

Survival or Willing? Informal Ethnic Entrepreneurship Among Ethnic Serbs in Kosovo



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Abstract After the 1999 Kosovo conflict, from approximately 200,000 ethnic Serbs that were living in Kosovo only half of them remained, concentrated primarily in several enclaves throughout Kosovo. According to the Office of Community Affairs in Kosovo, the unemployment rate within the Serbian community ranges between 40% and 100%, depending on the on their representation in municipalities. Therefore, the objective of this chapter is to provide an empirical insight on the motives of the Serb minority living in Kosovo towards informal ethnic entrepreneurship. Considering that the number of companies operated by Serbs in Kosovo is limited, as well as geographically disbursed a qualitative methodology, therefore, was utilized as the best suited approach to conduct this study. The research was conducted during January 2018, where five ethnic Serb minority entrepreneurs were interviewed using in depth semi-structured, face to face, interviews. The cases were identified and selected using the snowball sampling method. The study has analyzed their motives towards self-employment, challenges faced as ethnic minority entrepreneurs, as well as their attitudes towards informality.

Keywords Informal entrepreneurship · Ethnic minority entrepreneurship · Self-employment · Kosovo · Ethnic enclaves · Small business

1 Introduction

It is widely accepted that small and medium enterprises play a crucial role in economy. Because of their importance they are often referred as the economy generators, innovation drivers, job creators and significant contributors in the Gross Domestic Product (GDP) of every country. Numerically SME's are dominant in the world business stage. Although it's difficult to obtain precise data, estimates suggest that more than 95% of enterprises across the world are SMEs, which

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contribute with 60% of private sector employment (Ayyagari et al. 2011). In many countries a number of SME's is owned by different ethnic groups. Therefore, ethnic entrepreneurship has become a phenomenon that has ignited the curiosity of many researchers and has inspired considerable research and debate. In order to understand what ethnic entrepreneurship is, it is important to understand what the word "ethnic" represents. Explained in simple terms, "ethnic" refers to differences between categories of people. Therefore, ethnic groups may be defined as a category of people who share a common language, society, culture, or nation.

One of the main challenges that members of ethnic groups face, especially the members of ethnic minorities, is the social and economic exclusion. Being a member of an ethnic minority often represents a disadvantage in terms of labor market opportunities contrary to the majority population. These disadvantages are usually expressed in higher unemployment rates and lower incomes (Kahanec et al. 2011).

Living in such unfavorable economic situation these ethnic groups are very often oriented towards self-employment, by establishing their own businesses. The initiatives of these ethnic groups are defined in the literature as 'ethnic entrepreneurship'. There are numerous ethnic groups in every country worldwide. According to Pan and Pfeil (2003) there are 87 "peoples of Europe", of which 33 form the majority population in at least one sovereign state, while the remaining 54 constitute ethnic minorities within every state they inhabit.

Sometimes some ethnic groups may be subject to prejudicial attitudes and actions taken by the state or its citizens. This may lead to inter-ethnic conflicts which usually occur within multi-ethnic states. Such inter-ethnic conflict has happened also among ethnic Albanians and Serbs in Kosovo in 1999, which resulted in Serbs living in ethnic enclaves and therefore have less economic opportunities than the Albanians.

In this chapter we will try to portray the entrepreneurship of ethnic Serbs, living in Kosovo, by answering the three main research questions:

1. What are the motives of ethnic Serbs in Kosovo for self-employment? Do they turn toward self-employment in order to survive or because they have an entrepreneurial spirit?
2. What are the businesses challenges those ethnic entrepreneurs face?
3. Do they pay taxes, or they operate their businesses informally?

This chapter will give the theoretical background on ethnic entrepreneurship and its related term, followed by an overview on informality in entrepreneurship, on the motives for self-employment among ethnic entrepreneurs, and concluded by a case study on Serbian ethnic minority group entrepreneurial activities in Kosovo.

2 Literature Review

2.1 *Ethnicity and Entrepreneurship*

The best way to understand the 'ethnic entrepreneurship' is to, initially, separate these two terms and understand them independently. *Ethnicity* – has been one of the

main subjects in the social sciences for the past several decades and lately has become a cause of discussion in the field of political economy, where many researchers have examined the relationship between ethnicity and growth, institutions, civil war and violence using econometric tools (Green 2004).

