirdly, the corruption index is an important indicator of good governance. According to Transparency International (2017), the corruption perception index score for Albania is 38 (0 is the highest corruption and 100 is a government completely free from corruption). Although from 2013 to 2016 the index of corruption is improving, Albania is still behind the countries that recently became part of the EU. For example, in 2017, the score for Bulgaria was 43, for Romania 48, and Croatia 49 (Transparency International, 2017). Corruption is also one of the challenges faced by the transnational entrepreneurs who participated in my research. This analysis shows that Albania will be closer to EU accession and offering an attractive business environment only when it attains significantly improved economic and moral standards such as welfare, capitalist culture and good governance.

## **6.2 Political, institutional, and legal environment for entrepreneurship**

When examining transnational activities of Albanian entrepreneurs, broader explanations from the political, institutional, and legal frameworks are needed to understand why and to what degree they encounter challenges. Entrepreneurial activities are impacted by the country's processes, systems and regulations, which can help create a suitable business climate or discourage investors from their entrepreneurial business plans. Xheneti and Bartlett (2012) describe Albania's transition from communism as a difficult alternating phase of various crises and recoveries. Here, then, I give a detailed description of Albania's efforts in building a well-functioning environment for competition and business development.

### *6.2.1 Political environment*

In the Albanian context, the political environment is particularly important because many enterprises in the country are offering public services and making investments which are

funded by the Albanian government. This makes the enterprises operating in the country more dependent on government policies. The political environment can be described through the optic of government policies impacting businesses in various ways. Some scholars believe that political activities play an important role in entrepreneurship (see, e.g., Dobbin and Dowd, 1997; Aldrich and Martinez, 2001). The degree of regulation regarding various issues such as environmental considerations, tax or operational structures impacts the business environment. Albania is one of the countries in which government and politics are highly linked with the business sector. Nowadays, there is a tendency for Albanian entrepreneurs to enter the world of politics. As we will see in chapter 7, among 50 transnational entrepreneurs, 6 of them have been part of the Albanian parliament at some point in time. One possible explanation for this trend is that they see being part of politics as a ticket to success in their business activities.

However, as also reported by the research participants, being involved with both politics and the business world is not necessarily the best strategy or an easy path to success. On the one hand, entrepreneurs might indeed derive economic gains from being politically active. On the other hand, they might think twice about their involvement, as there are many drawbacks. Firstly, by being a politician, they might be able to secure their livelihood, but they do not necessarily widen their entrepreneurial circles; there might, for example, be pressures on their time, so it becomes difficult to function well in both fields. Secondly, by belonging to a political party, entrepreneurs may have interests and beliefs that differ from those of their employees or customers. Some of the participants explained that, sometimes, customers select their suppliers based on the political party that the owner of the firm belongs to. Adi, running his business in Elbasan (Albania), expresses his concern: “We are not only punished by government officials, but by our customers too.” This practice is more common in smaller cities where locals know each other and during electoral periods. As a result, owners of firms may be losing highly skilled employees or valuable customers because of certain beliefs that appear oppositional or disturbing to certain people. Therefore, they may limit their business potential by unnecessarily publicly declaring where they stand in terms of political beliefs. However, this does not necessarily mean that politics and entrepreneurship should not mix, it is more that understanding the risks is difficult. Entrepreneurs should have a say and they can serve their business interests by putting their requests to the government.

But this engagement should be constructive and open: tactics that have been ignored by most Albanian entrepreneurs.

Albania is a country where the business cycles follow electoral cycles. The logic behind the interaction between business and electoral cycles is that parties influence the country's economy in such a way that it will help them win elections (see Downs, 1957). This is also seen in other post-communist countries, as demonstrated by Frye (2002) and Treisman and Gimpelson (2001). Often, the electoral cycles increase the economic costs of companies. One of the research participants, who has been back in Albania for more than ten years, explains how the electoral rounds affect his daily business. Adi, who owns a healthcare center and has been running this business since 2009, remarks as follows about the risks of political affiliation:

“Often, enterprises get big penalties from the Albanian governments that are not reasonable. It is just the government punishing firms that support a different political party from the one in power. Customs officers have performed audits of my inventories four times in the last 20 days because I belong to a different political party” (Adi, Elbasan).

In Albania, the government plays a critical role in business affairs. As a result, political changes expose the businesses to several risks. Entrepreneurs state that when the government in Albania changes, the business environment becomes unstable. There is increased uncertainty regarding factors such as the ideology of the next ruling party, the fiscal system, the identity of lobbyists, and the nature of new policies. Political instability also negatively impacts the attractiveness of the Albanian market to international and national investors. Petrit, a successful businessman in Tirana, describes the impact that political changes have on entrepreneurs:

“When the political government changes, businessmen get scared of what is coming. In this country, there is no stability. This system teaches businessmen not to be sustainable, but to rely on politics.”

Petrit, in addition to running his business, has been involved in Albanian politics through holding various positions in the public administration. He explains how the dissatisfaction and insecurity deriving from the political attitudes towards the business sector make Albanian entrepreneurs reluctant to invest and expand their business activities in Albania, especially during electoral campaigns, which are happening every two years if one takes



into account the local and national elections. As a result, many of the transnational entrepreneurs avoid long-term investments which might be more productive and prefer to undertake business deals which might be more profitable in the short run. Petrit explains the pressure of political cycles on business investments:

“Despite the economic reform programs that the Albanian government has undertaken recently, I cannot make an investment in this country. We don’t feel confident that regardless of the changes in the political environment, the economic policy will be the same. My investment is at risk if the upcoming government may have different economic preferences.”

Thus, the government’s attitude towards the business sector is an important aspect of Albanian economic life. According to neoliberal economic theory, the government sets the rules and regulations which ensure that businesses run smoothly (Friedman, 1951; Hayek, 1960). More specifically, political agendas on issues such as taxation, land ownership, infrastructure, regulatory reform, and intellectual property rights influence entrepreneurs’ decisions and strategies by making investment and entrepreneurial activities more or less attractive. For example, a recent change in regulation by the Albanian government made trading across borders more difficult. In 2015, Albania was practising an electronic risk-based inspection system that made trading easier (World Bank, 2017). However, with the governmental reform in 2016, trading across borders in Albania became more challenging by requiring mandatory scanning inspections for exports and imports. Entrepreneurs report this scanning as being more time-consuming and costly. “We have to wait for a longer time now at the customs and pay a higher rent for storing the products while waiting for inspection.” These changes are an example of how various regulations make Albania less competitive in the international market.

Regarding Albania’s foreign relations, the country has tried to maintain friendly relations with every nation. However, occasional tensions and incidents with countries such as Greece, Italy, and Macedonia have occurred. These incidents have been as a result of disputes over ethnic Albanians or Albanian migrants abroad. Despite these clashes, overall diplomatic relations can be described as positive. The country has an embassy presence in many countries around the world. Furthermore, it is a member of many international organizations including the United Nations, International Monetary Fund, World Bank, and World Trade Organization. Albania is also receiving foreign financial aid and strategic assistance regarding initiatives to promote the development of the private

sector. All these factors should be in favor of Albania having a friendly business climate and making transnational business more affordable to entrepreneurs looking to conduct their affairs across borders.

### *6.2.2 Institutional environment*

Previous studies have demonstrated the relevance of the institutional environment for the development of entrepreneurship (see North, 1990, 1997; Hurst and Lusardi, 2004; Baumol, 2005; Acs et al., 2008; Aidis et al., 2008; Boettke and Coyne, 2009; Welter, 2011; Xheneti, 2011; Xheneti and Bartlett, 2012) and specifically transnational entrepreneurship (Yeung, 2002; Drori et al., 2009; Urbano et al., 2010). As we saw in chapter 2, a comprehensive explanation of migrant entrepreneurship with high relevance to this study is mixed embeddedness (Kloosterman et al., 1999), which consists of the interplay between the social, economic, and institutional contexts. In this view, the institutional context is one of the three key factors facilitating the development of transnational entrepreneurship. Albania is one of the transition countries struggling with the lack of institutional memory due to being under a communist regime for more than four decades. After the fall of communism, the country experienced a difficult path in building both private and public market-supporting institutions from scratch. North (1990, p. 3) defines institutions as “rules of the game in society or, more formally, ... humanly devised constraints that shape human interaction.” Thus, institutions are considered to be indispensable for entrepreneurial activities as they can enforce various effects on them. The performance of transnational entrepreneurship can also depend on the institutional changes between the country of origin and the hosting country (Drori et al., 2009). For instance, institutional differences between the countries are used by entrepreneurs to explore opportunities that are not available in the other country. In the context of my study, the institutional difference between the countries is expected to be significant since we are dealing with two developed countries, Italy and Greece, and a less-developed country, Albania.

Successive governments of Albania during the country’s fundamental transition toward a market-based economy have continuously tried to apply the necessary institutional changes for the development of entrepreneurship. There have been efforts to upgrade the existing formal institutions, create new agreements, embrace reform policies, etc.

However, institutional weakness remains a challenge for the country. For example, a report from the International Monetary Fund for 2017 shows that anti-corruption institutions in Albania have limited independence and effectiveness because of the existing political pressures and weak capacity.

As Welter (1997) suggests, the development of institutions happens at three different levels: macro, meso and micro. Here then, the institutional environment of Albania will be evaluated based on Welter's (1997) perspective. Obvious examples of the macro-level institutions in Albania are national government and ministries. The main institutions supporting enterprise development in the country are the firstly Ministry of Economy and Finance, and secondly the Albanian Investment Development Agency, which operates under the supervision of the ministry and the Albanian Diaspora Development Fund.

The meso level includes institutions such as associations, chambers of commerce, and the banking system. The impact that the banking system has on entrepreneurship was discussed earlier in this chapter when analyzing the current economic context of Albania. For entrepreneurs, financial resources are an important determinant for business entry and operation (Hurst and Lusardi, 2004). In the case of Albania, from the interviews with the transnational entrepreneurs and the examination of the overall banking system, it was concluded that the banking system in the country has developed at a slow rate and the lack of access to the necessary capital to start a business is still a hurdle. In addition to the banking system, non-banking financial institutions are also present in the country. They are designed to expand access to finance for under-served enterprises. For example, the Albanian Diaspora Development Fund was established in 2018 by the Albanian government. The Fund aims to help members of the diaspora, which includes transnational entrepreneurs, to promote economic and social development in Albania; improve and facilitate the flow of remittances; increase the level of investment; and promote philanthropic initiatives in the country. This Fund is an important source for Albanian entrepreneurs abroad who are looking to conduct business not only in the host country, but in the country of origin too. The Fund can serve as an incentive to invest across the borders and contribute to the country's development. On a wider plane, there is an established literature analyzing how governments and development agencies support diasporas' involvement in the development of their countries of origin (De Haas, 2006; Aikins et al., 2009).

Another important institution at the meso level in the country is the Chamber of Commerce and Industry Tirana. It serves as a consultative and cooperative organ between government officials and entrepreneurs. Membership of this entity is open to any company registered in Albania. Currently, the membership of the enterprises is not mandatory. As a result, the voluntarily engaged membership might weaken the credibility of the Chamber and limit their scope of lobbying. In addition to the main Chamber, there are also other relevant associations supporting entrepreneurship in the country. For example, enterprises in certain sectors of the economy create their own business associations to represent their interests. Through these associations, the private sector can express the needs of the business community while participating in policy reforms. However, the transnational entrepreneurs in my study reported of being pessimistic about the role of the business associations (this was discussed in section 5.4.1 of the previous chapter). It is worth stating that these organizations have to be seen to be clear of government influences, otherwise they become just another kind of corrupt organization.

Moving finally to the third scale, the micro level covers business development centers and projects, and training and educational programs. These seek to develop young and less experienced entrepreneurs by providing them with the necessary skills and resources. Currently, Albania has several training programs that seek to create a business-friendly environment, develop entrepreneurial skills, and spread business information. Some of the training programs are offered by the entrepreneurs themselves. One of my participants is very active in organizing training sessions for his employees and other individuals who are interested to gain knowledge in entrepreneurship. Vasil, owner of a drinks firm, described his training initiatives as follows:

“In the contemporary markets, in order to have higher revenues, I need to have a more skilled workforce. Therefore, I am focused on training my employees with up-to-date skills and knowledge. In addition to serving as the company’s CEO, I am continuously training my employees through various workshops. I think that allocating resources to labor force qualification is not a burden for the company’s profits, but an investment for my business. It does cost me money in the short term, but it helps my company succeed in the long term.”  
(Vasil, Tirana)

In addition to the formal institutions, informal institutions are widely believed to be relevant to transnational entrepreneurship (see, for example Baumol, 1990; North, 1990;

Urbano et al., 2010). Informal institutions can be described as behavioral social codes that are unwritten but accepted and followed by most individuals in their day-to-day activities (Sautet, 2005). Informal institutions can be political, economic, or social. Ahlstrom and Bruton (2002) argue that in transition economies with weak formal institutions, entrepreneurship is usually conducted under informal codes of conduct. Informal structures and behaviors such as social networks and corruption play a key role in creating favorable conditions to selected local residents. Xheneti and Bartlett (2012) emphasize this practice by describing how entrepreneurs usually find it more profitable to do business through such informal arrangements rather than following more formal and legitimate contracting procedures (see also Karklins, 2005; Estrin et al., 2006). For example, Albanian entrepreneurs may give bribes to official authorities or draw on personal networks to enable them to get “special treatment” such as arranging preferential agreements or speed up bureaucratic procedures. Informal practices are created as a result of searching out paths that avoid following the rules.

Individuals with broad and diverse social networks have a great potential for establishing and operating transnational ventures in countries with weak legal and institutional frameworks (Drori et al., 2009). Transnational networks of personal connections, which are often useful in Albanian society, have played a major role in facilitating foreign funds to Albania. Due to the limited access to funding from banks operating in Albania, some of the Albanian entrepreneurs report having borrowed money from foreigners or creating business and investment partnerships with them. Therefore, these networks have compensated for and complemented the weak financial and legal system in the country. Another significant informal institution in the case of Albania, shown also by the empirical data, is the informal labor market. By having a large informal labor market, Albania is more likely to attract foreign investors and Albanian entrepreneurs abroad to conduct businesses transnationally, as the profit from these investments and activities might be higher. How transnational entrepreneurs use the opportunities available to their businesses is further discussed in an upcoming section (6.3.2 on success factors). However, some economists maintain that such informal practices constitute the prime threat to productive entrepreneurship (Baumol, 1990), moving business in unproductive and unethical directions and causing no benefits to the country’s economy.

### *6.2.3 Legal environment*

The weakness of the institutional environment impedes the existence of a well-functioning legal system. “Virtually no transition country succeeded in rapidly developing a legal system and institutions that would be highly conducive to the preservation of private property and to the functioning of a market economy” (Svejnar, 2002, p. 7). Debate has been ongoing on how the legal conditions of a country affect the development of entrepreneurship (see Smallbone and Welter, 2001; Hurst and Lusardi, 2004; Xheneti and Bartlett, 2012; Beatty and Samuelson, 2013) and transnational entrepreneurship (Saxenian, 2002). The legal environment of business is described as “the attitude of the government toward business, the historical development of this attitude; current trends of public control in taxation, regulation of commerce and competition; freedom of contract, antitrust legislation and its relationship to marketing, mergers and acquisitions; and labor management relations” (McGillivray, 2015, p. 1). Transnational migrant and returnee entrepreneurs rely on legality indices when making decisions about engaging in a certain country’s market, relocating their businesses or even returning to their home country and establishing a venture there. The legal environment matters to transnational entrepreneurship as it is capable of defining and creating entrepreneurial opportunities and shaping business decisions. It ensures that an attractive business environment is established, assuming that it will not put too many legal restrictions and mobilize diaspora’s economic and financial resources. Unfortunately, Albania suffers from a nontransparent legal climate, despite recent attempts to improve the situation.

Albania has reformed its legal system since the early 1990’s, attempting to create a hospitable legal climate for local and international investors. The Albanian Constitution, which is the highest law in the country, offers judicial independence; it separates the judiciary from other branches of the government, namely legislative and executive. Over the last decade, Albania has made progress with regard to the legal framework by adopting several significant reforms. The nation is trying to develop a system that is in accordance with the European Union requirements for admission to the EU. Attracting investment from outside has been one of the government’s priorities. Therefore, the reforms have been covering substantive procedural laws regarding public-private partnerships, bankruptcy, secured transactions, corporate governance, and access to credit. According to the Doing Business 2017 report, Albania has a middling score of 7

on a scale from 0 to 12 regarding the strength of legal rights for borrowers and lenders (World Bank, 2017). The collateral and bankruptcy laws of Albania are actually better designed to facilitate access to credit when compared to countries such as Greece or Croatia, which might be a factor in encouraging entrepreneurs to investing transnationally. Additionally, it is important to highlight that the country is to some extent prepared in the areas such as the right of establishment and freedom to provide cross-border services. According to the law on services of September 2016, the National Business Centre, through offices throughout the country and online services, serves as a one-stop-shop for the registration of businesses. This facility helps, to some extent, transnational enterprises avoid the complex and tedious procedures of registering a company.

However, Albania's progress in this domain has not been flawless. For example, skepticism exists regarding the law enforcement of court decisions (for further details, see the European Union's IPA Program for Western Balkans, 2013). Concerns regarding the Albanian judicial branch with a higher relevance to the business climate range across corruption; lack of independence, accountability, and transparency; ineffective contract enforcement; and uncertain property rights. In the whole legal system, courts have an important role in creating an environment that is attractive to domestic and international investors. Courts are important institutions as they can facilitate or deter entrepreneurial activities. They have a critical role when it comes to enforcing contracts, interpreting the rules of the market, and protecting economic rights. The failure of courts prevents Albania from establishing a strong, transparent, and efficiently functioning legal system. Also, policymakers in Albania have not performed as well as expected regarding institutional strengthening policies. Another important concern, which was also reported by the research participants, is the governments not following contracts, usually for political reasons. When governments change, the incoming governments often cancel or modify existing contracts that were signed by previous governments. This is a disturbing practice, since business relationships are based upon contractual agreements. Contract enforcement is further discussed later in this chapter when examining the challenges faced by transnational entrepreneurs.

The judicial reform that was adopted in mid-2016 consists of establishing new justice institutions in the country and examining the professional, moral and institutional

integrity of all members of the system. Reform of the justice system is a key precondition for the country's integration in the EU and is expected to improve the judicial efficiency of the country. In addition, it is expected to have an impact on entrepreneurship promotion and business climate improvement as a considerable criticism to the existing system is linked to property and land ownership, which is an important issue for investors and transnational entrepreneurs. Although good progress is made, corruption is widespread and remains a challenge (European Commission, 2018). The corrupt and politically influenced judges make unfair decisions when it comes to property disputes and create obstacles for business development and additional costs for transnational ventures operating in Albania. The relationship between businesses and the courts and the corruption taking place over property disputes make the country less attractive when it comes to investments from outside.

### **6.3 Opportunities and challenges for entrepreneurs in Albania**

This section describes the overall business context in which entrepreneurs in Albania operate. It illustrates how easy or difficult it is for entrepreneurs to establish and run a business in the country. I review data from several sources and, when possible, back this up by using information gathered from my research participants. The first part gives some general information on the overall business environment in the country by using several relevant indicators on entrepreneurship. The second part of the section examines some of the opportunities available to the business owners in the country, again supported by information extracted from my interviews with the transnational entrepreneurs. The third part explores some of the main challenges encountered by the enterprises in Albania, including again material from the study participants. It is argued that a wide range of opportunities and difficulties affect the entrepreneurial experience, from the launch of a business, to the developmental stage, to the ongoing and future operation of businesses. Surveying the advantages and difficulties that Albanian entrepreneurs face is important. It can give a better understanding of the entrepreneurial process among transnational entrepreneurs, of the decision making process when it comes to the country of operation, and it can also help the Albanian government to build better policies regarding the private sector in the country.

