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# TRANSNATIONAL NETWORKS, TRANSNATIONAL ENTREPRENEURSHIP AND THE ROLE OF THE STATE: THE CASES OF SERBIA AND ALBANIA

Tanja Pavlov, Jelena Predojević-Despić, Svetlana Milutinović  
Brikena Balli, Eldisa Zhebo, Kosta Barjaba, Bernard Zeneli



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## *Reviewers*

Professor Anna Triandafyllidou

*Global Governance Programme*

*European University Institute, Italy*

Dr Panos Hatziprokopiou, Associate Professor

*Aristotle University of Thessaloniki*

*Department of Spatial Planning and Development, Greece*

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*Editor*  
Tanja Pavlov

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*Technical Editor*

Marina Zelić

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Danielle Nesmith

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*Tanja Pavlov, Editor*

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## INTRODUCTION

The monograph was created within the project “Transnational Networks, Transnational Entrepreneurship and the Role of the State” supported through the Regional Research Promotion Programme in the Western Balkans (RRPP), run by the University of Fribourg with the financial support of the Swiss Agency for Development and Cooperation (SDC). The objective of this research project was to examine formal, semi-formal and informal transnational networks developed by transnational entrepreneurs that link the Western Balkans with other European and overseas countries. We wanted to find out how the transfer of social and financial capital, together with know-how, is sustained within these networks and how it may affect the local communities in their transnational social space; to explore how this phenomenon is contributing to the socioeconomic development of the respective countries; and to investigate the role of the examined countries’ governments and their policies in supporting this form of entrepreneurship.

The project includes two countries in the Western Balkans – Serbia and Albania. The choice is based on the fact that both countries have a high level of emigration, including the emigration of the highly qualified and highly skilled people, yet they have different state approaches to migration management. Albania is the only country in the region that has developed the systemic state response to the brain drain phenomenon – Brain Gain Programme. It is understandable because the high rate of emigration from

Albania, including migration of highly skilled, brought it the titles of “a migration laboratory” (King 2005) and “a country on the move” (Carletto et al. 2006). Three key characteristics of the Programme should be emphasised. First, its goal is to engage highly skilled migrants in the economic and democratic development of the country by involving them in the development of public administration, institutions of higher education or research, and business sector. Second, a comprehensive approach has been developed to encourage their return, from establishing strategic institutions and legal framework to develop explicit incentives for returnees. Third, a body responsible for the programme implementation has been established – the Council of Ministers composed of representatives of the Ministry of Education and Science, the Department of Public Administration, and Diaspora Institute. On the other hand, in Serbia, measures for encouraging cooperation with the diaspora, transfer of knowledge and skills to Serbia, and for migrants’ temporary or permanent return are an integral part of migration and development strategies. The *Migration Management Strategy* is an umbrella strategy that integrates measures from other migration and development strategies. Its development was followed by establishment of a coordination body for monitoring and management of migration, as well as the Law on Migration Management. However, the coordination mechanism has so far been more active in the collection of the existing data on migrants than in the joint development of measures aimed at them. There is a problem in the lack of operationalisation and implementation of measures.

At the turn of the century, the globalised world experienced a significant development of economic forms of transnational activities, particularly transnational entrepreneurship, not only in traditional immigration countries, but also in countries that until recently were considered emigration countries, and, are now experiencing both economic development and considerable immigration flows. Since transnational entrepreneurship is increasingly becoming one of the leading economic activities worldwide, particularly in the area of high technology, a growing number of studies are seeking to address this type of migration, whether in

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the form of migrant entrepreneurship or entrepreneurship of returnees in their homeland.

Serbia and Albania, like other countries in the Western Balkans, have experienced significant emigration of their highly skilled population. Transnational entrepreneurship is an emerging trend in both countries. However, in both cases, except for sporadic studies on foreign remittances, there is a lack of studies on transnational economic activities and transnational entrepreneurship. This publication, therefore, will address this gap in the existing knowledge of migration.

The aim of the publication is to determine transnational entrepreneurial business activities of migrants and returnees who are doing business in/with Serbia and in/with Albania, and the success of their business that depends on regular contacts with foreign countries. More specifically, we try to investigate transnational forms of economic activities among migrants/returnees in the two countries respectively, explore their motives, and examine micro, meso and macro factors affecting their transnational business practices. In the process, we also want to attract the interest of the academic community towards research on transnational entrepreneurship and more generally on the link between migration, return and development, and to contribute to the development of facts and knowledge based policies.

In addition to this introductory section, the publication consists of six sections. The first section provides an overview of relevant theoretical standings in the area of transnational entrepreneurship, emphasising the need to combine economic and sociological approaches. The second section describes the research methodology. The third section provides an analysis of the existing institutional framework in Serbia – both strategic and incentives for the development of transnational entrepreneurship, and highlights the characteristics of transnational entrepreneurship and entrepreneurs. It describes factors affecting transnational business practices at macro level (political, economic and cultural structures at the state level of the country of origin and destination), micro (the factors that influence the individual decision to migrate, while analysing the values, desires and

expectations of migrants), and particularly the meso level (social and symbolic relations among migrants and non-migrants) as crucial in linking migrants' human potentials and socio-economic structures of the countries of origin and destination in which and between which entrepreneurial activities are developed. The fourth section presents the characteristics of transnational entrepreneurs and enterprises in Albania, as well as the existing institutional framework for the development of transnational entrepreneurship there. The fifth section attempts to compare transnational entrepreneurs and enterprises from Albania and from Serbia. The sixth part contains references.

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## I. THEORETICAL FRAMEWORK

### 1.1. Transnationalism

In recent years, transnationalism has been developed as one of the main theoretical frameworks for understanding contemporary international migration. Taking into account the increasing globalisation of political, economic, social and cultural life, the speed and low cost of communication and transportation, the concept of transnationalism highlights the diverse demographic, political, economic, cultural, family networks and connections that exist between two or more locations. From this perspective, migration is not a single, isolated move from one geographic and socially limited location to another. On the contrary, transnational communities embody and share interests, relationships, resources, needs and people involved in multiple frameworks (Light and Gold 2000:149).

Although the term transnationalism is relatively new, migration sociologists have long recognised the need to examine various forms of contacts that migrants maintain with family and other people in the countries of origin, particularly through correspondence and remittances. From the twenties of the last century until recently, most research was focused on how immigrants adapt in the receiving countries, rather than on how they continue to maintain contacts in their places of origin. However, the

“transnational turn” in research in the early nineties of the 20th century has brought a new insight into the greater intensity and extent of circulation of people, goods, information and symbols caused by international labour migration.

By showing that there is a growing population whose social and political behaviour cannot be explained by the traditional bipolar terminology, researchers agree that the conventional focus based on nation states is no longer sufficient, and that the theory of migration needs to be revised. The new definition describes migrants as “transmigrants whose daily lives depend on multiple and constant contacts beyond international borders and whose identity is formed in relation to several nation states” (Glick Schiller et al. 1994:4).

As a new concept, transnationalism has also encouraged a series of discussions showing its complexity and clarifying the meaning of certain terms. Most debates have focused on the novelty of the approach, the need to further examine its complexity and harmonise the equivocation of terms. Even before, migrants used to form multiple connections between countries of origin and residence, to invest in community and business, send remittances to families or support political changes in the country of origin. However, common features and the significance of this phenomenon were not in the focus of the scientific community until the formulation of the term transnationalism (Portes 2001). Contemporary transnationalism differs from previous transnational practices because it covers a much wider range of activities and participants, by both its complexity and consequences (Landolt 2001).

The development of telecommunication technologies and transportation has affected the scope, intensity and speed of transnational activities. They are inextricably linked with cultural, political, economic and technological globalisation. Even those who have never been abroad are under the influence of events, values and practices of their relatives that maintain transnational connections. National programmes and mechanisms are developed to encourage transnational activities (Vertovec 2009). However,

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one should be careful since many studies show that transnational practices are not developed by all migrants (Faist 2000).

Transnationalism implies the emergence of diversified political, economic and cultural activities that arise in conjunction with the social relations contained by the nation-state. Literally, transnational practices can be now observed in any field of social life, especially in the field of migration where multifarious actions at both nation-state and individual level are simultaneously contested and negotiated. Therefore, we can distinguish between actions in the realm of politics and political transformation driven by transnational migration practices; the realm of ethnicity and religion in which the identities are (re)shaped, negotiated and (re)confirmed; various economic aspects of migrant operations that bring new understanding of development and transformative capacities of migration; a range of socio-cultural transformations that (re)form the notions of home, community, etc. This study has focused on the economic aspect of transnationalism, namely on the entrepreneurial activities of the Serbian and Albanian return migrants initiated and influenced by economic and technological globalization and their congruent practices in the transnational social space.

## **1.2. Basis of transnational entrepreneurship research**

A stereotypical image describes migrants as cheap and low-skilled workers in developed economies, coming from less developed countries. Nowadays, attention is increasingly focused on those who run their own businesses and enterprises. Researchers have so far been generally focused on immigrant and/or ethnic entrepreneurs, as well as on the issue of social networks and embeddedness (Granovetter 1995). However, these approaches do not fully consider the importance of economic and political environment in which migrants live and work. Transnational migrants can be very innovative by introducing new products and ways of doing business in the countries of reception and origin. Through loans, assets, management techniques, consumption standards, and workers crossing

borders of countries of reception and origin, migrants can take advantage of the economic, political and cultural differences between nation states (Light and Gold 2000:152). By providing information and lowering migration costs, through such networks migrants are able to avoid restrictions imposed by regional or national economic conditions.

In order to understand the phenomenon of entrepreneurial migration which is dually (or multiply) embedded in the transnational social space, the conceptual framework that underlies economic sociology has proven to be the most appropriate (Portes 1995). Economists and social scientists agree that economic activities represent the acquisition and use of scarce resources, that is, all the activities necessary for production, distribution and consumption of scarce goods and services. However, they were not unanimous as to the motives of the holders of these activities and impact of social patterns on their actions.

‘Embeddedness’ has increasingly become a more popular concept in economic sociology. It refers to the fact that economic operations, regardless of their type, are embedded and take place in the overall social structures that affect them and their results. Granoveter (1985) summarises numerous studies showing how social expectations modified and even undermined the original intentions of business operations in the market and within companies. He distinguishes “relational” embeddedness, which represents personal, interpersonal relations among economic actors and includes normative expectations, seeking mutual approval and reciprocal transactions, and “structural” embeddedness, which refers to a wider network of social relations to which the actors belong.

A group of scholars (Kloosterman et al. 1999; Kloosterman and Rath 2001) have adopted a mixed embeddedness approach so the study of immigrant entrepreneurs, which combines both the agency and structure perspectives (Kloosterman and Rath 2001: 8). It argues that immigrant entrepreneurial activities can be understood not only within their own social networks, but also within a wider economic (i.e., opportunity structure) and institutional (i.e., welfare system, the organization of markets, the framework of rules



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and regulations along with their enforcements) context within which immigrants are embedded (Kloosterman et al. 1999: 257-258).

Social networks are one of the most important structures in which economic operations are embedded. Networks are sets of recurrent associations between groups of people linked by occupational, family, cultural or emotional ties. They are important because they are sources of acquisition of scarce resources such as capital and information, and which at the same time limit the unlimited personal gain (Portes 1995:8). Networks can link individuals within and among organisations and communities. Networks are certainly not the only social structures in which economic activities are embedded, but they create immediate circumstances that affect the goals of individuals, as well as the means and obstacles in their business. Depending on the characteristics of networks and personal positions within them, individuals can activate a number of important resources, but their activities can be suppressed by expectations of the group.

Social capital is also a basic starting point in analysing economic activities of migrants. It implies the ability of individuals to manage scarce resources on the basis of belonging to networks or broader social structures (Portes 1995:12). According to more precise analysis offered by Portes and Sensenbrenner (1993:1323), social capital can be distinguished according to four sources, or specific types of economically relevant expectations. These are: a) value introjections, i.e. introduction of individual values that adapt and become a resource of the entire social group through socialisation, b) reciprocity transactions, whose principle is functioning through reciprocity in direct relation, not only because of immediate benefits but also because of expectations of benefits in the future, c) bounded solidarity – focused on connecting and developing principled group behaviour, d) enforceable trust, related to group membership that includes individual awards and sanctions.

The listed sources may include financial assistance (discounts on prices or interest-free loans) or non-financial assistance (information on business conditions, employment), but they are not social capital. Social capital is the ability of individuals to mobilise these resources as needed. In market

terms, they are free and have the characteristic of a “gift” since they are not expected to be repaid with a certain amount of money over certain period. In contrast to the expectations in the market activities, they relate to reciprocal expectations in some future time without any set deadlines. The ability to get such a “gift” – social capital does not lie in individuals themselves, but is the property of their relations with others. Social capital, understood as a product of interaction/cooperation between different institutions, networks and business partners, positively affects people's status.

The concept of social capital is based on the idea of embeddedness. Embeddedness involves processes of adjustment and coping strategies of migrants in different social contexts as the human and social capital that migrants bring from abroad mutually reacts to a variety of social contexts (Portes 1995:23). Methods of embeddedness include: 1) government policies towards different migrant groups, 2) level of reception of civil society and public opinion, and 3) level of reception of ethnic communities. Constraints and opportunities offered by policies and society in the broadest sense can be defined as *structural embeddedness* of migrants' coping practices in the new environment, while *relational embeddedness* is reflected in the support and obstacles provided by ethnic communities through social networks.

Transnationalism has greatly contributed to the perception of contemporary migrant entrepreneurship (Zhou 2007). Potential migrants entrepreneurs, both low and highly qualified, not only respond to the structural barriers they face in countries of reception, but also actively seek opportunities and niches in the markets beyond national borders of these countries, thus using their dual cultural skills and dual ethnic networks.

What the concept of transnationalism recognizes as a novelty compared to the previous historical periods include the scope, diversity, density and regularity of migratory flows and their socio-economic effects – all due to the innovations in telecommunications and transportation, as well as the restructuring of the global economy and new ways of production and flexible capital accumulation. However, research on the relationship

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between transnationalism and entrepreneurship are still based on individual ethnographic case studies, so that the findings and conclusions of transnational entrepreneurship cannot have a general character.

The guidelines for analysing transnational entrepreneurship are also provided by the extended Bourdieu's theory of practice and its connection with the theory of migration (Drori et al. 2010; Terjesen and Elam 2009). His theory of practice is based on the concept of habitus, field and capital. Habitus can be defined as acquired and transmitted dispositions, mental structures and cognitive schemes that manage the ideas and actions of actors in a particular field. Habitus is actually a "worldview" (Terjesen and Elam 2009:1104). Field describes the social structures in which the action takes place, while forms of capital - economic, social, cultural and symbolic - define social structure and, consequently, the position from which the actors react (Bourdieu 1993). Although Bourdieu did not study migrants, subsequent application of this theory to the study of migration has provided definitions of various forms of capital: economic capital refers to financial and other material resources that have direct economic value; social capital refers to relationships or networks that make connections; cultural capital refers to education and learned experiences, and symbolic capital is the legitimacy and credibility owned by migrants (Terjesen and Elam 2009). For each individual, these forms of capital are associated exclusively with their habitus, thus creating a practical and psychological context from which they can react.

Based on all of the above, entrepreneurship can be understood as a practice or action strategy in which decisions are based on an individual's response to his/her context, given one's habitus and capital resources, as determinants of one's social position in the field of action.

Transnational entrepreneurs, along with the interaction of human capital and specific knowledge and skills, establish transnational networks and have the potential to expand the business transnational space. However, it should be noted that the development is not equally contributed by all forms of entrepreneurship. Recent research shows that it is necessary to distinguish between "necessity entrepreneurs" and "opportunity

entrepreneurs” because of their different effects on the economic development (Newland and Tanaka 2010).

“Necessity entrepreneurs” start small businesses because they cannot find other opportunities in the labour market, and thus have small impact on economic development. They generally sustain themselves and reduce unemployment, have a lower level of social capital and fewer opportunities for starting a business. Business operations that do not require high level of education and start-up costs are usually realised in the sectors saturated with competition and with low profits. Therefore, the development of social capital becomes extremely important for survival. This kind of self-employment brings value to the entrepreneur and their employees, but does not affect broader economic development. It is much more likely that “opportunity entrepreneurs” will have a positive impact on the economic growth of the country of origin because they recognise and use advantages of new market opportunities. In particular, highly skilled migrants (not necessarily always with college education), specialised in demanded and new sectors can take best advantage of new markets and generate profits in the countries of origin.

An overview of international migration theories suggests that in order to better understand migratory processes, analysis should be conducted at three levels – macro, meso and micro (Faist 2000). The macro level includes the analysis of political, economic and cultural structures at the state level of the country of origin and reception. The micro level refers to the factors that influence the individual decision to migrate, while analysing the values, desires and expectations of migrants. The meso level includes social and symbolic relations among migrants and groups, as well as the resources characteristic of these relations. In the light of Bourdieu's theory of practice, Drori and associates (2010) integrated these three levels to analyse transnational entrepreneurship and transnational entrepreneurs incorporated in two or more institutional contexts, in various institutional structures or fields. We use this theoretic framework for analysing transnational entrepreneurship and entrepreneurs in Serbia and Albania.

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### 1.3. Migration and development – the transnational perspective

There is a close interlink between migration and development (de Haas 2007). However, the comprehension of their complex relations is difficult. Situated at the social field crossroads, their approach depends on the place from where they are seen – from the countries of origin (emigration) or the countries of destination (immigration) – and on who is analysing them – the ‘developer’ or the ‘developed’ (Ce’dric and Dorai 2010).

In recent years there is a growing interest in the relationship between migration and development. One of the reasons is the limited success of development practice thus far, and the hope that migrants may be able to overturn current developmental failures and foster development (Raghuram 2009). Therefore, it is underlined that the links between migration and development need to adopt a more nuanced notion of space (Allen 2003) since the era called globalisation, network society, or world society and ever-increasing circulation brings much more alternative for the interaction between migration and development (Faist 2008). Circulation also leads to blurring the distinction between sending and receiving spaces and the notions of settlement and return (Skeldon 2010). As Raghuram (2009:113) states we need to recognise that the spaces for/of development are already mixed up, that migrants ‘here’ might need development, and that migrants ‘there’ may be agents of development ‘here’. The concept of transnational analysis of migration (Faist 2008), even though has relatively neglected a theoretical analysis of the transnationalism of migration regulations and the forms of spatialised power that they invoke, puts the emphasis on the agency of migrants as increasingly significant players in redistributive activities globally (Raghuram 2009).

More attention needs to be devoted to conceptualizing cross-border social and symbolic ties and their concatenation (Skeldon 2010). Faist states (2008:28) that networks of business persons from emigration states who live and may have settled abroad may constitute an important source of

financial transfer and investment, both as immigrant entrepreneurs in their new societies of settlement and, if involved with countries of origin, as transnational entrepreneurs. Gonin (2010) emphasises the role of 'go-between' migrants as agents of development in their country of origin, creating a new social category of migrants whose activities are developed through the interaction between host and departure countries. His analysis of the relation between international migration and the development of origin countries relies on the notion of 'migratory field'. This links areas of departure and of arrival, thus allowing for spatial interactions to be fully taken into account. Migrants involved in development programs are intermediary agents in that they identify, rely on and build resources for development in their discourse and practices. Gonin calls them 'frontier runners' migrants, since they cultivate a way of being in several locations linked through their ability to change places in the space they occupy. In the lapse of twenty or thirty years, they have acquired the ability to change their way of seeing things from the place where they are on the basis of what they have obtained from other places (Gonin 2010:177).

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## II. METHODOLOGY

Three methods were used in this study: 1) analysis of documents, laws and literature, 2) semi-structured interviews with 15 transnational entrepreneurs from Serbia and 15 from Albania, and 4) electronic survey with 47 transnational entrepreneurs from Serbia and 23 from Albania.

*Analysis of documents, laws and literature* included an analysis of development and migration policies and their implementation, legal framework for entrepreneurship and scientific literature in the area of transnational entrepreneurship. The aim of this analysis was to determine the theoretical framework of the research, the research results, and the institutional frameworks for transnational business in Serbia and Albania.

*Semi-structured interviews with transnational entrepreneurs.* Based on semi-structured questionnaires, 15 entrepreneurs from Serbia and 15 from Albania were interviewed. Transnational entrepreneurs are defined as citizens of Serbia/Albania who have studied or worked abroad for more than a year and then came back and founded a company in Serbia/Albania or expanded the business they started abroad, and the success of their business depends on regular cooperation with foreign countries. Although our framework was transnationalism and transnational entrepreneurship, we focused on a particular type of transnational migrant entrepreneurs who are actually return migrant entrepreneurs. They were reached through professional and private networks, but they are all initial informants

meaning that researchers did not use snowball method to reach respondents through their networks. The interviews were conducted in Serbian and Albanian, and were later translated into English. In order to protect the anonymity of the participants in the study, their names have been changed in the case of Albanian interviewees, or omitted while referring to other personal data as in the case of Serbian respondents. The interviews were conducted in various cities in Serbia and Albania and lasted from forty minutes to about two hours. The purpose of these interviews was to get to know the characteristics of transnational entrepreneurs and their companies, the ways in which they develop transnational business and the resources that help them in this, as well as the opportunities and obstacles for their business in Serbia/ Albania. Asking people directly about what is going on also flexible way of interviewing and has the potential of providing rich and highly illuminating material (Robson 1993: 229). These interviews were used for the electronic survey creation.

The *electronic survey* consisted of 35 questions mostly closed, with “other” as an offered answer and the possibility to explain what “other” is. The main objective of the survey was to further highlight the characteristics of transnational entrepreneurs and enterprises, network characteristics important for the initiation and maintenance of transnational business and comparative business conditions in Serbia and abroad. A wider definition of transnational entrepreneurs was employed in the electronic survey. In addition to citizens of Serbia/Albania who studied or worked abroad for more than a year and then returned and established a company in Serbia/Albania, we included those who were still abroad, but operated with Serbia/Albania, as well as employees in transnational companies. In Serbia, the sample included 47 respondents – 15 business owners in Serbia, 10 business owners abroad, 14 employees in transnational companies in Serbia and eight employees in transnational companies abroad. In Albania the sample included 23 respondents – 3 business owners in Albania, 1 business owner abroad, 16 employees in transnational companies in Albania and 3 employees in transnational companies abroad.