The term 'ethnic' has derived from the Greek word *ethnos* meaning 'nations'. Word 'ethnic' is an adjective which is referred to differences among categories of people (Petersen et al. 1982). When the word 'ethnic' is linked to word 'group' it means that members are aware of being group members and having common origin and culture, or that others believe that they possess those attributes (Yinger 1985). Ethnicity may be defined as a group of people that share three core elements such as common descent, a common history, and a common homeland (Green 2006). The term entrepreneurship originates from the French word '*entreprendre*' which means to 'undertake' or to create something new. Even though the entrepreneurship is extensively studied and there were many attempts to find a widely accepted definition, there is still no unified definition of it (Hisrich and Ramadani 2017). According to Aldrich and Waldinger (1990) entrepreneurship can be explained as the combination of recourses in new ways in order to create something valuable. Morris and Paul (1987), on the other hand, define entrepreneurship as individual risk taking and innovation attempt in order to attain profitability within a new business enterprise. Another definition is provided by Gartner (1988) who defines entrepreneurship as the creation of organization. Ramadani et al. (2014) argue that entrepreneurship is the process of looking for innovative chances in unsure and risky circumstances, by combining the production factors in effectively and efficiently way in order to achieve profit and business growth.

A common concept that can be noticed from the above-mentioned definitions of entrepreneurship is "creation". However, nothing can be created by itself, thus the term entrepreneurship is strongly related to the term "entrepreneur", who is a person that undertakes something in risky circumstances, or an individual who buys goods by a known price, in order to sell them in the future for an unknown price (Hisrich et al. 2017). An entrepreneur can also be defined as someone who searches for innovative opportunities, undertakes risks and puts together the best possible combinations of production factors for realizing profit and business growth (Ramadani et al. 2014). In other words, an entrepreneur is an individual who creates and manages a business with the objective of generating profit and growth (Gartner 1988).

Therefore, when the word 'ethnic' is combined with word 'entrepreneurship', it creates a new concept known as 'ethnic entrepreneurship'. In literature, there are cases when the term 'ethnic entrepreneurship' is synonymously used with 'immigrant entrepreneurship' (Volery 2007) even though there is a difference between them. The term 'ethnic entrepreneur' refers to members of an ethnic minority who are self-employed and who use ethnicity as a foundation for starting their business, no matter where they are born, while 'immigrant entrepreneur' refers to migrants who have moved to some new country and subsequently have become self-employed, and who do not necessarily do business within their ethnic community (Abbasian 2003). In this chapter the term 'ethnic entrepreneurship' will be used for entrepreneurship activities undertaken by members of the ethnic minority.

2.2 *Ethnic Entrepreneurship*

A growing rate of ethnic minorities in the labor market and a significant increase in the number of businesses owned by ethnic minorities, have led to the appearance of a new notion known as ‘ethnic entrepreneurship’ (Baycan-Levent and Nijkamp 2007).

Ethnic entrepreneurship can be defined as a set of connections and regular patterns of interaction among people sharing a common national background or migration experiences (Aldrich and Waldinger 1990). In other words, ethnic entrepreneurship can be characterized as a process of identifying market opportunities, undertaking innovative, risky and dangerous activities by individuals who are a minority in a given country so they can guarantee prosperity for themselves, their families and the society (Ramadani et al. 2014). Ethnic business typically starts when an entrepreneur begins by serving other members of the ethnic community and satisfies their specific ethnic needs (Greene and Owen 2004).

The literature on ethnic entrepreneurship recognizes two main types of ethnic entrepreneurs: middleman minorities and enclave entrepreneurs. The former, namely the Middleman minorities are ethnic entrepreneurs who conduct business in between a society’s elite and the mass population (Zhou 2004). They usually were ‘sojourners’, who were interested in making a fast profit from their moveable and easily sold businesses and then reinvesting their cash somewhere else, usually in their homelands (Bonacich 1973). They would normally start their business in poor districts or immigrant ghettos in city zones commonly in service industries and retail, while today they could be found in more wealthy urban areas establishing not only businesses from secondary sector, but also those that are in the primary sector (Zhou 2004). The second group, or the Enclave entrepreneurs are those individuals who are surrounded by co-ethnic social structures and location (ibid.). Ethnic business enclaves are usually located where they can find the large co-ethnic population (Bonacich 1973; Waldinger 1994). In literature, enclave provides a number of motivations to become self-employed because it gives rise to a protected marketplace where ethnic groups are able to do business with one another in their preferred language (Clark and Drinkwater 2000). Therefore, it is assumed that individuals living in ethnic enclaves are more likely to become entrepreneurs (Constant and Zimmermann 2005).