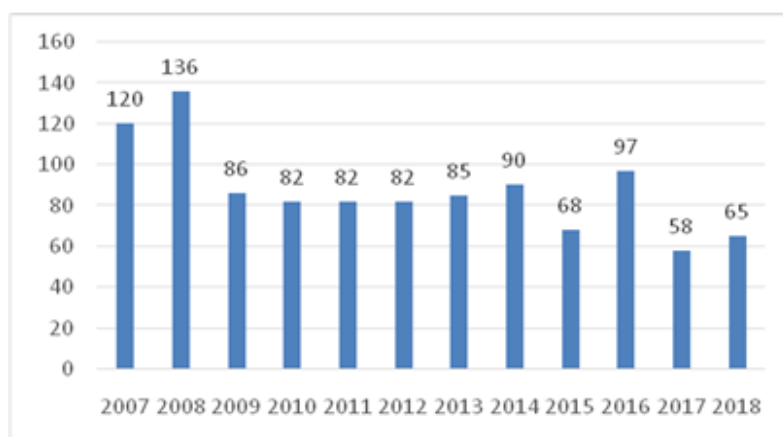


### 6.3.1 *The Albanian business environment*

According to the World Bank's Doing Business 2018 report (World Bank, 2018), Albania ranks 65<sup>th</sup> out of 190 countries for the ease of doing business (including regulation for businesses and protection of property rights) and 45<sup>th</sup> for starting a business (including procedures, time, cost, and minimum capital). In the corresponding 2017 report, Albania ranked 58<sup>th</sup> out of 190 countries for the ease of doing business and 46<sup>th</sup> for starting a business. When compared to last year's report, the country has lost several places in the ranking in a short period of time, which shows that the country is not making progress in facilitating entrepreneurship, or that other countries at the similar level are making faster progress. In addition, figure 6.2 shows that Albania's progress in entrepreneurship has not been very consistent over recent years. As shown, there was a significant improvement from 2008 to 2009; Albania ranked 86<sup>th</sup> in the world, moving up over 50 places from the previous year. However, this progress is not present in the following years. From 2009 until 2014 Albania's ranking did not change by much. Then, from 2015 to 2016, the country moved down in the ranking 29 positions, and again, from 2017 to 2018, Albania moved down 20 positions.

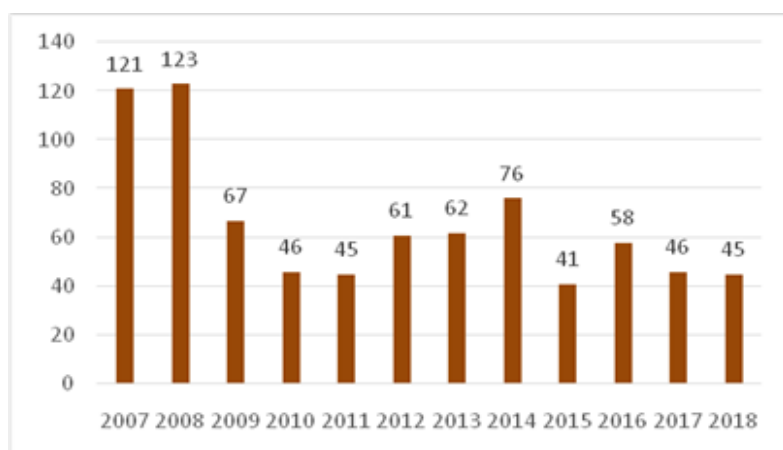
Secondly, starting a business is also an important factor in illustrating the entrepreneurship environment in Albania. Similar to the ease of doing business, starting a business in the country became easier after 2008 (see figure 6.3). The country moved up 56 places in the ranking. However, the pace of progress was again not the same in the following years. For example, from 2015 to 2016, the country moved down 17 positions. So, what caused the country to move a few positions down in 2016? One possible explanation might be the government's campaign, noted earlier, against tax evasion, non-compliance, and informality in 2015. The campaign was an attempt to fully establish rule of law in the economic and commercial domain of Albania. Therefore, this downward movement may be the short-term effects of trying to formalize the market.

*Figure 6.2: Ease of doing business in Albania (2007-2018): Albania's position in the global ranking*



Source: Doing Business database.

*Figure 6.3: Starting a business in Albania (2007-2018): Albania's position in the global ranking*

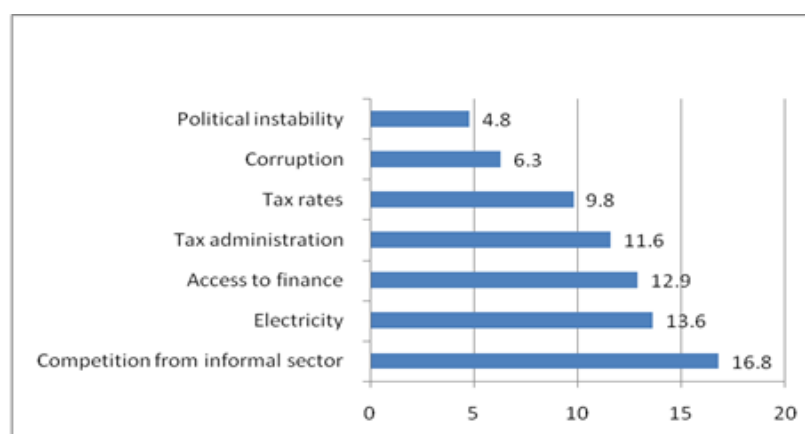


Source: Doing Business database.

Thirdly, the fifth round of the Business Environment and Enterprise Performance Survey (BEEPS V), conducted during 2012-2014 and published in 2018, examined the constraints on the path to a sustainable market economy in Albania, and showed that Albania is still facing several obstacles when it comes to doing business. Around 1800 business owners and senior managers were interviewed in six countries of the Western Balkans: Albania, Bosnia and Herzegovina, FYR Macedonia, Kosovo, Montenegro and Serbia. There were about 200 observations in Kosovo and about 360 observations per country for the rest of the countries. The survey focused on three topics: perceptions on factors hindering business activities; the quantitative impact of selected constraints to

companies' performance; and the correlation between constraints and companies' characteristics. For this purpose, respondents were asked to rank a group of obstacles that were perceived as hindering business activities. Figure 6.4 illustrates the top constraints reported by the Albanian business owners and senior managers that participated in BEEPS V.

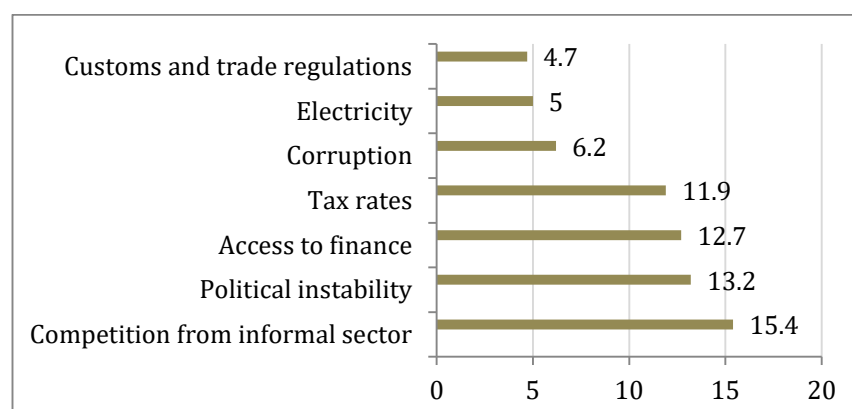
*Figure 6.4: Biggest obstacle to doing business in Albania (%)*



Source: European Bank for Reconstruction and Development, 2018.

Meanwhile, figure 6.5 illustrates the top constraints nominated by owners and senior managers of the aggregate of the Western Balkan countries. The survey results show a similarity in the ranking of these obstacles, having competition from the informal sector, access to finance, tax rates and administration, and corruption as key obstacles for the Albanian private sector as well as for the private sector in the other countries of the region.

*Figure 6.5: Biggest obstacle to doing business in the Western Balkans (%)*



Source: European Bank for Reconstruction and Development, 2018.

### 6.3.2 Success factors

The business environment in Albania presents both advantages and challenges. This section covers the factors that give transnational entrepreneurs an advantage of running their businesses in Albania. Low-cost labor is one incentive to the establishment of business in Albania. This assumption is confirmed by the Albanian entrepreneurs whom I interviewed listing cheap labor as a great opportunity offered by the Albanian market. Indeed, Albania's greatest competitive advantage is arguably its cheap workforce. Lower labor costs means lower operating costs for companies doing business in the country. An example of companies taking advantage of this opportunity is the *fason* (made-to-order) manufacturing sector or "Made in Albania" industry. In the majority of the cases, the companies bring raw materials from Italy, assemble the products in Albania and send them back to Italy. Compared to its neighbor countries, Albania has a competitive wage level. In 2016, the average monthly wage of workers in the country was 401 euros, the lowest wage when compared to other countries in the region such as Bulgaria (487), Macedonia (535), and Montenegro (753), according to Trading Economics (2016). One of the participant entrepreneurs compares the lower cost of labor in Albania with the labor cost in Italy, the two countries in which he is running his business. Agron explains that the success of his clothing manufacturing business depends on the fact that he operates transnationally, across Albania and Italy. He produces goods in Albania at a cheaper cost and exports them to Italy with higher prices compared to what Albanian customers can afford.

"When compared to the wages in Italy, the country with which I have business ties, there is a big difference in the amount of money that workers make in Albania for the same work. Meanwhile, the transportation costs are not that high. I sell my products in Italy where the purchasing power is higher and customers can afford the same items at a higher price. When I say cheaper labor force, I do not mean only their wages, but also the lower costs regarding the working, health and safety conditions at the workplaces. For example, the state monitoring and control in Albania is not as strong as the one in Italy." (Agron, Berat)

Of course, from the point of view of the workers, there is a flipside to low labor costs. Besides not making enough money, workers in Albania suffer from poor working conditions, which include even dangerous conditions. Several surveys conducted with the employees of various industries show that some workers in Albania face harsh conditions

as a result of the firms not following the Albanian Labor Code. Poor working conditions translate to lower labor costs for businesses. As a result, businesses operating in the country have a comparative advantage in the European and global economy. Entrepreneurs themselves and workers admit and express various concerns with the conditions at work. Especially, workers in the garment and footwear industries face poor working conditions, having to work in small, polluted and noisy environments. While on fieldwork in the town of Durrës, I had the opportunity to talk with some workers and asked them about their working environment. Here is what one of them said:

“We usually work 9-10 hours per day without taking a break. We even work on national holidays and Saturdays and do not get overtime payments. We have to work under poor lighting at work and we have continuously complained about it, but none of our requests has been taken into account.” (Behar, Durrës)

Among the top concerns were the poor physical conditions (cramped, dirty, lack of clean air, unregulated temperatures etc.) and the lack of overtime payments. The female workers I met were working in the manufacturing industry for more than 5-6 years and confirmed that they would not continue to work for those firms if their families did not rely on them as breadwinners and if they were not trapped by poverty. Workers labor in difficult working conditions and often do not manage to get even the minimum wage, a concern that is also raised by various reports and surveys. A survey conducted in 2016 by the Gender Alliance for Development Center (GADC) shows that half of the employees surveyed do not get the minimum wage at the end of the month because of various unfair penalties and despite the fact that they have to work more than 40 hours per week, violating the country’s Labor Code (GADC, 2016).

Another example of lower operating costs for businesses based in Albania is the existence of weak labor unions. The market power of unions has been and remains weak. One of the reasons behind their weak power is linked with the fact that unions mostly negotiate with the government, rather than directly with employers. Then, the government negotiates with employers to solve the issues that unions raise. Consequently, unions have a modest impact on decisions taken about wages, the labor market and welfare system. Also, unions are negatively perceived due to their non-democratic functioning and limited interest shown in the country’s wider development issues, such as investments, foreign debt, trade, and migration. Due to these reasons, trade unions have not received significant

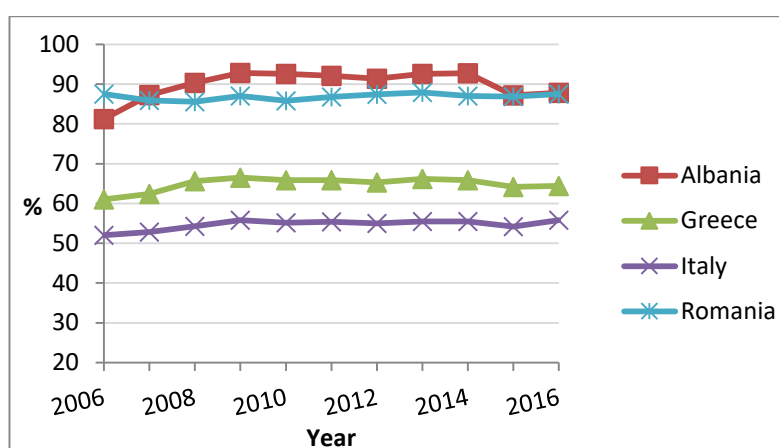
public attention. Furthermore, labor unions in Albania are highly involved with politics and have a high enrolled representation only in the public sector. There is a much lower active representation of the labor unions in the private sector. In some cases, workers have been continuously threatened about getting fired by their employers if they join trade unions.

“Unions? You must be joking! I do not need unions to be part of my life as I do not trust them. They have no power over my employer and often focused on their own individual interests. Besides that, they are continuously ignored by the government.” (Kino, Lezhë)

On the other hand, from a profit angle, the low representation of labor unions in the private sector is considered to be an advantage for doing business in Albania. On the whole, unionized businesses earn lower profits in comparison with non-union companies (see, for example Hirsch, 1991; Bronars et al., 1994). The Heritage Foundation (2016) confirms that “freedom” in the Albanian labor market is relatively high compared with EU countries, due to weak trade union power and low employment rights protection. The weakness of trade unions might lead to attracting into the country foreign investors and transnational entrepreneurs that are oriented towards informality and unethical business practices. The profit of the entrepreneurs from these investments might be higher, but the real gains to the country’s economy and society remain unclear.

Another advantage of Albania is its high score on fiscal freedom. Albania is a good option for companies seeking to reduce their tax burden when compared to countries such as Italy, Greece, and Romania (see figure 6.6). Fiscal freedom reflects the tax burden in the country, which is calculated using tax on personal income, tax on corporate income, and tax revenues in relation to GDP; each category having the same weight (1/3) in the composition of the index. From this perspective, the Albanian economy is considered to have a competitive advantage for entrepreneurs regarding taxation. The country has a low corporate income tax rate, currently, 15 percent, while for Italy and Greece the corporate tax rate is 31.4 percent and 29 percent respectively (Tax Foundation, 2016). Additionally, the government halved the tax rate for the domestic processing industry in 2017 (Invest in Albania, 2016).

Figure 6.6: Fiscal Freedom (2006-2016)



Source: The Heritage Foundation, 2016.

Entrepreneurs claim that Albania's market offers various opportunities for businesses both in terms of natural resources as well as in developing sectors and activities with high potential of innovation of modern technologies. Leonidha, owner of a small business consulting firm in Tirana, expands on the various market opportunities available to transnational entrepreneurs willing to invest in more innovative and productive sectors of the economy.

“Albania has a great potential for developing hydroelectric energy sector taking into account the water resources in the country and the mountainous topography. Additionally, Albania's geographical position and climate are favorable conditions for the production of solar energy. Also, the country has a significant volume of oil reserves.”

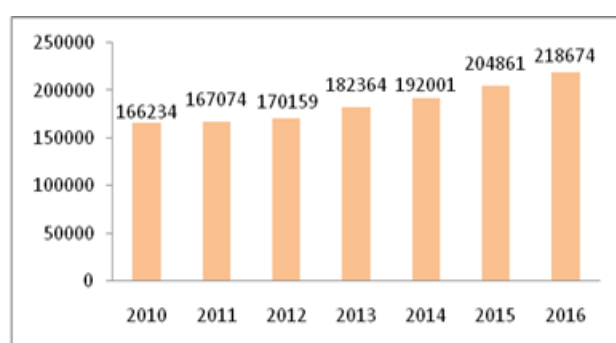
Overall, Albania has an abundance of natural resources; however, so far they have been used in an irrational way. Some entrepreneurs believe that there are a lot of business opportunities to be exploited. Leonidha expands his discussion on the natural resources of the country and suggests that the government should pay more attention to the development of the primary materials processing industry instead of exporting them as raw materials. In 2014, the contribution of the processing industry in the economy was lower than the contribution of the extraction industry, respectively 8.1 percent and 6.4 percent (Institute of Statistics of Albania, 2018). In this way, Albania will be able to export more final products instead of raw materials. Based on the country's capacities, the contribution of the processing industry should be much higher. The economic growth in the country has been mainly supported by consumption, remittances and imports, and

not by production, investment and exports. Albania is still in need of new products, services, and technology. For example, Albania is ranked 89<sup>th</sup> out of 140 countries in terms of technological readiness, an index which captures availability, absorption, and transfer of technology (World Economic Forum, 2015). Overall, the country is not performing to its full potential in sectors such as infrastructure, energy, and agribusiness. Meanwhile, the services sector accounted for about 47 percent of Albania's GDP in 2017 (World Bank, 2018a); the service sector is the one that receives more government incentives and support compared to other sectors of the economy. Arben, a transnational manufacturing entrepreneur operating in Italy and Albania, argues that the Albanian government does not have a clear vision yet in prioritizing the production sectors:

“I have the feeling that the Albanian government is more amicable to non-production rather than production industries. Fiscal incentives are used to favor the services and gambling industries rather than production.”

Demographics also play an important role in the entrepreneurial environment of the country. Albania's young workforce is one more reason for investing in the country. Nearly half (47.8 percent) of Albania's population is under the age of 34 (INSTAT, 2016). The median age of the population is 32.5. Having a young population means having more innovative minds and the workforce being able to learn new skills and absorb technology quickly. Figure 6.7 shows an increasing trend for Albania's population under age of 34, increasing from 166,000 in 2010 to 218,000 in 2016. Albania not only offers businesses a young and physically fit workforce, but also low operating costs; the high supply of labor means low wages. On the other hand, this continuously growing younger population poses a challenge in terms of labor market absorption, reflected in high youth unemployment rates and continuing pressures to migrate abroad.

*Figure 6.7: Population under age of 34 in Albania (2010-2016)*



*Source:* INSTAT, 2016.



Lastly, promoting entrepreneurship through privatization has been a significant business opportunity in Albania. Prior to the early 1990s, all enterprises were state-owned. With the economic transformation process, Albanian governments started the privatization of the state enterprises, aiming for entrepreneurial growth. Privatization covered various service sectors and energy infrastructure projects. The most visible outcomes from the privatization process are innovation and new ventures. Innovation includes outcomes such as upgrading existing products or creating new products for the market. New ventures refer to establishing a new business or moving to a completely new market. On the other hand, exposing previously state-protected activities to open market competition meant that many businesses, notably in the heavier industrial sectors, were exposed as uneconomic, and had to be closed down or drastically downsized, creating unemployment.

### *6.3.3 The unsaid benefits*

Along with the advantages of doing business in Albania discussed by the entrepreneurs themselves and shown from different reports, the country also offers some additional and hidden benefits. The state of Albania has many gaps that transnational entrepreneurs are taking advantage of when establishing their businesses in the homeland. Transnational entrepreneurs reported to me that they also operated their businesses across borders in order to take advantage of different market variables. Some of the market shortages in the destination or home country are used to entrepreneurs' advantages. Often, however, transnational entrepreneurs complain about the unqualified public administration in Albania. Viron expresses his concerns over the people that handle the paperwork of his business.

“Rotation of untrained militants is one of the problems of the public administration in Albania. Political party members are hired without meeting the necessary requirements for the relevant positions.”

