

# The potential impact of migration-generated transnational entrepreneurship: case of Albania

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## *Introduction*

Many Albanian citizens are constantly seeking jobs and better life chances outside their country and migrating to countries that are more promising. According to the United Nations, there were 1.25 million Albanians residing abroad at the end of 2013 (United Nations, 2013). The major migration episodes that occurred after the collapse of communist rule are illustrated further in Barjaba et al. (1996) and Barjaba (2000, 2002). Many of these immigrants maintain different kinds of ties with their families and their communities in Albania while they are abroad. Part of them keeps communication with their homeland through transnational entrepreneurial activities. Transnational immigrant entrepreneurship is becoming a phenomenon with an increased visibility in Albania. The Albanian immigrant entrepreneurs are actively looking for promising opportunities across the national boundaries of the host countries. The majority of them tend to run small or medium sized businesses, but a few are also involved in large-scale enterprises.

Transnational entrepreneurs are “individuals who migrate from one country to another, concurrently maintaining business-related linkages with their countries of origin and current adopted countries and communities” (Drori, Honing and Wright, 2009, p. 3). Transnational entrepreneurship is important as a topic to be studied because it is an emerging phenomenon and, according to Patel and Conklin (2009), it has a tremendous impact on economic, social and political structures worldwide. In particular, migrants are seen as potential actors in the development process of their origin countries.

## *1. Migration and development nexus*

There is a general agreement that migration and development are linked. However, the impact of migration on development in the origin countries continues to be an intense debate. Many scholars (Spaan et al., 2005; Faist, 2009; de Haas, 2010, 2012) point out three phases in this debate: shifting from optimism in the post-war period to deep “brain drain” pessimism during the 1970s and 1980s, and back towards neo-optimistic “brain gain” since the 1990s. Accordingly, scholars are divided between two groups, namely “migration optimists”, perceiving migration as stimulating development in sending societies and “migration pessimists”, being concerned about brain drain and dependency.

Migration optimists see migration as a positive phenomenon, having a beneficial impact on the development of origin countries. de Haas and Plug (2006) and Gamlen (2006) illustrate how governments of migrant-sending countries see transnationally oriented migrants as potential actors of development. The positive role attributed to migrants is related to migrants’ contributions to their country of origin through remittance, knowledge, and skills transfer gained overseas.

Other scholars (see Ammassari, 2004; King, 2015) focus on the contributions of return migration. More specifically, return migrants are perceived as potential actors in establishing enterprises in their home country upon return. King (2015) sees return migrants as innovators, bearers of newly acquired skills and entrepreneurial attitudes. Hence, returnees are facilitating knowledge and skills transfer gained overseas. Ammassari (2004) goes further and makes a distinction between old and young migrant groups. He explains that older migrants play a more important role in nation-building, while the younger generation is more enterprising with a higher capacity to contribute in the private sector development.

These overly-optimistic assumptions are also present in government programs and policies. The programs of the Albanian Government regarding return migration and entrepreneurship are sometimes based on an optimistic outlook. They assume return migrants are more likely to be entrepreneurial than non-migrants. As a result, their programs offer support to returnees with a special focus in entering entrepreneurship.

On the other hand, migration pessimists (Frank, 1969; Wallerstein, 1974; Papademetriou, 1985) consider migration as a negative phenomenon. de Haas (2010) further explains how migration aggravates problems of underdevelopment in sending countries through “various negative feedback mechanisms (backwash effects), which in its turn fuels further out-migration, thereby perpetuating the vicious circle of the migrant syndrome” (p. 238). Other scholars argue that migration increases brain-drain in the sending countries. More and more skilled migrants are leaving their origin countries in search of a better life abroad.

In addition, many scholars believe that sending countries are creating heavy dependence on remittances. Albania, is one of the cases believed to have created excessive reliance on remittances. The country's economy in general, as well as the individual households have been based for a long time on transfers from emigrants. Additionally, in Albania, remittances are mainly used for consumption and less as a source for financing investment and development projects. Only a small part of them are deposited in the banking system or invested in business enterprises (Albanian Government, 2015).

However, the migration and development link is a complex issue with multiple dimensions. When discussing about it, a range of factors should be taken into consideration. For example, de Haas' (2012) suggests that contextuality should be taken into account; it plays an important role in determining the nature of migration impacts on development in sending countries. The benefits differ among countries and regions. In the context of Albania, the benefits depend on whether Albania provides a promising social, economic and institutional environment. Furthermore, the scholar adds that dimensions of development should also be considered. For instance, transnational entrepreneurs may use natural resources in Albania, but at the same time they bring new work skills and cultures of work into Albanian society, an important contribution to the socio-economic situation in their country. Else, it should be noted that the benefits to transnational entrepreneurs and their families from running businesses may be plentiful; however, their entrepreneurial activities may not provide the same benefits for Albania's economy.