Many researchers have addressed the opportunities and the barriers of ethnic entrepreneurship. It is found that ethnic enterprises have characteristics that distinct them from other enterprises, which can be summarized as follows (Dana and Morris 2007; Dana and Morris 2011; Fiti and Ramadani 2013):

- Most of the ethnic enterprises operate in the services sector.
- Most of the ethnic enterprises are small and relatively new.
- Most of the ethnic enterprises are family owned businesses.
- Most of the ethnic enterprises are founded with small start-up capital and create small income.
- Usually ethnic enterprises have a higher rate of failure comparing to other enterprises.

Those businesses usually deal with different challenges and barriers compared to other enterprises. The problems may arise from different administrative barriers, difficulties in access to financial resources, difficulties in establishing business network and other different ethnic barriers such as language, lack of education and lack of management skills (Ramadani et al. 2014).

Finding the financial recourses to establish the ethnic enterprise is considered one of the biggest challenges for those start-ups. Their location, limited know-how, the lack of a 'track record', language difficulties and sometimes discrimination, are often considered as difficult conditions for a bank loan (Blackburn and Smallbone 2014). In a study conducted by Ram and Jones (2008) it is found that most ethnic entrepreneurs accumulate their start-up capital through their own savings, some through arranged loans from relatives or within the ethnic community, whilst only a small number may acquire a bank loan. It is also found that ethnic entrepreneurs set up their businesses usually in the sector where the informal operations would give them an advantage and where other members of the ethnic group provide them with an opportunity of conducting the business in an informal manner (Baycan-Levent and Nijkamp 2007).

2.3 Motives for Self-employment

The motives for ethnic entrepreneurship are found to derive mainly from the less favorable position of members of different ethnic groups (Masurel et al. 2002). Factors such as social isolation, discrimination, lack of education, lack of skills, high levels of unemployment and other cultural factors are the reason for pushing the increasing number of individuals from different ethnic groups towards entrepreneurship. It is common for ethnic entrepreneurs to start business focusing on the clients of the same ethnic group, causing those enterprises to be initially internally oriented. This internal orientation and the shared trust within the ethnic group gives those businesses a protected market and suitable work force on the one hand (Kloosterman et al. 1998; Lee et al. 1997), while on the other hand, creates the high level of loyalty between ethnic enterprises and its costumers (Barrett et al. 1996).

Motivation toward self-employment can generally be classified based on necessity driven factors known also as 'push' factors, and opportunity driven features known as 'pull' factors. It is considered that entrepreneurs are 'pushed' into entrepreneurship driven by necessity when they have restricted access to employment (Acs 2006; Dawson and Henley 2012). The problems vary from discrimination at labor market, language barriers, or lack of necessary skills. Therefore, the need to make a living, and care and support the family, whilst faced with lack of job opportunities, are just some of the factors that push the individual towards entrepreneurship. Likewise, being equipped with adequate technical skills but being unable to sell those skills in the labor market can also push the individual toward self-employment. On the contrary, the detection of opportunities and the willingness to

explore new business occasions are the factors that 'pull' the individuals toward entrepreneurship (Ardichvili et al. 2003; Maritz 2004; Smallbone and Welter 2006). Consequently, those who have no opportunity of finding a job are 'pushed' into self-employment compared to those who are 'pulled' into self-employment because of the status, rewards and independence that it offers.

It is assumed that immigrants are more pushed than pulled into entrepreneurship (Dana and Morris 2007). Generally, the motives for immigrants to start their own business are different. Main 'push' factors are considered high unemployment (Acs 2006; Dawson and Henley 2012; Kloosterman et al. 1998), discrimination (Constant and Zimmermann 2005; Piperopoulos 2010), social and economical status and cultural factors (Rafiq 1992). The presence of these factors leaves immigrants with no other alternative but establishing their own businesses. Main 'pull' factors are considered the need for success and the aspiration to be own boss. The most attractive sectors for ethnic groups are found to be the sectors that have low entry barriers like retail or bars and restaurants.