As a condition for the EU integration process, Albania is undergoing a public administration reform with the aim of increasing employees' professionalism and eliminating their politicization. The ignorance of the administration personal is considered at first sight a barrier for the operation of businesses and service delivery. Operating in an administrative environment that is not at a professional level may limit

the export of goods into international markets. However, research participants also say that the ignorance of office personnel is used by skilled entrepreneurs to their favor. Having unqualified individuals in charge of inspecting a business gives entrepreneurs the opportunity to cheat the system, lower their operating costs, and boost profits. This is beneficial for the firms, but the overall economy of the country is negatively affected.

In addition, transnational entrepreneurs can take advantage of different regulatory regimes across the countries. They choose to produce certain products in Albania as the compliance costs are lower and then export the goods to other EU countries. Often Albania serves as a country which eliminates trading and market restrictions. Albanian entrepreneurs have the advantage of importing goods from countries which other European countries are not allowed to. Not complying with European standards and using transnational links give the Albania-based firms an advantage. Having access to different cross-border sources for products helps entrepreneurs trade products in a non-fully legal way. For example, meat imported from Brazil gets processed in Albania and is then exported to Italy.

“You can gain a lot if you learn how to maneuver between foreign markets. One way is how to significantly increase the market price of your products. I operate in the food industry. I know that among my competitors some of them are playing a dirty game. We export meat and meat products to Italy. We are supposed to export local meat, in compliance with the EU standards. I do so, but some of people I know, do not follow the same procedure. They import meat from Brazil and other Latin American countries, which is not in compliance with the EU standards, process it in Albania and then export it. This is not legal, but it is still happening as it brings higher profits and at the same time it creates difficulties for honest entrepreneurs.” (Alban, Tirana)

The poor enforcement of laws and regulations favors market spoilers in the short run, but might also affect negatively the flows of foreign investment and activities of transnational entrepreneurs in the country over the longer term.

Informality in business is another aspect which is exploited by some transnational entrepreneurs. Business informality is still a problem in Albania, as we saw above. Business experts state that a maximum of 50 percent of firms’ production is formalized. Again, market informality may serve as a barrier for firms to be able to export, but at the same time it gives to firms operating in Albania an advantage over their competitors. It

protects the Albanian market from foreign competition, since due to informality Albanian firms are able to produce with a lower cost than the companies abroad.

Furthermore, the energy sector in Albania indirectly offers some advantages to the entrepreneurial activities in the country. The total amount of energy used by the firms is calculated with a constant fee, while abroad firms have a different pricing system. Also, the energy meters in the country measure only active power, whereas the meters abroad offer active and reactive power measurements. This measurement makes a big difference in the fees and charges that firms should pay to the state. Hence, firms operating in the country have a lower cost of production. Operating on a transnational basis allows entrepreneurs to take advantage of lower operational costs in the country.

Lower labor costs also help transnational entrepreneurs in maintaining cost-competitive pricing while staying profitable. Cheap labor was discussed in the previous section as giving a fillip to the establishment of businesses in Albania. However, this discussion goes further. Employers and employees in Albania have a more relaxed relationship. According to Albanian labor law, employees should receive the same amount of income for each time period worked. However, some Albanian employers take the liberty to pay their employees based on productivity quotas. This system most often applies to the manufacturing sector, but it is not limited to this sector only. The employees' production is typically measured on a daily basis and their income is based on their productivity. Also, firms in the country have the advantage of operating with four additional days per month since they work on Saturdays too. Again, this is an example of how it is more beneficial to establish a business in Albania through violating labor laws and regulations:

“In my business facilities in Italy, I have never had my employees working on Saturday since I might get severe penalties. Meanwhile in Albania, my employees are willing to work on Saturdays even without being paid for their overtime hours, but instead getting paid at normal rates as during the weekly working days. Getting along with this practice is not very difficult when it comes to the labor inspectors. Actually, it is not as easy as it used to be a couple of years ago, but still manageable. I have been able to avoid penalties from the labor inspectors. This is one of the cases when having connections and belonging to the political party in power helps.” (Adrian, Durrës)

#### 6.3.4 Challenges

The challenges faced by the transnational entrepreneurs of this study highlighted a number of business development issues. As discussed above, Albania continues to lack the ability to fully enforce laws, which generally has a negative impact on entrepreneurial activities. Moreover, this can lead to unethical business practices, leaving room for corruption. As discussed earlier (see section 6.1.3), corruption is a widespread phenomenon and remains a key obstacle for the country and for transnational entrepreneurs wanting to do business in Albania. The scale of corruption in the country varies greatly, from small fines falsely imposed to large sums of money given as bribes to public officials. Among the reports on this issue by the interview participants, bribery appears to be the most common form of corruption in Albania. They explain how, often, they have to agree with this unethical financial action when conducting business. One of the transnational entrepreneurs with long business experience in Italy and a newly licensed firm in Albania stated that when he applied for a construction permit for his company, he understood that he could not proceed with the application process without offering informal gifts:

“I thought that everything had changed after the strong government’s campaign against corruption and their efforts to join the EU. But, soon, I realized that the government propaganda was about the ideal world, meanwhile I had to deal with people in the real world. It was clear to me that no permit was going to be issued without making an informal payment.” (Agron, Shkodër)

As Agron shows, in order to overcome various obstacles and access to various resources, entrepreneurs offer bribes. Data show that half of Albanian citizens admit to have been pressured by public officials to make a bribe (Corruption Monitoring System, 2016). Compared to 2014, according to this data source, the involvement of citizens in corruption has increased by around 5 percentage points. Everyone in Albania knows that public tenders in Albania lack transparency. Entrepreneurs say that the bidding process is not transparent and accountable. In order to be a winner, you either have to pay or have personal connections with the government. The following entrepreneur confirms the critical role of the political activities in entrepreneurship in Albania:

“Albania has set up an online system of public procurement to help the integrity of the system. However, even technology does not help in this case. From my experiences with the procurement officials, I have realized that the problem is not

to pay or not to pay. The problem is to find the proper person and the adequate way of paying. Political connections help, but they do not solve the problem. Having political connections, means having easier access to pay. The anticorruption campaign in the country has not stopped corruption. They have made it more complicated as now you have to find ways to reach the officials who make the decisions.” (Bardhi, Elbasan)

Reports (see, for example, The Corruption Monitoring System, 2016) and results from the interviews, like the above-cited statement, indicate that corruption is a critical obstacle for the business sector in Albania. For example, businesses that do not want to complete tasks in a corrupted way find it difficult to make deals in Albania. Additionally, bribery and corruption have a negative impact on businesses as they increase the financial cost of running a business, damage the venture’s reputation, and affect employees’ morale by emphasizing that everything can be reached through money instead of hard work. Therefore, combating the various avenues of corruption is not an easy task; it needs the existence of legal acts and other ways to change the way people think about doing business in Albania.

The culture of bribes means that public servants often do not deliver appropriate services because of their expectation of a “gift”. The following quote from one of my participant entrepreneurs explains how eventually he had to be part of their unethical actions in order to overcome the obstacles created by them.

“I needed a permit for my business and I decided to not be part of the corrupted system by applying for the permit and waiting until I get one. But, as you can imagine, the process of getting the permit was delayed without any explanation. Although at the beginning I was reluctant to pay the bribe, at a certain point, I understood that there was no chance I would get that permit. The efforts of the public administration for me not getting the permit were at a higher level than I would expect. At the point when it was clear that I would not get the permit, I decided to pay the informal fee and get the permit as soon as possible. At that point, I understood that the public administration had nothing to lose while keeping me waiting, meanwhile I was losing time and money.” (Vlash, Tirana)

But sometimes the public administration staff fail to be useful to entrepreneurs simply because of their lack of knowledge and skills. Some of the participants describe their experiences in confronting public employees as follows: they say that often laws and regulations are “OK”, but it is the people working in the public administration that cause the problems because of their lack of training and knowledge. These experiences show

that there is an asymmetry between the qualifications and skills of entrepreneurs, and the qualifications of people working in public administration. Additionally, it shows the need and importance of training employees in the public administration.

Entrepreneurs are not struggling only with unqualified public servants, but also with non-qualified workers. They report that there is a difficulty in finding skilled workers in Albania. Often, firms have to train their staff in order to make them suitable for the jobs that they need to fulfill. Entrepreneurs add that many workers in the country tend to lack practical relevant experience. Although Albania has a young and educated population, the country has paradoxically not invested in having a skilled and productive labor force. The workforce is not capable of fully addressing today's market requirements. The owner of an IT company recalls the issues he had with his employees' skills in the Albanian market:

“At the beginning I was doing everything by myself. After a while, I realized that I could not do everything. I needed more people. I completed my undergraduate studies in Informatics at the University of Tirana. When I established my business in Albania, I had a tendency to hire alumni from my University. I remember hiring six young IT graduates from the university with some work experience. I was perplexed when I discovered their poor professional skills; they did not possess any practical skills. I could easily fire them and hire other employees. However, there was no hope. Knowing the Albanian market, I knew that I would have the same problems. Therefore, I decided to invest in these new employees and started training them. After a period of six months training, I had the professional workers I needed for my company and the employees themselves were more knowledgeable and skillful.” (Rubin, Tirana)

The shortage of skilled workers is critical to Albania's entrepreneurial development. Arben, a transnational entrepreneur operating in Italy and Albania, with a Master's degree in Business Administration, relates how the unskilled workforce in Albania forced him to send some of his Albanian workers for training in Italy. The need to train employees comes with higher operating costs for businesses. Arben stated:

“We Albanians are amateurs in the business industry. Human resources remain a problem in Albania. I had to send all my staff members to Italy for training purposes. Albanians do not have strong managerial skills. But, this is a costly process and the government does not help at all in this issue.” (Arben, Italy)

What is more, enforcing contracts remains an issue in Albania in terms of time and cost. I gave a more detailed discussion on the issue of ineffective contract enforcement earlier, in section 6.2.3 on the legal environment in Albania. Entrepreneurs in my study

repeatedly expressed their concerns over the inefficient process of resolving commercial disputes through the courts in Albania. For example, many entrepreneurs complain that for public sector contracts there is a high risk of delayed payments.

“In 2013, the current Albanian Government took a courageous action and decided to start paying all the inherited debts to companies that had been contracted for doing public work from the previous governments. For some time, it improved the business climate in the country. We hoped that this would be a long term commitment made by the government. However, at the middle of its first term, the payments for the contracts that I was supposed to receive started to be delayed. As you can imagine based on the situation in this country, the dream of receiving the money did not last for too long.” (Artan, Greece)

However, the complaint coming from Artan is not a narrow concern. Ineffective contract enforcement is also confirmed by the World Bank report. The country ranks 116<sup>th</sup> out of 190 countries on the ease of enforcing contracts in 2017, moving 3 places down from the previous year (World Bank, 2017). When considered with other comparator economies such as Croatia, Macedonia, and Montenegro, Albania lags far behind. Also, contract enforcement in the country costs 34.9 percent of the value of the claim, which is considered to be a high share when compared with the average of Europe and Central Asia, 26.6 percent.

Another obstacle in the business environment is the limited access to information. This challenges entrepreneurs who are new in the market or those who would like to start a new business. Entrepreneurs have to look everywhere to obtain the slightest piece of information. Study participants report that getting access to certain information is a long process and you need to know people.

“From my business experience in different countries, I know that the first step in setting up a new business activity is getting the necessary information. In Albania, you need to have political or institutional connections to get some pieces of information.” (George, Tirana)

Also, the majority of the information is not available online. However, the delivery of information has been facilitated during 2016-2017, just after most of the interviews were conducted, with the implementation of the e-Albania program offered by the Albania government. E-Albania aims to reduce the costs and time period of receiving certain

useful or necessary documents. However, the satisfaction of the business community from these services remains low.

Another main challenge reported by the interviewed entrepreneurs is that the country has poor and frequent policy changes. Entrepreneurs express their concerns about policies not being adequately context-based. As many of the participants report, the government does not consult with the business community for various policy changes. Albania was introduced to the business world later than most other countries. Capitalism was delayed and the rules of the capitalist system are made by a group of people who may not be very familiar with the business environment. So, not having prior direct experience related to business, and not knowing how the business sector works, it negatively impacts the process of making good policies.

Accessing capital, which was also discussed under the banking system in section 6.1.2, is another critical issue when it comes to funding a new business in Albania. The World Economic Forum (2015) lists access to funding as one of the top problematic factors for doing business in the country. Some of the key indicators included when capturing the financial market development are: availability of financial services, for which Albania ranks 116<sup>th</sup> out of 140 countries; for affordability of financial services, the country ranks 103<sup>rd</sup>; regarding venture capital availability, Albania is 133<sup>rd</sup> on the list; and about ease of access to loans, the country ranks 127<sup>th</sup> (World Economic Forum, 2015). Access to financial services continues to be limited when compared to other countries in the region, as well as those of the EU.

According to the Bank of Albania, lending activity in the country has been curtailed in recent years. The limited supply of loan capital might be due to several factors, such as tighter policies from their wider banking group from which they depend; stricter capital regulation; asymmetric information; and higher credit risk due to non-performing loans in the country. All these concerns are reflected in tighter loan conditions. For instance, when the banks do not have enough information about the clients, they require higher loan security, which might lead to a loan failure. Second-level banks in the country are asking for high quality collateral, offering small loans with short payment periods. More specifically, agricultural loans are one of the concerns that came up during the interviews. Entrepreneurs maintain that banks do not finance enterprises running in the agriculture



sector because they see it as a risky area. Dhimitër explains his experience with getting a loan from the banking system in Albania; while trying to mobilize financial resources for his farm in Albania, he discovered that agricultural loans are problematic, and he had to find alternative ways in overcoming these financial obstacles.

“Agriculture is among the biggest economic activities in Albania. After five years of experience in Greece, I started my farm in Albania. I did not have sufficient financial capital to start my business. Therefore, I decided to apply for a loan. At this point, I discovered that banks are not financing enterprises running in the agriculture sector as agriculture is considered risky. I was left with no choice but to borrow money from other friends/entrepreneurs.” (Dhimitër, Saranda)

Additionally, the National Subsidy Scheme for the agricultural sector in Albania is inferior when compared to the other schemes in the region. The Scheme’s budget for 2016 was less than 13 million euros; while Kosovo supported the agricultural sector with 60 million euros and Macedonia provided 150 million (Ministry of Agriculture, Rural Development and Water Resources, 2016). However, this gap in funding cannot be filled only by the state budget. The banking system should be also involved and should overcome the skepticism towards this sector. Taking into account the dynamic role of the private sector, a change of the current situation in the credit supply to ventures and can improve the development of this sector.

Low corporate income tax was listed as an advantage of doing business in Albania when compared to neighboring countries such as Italy and Greece. However, entrepreneurs consider Albania’s tax rate as unfair and irrational for their businesses. When compared to other neighboring countries, Albania has a high corporate tax level. As mentioned earlier, the corporate income tax rate for Albania is 15 percent (Tax Foundation, 2016), yet Macedonia, Montenegro, and Bosnia and Herzegovina have rates for businesses; respectively, 10 percent, 9 percent, and 10 percent. Other problems identified by some of my participants relate to VAT:

“The government does not distinguish between expenses with and without VAT. For example, I buy fuel and the government does not reimburse the VAT I pay for fuel. By not having tax-deductible expenses, the firm has a higher cost. Also, by not recognizing the expenses, it looks like the firm has a higher income and a higher added value, which is not true. So, de facto, VAT is higher than 20 percent. But the government reimburses only 20 percent. This practice is selective and through being selective the government is favoring different groups of businesses. Some of businesses are fully reimbursed and others not.” (Adriana, Durrës)

Bardhosh, a transnational entrepreneur educated in Geneva, who runs businesses in Switzerland and in Albania, expressed his discontent about the changes in the fiscal policies after the elections of 2017. He explains:

“These changes are very harmful and unacceptable to my own activities in Albania. In January 2018, I went for a business trip in Bulgaria and decided to transfer two of my operations to this country. The corporate tax is very attractive compared to the level of this tax in Albania. In addition, Bulgaria is an EU member country. All these circumstances are useful to my business there”.

Another entrepreneur explains how high tax rates are leaving Albania behind with technological innovation. The government is trying to make the agriculture sector more competitive in the world trade by encouraging the imports of agricultural machinery by excluding them from VAT. However, one of the entrepreneurs explains the situation more precisely by stating:

“The law excludes agricultural machines from VAT only if they are used, otherwise VAT is 20 percent. As a result, Albanian entrepreneurs are bringing old technology in Albania in order to avoid paying VAT.” (Bujar, Berat)

If the level of taxation in Albania is high, based on the evidence presented above, the situation might get better for the private sector as the government is experiencing a decreasing budget deficit from 2013.

Finally, to add to the many challenges faced, participants that even convincing your family members to enter the private sector is a challenge. People in Albania are somewhat hesitant when it comes to entrepreneurship because of the history and memory of communism. Also, there is a tendency of Albanians and of many other people in the southern European countries such as Italy and Greece to prioritize work in the public sector, as they see it as a safe choice and more stable. In these countries, the public sector is an important economic actor providing a range of goods and services. As a result, Albanians are less optimistic and more hesitant when it comes to working opportunities in the private sector. Business opportunities are seen as too risky for them.

As discussed above, the study participants and the macroeconomic indicators show that practicing and developing entrepreneurship in Albania is not easy. Albania offers several advantages when doing business, but at the same time transnational entrepreneurs face a

variety of significant hurdles which are difficult to overcome. However, during the period of transition, there have been several advances in the private sector of the economy. With proper support and management, there is light at the end of the tunnel. Often people see the state as a bureaucratic machine that hinders innovation. For others, the role of the state is important in encouraging transnational entrepreneurship in the country. As we saw from the interviews, many of the entrepreneurs and key informants found the intervention of the state necessary when thinking about innovation and development. Mazzucato (2015) argues that there is a need for this new understanding of the role of the state in entrepreneurship; the government has the potential to play a leading and entrepreneurial role in achieving innovation-led growth.

#### **6.4 Conclusion**

From the evidence presented in this chapter, including critical analysis of documentation, various statistical sources, and the accounts of the interviewees, the Albanian economy remains burdened by political interference, corruption, informality, lack of financial support, and an inefficient judicial system. Transnational Albanian migrant and returnee entrepreneurs do not operate in an economic, political, institutional, and legal vacuum. There are several mechanisms and factors that impact their entrepreneurial activities across the borders. This chapter started with an account of Albania's transition from a centrally planned to a market economy. Recently, the country has implemented several macroeconomic and fiscal policies aiming for a well-structured market economy, sustainable economic growth, and increased competitiveness. Overall, the economic transformation has been progressive and the country has been able to reduce various macroeconomic vulnerabilities in recent years. And yet, it can be argued that the country's economy operates below its potential output. Reforms aimed at improving the business environment in the country have made some progress, but require more efforts and changes, including the reduction of informal economy.

The country is to some extent progressing towards having a political, institutional, and legal framework in line with the EU integration priorities regarding the business climate. The political environment is closely linked with almost everything transnational entrepreneurs may want to achieve in Albania. At the macro level, the political willpower to improve the business climate exists. Taking into account the phenomenon of political

interference in business affairs, monitoring the political framework is an important practice for the country. Also, it is important to mention that the opposition in Albania has not been focused much on constructive criticism of existing government policies affecting the business sector. The continuing weakness of opposition parties presents a complex problem and a threat to democracy and entrepreneurial development.

At the micro level, the public administration is not professionally capable to put forward the political willpower and institutional reforms that are critical for improving the investment climate in the country. The development of the institutional environment for private entrepreneurship since the collapse of the communist regime has obviously progressed, but there is still room for further advancement in combating the institutional weaknesses that hinder investment and the establishment of new businesses. Moreover, the implementation of reform to improve the formal institutions should be accompanied with reforms of the informal institutions. An alignment of these two aspects of reform will encourage the better establishment of a well-functioning market economy in the country, a reduction of informality, and higher investment. Similarly, policymakers should focus on policies that will drive entrepreneurship towards productive and profitable businesses.