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There are several limitations regarding our methodology. One lies in the non-representativeness of the samples of transnational entrepreneurs. Therefore, the quantitative data are complemented by the qualitative data and the results of other research. The other limitation has to do with Albanian survey sample. The number of transnational entrepreneurs in the Albanian sample that participated in the survey was very small, only four and we are not going to present any tables that involve the answers of entrepreneurs only. Furthermore, the differences between the Albanian and Serbian samples do not leave much room for a comparative perspective of the research findings on transnational entrepreneurs in Albania and Serbia. The differences between Albanian and Serbian cases should be viewed as the starting point for more detailed research, rather than robust findings. Generally, one should have in mind that this is only a pilot study that explores the characteristics and trends of an emerging phenomenon and highlights important issues that should be further research.



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### III. COUNTRY CASE – SERBIA

#### **3.1. International migration trends and transnational entrepreneurship in Serbia**

Serbia, just like the entire former Yugoslavia, has a long tradition of external economic migration. Between the two world wars, external population migrations of Serbia and Yugoslavia were directed towards various European and overseas countries, and mainly had an emigration character. After the Second World War, it is believed that there were about 200 thousand citizens of former Yugoslavia in West European countries, out of which most had a refugee and displaced persons status and who continued their emigration path towards overseas countries. After the Second World War, namely with the change in the political system, external economic migration almost completely ceased. With the liberalization of political circumstances in Tito's Yugoslavia in the 1960s, an improvement of political relations with western countries, as well as the introduction of economic reforms (1965) influenced the appearance of massive economic emigrations trends again (Table 3.1). The first great migration wave was initiated by the economic reform and the rise of open unemployment, which was unprecedented in communist Yugoslavia until then.

The increase of the number of citizens of Serbia and Yugoslavia mainly in Western European countries from 1965 lasted until the end of 1973. A

positive relation towards employment abroad conditioned a need for greater inclusion of Yugoslav employment services for mediation during employment abroad, as well as concluding bilateral employment agreements with immigration countries, namely Western Europe. Taking this into consideration, the main destination countries were FR Germany, Austria, France and Switzerland, which remained the largest accepting countries until now, despite the increasing number of countries to where citizens of Serbia were emigrating.

**Table 3.1. Citizens of Serbia Serbian citizens working or residing abroad,  
(Censuses: 1971, 1981, 1991, 2002, 2011)**

Census year	Total (in the country and abroad)	In the country	Abroad	
			Number of citizens	Share in total (%)
1971	7202898	6998934	203981	2.8
1981	7729236	7460234	269012	3.5
1991	7822795	7548978	273817	3.5
2002	7893125	7478286	414839	5.3
2011	7414711	7120666	294045	4.0

*Source: SORS (Statistical Office of the Republic of Serbia); for 2011 SORS - first census results.*

Unfavourable trends in the labour market in the main Western European countries in the 1980s influenced the movement of the number of foreign workers originating in Serbia, both through a slowed down departure for work abroad and a faster return to the country. A grave political crisis which culminated with wars in the territory of former Yugoslavia, a very unfavourable economic situation and a feeling of loss of prospects for the majority of the population, and especially the younger generations, were the main incentive factors of the intensification of emigration from Serbia. Since the occurrence of such contemporary external migrations, the period between 1991 through 2002 was the period that witnessed some of the most intensive departures of the population from Serbia since the second half of the 1960s.

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This was confirmed by the 2002 population census on the number of Serbian citizens abroad. A record of 415 thousand persons abroad was reached that year (5.3% of total population of Serbia – in the country and abroad) which, in relation to 1991, was an increase of over 140 thousand persons (increase of 50%).

Emigration continued during the 2000s mainly due to economic reasons. The number of enumerated citizens of Serbia abroad are now available only from the first results of the 2011 census which indicate to a decrease in that emigrant stock (total of 294 thousand persons or 121 thousand less than in 2002). The reduction is significant and it resulted not only as a consequence of decreased emigration flows, intensified return migration (readmission), boycott of census by ethnic Albanians, but also due to pure statistical reasons (information collected only from family members in the country) .

The actual number of Serbian citizens abroad (excluding Kosovo) is difficult to determine, but it is certainly greater (according to some estimates even up to 50%) than recorded in the 2002 census or in the last census of 2011. A general assumption is that under-registration in the censuses of population is greater if the absence from the country is longer, if the country of destination is further away and if all family members have emigrated (Predojevic-Despic and Penev 2012).

Based on the available data from other sources, primarily statistics of recipient countries, it can also be concluded that the number of Serbian citizens abroad is much greater. The comparison of the census data of the Republic of Serbia (1<sup>st</sup> April 2002) on the number of persons working or residing abroad in several European recipient countries (Italy, Hungary, Germany, Holland, Switzerland, Sweden), and the data of foreign national statistical offices (1<sup>st</sup> January 2002) on the number of citizens of Serbia and Montenegro in the same countries, could be used as an illustration of the possible extent to which figures do not accurately capture the full reality of the number of population abroad. The differences are obvious, the most drastic relating to Germany (102.8 thousand compared with 591.4 thousand) and Switzerland (65.7 thousand compared with 212.5 thousand), and they cannot be explained by the disparity of territory (the 2002 Census

data refer to Serbia without Kosovo, while the foreign sources data refer to persons residing abroad from the whole territory of both Serbia and Montenegro), nor by the difference in defining the observed population contingent (Serbian sources do not include persons with dual citizenship, while such persons in recipient countries are not treated as foreigners) (Penev and Predojevic-Despic 2012).

Germany is the main destination country for migrants from Serbia. According to the 2002 Serbian census, one out of four persons abroad was residing in Germany (103 thousand). The share of Serbian citizens working or staying in Germany in that year was the same as in 1991 (25%) from the total number of registered emigrants in the census, but considerably lower than in 1981 (37%) which indicates an increase in the attractiveness of other countries. Austria, after Germany, is the country with the largest number of emigrants from Serbia (88 thousand in 2002). This number continually increased, but in 2002 their share in total emigrant population of Serbia was lower than during the previous two censuses. Despite the decreased significance of Germany and Austria as receiving countries, almost half of all Serbian citizens working or staying abroad were in these two countries.

In the early 2000s, a significant number of emigrants from Serbia were in Switzerland (66 thousand), France (27 thousand), Italy (20 thousand), Sweden (24 thousand), Holland (6 thousand), Hungary (5 thousand) and Russia (5 thousand). Italy stood out in this group as it became very attractive for Serbian emigrants during the 1990s; their number almost quadrupled in the inter-census period (from 5.4 to 20.4) and Italy reached fifth place by the number of immigrants from Serbia (after Germany, Austria, Switzerland and France). According to the 2002 census, Italy was in the fourth place as regards emigrants who had been away from the country less than 10 years, and in the third place with emigrants who had been away less than 1 year. During the 1990s, an increase in the number of emigrants toward non-European countries was also marked. The most intense were the increases in the number of emigrants to the USA (by 128%) and Canada (74%).

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The 2011 census data regarding the distribution of the emigrant stock from Serbia by countries of destination has not yet been processed. Nevertheless, the available "mirror statistics" data on the number of citizens from Serbia indicate that Germany is still in lead as regards the number of emigrants from Serbia, followed by Austria, Switzerland and Italy.

One of the main characteristics of emigration in the 1990s and first decade of 21<sup>st</sup> century was the emigration of highly educated persons from Serbia. Data on the scale and structure of the Serbian highly skilled contingent abroad are inconclusive and based on estimates. However, it is known that their most favoured destinations during 1990s were overseas countries, especially USA and Canada. Serbian census shows that in 2002 every third immigrant from Serbia to the USA, and almost every second to Canada was with tertiary education (Predojevic-Despic and Penev 2012). In Europe, the recent emigration from Serbia of people with a higher education has mainly been focused on the UK, since English has been the most widely spoken foreign language among the Serbian youth for the last twenty years. However, Italy, the most popular new destination, still mainly attracts people with a secondary or primary education; in the case of the former, this is particularly true of medical staff (Kupiszewski et al. 2012).

The characteristics of the 1990s are also massive immigration flows towards Serbia related to forced migrations as a consequence of the war at the territory of former Yugoslavia. During the 1990s around 700 thousand refugees, mainly of Serb ethnic origin, came to Serbia from the territories of the former SFRY, and primarily from Bosnia and Herzegovina and Croatia. In addition, in 1999, about 200 thousand internally displaced persons arrived to Central Serbia from Kosovo and Metohija. In the 2000s the number of refugees significantly reduced thanks to integration processes in Serbia, as well as to returns and emigration to foreign countries. In 2011, there were about 18 thousand refugees from Bosnia and Herzegovina and 56 thousand from Croatia. However, as a consequence of the unstable political situation in Kosovo the number of registered IDPs from Kosovo is still high (209 thousand in 2011).

Serbia generally lacks studies on the economic aspects of migration, and especially on transnational entrepreneurship among its citizens and the possibility of linking migration and development. As for the economic activities of Serbian migrants, they have been so far analysed mainly through the volume and scope of remittances. The research related to remittances has chiefly been focussing on three key findings: 1) the large amounts of money flowing into Serbia by means of remittances (Serbia is among the 15 highest ranking countries in the world regarding the volume of remittances), 2) remittances enter the country mainly through informal channels; therefore, incentives should be introduced to convert them to formal channels, and 3) remittances are being used for consumption, in order to curb poverty, whereas there should be incentives encouraging investment and development of the national economy (Lerch et al. 2007; Martínez et al. 2006; Petree and Baruah 2007; Suki 2006). Only Bajić-Hajduković (2010) highlighted the fact that remittances are perceived in an oversimplified way and that it is requisite to find out first who the migrant remitters are and what their relationship is with the recipients of their remittances. The Serbian diaspora is extremely heterogeneous and it can seriously hinder any attempt to make generalizations. “Immigrants from different migration waves have different reasons – political, economic and personal – for emigrating; they also come from different social classes and have different experiences in host societies, which can all lead to quite diverse remitting practices” (Bajić-Hajduković 2010: 46). She also stressed that Serbian remittances were not a new phenomenon, but dating back to the time of Yugoslavia, as well as the need to research the social impact of remittances in Serbia.

Furthermore, there has been scarce research of transnational activities of the representatives of the academic and professional diaspora in the context of examination of the transformation of brain drain into brain gain and brain circulation (Pavlov and Polovina 2011 ; Predojević-Despić 2011). The key findings are that, in spite of the good will among the academic and professional diaspora, there is a low level of transnational professional activities leading to brain gain and brain circulation in Serbia. The reason for



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this lies primarily in the difficult socio-economic circumstances and lack of state incentives, on the one hand, but also in the exclusiveness of the academic and professional community in Serbia.

However, some research has been conducted into the work activities of the repatriates to Serbia. Vučinić-Nešković (2004) conducted a qualitative research as to how Serbian repatriates from the West experience their present business environment in foreign and domestic business organizations in Belgrade. Findings have shown that their experience of “cultural shock” varied, depending on their migration experience and current context of work. The content of shock was connected with three areas: the business behaviour within firms/institutions, the business behaviour of different business actors – partners, clients and competitors; and the behaviour of state institutions. Key complaints of repatriates were: relaxed attitudes toward time and specific use of time, the overlapping of professional and private relationships and the impossibility to express disagreement with their superiors, lack of appropriate work attitude, lack of business culture, lack of entrepreneurial spirit, lack of appropriate procedures and control, etc. Jackson (2011) researched the opportunities the repatriates have to apply knowledge acquired abroad in their workplaces in Serbia. The survey has shown that it is more difficult to transfer knowledge in Serbian firms than in foreign firms, because it happens in an informal and unstructured way in Serbian firms.

All these reveal an insufficient research on transnational activities of migrants and repatriates from Serbia, notably that of economic transnational entrepreneurial activities, as well as the recognized potential that these activities can hold for the development of the community and country in general, thus pointing to the need and importance of researching this phenomenon.

## **3.2. Institutional framework**

### *3.2.1. Strategic framework*

The attitude of the Serbian government towards migration and migrants has changed throughout history, consequently changing its migration policies. Interestingly, in the mid-19<sup>th</sup> century, Serbia's government had a strategy for the creation of an educational elite and sent young people abroad for education according to the needs of government services, who during their stay abroad were supposed to report on their achievements, and upon their return to apply lessons learned by working in the civil service and developing certain faculties (Trgovčević 2003). After the Second World War several stages of the Yugoslav migration policy could be distinguished: 1) repressive phase from the mid-1950s to 1962; 2) regulation of working abroad from 1962 to 1965; 3) maximisation phase in the period 1965-1972; and 4) phase that began in 1972 with efforts to establish control over migration flows according to the needs of the Yugoslav state (Ivanović 2012). In the fourth stage, through the 1971 population census it became evident that the number of citizens abroad had increased significantly, that people went abroad without the assistance of employment services (only 44% went abroad through state mediation), more than 50% of workers left developed areas, a large number of workers was highly qualified and already employed and their departure was not exactly "temporary" as expected. Such a state of affairs led to the economic, demographic, social and security problems. For that reason, state leaders decided to use migration policies to prevent a mass exodus of workers, especially the departure of professionals and skilled workers, and encourage their return by the introduction of tax and customs exemptions. The oil crisis in October 1973 led the countries of Western Europe to cease their programmes of worker recruitment from abroad and introduce restrictive migration policies. During this period, these countries have accepted an increasing number of spouses, children and other family

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members of migrant workers who had decided to stay abroad permanently. Organised employment of workers in these countries decreased again in 1992 due to sanctions imposed by the UN Security Council on Serbia and the interruption or suspension of bilateral agreements on employment with the main countries of destination (Kupiszewski et al. 2012). Consequently, overseas migration flows from Serbia increased, under the influence of migration policies of destination countries and beyond the control of the Serbian government.

Today, migration, diaspora and returnees are recognised as a resource for development in a number of strategies. The former Ministry of Religion and Diaspora, now the Office for Cooperation with the Diaspora and Serbs in the Region, developed the *Strategy to Preserve and Strengthen the Relationship between Homeland and Diaspora, as well as Homeland and the Serbs in the Region* (2011) with the main goals of “restoring the trust of Diaspora in the homeland; improving the position of Diaspora and Serbs in the region, the foreign countries in which they live; raising awareness in the local public about the importance of Diaspora and Serbs in the region; networking”(p. 9). The intention is to encourage the development of the country through the economic, scientific, technological, cultural, educational, and sport cooperation with diaspora, but that diaspora also assists in the EU integration processes and promotion of reputation of the Republic of Serbia in the world. For this purpose, the plan is to carry out the geographical, structural and organisational mapping of the diaspora. The *Migration Management Strategy and Action Plan* (Commissariat for Refugees and Migration<sup>1</sup>) has integrated measures of other strategies as this is the umbrella strategy for migration management. It emphasises the need to develop programmes and projects in cooperation with international

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<sup>1</sup> In November 2012, the Law on Migration Management was adopted ("Official Gazette of RS", No. 107/12), whose provisions identify new expanded jurisdiction of the Commissariat for Refugees in the field of migration management. The Commissioner for Refugees, established by the Law on Refugees ("Official Gazette", No. 42/2002, "Official Gazette of RS", No. 45/2002 and No. 18/92) continues its work as the Commissioner for Refugees and Migration.

organisations for “temporary return of highly-educated labour force that has left the Republic of Serbia”, “use their knowledge and skills at a distance”, but also for their return and active involvement in the labour market.

The *Strategy of Scientific and Technological Development of the Republic of Serbia 2010-2015* (Ministry of Education, Science and Technological Development), plans to “better use” the scientific diaspora – first by identifying its members and their potential (database creation), and then by developing various forms of cooperation such as their involvement in the project review processes, in national projects and employment in institutes and universities. The intention is also to develop return programmes – short and long study visits, and provide the necessary resources for bringing together research teams and purchasing necessary equipment for research. The *National Strategy and Action Plan for Youth* should also be mentioned here (Ministry of Youth and Sports), which was developed in 2008 and seeks to prevent permanent departure of youth and encourage mobility and international cooperation of young people.

It is important to note that development strategies also include measures aimed at encouraging mobility, cooperation with the diaspora and their return. The *National Economic Development Strategy of the Republic of Serbia 2006-2012* and the action plan emphasise the importance of mobility, incorporation in the single European higher education space and investment in efficient scientific research structure. The *National Sustainable Development Strategy 2007-2017* and the action plan stress the need to develop programmes for the most talented young scientists in the country, to encourage the movement of our researchers at home and abroad, to establish links with the academic diaspora, as well as “the development of appropriate policies of return and employment”. The *Strategy of Regional Development of the Republic of Serbia 2007-2012* and the action plan set out the measures aimed at the inclusion of professional and financial resources of diaspora in the country's economic development, but also the creation of conditions for employment of returnees. Given that the lack of data has always been emphasised as a barrier to the

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development of appropriate measures and policies it is important to note that the *Strategy of the Development of Official Statistics in the Republic of Serbia 2009-2012* foresees regular annual research on internal and external migration. The external migration research will be based on the results of the Census of Population, Households and Dwellings 2011 and the databases provided by the Ministry of Interior.

However, the challenge still remains in relation to the implementation and coordination of these measures included in the various strategies. The "Coordinating body for monitoring and management of migration" is supposed to assist in overcoming these challenges. The coordinating body was established in 2009 and comprised of almost all the ministers whose ministries were responsible for a certain part of migration flows. However, the coordination mechanism has so far been more active in the collection of existing data on migrants than in the joint development of measures aimed at them. Furthermore, data and research on migration flows to and from Serbia are scarce, especially on transnational entrepreneurs. The success of operationalisation, and consequently the implementation of measures in strategies depend on data and knowledge, i.e. research findings. Therefore, it is necessary that measures are better operationalised in cooperation of all stakeholders in the field of migration, based on research findings and collected data.

### 3.2.2. Incentives for transnational entrepreneurship

The former Minister of Religion and Diaspora<sup>2</sup> in an interview called indicatively *Why our Diaspora does not Invest in Serbia*, stressed the achievements in the development of cooperation with the diaspora. According to the data of the National Bank of Serbia, there was 27.6 billion euro of foreign exchange remittances to Serbia in the period 2000-2010. During the same period, the World Bank recorded that 42.96 billion dollars of foreign remittances entered Serbia. According to the minister, in the

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<sup>2</sup> Interview: *Why our Diaspora does not Invest in Serbia*, Srđan Srećković, ex Minister of Religion and Diaspora, September 28, 2012.

period 2000-2012, the diaspora directly invested \$ 550 million in the Serbian economy and by establishing small and medium-sized enterprises employed around 25,000 people. The efforts made in developing cooperation with the diaspora have been mainly aimed at developing an institutional mechanism that would facilitate such cooperation. The Law on Diaspora and Serbs in the Region has been enacted. The first Assembly of the Diaspora and Serbs in the Region has been founded as the highest representative body that represents delegates from all continents and regions, as well as the Committee for the Serbs in the Region, chaired by the Serbian President, which promotes regional cooperation with the support to our compatriots.

The Ministry of Religion and Diaspora has tried to promote economic cooperation with the diaspora through the presentation of investment projects to it. An electronic catalogue has been created and distributed, with an offer of 193 explicit investment projects in 68 municipalities and towns. Most projects are focused on tourism (40.6%), followed by industrial zones (20.3%), infrastructure (18.7%), area of agriculture and food production (10.3%) and ecology (9, 3%). The promotion is realised in cooperation with the Centre for Diaspora in the Serbian Chamber of Commerce, 16 Diaspora Centres at the local level (within regional chambers) and 12 Diaspora Offices established by local governments. These bodies should promote and support the investors from the diaspora and returnees from abroad in business development. The Chamber of Commerce also has the Business Council for Diaspora, an operational body composed of diaspora representatives, as well as representatives of ministries and other bodies and organisations in the country. It is appointed by the Governing Board of the Serbian Chamber of Commerce. President of the Business Council is the President of the Serbian Chamber of Commerce. The Business Council has a four-year mandate. The first session was held in 2001. It is composed of 49 members, including 32 from the diaspora and 17 from the country and its mandate lasts until 2014. Diaspora Club has also been organised – a network that virtually connects business people from Serbia and abroad, helping them share their knowledge and business

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contacts. The Chamber of Commerce publishes fact sheet for the diaspora – Diaspora Info. The Ministry of Religion and Diaspora has organised practices for students from the diaspora in the state administration and local governments, as well as in well-known companies in cooperation with the Chamber of Commerce, in order to transfer and acquire knowledge, learn about conditions in the country and encourage their possible return to Serbia.

The Serbian government has not developed special incentives for transnational entrepreneurs, but they can use the incentives provided for local and foreign entrepreneurs. For example, the Ministry of Finance and Economy and the National Agency for Regional Development provide various forms of direct and indirect support to businesses, especially small and medium-sized enterprises and entrepreneurs, from practical support for launching businesses to financial support. The Ministry of Education, Science and Technological Development in collaboration with the Chamber of Commerce organises a national competition for the best technological innovation, where representatives from the Diaspora are invited to participate as reviewers and competitors, to motivate others to participate, to help with the prize fund and the competition organisation. Similarly, the Innovation Fund was established by the Law on Innovation with the aim of encouraging and financing innovation in priority areas of science and technology. Furthermore, Serbia Investment and Export Promotion Agency (SIEPA) helps Serbian companies to export their products and services and become more competitive in foreign markets, and on the other it promotes investment opportunities and assists foreign investors to start business in Serbia. The Ministry of Labour, Employment and Social Policy, through active employment measures, former “First Chance” programme for trainee recruitment and now professional practice, allow employers to hire young people for a period of one year in which their payroll costs are covered through the National Employment Service.

Support to small and medium-sized enterprises is also provided by business incubators and scientific and technological parks that provide infrastructure and services to help innovative companies in achieving business success in

the market, particularly in the area of high technology. They have also encompassed diaspora representatives, many of whom have received awards for their business operations, and some of them returned to Serbia.

In the civil society, there is a support from the Association of Small and Medium Enterprises and Entrepreneurs of Serbia (APPS)<sup>3</sup> and the Serbian Business Angels Network<sup>4</sup>. APPS is an association of employers of all professions in the territory of the Republic of Serbia who want to encourage social dialogue of trade unions and entrepreneurs which should contribute to creating favourable conditions for business and job openings, as well as to reducing the “grey” economy. Serbian Business Angels Network is an organisation comprised of natural or legal persons that invest their capital, knowledge and business contacts in the development of business ideas, most often with the potential for rapid growth. There are also efforts of migrants themselves, while they are abroad (association Serbian City Club)<sup>5</sup> or upon their return (associations Repats<sup>6</sup> and iSrbija<sup>7</sup>), to link the country of destination and the country of origin and facilitate business cooperation and exchange of knowledge.