2.4 Informal Entrepreneurship

Informal entrepreneurship is defined as a business that operates in production or trade of products and services that are legitimate in all aspects, except for the fact that they are unregistered or hidden from the state in order to avoid tax payments (Williams and Youssef 2014). This means that the only fraudulent thing that informal entrepreneurs do is not declaring their financial transaction or declaring them partially. Therefore, entrepreneurs can operate completely informally or conduct only a part of their business 'off-the-book', meaning there are two distinct groups of such entrepreneurs that can be identified as a result, those that are consecutive users of informal business, and those who partially perform informal activities.

The informal work is usually characterized by low levels of education, low managerial skills, uncomplicated technological equipment, and it is usually supported from the social networks from the same socio-economic group (van Delft et al. 2000).

Some authors argue that lower income populations tend to be more driven towards informal entrepreneurship (Acs 2006; Williams 2008). Another frequent assumption is that marginalized populations, namely individuals that are excluded from the economic, political and cultural life, are usually more driven to engage in informal entrepreneurships (Williams and Nadin 2010; Gurtoo and Williams 2009; Katungi et al. 2006). Therefore it can be assumed that informal entrepreneurs are widely portrayed as necessity-driven, pushed into self-employment due to their inability to find employment in the formal economy, and pursuing such work as a survival strategy (Castells and Portes 1989; Gallin 2001). Moreover, countries with a

large number of immigrants or ethnic minorities in the population tend to have more informal entrepreneurship because ethnic minorities show stronger tendency than others to start informal businesses (European Commission 2015).

2.5 *Kosovo and Its Ethnic Groups*

Kosovo is a small country with an area of 10,908 km², located in Southeast Europe, bordering Albania, Macedonia, Montenegro and Serbia. According to Kosovo Agency of Statistics the approximate population in Kosovo is 1.8 million (Kosovo Agency of Statistics 2017).

According to the 2011 census, the majority of the population in Kosovo are Albanians with 92.2% followed by Bosnians 1.6%, Serbs 1.5%, Turks 1.1%, Ashkali 0.9%, Egyptians 0.6%, Gorani 0.6%, Romani 0.5% and others or unspecified with 0.2% (The World Factbook- Kosovo 2018). But, European Centre for Minority Issues suggests that those figures may under represent Serbs and Romani minorities due to the boycott of the census from the Serb-majority living in Northern Kosovo and a partial boycott by Serb and Romani living in the other parts of Kosovo (ECMI 2018). Even though data of the 2011 puts Serbs in third place, the reality is that Serbs are the largest minority living in Kosovo. Religion wise, Kosovo Albanians are mainly Muslims and a small percentage Catholic, whereas Kosovo Serbs are Orthodox Christians with very strong ties to the Serbian Orthodox Church (OSCE 2010). Likewise, there are also differences language wise, with one ethnicity speaking Albanian whilst the other Serbian.

Serbian influence and the role of the Serbs in Kosovo society and economy has changed dramatically over the past 50 years from their very important role during the days of the Socialist Federal Republic of Yugoslavia and then through the provincial administration until now where their role is limited to a number of small municipalities in which they form the majority (OSCE 2010).

After the 1999 Kosovo conflict, from approximately 200,000 Serbs that were living in Kosovo, only half of them have remained. The ones that remained are concentrated in several enclaves (Independent International Commission on Kosovo 2000) that already had a majority Serbian population, or some have moved to the northern part of Kosovo which has been historically dominated by Serbian population (Elek 2013).

Today, Kosovo Serbs comprise the numerical majority in nine municipalities of Kosovo. Figure 1 shows the map of ethnic Serbs living in Kosovo. Before local elections in Kosovo in 2009, the ethnic Serbs were a majority in Shterpce, Leposaviq, Zubin Potok, Zveçan and the north of Mitrovica town. After the 2009 elections, four new Serb-majority municipalities were created: Ranillug, Klokot, Gracanicë and Novobërdë. Additionally, the new municipality of Partesh was established in June 2010 (OSCE 2010).



Fig. 1 Map of Serbian ethnic group living in Kosovo (Source: OSCE 2010)

2.6 *The Economic State of the Serbian Ethnic Minority in Kosovo*

The citizens of Kosovo are poorest in Europe, second only to Moldova. The GDP per capita in 2016 (PPP) was \$9600. Kosovo has an unemployment rate of 33%, whereas, the youth unemployment rate, average of which is 26, is estimated at 60%. Such high unemployment rate leads to emigration and informal or unreported economy (The World Factbook- Kosovo 2018).