The Albanian government is working closely with local municipalities, international actors, and other local actors to improve the legal framework and translate it into a more favorable entrepreneurship environment. However, shortcomings in the legal framework continue to disrupt business development and investments in the country. Corruption, ineffective contract enforcement, lack of independence, accountability and transparency, and uncertain property rights were found to negatively affect business development and growth in Albania.

The chapter continued with a list of the biggest benefits and challenges faced by entrepreneurs when running a business in Albania. While Albania offers a range of opportunities such as low operating costs and rich natural resources, difficulties are also present in the business environment. Despite some progress, some of the key challenges are corruption, lax contract enforcement, poor access to funding, problematic tax rates, etc. Exploring the difficulties Albanian entrepreneurs encounter is important because these are expected to affect the development potential of transnational entrepreneurs and

Albania's competitiveness and trade. The next chapter looks in more detail at the countries where Albanian entrepreneurs are operating their businesses and the business environment context for each country.

## **7. EXPLOITING ENTREPRENEURIAL OPPORTUNITIES ACROSS BORDERS: PROSPECTS FOR DEVELOPMENT**

Transnational investment decisions are often made based on the logic of exploiting, in the case of this research, the differences between the country of origin, Albania, and the destination countries, Italy and Greece. In the previous chapter, gained a detailed insight into Albania's macroeconomic and entrepreneurial environment, based on statistics, other documentation, and the interviews conducted during fieldwork. Meanwhile, chapter 7 starts with an examination of the two main countries – Italy and Greece – in which Albanian transnational entrepreneurs have decided to establish, develop and run businesses, and the reasons behind their entrepreneurial choices. This is followed by a discussion on the challenges and opportunities that Albanian entrepreneurs face in these countries. The comparison helps us to have a better understanding of the business climate in each country and thereby possibly to explore some areas in which the entrepreneurial climate in Albania could be improved. The next section of the chapter focuses on a new and emerging phenomenon among Albanian migrants; I call this transnational academic entrepreneurship. The “transnational entrepreneurship and development nexus” is then explored, and in particular how migrants and key informants perceive the contribution of migrants' businesses to Albania's development. The last section widens the frame of geographical reference and examines some of the potential factors obstructing the development of transnational entrepreneurship in the Balkans, as well as Albania.

### **7.1 Alternative countries in which to build businesses**

In the transnationalism context, we would expect entrepreneurs who have started businesses in one country to connect their business activities with entrepreneurial opportunities in other countries too. Transnational entrepreneurship is often a result of a cross-border investment logic as a way to create value and profit for the firm (Fuller, 2010) and search for innovative business strategies (Schumpeter, 1964). By operating transnationally, the entrepreneurs seek to create relationships with actors in various countries and create more value for the company compared to the situation in which the company would operate in one country only. As confirmed by several scholars (Kyle, 1999; Poros, 2001; Wong, 2004; Chen and Tan, 2009) referenced in chapter 2 of the study, the success of the transnational ventures depends on the social networks that

entrepreneurs have across borders; these networks help entrepreneurs mobilize resources and better exploit market opportunities in the host and home countries. Following this line of reasoning, transnational entrepreneurs predict the expected return of their transnational investment to be higher than if they only operated in one country. Also, it is argued that the type of transnational company that immigrants establish may be directly related to their attitudes toward, and perceptions and expectations of, the destination country, and their level of embeddedness in the country of origin (Sequeira et al., 2009).

Because of the generally inefficient business environment in Albania, migrant entrepreneurs often look for alternative settings in which they can build their entrepreneurial activities. On the basis of the limited literature and secondary data, and from the interviews conducted with the participant entrepreneurs, two of the most common countries where they have their businesses are Italy and Greece. Analysis of the interviews confirms that entrepreneurs operating in and across two or more countries experience various advantages and challenges when establishing and managing their businesses. Some of these are discussed below, first with respect to Italy, and then considering the case of Greece. Examining the opportunities and difficulties that Albanian returnees and migrants face when conducting transnational business is important as it can give a better understanding of the entrepreneurial process, of the decision-making process when it comes to selecting the country of operation, and it can also contribute to making better policies that would support transnational entrepreneurship.

Italy is one of the top large economies (the third-largest national economy in the Euro Zone and the eighth-largest by nominal GDP in the world) with a long-standing entrepreneurship culture (IMF, 2017). The influx of immigrants is just one of the many aspects of business development in this country. With the increasing number of immigrants in Italy and Law 40/1998, which gave immigrants more access to self-employment, the number of foreign business owners in Italy is continuously increasing. The number of enterprises that Albanians have established in Italy, around 31,000, is about a quarter of the total businesses that were registered in Albania in March of 2017, according to the Italian Union of Chambers of Commerce. Based on the population data and the number of registered enterprises, it turns out that Italy might be providing a friendlier business environment for Albanian entrepreneurs than what is available in Albania.

Italy offers better access to finance for small and medium enterprises, in particular with regard to support from bank loans and alternative means of financing. My participant entrepreneurs explain the importance of access to credit and how Italy has financial advantages, especially when compared to their homeland. They add that there is a better cooperation between the enterprises and their financial institutions such as banks. The interest rate of getting a loan is lower than the one in Albania. Also, in Italy the business sector is powerful and it serves as a helpful tool for economic progress in the country. The private sector in Italy is less dependent on politics and corrupt or heavy-handed governance compared to Albania. In the former country, it is the market that “rules” and determines economic development, not the government. Despite any political instability that Italy may experience, its strong and large economy serves as a guarantee for the country. Meanwhile, in Albania, the private sector is heavily dependent on politics and the whims of government officials. Several big companies are expanding their own activities on the basis purely of public contracts. During the interviews with the Albanian entrepreneurs, it was often stated that in Albania, the state is helping business, while in Italy the business sector is helping the state. Kushtrim has been running his manufacturing firm since 2008 and expresses his concern over the state-business relationship:

“The government in Albania is guiding the economic development and picking the ‘successful entrepreneurs’ doing business in the country, meanwhile, entrepreneurship in Italy has more potential and a greater impact on the country’s economy and politics.”

On the whole, and compared to Albania, Italy offers an educated and efficient workforce, which is more adaptable to the requests and needs of new technology and services. Also, products and services coming from Italy have a stronger market power. This helps transnational migrant entrepreneurs to perform better in import/export industries because of their cross-border social networks (Light and Shahlapour, 2016). As an EU member state, Italy has a big and diverse market which offers more opportunities for selling products and services in other European Union countries, as Albania has several quotas which put ceilings on trading with EU member states. This issue was often raised during the interviews. As the owner of a fishery in Albania, Toni explained how the quotas imposed for products coming from Albania were a critical issue for his business. As discussed in the previous chapter, the regulatory framework in which transnational entrepreneurship is taking place is important; regulations by quotas is an example of the



barriers transnational entrepreneurs face when trying to import/export their products.

Toni explained:

“Generally, we do not need any help from the government to expand our business activities. However, in some cases and for some specific activities the government’s intervention is needed. I am producing fish products for exporting purposes. I have invested in technology and the workforce. The processing technology I use is very advanced and in compliance with the EU standards. Also, I have trained all my workers. However, my business is not running at full capacity. I have the capacity to produce more than I do now, but I cannot export more than the quantity that trading quotas allow.” (Toni, Shëngjin)

Toni added that the intervention of the Albanian government could be beneficial for the businesses in the country, and especially for fisheries products, which are subject to quotas.

“The EU has imposed quotas on Albania for exporting fish products and such quotas have not changed for years. The Albanian government is not negotiating for an increase in quotas, like other governments. For example, quotas for Morocco and Tunisia are changing every year because of their government’s negotiating skills and efforts. Another possible scenario might be that some of our government officials are paid by foreign producers and exporters to keep Albania’s quotas low and let the other countries export more.”

Also, the “Made in Italy” products have more market power compared to the products which are labeled as “Made in Albania”. Under these circumstances, transnational tactics come in handy to transnational migrant entrepreneurs looking to succeed in entrepreneurship, especially in the import/export industry. Analysis of interview data suggests that Albanian entrepreneurs do succeed in finding suppliers and markets abroad. Italy is known to impose rigid requirements for producing goods and services with higher quality; therefore, Italian products have an advantage when compared to products coming from Albania. Albania lags behind EU economies as regards the application of international standards to ensure that products and services offered by the Albanian companies fulfill these standards. These international standards create incentives and guarantees for industries, government and consumers. Industries benefit from reducing costs and technical trade barriers, ease of selling their products, and better access to the market. Government benefits from guaranteeing the safety of products and services, promoting exports and trade, and reducing the costs of public procurement. And consumers benefit from buying safer, cheaper and higher quality products. Albania is still

not a member of the European Committee for Standardization, and the European Committee for Electrotechnical Standardization, which govern standards that satisfy certain requirements. As a result, the insufficiency of applying international standards makes Albanian products less competitive and attractive in foreign markets.

Albanian entrepreneurs are facing a similar situation in Greece, too. Greece has also experienced a rapid increase in the immigrant population, especially since 1990, and as a result an increase in the phenomenon of immigrant entrepreneurship. Hatziprokopiou and Labrianidis (2010) show that the number of immigrant enterprises has increased quite rapidly over the past two decades; this increase is partly tied to the immigration settlement pattern, the progress of “regularization” schemes and the formation of more or less “settled” ethnic communities in the country. An increasing share of the Albanian migrants in Greece have decided to seek self-employment in their quest for economic betterment, being passionate about certain activity fields or taking advantage of various market opportunities. Most of the business affairs are happening in Athens and its suburban areas in the Attiki prefecture. This reflects the pattern of absolute concentration of both the Greek and the Albanian-origin populations within the country. But, actually, Albanians are widely present across the territory of Greece, and likewise their small-scale business enterprises are similarly present across most parts of Greece, including smaller towns and even rural areas – notably in the sector of construction and house repairs.

Again compared to Albania, Greece generally offers a more friendly business environment. Regarding the financing methods, until recently, Greece has benefited from a series of EU schemes involving grants for business development. Part of these schemes was also used for promoting immigrant entrepreneurship in the country, thought to be in the national interest. Some of my participants were beneficiaries of these grants when establishing their business. However, with the global financial crisis of 2008 and the current Greek debt situation (only very recently partially solved), the availability of grant schemes is reduced. It is important to explore how the entrepreneurship phenomenon in the country has evolved in the years after the economic crisis and IMF austerity policies.

Despite continuous struggles with the difficult economic conditions in the country, some entrepreneurs still tend to believe in the success of the specific sectors in which their businesses are running. They add that, in Greece, the tendency of constantly exploring

new market opportunities is more present when compared to the business environment in Albania. Greece is considered to have an advantage for attracting investment due to its high intellectual capital, low labor cost, and strategic geographic location. Skilled labor, in particular, is highly accessible in the country. According to the Hellenic Statistical Authority, 41 percent of the Greek labor force have a technical/university or higher degree. In addition to having skilled workers, the country also has a lower labor cost when compared to most other EU countries. Hatziprokopiou and Frangopoulos (2013) explain that since the 1980s, some of the companies in the private sector in Greece were using state and EU funds; so, instead of competing through innovation and technology, entrepreneurs were lowering the labor costs and using subsidies. Also, due to its location, Greece serves as an entry point to many EU countries and is also very close to Albania, making collaborative business operations easier.

Italy and Greece, therefore, are two countries close to Albania with a strategic location for Albanians running transnational ventures and with control over business activity. At least compared to Albania, they both have a dynamic and flexible business environment, are members of the EU and are located at the center of the Mediterranean region. However, the economies of the two host societies are not without their dark side. Some of the entrepreneurs describe these countries as not straightforward settings in which to conduct business. Again, I take Italy and Greece in turn.

The Italian culture, its business environment, and the broader institutional framework are, in some respects, quite different from the respective contexts in Albania. From an operational point of view, Albanian entrepreneurs often find these differences challenging when establishing partnerships and achieving business goals. One of the study participants, Beni, explains how, even though he has been living in Italy for more than 22 years and has well-developed local knowledge, cultural differences often make it difficult to interact effectively regarding business issues. The negotiation process takes a lot of time and energy. Beni highlights that it is common for Italian entrepreneurs to not operate with a business plan, and this makes the process of reaching business decisions more difficult. Even when reaching a decision, obtaining a contract is one of the top issues discussed by the Albanian entrepreneurs operating in Italy. This concern is not surprising, as Italy ranks 108 out of 190 countries for enforcing contracts (World Bank, 2017). The

interviewees explain how, in order to formalize a contract or resolve insolvencies, you have to go through many long and costly procedures. Beni adds:

“It is difficult to create successful working relationships with entrepreneurs that do not have clear targets, but prefer improvisation instead. After all, each country has its own business etiquette. In Albania, once we give our word to someone, we try very hard to keep the given promise; while, coping with the Italian negotiation style is more challenging than it should be while running a business.”

Beni's concern stands on the fact that his Italian customers or business partners are very flexible from both a contractual and an ethical point of view. Their contractual flexibility leads them towards breaking the rules and violating the contractual obligations towards their Albanian clients or partners, as they perceive them as having weak market power and insufficient market experience. Their ethical flexibility leads them towards bending or breaking governing rules and contracts, hoping that “flexible” ethics will make Albanians less reactive and less demanding in respect of violations of contractual obligations. One possible explanation for the tendency of Italians not following proper contracts with Albanians might come as a result of Albanians not having extensive experience in doing business or being more dependent on the Italian market for the success of their entrepreneurial activities. It might also reflect some residual racism towards Albanians and a sense that they are somehow “inferior” and therefore not deserving of equal or respectful treatment. I return to this point presently.

Besides the different culture, entrepreneurs often see the need to use local expertise to find a way to cope with specific business regulations that the country has. Knowledge interaction is used as a source of information by transnational entrepreneurs to get more specific and deeper insights and develop business opportunities. According to the World Bank's Doing Business 2017 report, Italy ranks 50<sup>th</sup> out of 190 countries for the ease of doing business and 63<sup>rd</sup> for starting a business (including procedures, time, and cost). However, sometimes, entrepreneurs explain how you cannot have accurate information on each procedure you have to follow and the time length of each procedure. Local expertise hence becomes more critical to stay on top of procedures when starting a new business or running an existing one. Often, inadequate knowledge of workplace health and safety, or tax regulations, puts immigrant entrepreneurs at risk of getting sanctions. There is a knowledge interaction/transfer between locals and transnational entrepreneurs, the latter relying on the former group to support their business decisions and investments.

“In Italy, the procedures for establishing a new business are simply longer when compared to other countries in the area. Sometimes, the Italian bureaucracy is as puzzling as the one in Albania. However, with some help, you can solve the bureaucratic puzzle in Italy, while in Albania it is an unsolvable puzzle. Also, contrary to Albania, you are not intentionally made to wait. That said, the bureaucracies exist in Italy too, but the procedures still flow more easily than in Albania and you can always find a solution for your problem.” (Beni, Italy)

Therefore, firstly, Beni makes the distinction between Italian and Albanian entrepreneurs; and secondly, the distinction between the bureaucratic procedures in each country. According to him, the Italian bureaucracy is generally more helpful than the Albanian one; meanwhile the Italian entrepreneurs are more likely to break the rules of the game compared to Albanian partners or customers.

Some of the interview exchanges were interesting because they highlighted that, even though the Albanian migrant population has generally integrated well in Italy, there are still cases when they are rejected and stigmatized just because of their nationality. The structuralist approach highlights that migrants experience numerous disadvantages hampering them in the destination countries (Light, 2007). This stereotyping is evident especially when it comes to negotiating deals with potential clients, partners, and stakeholders, or getting and renewing business licenses. This rejection impacts migrants' business success and location. As also argued by Waldinger (1986), migrant groups keep a separate cultural identity and may face “hostility from the surrounding societies” (p. 10). Ndoen et al. (2000) add that a high level of hostility towards immigrants in the host countries challenges individuals' ability and desire to explore entrepreneurial activities. Beni gives an example from his business experience, explaining how being a foreigner challenges the business operation and negotiation process.

“Albanians have the benefit of not having an accent when speaking Italian fluently. So, being known with an Italian name and speaking the language fluently helped me present myself as a *bella figura* [making a good impression] and earn my potential partner's trust when I was negotiating a business plan. But, in one case, during the negotiating process, my nationality came up and just because I was from Albania, I was required to give a higher deposit and the great enthusiasm of the potential Italian partner somehow faded away. I was the same person with the same business history, but just from a different country from what was initially thought by him.”

Another concern that came up during the interviews with the Albanian entrepreneurs in Italy is getting business permits. Italy has more and stricter rules and requirements when it comes to getting a permit for certain entrepreneurial activities. For example, running a pharmaceutical company in Italy is almost impossible for migrants. Entrepreneurs in this sector explain that operating this kind of business in Italy is much more difficult than running the same business in Albania.

Moving secondly to Greece: this is generally considered an attractive place, as it has a large number of small enterprises. However, one important concern discussed by the entrepreneurs is their legal situation. Albanian migrants and especially ethnic-Greek Albanians, may have received more privileges over other migrants in Greece; however, entrepreneurs state that they still have limited access to receiving citizenship. The lack of Greek citizenship impacts immigrants' entrepreneurial activities, a phenomenon confirmed by other scholars too (see Hatziprokopiou, 2008). A kind of catch 22 situation arises: in order to get a residence permit in Greece, a business license is required; but at the same time a residence permit is one of the requirements for getting a business license (Halkias et al., 2007). It is important to highlight that Law 4332/2015 includes provisions for the second generation immigrants and gives them the right to claim Greek citizenship. This might encourage some entrepreneurial activity of second generation immigrants in the future.

Businesses in Greece have undoubtedly suffered due to the economic slowdown, some much more than others (for instance construction was hit much harder by the crisis than tourism or agriculture). Entrepreneurs express concerns that Greece continues to have strict financial rules, especially for non-EU citizens. For instance, for the non-EU members such as Albanian migrants who want to build their own business in Greece and get a residence permit, it is required to go through a lengthy procedure and have a large sum of money in a personal bank account. Nisi, the owner of a craft enterprise, explained that it is more difficult to open a small workshop in Greece compared to Albania due to the administrative challenges. Greece requires entrepreneurs to have much more funding available before establishing their businesses. "This is the reason why I had to come back to Albania, in order to be able to have my own shop. However, I would not say that this is the best decision that a migrant can make" (Nisi, Sarandë). Nisi went on to argue that

the profit you can get in Greece is higher than what you get from doing business in Albania.

Contrary to the situation described above for Italy, the cultural milieu did not come up as an issue among the study participants doing business in Greece. For Greece, the most commonly discussed issues have to do more with the complicated and inefficient bureaucracy, the non-business friendly taxation system, and reduced consumer purchasing power due to the Greek debt crisis. Entrepreneurs are concerned about the amount of bureaucracy in setting up a new business and the need for an improved institutional framework to support start-ups. Additionally, business-owners complain that Greece has a tax regime that is not easily understood and which constantly changes. Lastly, the recession in recent years has forced many entrepreneurs to cope with the progressively shrinking wallets of consumers. With increasingly restricted budgets, consumers have radically changed their spending habits. From the interviews, it is evident that immigrant entrepreneurs do not conduct much market research before establishing a business. As a result, in some cases immigrants establish a business in a certain sector without taking into account that there is a general reduction in consumption.

It is important to highlight that some of the challenges encountered by the Albanian entrepreneurs who are running a transnational business in Greece and Italy may not be very different from the barriers that native entrepreneurs face in these countries. However, the majority of the issues discussed by the entrepreneurs had to do more with their immigrant status in the country.