However, these actors and their initiatives are not connected and coordinated. Furthermore, entrepreneurs, especially transnational entrepreneurs, are not well informed about them. Transnational entrepreneurs still emphasise as obstacle the lack of information and propose “the establishment of Office for attracting migrants in Serbia”. Therefore, it is necessary to strengthen existing mechanisms for encouraging cooperation with the diaspora and better connect them with existing mechanisms for encouraging entrepreneurship. The existing mechanisms for encouraging entrepreneurship in transnational entrepreneurs do not recognize and do

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<sup>3</sup> <http://www.poslodavci-apps.org/>, accessed on May 15, 2013.

<sup>4</sup> <http://www.sban.eu/>, accessed on May 15, 2013.

<sup>5</sup> <http://www.serbiancityclub.org/>, accessed on May 15, 2013.

<sup>6</sup> <http://www.facebook.com/groups/233323559417/>, accessed on May 15, 2013.

<sup>7</sup> <http://www.iserbia.rs/>, accessed on May 15, 2013.



not stand out as a separate category. Transnational entrepreneurs need to be singled out as a separate category in order to come to them information and services available to local and foreign entrepreneurs and to identify their specific resources that could contribute to the improvement of entrepreneurship and economy in Serbia.

### **3.3. Research findings**

#### *3.3.1. Characteristics of transnational entrepreneurs and enterprises*

Socio-demographic characteristics of transnational entrepreneurs who participated in the study show that it is a heterogeneous group, which are also the findings of other studies in the world (Terjesen and Elam 2009; Portes et al. 2002).

Quantitative data has shown that most respondents are aged between 31 and 41 (39%), and between 42 and 52 (37%) - a total of 76%, followed by 15% aged between 20 and 30 and 9% between 53 and 63. The survey was filled out mostly by men (63%), compared to women (37%). The surveyed entrepreneurs who live in Serbia (28 people or 60%) mainly live in the capital city of Belgrade - 24 (86%). Few entrepreneurs from other towns in Serbia participated in the survey (4 persons or 14%) Arandjelovac, Čačak, Kragujevac and Novi Sad. Entrepreneurs who are still living abroad (19 people or 40%) live in the UK (6 persons), Australia (3) India (2) and one respectively in the United States, Austria, Switzerland, Italy, India, Cyprus, France , Norway and Hungary. 43% of the surveyed entrepreneurs went abroad in the period 1989-1999 - and 37% of them between 2000-2010. Destination countries of the surveyed entrepreneurs are: United Kingdom (16 persons), USA (10), Australia (5), France (5), Germany (5), Austria (3), Switzerland (3), Greece (3), Scandinavian countries (3), India (3), Italy (2), Cyprus (2), Kazakhstan (2), and one person in the following countries: Belgium, Luxembourg, Croatia, Hungary, Czech Republic, Estonia, Spain, Turkey, Iraq. Seventeen people (37%) changed the country of destination, and some more than one country. The highest percentage of the

entrepreneur-returnees (28 persons) has returned since 2005. Forty-one respondents (87%) have Serbian citizenship, and 19 (41%) (also) have citizenship of a foreign country - United Kingdom (6 persons), Australia (5) United States (3) Canada (3), Austria (1), Germany (1), Italy (1) and Croatia (1). Eight entrepreneurs (17%) do not have Serbian citizenship. A great variety of destination countries of the surveyed entrepreneurs is observed. The overseas countries USA and Australia, as well as the UK are among most frequent. One of the reasons is that during the 1990s, the population in FR Yugoslavia (FRY) was faced with war, as well as the economic crisis and UN Security Council economic sanctions introduced in 1992. At the time, it was much easier for young and educated population from FRY to get the immigration visa, as well as the scholarships for students and researchers, in the overseas countries and the UK, than in other EU countries. Germany, France, Austria and Switzerland, as traditional destination countries for all former Yugoslav emigrants, are also countries of destination of Serbian transnational entrepreneurs (Predojevic-Despic and Penev 2012).

The interviews consisted of fifteen entrepreneurs. The oldest respondent is 66 and the youngest is 30, average is 44.73. There are thirteen men and only two women. They are college-educated, and two have high school education. They have different professions – from construction, hospitality, philology, medical, art to engineers in the field of information technology, economics and management. Ten entrepreneurs live in Belgrade, and the rest in other towns in Serbia (Novi Sad, Kraljevo, Arandjelovac). Two entrepreneurs live at the same time in the capital city and another town in Serbia (Užice and Valjevo), and there are those who live in the transnational space between two or more countries (Serbia-Slovenia-Germany, Serbia-Hungary, USA-Serbia). Seven respondents returned from the USA, while others came from economically developed countries of Europe. Nine of them are married, two divorced and four single. Seven entrepreneurs have dual citizenship. The time of departure and the length of stay abroad of the entrepreneurs differ, which is significantly conditioned by the age of respondents. They went abroad at different points in their lives – seven in the age between 16 and 25, and six in the age between 26 and 31 years of

age. Two entrepreneurs were born abroad in the 1970's. Two entrepreneurs left Serbia in 1977 and 1978 respectively, two left in 1981, two in 1991, and three in the period 2000-2001. One left in 1998 and one in 2007. On the other hand, fourteen respondents returned to Serbia after 2005 and only one in 1997.

**Table 3.2. Sectors of transnational companies**

Sectors	Number and share (%) of transnational companies
Information and Communication Technology	12 (25%)
Wholesale and retail	5 (11%)
Financial and insurance activities	5 (11%)
Construction	4 (8%)
Education	3 (6%)
Mining and building material processing	2 (4%)
Processing industry	2 (4%)
Electricity, gas and water supply	2 (4%)
Real estate, rental and leasing	1 (2%)
Health and social care	1 (2%)
Other social and personal service activities	1 (2%)
Hospitality and catering	/
Transportation and storage	/
Agriculture, forestry and fisheries	/
Other, what?: Human resources, product design, NGO, website design and development, publishing, media; consulting, research and training, 3D architectural visualisations (2).	9 (19%)
Total	47

Transnational companies are heterogeneous, just like transnational entrepreneurs. Quantitative data has shown that in relation to the sector Transnational companies are heterogeneous, just like transnational entrepreneurs. Quantitative data has shown that in relation to the sector (Table 3.2), the highest percentage of the entrepreneurs has started a business in the field of information and communication technologies - 25%, followed by trade (11%), financial activities (11%), construction (8%) and education (6 %), as well as in other sectors: mining and processing of building materials, manufacturing, electricity, gas and water supply; real-estate, lease and rent; health and social care; other social and personal service activities. 57% of the entrepreneurs have been engaged in other activities besides the mentioned one. A significant presence of transnational companies in the sector of information and communication technologies (ICTs) beside considerable infrastructure improvement and demand for ICT services, can be partly explained by the education background of the transnational entrepreneurs returnees, given that there is considerably high rate of emigration of the Serbian population educated in the natural and technical sciences (Predojevic-Despic 2011), as well as by the duty-free export regime in Serbia for ICT services.

Regarding their size, they are small businesses that employ up to 25 people. This finding is expected because small and medium enterprises make up 99.8% of the companies (of which 95.6% are micro enterprises)<sup>8</sup> and 65.5% of employees in Serbia. They were established in the period 1986 to 2012, most of them between 2007 and 2012 – 60%. 44% of the companies are based abroad – in Australia (3), USA (2), UK (2), Canada, India, Hungary, Switzerland and Cyprus. A limited liability company is the most common legal form of the companies, regardless of their size-68%. A percentage of the entrepreneurs indicate family owned businesses – 16% are family-owned, 8% are companies in the process of being established, while 8% of the respondents opted for “other” – agency and nongovernmental organisation.

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<sup>8</sup> Strategy for Development of Competitive and Innovative SMEs in Serbia in the period since 2008 to 2013.

**Table 3.3. Initial source of financing of owners of transnational companies necessary to start a business**

Initial source of financing	Number and share (%) of responses of transnational entrepreneurs
Personal savings	19 (76%)
Loans from friends and family members	6 (24%)
Joint venture of investors / investment funds	4 (16%)
<i>Venture capital</i>	2 (8%)
State – government funding of any kind	1 (4%)
Bank loans abroad	1 (4%)
Bank loans in Serbia	/
Other, what? Loans from the partner company abroad	1 (4%)

The initial source of funding for starting business (Table 3.3) is mainly personal savings (76%), followed by loan of friends and family (24%) and joint venture of investors (8%). Banks and state funds are rarely seen as a source of funding. This finding is consistent with other studies. In the Maghreb countries, 68-71% of returnees have used personal savings to start a business, and only 6-10% has used bank loans (Cassarino 2008: 16).

Socio-demographic characteristics of employees in transnational enterprises show that employees are mostly men. In 44% of the companies, over 60% of employees are men, but there are also women. In 44% of the companies, more than 40% of employees are women, and in as much as 12% of the companies only women are employed. However, in 24% of the companies only men are employed. Regarding education, the highest percentage of entrepreneurs employ highly educated personnel – 68% of the companies employ those with university degree, 76% with master

**Table 3.4. Characteristics of employees in transnational companies**

Characteristics of employees	Number and share (%) of transnational entrepreneurs
<b>Gender</b>	
<i>Percentage of employed women</i>	
0%	6 (24%)
Under 40%	8 (32%)
40-60%	7 (28%)
Over 60%	4 (16%)
<i>Percentage of employed men</i>	
0%	3 (12%)
Under 40%	1 (4%)
40-60%	10 (40%)
Over 60%	11 (44%)
<b>Migration experience</b>	
<i>Percentage of the employed who stayed abroad more than a year</i>	
0%	7 (28%)
Under 40%	10 (40%)
40-60%	3 (12%)
Over 60%	5 (20%)
<b>Percentage of foreigners</b>	
0%	13 (52%)
Under 40%	6 (24%)
40-60%	1 (4%)
Over 60%	5 (20%)
<b>Educational status</b>	
<i>Elementary school</i>	
0%	22 (88%)
Under 40%	1 (4%)

Characteristics of employees	Number and share (%) of transnational entrepreneurs
40-60%	–
Over 60%	2 (8%)
<i>High school</i>	
0%	14 (56%)
Under 40%	7 (28%)
40-60%	1 (4%)
Over 60%	3 (12%)
<i>College</i>	
0%	8 (32%)
Under 40%	6 (24%)
40-60%	4 (16%)
Over 60%	7 (28%)
<i>Master</i>	
0%	6 (24%)
Under 40%	8 (32%)
40-60%	3 (12%)
Over 60%	8 (32%)
<i>Doctorate</i>	
0%	17 (68%)
Under 40%	6 (24%)
40-60%	1 (4%)
Over 60%	1 (4%)

degree and as much as 32% with doctorate. Transnational entrepreneurs employ foreigners (48% of the companies) and those with migration experience (72% of the companies).

The interview included entrepreneurs involved, in other sectors along with the mentioned ones, e.g. agriculture, production of small aircrafts, furniture

design, manufacture and sale of works of art. In the area of trade, entrepreneurs who traded oil products and home appliances were interviewed. According to the size of the businesses, these are small enterprises employing between one and 38 persons. Ten companies have their head offices in Serbia, one entrepreneur has a company in Serbia and another in Szeged, two firms are based abroad with subsidiaries/branch offices in Belgrade, and one is base abroad. Six companies are exclusively import companies, three are import-export, three only import and two provide services for both the domestic population and foreigners. All the companies that provide IT services do so exclusively on foreign markets. These foreign markets include Australia, the USA, Canada, European countries, several Asian countries, the ex-Soviet markets and the countries from the region of the Western Balkans. As for the legal form of inception of these companies, they are associations with limited liability. They were founded at different periods of time – eleven companies were founded between 2003 and 2010, whereas others were founded in the period between 1994 and 1996. The respondents started these companies either themselves, or with their spouses, business partners (in the country or abroad) or else joined family businesses. The initial capital derives from personal savings, or financial assistance of friends and family. Only one married couple took out a loan in the USA in order to launch a business. One entrepreneur secured financial assistance from the state of Serbia.

Some of them own innovative company that can contribute to economic development as “opportunity enterprises”. The following is an example of such a company:

“We have made a small device that can make a diagnosis of melanoma, skin cancer, with excellent accuracy. Nowadays, with their naked eye, doctors can predict with 65 percent accuracy, which is slightly better than tossing a coin. What we have done is cheap technology that can be seen under the skin and estimate with very high accuracy.” The success of this patent is confirmed by the European Commission that has decided that Teleskin represents Serbia at the opening of the European Week of Small and Medium



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Enterprises and the European Enterprise Awards ceremony which was held in Brussels on May 25 this year.” (*transnational entrepreneur from the USA, electrical engineering and business*<sup>9</sup>).

Generally, the findings have shown that by opening small enterprises in different sectors, transnational entrepreneurs can contribute to different areas of economic development. These small enterprises have advantages that generally relate to small businesses – they are a source of innovation, can achieve flexibility, human resources are easier to manage, there is a higher level of motivation of employees and owners, because they identify with the company much easier and the level of control is high.

### 3.3.2. Micro level: *habitus of entrepreneurs and human capital*

Micro level analysis has been done only on qualitative data collected through interviews. It has shown that different experiences in different phases of the life cycle have created different *habitus* of transnational entrepreneurs and their human capital, which is largely associated with the decision to return and start businesses. Our respondents have different cultural identities, developed through the process of acculturation (Berry 2001:616), which includes contacts between two cultural groups in the country of reception. It is important to notice that national identity expressed in the private and domestic sphere of life does not mean that they are not integrated in the business and public sphere, that is, at the labour markets of countries of reception. Despite the fact that the majority of respondents in the private sphere have retained prominent patriotism, in the business sphere they were able to develop a transnational identity, integrating in the methods and standards of business operations in the countries of reception. We can say that, according to the distinction offered by Levitt (2001) they developed “core transnationalism” in the business sphere, and “expanded transnationalism” in private sphere of life, which includes occasional transnational practices.

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<sup>9</sup> Taken from the article *Sava Marinković, suvlasnik firme Teleskin – Šumadijski japi*, June 26, 2010. <http://www.ekapija.com/website/sr/page/325048>, accessed on May 15, 2013.

“I have papers valid for life, my identity card, driver's licence and residence permit, same as the Italians, but I don't have a passport. I could have taken out a passport, as the required period of residence is ten years, and I'd been there for 17, but when everybody was bent over backwards to get one, I believed that I was fine with my Serbian passport. I am a Serb heart-and-soul... I may as well be a foreign investor with a foreign identity card. Still, I did not want to come here as a foreign investor, but as a returnee, as an investor in my country” (*returnee from Italy, aero-industry*).

“And I boast that with dual nationality I can travel all over the world. With British nationality, I travel in the West, and with Serbian nationality, I travel to Russia and China” (*returnee from the UK, IT*).

Cultural capital, complemented by transnational entrepreneurs operating in the countries of destination concerns the values that include entrepreneurial spirit and proactivity: work appraisal, legalism, importance of quality, loyalty to clients, importance of long-term investment and planning, without the expectation of a quick profit.

“I prefer it when I strike a deal with a buyer after two years of negotiations, because I know that, they will also leave me, if ever, after two years of negotiations with someone else” (*returnee from the USA, sales*).

“Talking to the manager of the investments division of “Mentorgrafics”, the largest developer of environments for the production of electronic devices, his comment was that the companies that develop electronic devices need about seven years to become self-sustaining businesses. Seven years! Not to begin generating profit, but to become self-sustaining, to break even. Those are their expectations. And from what I've seen, that's what happens...” (*returnee from the UK, IT*).

Cultural capital formed by entrepreneurs in Serbia even prior to going abroad relates to family values and the importance of social life and leisure time. This capital is closely associated with social capital, which allows

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quality family and social life, raising children in a family environment, as well as spending free time with close friends. Such family and friendship networks are the main sources of reliable and confident labour force in their firms. This indicates the intrinsic connection between their cultural and social capital, i.e., micro and meso levels. However, it should be noted that they have managed to achieve a double benefit: to operate in a standardised business environment and to be satisfied with the quality of private life.

“The job that I’m doing now and the way I’m doing it, firstly suits me perfectly, and secondly, all my colleagues abroad envy me because we were all in the same business. Now, all of a sudden I am not there anymore, I live and work in Serbia, have decent working hours, my colleagues abroad are largely envious of the fact that I have managed to return, that I live with my family while many of them there are separated from their families.” (*returnee from the USA, IT*).

The importance of social capital that arises from professional networks should be emphasised. It provides the credibility, legitimacy and good image that represents the symbolic capital. The symbolic capital, along with the social capital, provides jobs abroad, which was studied in more detail through the electronic survey. This type of capital is represented by information important to business operations and life in the transnational space, as well as emotional support important for the adaptation in different environments. Economic capital of transnational entrepreneurs consists mainly of savings acquired abroad. They have rarely used loans to start businesses (only one entrepreneur has taken a loan abroad). Social networks – friends, relatives, family, the so-called angel investors have also contributed to the economic capital of transnational entrepreneurs.

### 3.3.3. Macro framework: institutional structures

In an attempt to understand transnational entrepreneurship in Serbia, we have also analysed structural characteristics that exist in the transnational space viewed from the perspective of our respondents, using interviews

and the survey. The specificity of transnational entrepreneurs is that they migrate from one country to another, while maintaining business ties with the country of origin and the countries and communities that have accepted them. The simultaneous involvement of two or more social environments allows them to maintain key global relations that enhance their ability to creatively and efficiently maximise the resource base (Drori et al. 2010:3). Social structures in which the action takes place, i.e., transnational business operation, in this paper are observed in terms of Bourdieu's definition of "subjectively defined social space" (Terjesen and Elam 2009: 1104).

We investigated opportunities and obstacles for doing transnational business in Serbia through the electronic survey with transnational entrepreneurs, asking them about: 1) their reasons for starting a business in Serbia, 2) perceived barriers to doing business in Serbia, and 3) perceived advantages of doing business in Serbia compared to doing business abroad.

Table 3.5. shows that the reason for starting business in Serbia is a combination of social factors and the business opportunities in the country, as shown in the interviews with entrepreneurs.

The desire to contribute to the economic development of the country, family reasons, and the quality of social life are among the most important pull factors. The business opportunities as pull factors include lower business costs and availability of skilled labour in Serbia. This finding suggests that these entrepreneurs have started businesses in Serbia more because of the pull factors in Serbia than because of the push factors in the destination country, such as for example economic crisis and the inability to exercise legal status. This is consistent with the assumptions and findings of Cassarino that the success of return and development of entrepreneurship upon return to the country depends on the willingness and preparedness of the returnees for return and resources they have mobilised (Cassarino 2004, 2008). Entrepreneurs who participated in our survey had returned and / or established companies willingly, motivated by opportunities and not forced by difficulties.

**Table 3.5. Reasons important for starting business in Serbia (company owners, N=28)**

Reasons for starting business in Serbia	Unim- portant	Impor- tant	Very important	Important + very important
Desire to contribute to the economic development of Serbia	7	7	14	21 (75%)
Family reasons	8	11	9	20 (71%)
Lower costs of business operations in Serbia	9	10	9	19 (68%)
Availability of qualified labour / outsourcing opportunities for foreign clients or companies in Serbia	10	8	10	18 (64%)
Quality of social life in Serbia / more humane environment for family life	12	12	4	16 (57%)
Favourable business conditions in Serbia	13	14	1	15 (54%)
Nostalgia	14	11	3	14 (50%)
Patriotism	14	8	6	14 (50%)
Less competition in Serbia	19	7	2	9 (32%)
I did not feel as equal citizen abroad	21	2	5	7 (25%)
Availability of local Serbian market / regional markets / preferential markets	22	5	1	6 (21%)
Economic crisis abroad	22	3	3	6 (21%)
Incentives offered by the state of Serbia	22	5	1	6 (21%)
Inability to achieve legal status abroad (e.g. visa expiry)	24	4	/	4 (14%)
Unfavourable business conditions abroad	24	4	/	4 (14%)

Findings of the research by Wadhwa and associates on returnee entrepreneurs in China and India from the United States have shown three basic factors that influenced their return: business opportunities, family ties and the quality of life in the country of origin (Wadhwa et al. 2011).

**Table 3.6. Three biggest obstacles for doing business in Serbia (N=47)**

Type of obstacles	First obstacle	Second obstacle	Third obstacle
Corruption	27%	4%	8%
Complicated administrative procedures	24%	14%	4%
Political or economic instability	9%	8%	19%
Inadequate business culture	9%	10%	10%
Unfair competition (working in grey economy and thus reducing the cost of services)	8%	16%	6%
Lack of state support	5%	2%	10%
Immature market conditions	5%	4%	15%
Lack of bank support /access to capital	4%	2%	/
Frequent changes /unpredictability of business conditions	2%	10%	6%
Lack of qualified /adequate labour	2%	12%	/
Poor infrastructure	/	2%	6%
Poor business services (banks, accounting, legal services)	/	4%	/
Inadequate legal system	/	10%	4%
Other, specify	5%	2%	6%

Table 3.6. shows that 50% of entrepreneurs see corruption or complicated administrative procedures as the major obstacle to doing business in Serbia (despite the decreasing number of para-fiscal laws in Serbia). The second

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obstacle is the unfair competition that exists in the grey economy and thus reducing the cost of services. Most often, political or economic uncertainty and immature market conditions are emphasised as the third obstacle. These findings also indicate the heterogeneity of entrepreneurs who participated in the study, because their answers are dispersed to various factors determined by their various activities.

In line with the previous findings, the benefits of doing business in Serbia compared to abroad (Table 3.7) are reflected in lower operating costs, quality of life and leisure time. The majority of transnational entrepreneurs (60%) believe that the economic crisis has hit both Serbia and foreign countries. Unfortunately, there are still a lot of business conditions that are worse in Serbia than abroad: availability of material capital for starting businesses and during business operations, speed of career advancement, professional recognition and acknowledgment of society, size and strength of healthy competition, state support, access to local and foreign markets.

Closer analysis of the conducted interviews confirms that there are opportunities and obstacles for entrepreneurship in both parts of the transnational space, and that through transnational business operations transnational entrepreneurs use the opportunities and overcome obstacles by maximising material and non-material profits. As much as business operations in Serbia have their flaws, they also have their positive sides. Serbia offers opportunities, especially related to competitiveness in quality and price, i.e. business operation costs. Compared to developed Western countries, to start and do business in Serbia requires less financial resources. There is educated and professional, but cheaper labour force in many areas compared to Western countries (e.g. IT sector, agriculture). The respondents point to the possibility of doing business with foreign countries, particularly with two important markets – Russia and China, and the natural resources suitable for the development of agriculture and tourism.