Immediately after the 1999 conflict, economic development practically started from zero. Through various development and assistance schemes there were more than 5 billion Euros invested in Kosovo by year 2005. But, according to Elek (2013) only the Albanian population has benefited from this assistance.

Before the conflict, lots of Kosovo Serbs were working in both the public sector and in socially owned enterprises. Currently, many of them remain unemployed, as the vast majority of these socially owned enterprises have ceased to exist, or they are informally employed. Those who are formally employed usually work for Serbian institutions or service providers, while others have turned mostly into self-employment commonly in farming or in running small businesses, such as restaurants and shops (OSCE 2010).

According to the Office of Community Affairs in Kosovo, the unemployment rate within the Serbian community ranges from 40% to 100% depending on their representation in municipalities, meaning that in municipalities where the Serb

community represent the majority the rate of unemployment ranges from 40% and 75%, while in the municipalities where Serbs are minority the unemployment rate ranges from 90% to 100% (Office for Community Affairs 2018).

Those high unemployment rates are attributed to factors such as:

- lack of qualifications,
- lack of information on employment opportunities,
- absence of private businesses and industry.
- language issues/obstacles,
- absence of investment in the development of small businesses and the agricultural sector,
- lack of employment opportunities, as well as information on existing opportunities.

According to the Private Sector Development Strategy 2013–2017 (Ministry of Trade and Industry 2013) the SME's contribution on total employment is considered 62.24%, and their contribution on GDP is 43.30% (Government of Republic of Kosovo 2012). However, those numbers are considered much higher since the informal economy is considered to be 34.4% of the GDP (Government of Republic of Kosovo 2014).

3 Methodology

Since the number of companies operated by the Serbs in Kosovo is limited and they are geographically concentrated in Serbian enclaves it was difficult to perform a quantitative study. Furthermore, considering that previous studies on this subject matter are extremely scarce and limited, a qualitative approach was the logical way to conduct this study. Such an approach is shown to be very appropriate because it offers the opportunity to gain knowledge from the direct contact with the subjects of the study, hence avoiding any potential inaccuracies and addressing the wrong issues (Dana and Dana 2005). In addition, the multiple case study approach was used in order to better understand the research subjects. According to Yin (2013) 'the case study method allows investigators to retain the holistic and meaningful characteristics of real-life events' (p. 4). For this reason, this approach, by employing a qualitative methodology, is the most suitable selection for studying these kinds of phenomena.

In view of the fact that the goal of this research is to enrich the knowledge about the informal ethnic entrepreneurship, a sample selection was purposeful and necessary. According to Polkinghorne (2005), the purpose sampling should be used in qualitative research because the quality of data is much more important than the number of subjects.

Considering logistical reasons, including time restraints, but also the remoteness from the researcher the small town of Shterpce is chosen for the study. The municipality of Shterpce is located in the south-eastern part of Kosovo. It covers a

region of approximately 247 km² and includes the town of Shterpce and 16 villages. Based on the 2011 census the total population is approximately 7000 whereas according to the municipal office for communities and returns, the total actual population is estimated at 13,630 out of which 9100 are Kosovo Serbs, 4500 Kosovo Albanians, and 30 Kosovo Roma.

After the 1999 conflict about 900 internally displaced Kosovo Serbs and refugees from Croatia came to Kosovo and settled in this municipality. 350 of them live in collective shelters in a nearby village while the rest live in private houses throughout the whole of municipality. The economy of the municipality of Shterpce is mostly based on agriculture, tourism, and small businesses (OSCE 2015). There are around 170 registered private businesses in the municipality, but there are no accurate data on the number of employees in the private sector in Shterpce municipality (Municipality of Shterpce 2018).

The study cases were identified using snowball sampling, which is a method of chain referrals made between people who know others and have characteristics that are of interest for the study (Biernacki and Waldorf 1981; Goodman 1961).

Considering that interviews are considered as the main source for data collection in qualitative studies (Yin 1994) the semi-structured in depth face to face interviews are used as the tool of choice. The wording was carefully chosen in order to avoid yes or no answers. The interviews were designed to answer the research questions even though the participants were free to express whatever they considered was important for research, which led to a number of follow-up questions making the findings even more interesting and enriching for the study. Necessary preparations were made before conducting the actual interviews, such as contacting the respondents to set the time and venues for interviews. It took 13 days from identification of the potential respondents to completing the interviews with the chosen sample. Interviews were conducted within the business premises of the selected respondents. The average of each interviews was 30 min, where the longest lasted 40 min and the shortest 20 min. The oldest respondent was a much respected 69 years old former school teacher, while the youngest was a 44 years old male. Because respondents felt uncomfortable recording the conversations, written notes were therefore taken during the interviews. Moreover, in order to create a more pleasant and friendly atmosphere, all interviews were conducted in Serbian language.