## **7.2 Transnational academic entrepreneurship**

Innovative transnational businesses are on the rise. Among the study participants, a subgroup of them are considered to belong to a sector which does not fall under the more typical commercial entrepreneur. Transnational migrants hold an important role in the international diffusion of knowledge. Some migrant scholars succeed in creating knowledge and at the same time manage to build a business based on their knowledge. Oliver and Montgomery (2010) refer to this particular kind of transnational entrepreneurship as transnational scientific entrepreneurship (TSE); these academic-entrepreneurs are seen to be created as a result of the globalization of science and

technological advances. Oliver and Montgomery (2010) explain that TSE is a result of dynamic processes, namely transnational entrepreneurship, transnational science, and scientific entrepreneurship. Migrant professionals working across the countries are an example of this type of entrepreneurship. More specifically, the development of transnational scientists and academic entrepreneurship is a recent and emerging trend in Albania and there is no local literature on this phenomenon; even at the international level, the literature on this topic is limited (Oliver, 2004). Dori, who moved to Australia with the hope of building a better life, later on was able to exploit his entrepreneurial scientific work in the host country. He was teaching and doing research in one of the universities in Australia, when he got the idea of establishing his own firm in the agribusiness sector. He started the business firstly with Indonesia, then, in 2007, entered the Albanian market. His business consists of planting trees that can grow fast and without much care in order to use them for furniture (his extended business story was detailed earlier, in chapter 5). He recalls:

“Together with another professor at the university, we were doing research on several types of trees. At the point when I felt that I was ready to put my knowledge in practice, I started to convince my colleague to use the knowledge we had about one of the trees for entrepreneurial purposes.”

Many well-known scientists and professionals have left Albania in recent years and these people are considered a loss for the country: a “brain drain”, if you will. However, besides contributing to the human capital endowment of destination countries such as Italy, Greece, and Germany, some of them keep close connections with Albania. The primary agents of academic entrepreneurial activities are considered to be academics, scientists, and undergraduate and graduate students. For example, there is a number of scientists who are working in public and private academic institutions in the destination countries and at the same time they are involved with entrepreneurial and non-entrepreneurial activities in Albania. Some of these scientists serve as distinguished members of the National Albanian Academy of Sciences and working group members of academic and research institutions in Albania. Currently, there are five members of the Albanian Academy of Sciences who are working in various prestigious universities, research institutions and hospitals in the US, Germany, France and Spain. At the same time, several of them are involved with entrepreneurial activities through establishing new ventures, licensing of patents, and delivering various services such as consulting and technical



assistance. Furthermore, some of the Albanian students who completed their studies in Italy, Turkey, the UK and elsewhere managed to establish a transnational entrepreneurial activity of their own or change their existing family business activity into a transnational venture. Devis, a second-generation entrepreneur, whose biography I have already drawn upon, explains the experience of his family business involvement upon return in Albania. He completed his undergraduate studies in the United Kingdom, then returned to his country of origin to take over the family firm and later on diversified the services and products of their firms. He owns an educational consulting firm in the city of Tirana, mainly giving educational advice to several prospective students who are looking to complete their studies abroad or within the country.

Along with others, I argue that academic entrepreneurship is a vital economic driver for both sending and receiving countries as it generates a particular and dynamic form of national economic development (Shane, 2004; Lawton Smith and Glasson, 2005). Academics' involvement with a variety of activities in Albania promotes research and development, and enriches academic institutions in the country. These entrepreneurs are able to follow the path from science to entrepreneurship, putting their scientific knowledge into practice. A scientist entrepreneur is capable of commercializing valuable research findings to industry. Commercialization of research is a new field to be explored and promoted for creating more wealth for the country. However, the emergence of academic entrepreneurship has generated a debate among researchers and policymakers related to the impact that this phenomenon has. Some are skeptical on how scientists' growing involvement with commercialization may impact the quality of academic research (Nelson, 2001).

In the context of this research, Albania needs more academic entrepreneurs and the correct policies to support and increase their entrepreneurial activities. The country is currently experiencing a worrying flow of brain drain as many academics and scientists have left, and are still leaving the country, over the last three decades. Regarding their professional skills, Atoyan and Rahman (2017) show that emigrant workers coming from Albania, Bosnia and Serbia with university education are above the equivalent level of respective populations. However, measuring the dimensions of the brain drain in Albania is a challenging task. Currently, there are no data collected and analyzed by the Albanian

government or any other academic institution. As a result, my discussion will be based on a few older surveys conducted in the country by independent researchers.

The earlier, more massive brain drain phenomenon reached its peak during the periods of 1991-1993 and 1997-1999. The first peak comes soon after the fall of communism and the deep economic and social crisis during the first years of transition. The second peak happened as a result of the economic, political and social crisis in Albania after the collapse of the pyramid schemes in 1997. The number of high-educated people leaving Albania started to decline after 2000, although it is still ongoing. One possible explanation of the declining trend is the improvement of the economic and social conditions in the country, better access of young professionals and scientists to jobs in the universities and research institutions, including the many private universities established since the 1990s, and the higher barriers of migration to Western Europe (Gedeshi, 2006).

Furthermore, a survey conducted by the Tirana-based Center for Economic and Social Studies in 2006 shows that, with the fall of communism, around half of the Albanian lecturers, researchers and intellectuals left Albania. Also, some two-thirds of the Albanians who have completed their PhD studies overseas have either emigrated from Albania or did not return after their graduation; 47 percent of them were between 25-34 years old, and 71 percent migrated with their families (Gedeshi, 2006). Another survey conducted in 2008 in 40 research institutions and 10 public universities, reveals that around 1100 Albanian scholars emigrated in the period 1990-2008, of whom 23 percent had a PhD degree (Ambrosetti et al., 2008). The main destination countries were USA (50 percent), Italy (12 percent), and Greece (8 percent). Although there are no official data, media shows that this elite emigration continues even nowadays, with a significant group of talented and successful Albanians still leaving the country.

Data show the need for the country to create conditions that will encourage skilled migrants to stay in the country or return after they leave. For example, the World Economic Forum's 2017-2018 Global Competitiveness Report ranked Albania way down at 116<sup>th</sup> out of 137 countries for its capacity to retain talent (World Economic Forum, 2017). Various dimensions of the Index, such as attracting people from abroad and retaining talented people, show that Albania is a significant under-performer. Albania needs a sustainable platform and efficient policies and programs for cultivating and

attracting talented Albanians from abroad. Some previous efforts to incentivize their return have not been very successful. A joint program of the Albanian Government with the UNDP on Brain Gain, implemented in 2006, aimed to establish an attractive environment for the return and contributions of qualified professionals in universities and public administration. However, only about 100 individuals benefited from this program (Tafaj et al., 2011). A key weakness of the program was that it did not offer a sustainable solution.

### **7.3 The potential of transnational entrepreneurship**

While some scholars and policymakers see the departure of Albanians abroad as a loss, it is important to understand that the engagement of these groups can become an added value for Albania as well as for the receiving countries. The optimistic perspective treats transnationally oriented migrants and diasporas as potential actors in the economic and social development of origin countries (Portes et al., 2002; Saxenian, 2002; Zhao, 2005). Also, a review of existing empirical evidence suggests many cases in which Albanian migration has had positive effects on the country's development through remittances, job creation, human capital accumulation, etc. However, these are not the only ways in which migration can contribute to the development of the country of origin. One way of benefiting from transnational migrants, which is indeed the focus of this study, is through their transnational entrepreneurial activities. Transnationalism and transnational entrepreneurship are the two main perspectives from which to explore the migration and development nexus. For a still-developing country such as Albania, with tens of thousands of people living in extreme poverty, it is important to examine the potential role of transnational entrepreneurship in the country's development.

The migration experience creates opportunities for the development and implementation of the entrepreneurial skills of migrants who set up their own businesses and operate towards new markets in receiving countries, in their homeland or in third countries. However, the quantification of entrepreneurship's impact on the country's development is far from straightforward. Transnational entrepreneurship is a dynamic process that affects the country's development in various and complex ways (Landolt, 2001). The impact depends on numerous variables, including the migrants' country of origin, conditions when leaving, experience abroad, and family structure. Numerous studies have

analyzed the important role of entrepreneurship in the process of economic development (Wennekers and Thurik 1999; Antoncic and Histrich, 2003; Wong et al., 2005; Acs, 2006; Van Praag and Versloot, 2007; Valliere and Peterson, 2009; Naudé, 2010). It is generally expected that transnational entrepreneurship is a productive part of the economy and linked to the overall development of Albania. This is a reasonable expectation for what transnational entrepreneurs can offer to their country, but we should also take into account its limited scope. This section contextualizes migrants' contributions and their potential impact.

Scholars link entrepreneurship to multi-dimensional development by paying attention to the level of analysis (see, for example Robbins et al., 2000). Below, I will discuss the outcomes of transnational entrepreneurship, not just at Albania's national development level, but also at the individual and organizational levels, which are also an added value for the country. Transnational entrepreneurship provides various benefits which should be integrated in Albania's development programmes. Also, as mentioned in chapter 5, each entrepreneurial activity has a different impact on the economic growth and development of Albania. The overall contribution depends on the firms' context such as the nature and extent of business activities.

The positive outcomes at the individual level among study participants include creating job opportunities, promoting independence, receiving appreciation, and increasing financial benefits. These pay-offs are not only operational for individuals, they also potentially apply to their family members and to other employers involved in related entrepreneurial activities. Several writers note the positive non-monetary and monetary outcomes that individuals derive from getting involved in entrepreneurship (Davidsson, 2006; Benz, 2009; Lintner, 2015). They argue that one of the non-financial outcomes is having more freedom and competition within the work environment (Blanchflower and Oswald, 1998; Frederick and Chittock, 2006). Individuals are stimulated to be independent and it offers them the power to shape their work environment and perform at their best. Quoting brief clips from my interviews, respondents added: "Entrepreneurship gives you more responsibilities, but at the same time the opportunity to choose your own path." Others think that "Freedom brings innovative entrepreneurship." Also, transnational entrepreneurs perceived themselves as being admired in the wider society and seen as successful role models among the Albanian

younger generation. Mark, who currently owns a firm in the fishing industry tells us about his role model. “I was always trying to pick up some skills and tips from the owner of the factory where I was working in Italy”. Mark explains how he was inspired by the business operated by his boss and was looking at him as a role model while attempting to enter the entrepreneurship world. Through their successful examples, existing transnational entrepreneurs can serve as role models for individuals looking for self-employment (Kolvereid, 1996).

Beyond individual self-employment, there is the potential of transnational entrepreneurship in creating jobs (Rath, 2011). Entrepreneurship offers an effective solution to unemployment for some of the business owners, but also serves as a source of direct and indirect employment for many other people in the country. For example, statistics show that in Italy, migrant small businesses that have less than 50 employees, offer up to 2.1 million jobs (Fondazione Leone Moressa, 2012). Furthermore, from an individual perspective, revenues and profits created by the entrepreneurial activities provide a useful measure of performance and success. Despite the limited number of Albanian transnational entrepreneurs, the diversity of their business activities suggests an impact that goes beyond the entrepreneurs themselves.

From an organizational perspective, transnational entrepreneurs are considered to hold an important role in the international diffusion of knowledge and in local capability development (Saxenian, 2002; Lin, 2006; Light, 2010). Transnational entrepreneurs are transferring know-how and linking regions in Albania to Italy, Greece and many other countries. The contribution of transnational entrepreneurs to social development through knowledge transfer is happening at both the migrant-local and migrant-state level. In developing countries such as Albania, knowledge transfer is an important tool for development. Albania, as a migrant sending country, suffers from a loss in human capital. Participants relate that they often find themselves mentoring and coaching related actors to entrepreneurship, such as local entrepreneurs, policymakers, and employees. Transnational entrepreneurs possess valuable skills, experiences, and contacts that they can transfer to various individuals in Albania. Mandi, an example of knowledge transfer at the migrant-state level, who runs a business concern in the food industry which employs several hundred people, explains how Albanian officials and policymakers reach out to him and other entrepreneurs for consulting.

“When the Ministry of Economy wanted to design a program for supporting start-up enterprises in Albania, I was asked to advise them and attend some of their official meetings. They wanted me to share my knowledge and experience in the business sector. More specifically, they were interested to know more about how entrepreneurs explore markets across borders and find the most qualified people.” (Mandi, Lezhë)

Many other informants mentioned that knowledge transfer and mentoring is an effective and powerful way to help different individuals progress in their entrepreneurial strategies, contributing at the migrant-local Albanian level. Albanian entrepreneurs have the potential for one-on-one mentoring, contributing to better business performance and productivity (Barjaba & Malaj, 2017). Also, highly skilled migrants transfer knowledge through creating partnerships with individuals in Albania. There are many cases whereby entrepreneurs not only have invested in mentoring and consulting, but have also expanded the activities of their businesses towards consulting services. Remember, for instance, the case of Devis who is one of the entrepreneurs running an educational consulting firm in Tirana. He added: “My studies in the UK provided me with connections and knowledge, which I can use for entrepreneurial purposes and helping other students in my country.”

Transnational entrepreneurs can enhance development through the outflow of knowledge and skills from the host countries to the country of origin. Kosmo and Nedelkoska (2015) confirm that Albanian-American communities in the USA have a qualification advantage when compared to non-Albanian counterparts. Data from their study show that the most popular approaches of engaging communities abroad in the country’s development are education (81 percent) and professional exchange (76 percent). Transnational entrepreneurs are capable of sharing their knowledge and expertise and using the experiences of other countries for issues related to entrepreneurship and community development. They are highly mobilized around issues in the homeland and can significantly contribute to the creation of a better business climate in Albania. Transnational entrepreneurs not only contribute to increasing the number of economic activities in or for the Albanian market, but can also improve the quality and performance of the private sector in the country. Overall, they perform better than local enterprises and serve as a model of performance, efficiency, and productivity for business activities in Albania.

As we saw from the aforementioned survey results, the Albanian diaspora is becoming more connected with the country of origin through permanent, temporary or virtual return. My findings show that Albanian entrepreneurs bring their know-how and skills earned abroad to the community in Albania through their decision to return to their country of origin and establishing their own firms. Going back to the debate about return migration and development aired in chapter 2, King (2000) confirms the positive potential of return migrants by describing them as highly-skilled individuals with entrepreneurial attitudes. This has been the case for many entrepreneurs who have returned to Albania and are conducting transnational business with their previous destination country. These returnees are transferring knowledge, skills, and expertise in their workplace at various levels such as across teams, departments, and firms. David is the owner of a furniture manufacturing business. Before returning to Albania, he gained extensive experience in the furniture industry. In 2014 he started his own transnational firm along with his family. His venture is based in Albania, with a branch office in Italy.

“The experience overseas prepared me for entrepreneurship. I gained many entrepreneurial skills and attitudes which served me when I decided to run a business between Albania and Italy. Through this experience, I could connect various market opportunities with my home country.”

Local factors in the country of origin play a key role in the ability of transnational migrant/returnee entrepreneurs to transfer knowledge and skills to Albania. Therefore, transnational entrepreneurs will have a greater impact if properly supported by the Albanian government. The knowledge acquired abroad can be insignificant or underutilized if it is not properly recognized and welcomed by the government and the rest of the society in the country of origin.

The contribution of knowledge diffusion exceeds the individual and state levels. Through their technical knowledge transnational entrepreneurs can contribute to increasing the share of the knowledge base in the national economy and in overall GDP. The economy of Albania falls behind both the European and the Balkan regional economies, as far as the Knowledge Economy Index (KEI).<sup>7</sup> In 2012, Albania's index was 4.08 compared to

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<sup>7</sup> The Knowledge Economy Index is a measure of the level of preparedness of a country or region for the knowledge economy. It summarizes each country's performance on 12 variables corresponding to the four

the 5.29 of Macedonia. Most EU countries have a KEI between 8 and 9 (Knowledge Economy Index, World Bank, 2012). According to the World Bank (2012), knowledge economies are defined by four pillars: i) institutions that provide incentives for entrepreneurship and use of knowledge; ii) skilled labor created by high-quality education systems; iii) access to ICT; iv) innovative academy, universities, research centers, private sector and civil society. Transnational entrepreneurs, and more specifically academic entrepreneurs, can help in founding technology labs and research and consulting centers in the home countries. Seguin et al. (2006) confirm the role of diaspora in contributing to technological developments in the country of origin. For instance, the introduction or transfer of knowledge-based economic activities to Albania will serve as an incentive to enhance the ICT infrastructure, increase internet access, even to peripheral and remote areas in the country, and improve ICT literacy and human capital. By improving the training and education of young people in ICT and other innovative sectors, society will have not only university graduates, but more professionals with advanced skills. This is important given the importance of technology in improving economic development.

From a national perspective, consideration is given to a variety of aggregate economic benefits of entrepreneurial activities. Researchers argue that entrepreneurial activities deliver a more sustainable development. Besides the diffusion of knowledge, entrepreneurship is associated with higher levels of innovation and growth, as well as employment creation (Longenecker et al., 1988; Acs and Varga, 2005). Transnational entrepreneurs bring innovation from abroad and push the domestic market forward. They integrate the latest technology into their transnational businesses and bring new products to the market. For instance, Yannis, one of the participants, brought an essential medical tool to Albania at a time when hospitals did not have a scanner. While he was working in a hospital in Greece, he recalls realizing the importance of a specific medical instrument that all the hospitals in Albania were missing. Yannis states:

“At the hospital where I was working, all the emergency cases were going through the scanner. The scanner allowed a quicker and more accurate examination of the incoming patients. Meanwhile, in Albania, the scanner was a technological advancement that doctors did not have access to. While working in Greece and

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knowledge economy pillars. The maximum KEI score is 10 (good development) and the minimum is 0 (poor development).



realizing how important this tool was, I decided to make it available to the Albanian doctors and my people back home. The healthcare system in Albania was having its own challenges [...] Introducing the scanner to the Albanian market was a great entrepreneurial opportunity for myself and for hospitals.”

He recalls how this product changed the way doctors at the Albanian hospital were handling emergencies; after the scanner was brought to the hospital all the emergency patients were going through the scanner for a quicker and better examination of their health issues. His business case is an example of developing business operations in the specific field of innovative medical practices.

The firms bringing new products and technologies are not limited to a specific sector, but are present in different sectors of the economy, such as manufacturing, agriculture and construction. Among the study participants, two of the transnational firms focused in agribusiness are contributing to the economic development of Albania; this is important, as the agriculture sector in Albania is in desperate need of increasing productivity and modernizing the methods of production. These companies are helping Albania develop its agriculture sector; which is still an important sector in the economy, contributing approximately 23 percent to the country's GDP in 2016 (INSTAT, 2016). For example, Bujari's company is contributing to modernizing the methods of production by replacing old technology and farm machineries with new equipment and as a result increasing efficiency. He explains:

“With the new tax changes, farmers are charged a 20 percent VAT amount if they buy new machineries. That said, many of the farmers have a tendency to buy used and old machineries. I buy farm machinery from around the world, store the machines in Kosovo and import them to sell to Albanian farmers (which allows me to avoid the 20% charge) with a lower price. Through this way, I am making a profit and at the same time bringing new technology to the country.”

Through these measures, Albania improves its access and competitiveness in the EU market. Additionally, through transnational enterprises, Albanian consumers have a wider choice of goods and services. Some of the transnational enterprises also contribute to promoting the three priorities of the Europe 2020 strategy: smart (economy based on knowledge and innovation), sustainable (resource-efficient and greener) and inclusive (high employment) growth. Economic growth indicators are on the whole favorable for progress of Albania towards European integration. Transnational enterprises influence

local firms, producers, consumers and policy makers through advanced market mechanisms brought or replicated from industrialized countries. They serve as a model of sustainable use of natural resources of the country. Albania suffers from a “barbarian” use of its natural resources, such as oil and minerals. Involving transnational entrepreneurs in the mining, oil and energy sectors should make local firms more careful, responsible and accountable in the use of the country’s natural resources. At least, that is the theory! It is predicated on the ethical responsibility of transnational firms. In addition, transnational entrepreneurship activities serve as a pressure to promote the formation of a better skilled workforce for the entire economy.

Economic development is an important sphere in which transnational firms are contributing. The overall expectation is that the operation of transnational enterprises creates wealth (Hisrich and Peters, 2004). Transnational enterprises, large or small, pay tax, thereby creating wealth and contributing to the national budget.<sup>8</sup> Thereby, these ventures contribute to the increase of welfare system resources by delivering more financial revenue to welfare programs, pensions, social assistance and social services.