On the other side of the transnational space, in destination countries, the respondents emphasise two macro factors – good business conditions

**Table 3.7. Advantages of doing business in Serbia compared to doing business abroad ( N=47)**

<b>Business conditions</b>	<b>Lower in Serbia than abroad</b>	<b>Same in Serbia as abroad</b>	<b>Higher in Serbia than abroad</b>
Operating costs	80.8%	9.6%	9.6%
Availability of capital to start business and during business operations	73.1%	21.1%	7.7%
Speed of professional growth	63.5%	26.9%	9.6%
Professional recognition and acknowledgment of the society	63.5%	28.8%	7.7%
Size and strength of healthy competition	63.5%	30.8%	5.8%
State support	57.7%	34.6%	7.8%
Access to local and international markets	55.8%	32.7%	11.4%
Availability of skilled labour	40.4%	40.4%	19.2%
Possibilities of achieving legal status for you and your family	36.5%	44.2%	19.2%
Knowledge of the culture, language, mentality and customs of the local population	34.6%	32.7%	32.7%
Quality of life and free time	32.7%	26.9%	40.4%
Degree of bureaucratisation of procedures for starting and running business	26.9%	21.1%	51.9%
Size and strength of unfair competition	21.1%	28.8%	50.0%
Negative effects of economic crisis	19.2%	59.6%	21.1%
Degree of friendships and relationships relevant to business	13.5%	46.1%	46.1%



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and/or difficult conditions for the regulation of the legal status of immigrants. Business environment is characterised by stability and predictability, simple procedure for opening firms electronically, liquidity, information about the requirements for doing business. State incentives include subsidies, withholding taxes, expenditure checks; the state provides the purchase and placement of goods in the market, etc. The policies are being developed to encourage immigration of highly qualified migrants and inflow of knowledge. Entrepreneurship is highly valued in society and is encouraged as early as in the school system.

Our respondents emphasise a great structural advantage in foreign countries when compared with the conditions in which they do transnational business. In Serbia, they highlight the uncertain and unpredictable socio-economic environment:

“How can you plan the next year when you don’t know whether the foreign exchange losses [in Serbia] will be 5,000 euro or 500,000 euro? How can you plan the next year when you don’t know whether the state will impose new costs and whether they will be imposed by mistake? A month ago, nobody knew how to classify heading numbers, an error occurred, they classified fat as fuel oil, and the excise tax was 64 dinars per kilo ... Who is going to reimburse us that cost?” (*returnee from the USA, sales*).

“Canada is a very boring country. If something is to be changed, VAT for example, it is planned for years in advance. They don’t say: “Ok, we are in crisis, let’s change VAT! We are thinking of increasing VAT by 1% in 2017 and decreasing something else by 2%.” Even if it changes, it changes slightly so that any problems are avoided, plus you have one, two, three, five years of warning. So, there is a system, a plan, nothing is done randomly. Practically, there is a policy and a plan, and these [politicians] are only the executors. It is a regulated system” (*returnee from Canada, IT*).

The uncertainty and unpredictability of doing business in Serbia, according to the respondents, lie in the legal and regulatory fields. Laws are enacted

ad hoc, without understanding business operations in the field and the consequences of the passed laws on businesses. There is not a period of preparation and informing on legislative changes. The respondents also point to the complicated administrative procedures and difficulties in obtaining building permits, long and costly customs procedures and validation of diplomas. Way of doing business often involves political connections, corruption, monopoly, grey economy, counterfeiting of products, all of which create unfair competition. Entrepreneurs talk about the “country of debtors” where it is impossible to charge services, as well as about the state and large firms as the largest generators of non-liquidity.

Furthermore, they think that the state does not sufficiently stimulate entrepreneurship, especially small and medium-sized enterprises. International firms, in particular banks and insurance companies, do not contribute to stimulating business environment by achieving profits in Serbia that they would not be able to achieve in their respective countries. All of the above have a direct impact on the poor business environment and the lack of entrepreneurial spirit in Serbia:

“As for the industry [in Serbia], they allow unfair competition. Please, either ensure that my costs are not much higher than the costs of those who work illegally or make those who do not work legally work legally. Now it's easy to say ... and more difficult to implement, but there is not a regulated country that got regulated by itself. Look, the laws of thermodynamics say that chaos is the normal state ... in order to be out of chaos, extra effort and energy are required” (*returnee from Canada, IT*).

Therefore, many interviewed entrepreneurs have started and developed the business in a safe, predictable and stimulating business climate in the country of destination, and then carefully began operating in Serbia with less investment.

“Since mid-2007 we have had an office in Belgrade, and we started with just two employees because we were not certain how it would go ... We were not afraid of what we knew, but there are always

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unknown things, and I said, maybe a year should pass with some symbolic profits ... I was not sure how everything would turn out” (*returnee from Canada, IT*).

This raises the question of how transnational entrepreneurs develop business strategies in order to take advantage of opportunities and overcome obstacles in the transnational space using their human resources, together with the social capital that exists in social and professional networks at the meso level.

#### *3.3.4. Meso link: paths towards returnee entrepreneurship and the role of social networks*

The results of the on-line pilot survey related to the meso-level of examined entrepreneurship show the importance of informal networks’ support to start business, both in and with Serbia (Table 3.8). Out from 25 surveyed owners of the start-ups, half of them stated their family, relatives and friends both in Serbia and abroad are helpful and very helpful at the first period of the business start-up. The most valuable source of help was colleagues both in Serbia and abroad.

Semi-formal and formal networks were of substantial help to the surveyed entrepreneurs. Almost two thirds of the respondents evaluated their contacts with principals and managers of the companies they do business with as being valuable, almost two thirds. Executives in the companies our respondents worked before the foundation of start-ups, as well as the contacts with the colleagues from professional business associations from abroad were stated as valuable for almost half of the respondents from Serbia. Comparing the importance of state institutions from Serbia and abroad for the start of business in/with Serbia, a significant difference is perceivable. There was only one respondent who answered that state institutions in Serbia helped the business start, while there were 9 answers indicating that state institutions in the destination countries were helpful or very helpful for the start-up business in/with Serbia. On the other hand, contacts with political parties were not recognized as being helpful for the business start-up.

**Table 3.8. Helpfulness of different social contacts for STARTING BUSINESS IN/WITH SERBIA (N=25)**

Social actors	Assessment of helpfulness				
	Did not help	Helped	Helped a lot	Helped /helped a lot	Helped /helped a lot (%)
1. Family, relatives and friends abroad	14	3	8	11	44.0
2. Family, relatives and friends in Serbia	11	7	7	14	56.0
3. Colleagues abroad	9	10	6	16	64.0
4. Colleagues in Serbia	10	12	3	15	60.0
5. State institutions abroad	16	6	3	9	36.0
6. State institutions in Serbia	24	1	0	1	4.0
7. Political parties abroad	24	1	0	1	4.0
8. Political parties in Serbia	25	0	0	0	0.0
9. Professional business associations abroad	14	9	2	11	44.0
10. Professional business associations in Serbia	20	5	0	5	20.0
11. Executives in the company where you worked	13	8	4	12	48.0
12. Principal/contact person in the foreign company you do business with	9	9	7	16	64.0

There is no substantial difference in the analysis of how important contacts are for the success of the current business in/with Serbia (Table 3.9). Informal networks appear to be the most important: contacts with the

**Table 3.9. Importance of different social contacts for SUCCESS IN THE CURRENT BUSINESS IN/WITH SERBIA (N=47)**

Social actors	Assessment of helpfulness				
	Are not important	Important	Very important	Important /very important	Important /very important (%)
1. Family, relatives and friends abroad	16	19	12	31	66.0
2. Family, relatives and friends in Serbia	12	19	16	35	74.5
3. Colleagues abroad	4	23	20	43	91.5
4. Colleagues in Serbia	4	25	18	43	91.5
5. State institutions abroad	20	22	5	27	57.4
6. State institutions in Serbia	17	21	9	30	63.8
7. Political parties abroad	41	5	1	6	12.8
8. Political parties in Serbia	28	11	8	19	40.4
9. Professional business associations abroad	12	23	12	35	74.5
10. Professional business associations in Serbia	19	16	12	28	59.6
11. Executives in the company where you worked	14	23	10	33	70.2
12. Principal/contact person in the foreign company you do business with	6	20	21	41	87.2

family members, relatives and friends both from Serbia and abroad and especially the contacts with colleagues from Serbia and abroad. These findings are in line with the survey results with returnee entrepreneurs

from USA to China and India, where about two thirds of the respondents stated personal and family networks were regarded as very important for their business (Wadhwa et al, 2011). Business networks are also ranked very high, especially with the contacts abroad – professional business associations, executives in the companies the respondents were employed in, as well as the principals and managers of the foreign companies the survey respondents from Serbia do business with. The significance of contacts with state institutions both in Serbia and abroad for the current business success is visible: more than a half of the survey respondents considered them as important or very important. Contrary to the very start of business establishing , during which the role of political parties was not perceived as helpful for the surveyed returnees’ start-ups in Serbia, the role of political parties in Serbia is stated as important and very important by 40% of the surveyed entrepreneurs.

Being positioned uniquely between home and destination countries of previous residence returnee entrepreneurs maintain close and continuing contacts in different countries which help them to secure success of their business (Table 3.10). The closest and most frequent contacts (everyday to once a week) are related to the family members, relatives and friends in Serbia (72%) and colleagues abroad (64%). More than a half of them have frequent contacts with family, friends abroad as well as the colleagues from Serbia. It is presumed that these informal networks secure the success of their business in two ways: friends and family members can help as employees in the start-up firms, but can also have a role in the child care and help within their household. Colleagues (and former colleagues) can have a very important role as sources of business information and knowledge exchange.

In line with that, frequent contacts are maintained with principals and managers of the foreign companies (50% of the survey respondents in Serbia have contacts from every day to once a week, and 30% of them from once a month to several times a year). Our respondents have regular

**Table 3.10. Frequency of different social contacts for successful business (N=47)**

Social actors	Assessment of frequency							
	Every day /once a week	Once a month-several times a year	Once a year	I do not have contacts	Every day /once a week (%)	Once a month-several times a year (%)	Once a year (%)	I do not have contacts (%)
1. Family, relatives and friends abroad	26	16	1	4	55.3	34.0	2.1	8.5
2. Family, relatives and friends in Serbia	34	9	1	3	72.3	19.1	2.1	6.4
3. Colleagues abroad	30	15	0	2	63.8	31.9	0.0	4.3
4. Colleagues in Serbia	24	17	2	4	51.1	36.2	4.3	8.5
5. State institutions abroad	6	14	5	22	12.8	29.8	10.6	46.8
6. State institutions in Serbia	9	19	4	15	19.1	40.4	8.5	31.9
7. Political parties abroad	2	1	3	41	4.3	2.1	6.4	87.2
8. Political parties in Serbia	2	7	1	37	4.3	14.9	2.1	78.7
9. Professional business associations abroad	4	25	5	13	8.5	53.2	10.6	27.7
10. Professional business associations in Serbia	4	17	4	22	8.5	36.2	8.5	46.8
11. Executives in the company where you worked	12	17	6	12	25.5	36.2	12.8	25.5
12. Principal /contact person in the foreign company you do business with	24	14	2	7	51.1	29.8	4.3	14.9

business contacts with executives in the firms where they previously worked (25% have very frequent contacts, and one third from once a month to several times a year), as well as with the professional and business associations abroad (a half of the respondents maintain contact once a month to several times a year). As presented in Table 3.11. and Table 3.12, exchange of professional information among colleagues and companies

**Table 3.11. Importance of keeping in touch and exchanging information with COLLEAGUES / COMPANY IN SERBIA (N=47)**

Type of information	Assessment of importance			
	Not important	Important	Very important	Important /very important (%)
1. Exchange of professional information necessary for business	5	21	21	89.4
2. Exchange of information on innovation in business	6	20	21	87.2
3. Information on market / potential customers / expansion of business activities	7	16	24	85.1
4. Information on financing business operations	8	16	23	83.0

from both abroad and Serbia is very relevant for business functioning. This is related to different issues: innovation in the relevant business field, market issues, potential customers, expansion of business activities and financing operations. To the Serbian respondents these themes are all crucial for the business functioning of their start ups: important and very important to 85% to 90%.



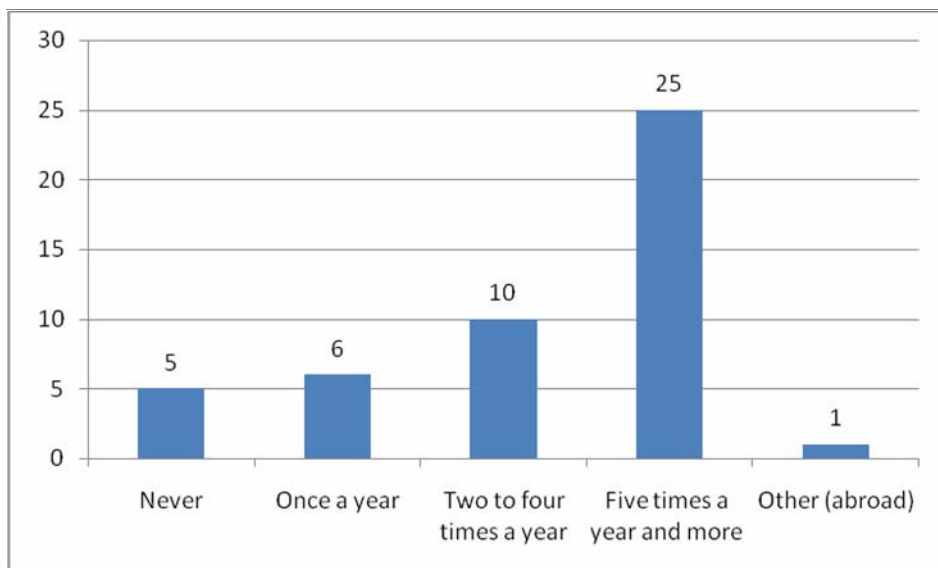
On the other hand, contacts with state institutions and political parties are observable (Table 3.10), but not regular. Almost a half of the respondents do not have contacts with state institutions abroad and one third with state institutions in Serbia. Almost 80% of them do not have contacts with political parties in Serbia and almost 90% of them do not contact with political parties abroad.

**Table 3.12. Importance of keeping in touch and exchange information with COLLEAGUES / COMPANY ABROAD (N=47)**

Type of information	Assessment of importance			
	Not important	Important	Very important	Important /very important (%)
1. Exchange of professional information necessary for business	4	20	23	91.5
2. Exchange of information on innovation in business	3	18	26	93.6
3. Information on market / potential customers / expansion of business activities	4	17	26	91.5
4. Information on financing business operations	8	24	15	83.0

Respondents from Serbia travel abroad for business purposes frequently: five times and more a year. Only five of them do not travel for business purposes. 28 of them (60%) stated they are members of different associations – mostly alumni clubs and professional organisations, steering committees and chamber of commerce. However, eight respondents did not specify the association.

**Graph 3.1. Frequency of travelling abroad for business purposes in the last three years (N=47)**



Deeper analysis through the interviews has shown three different paths towards returnee entrepreneurship.

*The first path* is that of the migrants who were born abroad or went to study abroad during their secondary education or for university studies. They developed their entrepreneurial spirit in the course of their education process. Some of them attempted to develop business ventures during their studies.

“I got involved in this business while I was still a student, with my two partners, when we practically started a company for sport, without taking anything too seriously. So, we had been playing this business game for three years while I was studying and, of course, nothing came out of it” (*returnee from Canada, IT*).

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However, such networks with colleagues from university can expand into professional networks and make possible successful transnational business operations.

These entrepreneurs may have relatives who act as a powerful pull factor in the migration decision making, while, at the same time, facilitating their adaptation to the new environment.

“I left through an exchange student programme in my secondary school, during the fourth year. I have a cousin in America, and she encouraged me to apply. After my high school, I tried to enrol at university... Then I got scared because the tuition fee was terribly high, but my cousin guaranteed for me” (*returnee from the USA, search engine optimization*).

Contacts with relatives can help launch a successful business that is conducted on different continents.

“My cousin from Australia is a SEO [search engine optimisation] expert, and he gradually began making his own clientele outside the company. He also had in mind quitting his job and starting his own company and a cheap labour recruiting office here. I returned from America, I speak English, so I can communicate with clients, so we took that business over and started from there. His father is my mother’s brother. A few of us got together, his friends and me and my neighbours from the city of Indjija. And we started working from home” (*returnee from the USA, search engine optimization*).

Relatives in Serbia can also help returnees launch and conduct business in Serbia, provide information about the modalities of doing business, while they find reliable workforce among friends.

“I have gone back to *outsourcing*, I began developing and making contacts... through friends I obtained references for a few programmers... one reference led to another and I gathered a group of extremely good engineers” (*returnee from the USA, search engine optimization*).

The reasons for their return to Serbia are versatile. Some of them, including their family members or partners, were unable to obtain a legal status in the country of destination. Some live and work in a virtual space and it does not make any difference where they are physically present, so they opt for the country in which they are surrounded by their family, relatives and close friends. Some wanted to try to develop or expand business in Serbia, where labour is cheap. One migrant received a business offer. Linked to the reason for return is also the existence or non-existence of a plan for starting a business. One entrepreneur did not have any plan, one had a plan to try to launch a business, whereas one had been planning to become employed in a state institution, but ended up in a family business.

“That year, they organised a lottery for work permits, because so many people had applied, and the quota had been lowered. It worked on the 'first come-first served' basis, but everyone turned up on the first day. That was very risky, I would have had to study and work at the same time, and then I decided to go back home, whatever happened. That was the reason why I returned, actually. I came back in 2008, without any plan as to what I was going to do” (*returnee from the USA, search engine optimization*).

“The main reason [for my return] was that at that time my wife, who was my girlfriend then, could not get a visa, not even a tourist visa to visit me in America” (*returnee from the USA, IT*).

“In October 2007, I received an invitation from my former professor, with whom I had stayed in touch. He had been a Fulbright scholar and the best student of his generation at the Faculty of Economy too, at the moment he is the Chairman of the Securities, a very influential person. I received an invitation to return to Serbia, join his team at the Ministry of Finances, and work on the development of financial markets” (*returnee from the USA, sales*).

It transpires from the quotes mentioned above that private and professional networks play an important role when deciding to return to Serbia. Private

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networks also play an important role in the operation of companies – in finding reliable workers and information on the business environment.

*The second path* was developed by those who had completed university studies in Serbia, who had their jobs (two respondents had their own companies) and decided to go abroad and get away from the difficult political and economic situation. In the meantime, while they were waiting for the situation in Serbia to improve, they were trying to upgrade their knowledge abroad. Some of them used professional networks to go abroad, either to enrol at post-graduate studies or to find a job.

“I had expected that there would be elections in the year 2000, and that Milošević would lose those elections, and I also expected some demonstrations to occur. So I began preparing, because I thought, when it came to that, ... and I said alright, I’ll be ready, because this family project [a family business] will come to nothing, something is obviously going to happen here and I am not good at swimming in troubled waters, and I’ll go somewhere ... to improve my English, to learn the ropes of my trade, how they do business in some other country, to specialise in my field of work... In June, I received a job offer from “Tortel” and then I waited for everything else to happen, I wanted to do my part, and in late October I left for England” (*returnee from the UK, IT*).

They started business abroad through professional networks: either networks of foreigners or co-migrant networks of their fellow countrymen. In three cases, a married couple launched a business with the help of professional networks.

“We sought some business contacts. We had a general idea that we wanted to enter some monopoly business. A business where we would deal with a certain product, trade or services, or be bound by some contract and try to obtain as many rights as possible on some monopoly, so that we could have the least possible competition – something that would be competitive” (*A married couple of returnees from the USA, sales*).

“Currently there are three of us in this partnership – owners of the company: we have a friend from England, my wife and I (*returnee from the UK, IT*).

Professional networks abroad are also used for advertising, creating corporate image, gaining credibility and obtaining foreign contracts.

They return when they assess the circumstances in Serbia as favourable and once they have conceived how to launch business activity or even having already launched it from abroad.

“I started a business here in 1991–1992, but it was very difficult to make progress. Then sanctions were imposed. At that point, my foreign partners I had planned to do business with, including potential businessmen in Serbia said that there could be no goods delivered and no cooperation with companies within the territory of ex-Yugoslavia. So, in 1994, I left for Hungary. I established my first private company abroad, which was to cover the Balkan region in the chemical business I had started back in 1990. During the period of the embargo, since the company I represent is American, I directed my contacts and activities towards Bulgaria and Romania, which were not under UN economic sanctions. All that time, I was waiting for the situation in Serbia to be resolved, for the war to end, and for the beginning of normal cooperation” (*returnee from Hungary, sales*).

Some put forward family reasons for their return – raising and educating their children in Serbia, the return of one’s daughter to Serbia, caring for one’s parents (an only son).

“I realised that there was no other way of returning here. All those who came back with no previous moves, not having established their businesses beforehand here, did not find work, except for a few ministers. This is my experience. I know quite a lot of people who have tried to find work here and have failed to do so, because the only way is to bring work here... I never wanted to stay, and I did

not have any wish to stay there for so long. My plan had been to return after two years. We extended our stay there because of the children. They were born there and then we decided to return because we wanted our children to know who they are and where they come from” (*returnee from the UK, IT*).

The third path was developed by migrants who left the country because they were oppressed by poverty or in order to survive. We identified two such cases, persons who have come all the way from poverty to becoming successful entrepreneurs. One of them started a company that produces aircraft of acclaimed quality in the European market, and the other founded two companies – a construction company and a company operating in the field of solar energy and food production.

“No, I did not have enough money. I wanted to study, but I come from a very poor family. They couldn’t afford it and I had to quit school and find a job. I have been working since the age of 16. After I completed my military service, I left for Italy, for Europe, and I worked in Germany and some other countries. I began as a truck driver and ended up as a certified court interpreter in Italy” (*returnee from Italy, aero-industry*).

“The thing is that I realised very quickly I could not solve my housing problem by getting a socially owned flat, or in any other way. And so in order to organise my life, I had to make a larger sum of money, and I had to find an environment where I could do business. You see, I have never had anyone in my life to help and support me. All my relatives, uncles and so on, they were all very poor and unfortunate” (*transnational migrant from Slovenia, food industry/solar energy*).

Unlike other returnees who have tertiary education, these two entrepreneurs have secondary education. They had to take a painstaking path to success, doing all sorts of jobs in various countries. In that way, they have developed a broad professional network and a network of friends in

different sectors, which enables them to launch businesses in various areas and to overcome obstacles in their work.