## *2. Role of transnational immigrant entrepreneurship*

In order to better understand the impact of transnational immigrant entrepreneurship, it is

important to identify the characteristics of entrepreneurs themselves and the types of ventures undertaken. The heterogeneity of transnational activities is a factor considered when analyzing their potential impact. Itzigsohn et al. (1999) divide transnational practices into four categories: political, civil-societal, cultural, and economic practices. Political transnationalism refers to non-governmental and hometown civic associations: for example, migrants' membership and activism in Albanian political parties or electoral meetings abroad. Civil-societal activity refers to community practices in the religious, sports, or mutual-help fields that are not considered to be political or market oriented. Cultural practices refer to symbolic practices, such as the formation of identities, tastes and values. Lastly, economic transnationalism refers to immigrants' involvement in business activities that take place both in the host country and the country of origin: for example, transnational enterprises established by Albanian migrants to export/import goods to and from their home countries.

In the case of Albania, there is a presence of a large number of emigrant-created small and medium firms. Many Albanian migrants residing abroad set up a parallel firm in Albania. The majority of the migration-generated businesses are small and medium enterprises concentrated in the service, retail, and construction sectors of the Albanian economy. In the service sector, the most common types of emigrant-created businesses are remittances firms, laundries, car wash and car service shops. In the retail sector, businesses are concentrated in clothing and grocery stores. Often, migrants create construction firms too. In addition to transnational formal firms, informal practices are also present. An example is the individuals who travel back and forth to supply their businesses in Albania. They get non-durable consumer goods from abroad and bring them to Albania. In addition to small and medium ventures, a small number of Albanian migrants in cooperation with foreign investors have established large-scale enterprises such as call centers. Furthermore, it is important to note that the majority of Albanian entrepreneurs tend to collaborate with their past employers in the host countries by exchanging equipment, products, and technology.

After discussing the characteristics of transnational entrepreneurs and their business activities, it is important to note that they do not contribute equally to economic development. As a result, it is necessary to differentiate between two different types of entrepreneurship: necessity and opportunity entrepreneurship. It is important to examine whether these entrepreneurial activities are necessity or opportunity driven. Schumpeter (1974, p. 132) defines "necessity entrepreneurs" as those who are simply self-employed, and "opportunity entrepreneurs" as those who "reform or revolutionize the pattern of production". The difference between the two types of entrepreneurs is in the entrepreneurs' motivation to start their entrepreneurial activities.

More specifically, necessity entrepreneurs start a business because they do not have better job options. They generally operate on a small scale and are believed to be less efficient. Research shows (see Acs, 2006; Desai, 2009; Newland and Tanaka, 2010) that necessity entrepreneurship can create value and benefits for entrepreneurs and any employees and families they might have, but does not necessarily contribute to economic development. From the interviews I conducted with several Albanian transnational entrepreneurs, lack of job opportunities was one of the reasons why they started their own businesses. Eleni stated: "Sadly, Albania offers you prolonged unemployment moments". Many other

entrepreneurs, like Eleni, started their businesses because they could not find a job. Thus, these entrepreneurs were pushed to entrepreneurship from poverty and unemployment. Entrepreneurship in Albania seems to be a solution to poverty. Many Albanian migrants and returnees turn to entrepreneurial activities in order to feed their families. But will Albanians find themselves out of poverty through their entrepreneurial activities? In line with the above argument, their entrepreneurial activities do not necessarily lead to poverty reduction.

On the other hand, opportunity entrepreneurs start their businesses in order to pursue a new market opportunity. In line with the above argument, these entrepreneurs, exploit business opportunities and their economic growth is expected to be high. An example of entrepreneurial activities driven by opportunity is the case of Leonidha. When asked about what motivated him to start a business, he added:

While working as a doctor in a hospital in Greece, I came up with the idea of making my own business in Albania. More specifically, in the Greek hospitals, the trauma patients were going through the whole-body scanners in order to identify the problems. This medical practice was lacking in the hospitals of Albania. So, I decided to get a loan, buy a scanner, and take it to the hospital of Tirana. By identifying the market gaps in my country, I was able to find a great business opportunity. Now, I have a lab with about 110 employees.

However, the difference between necessity and opportunity entrepreneurship may not be as significant in all sectors of the economy. The factors associated with the motivation for starting a business may not influence the business performance as expected. Thus, the pronounced difference may be restricted to certain sectors of the economy.

### *Conclusion*

To sum up, the article examined the main channel through which migration contributes to development, entrepreneurial activities. Thus, the chapter explored the nexus between migration, entrepreneurship and socio-economic development of the origin countries, and the theoretical competing perspectives behind each of them. The discussion above highlights a positive view of transnational migrant entrepreneurs as key actors in the migration-development nexus. Examining the potential significance or impact of Albanian immigrants' entrepreneurial activities towards the development of Albania is needed in order to raise awareness among policymakers about its significance and complexity. Further empirical evidence should be gathered on whether these views are supported in the case of Albania.

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