We must remember, however, that transnational entrepreneurs constitute a varied population by motivations, size, sector and degree of success. My study data are in line with the argument that necessity-driven and opportunity-driven entrepreneurs have a different impact on the country’s economic growth. Necessity-driven entrepreneurs establish a business because they cannot find other opportunities in the labor market; they are succinctly defined by Schumpeter (1974, p. 132) as “simply self-employed”. Research shows that these enterprises have a lower economic impact on the country’s development as they generally operate at a small scale of investment and have few employees. Some scholars are even more negative and argue that necessity entrepreneurship has no effect on the country’s economic development (see Ács and Szerb, 2007; Ács et al., 2009; Desai, 2009; Newland and Tanaka, 2010). Regarding the number of employees, my survey data show that the necessity-driven enterprises typically operate with 2-4 employees, up to a maximum of 15. An example of entrepreneurial activities driven by necessity is the case

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<sup>8</sup> However, once again, this is theoretical supposition. The reality is that transnational entrepreneurs, especially large global corporations (admittedly, at a vastly different scale of operation from my study participants), are adept at avoiding tax regulations.

of Fredi, owner of a law consulting firm for nine years. He completed his studies in Turkey, and after his return from abroad, he recalled the difficulties faced in the job market. Due to the limited opportunities, he established his business with two employees in Tirana. When asked about his business plan, he had no intention to extend his business. That being said, necessity entrepreneurship can create value for the entrepreneurs themselves and their few employees, but does not necessarily affect Albania's economic development to a large extent. Fredi was reluctant to expand his law firm although legal firms have a promising market in Albania. Legal services are very useful and profitable in Albania, which might be a result of the issues that Albanians had to go through during the transition years after the fall of communism. Albania has several unsolved property issues and the demand for legal services is growing. Still, Fredi demonstrated little ambition to expand his office when asked about his future business plan: "It is a crowded market when it comes to law firms and I lack the potential and resources needed to grow my business. I am fine with what I have." Earlier in his interview he explained how he sought self-employment in order to get himself and his family out of poverty. Lack of desire to expand his firm although entry/expansion barriers in this industry are low, might partly come as a result of other non-promising economic prospects of the country, which have an impact on entrepreneurs' business investment decision.

By contrast, opportunity entrepreneurs establish their activities in what they perceive as newly emerging markets. They are described by Schumpeter (1974, p. 132) as individuals who "reform or revolutionize the pattern of production". Opportunity-driven entrepreneurs perceive new opportunities that bring profit and use new information and additional resources to expand their businesses. As a result, this group of entrepreneurs is perceived as more likely to have a positive impact on the country's economic development (Baumol, 1990; Ács et al., 2009; Newland and Tanaka, 2010). Examples of business activities driven by market opportunities are the cases when Albanian entrepreneurs made use of the gap between the increasing needs of the Albanian population and the absence of certain products and services in the country. Roland and Fatmir, respective owners of a supermarket and a pharmacy store in a city in southern Albania, are two cases who made use of the gap between the needs of population and the absence of certain products in the locality.

Roland explains how the market in his town was missing large and well-organized

supermarkets; as a result, he established a place where customers could find a variety of products. Roland elaborated on the advantages of opening his business in his town:

“The prices of products that I import from Igoumenitsa [the nearest town in northern Greece], including customs costs, are lower than the ones in Tirana. Also, transportation costs are lower. Igoumenitsa is closer than Tirana. Besides that, Greek products have a better quality compared to the products in Albania and they fulfill the EU standards. Also, [names town] is a tourist area and during the summer the population increases from 30,000 inhabitants to roughly 120,000 and the demand for goods also increases.”

Similarly, Fatmir took advantage of the existing mistrust of Albanians to medications available in Albania and started to import drugs from Greece.

“This is a city with a diverse population. Part of its population is the Greek minority. And even those who are not Greek, have a family member in Greece. That said, the population of the city has higher economic and wellbeing standards than the rest of the country. Pharmaceutical firms in the country import medications with low quality. In these conditions, the demand for Greek medications is high and as a result I took advantage of this opportunity.”

Also, entrepreneurs recall how they were alert to new information and constantly trying to keep up with the new patterns of production. Regarding the number of employees, the majority of these enterprises have much larger numbers, even hundreds of employees.

Moreover, it is noticed that there is a shift of developmental strategies in the country. Albania has always benefited and continues to benefit to a considerable extent from its migrants' official remittances (Albanian Government, 2015). Taking into account the large quantity of remittances that migrants send to Albania, the high level of the country's dependency on remittances, and the management of remittances (mainly for consumption), it is evident that transnational entrepreneurs have been shifting the emphasis in development towards private sector development. Nowadays, Albanian migrants and returnees are adding more to the economy of Albania through their businesses. They contribute to capital formation, a process considered important for a developing country such as Albania. My findings show a shift from remittances being used for household consumption to their use for funding a new business or expanding an existing one. This is a phenomenon confirmed by various studies and surveys showing a greater positive impact for remittances on business establishment rates in developing countries where informal economies discourage foreign investors (Martinez et al.,

2015). In essence, entrepreneurs mobilize idle funds (their own or borrowed) to establish companies in the private sector of the country. Bilbili stated: “Because of the limited access to capital, my remittances went beyond helping my family to fund a small business.” These investments are vital for Albania’s economy. Also, the entrepreneurs’ families and wider community back home benefit from the operation of the transnational businesses. For example, the yearly investment made by Vasil, who runs a firm in the drinks sector in Albania, supports a large number of Albanians in the industry and the entire value chain in the soft drink industry (e.g., syrup producer, distributor, merchant, etc.).

Transnational entrepreneurship is also linked with other important economic aspects such as the labor market, employment and unemployment. Manufacturing firms and call centers are the main industries which are currently hiring large numbers of individuals, especially young people, although they tend to employ individuals with a rather low level of human capital in terms of educational level and working experience.

Cities such as Shkodra and Shëngjin are examples of Albanian urban areas with high unemployment rates – 13.4 percent and 15.5 percent respectively at the end of 2016 (INSTAT, 2016a). Among the research participants, there is a concentration of large *fason* firms in these two cities, which employ around 2000 workers in total. The responses of the owners of these companies reflect a preference for hiring local people and a tendency towards expansion. Tirana also has a high unemployment rate of 19.4 percent, 32 percent for the 15-29 years cohort (INSTAT, 2016a). The majority of the employees working in the call centers located in Tirana are young multilingual individuals recently graduated from college or in the course of completing their studies. At the beginning, the call centers were mainly attracting students as they offered a flexible work schedule and students could use this money to pay rent or university fees. But, later on, they started to attract more mature individuals who were supporting their families through working at these centers. The majority of the centers are offering their services to clients in Italy and other countries of Europe such as Germany. For sure, these companies create a lot of jobs, but at the same time they are considered firms with low productivity, offering low wages to their employees. Therefore, these transnational firms may contribute to the number of jobs created, but not necessarily to the quality of employment in the country.

Additionally, transnational entrepreneurship may alleviate poverty and prevent migration, two critical issues for Albania. Growth of industries generates public benefits, creates better standards of living, and corrects the deficiencies of underdeveloped markets in countries such as Albania. Cities such as Shkodra and Shëngjin, located in the north of Albania, are less developed when compared to the more highly developed cities such as Tirana and Durrës, or Gjirokaster and Saranda further south. Therefore, transnational entrepreneurship in these northern cities and regions is moving people in the region out of poverty by entering self-employment or hiring other people in their ventures. From a social development perspective, transnational enterprises can be a strategic resource to revitalize lagging the Albanian regions. However, the greater reality is that the concentration of transnational entrepreneurship activities in Tirana and big cities actually tends to exacerbate regional inequality. These activities influence poverty reduction in urban areas around the big cities, but do not have any impact on changing the overall poverty map, especially in rural and peripheral areas, and reducing social inequality.

Considering that several transnational entrepreneurial activities are established by former migrants with work experience in Western countries, these entrepreneurs bring to Albania a new working discipline and culture, plus the lifestyle and different values of the receiving countries. Researchers acknowledge that returnees bring back social and cultural capital. For example, Dahles (2006) examines how new skills and work experience accumulated in the more advanced economies of the destination countries enhances the entrepreneurial potential of migrants on return to their origin countries. The benefits from the capital brought by the returnees to their country of origin are theoretically vast (see King, 1986; Nicholson, 2004; Agunias, 2006; AIIS, 2018). In our context, returning transnational entrepreneurs do contribute something to the social transformation of the Albanian society. Albania becomes a more diverse environment as entrepreneurs operating in the homeland and in the former destination countries, in addition to being investors or employers, serve also as agents of social change. They bring back “social remittances” (Levitt, 1998). Vasil is one of the examples in which entrepreneurs contribute to the social transformation of their country of origin. Besides his professional career in entrepreneurship, he has been running an academy for the public in Albania. Through the academy, he gives lectures and organizes workshops, which aim to inform young Albanians on various topics such as leadership, business management, marketing, and communication. Vasil stated that he is trying to share his knowledge in

business and leadership in order to make young Albanians change the way they think of entrepreneurial opportunities in general and in Albania.

Away from the main urban areas, return migrants' entrepreneurship should ideally contribute to preventing the migration of people from rural areas through investing in agriculture, rural development, and rural-based industry and tourism. The application of successful models from receiving countries or entrepreneurs' own experiences help the growth and success of transnational entrepreneurship in these areas and, as a result, could discourage domestic migration from rural to urban areas. However, the effect of transnational entrepreneurship in the economy of Albania is not as significant as to discourage people from moving from rural to urban areas. As yet, transnational entrepreneurs have not sufficiently contributed to creating a more spatially balanced economic development and a proper distribution of economic activities to all parts of the country. As a result, the contribution of transnational entrepreneurial activities in the "correction" of unequal economic and industrial development of the country is still embryonic. So far, transnational activities are established and operate mainly in big cities and urban areas of the country, with a correspondingly modest impact on promoting social and territorial cohesion in Albania.

Furthermore, transnational entrepreneurs are also indirectly contributing to different sectors of the Albanian economy. The housing industry is one. Because of various reasons such as overseeing business affairs, having nostalgic relations with family members, and thinking to return, a considerable number of Albanian migrants have invested in a home or land back in Albania. Although data on this phenomenon do not exist to my knowledge, there are various articles and verbal evidence that show migrants being owners of properties in Albania (see King and Vullnetari, 2003; Miller, 2009). Because of the nature of their entrepreneurial activities, home ownership is part of migrants' transnational living, since even if they live abroad, they need a base for their regular visits. Similar trends have been noticed in other countries of emigration such as (former) Yugoslavia and the Philippines (Gmelch, 1980).

Lastly, transnational entrepreneurship has potential significance for immigrants' political involvement. Recently, transnational entrepreneurship is creating a new generation of politicians in the country. This may not be a new phenomenon in the history of migration

elsewhere, but it is certainly an increasing one in Albania. The engagement of Albanian transnational entrepreneurs in political activities is also evident from the number of my informants who are involved with politics. Among the 50 respondents, four ran for the Albanian parliament in the parliamentary elections in 2017. In addition, two other informants have been part of the Albanian parliament in the past. Additionally, many of the respondents who are highly involved with politics admit that they have engaged in or sponsored political activities during electoral campaigns. Albanian transnational entrepreneurs seem to rely on party politics as a way to maintain their presence at home and to contribute to nation-building in their homeland. But surely, their political involvement and power at the same time helps their business connections. For example, they might have more access to financing, preferential tax treatment and government subsidies.

However, entrepreneurial activities come with some costs for Albania such as environmental impact, health and safety, low-skilled employment, and export of profits. The companies are aiming to produce in the most efficient and cheapest way, which sometimes may not be environmentally sensitive. For example, the food-processing industry (sectors of meat and seafood, beverages and bottling) has several practices which may not comply with the environmental regulations. These practices also create concerns about the health and safety of the consumers; especially in a country such as Albania where there is no rigorous enforcement of laws and regulations. As a result of the lack of legal discipline, entrepreneurs stated that some employers in Albania pay their employees based on productivity quotas instead of time period and take advantage of operating on Saturdays too. Moreover, the majority of the jobs created by the *fason* firms are low-skilled which leave older and more skilled workers unemployed. In addition to employing low-skilled workers, it can be argued that these companies generate little financial benefit for Albania, as they export a large portion of profits back to the host countries.

The impact of transnational entrepreneurship on the country's development therefore has its limitations. For instance, if compared with transnational entrepreneurship among other communities, it can be argued that the impact of transnational enterprises of Albanian migrants and returnees upon the Albanian economy and society is much lower. Irish diaspora professionals and entrepreneurs have contributed very significantly to Ireland's development with their enhanced human



capital and investments. One possible cause of this is the lack of Albanian governmental strategies to support the development of transnational entrepreneurship among migrants. Additionally, as foreseen in the discussion in chapter 2 of this thesis, the impact of the transnational ventures depends on their size. In economically developed countries, there is a prevalence of formal and large-scale transnational activities; meanwhile, in less developed countries, there is a dominance of small and medium firms (Min, 1986; Portes and Guarnizo, 1991; Zhou and Tseng, 2001). As predicted by the above division, Albania has a dominance of small and medium migrant transnational firms. Lastly, when we talk about migration, we cannot ignore the arguments that migration drains sending countries of their scarce human capital (Frank 1969; Papademetriou, 1985). Therefore, the positive impact and the great potential that transnational entrepreneurs might have for the country's development cannot outweigh the aggravated problems of underdevelopment in Albania caused by migration. For example, some of the transnational entrepreneurs might be able to diffuse knowledge in Albania, but the number of qualified doctors leaving the country is increasing every year, leaving Albania with a shortage of medical expertise.

#### **7.4 The obstacles for transnationalism in the Balkans**

In addition to the challenges faced by Albanian transnational entrepreneurs in Albania, Greece, and Italy, it is interesting to extend the regional context of my research findings to the broader regional realm of the Western Balkans, which comprise a range of mostly small countries more or less adjacent to Albania. What might be some of the challenges that Albanian transnational entrepreneurs face when operating and expanding their economic activities in the Balkans? The Balkan Peninsula offers a natural ground for the development of transnationalism. People of different ethnic, religious, national, and cultural identities share a relatively small territory and narrow geographic area. Geographical proximity should have led to a peaceful and democratic coexistence despite various potential disputes. For example, Jha (2007) shows how peaceful coexistence is maintained through having “complementarity” between ethnic groups, providing goods and services to one another. Another example of peaceful coexistence despite the territorial disputes is the case of China and India. Yuan (2012) shows how the two countries have been able to keep their territorial disputes under control and strategically expand ties in bilateral trade and investments. However, in the case of the Balkans,

geographical proximity has been hindered and complicated by the region's convoluted and sometimes violent history.

The collapse of communism and socialism, and the resultant creation of small and multiethnic states, influenced the re-emergence of numerous ethnic, religious, cultural, and territorial conflicts within and between the states in the region. During the last century, the relations between countries, populations, and even individual people in the region have been dominated by non-economic activities. Consequently, the Balkan area has not developed as a coherent region with active trade links, foreign investment and economic integration, but mostly as a region with continued conflicts and tensions. This situation may be considered a factor in delaying the development of transnational enterprises generated by migration flows and cross-border ties. This, in turn, causes delays in social and democratic development in the region.

The delay in the development of transnational networks and economic transnationalism in the region is also linked with the fact that Balkan countries have not been able to produce migration inflows and outflows from and towards their Balkan neighbors (Greece excepted). Traditionally they have been predominantly migrant-sending countries and have failed to accommodate immigrant inflows as destination countries due to their weak and vulnerable economies. The production of migration flows between the countries of the Balkan Peninsula is almost non-existent due to the similarities they have in economic structure, welfare systems and economic growth. In general, the economic modernization in the Balkans has lagged behind that of Western Europe and even the rest of Eastern Europe, where these are considerably more advanced economies. As a result, migrants tend to migrate outside of the Balkans, towards Western European countries. As a result of this migration trend, transnationalism and transnational economic activities specifically within the Balkans are less likely.

In addition, many countries of the Balkans lack the fundamentals for a sound business environment. Doing business in these countries is often difficult due to political and social instability, weak rule of the law, bureaucracy and corruption, poor infrastructure, lack of finance sources, and constant changes in the legal framework. Additionally, there is an absence of regional business networks which would contribute positively to the business environment in the region. All these factors make the Balkan countries unreliable business

partners. As a result, there is a near complete absence of transregional economic cooperation within the Balkans.

The absence of regional economic cooperation is also attributed to the European integration process. The region's advance towards European Union membership is influencing the cross-national linkages in the region. States in the Balkans are promoting transnational economic ties with the EU instead of exploiting intra-regional cooperation. For example, the imposition of tariff and non-tariff barriers to non-EU countries is hampering regional trade and imposing counter-measures in response. Therefore, the Balkan countries are prioritizing economic ties with EU countries.

## **7.5 Conclusion**

Albanian migrants and returnees are actively looking for new economic activities across the national boundaries of the host countries. The chapter first examined the two main host countries, Italy and Greece, in which Albanian entrepreneurs run their businesses. The reasons behind their choices are partly related to the foreseen challenges and opportunities that Albanian entrepreneurs face in these countries. In addition to the numerous advantages, we saw that Albanian migrants seek transnational entrepreneurship as a result of structural limitations in the economic, social, and cultural environment of the hosting countries. Examining the advantages and disadvantages across borders will possibly lead to exploring some areas in which entrepreneurship in Albania can be improved. Also, examining the potential significance or impact of migrants' and returnees' entrepreneurial activities towards the development of Albania, is important in the context of the country's overall development. The nexus between transnational entrepreneurship and the socio-economic development of Albania was explored through the empirical findings of my study and various theoretical perspectives. The discussion above highlights a generally positive view of the potential of transnational migrant entrepreneurs to function as key actors in the migration-development nexus. One important result of the nexus between transnational entrepreneurship and social development is knowledge transfer at both the migrant-local level and the migrant-state level.

An examination of the literature and the data analysis of the study reveals a variety of benefits and challenges to transnational entrepreneurship, in both number and scope. Transnational entrepreneurial activities might not engage all Albanian migrants and returnees, however they have a great potential for the development of both the host and home countries. Considering the financial and non-financial benefits across multiple levels provides enhanced understanding of the phenomenon and key insights for policy-makers. Albanian entrepreneurs succeed in identifying and taking advantage of entrepreneurial opportunities. Among the research participants, some of the entrepreneurs were involved in the subfield of academic entrepreneurship, a recent and emerging trend in Albania. Encouraging members of the Albanian diaspora and returning migrants to pursue transnational entrepreneurial activities could be an important element of development policies in Albania, but much remains to be done. Recognition of the importance of transnational entrepreneurship is important and should push Albanian policy makers and officials to take additional steps to try to eliminate existing barriers to entrepreneurship, see transnational entrepreneurs as partners towards the country's development, and value their contributions. Based on both existing research and my own findings, the Albanian government should be more active in promoting entrepreneurial activities, particularly those related to current and foreseen market opportunities. These, and other, policy issues are picked up in chapter 8.

The last part of the present chapter discussed how, in recent decades, the economic connections between countries in the Balkans have failed to be at the level of the relations in other regions of Europe. There is a delay in the formation of transnational networks and transnational entrepreneurship in the wider Balkan region. This delay is due to many factors, including continuous ethnic, religious, territorial and political disagreements; slow economic development; unfavorable business environment; the legacy of communist and socialist rule; and European integration. In the next chapter, I proceed to a discussion on the main findings of the thesis and compile a set of policy recommendations based on these findings.