“These friendships have been made through the construction business, through contacts with my friends and the people I cooperate with in Serbia. Personally, in the course of all my business activities, I have recognised Serbia as a country which allows the broadest manoeuvring space for ad hoc arrangements, for some potential gain through food production, because Serbia is unexploited, vast, a big market, but yet unexploited” (*transnational migrant from Slovenia, food industry/solar energy*).

“Yes, together with me and trusting me, there was an Italian, who was one of the co-owners and the biggest investor in that company. He decided to leave Italy and come to live here. As he used to listen to me talking about my Serbia, he thought it was a paradise... That man had invested around 800 thousand euro in this deal before he came here. And then, as a foreign investor, he invested another 100 thousand euro here.” (*returnee from Italy, aero-industry*).

Their return is primarily driven by the wish to demonstrate their success and contribute to the development of their region and the country in general.

“The main reason [why I returned] is love for this country, this social environment that I see as great, broad potential for just about everything. For instance, I have envisioned that the field I want to work in Serbia is food production, water and energy... Ok, patriotism is always in the first place. I told you right away that my overwhelming wish is to create and achieve something, to learn and be an eye opener to those people and generations to come, because they probably have not had the chance to go around Europe and the world so much and see all that” (*transnational migrant from Slovenia, food industry/solar energy*).



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They launched quite voluminous business ventures and came up against a wall of resistance from state institutions, the local self-governance and their own compatriots in their local communities.

“I went to the local police to see what documents were necessary, so that my Italian partner could start the company, but everyone here would make comments like “He came here to make a fortune off our backs”... Anyway, we have seen and experienced both good and bad things in this country, from the first steps we made by showing interest in organising aircraft production in my birthplace. Of course, all the hypocrites cried out that this business tycoon was going to take over the airport. I suppose I will put the runway on my back and take it to Italy” (*returnee from Italy, aero-industry*).

They overcame the obstacles with a lot of perseverance and by relying on their networks, especially through connections with the experts in their field of work. The experts helped them implement their ideas and gain credibility at the same time.

“The Institute in Belgrade, near the Belgrade Agricultural Plant, with whom I had conducted all the talks, are now working on my project for the cultivation of chokeberries. Chokeberries are already being grown in the region of Srem, where I have people who are returnees, I have people who have nothing to do with the former Yugoslavia, and we reckon that we will organise a factory for the processing of chokeberries, right in Srem, on the Vojvodina side... All you need to do for each project is to have the experts in the right places, to have the right people and that is the reason why I see myself in agriculture. Why am I not telling you that I am going to be “capo di banda” in this agriculture? I am just a person who provides incentives. First I finance, encourage and reassure them, while the experts, who know all the ropes of this trade, will be in charge of production” (*transnational migrant from Slovenia, food industry/solar energy*).

The results of this pilot research in Serbia, both interviews and surveys, provided evidence that for the successful entrepreneur business at both ends of the transnational space, the emerging ventures have to manage the dual challenge of globally and locally gaining legitimacy, securing resources, and pursuing opportunities in more than one cultural, social and economic context (Wakkee et al. 2010). Since different network structures offer different orientations and strategies, as well as different opportunities in a given context (Cassarino 2004:267), their significance and structures need to be more researched. In the previously described examples and the research results, several types of networks can be identified:

- *Networks arising from professional connections.* Saxenian (2002) reported that immigrant entrepreneurs in Silicon Valley set up business operations in the home countries through developing and capitalising on professional connections. Respondents in Serbia form these networks through connections with professional associations, mostly from abroad, but also from informal professional networks with their former and current colleagues, as well as with their colleagues from university. These networks help our informants to control the resources in different countries (Yeung 2002) – developing the business operations, gaining information and knowledge, advertising, creating image and closing business deals abroad. However, relying on and mobilizing their resources requires regular contacts and continual maintenance and renewal (Portes and Sensenbrenner 1993).

“I am still trying to maintain relations with Great Britain and my acquaintances there. It is a kind of insurance. Since we have not concluded any business deal in Serbia ... In order to get a [business deal] in Serbia we have to get it from abroad ... In fact, I am maintaining business networks” (*returnee from the UK, IT*).

- *Networks of clients and customers.* By continuously developing social networks of clients and customers in the transnational space and by transnational business operations as a result of confident client/customer business relations, some of our respondents build a strategic

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management, such as innovative and creative deployment of resources (Yeung 2002) which help them cope with uncertainty, acquire legitimacy, and offset the absence of formal institutional support (Chen and Tan 2009). Respondents manage to overcome obstacles encountered due to the lack of mutual connections or the lack of connections with the government structures necessary for successful business operations in Serbia.

“There is not a single successful entrepreneur that has not been associated with the government, ever since the Milosevic era to the present time ... I have great support from my principals... Each year, with the financial support of the company I represent, I hold a two-day seminar in Belgrade, for all my buyers, regardless of how much they buy, from the ones who purchases several kilograms of some chemical products, to the ones who buys large quantities for their large production systems. Besides, at least four times a year, we visit all our buyers, and all our potential buyers in the region. I am in daily contacts with them, as well as with clients in the region. Technical cooperation is maintained at a very high level, which my competition cannot achieve” (*transnational migrant from Hungary, sales*).

- *Networks of innovation*, which help them in the aspects of creation and exploitation of opportunities in different countries (Yeung 2002). Although entrepreneurs have different and specific knowledge, it is necessary to involve them in a wide range of social networks with colleagues, friends, and other people relevant for exchange of experiences in order to establish and improve business operations. It is believed that for transnational entrepreneurs social capital is crucial because it compensates for the lack of incorporation in the new business environment (Portes et al. 2002). In this way social networks can help transnational entrepreneurs develop new products and resources to enter the international market.

“Our plane has been recognised as a type, it is the first in the world. It is registered in civil registers across the EU, EASA members. And that's the brand. Serbian aircrafts in Europe. We did it with six times less money – my commitment, experience, persistence, acquaintances ... professors, faculties, directorates, inspectors, workers, mechanics, by working day and night ... and owing to already acquired knowledge and know-how technology and the product that has proven to fly in foreign countries as well. We took something that already worked, improved all the identified deficiencies and constructed a new plane absolutely made in Serbia” (*returnee from Italy, aero-industry*).

- *Networks for recruiting workforce.* The networks of our respondents in Serbia are mostly private and are used primarily to find a reliable and high-quality labour force.

“I went back to outsourcing, started to develop it and maintained contacts ... through a friend I got some recommendations for programmers ... one recommendations followed the other and I gathered a small group of excellent engineers” (*returnee from the USA, IT*).

This study shows that there are both “opportunity entrepreneurs” and “necessity entrepreneurs” among Serbian transnational entrepreneurs. However, their specificity is reflected in the fact that through the various stages of the migration cycle they shift from necessity to opportunity entrepreneurship and vice versa. Some entrepreneurs went abroad and started “necessity businesses” and after the acquisition of financial and social capital in the country of reception returned to Serbia and developed “opportunity businesses”. Others use “opportunity enterprises” in the country of destination to expand or open new business opportunities in Serbia. Furthermore, due to the inability to find employment in accordance with their high qualifications, some have transferred their experience and established “opportunity enterprises”.

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### 3.4. Concluding remarks

The studies on how migrant entrepreneurs contribute to economic progress of their countries are still in their infancy (Newland and Tanaka 2010:3). However, it is reasonable to conclude that the direct investment of these migrants may encourage the development of countries of origin by improving business operations, creating new jobs and bringing innovation; creating economic, social and political capital through global networks; using the advantage of social capital and linguistic understanding; positively linking entrepreneurship and economic development.

Recent studies indicate (Newland and Tanaka 2010) that compared to the remittances sent by migrants, investments of migrants-entrepreneurs in the countries of origin provide better control over the invested funds. On the basis of their relationships in/with their homeland, migrants-entrepreneurs are more likely than other investors to take risks and start businesses in the high-risk or newly emerging markets. In addition, based on knowledge of local political, economic and cultural circumstances, migrants-entrepreneurs can lead the way in relation to other investors and employers in the country of origin. This is confirmed by examples of Serbian migrants-returnees that developed transnational business activities.

Our research has shown that by starting small businesses in a range of sectors, migrant returnees to Serbia can contribute to the development of various spheres of economy. A specific importance of their transnational activities lies in the fact that they can bring in the know-how and innovation from abroad. In some cases they start and develop business operations in some new innovative sectors, especially in the fields of information and communication technologies. Through their business employment they are attempting to change organisational culture and contribute to unbiased evaluation of outputs, legalism, strategic thinking and planning. However, their business innovation does not only come directly from the activities of transnational businesses as such, but also from the very fact that they are

transnational and they rely upon networks spanning across borders. All these entrepreneurs managed to develop transnational networks through which they negotiate the placement of their goods and services in the international market, coupled with advertising and creation of their image, ensuring credibility and legitimacy.

Those are good practices, which our state could use to achieve better promotion of the image of Serbia, its economy and entrepreneurs. Therefore, providing incentives for transnational entrepreneurship ought to become not only an integral part of migration policies, but development policies should also rely on the transnational enterprises' resources and networks while striving to achieve certain economic goals, such as placement in foreign markets and image promotion. Encouraging transnational entrepreneurship and cooperation with transnational entrepreneurs can boost the development of an economy based on knowledge and innovation, strengthen its competitiveness in the global market, develop economic activity and alter the image of Serbia. They are a potential link between migrations and development that could transform the currently predominant brain drain into brain gain and circulation.

Transnational entrepreneurs who participated in our study confirm the hypothesis that this entrepreneurial migrant group can connect the countries of origin and destination in the transnational space with its social and human capital, and can overcome the obstacles in one part of the transnational space by using opportunities from another part of the transnational space. Devised over a specific habitus, or worldview, along with the use of resources – cultural, social, economic and symbolic capital, their migration experiences help them cope with, as they say, insufficiently regulated business environment and develop services and products competitive in the market. Through networks of friends and colleagues in Serbia, they find high-quality and reliable labour force, and through similar networks abroad they develop their business operations, advertise, create image and close business deals. In addition to ensuring their own business profit, with almost no support from their governments, they form an important resource for the development of the Serbian economy.

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Moreover, by bringing in the entrepreneurial spirit and values of legalism and meritocracy they contribute to the creation of a good business climate in Serbia. The interviewed transnational entrepreneurs are able to reconcile the values of different cultures and develop business operations in line with the standards of developed Western economies, maintaining family and social life in accordance with the norms and values acquired in Serbia.





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## IV. COUNTRY CASE — ALBANIA

### 4.1. Migration and transnational entrepreneurship in Albania

Albanians today continue to make up the largest immigrant community among the people of the Balkan region. More than 25 percent of Albanians from Albania, Kosovo, Macedonia, and Montenegro have emigrated. Migratory flows of Albanians have been and remain quite high. The typology and phenomenology of Albanian migration has had an impact on the contribution of migration as a survival, consumption and development factor. This contribution is increasingly becoming not only an economic phenomenon, but also a social, cultural and political phenomenon. Among Albanians of the region, Albanians from Albania have the highest numbers of international migrants. According to the National Register of Civil Status, which, along with the Albanian Census, are two official sources that keep track of demographic developments in Albania, the population of Albania during 2011 amounted to about 4.2 million inhabitants. On the other hand, according to 2011 Census, the number of residents in Albania was 2,831,741 inhabitants.<sup>10</sup> The difference in figures between two agencies, can be interpreted as the number of Albanians abroad during 2011.

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<sup>10</sup> INSTAT, Tiranë, 2012; National Register of Civil Status 2011.

Immigration from Albania was banned during four decades of the communist government in power. The collapse of the communist system in the early 1990s, along with the transition from a centrally-planned to a market economy unleashed three large-scale waves of immigration from Albania to the countries of Western Europe, in particular Greece, where Albanians are by far the largest immigrant group, and in Italy, where they are the third largest immigrant group (Mai 2010).

First wave: Year 1990: the 'embassy migrants' and others that followed (about 5000 thousand people). On July 2, 1990, amidst growing frustration of the situation in the country, hundreds of Albanians stormed several of the buildings of foreign embassies (Italy, France, Greece, Czechoslovakia, Poland, Hungary and Turkey). These numbers soon reached thousands (about 5,000). In the beginning, the government used coercive means, including firearms to prevent people from entering the embassy compounds. Eventually, upon intense pressure from abroad, including the intervention by the then U.N. Secretary General Perez De Cuellar, the Albanian authorities decided to issue passports to the asylum seekers and resettle them in their respective countries (Hein 1998: 221). In the following months, there were other attempts by people to flee the country and trying to reach Italy and Montenegro. In the meantime, there were many other people crossing borders to Greece. It is difficult to keep track of numbers in this particular migration, given that there was much to-and-fro movement between Greece and Albania. Up until early 1991, about 20,000 Albanians had left, but this estimate can only be approximate (Barjaba and King 2005; Vullnetari 2007).

Second wave: Year 1991: the boat exodus to Italy and mass migration to Greece. In early March 1991, right before Albania's first democratic elections, thousands (about 25 thousands) of Albanians seized all ships and vessels at the ports of Durrës and Vlora and sailed across the Adriatic to Italy. Several months later, in August of the same year, at a time of rapidly deteriorating economic circumstances and increasing food shortages in Albania, an additional 20,000 Albanians, crowded onto boats, were allowed to land in the port of Bari Italy, but most of them were eventually

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repatriated (Barjaba and King 2005; King 2003: 288; Hall 1994: 189). Thus, in the period extending from March to August 1991, a total of over 40,000 Albanians arrived on Italian shores. Parallel with this, there was an equally large-scale, but much less well-documented migration to Greece (King and Mai 2002: 164), given that much of the movement to Greece was illegal, via the mountains, and therefore very difficult to estimate (King 2003).

Third wave: Year 1997: “pyramid crisis” - During spring of 1997 a set of informal investment schemes, formally known as “pyramid schemes,” which had sprung up in 1993, collapsed and millions of Albanians lost their life savings. The collapse of the pyramid schemes triggered wide protests, riots, even the looting of military arsenals, causing the breakdown of law and order, leading to complete anarchy. This situation sparked another wave of migration, reaching dramatic proportions within a short period of time, thus replaying the events that occurred in the early stages of migration (King 2003: 288). As a result, in a course of a decade or so, from a country with virtually no international migration, successive migrant waves brought the number of Albanians abroad at 1.4 to 1.5 million or about 33 percent of Albanian population were emigrants.<sup>11</sup>

Another unique characteristic of Albanian migration, even compared to that of Kosovo, Macedonia, and Montenegro, is the migration of the highly qualified and highly skilled people. About 50 percent of its university lecturers, researchers, and highly skilled professionals have left the country since 1990. About 60 percent of Albanians who have earned a doctorate degree in Western Europe, or USA, have either left Albania or have not come back after finishing their studies.<sup>12</sup> The largest numbers of the highly educated and highly skilled have found work in jobs that are different from their qualifications. As a result of this, phenomena “Brain Drain” has been

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<sup>11</sup> INSTAT, Tiranë, 2012

<sup>12</sup> From Brain Drain to Brain Gain: Mobilizing Albania’s Skilled Diaspora. A policy paper for the Government of Albania. Prepared by the Centre for Social and Economic Studies, in collaboration with the Development Research Centre on Migration, Globalization and Poverty, University of Sussex, UK, Tirana, April 2011.

symbolically labelled “Canadian Phenomenon” (Barjaba K. 2011a), given that immigration policies pursued by the Canadian government favour migration of the highly qualified. In these circumstances, the government should pay special attention to the employment of university graduates and the use of special incentives for the highly qualified in order to be able to keep them in Albania. Specific government programs, such as Fund of Excellence, and the “Brain Gain” program must be supported with higher financial sources.

During the various stages of migration, most of Albanians moved to Italy and Greece. According to estimates, there are about 800 thousands Albanians in Greece<sup>13</sup>, while in Italy, the numbers amounts to about 482 thousands.<sup>14</sup> Another group of Albanians from Albania have moved to other Western European countries, such as the United Kingdom, Germany, Switzerland, France, as well as, in the United States and Canada. The exact estimate of the size of Albanian migrants in these countries is not quite accurate, given the diversity and inaccuracy of sources of information. However, an approximate estimation puts Albanian migration in 2011 at about 200 thousands.<sup>15</sup> The diversity of settlements of Albanians abroad requires greater attention from Albanian governments towards its communities abroad, as well as the need to identify the potential and realities of transnational entrepreneurship and networks in these places, and the legal and institutional framework that regulates these processes.

The typology and phenomenology of push and pull factors determines the possibilities of return. Albanian migrants define these possibilities as the creation of normal conditions for work, their professional development and the good standard of living in their countries of origin (Bajraba 2003). The possibilities, potential and the tendencies of return among Albanian migrants should be better explored, in order to find out the link between

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<sup>13</sup> Albanian Center of Studies for Emigration, Tirane, 2011.

<sup>14</sup> Immigrazione, Dossier Statistico, Caritas Migrantes, 2011.

<sup>15</sup> Albanian Center of Studies for Emigration, Tirane, 2011.

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migrants and the development of transnational entrepreneurship and transnational social networks.

## 4.2. Institutional framework

### 4.2.1. Strategic framework

Given the high rates of emigration, migration policies have been developed in the country, especially regarding Brain Gain. The Law no. 9668, dated 18.12.2006, "On the emigration of its citizens for employment purposes", in the section: "Definitions", gives the definition of the term "Qualified Immigrants". This definition is as follows: "They are Albanian citizens, who have enough education or experience for the work position for which they apply, as defined by the Ministry of Labour, Social Affairs and Equal Opportunities and the State Authority".

The Albanian government, supported by its international partners (UNDP, IOM), has developed *the National Strategy on Migration 2005-2010*, which addresses the reintegration of Albanian citizens returning to the country and its plan of action. This strategy considers all categories of Albanian citizens returning, including skilled migrants, and provides mitigation measures for their reintegration in employment, vocational training, education, housing, etc. The *Strategy for Reintegration of returned Albanian Citizens 2010-2015 and its Action Plan* was approved with the Council of Ministers Decision no. 461, dated June 9, 2010, and is a part of the national policy framework on migration. Its vision is to provide a sustainable return for immigrants through the support of the reintegration process, despite the form of return. Regardless of its positive reception, the strategy was drafted under tight deadlines and was not generally consulted with civil society actors, independent experts, and relevant stakeholders. Consequently, it lacked adequate instruments to address the management of migration and the dynamics of re-integration.

In 2013 Albania has started the process of reviewing all its national strategies (2013 – 2020). The strategy of Migration 2005 – 2010 has expired and currently no overarching policy or strategy vis-à-vis migration exists anymore.

*The Brain Gain Programme* (BGP - 2006-2013), a Government of Albania key initiative supported by UNDP which started in mid-2006, aimed at creating strategies that may enhance the role of this diaspora in the development of the country. BGP has been able in a few years to construct a positive environment for the return and contributions from qualified nationals in the areas of higher education and public administration. In four years of effective action (which started in 2007 after the Rapid Assessment of Critical Capacity Gaps in Public Administration, dated of January 2007) BGP has registered and supported 121 individuals, of which 41 women. Out of this total, 42 have a PhD, the rest is Master graduated. 18 Brain-Gainers are (or were, since there were 2 dismissals) in Public Administration positions, the rest are in public or private universities.<sup>16</sup>

With regard to the private sector the efforts have been limited in the cooperation with the YEM (Youth employment and migration) joint programme of Government and several UN Agencies, with an attempt to map the needs in the private sector and match those needs with a list of students abroad and identified existing capacities and skills. For the time being, the BGP orientation to private sector is mainly successful with the private universities.

Currently, about half of the Albanian households have access to migration networks, mainly through immigration of at least one member or through their children who have migrated and continue to live in their host countries. However, the appearance of transnational enterprises and networks in Albania are at the very early stages and a new trend taking place in the new context of migration processes. The synergy between enterprises and transnational networks in Albania and economic

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<sup>16</sup> Brain Gain Programme , Stock-Taking Review March 2011.

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development, as well as their impact on the competitiveness of the Albanian economy, are still embryonic.

The process of the country's European integration requires that Albanian migration policies reflect those of the European Union. Albania, in the context of European integration, since 2004, when the Cross Cutting Strategy for Migration (2005-2010) was first drafted, has made continuous efforts to improve migration policies in the country, in order to prevent irregular migration and to promote regular migration of Albanian citizens. In the context of European integration, Albania adheres to a number of regional initiatives (Western Balkans) and international (EU-led) process such as Prague, Budapest, MARRI Initiative, which deal profoundly with the effective management of migration in Europe and beyond.

Promoting regular migration is also seen as a more effective approach to control migratory flows, taking into consideration that Albanian migration is mainly labour migration and the migration potential is still considerable. For regulating labour migration, Albania has signed several bilateral employment agreements such as: the Agreement with the Federal Republic of Germany, on Hiring Workers for their knowledge enhancement and Professional Language, signed on December, 11, 1991, which is being tried to extend; the agreement on seasonal employment of workers between the Hellenic Republic and the Republic of Albania, signed on June 24, 1996; a bilateral agreement in the field of working with Italy, signed on 2 December 2008, currently under implementation; an agreement with France for the circulation of youth, signed in 2012. An attempt to start negotiations for bilateral agreements has been made with several other countries, such as Qatar.<sup>17</sup>

Announcing its first report on the implementation of the Convention on Migrant Workers and Members of Their Families in 2009, the government said that it intended to adopt a system of state management of overseas employment. The time has come to move towards the creation of this

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<sup>17</sup> Information received from Directorate of Migration, Return and Reintegration policies , MOLSAEO, internal reports, April 2013.

system, in the framework of Albania's obligations for the effective implementation of the Convention.

A more structured approach of the process of labour migration will have a direct impact on the viability of the Albanian legislation in this area, which faces difficulties because legal provisions are too general. In March 2013, with the assistance of IOM, the Ministry of Labour, Social Affairs and Equal Opportunities organized a roundtable with various policy makers, experts and stakeholders to review the legal basis of migration of Albanian citizens for employment purposes, during which it was concluded that the law needs to be reviewed and changes are necessary.

The synergy between migration and development is still a new field, which began to be treated in part by the Action Plan for Migrant remittances, or through a series of programmatic interventions of IOM in cooperation with the Ministry of Labour and the Investment Agency at Ministry of Economy. There is still much to be done in the framework of return migration, which is increasing because the impact of the global financial crisis on destination countries of Albanian immigrants. As an aspect of development potential, this synergy should be treated with priority by the government and through cross-sectoral approaches and coordination of several line ministries, like those of Labour, Economy, Agriculture, Education, etc.

These are, therefore, new contexts in which Albania is developing a new strategy of migration, a cross-cutting strategy which aims to put migration in a new context and ensure the synergies between migration and development of the country.

#### *4.2.2. Incentives for transnational entrepreneurship*

The synergy between migration and development is one of the most important issues in managing migration on a global level. Migration policies are closely linked with development policies, as such they cannot be successful without a close cooperation and partnership among all interested actors, government institutions of the sending and receiving



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countries, international organizations, civil society and migrant communities. The importance of this partnership was reemphasized during the Forth Meeting of the Global Forum for Migration and Development, which had as its main topic: “Partnerships For Migration And Human Development: Shared Prosperity– Shared Responsibility.”<sup>18</sup>

The synergy between migration and development is a new phenomenon in the context of Albanian migration. One of the characteristics of Albanian migration is that migration remittances are used for basic survival and consumption. The links between policies, cultures and society and their correlations with migration flows explain the unique characteristics of Albanian migration, the delay of return migration and a weak synergy between migration and development. This synergy needs to serve as a support and economic, social and developmental context for the support of transnational entrepreneurs and networks that emerge within the context of Albanian migrants.

Policies and initiatives to use emigration as a factor for development in the countries of origins have developed only in recent years (King and Vullnetari 2003). Migrant communities abroad are urged to play an intermediary role between receiving and origin countries, as far as the development of business, trade and investment, in particular when it comes to Albania and Kosovo. The Albanian government has undertaken an institutional dialogue with the new Albanian diaspora in the countries of destination, in order to discuss the ways of maintaining and strengthening the ties with Albania.<sup>19</sup> In general, it should be said that policies regarding cooperation of Albanian government with Albanian communities abroad have not had a significant and visible influence on the life of migrant communities in receiving countries. This happens due to several factors which reflect the situation

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<sup>18</sup> Fourth Global Forum on Migration and Development, Mexico, 10 November 2010.

<sup>19</sup> During several meetings that took place in 2011 in Italy, Greece, Belgium, UK, and USA, various issues were discussed regarding stimulation of Diaspora investment in Albania, as well as how to encourage contribution of Albanian migrants in the economic and social development of the country.

and willingness of both sides, the government and the diaspora. The government's interest in and contribution of the diaspora and migrant communities have been limited to a sort of political and moral support. Meanwhile, the diaspora and migrant communities have experienced several organizational weaknesses during the last twenty years of contemporary migration of Albanians. The Albanian diaspora is not well-organized and there are not intensive contacts with Albanian Foreign and Consular Service. Diaspora groups and migrant communities are suffering from a sort of politicization of their activities. Therefore, the government and governmental institutions and agencies have failed to create the legal and policy framework for mobilizing the diaspora's economic and financial resources as a source for the country's development. Consequently, their interest and attention to transnational entrepreneurship and networks have been insufficient. In turn, this has influenced the rather weak ties between Albania and transnational entrepreneurship and transnational networks that emerge in the context of migration. In view of this situation, it is imperative that the strengthening of the ties between Albania and its migrant communities abroad should be much more focused on transnational entrepreneurship and the transnational networks that connect Albania with migrants' countries of destination.

One of the most important aspects of the migration-development nexus is the use of the human and social capital of migrants. The government needs to set up policies and develop programs to enable the synergy between these types of capital and transnational entrepreneurship and networks of Albanian migrants.

Emigration is also an opportunity for the consolidation of social and political values of migrants (Barjaba 2011b). By working and living in a democratic society, migrant communities have created a social, cultural, political and value capital that can be utilized to better serve the consolidation of society and its democratic institutions in the countries of origin. Given that Albania is experiencing a prolonged transition involving delays in the Euro-Atlantic integration process, problematic functioning of democratic institutions, weak government performance, the contribution of

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diaspora and transnational entrepreneurship and transnational networks of Albanian migrants would be an added value to the functioning of democratic society, and the development of the country. Values, experience gained abroad, along with their contribution as European citizen will serve as assets of economic, social and political development of the country.

For Albania this is the first (pilot) empirical study of transnational entrepreneurs in the Albanian context. Most research studies on Albanian migration have focused on Albanian emigration and its various aspects in the receiving societies. Little attention has been paid to the process of return migration (Germenji and Milo 2009; Kilic et al. 2009), including the economic activities of migrant/returnees. Existing studies, whether qualitative case studies, or survey-based ones (Germenji and Milo 2009; Kilic et al. 2009; de Zwager et al. 2005; Lambrianidis and Hatziprokopiou 2005) indicate that a significant number of returned migrants engage in entrepreneurship.

Both qualitative studies and survey based studies reveal that returnees transfer/remit savings accumulated while working abroad and invest them in various business activities. In addition to financial resources to start a business, they also bring experience, know-how, skills and knowledge they have gained abroad, which are necessary to manage a business (Mai and Paladini 2013; Germenji and Milo 2009; Kilic et al. 2009; Lambrianidis and Hatziprokopiou 2005; De Zwager et al. 2005; Nicholson 2001). These businesses are mainly micro-enterprises, often a replicas of the companies they used to work for as immigrants (Mai and Paladini 2013; Lambrianidis and Hatziprokopiou 2005; Nicholson 2001). These studies are a significant contribution to the research on return migration. However, as it has already been mentioned, this particular literature is in its infancy, therefore further research is needed in order to better understand the structure and dynamics of this highly important, yet little studied research process.

### 4.3. Research findings

#### 4.3.1. Characteristics of transnational entrepreneurs and enterprises

The researchers interviewed 15 persons (qualitative sample) while there was a total sample of 23 respondents who took part in web based survey (quantitative sample). Out of 38 respondents, about 10% were between age 20 and 30, about half of respondents were between age 31 and 41, and the rest (39%) were between ages 42 to 52. About 55% of the respondents were female, while around 44% were males. Of these, only four are transnational entrepreneurs. The rest are migrants who work for a company abroad whose business activities include cooperation with Albania, or migrants-returnees who work for a company in Albania whose business activities involve cooperation with foreign companies abroad. Of all entrepreneurs, only one was a woman, the rest were men. While in the qualitative sample, there are 6 women and 9 men.

As far as living residence is concerned, about 55 % (21) respondents live in Tirana, 4% (1) live in Tirana and Durres, about 7% (3) live in Durres, 4% (1) live in Bucharest, another 4% (1) live in Rome, one in Milan, and yet another one lives in Istanbul. There was one respondent who stated that she/he lives in Italy, but did not specify the exact place. One of the respondents, however, did not answer the question at all. The rest of the respondents live in Korca, Berat, Elbasan, Durres and two other towns in south-west Albania (Saranda and Permeti).<sup>20</sup>

Regarding marital status, 3 respondents are single, 11 are married and 22 married with children. As far as educational level is concerned, it should be pointed out that from the qualitative sample, 7 hold University degrees, 3 Masters' and 3 High school diploma.

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<sup>20</sup> For the purpose of anonymity we are not including the number of residents in each town.

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Regarding the time period of migration, two left in 1990, while about two thirds of the participants left in the time period between 1991 -2001, 9 % (7) had left during 2002-2013, while two others did not write down the year. Migrants' time of leaving corresponds to Albania's major migration waves already described. As mentioned, emigration from Albania was banned for about four decades (1945 until 1990) during the rule of communist government. Nobody was allowed to leave the country. Any attempt to do so, would be met with severe punishment including, in some cases, death penalty. The fall of the authoritarian government in the early 1990s, unleashed large-scale migration of people. Length of stay abroad ranged from 17 months up to about 15 years. With regard to working experience before they left Albania, 9 had no working experience before they left Albania, 1 worked as textile technician, 1 worked as a lecturer at a university, 1 worked in a factory, 1 had worked as an economist, 1 has been working for an international non-profit organization, and 1 is working as a chemical engineer.

Countries of destination for the 15 interviewed participants are as follows: 8 lived and worked in Greece, 1 lived and worked in Greece and in Germany, 1 lived and worked in Italy, 1 lived and worked in UK, 2 lived and worked in North America, 1 lived and worked in Turkey, 1 studied and worked in Romania. While for the online surveyed participants, destination countries included Equatorial Guinea (1), Hungary (1), Russia (1). Moreover, one person had lived in Italy and Germany, another one had lived in Cyprus, Greece, Turkey, Kosovo, one (1) had lived for 10 months in Paris, and another one stated that he had not lived more than 6 months abroad, but did not mention any country in particular. Twenty-eight respondents have Albanian citizenship and the rest have dual citizenship, consisting of Albanian as well as Greek, British, Canadian, Italian, and Turkish.

The sectors of economic activity are diverse (Table 4.1). Most of those who were surveyed focused on education, and wholesale and retail trade. The rest were concentrated on construction, information and communication, health and social care, manufacturing, transport and storage. The qualitative sample is diverse as well. Their business has concentrated on

food production and distribution, export based garment and shoe production, online service provider, sales of dental products for dental laboratories, aesthetic and beauty salon, auto repair service, not for profit social enterprise, tourism agency, clinic for patients including health analysis and laboratory, health clinic (dermatologist). One of the participants was quitting his business, because his business did not do well, therefore he was going back to Greece to work again as waged worker to pay credits he had borrowed for his business, a pattern also detected by Landolt et al., (1999) in their study of Salvadoran immigrants. The typologies of entrepreneurship activities of Albanian migrants are explained by the limited migration incomes. Most of them are employed in marginal sectors and for a long period have been employed in the informal sector. They have also experienced problems with legalization and integration into host societies. Most migrants have had limited knowledge and skills for their new employment sectors in destination countries. All these factors influenced their poor economic performance and delayed their return. The first steps of return of Albanian migrants happened not because of the maturity of their migration project, but due to the economic, financial and employment crisis in destination countries.

One person was the owner of a company abroad, while three (3) were owners of companies in Albania. Of these, one is concentrated in manufacturing, the other one is concentrated in health and social care, mainly focusing on production and sales of all laboratory and educational equipment for schools, another one does consulting projects, and another one is concentrated in transportation and storage. About 69 % of the respondents were employed in a company based in Albania, and nearly 13% are employed in company based abroad. These are small business that employ up to 30 people. More specifically, one company employs 2, the other 3, another one 9 workers people and still the other employs 30 people. They were established in the period between 2003 up to 2012. Two companies are family ownership company, while the other two are limited liability companies.

**Table 4.1. Sectors of transnational companies (N=23)**

Sectors	Number and share (%) of transnational companies
Education	4 (17%)
Wholesale and retail	3 (13%)
Construction	2 (8%)
Information and Communication	2 (8%)
Health and Social Care	2 (8%)
Other community, social and personal service activities	2 (8%)
Manufacturing	1 (4%)
Transport and Storage	1 (4%)
Real estate, rental and leasing	1 (4%)
Financial and Insurance Activities	/
Mining and Building Material Processing	/
Hospitality and catering	/
Electricity, gas and water supply	/
Agriculture, forestry and fisheries	/
Other: Human resources, product design, NGO, website design and development, publishing, media; consulting, research and training, 3D architectural visualisations (2).	/
Total	23

With regard to the initial capital to start a business, two of the surveyed respondents had used personal savings (one of these also stated he/she had used other sources, but did not specify the source). This is in line with other research studies conducted on Albanian return migrants (Kelic et al. 2009). One had used venture capital, as well as loans from friends and family members, while another one consisted of joint venture of investors/ investment funds.

These findings of business' start up capital are in line with results from our qualitative interviews. All, but one immigrant stated that his/her most common source of financial capital to start a business were his/her personal savings from working as a migrant. Some, however, said that money from family and kin had also supplemented their initial financial sources. One immigrant mentioned that in addition to his savings from migrants' work, his in-laws helped him with money to start his business, while another stated that she had combined her savings with money her parents had given her. Another participant mentioned that he had also used money he received from the sale of a property in Greece that his family had inherited from his grandfather, while another participant has used the money the parents received from the sale of a property in Albania. This is in line with findings from research conducted with other immigrant groups (Landolt et al. 1999; Landolt 2001).

Regarding the staff composition of the companies, the survey shows that in relation to gender, there is an even number of women and men employed by the companies. One transnational company employs foreigners, and also only one employs people with migration experience. As far as education is concerned, the results are mixed; most of the production and service companies, such as food production and distribution, export based garment and shoe production, aesthetic and beauty salon, auto repair service, have employees who have high school education as well as college (technical diploma – about 85% of staff), while nearly 15 % of the staff are people with a University degree and some of them with MA / MS degrees.

During our qualitative interviews with transnational entrepreneurs, 4 stated that they prefer to employ returned migrants because of the technical skills they bring from their migration experience, 7 entrepreneurs prefer return migrants because of their work culture (including discipline, work ethics and professional attitude, as well as the foreign language they have gained at almost native level such as Italian, Greek, Turkish, etc.

The findings highlight the fact that by starting up business in various economic sectors, transnational entrepreneurs can potentially render a contribution to different areas of economic development. Transnational



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enterprises are mostly small business which bring innovative products, technologies, services and new working culture in the country. They employ highly skilled professional migrants who have higher level of motivation because they identify themselves with the company at the technical and professional level and with the owner at the level of migration experience (skills and attitudes are applied to an environment they are familiar with). These enterprises have advantages that generally relate to small businesses – they are a source of innovation, can achieve flexibility, human resources are easier to manage, there is a higher level of motivation of employees and owners, because they identify with the company much easier and the level of control is high.

#### *4.3.2. Micro level: habitus of entrepreneurs and human capital*

For this study, our respondents were interviewed about the reasons for starting their business and where the idea came from. These included the desire to have their own business, to be independent economically, an economic need, to start something new, in particular in a free market economy, having access to the local markets, as well as the desire to take risks.

All but one immigrant stated that their idea to start up their business was born out of their working experience in the countries they had emigrated to. *“That’s where I found the idea... where I was working, in the factory, in Thessalonica,”* said Bledari, who has an export-based garment company that produces goods for a Greek textile factory, the factory he worked for more than a year in Greece. They send him the raw material, along with the order, and Bledar’s company produces the final product and send it back to Greece, where they sell it.

Pirro, who owns a car service, also said that he had worked for an auto service in Greece, where he got the ideas and the information. Pirro continues to buy spare parts in Greece from the same warehouse his Greek boss used to buy.

Majlinda, who owns an on-line business with her husband asserted:

“I learned the initiative to undertake my business abroad. If I was in Tirana, I would not have had this idea, this drive. To live in a different culture, to learn to serve the clients- these are models that stick in your mind. They shape you. You apply them when you come here, when you open the business” (*returnee from North America, IT*).

Pandushi, for example, who started his business in 1993, explained:

“I wanted to start a business in a free-market economy. You are aware of... we did not have private business in Albania. Private business was not allowed. In Greece, I saw how private business worked. So I wanted to start my business in a free market, have my own business, be independent...” (*returnee from Greece, food production and distribution*).

Kreshnik, when asked about the reasons for launching his food production and distribution business, stated:

“I wanted to bring something new in the market. Desserts, I made them differently. I brought a new product to the market. I also brought a new technology that was used in Greece and which was never seen and used before in Albania. All our type of productions were nonexistent before, never seen in the Albanian market. The market was very limited and almost empty” (*returnee from Greece, food production and distribution*).

Aurela, who had left with her parents when she was six and returned to Albania after spending about two decades abroad, pointed to her desire to test herself in her country:

“I wanted to test myself, to see what it is like in my own country. Simply, wanted to experiment and take the risks in the country where I was born” (*returnee from Greece, aesthetic and beauty salon*).

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Eva who is a social entrepreneur quitted her job in UK for the same reasons: “I wanted to start up something different for my country, a social enterprise for women agro farm producers” While Pirro, on the other hand, stated that he started up his business out of an economic need and the fact that “he no longer wanted to be a wage worker in Greece” (*returnee from the UK, not for profit social enterprise*).

These quotations reveal respondents’ awareness of their “habitus”, the impact their migrants experiences have had on them. Working and living in other countries have equipped immigrants with a different worldview, different mindsets, which they have “transposed” to their own countries, in order to embark on their entrepreneurial journey. Moreover, it is worth noting Pirro’s quotes “wanted to start a business in a free market,” “we did not have free market in Albania,” since they are revealing of the economic environment of communist Albania.

The communist government of Albania had adopted one of the most centralized economic systems in the world, wherein all economic activity of the country was directed under centralized state planning. All economic along with other institutions were under absolute control of the party-state power structure. Private ownership and any private business initiative was considered illegal, and were punished by law, often even with imprisonment. The result of this would be generations of Albanians who would have no experience with free market economy, and lacked any skills required in a capitalist society. Migration to the West exposed many Albanian immigrants like Pirro to a free market capitalist economy and its institutions like private enterprise, private business initiative. In the process, immigrants like Pirro acquire ideas, knowledge, information, a different “mindset”, a “habitus”, which will enable him and others like him to “transpose” them to Albania to start up entrepreneurial venture.

Cultural capital formed by entrepreneurs in Albania even prior to going abroad concerns family values and the importance of social life and leisure time. Arben who has returned from Greece and Eva from the UK note the importance of family back home to support them with initial

accommodation (hosting them in their apartments) but also in supporting them with care for their children.

Immigrants' stories also point to transnational entrepreneurs' awareness of their insight and knowledge of the language, custom, "ways of doing things", the "cultural repertoire" in both Albania and their host societies and the importance of these qualities in running a business. Transnational immigrants, by their very nature are embedded in both worlds. Having spent time "there" and "here", they are well positioned to negotiate both environments. When asked what language he communicates with his business partner in Greece, one of the immigrants "surprisingly" replied: "Of course Greek. What other language. What? Do you think the Greek will speak Albanian?"

And another immigrant said:

"If a Greek comes here to do business, it's very difficult. He would not understand it, he would not understand how Albanian mentality works... I have lived in Greece and Albania. I speak Greek and I speak Albanian. So it is very easy for me and my business" (*returnee from Greece, export-based company*).

Eranda and Eva, too, emphasized the fact that it was their knowledge of both, respectively, Albanian and Italian / Albanian and English, that helped them to team up with an Italian / British partner and start their business, which they own or lead now. In spite of difficulties, our respondents, driven by their entrepreneurial spirit, were determined to move on. As one of the respondents told us:

"You get used to it. You know how it is. You learn how Albanian mentality works, how lots of things work in Albania", while another said: "You find a way, you try to find a common language with them (bureaucracy)" (*returnee from North America, IT*).

The economic capital of Albanian transnational entrepreneurs consists mainly of savings acquired abroad but it also includes initial technology, services or products acquired during their migrant work experience.

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Our interviews also point to symbolic capital, that respondents hold. Symbolic capital refers to power position or status that one holds. It refers to power that is perceived as legitimate demands for recognition, esteem, the need to be acknowledged (Swartz 1997). Moreover, status and power can be reinforced through cultural and institutional artefacts such as awards and keynote presentations (Terjesen and Elam 2009: 1104; 1112). Rezart, whom we introduced earlier, best illustrates this. Because of “his achievements”, and “his position,” as a successful entrepreneur, he has been invited by the dean of a university department to deliver a lecture to the students on the nature and the intricacies of his business, a “unique experience”, which “he enjoyed immensely.” This is the same case of Eva that her “position” helps her and her team mobilize more resources and also receive special invitations to showcase their achievements. In another case, Kreshnik, whom we introduced earlier, stated that his former boss in Greece “treats him now as a partner.” In his words “I was a worker and now I am his partner,” pointing to the extent to which his venture had restructured his status and position in the status hierarchy.

Erinda also mentioned that because of her “position” and “achievements,” she gets invited by the Albanian government to participate in business meetings abroad. Moreover, she had received numerous awards by the local and national governments, as well as honorary international awards. She also sponsors various cultural events, which has given her access to artists, poets, and “other intellectuals.”

Our respondents’ stories also highlight the difference between “necessity” and “opportunity” entrepreneurship. Reynold et al. (2005) in their Global Entrepreneurship Monitor research program distinguished between these two kinds of business ventures. According to these authors, the difference between the two types is in “the motivation to start a business in order to pursue an opportunity, while necessity entrepreneurship is more need-based” although a few mentioned are a mixture of both. Some of the immigrants stated that they initially started their business out of economic need, however, later on, they saw an opportunity and further diversified their business in areas where they saw plenty of opportunities. This shows

that often “necessity” entrepreneurship can convert into opportunity entrepreneurship.

#### *4.3.3. Macro framework: institutional structures*

The legal and regulatory environment is extremely important for operation of transnational entrepreneurs (Saxenian 2002; 2005). One of the barriers they face is the fact that Albania lacks the legal and regulatory framework for accommodating transnational entrepreneurs, especially migration-related transnational entrepreneurs in the country. The government has put in its agenda the synergy between migration and development, but there have not been visible consistent measures to implement such a synergy. Not surprisingly, during our in-depth interviews, when asked about the difficulties they face in running their business, all the interviewees emphasized the fact that the institutional (as well as political) climate is not very conducive to running a business in Albania. Among their challenges, they cited issues such as corruption, high taxes, unfair competition, lack of communication, business and information knowledge on the part of people in charge of business affairs in both local and national government administration, high bank interest rates in borrowing money needed for their business, lack of business knowledge and information on the part of the staff of government administration, infrastructure (power outages, high price of electricity, gas), unfair competition, lack of government support for business. This is in line with findings from other research studies (Mai and Paladini 2013).

Bledari, when asked about difficulties he has run into, operating his business, said: “Lots of difficulties. It looked impossible. Barriers from other competitors. Unfair competition still continues. All sorts of ‘dirty’ reasons: circumvention of law, corruption, under the table money payment at the customs” (*returnee from Greece, export-based company*).

Eranda also expressed similar concerns:

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“It is very difficult, especially at the beginning. Bureaucratic mentality. They created many problems. It was very hard to find people in the office. You go to ask about things. Nobody is in the office. Even when you find them there, they had no clue how the business functions. They created artificial problems. They told us I will fine you. For what? They were asking things that are absurd!” *(returnee from Italy, export-based company).*

In fact, many of the same problems still persist even nowadays, as evidenced in Aurela’s story that started the business last year:

“As far as explanation of things is concerned, of communication with people, and the information I need to find, or support from the state, and the offices and bureaucracy to help me, it is zero. I am telling you, zero. Yes. It means, here there is such a lack of information, explanation to start a business. They do not explain anything. They do not even know themselves any information at all. There is no support from the state at all” *(returnee from Greece, aesthetic and beauty salon).*

Indeed, when conversation focused on state support, all respondents unanimously pointed to the fact that not only the government does not help at all, but it is a “hindrance”, it “creates barriers, all the time”. As one of the interviewees said: “They are never interested in how our business works. Never come and ask about it” *(returnee from Italy, export-based company).*

We further explored opportunities and structural barriers, during our on line survey, by asking Albanian transnational and other professional entrepreneurs questions on 1) their reasons for starting a business in Albania, 2) perceived barriers to doing business in Albania, and 3) perceived advantages of doing business in Albania compared to doing business abroad.