## 8. CONCLUSIONS AND POLICY RECOMMENDATIONS

In this final chapter, I commence with a discussion of the main findings of the thesis, italicized for emphasis. Then, I highlight what I see as some of the strengths and limitations of the study, as well as discussing some future potential research directions. Lastly, based on the information primarily obtained through the interviews with the transnational entrepreneurs, and backed up by literature review and document analysis, I formulate a series of policy recommendations for supporting and promoting transnational entrepreneurship among Albanian migrants and returnees.

### 8.1 Key findings

This thesis has aspired to *provide a deeper understanding of the causes and consequences of transnational entrepreneurship among Albanian migrants and returnees doing business with/in Albania*. I focused on three main questions: first, identifying the elements that shape the development and operation of transnational entrepreneurship among Albanian entrepreneurs; second, exploring the characteristics of Albanian transnational entrepreneurs and the dynamics of their business firms; and third, examining the impact of transnational entrepreneurship on Albania's development. To answer these questions, and leading into the data analysis, I followed a mixed-method approach and the three procedures of Miles and Huberman (1994) – namely, data reduction, data display, and conclusion drawing – and selected quotations and questions from my field notes and from the interviews with migrant transnational entrepreneurs. Below, I address the key empirical findings related to the aforementioned questions. Through my research findings, new insights for exploring transnational entrepreneurship among Albanian entrepreneurs have emerged, but at the same time they confirm some of the existing results from the literature review.

First, I found that there is a shift of developmental strategies among Albanian transnational migrants. They maintain ties with their homeland through sending remittances to families and relatives, but data from the interviews showed that *there is a shift from remittances being used for household consumption to their use for investment purposes such as establishing businesses or expanding existing ones*. For a post-communist and still rather underdeveloped country such as Albania, there is a greater

positive impact of remittances on business establishment rates where the widespread informal economy lacks foreign investment (Martinez et al., 2015). Thus, entrepreneurs mobilize their own or borrowed funds to create and operate transnational ventures in their country of origin, which are considered to be beneficial for the country's economy and society. Differently from the existing literature that offers only monocausal explanations (Oliveira, 2007), my research offers an integrative model for understanding the diversity of entrepreneurial strategies among Albanian migrants and returnees.

The findings of this thesis shed light on the dynamic nature and key features of the Albanian transnational entrepreneurship phenomenon. The interviewees' narratives show the typical entrepreneurship path followed by Albanian migrants and returnees during their migration period in Italy and Greece or upon return to Albania. Their migration stories show that *Albanian migrants are continuously looking for opportunities to improve their life and employment prospects since the early 1990s*. Albania has been through a difficult economic and political transition, and as a result is continuously producing emigration flows and deferring the transition from an emigration country to a country of immigration. Nowadays, statistics show that there are fewer Albanians leaving the country compared to the 1990s, more Albanians returning to their country of origin and more Albanians looking for potential migration opportunities.

Data collected from the face-to-face interviews show that participants' migration and professional experience in the host countries serve as an effective advancement strategy for entering into and moving along the transnational entrepreneurship pathway. *The appropriate skills, education, and knowledge gained from the migration cycle are found to be instrumental in utilizing resources for their businesses*. The findings are in line with other studies showing the positive impact of migration experience in improving migrants' skills and increasing the opportunities of building their own businesses in the home country (Drori et al., 2006; Kilic et al., 2007; Piracha and Vadean, 2010; Lundberg and Rehnfors, 2018). Factors found to have a direct impact on shaping transnational entrepreneurship outcomes among Albanian migrants and returnees include personal savings, financial support of foreign/domestic investors, and networks of people. Access to finance and use of social linkages were widely considered beneficial for business creation and growth. Also, by operating in two or more countries, entrepreneurs have the advantage of more sources of information and a wider access to personal networks and

emerging market opportunities. The success of their transnational firms relies on their social networks and connections, especially in the country of origin. These connections may serve as compensation for any potential market disadvantage that entrepreneurs might face when doing business.

The typical Albanian transnational entrepreneur, according to the interviews, is portrayed as a married man, in his late 30s. Regarding the types of business, there is a wide distribution of economic activity across the sectors of the economy. Based on the interviews, I can argue that the ethnicity of the migrants did not lead them to conduct businesses in a particular ethnically-defined sector of the economy. Hence, as a second key result, *we cannot speak of an Albanian ethnic business specialization in Greece and Italy*, in the way that many ethnic niche economies have taken root in other geographical migration contexts which were reviewed in chapter 2. For example, Waldinger and Aldrich (1990, p. 131) show immigrants as following “ethnic” entrepreneurial strategies just because they share an ethnicity and/or identify themselves with one group with specific features and cultural traditions. My findings show that Albanian migrants present a different case; the participants are involved in various transnational entrepreneurial activities, including businesses in manufacturing, retail, agriculture and agribusiness, and consulting.

Thirdly, the findings show that *Albanian migrants’ transnational activities have changed with time*. For example, academic entrepreneurship, which has distinctive features from the traditional forms of entrepreneurship, is recently present in Albania. Also, in the last five years, there is a tendency of transnational entrepreneurs being highly involved with political activities in Albania. Additionally, some of the entrepreneurs started a business in a certain industry and then moved to other related industries. Albanian entrepreneurs offer a diversified range of products and services to ethnic and non-ethnic customers by being present in various industries. The Albanian migrants’ and returnees’ transnational businesses also vary in the extent to which they are involved in transnational economic activities, and range from enterprises simultaneously operating in multiple countries to small firms with lower transnational involvement. Overall, *migrant transnational entrepreneurship in Albania is likely to expand and become more intense*, favored by technological advancement, easier acquisition of visas, visa-free travel, and the continuous desire of Albanian communities abroad to connect economically to the

homeland.

In some of the transnational business cases, entrepreneurs already had their business in the host country and at the same time were eager to build an economic connection between their new country of acquired residence and their home country. Therefore, they effectively decided to “belong” economically, and usually also socially and culturally, to two different countries at the same time. However, what is important to mention is that the majority of the research participants commercialized their transnational opportunities from scratch instead of first being involved with entrepreneurial activities and then conducting businesses across nations. Operating their businesses across countries, rather than in one country only, was seen as a key to their firms’ success and as a method for providing competitive advantage.

The next key finding, and I think a particularly original part of both the framework of the study and the research findings, is the *usefulness of creating a typology between necessity entrepreneurs and opportunity entrepreneurs* – also supported by some relevant literature (Landolt et al., 1999; Portes et al., 2002). Opportunity entrepreneurs discovered and acted on the profit opportunities offered by the particular national or multinational market and met the consumer needs at the time of business creation. By contrast, the necessity entrepreneurs started their firms out of lack of choice as they found it difficult to generate incomes in other ways. Most of the Albanian entrepreneurs in Italy and Greece decided to set up transnational businesses mainly as a way to improve their social position in the host societies, but were also encouraged by what they perceived as the various market opportunities. On the other hand, Albanian entrepreneurs in Albania followed the transnational entrepreneurship path mainly for improving their economic position there. But this not the whole story. Overall, Albanian transnational entrepreneurs establish their businesses driven by the market opportunities, passion for commercializing an idea, and desire for independence, rather than being motivated only by economic reasons. However, as I demonstrated in the previous chapter, the divide between these two types of transnational entrepreneur is not absolute. Some opportunity entrepreneurs could end up by financially struggling, whilst some necessity entrepreneurs’ businesses could end up by being quite profitable, and therefore graduating to a more market-driven nature. They started as necessity entrepreneurs and then further expanded the market as opportunity entrepreneurs.



Fifthly, the interview data showed that *transnational migrant entrepreneurs face a range of opportunities (low operating costs and rich natural resources) and challenges (corruption, lax contract enforcement, poor access to funding, problematic tax rates)*. True, these are similar to the issues faced by other entrepreneurs. However, to some extent, transnational entrepreneurs also experience difficulties different from the rest of the entrepreneurs and as a result not predicted by business development policies. Some of the challenges faced by transnational entrepreneurs were discussed in the context of economic relations between countries in the Balkans and how they have failed to be at the level of the international economic relations in other regions of Europe. We saw how the formation of transnational networks and transnational entrepreneurship in the region was delayed as a result of many factors such as continuous ethnic, religious, territorial and political disagreements; slow economic development; unfavorable business environment; the legacy of communist and socialist rule; and differential engagement with European integration. A comprehensive framework when examining transnational migrant entrepreneurship involves the interplay between the political (Dobbin and Dowd, 1997; Aldrich and Martinez, 2001), institutional (Drori et al., 2009; Urbano et al., 2010), and legal (Saxenian, 2002) contexts in the country. Interviews and statistics showed that there is still room for further advancement. There is a need to reduce political interference in business affairs, along with countering the weight of the informal sector and reducing other legal shortcomings. Exploring and working towards eliminating these difficulties is important because they affect the development potential of transnational entrepreneurs.

Finally, and the particular focus of chapter 7, my research findings highlight the *contributions of transnational migrant entrepreneurs towards the migration-development nexus in Albania* and the relevant competing theoretical perspectives. Based on the previous and current government's policies, it can be argued that the Albanian government has failed to harness entrepreneurship as a powerful source towards strengthening the country's sustainable development. The birth of transnational networks and entrepreneurship among Albanian migrants could be a useful resource to further the government's development goals. This will require the government to generate policies, incentives, and resources to support these networks in order to promote the positive effects of the migration-development nexus (de Haas, 2010). *A key finding here is the realization that entrepreneurship can be a direct outcome of migration, and can in turn thereby contribute to development and poverty eradication.* Therefore, encouraging

transnational entrepreneurship and further cooperation with transnational entrepreneurs can help in the country's development and improve the country's competitiveness in the global market. For instance, entrepreneurship is essential to achieve the Sustainable Development Goals (SDGs). It is thus important for the government and other economic experts to strongly support and incorporate entrepreneurship and transnational entrepreneurship as key strategies in achieving SDGs. Also, there should be more attention towards empowering the role of women in entrepreneurship for development. In addition, transnational business creation has potential to help to reverse the brain drain process, encouraging more transnational migrants to be involved with their country of origin. The multidimensional development of transnational entrepreneurship includes not just Albania's development level, but also the individual and organizational levels. Data from the interviews highlight a generally positive view of the nexus between transnational entrepreneurship and social development, especially knowledge transfer at various scalar levels.

However, as was anticipated from the literature review, not all entrepreneurs have the same positive impact on the home country's development. The overall impact depends on the type, scale and extent of entrepreneurial activities. Entrepreneurs who created their businesses due to accurately assessed market opportunities are generally found to have a greater impact on the country's development. Among the research participants, I found that the majority of the transnational entrepreneurs built their activities around perceived market opportunities. Necessity entrepreneurs have a smaller impact on the country's overall development, while contributing importantly to poverty reduction. This difference is also supported by the literature review in chapter 2. Furthermore, the additional following elements were found to be of importance in shaping and determining productivity in transnational entrepreneurial initiatives among Albanian migrants and returnees: economic capital (personal savings and financial support of foreign investors), social capital (contacts), and cultural capital (skills, education, and knowledge earned abroad).

Yet, when analyzing the developmental impact of entrepreneurship in Albania, we should take the following consideration into account. The idea of entrepreneurship promoting the country's development runs into difficulties in that entrepreneurship itself depends on the positive dynamics of development. These two processes occur concurrently.

Basically, in a country such as Albania, people believe that poverty is causing the lack of development of entrepreneurship. Meanwhile, poverty is a consequence of many factors including the lack of entrepreneurship. To give an example, some of the Albanian returnees in the country lack the means to change their situation by entering entrepreneurship. As a result, returnees and their families continue to stay in poverty. Entrepreneurship and poverty may thus be considered a vicious cycle. Efforts by the state have to be made in order to address the factors that impede the development of entrepreneurship, including transnational entrepreneurship. It is important to find ways to help people living in poverty to create their own small businesses and to consider entrepreneurship as way of escaping poverty – a point I return to in the final part of this chapter.

## **8.2 Strengths and limitations of the study and future research**

The ultimate importance of my research findings lies in extending insights into migrant transnational entrepreneurship and in designing better policies and implementation strategies by the Albanian authorities. Migration and entrepreneurship policies are more effective if they address target groups whose needs and capabilities have been examined beforehand. In addition, my research findings contribute to the literature about the specific nature of the migration and development nexus in Albania. The thesis helps to expand the empirical base of migration as a factor of development by bringing in a case study from the private sector, namely the growing group of transnational entrepreneurs with significant potential at the individual, community, and macro level of the country's economic and social development. More specifically, this thesis goes a long way in filling the gap in the existing literature on transnational migrant entrepreneurship among Albanian migrants. Moreover, my study examines Albanian transnational entrepreneurship through multiple conceptual lenses, including entrepreneurs' characteristics and entrepreneurial motivations; mobilization of resources; the transnational and spatial contexts; and the institutional, legal, and regulatory frameworks – all set broadly within the theoretical landscape of the migration-development nexus.

However, I acknowledge that there are some limitations in the design and execution of this study. The first concern is that the sample of 50 migrant interviewees is not statistically representative. This sample study is only a small portion of the total number

of Albanian transnational entrepreneurs around the world. As a result, there are some limitations when trying to make generalizations across Albania or to other countries in the region. Besides the sample size, the study is limited only to transnational entrepreneurial experiences in three countries, Albania, Italy and Greece. In mitigation, I would say that doing fieldwork in three countries is a challenging exercise for a doctoral project.

Secondly, the study is mainly exploratory in nature. My results and analysis tend to be illustrative rather than statistically representative, aiming to give readers a common language about the topics in question. However, to make up for this limitation, I conducted in-depth face-to-face interviews with each of the 50 main study participants, plus further interviews with 20 key informants. By having a detailed conversation, I was able to build a personal connection with them and get essential and extended information regarding their migration and transnational business experiences, in the first case, and about the wider national picture and policy landscape, in the case of the latter group of interviews.

A third sample-related limitation of this study is that I did not include any transnational entrepreneurs who have failed in their entrepreneurial activities. By their very nature, “failures” were not on my radar, and even if I had found them and approached them, it is unlikely that they would have agreed to an interview. Moreover, by studying only the group of extant transnational entrepreneurs, I could have further explored what hindered their transition from being a migrant entrepreneur to becoming a transnational entrepreneur. The barriers faced towards this path may be an interesting avenue to examine in future research. However, some of the challenges faced by migrants and returnees were already covered in chapters 5, 6, and 7 of the thesis. In addition to the entrepreneurial challenges, there are many other relevant topics such as gender issues, the detailed functioning of transnational networks, and migrants and returnees’ (re)integration that were insufficiently addressed.

An important topic that was discussed in section 3.8 of this study and could be a subject for future research is Albanian returnees and their reintegration into Albanian society after their return. As confirmed by many scholars, return migration and, as a result, the returnee’s reintegration, which is an essential part of return migration, remain

understudied issues, which should have more attention due to returnees' potential contribution to the development of the home country (King, 2000). The benefits from the financial and human capital that returnees can potentially bring back to their country of origin are theoretically vast (see King, 1986; Nicholson, 2004; AIIS, 2018). Albanian governments should therefore be sensitive to the successful return of migrants. Reintegration is important as it empowers and protects returnees and prevents irregular and unsafe re-migration options. In addition, when talking about integration, we should not think of returnees only as first-generation migrants; part of this group is also made up of second-generation migrants who might decide (or to forced) to move to Albania for different reasons. For example, King and Christou (2014) discuss the intersections between return, transnationalism and integration among second-generation Greek-Germans and Greek-Americans who decided to move to Greece mainly for idealistic, lifestyle and life-stage reasons. Among the Albanian returnees, there are second-generation migrants who move to Albania with their parents and try to integrate into the Albanian society; they have been little studied.

Finally, it is important to explore more in depth the ways in which the transnational involvement of migrant entrepreneurs changes from first- to second-generation migrants. By distinguishing between these generations, we can explore whether transnational involvement is a result of necessity (mainly among first-generation) or strategy (mainly among second-generation). This will contribute to the literature that takes into account the difference between necessity and opportunity transnational entrepreneurs, and to research which traces the transmission and evolution of transnational migration and business development across the generations. Also, from the literature review, I noticed that there is a need for more quantitative studies that examine transnational entrepreneurial paths among Albania migrants and returnees.

### **8.3 Policy recommendations**

My suggested recommendations for the Albanian government are designed to make conditions in Albania more favorable for migrants and returnees to invest in the country's overall social and economic development. An absolute priority is to improve the entrepreneurial environment in Albania, with a special focus on increasing the engagement and participation of Albanian communities abroad and returnees in the home

country, and at the same time reducing the outmigration rate. Below are a series of concrete recommendations on how to increase entrepreneurs' engagement; at the same time, I acknowledge the potential challenges faced in their implementation. Policy implementation is suggested according to multi-level governance.

First, a very general point: the Albanian government should reform its policies, programs and laws by integrating the gender dimension. Government policies regarding the Albanian communities abroad should focus on a broader range of entrepreneurs, including female entrepreneurs, and on those conducting businesses across borders. Although migrant entrepreneurship and transnational migrant entrepreneurship are becoming important activities for women's involvement, my own interview data and the wider literature show a male dominance among Albanian transnational entrepreneurs. It is important to empower the role of women in entrepreneurship for development. It is therefore essential that we acknowledge and prioritize this category when designing policies aimed to support women's economic empowerment and female entrepreneurs. This will be a tough challenge given the still-entrenched gender divisions in Albania's patriarchal society. One way of supporting the development of female entrepreneurship in Albania is by providing sufficient alternative source of funding available to SMEs through grants and loan schemes. The financing could be complemented by technical assistance tailored for women entrepreneurs and supported by EU initiatives, instead just of government funds.

Second, the existence of transnational entrepreneurial activities amongst migrants in host countries has raised the interest of many sending countries. For migrants' countries of origin, such entrepreneurs are seen as potential investors in the development of their origin countries. However, in the case of Albania, there is no effective policy dedicated to transnational entrepreneurship and its impact on the country. Recognition of the importance of transnational entrepreneurship is important and should push Albanian policy makers to take steps to try to address and eliminate existing barriers to entrepreneurship. Part of this research can be conducted by international organizations operating in the country. Collecting data on transnational entrepreneurship is important because of its growth prospects and because Albanian entrepreneurs are perceived as having the potential to make important contributions to development. Through bringing a development impulse to the country, they can also help in reducing potential migration.

Migrants are major contributors to the country's development, and to modernization of many communities and settlements, but so far Albania has heavily relied on the migrants' contributions without giving anything in exchange. Albanian migrants are highly used by various actors in the country, but we should now focus on how the country can give something back to the Albanian migrant population. This is my third general policy recommendation. For instance, migrants have contributed with their remittances, but the Albanian government is still not ready to efficiently manage and enhance these remittances. Remittances are typically spent on consumption (food and clothes) and in "static" investment (land, remodeling or building new houses), rather than entrepreneurial activities (King et al., 2011; Albanian Government, 2015). At the same time, the Albanian government is far from transforming remittances into a source of financing for transnational entrepreneurship and other development projects.

Another example is the right to vote for Albanian citizens living abroad. Political parties often rely on migrants' votes during elections, but they do not properly help them towards a sustainable transnational engagement. Thousands of migrants, supported by the political parties, are asked by the political parties to return to Albania to vote. Engaging Albanian migrants in the political sphere is a great step forward. However, the Albanian government should be looking for a more efficient and sustainable way of providing migrants with the right to vote, by having an election system that would allow them to vote from abroad. From the interviews, many of the Albanian migrants argue that transnational entrepreneurs are taking on more responsibilities yet enjoying few rights in regards to the country of origin.

Fourthly, the Albanian government should take vigorous proactive measures towards supporting their communities abroad, with a special focus on Albanian entrepreneurs. Actions include institutionalizing the cooperation between the government and Albanian communities abroad; establishing a synergy between the government policies and private sector; empowering returnees, etc. Taking into account that around one-third of the Albanian population now lives abroad, Albania theoretically has good prospects in engaging a substantial number of Albanian migrants and entrepreneurs for the country's development. The country needs to have an environment that encourages and supports the engagement of Albanian communities abroad (ACA). More specifically, we need to have a better understanding of how to facilitate cooperation among ACA and Albania and

make it clear that the ACA are welcome to invest in Albania by promoting the success stories in the business sector. The Albanian government and other related actors must have a plan that features a clear approach to diaspora engagement and their role in the economy of Albania. Statistical profiling of Albanian communities abroad and establishment of the Diaspora Development Fund remain key tasks to be developed and completed before trying to engage these communities. Mapping Albanians abroad might help in making policies better tailored to specific groups of professionals. Also, it can potentially help in building a collaboration between migrants and locals; for example, connecting transnational entrepreneurs abroad with local entrepreneurs in Albania.

One of the issues with Albania's cooperation with the diaspora, which includes Albanian transnational entrepreneurs living abroad, is that these efforts have mainly been initiatives by the Albanian government. Examples of the documentation prepared towards diaspora engagement are the 2016 political document, Policy on Engaging Albanian Communities Abroad, which was financially and technically supported by the IOM, and the National Diaspora Strategy of the State Minister for Diaspora. In addition, from 2017 the Albanian Government has three laws regarding the Albanian diaspora, one of which focuses on the Diaspora Development Fund. The Fund is a good opportunity for Albanian migrants abroad who are looking for entrepreneurial opportunities across borders. Institutionalizing this cooperation and formalizing it on the governing agenda is a big step forward. However, cooperation with the diaspora can only be long-lasting, sustainable and productive if a synergy between government policies and private sector development is established. Experiences of countries with similar migration issues show that the involvement of the diaspora has fulfilled greater expectations if the private sector has entered the game. This requires the government to create incentives for potential investors from overseas immigrant communities as well as private entrepreneurs in Albania, which will create joint activities and foster partnerships with Albanian investors abroad. Also, the government should adopt policies and programs that make it easy for Albanian migrants to move between the destination countries and their country or origin. By improving the entrepreneurship climate in Albania, fewer people will be pessimistic about the country and see migration as the only solution.

A fifth policy recommendation is to encourage the critical evaluation of other countries' schemes and their potential relevance to Albania. Each country has its own migration



management strategies and action plans based on their economic and political contexts. However, for increasing diasporas' engagement with their countries of origin, we can use the past and current experiences of other countries with high migration flows. Some of the countries that have implemented successful models in diaspora engagement are Ireland, Israel, India, and China (Aikins et al., 2009). For example, Ireland offers a series of initiatives designed to engage the diaspora at the national, local, and community levels. One of Ireland's successful initiatives is the creation of the WildGeese Network, founded in 2011, with the aim of linking Irish scientists living abroad with scientists in Ireland (WildGeese Network of Irish Scientists, 2018). This type of professional network can be created with the aim of connecting transnational entrepreneurs abroad with local entrepreneurs in Albania. Networks can provide information regarding job positions, facilitate mentoring, and highlight the scientific and professional achievements of overseas fellows.

In addition to connecting entrepreneurs, networking policies can also be used to further develop transnational academic entrepreneurship through linking various Albanian scientists living abroad with research entities and scientists in the country. As we saw previously, among the research participants, a few of them are considered to belong to the academic and professional migrant entrepreneurs group, a group that holds an important role in the international diffusion of knowledge. Fostering the developmental potential of these more "elite" academic-professional migrant entrepreneurs is a subset of the fifth recommendation above. These entrepreneurs' networks can provide a platform for matching potential partners across borders. Participants of this kind of network will be able to show their research and business projects and potentially create partnerships with various investors and professionals, including business-oriented academics. Also, they can serve as business forums, where transnational entrepreneurs discuss their business practices, experiences and challenges faced in the countries of business operation. These regular meetings can be supported by the Albanian Chamber of Commerce or donors in order to help in securing the participation of a wide range of entrepreneurs. However, it is important to highlight the potential limitations of this approach. The successful models of networks need to be adjusted to the specific geographical region and groups of entrepreneurs.

Given the rising educational profile of potential Albanian migrants (King and Gedeshi,

2018), the government should consider building and implementing mechanisms to strengthen the country's ties with Albanians abroad, specifically Albanians coming from the academic and business communities. Albanian universities and enterprises should lead this process. Similar experiences can be found in neighboring countries such as Macedonia. "Macedonia 2025" is a highly productive initiative of diaspora engagement in the social and economic development of the country of origin (Macedonia "2025", 2018). The model is based on the cooperation between the scientific and university diaspora, some prestigious American and European universities, and the private sector of the country. The same model could be applied in the Albanian context. This cooperation can be implemented as an initiative of the Albanian private sector with prominent representatives of the Albanian diaspora in Western countries as well as with prestigious business and management schools in the North American and European countries. The universities have the potential to establish specific programs for the qualification of young managers and entrepreneurs from Albania, with the financial support of the Albanian diaspora in these countries. Interview data showed that the labor force in Albania lacks training and knowledge in several key economic sectors. That said, the private sector and local universities should work together in establishing a platform that will enhance the skills of entrepreneurs and employees that are required in transnational and local markets.

Some potential actors that can provide financial support for the implementation of the above initiative of diaspora engagement are Albanian professional organizations, Albanian alumni associations, and community and area based groups of Albanians. Additionally, these organizations can serve as intermediaries for the donations coming from individuals in the Albanian diaspora. For this purpose, it would be more efficient to look for small individual donors, instead of following the current trend of mainly chasing bigger donors. Attracting a larger number of small donations has been proven to be a successful strategy in several humanitarian initiatives among the Albanian migrant communities in the United States. The motivations, capacities, and causes of diaspora philanthropy vary and in order to build trust, have a greater impact and encourage a higher level of donations, diaspora donations can be channeled via trustful intermediaries. Also, in order to be more effective, the initiative can be launched as part of a project implemented in the host countries that will promote the diaspora's contribution to improving the qualifications of young leaders and managers, as well as to creating a favorable entrepreneurship environment in the country. Encouraging members of the

Albanian diaspora and returning migrants to pursue transnational entrepreneurial activities is an important element of development policies in the country.

In addition to the Albanian communities abroad, the Albanian government should focus more on return migration, aiming to empower returnees and their capabilities to contribute to the homeland. This is the sixth key policy pointer. Under the global economic and financial crisis, and the particularly dire economic situation in Greece, more and more Albanians are returning to their country of origin. Once migrants return, they need assistance in achieving economic, social and political reintegration. Economic reintegration, as shown from the interviews and other studies on Albania, is one of the most difficult aspects of the reintegration of returned migrants due to the poor economic and employment environment, corruption, and the lack of physical and social infrastructure (King and Vullnetari, 2003; Vathi, 2011). Taking into account the so-far-unsuccessful return policies of Albania, the importance of the migration and development nexus, and the support of co-development policies by a number of governments, co-development may serve as a new instrument for development cooperation when it comes to transnational economic migrants/returnees. The co-development approach, which was initially introduced by the French government in 2000, can help in promoting and formalizing migrants' activities in the country of origin (see Nijenhuis and Broekhuis, 2010). This phenomenon has been observed among Chleuh migrants in France, Belgium, and the Netherlands (Lacroix, 2009) and the Malian and Senegalese migrants who were encouraged to return to their countries of origin through financial incentives for business development (Raghuram, 2009). Additionally, co-development programmes can serve as a channel for building better collaboration between the state structures and transnational migrants/returnees with the purpose of implementing development projects. The success of the co-development approach is also confirmed by the Parliamentary Assembly of the Council of Europe (PACE), which recommends the implementation of co-development policies at the European level (IOM, 2006). In this way, the aim is to make Albanian migrants seek entrepreneurial opportunities in their home country too, not only abroad.

In the research context under study, the co-development process has the potential to support Albanian returnees with their return process and at the same time make them a valuable asset towards the country's development. Thus, the Albanian government should provide more assistance to returning migrants in establishing a business and towards their

overall economic, social, and psychological reintegration. The successful reintegration paths of returnees depend on their, and the governments' preparation for the return process. Often, it seems that the Albanian authorities are not very useful and successful as sources of information and support. An important approach that should be pushed by the Albanian government is a better collaboration between various returnees who are willing to invest in Albania, the local governments, and the national bank. The engagement of Albanian communities abroad and returnees should not be limited to the national level; they are often inclined to engage at the local level too, as illustrated in the selection of their business location.

My study participants have a tendency to establish their businesses around the region of their origin due to reasons related to social and economic capital, as well as the pull of family links. For this purpose, policy makers should launch rigorous efforts towards capacity building of local government agencies: my seventh recommendation. They should aim to strengthen local government's ability to meet its role in achieving development goals and obtaining adequate funding. Creating a scheme for funding migrant investment initiatives is important, so that migrants who are willing to invest in Albania can be supported by grants provided by the local governments. The financial capacity of local governments can be supported through financial assistance grants from the national government or migrant associations. For instance, France co-financed local community projects and 15 percent of the costs of the project implementation was provided by migrant associations (IOM, 2006). In this way, local governments will be more powerful and be able to use grants in accordance with their community needs. Particular measures are needed for supporting Albanian returnees in small towns or in the periphery of the country, as most of the current help and support is provided in bigger cities. Fiscal, banking and financial incentives can be used to have a better distribution of the diaspora investments across the country, including poor and marginal areas.

The involvement of local authorities will potentially result in a better management of the business environment in the regions of Albania and in having a more successfully decentralized development. This will help to slow down the excessive concentration of growth and urban expansion in Tirana, where diseconomies of congestion and inflated land and property prices are already clearly evident. Thus, the Albanian government should aim for a general shift from centralized development to local

transformation. Through an effective engagement of these actors, social and economic development will happen based on each region's needs and potentialities, instead of having one approach implemented by the central government. The entrepreneurial initiatives are bound to fail if there is no support from the local institutions; local agents who work on behalf of state institutions and business companies have a better understanding of the situation on the ground and of the needs of the local community and economy. Migrants' and returnees' business initiatives should be supported and oriented by the local authorities in order for the business initiatives to be aligned with the interests, skills, needs, and resources of the local communities.

When these initiatives are developed and implemented in the local regions, there is a stronger trust between migrants and local government authorities. Albanians in general associate their origin and identity with specific cities of Albania. Often, we hear Albanian migrants identifying themselves as being from "Tirana" or "Durrës". Hence, entrepreneurs' engagement can be facilitated by enabling cooperation and building trust between them and the local institutions. Several scholars acknowledge the crucial importance of trust and examine the link between trust and cooperation (Gambetta, 1988; Harrison, 1992; Fukuyama, 1995; Paxton, 1999). In Fukuyama's view, business relations between people are more successful when conducted on the basis of trust, and the economic success of countries such as Germany and the United States is at least in part a result of being among the high-trust societies. These scholars argue that entrepreneurial behavior is institutionally embedded; therefore, the trust level of individuals in institutions can impact their engagement in entrepreneurial opportunities. Through building trust in the business environment in Albania, more migrant entrepreneurs will be attracted to invest in the country. Policies aimed at an overall building of trust in Albania constitute my eighth policy recommendation.

Finally, policy makers should aim to transform "necessity" entrepreneurs into "opportunity" entrepreneurs. As discussed earlier, and as also shown from other studies, necessity entrepreneurs' contribution to the country's development is less significant compared to the potential impact that opportunity entrepreneurs have. This is potentially due to their firms' size. Participants who established their businesses due to necessity generally own small firms and manage their businesses in a non-friendly environment for small enterprises. In general, small-size firms in Albania do not have adequate access to

the market and resources when compared to larger firms. Therefore, government policies and programs should focus more on the latter scale of venture. For example, one way of helping enterprises is by lowering tariff levels on imported raw materials and machinery. Overall, governments, migrant associations, the private sector, and academic entities can boost the development and potential of transnational entrepreneurship among Albanian migrants and returnees doing business with/in Albania. On a less optimistic note, taking into account what is actually happening in the country, the obstacles to effective implementation, and other limitations of the Albanian society and politics, make the implementation of the abovementioned policies decidedly challenging.

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## APPENDIX A - INTERVIEW GUIDE

Date of interview: \_\_\_\_\_  
 Name of interviewee: \_\_\_\_\_  
 Country of interview: \_\_\_\_\_  
 Gender: \_\_\_\_\_

### Before the interview:

- Explain to participants what the research is about and how it will be disseminated
- Inform them about the nature, length, and format of the interview
- Address terms of confidentiality and anonymity
- Explain their right to refuse at any stage for whatever reason and to withdraw data supplied
- Inform that they do not have to answer any questions they do not want to
- Obtain permission to take notes and record, and give participant control of the recorder
- Ask them if they have any questions
- Obtain oral consent for interviewing

### Section A

#### **Interviewee's background**

- Where are you from?
- What is your current place of residence?
- Where were you living before Italy/Greece?
- What is your marital status?
- When were you born?
- Do you have children?
- What is the highest qualification level you attained in Albania?
- Have you received any additional education in the host country?
- What was your occupation/professional experience in Albania? What were you doing before moving to the host country and where?
- What is your family background? What were they doing and where were they living before you moved to Italy/Greece?
- When and why did you decide to leave the country?
- Why Italy/Greece?

#### **Interviewee's experience in the host country**

- Tell me the story of migrating to Italy/Greece. How did you enter the country? Was the journey easy? How long did it take to get from home to Italy/Greece? Did your family travel with you?
- How did you find a job when you first arrived in Italy/Greece?
- Can you describe your professional experience in the host country?

- Are you in touch with any Albanian migrant groups in Italy/Greece? How would you describe your relationship with them?
- How would you describe your relationship/experience with the host society? (If positive experience, ask them if they ever had a negative experience. If negative experience, ask them if they ever had a positive experience. Also, ask what are the factors that may have changed their relationships)
- Can you talk about your perceptions of the host country before and after emigrating?

## Section B

### **Business data**

- What is your business and where is it located? (*points to cover: economic sector, services/products, structure of enterprise, number of employees, family members as employees, cross-border relations*)
- For how long have you been in this business?
- Do you follow a business strategy?
- How did you decide to set up a business in Italy/Greece/Albania? (*points to cover: motives, migration experience, social and economic networks, personal circumstances, institutional context*)
- Do you think your family has an influence in the development of your entrepreneurial business?
- Can you talk about the resources used for the pursuit of your entrepreneurial activities? (*points to cover: economic, social, cultural, and symbolic capital*)
- Did you have any previous experience in business operation?
- How do you manage the business? Do you have a partner?
- Do you feel your business is in good shape?
- Do you want to grow your business and expand into new markets? What are your future plans?
- Can you identify some important qualities of an entrepreneur?
- How often do you travel for work to Albania? Have you ever considered returning to Albania? Why/why not? (*for entrepreneurs living in Italy/Greece*).
- How often do you travel for work to Italy/Greece? When did you return to Albania? Why? (*for entrepreneurs living in Albania*)

### **Business environment**

- How would you describe the formal institutions in Albania and your relationship with them? Are they promoting or contributing to the development of entrepreneurial businesses?
- Are you a member of the Albanian business association? If no, why not?
- Can you talk about your strategy selection, explain how you decided to operate a transnational business activity and the reasons of doing business in Albania?
- Can you give me examples of some barriers of running a business in Albania?
- How would you compare the business environment in Albania with the one in Italy/Greece? What do you think about the current situation of small firms in

Albania? (*points to cover: networks, government support, bureaucratic procedures, financial support, legal system, political and economic instability, corruption, operating costs, infrastructure*)

- Do you think your entrepreneurial activity is contributing to the Albanian economy? In what way and to what extent? (*points to cover: investment, creating employment etc.*)
- What do you think Albania needs for its development? What are the areas that need to be pursued further by the government?
- Is there anything further you would like to tell me?

After the interview

- Thank research participants and remind them about the confidentiality of what has been said and the purpose of the research

*Note: The questions will be adapted depending on the situation being encountered, but the main topics will be intact.*

## APPENDIX B - PARTICIPANT INFORMATION SHEET



### PARTICIPANT INFORMATION SHEET

#### EXPLORING TRANSNATIONAL ENTREPRENEURSHIP AMONG ALBANIAN MIGRANTS AND RETURNEES

*You are being invited to take part in a research study. Before you decide whether or not to take part, it is important for you to understand why the research is being done and what it will involve. Please take time to read the following information carefully.*

The aim of this study is to provide a fuller account of the causes and consequences of transnational entrepreneurship among Albanian migrants and returnees doing business with/in Albania. I am conducting the research as a PhD student in Migration Studies at the University of Sussex. The research techniques that will be used in this study are document analysis and semi-structured, face-to-face interviews.

*It is up to you to decide whether or not to take part as one of my selected interviewees. If you agree, you will be given this information sheet to keep and you will be asked to give oral consent for interviewing and using quotes from your interview. If you decide to take part you are still free to withdraw at any time and without giving a reason.*

If you agree to participate, I will conduct an interview with you at a time and location of your choice. The interview will range in length from forty-five minutes to about one hour. It will be conducted in Albanian, and will later be translated into English. There are no anticipated risks associated with participating in this study.

This study addresses the gap in the existing body of knowledge on the field of transnational entrepreneurship in Albania. It contributes to research in various important ways. First, my study will improve understanding of the emerging phenomenon of transnational migrant entrepreneurship. It will investigate how Albanian migrant and returnee entrepreneurs mobilize their resources to generate a competitive business across two or more countries. Also, the analysis of the implications of transnational entrepreneurship for the development of Albania will contribute to some policy recommendations. The results of the study will be

used in my doctoral thesis. If you wish, you can send an email message to me, Joniada Barjaba (J.Barjaba@sussex.ac.uk) and you will receive a copy of the completed research.

The research has been approved through the University of Sussex ethical review process. Maintaining confidentiality of records is an important matter of the research process. I will take appropriate measures to prevent the disclosure of the identity of all my interviewees. When referring to participants in my study, pseudonyms will always be used. Furthermore, if necessary, I will withhold and/or change some of the respondents' details. Also, to assure anonymity, the information will not be passed on without consent. I will use code numbers instead of names for interviews and store these safely on a hard disk drive with restricted access.

If you have any concerns about the way in which the study has been conducted, you can contact my supervisors:

Prof Russell King  
Professor of Geography, School of Global Studies, University of Sussex  
R.King@sussex.ac.uk  
+44 1273 678744

Dr Ceri Oeppen  
Lecturer in Human Geography, School of Global Studies, University of Sussex  
C.J.Oeppen@sussex.ac.uk  
+44 1273 872880

The University of Sussex has insurance in place to cover its legal liabilities in respect of this study.

Thank you for taking the time to read the information sheet.

With regards,  
Joniada Barjaba

13 July 2015

## APPENDIX C - INTERVIEW NOTES

### Industry classification

Below is an explanation of how companies were organized into industrial groupings based on similar production processes and similar products.

INDUSTRY	FIRMS
AGRICULTURE AND AGRIBUSINESS	Farm machinery Plants Winery Agriculture and livestock Meat processing Fason (Made in Albania) textile +++ Fabric and sewing
APPAREL MANUFACTURING	
APPAREL MANUFACTURING AND RETAIL	
BEVERAGE MANUFACTURING	Bottling facility
CALL CENTER	Call center
CONSULTING	Healthcare Education and business Economic General consultancy
CONSTRUCTION	Tiles and fireplaces shop
CRAFTSMAN	Watch shop
EDUCATION	Language center
FISHING	Fish processing company +
FOODSERVICE	Restaurant + Bakery shop +
FOODSERVICE+CONSTRUCTION+RETAIL	Restaurant, construction firm, supermarket
HEALTH	Healthcare center ++, health and wellness spa
INFORMATION TECHNOLOGY	Data entry
LEGAL SERVICES	Law firm
MASK MANUFACTURING	Mask production
RETAIL	Lighting products + Supermarket + Tents shop Auto parts Pharmaceutical
SHOES MANUFACTURING	Fason shoes
SHOES AND PAINT MANUFACTURING	Fason shoes and paint production
TOURISM	Travel agency
TRANSPORTATION	Taxi, shipping service
FURNITURE MANUFACTURING	Fason furniture