**Table 4.2. Reasons important for starting business in Albania (N=23)**

<b>Reasons for starting business in Albania</b>	<b>Unimportant</b>	<b>Important</b>	<b>Very important</b>	<b>Important + very important</b>
Availability of local Albanian market / regional markets / preferential markets	2	11	7	18 (78%)
Family reasons	2	13	5	18 (78%)
Favourable business conditions in Albania	4	12	4	16 (69%)
Economic crisis abroad	4	14	1	15 (65%)
Desire to contribute to the economic development of Albania	6	8	6	14 (60%)
Availability of qualified labour / outsourcing opportunities for foreign clients or companies in Albania	7	11	2	13 (56%)
Quality of social life in Albania / more humane environment for family life	7	10	3	13 (56%)
Less competition in Albania	8	10	2	12 (52%)
Unfavorable business conditions abroad	10	6	4	10 (43%)
Lower costs of business operations in Albania	10	9	1	10 (43%)
Patriotism	11	7	2	9 (39%)
I did not feel as equal citizen abroad	9	5	4	9 (39%)
Inability to achieve legal status abroad (e.g. visa expiry)	13	5	2	7 (30%)
Incentives offered by the state of Albania	15	3	2	5 (21%)
Nostalgia	11	5	4	2 (8%)



Table 4.2. shows that the reasons why these entrepreneurs decided to start business in Albania is a combination of “pull” and “push” factors, which include availability of local markets (78%) and family reasons (78%), favourable business conditions in Albania (69%), economic crisis abroad (65%), desire to contribute to economic development in Albania (60%), availability of qualified labour/ outsourcing opportunities for foreign clients or companies in Albania (56%). Quality of social life in Albania, and more humane environment for family life (56%) are also important. Less

**Table 4.3. Three biggest obstacles of doing business in Albania (N=23)**

Type of obstacles	First obstacle	Second obstacle	Third obstacle
Corruption	21%	4%	8%
Complicated administrative procedures	17%	4%	8%
Unfair competition (working in grey economy and thus reducing the cost of services)	17%	13%	8%
Lack of state support	17%	13%	4%
Lack of bank support / access to capital	4%	/	4%
Inadequate business culture	4%	4%	4%
Poor business services (banks, accounting, legal services)	4%	/	/
Inadequate legal system	4%	4%	4%
Immature market conditions	4%	8%	8%
Frequent changes /unpredictability of business conditions	1	13%	/
Lack of qualified / adequate labour	/	17%	13%
Political or economic instability	/	13%	17%
Poor infrastructure	/	4%	/

important are nostalgia for the country, (8%), and incentives offered by the state of Albania (21%). During qualitative interviews, however, respondents emphasized much more “pull” factors compared to “push” factors as being the main reason for setting up a business. These included the desire to have their own business, to be independent economically, an economic need, to start something new, in particular in a free market economy, having access to the local markets, as well as the desire to take risks. Only one of the interviewees stated that his family was a reason for return, but not the main one.

When asked about three biggest obstacles in doing business in Albania, about 40% of the participants in the survey mentioned corruption and unfair competition as the first biggest obstacle in running a business in Albania. In fact, this latter was seen as the second and third most difficult factor in doing business in Albania. Complicated administrative procedures, lack of state support, lack of bank support were also mentioned as barriers. This is in line with concerns shown during our face-to-face interviews.

Naturally, these transnational entrepreneurs compare how “things” are in Albania for their business, with the way “things” are in their former host societies. When asked during in-depth interviews, Aurela said:

“For example in Greece, during the first year, business are left on their own, nobody checks on them, they give them freedom to see how it goes. The first year, it is a test for the companies. In Albania, those from (local) government came here since the second day I opened the business, in spite of the fact that the law says that the first year of business should not be under supervision, not with taxes, and things like this. Simple... Register in the office, so you can open your business during the first year and it is your testing time. Even in Albania, the law says this. The law is clear, like in Greece..... But here, they do not follow the law... No.... For example, they came to me since the second day I opened the business for a simple reason -for money. They wanted money. They told me ‘We will take care of everything if you’ and they continued dot, dot, dot. You

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understand the rest of the story yourself. You understand it” (*returnee from Greece, aesthetic and beauty salon*).

While Eranda, whose business heavily depends on her ties with Italy, stated:

“There is blackout, even nowadays.<sup>21</sup> The power goes out. Italians do not understand that. They cannot even imagine it. No way. Things are very different there. Everything is so much easier there than here” (*returnee from Italy, export-based company*).

Another immigrant stated: “I will do whatever it takes to move the business forward. If I need to give the police two thousand Lek (equivalent to two dollars), I will give it to them. Whatever it takes,” implying the extent to which they try to navigate even the most difficult of the terrain. Then he further continued: “In Italy, you do not need to pay the police. No way. It is like day and night with Albania” (*returnee from Italy, export-based company*).

On the other hand, the survey shows that, according to the respondents, disadvantages of doing business in Albania compared to doing business abroad are: higher level of size and strength of unfair competition and lack of healthy competition, lower professional recognition and state support, lower availability of skilled labour, higher level of negative effects of economic crisis, higher degree of bureaucratisation of procedures for starting and running business, and even lower quality of life and free time.

Additionally, “bad” as “things” are in Albania, it still offers opportunities for business. It is, according to several interviewees, “an unexplored market,” with “many opportunities,” “you just have to think big, have big ideas”. Moreover, as Table 4.4. shows, low operating costs and degree of friendships, relationships relevant to business and higher possibilities of achieving legal status for them and their family provide enough advantages

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<sup>21</sup> During the time we conducted the interview, the power went out several times. She jokingly told “You see it yourself now what I have to deal with. Tell that to an Italian. Does he understand it?” In order to solve power outages, many businesses, like Eranda’s, use generators too.

for them to continue. It is also interesting that “knowledge of the culture, language, mentality and customs of the local population” is the same for Albania and the country of destination.

**Table 4.4. Advantages of doing business in Albania compared to doing business abroad (N=23)**

<b>Business conditions</b>	<b>Lower in Albania than abroad</b>	<b>Same in Albania as abroad</b>	<b>Higher in Albania than abroad</b>
Operating costs	70.8%	16.7%	12.5%
Availability of capital to start business and during business operations	50.0%	41.7%	8.3%
Speed of professional growth	50.0%	25.0%	25.0%
Professional recognition and acknowledgment of the society	62.5%	33.3%	4.2%
Size and strength of healthy competition	70.8%	20.8%	8.3%
State support	66.7%	25.0%	8.3%
Access to local and international markets	45.4%	50.0%	4.2%
Availability of skilled labour	58.4%	29.2%	12.5%
Possibilities of achieving legal status for you and your family	12.5%	41.7%	45.8%
Knowledge of the culture, language, mentality and customs of the local population	20.8%	45.8%	33.3%
Quality of life and free time	66.7%	16.7%	16.7%
Degree of bureaucratisation of procedures for starting and running business	29.2%	25.0%	45.8%
Size and strength of unfair competition	12.5%	25.0%	62.5%
Negative effects of economic crisis	8.3%	41.7%	50.0%
Degree of friendships and relationships relevant to business	/	29.2%	70.8%

#### 4.3.4. Meso link: paths towards returnee entrepreneurship and the role of social networks

While entrepreneurs are equipped with social capital by virtue of their unique position, they still have to mobilize social and professional networks in order to successfully pursue their entrepreneurial activities. Results from our web-based survey presented in Table 4.5. show that nearly 82% of

**Table 4.5. Importance of different social contacts for SUCCESS IN THE CURRENT BUSINESS IN/WITH ALBANIA. (N=23)**

Social Actors	Assessment of Importance				
	Are not important	Important	Very Important	Important /very important	Important /very important (%)
1. Family, relatives and friends in Albania	4	11	8	19	82.6
2. Colleagues in Albania	8	10	5	15	65.2
3. Colleagues abroad	9	8	6	14	60.8
4. Principal/contact in the foreign country you do business with	8	11	4	15	65.2
5. Family, relatives and friends abroad	10	8	5	13	56.5
6. Executives in the company where you worked	10	10	3	13	56.5
7. Professional business associations in Albania	12	8	3	11	47.8
8. State institutions in Albania	14	5	4	9	39.1
9. State institutions abroad	15	3	5	8	34.7
10. Professional business associations abroad	15	5	3	8	34.7
11. Political Parties in Albania	19	1	3	4	17.4
12. Political Parties abroad	22	1	0	1	4.3

surveyed participants stated that connections with their family, friends and relatives were very important for the success of their business, followed by about 65% who stated that their contacts with their colleagues in Albania were extremely important for the success of their business. In addition, around 60% of respondents said that their ties with colleagues abroad along with principal contact in the foreign country they do business with were vital to their business. Respondents also considered as important and very important relations with executives in the company where they work (about 56%), as well as contacts with professional business associations in Albania (nearly 47%). Moreover, contacts with state institutions in Albania (close to 39%), and abroad (nearly 34%) are considered important too.

Ongoing contacts with relatives and friends are also important for the success of their business. The most important ones are contacts with family, relatives, friends in Albania, and abroad as well as contacts with colleagues in Albania. As Table 4.6. from our web-based survey shows, about 69% of our web-based respondents, stated that frequent contacts (every day and once a week) with family, relatives and friends in Albania are important for the success of their business, followed by almost 52% of people who stated that frequent contacts (every day and once a week) with family, relatives and friends abroad are important for the success of their business. Additionally, almost two thirds stated that contacts with colleagues in Albania are important for running a successful business. However, none of them reported that the high frequency of contacts with state institutions is important for the success of their business; close to 39% reported that high frequency of their contact with principal/contact in the foreign country they do business with is important for success of the business.

**Table 4.6. Frequency of different social contacts for successful business ( N=23)**

Social Actors	Assessment of frequency							
	Every day /once a Week	Once a month /several times a year	Once a year	I do not have contacts	Every day /once a week (%)	Once a month /several times a year (%)	Once a year (%)	I do not have contacts (%)
1. Family, relatives and friends abroad	12	6	1	4	54.9	26.1	4.3	17.4
2. Family, relatives and friends in Albania	16	5	/	2	69.3	26.5	/	8.6
3. Colleagues abroad	7	11	1	4	30.4	47.8	4.3	17.4
4. Colleagues in Albania	15	4	1	3	65.2	17.4	4.3	13.0
5. State institutions abroad	/	7	5	11		30.4	21.7	47.8
6. State institutions in Albania	3	14	4	8	13.0	34.8	17.4	34.8
7. Political Parties abroad	1	2	1	19	4.3	8.7	4.3	82.6
8. Political Parties in Albania	1	2	1	19	4.3	8.7	4.3	82.6
9. Professional business associations abroad	1	6	3	13	4.3	26.0	13.0	56.5
10. Professional business associations in Albania	3	7	/	13	13.0	30.4	/	56.5
11. Executives in the company where you worked	4	7	3	9	17.3	30.4	13.0	39.1
12. Principal/ contact in the foreign country you do business with	9	8	/	6	39.1	34.7	/	26.1
13. With somebody else	4	5	/	14	17.4	21.7	/	60.9

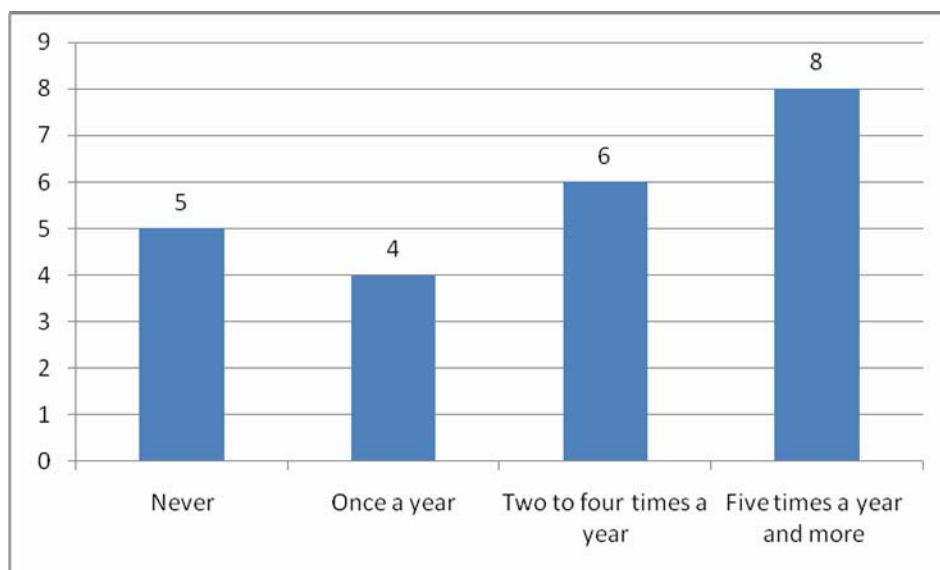
Successful operation of a transnational business depends on exchanges with colleagues in Albania and abroad. As Table 4.7. and Table 4.8. show, a large percent of people (about 95% and 91%) reported that it is extremely important for running a successful business to keep in touch and exchange professional information with colleagues in Albania, as well as abroad. These exchanges concern various issues, such as innovation in business, information on the market, potential customers, expansion of business activities, information on financing business operations.

**Table 4.7. Importance of keeping in touch and exchanging information with COLLEAGUES / COMPANY IN ALBANIA for: (N=23)**

Type of Information	Assessment of importance			
	Not important	Important	Very Important	Important /very Important (%)
1. Exchange of professional information necessary for business	1	7	15	95.6
2. Exchange of information on innovation in business	1	8	14	95.6
3. Information on market / potential customers / expansion of business activities	1	4	18	95.6
4. Information on financing business operations	3	6	14	86.9

Respondents also said that they travel abroad very frequently for business purposes. About 34% said that they travel five times a year and more, near 26% said that they travel two to four times a year, about 17% travel once a year. Only five of them do not travel abroad at all. Moreover, about 34% percent of people said they were members of some associations in Albania or abroad, while nearly two thirds responded that they were not. These associations were mainly professional organizations and alumni.



**Graph 4.1. Frequency of travelling abroad for business purposes in the last three years (N=23)****Table 4.8. Importance of keeping in touch and exchanging information with COLLEAGUES / COMPANY ABROAD (N=23)**

Type of Information	Assessment of importance			
	Not important	Important	Very important	Important /very important (%)
1. Exchange of professional information necessary for business	2	6	15	91.3
2. Exchange of information on innovation in business	1	8	14	95.6
3. Information on market / potential customers / expansion of business activities	1	7	15	95.6
4. Information on financing business operations	1	8	14	95.6

An analysis of our face to face interviews supports many of the trends that we see in the web-based survey. Although most respondents were reluctant to provide a more detailed explanation of their ties and networks, several of them told us how they had used their ties to carry out various aspects of their business. Contacts with family members and relatives in Albania help to launch a successful business that is conducted in different countries by providing information about the modalities of doing business, while reliable workforce is found among family members.

Adriana, who studied and worked in Romania, said that it was her sister who pushed her to specialise in the clinic where she was working at for beauty care.

“My sister insisted that I specialise in this field. I finished my University as a doctor of dermatology and started to work in a surgery clinic with patients with difficult cases. My sister was the one to encourage me to specialise in my PhD for beauty care and interventions and to come back to Albania and open my private clinic securing me some of her friends as my first patients. My mother is a retired doctor, while my sister is specialised in financing so they become my first staff in my clinic to assist me with the new business” (*returnee from Romania, health clinic*).

In order to maintain professional relations with her colleagues from the clinic in Romania, Adriana keeps close communication and participates in scientific network through her colleagues and professors from University as she is also a Lecturer at two private Universities (one in Albania and one in Greece).

For Vera, who worked in Turkey in travel and tourism agencies for 11 years, it were her parents who encouraged her to start having contacts with high quality hotels and holiday providers.

“I left Albania in the transition period after communism and wanted to come back home after few years. My parents told me that Albania lacks tourism agencies which offer high level of standards

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for holidays abroad and that I should stay few years more to leverage my position and contacts with those providers in Turkey. They also told me that they would support me to open my own business once I was ready to come back to Albania. Indeed, there were two of my family members who were my first employees in Albania while I was still working in Turkey and working from there to bring business services while they were ensuring clients through their personal networks. They further supported me with some money, in addition to what I had saved from my work abroad” (*returnee from Turkey, tourism agency*).

Majlinda, said:

“We had invested in our social relationships before we left. We had friends and people we know. These social networks that we had built before we left, gave us all the information we needed. They helped us at the beginning (*returnee from North America, IT*).”

Another immigrant said that his friends from the high school had helped him with the various business payments and taxes, while Pirro mentioned that initially, his high school friends were instrumental in bringing customers to his car service business. They served as a “marketing agency”, in his own words, to advertise his business.

It is obvious from the cases above that private and professional networks play an important role as (a) leverage which related to finding people that helped them to get ideas or give encouragement for initiating their business and social capital, as well as (b) social support to cope with life while returning to their country of origin.

Moreover, like with Serbian entrepreneurs, in the case of Albanian transnational entrepreneurs, we discerned several paths towards entrepreneurship:

*The first path* is taken by immigrants who are concentrated in export-based industries. The foreign company they do business with sends them raw material along with the order. The production is undertaken by the

Albanian company and then is sent back to the same company abroad (mainly Greece and Italy). These are the types of companies that had a high number of employees: one had 7, another had 70 full time workers, together with 30 subcontractors, while another one employed 250 workers. Rezart's story is a good illustration of this particular path. Before starting his business in Albania, Rezart worked for the factory in Italy for about 13 years. At first, he had started out as a worker, and later, he became a programmer within the same factory. At some point, he made the decision to leave the factory and start up his own business in Albania. He told his bosses about his decision. They did not want him to leave, because of the "quality of work" he was doing, and offered him whatever money he wanted so that he could stay. He was, however, determined to fulfil his entrepreneurial plans, and politely refused the offer, and told them that he would wait until they "found a replacement." Once a replacement was found, Rezart left, but "without closing the doors." In its early stages of his business in Albania, he was conducting business with some other Italian companies. Later in life, when, in his words, "time and fate met", he and the colleagues from the Italian factory he had worked with, reactivated their contacts, and now he is an "equal partner" with them.

*The second path* is the path taken by those immigrants who worked for a company, and then returned and opened a business similar to the ones they had worked as immigrants, a phenomena noticed by other scholars (see Nicholson 2001), or a different kind of business. For example, Kreshnik, who used to work in a business that specialized in making pastry and desserts, opened a similar business upon return. Four other entrepreneurs pursue similar path: Pirro opened an auto service, Eva opened a social enterprise, Vera managed a travel agency, while Arben started a clinic and health laboratory.

*The third path* is the path taken by the migrants who went to study abroad during their secondary education or for university studies. They developed their entrepreneurial spirit in the course of their education process. Beni, the owner of an online IT service company, who (studied and lived in North America), told us during the interview, that he got the idea for developing

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his business from his student friends. They together prepared a draft business concept which Beni started to implement while he was still studying and continued to work with his business once he finished his studies. “I was also doing other jobs at the time given that the business was not yet profitable and I had a friend of mine working for me in Albania”. Beni still continue to work with some of his colleagues from the university that help him succeed in his transnational business.

Regardless of the path taken, the activities of migrant returnee entrepreneurs are embedded in transnational social infrastructure. Transnational social capital, in the form of border-crossing networks, plays a vital role in the establishment and successful operation of transnational businesses. As Portes and his colleagues (1999) have argued, transnational economic activities “require regular and sustained social contacts over time across national borders for their implementation” (Portes et al. 1999: 219). They serve as important channels to transfer ideas, information, technology, know-how across countries (Saxenian 2002; 2005). In the case of Albanian entrepreneurs, , paths toward entrepreneurship have moved along several types of transnational networks, similar to the case of Serbian transnational entrepreneurs.

*Networks arising from professional connections.* Immigrants in the qualitative sample emphasized the importance of border-spanning networks in establishing and conducting their business. Pirro, for example, recalled his experiences when he first started his business, highlighting the significance of his ties with Greece, particularly, in the early stages of his entrepreneurship:

“My communication at the very beginning was very frequent. I used to call him (his former Greek boss) about everything when I started my business. Everything was new... They were my support at the beginning, the place I was working with. They helped me a lot especially at the beginning” (*returnee from Greece, autoservice*).

Similarly, Kreshnik stated that he still goes to Greece to be trained and updated with new food items and products his former boss makes, even after so many years of opening his business. Upon return, he applies his knowledge to make new food items – mainly pastry and various types of desserts – and to sell them in the market.

Border-spanning networks also allow entrepreneurs to buy products or items they need for their business. Pirro, said that at the beginning, he used to get all the parts from the same warehouse that the business he worked with procured from. “They used to give me a discount as if I was an old client. This, because I knew them and it lasted for about 2 to 3 years”. Pirro still gets most of the equipment parts he needs from Greece. Aurela, who has a beauty and aesthetics saloon says that she buys all the French brand products from Greece , because she does “not trust at all any products made in Albania”. She is aware of the higher cost she pays for purchasing products from Greece, yet, she says: “the risk is worth taking,” and that “the clients who come here know this and they are fine with this.” She said that she had heard of the companies that sell these products from people she meets during her frequent professional trainings and seminars she has attended in Germany and Greece.

Several immigrants highlighted the fact that their ties to the countries they do business with, are vital for the survival of their business. Bledar said:

“My connections with Greece are vital for my work, without them there would be no business, no money. This is the number one factor, not only for me, but for all export based garment industry in Korca... Key to doing business in Korca are the ties with Greek business” (*returnee from Greece, export-based company*).

Additionally, our participants indicated that transnational contacts are also important in achieving credibility and a sense of belonging with a more recognized foreign company. Three of the owners of the companies told us that the reason why their business was successful, was in part, due to a very good opinion that their Albanian clients have for the foreign company they are currently working or associated with.

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*Formal/informal networks for recruiting workforce:* A common concern cited by several informants was total lack of technical experts in Albania to maintain and repair machinery and other equipment used in their business. In view of these circumstances, returnees resort to bringing technical experts from abroad, mainly from the places they have regular business relations. Rezart, whose company specializes in export shoe production, explained that he has a full time employed technical specialist who is Italian and lives in Albania. Another immigrant told us that he hires foreign experts that he had met while doing professional training. Yet another stated that sometimes he hires technicians whom he meets during various international work fairs abroad.

Respondents varied as to how they hired workers in their companies in Albania. For one owner, the informal channels were the dominant form. He had hired mostly his relatives for his various positions. Another one used a mixture of hiring. He would advertise them on local TV and then have people come to his office and interview them. After hiring them, they would first be on a trial period. If they met the expectations, they would continue to work there.

One entrepreneur was particularly firm about staying away from the “Albanian way of doing things”, that is hiring family, friends of friends and so on. He said he only used local TV to advertise vacant jobs and refused any recommendations from friends and relatives.

Erinda stated that “I want to stay away from friends and relatives. But you can’t avoid it. If a friend of somebody from above asks you to hire someone, what can you do about it... At least if (she) works hard, then you can’t complain” (*returnee from Italy, export-based company*).

One of the fundamental features underlying transnational activities is advances in transportation and communication technology (Levitt 2001; Portes et al, 1999; Portes et al. 2002). As various authors have emphasized, availability of air transportation, long distance telephone communication, and electronic mails provide the basis for proliferation of cross-border activities, including transnational enterprises (Portes et al. 1999: 223).

Indeed, most of the returnees asserted that they maintain their cross-border contacts through frequent travel<sup>22</sup>, telephone conversations, e-mails, and through the use of Skype, or other internet based types of communication software. Highlighting the importance of the on line communication, one of the immigrants told us during the qualitative interview: "You can take away my bread, but not e-mail and the Internet." In fact, while one of us was conducting the interview with one of the participants, the interview was often interrupted by Skype communication by his partner in Italy.

#### **4.4. Concluding remarks**

This study has explored the foundation and operation of transnational entrepreneurship among Albanian migrants. It is the first empirical study of its kind in the Albanian context. Migrant returnees stated that their experience of living and working abroad shaped their business initiative, ambition and drive, and had served as a source for the idea to start up the business. Once they identified a certain market opportunity, along with the drive and desire for business, they used their savings from migration for start ups (economic capital), although in several cases, these savings were supplemented through money borrowed from family members. Transnational social capital in the forms of transnational networks and ties served as important avenue for their flow of ideas, information, technology, and know-how. In fact, this social infrastructure underlies the very basis of their business. Our respondents also reported that their knowledge of languages, mentality, environments in both countries, their origin and host societies, gave them an advantage of conducting these business.

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<sup>22</sup> All respondents stated that they travel quite frequently, which is in line with results from web-based survey presented above. Frequency of travel ranged from once a week for some immigrants to once a month for others.



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The legal and regulatory environment is extremely important for the operation of transnational entrepreneurs as expressed by all the respondents. All the interviewees unanimously pointed to the fact that the institutional and political climate is not very conducive to running a business in Albania. Issues such as corruption, high taxes, unfair competition, lack of communication, high bank interest rates, lack of business knowledge and information on the part of the staff of government administration, infrastructure (power outages, high price of electricity, gas), unfair competition, lack of government support for business, were experiences that loomed large in immigrants' stories.

As mentioned above, this is the pilot empirical study of transnational entrepreneurs in Albania. As such, it is the beginning of a new area of inquiry. There are other issues to be explored, for example, the dynamics of the process (see also Itzigsohn et al. 1999), how is transnational entrepreneurship formed, what are the factors that lead to this process, etc. Moreover, further research needs to examine other types of transnational entrepreneurship, in particular, that of informal transnational entrepreneurship.



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## V. COMPARISON: ALBANIAN AND SERBIAN TRANSNATIONAL ENTREPRENEURSHIP

The aim of this chapter is to summarize the findings of possible forms and characteristics of transnational entrepreneurs and entrepreneurship that we were able to identify in the two countries in the Western Balkans - Albania and Serbia. Comparison of the findings is only conditional, since the research results, i.e., unrepresentative and different samples, hinders comparison and possible generalizations of the two case studies. The observed similarities and differences should be viewed as the starting point for more detailed research, rather than the robust findings.

### 5.1. Characteristics of transnational entrepreneurs and enterprises

Socio-demographic characteristics of Serbian and Albanian transnational entrepreneurs who participated in the study indicate that they are heterogeneous groups. Regarding age, most respondents were in their thirties to late forties and early fifties, indicating that they are a relatively young population. In addition, males make up most of transnational entrepreneurs whether in the surveys or qualitative cases. Moreover, the examined entrepreneurs are highly educated: the majority of them holds university degrees, including some masters, while few have only high school

diplomas. Most of them are married with children. In both cases, most of returnees live in urban areas, where most business activities take place.

There are differences, however, between the Serbian and Albanian transnational entrepreneurs in respect of several dimensions. These differences are mainly a result of the entrepreneurs' different economic, political and social context from which they emigrated. With regard to the time of migration, for example, several Serbian entrepreneurs stated that they began their migration journey in the seventies (1977 and 1978) and the rest of entrepreneurs reported migration throughout the eighties, nineties and two thousands. This is not the case with Albanian migrants. The earliest reported year of migration was the year of 1990, which is indicative of the fact that, up until the 1990s Albanians were not allowed to leave the country. Serbia, on the other hand, has a longer history of labour migration, which started in the second half of the 1960s. Moreover, during the 1980s Serbia had a possibility – although limited – for private entrepreneurship, while Albania's economy was highly centralized until the collapse of authoritarian government.

Destination countries of previous migration waves have also influenced destinations of participants in the study. For example, most of Albanian transnational entrepreneurs stated that they lived and worked - and some of them actually still live in Greece and Italy that are the countries with the largest Albanian migrant concentration, and in close proximity to Albania. The rest lived in other countries of Western Europe, and a few outside of it. Unlike them, however, about half of Serbs, mainly highly educated, had chosen the United Kingdom and the USA as their destination countries. The rest had worked and lived in other countries such as Australia, France, Germany, Austria, Switzerland, all countries with large concentration of Serbian migrants. These structural differences have also shaped business process and structure. For example, in the case of Serbia, many transnational entrepreneurs started their business abroad and transferred it to Serbia, which is not the case with Albanian entrepreneurs. Transnational companies are heterogeneous as well, just like transnational entrepreneurs. They are concentrated in diverse sectors. In the case of Serbia, the highest

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percentage of the surveyed entrepreneurs has started business in the field of information and communication technologies, followed by other sectors such as trade, financial activities, construction, education, mining and processing of building materials, manufacturing, electricity, gas and water supply, real-estate, lease and rent; health and social care; other social and personal service activities, agriculture, production of small aircrafts, furniture design, manufacture and sale of works of art.

In the case of Albania, the interviewees were mainly concentrated on food production and distribution, export based garment and shoe production, on line service providing, sales of products for dental laboratories, aesthetic and beauty salon, auto repair service, not for profit social enterprise, tourism agency, health and social care, manufacturing, consulting, project, and transportation and storage.

As for the scope of their business, they are usually small size enterprises employing up to 30 people. Nevertheless, in the case of Albanian transnational entrepreneurs, three of the interviewees employed respectively 60, 100 and 250 people. The latter two are active in export-oriented garment and shoe manufacturing, which are the companies that employ a high number of low skilled labourers. The initial and major source of funding for starting business for both cases is personal savings, followed by loan of friends and family, and, at a much lower percentage, joint venture of investors. Regarding the composition of their workforce, the highest percentage of Serbian entrepreneurs employ highly educated workers, mainly people with university degrees, MA as well as PhD diplomas. In the case of Albania, however, the results are more mixed. The overwhelming majority of the workforce in the companies oriented to manufacturing (i.e., garment and shoe for export, food and distribution), or services (i.e., auto repair, beauty saloon) has a high school diploma, while a few have of them have eight year education. The more specialized services (i.e., health laboratory, clinic, on line service providers) have employees with university and post university degrees. Moreover, in the Serbian case, the surveyed entrepreneurs stated that they prefer to employ foreigners and those with migration experience and one of the surveyed

entrepreneurs whose business is located abroad also hires foreigners. It should be emphasized that in both cases, the interviewed entrepreneurs expressed a strong preference to hire people with migration experience because of the work ethics and professional attitudes, as well as knowledge of foreign languages.

## **5.2. Micro level**

The experience of working and living abroad have equipped transnational entrepreneurs with a particular habitus, a particular “mindset”, as well as human capital, which, in turn, have largely shaped their decision to return and start up their business. Cultural capital in the form of values such as entrepreneurial spirit, spirit of private initiative, proactivity, was an important part of migrants’ stories in both case studies. This is clearly seen, for example, in the case of Albanian transnational entrepreneurs, who grew up under a centralized economic system, where private business and any kind of private initiative was banned by law, and even punished with imprisonment. Migration to the West, living and working in the free market societies, exposed them to new ideas, knowledge, information, a different “mindset”, which enabled them to start up business upon return. In addition, entrepreneurs have managed to achieve a double benefit: work in a as well as enjoy the quality of private sphere of life.

It is important to emphasise the role of social capital for entrepreneurs as (a) leverage which related to finding people who helped them to get ideas or give encouragement for initiating their business and social capital as (b) social support to cope with life while returning in their country of origin. For the transnational entrepreneurs social, cultural and economic connections support them in their business and private life.

It is also important to note the significant role of the new communication and information technologies for transnational communication. Such communication through emails, social media, mobile telephones, etc with

family, friends and colleagues has helped entrepreneurs to share information about developments in their country of origin and provide emotional support to ease their transition, pass difficulties of relocation as they were returning home to open a new business.

Finally, it is significant to observe that despite the distinctions due to their different historical, cultural and educational backgrounds, Serbian and Albanian transnational migrants-returnees today are facing similar structural barriers to their entrepreneurship.

### **5.3. Macro level**

Albania has had a much more difficult political and economic legacy than Serbia. While Serbia has traditionally been a country of economic migration, Albania became so as late as in the 1990s. During 45 years, Albania was a closed country, without private property, and the opening of borders instigated large and intense migration flows. In Serbia, migration started much earlier, in a continuity since the sixties of the 20th century, when it occurred under the state's auspices through bilateral agreements with destination countries. Moreover, the destination countries of transnational entrepreneurs from Albania – Greece and Italy, are ultimately under the severe impact of the current economic crisis as opposed to destination countries of transnational entrepreneurs in Serbia – the United Kingdom and USA as the most frequent, followed by Australia, France and Germany. , Such a difference at the macro level is also reflected in the responses of transnational entrepreneurs. If we look at the reasons they mentioned for starting a business in Albania and Serbia, we can see that family reasons are very strong in both groups of respondents. Among the top five reasons in Serbia, there are two more social factors, “desire to contribute to the economic development of Serbia” and “quality of social life in Serbia/more humane environment for family life”, but also two economic factors – “lower costs of business operations in Serbia” and “availability of qualified labour”. The mentioned economic and social

factors are pull factors. On the other hand, transnational entrepreneurs from Albania put the reason “economic crisis abroad” on the 4th place, which is a push factor (for entrepreneurs in Serbia it is on the 12th place). Besides this push economic factor, Albanian entrepreneurs report two economic pull factors – “availability of local Albanian market/regional markets/preferential markets” and “favourable business conditions in Albania”.

Transnational entrepreneurs from both countries emphasise the structure of opportunities that exist in the researched countries. If we look at the mentioned advantages of doing business in Albania and Serbia in relation to the destination country, both groups of entrepreneurs say that operating costs are lower, and the “degree of friendships and relationships relevant to business” is higher in Albania/Serbia. In the interviews, transnational entrepreneurs from Serbia report the following advantages of doing business in Serbia: competitiveness in quality and price (costs of starting a business and business operations are lower), educated workforce that is paid less (IT, agriculture), possibility for international business operations, particularly towards two major markets – Russia and China, and natural resources suitable for agriculture and tourism. Albanian transnational entrepreneurs saw the opportunity to be competitive by initiating businesses that still do not exist in Albania.

However, disadvantages of doing business in Albania / Serbia are still prevalent in relation to doing business in destination countries. They all agree that the following characteristics are lower or worse compared to the destination countries: availability of capital to start business and during business operations, speed of professional growth, professional recognition and acknowledgment of the society, size and strength of healthy competition and state support; and that the following is higher: degree of bureaucratisation of procedures for starting and running business and size and strength of unfair competition. The only difference is that a higher percentage of Albanian entrepreneurs believe that the negative effects of economic crisis are higher in Albania, while Serbian entrepreneurs feel that the country of destination and the country of origin are equally affected.



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Furthermore, Serbian entrepreneurs assess that the quality of life and free time are better in Serbia than in the country of destination, while the Albanian entrepreneurs believe they are worse in Albania. They also point to similar obstacles to doing business – corruption and complicated administrative procedures are on the first place in both groups of entrepreneurs, followed by unfair competition (working in grey economy and thus reducing the cost of services) and political or economic instability. In Albania there is also a problem with infrastructure and lack of electricity.

These findings suggest that our respondents put the social factors as dominant motivators for starting a business in Serbia and Albania. However, there is a complex interplay of both social and economic factors, which should be further investigated in order to get better insight in their determination to enter transnational entrepreneurship. Consequently, these findings will help to better understand their transnational operations, and hopefully to a better recognition of transnational entrepreneurs in the two countries.

#### **5.4. Meso level**

Different socio-political conditions of the societal development in Serbia and Albania in the long run, especially in the time of the communist regimes and in the 1990s and 2000s, shaped different paths towards entrepreneurship in the analyzed countries. Different attitudes of the state representatives towards foreign influence and possibilities of maintaining connections with the family members and acquaintances abroad, different state policy towards (e)migration and consequently emigration trends over time, as well as the entrepreneurship climate in these countries represent the most important factors. In line with these factors, in the Serbian case study, the majority of the interviewed entrepreneurs started their business in the country before emigration, or developed that idea in the course of their education process abroad, or even started entrepreneur career in the destination country and then transferred the business to Serbia for further

development, either in Serbia or other countries in the region of Western Balkans. Only one went back to Serbia to become an entrepreneur without previous experience in the field. On the contrary, that was the most dominant path towards entrepreneurship in the Albanian case study. The interviewed entrepreneurs can be divided into two groups: those who worked for the same company abroad and now run the export based business in Albania together with the firm of previous employment, or those who upon return opened a business more or less similar to the ones they had worked abroad.

The applied analysis of the paths towards entrepreneurship in the Serbian and the Albanian case studies provides information about the pre-migration history in the country of origin, education process, migration history, plans for the future, first initiatives and early steps in the entrepreneur career of the interviewees, return migration process etc. At the same time, this description can be consisted of the information from the primary data source - provided by the respondent (observation from his/her own perspective), as well as the information from other data sources and the concluding remarks of the interviewer and researchers. It may present a very useful and innovative tool for the better understanding of the analysed phenomenon of transnational migrant entrepreneurship.

The results of the on-line survey related to the meso-level show the importance of social capital in the shape of social networks and ties, which serve as valuable resources to entrepreneurs for information gathering and recognising opportunities. The results point to the informal and semi-formal networks as helpful and very helpful for the success of the current business, both in the Serbian and the Albanian case studies. Family, relatives and friends as well as the colleagues both in the country and abroad, represent most helpful contacts. While in the Serbian case study colleagues have a slightly stronger impact, the family members and relatives of Albanian respondents are the most valuable help for running the current businesses. It is important to underline that, in both case studies, a very high number of the respondents mentioned the important and very important role of principals and managers in the foreign company they do business with.

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Contrary to the Albanian case study, the help of state institutions and political parties for the success of the business was recognized in the Serbian case study (60% and 40% of the survey respondents). In line with these results, in both case studies the most close and frequent contacts (everyday to once a week) are related to the family members, relatives and friends in the country as well as the colleagues abroad. It is presumed that these informal networks secure the success of their business in two ways: friends and family can help as employees in the start-ups, but can also have a role in child care and within the household. Colleagues (and former colleagues) also have an important role as valuable sources of business information and knowledge exchange. Through the contacts with colleagues entrepreneurs can tap into resources external to them. Additionally, these close informal networks, especially with family members, as constituents of social networks, are present in all phases of entrepreneurship (Greve and Salaff, 2003).

As positioned uniquely between the home and (former) destination country, transnational entrepreneurs simultaneously function as a part of different networks, which help them manage the dual challenge of gaining legitimacy globally and locally, securing resources and pursuing opportunities. This research identified several types of networks our respondents in both countries maintain: Networks arising from professional connections – respondents develop and capitalize on different kind of professional connections. Most appreciated are the informal professional networks with the colleagues, but also networks of professional associations, alumni organizations. Both the Albanian and Serbian cases point to the border-spanning networks are very important (in the Albanian case even as vital) for the survival of the business. As supported by the research results, relying on and mobilizing their resources requires regular contacts and continual maintenance and renewal. Moreover, both case studies identified the importance of networks for recruiting workforce. While informal networks are most important for the Serbian respondents, Albanian respondents underline both informal and formal channels, such as local TV stations as an initial phase in hiring workforce.

Networks of clients and customers, whose importance was underlined by a couple of interviewed entrepreneurs in Serbia, can also be put in the group of the networks of professional connections. These networks are important for coping with uncertainty, acquire legitimacy and offset the absence of formal institutional support. The respondents underline the importance of strategic management, which at the same time employs foreign support in technical cooperation maintained at a very high level, and the constant close contacts with the customers in Serbia and the region, offering the wide range of technical support for regular customers. Networks of innovation are also identified in the Serbian case study. Established and maintained with the aim to create and develop new and original products which can help enter the international market, these kinds of networks encompasses numerous people from different skill backgrounds by constant and persistent connections between them. The product that has come into existence from this kind of network is the original aircraft registered in the relevant EU registers.

This study represents a step toward a better understanding of the social capital features of the transnational entrepreneurs in the Balkan region. Although this research offers important information in developing these insights, it is important to point the practical limitations of the study. The results are valid for the cases themselves and cannot be generalized. More longitudinal and quantitative studies are required to better understand the complex entrepreneurial dynamics, with a special focus at the social capital features. Additional research is needed to further investigate the complex linkages among different elements of the transnational entrepreneurs' social networks and their structures, especially in the context of Balkan emerging economies. Another relevant topic for further research is the dynamic interplay between human and social capital as the integral part of the transnational entrepreneurs activities.

## **5.5. Conclusion**

This study has shown that there exist emerging trends of transnational entrepreneurial activities of Serbian and Albanian emigrants who are doing business in/with their homelands while maintaining close partnerships with foreign countries. The comparative analysis shows that these returnees have had different experiences abroad – due to their different social, economic, and human capitals, as well as different socio-political structures from which they emigrated. For example, in the case of Serbia, many transnational entrepreneurs started their business abroad and transferred it to Serbia, which is not the case with Albanian entrepreneurs whose businesses are smaller. The structural dissimilarities of the two countries differently shaped their emigration patterns and histories. Serbia has a longer labour migration history, which had started in the second half of the 1960s, while Albania, on the other hand, experienced growing waves of emigration at the end of 1980s and in the 1990s. Serbia also had large emigration in the 1990s, but it was directed much more towards overseas countries than in the Albanian case at the time. Moreover, during the 1980s, Serbia had a possibility – although limited – for private entrepreneurship, while Albania's economy was highly centralized until the collapse of the authoritarian government. Finally, it is significant to observe that despite all the differences, the Serbian and Albanian transnational migrants-returnees today are facing similar structural barriers to their entrepreneurship.

At the same time, our research has shown that, although Serbian and Albanian entrepreneurs returnees differ in the nature, origin and scope of their economic activities, by starting small businesses in a range of sectors, they can contribute to the development of various spheres of economy. Recent studies (Newland and Tanaka, 2010) indicate that on the basis of their relationships in/with their homeland, migrants-entrepreneurs are more likely than other investors to take risks and start businesses in the high-risk or newly emerging markets. In addition, based on their knowledge of local political, economic and cultural circumstances, migrants-

entrepreneurs can lead the way in relation to other investors and employers in the country of origin. Therefore, providing incentives for transnational entrepreneurship ought to become an integral part of migration policies, and the development policies should also rely on the transnational enterprises' resources and networks while striving to achieve certain economic goals, such as placement in foreign markets and image promotion. Encouraging transnational entrepreneurship and cooperation with transnational entrepreneurs can boost the development of the Serbian and Albanian economies, strengthen their competitiveness in the global market, and alter the image of these two countries. They are a potential link between migrations and development that could transform the currently predominant brain drain into brain gain and circulation in the researched countries.

In order to realise the developmental potential of migration, our governments should first improve the business climate and create incentives for small and medium-size enterprises. They should cope with issues such as corruption, high taxes, unfair competition, high bank interest rates, lack of communication, as well as lack of business knowledge and information on the part of the staff of government administration, infrastructure deficiency, unfair competition, and lack of government support for business. Meanwhile, a concerted and sustained effort to collect, collate and study data on the structure and composition of migration within its respective context would be beneficial to gradually build up sufficient understanding of the migratory processes in respective countries. An important element of such an effort would be to research the engagement of migrants with development processes in the country of origin, the preferences of migrants in such engagements, the hurdles they perceive, and so on. Gaining deeper insights into complex transnational entrepreneurs' social networks through which they negotiate the placement of their goods and services in the international market would be important. This is particularly important because the innovation of their business operations does not only come directly from the activities of transnational businesses as such, but also from the very fact that they are transnational and they rely upon networks spanning across borders.

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This is an innovative and pioneering study on how migrants develop transnational entrepreneurship in adverse conditions, mobilising not only their material but also their social and co-ethnic resources. This book opens new ground for further research suggesting that rational accounts of entrepreneurship need to take into consideration the cultural contexts in which entrepreneurship takes place.

**Professor Anna Triandafyllidou**

*Global Governance Programme  
European University Institute*

... This is the first study to attempt an empirical investigation of the phenomenon in the countries under investigation. In doing so, the study engages with very recent trends in the international literature on the relationship between migration and development, and with emergent debates focusing on unleashing the developmental potential of Diaspora networks. In that sense, it is unique in providing not only a first account of the emerging trends, but also empirical evidence that could enrich the relevant debates in the literature.

As far as the empirical discussion of findings is concerned, I found particularly sound and innovative the way results are organised across the different levels of analysis (micro, macro and meso), as well as the typologies of “paths to entrepreneurship” and of different types of transnational networks. I believe these typologies may potentially have a broader significance and constitute the greatest achievement of the work.

**Dr Panos Hatziprokopiou, Associate Professor**

*Department of Spatial Planning and Development  
Aristotle University of Thessaloniki  
Hellenic Foundation for European and Foreign Policy, Athens*

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