As suggested by Kaiser (2009) after the interview the participants signed the post-interview confidentiality form where they declared which of the data they provided can be used in the study. All of them confirmed that the data provided by them can be used for the study without any amendments.

Due to the unavailability to recorded the conversations, the notes taken at the time of the interview were rewritten, and analyzed using a general inductive approach as suggested by Thomas (2006). Based on this approach the raw data were grouped into summary and then all the unnecessary items were removed from the analysis. The answers were then organized in order to match the research questions, then the differences and similarities are found and finally the findings were presented.

4 Introducing the Cases

Given that informality is a sensitive topic, the participants were first asked general questions in order to create a more friendly and relaxing atmosphere. The fact that the interviews were conducted in respondents' native language was an added value. Respondents were free to choose whether they wanted to provide their real name or to use a nickname. The cases are presented below:

Case 1 (Nickname-Tina): 45 year-old male, married, and father of one child. He expressed his willingness to participate in the study, and was very excited to tell his story. Back in 1994, he and his wife were working in a state owned company, but unsatisfied with the low salaries they left their jobs and with their own savings they have established a small restaurant in the house where they were living. He admitted that they have faced a lot of challenges and problems, but they never gave up. Besides him and his wife there are three more employees. The employees are local Serbs. At the time of the interview the restaurant was full of costumers, and based on the observation the majority of the clients were of Albanian ethnicity.

Case 2 (Nickname-Kolja): 44 year-old male. His family has six members. He is in the retail business owning a small local shop. He started his business in 1991, due to his willingness of having his own business. He said that his entrepreneurial spirit and his will for success have pulled him into starting a business. Also, when he created his own family he wanted to become more financially independent from his parents. He founded the business from the family savings and family's financial support. According to him, the number of employees changes over time, depending on the season. But regardless their number the employees are always local Serbs.

Case 3 (Nickname-Sladjan): 50 year-old male. He is in the retail business since 2004. Need for support of his six-member family and the necessity for financial independence were the main reason he has chosen to turn to self-employment. He used the advantage of having the premises in his own house, and decided to start his own retail shop. He serves all clients regardless of their ethnicity. But, even though he serves the clients of all the ethnicities, his employees are local Serbs. He founded the business based on his own savings.

Case 4 (Nickname-Srdjan): 46 year-old male, married. He is a father of two children. He founded his retail business in 2015 based on his own savings and his family's financial support. The survival and the responsibility for his family was the main reason he chose to enter into business. Even though the business is small and there is a small number of customers, he and his family are able to have a decent life based on the incomes that the business creates. He has two employees who are local Serbs.

Case 5 (Nickname-Profa): Profa was the oldest participant in the study. He is 69 year-old retired school teacher. Owning enough land, he decided to start his business in agriculture back in 2002. With some own savings and pushed by the necessity he started cultivating raspberries and blueberries. The business is seasonal,

therefore the number of employees' changes based on the workload and the season. No matter of the number of employees needed, they are always of the Serbian ethnicity. His clients are mainly Albanian businesses that are in the business of processing fruits.

5 Findings

Based on the nature of research the responses were grouped in order to answer the research questions. Firstly, the objective of this research was to understand the motives for self-employment of ethnic Serbs living in Kosovo. The responses of the participant were split into two categories. Ones that were 'pushed' into entrepreneurship due to the necessity and the others that were 'pulled' into entrepreneurship based on their desire to become financially independent. A worth mentioning finding of the study was that whilst respondents that founded their businesses before the 1999 conflict did so because of pull factors, those who did so after the conflict were pushed into self employment, primarily because of the necessity to care for the family. Their motives are best explained in the following quotes:

My wife and I were employed in state owned companies. We were not satisfied with salaries, therefore in 1991 we decided to leave our jobs and convert a part of our house in a small restaurant. Shterpce has a great position because it is very close to the ski center Brezovica and our house has a great position for a restaurant. We had the will and we were sure we could live better if we had our own business. We never liked the idea of depending on a salary. (Tina)

When I finished the secondary school in 1991, I had the desire for funding my own business. My driving force was a very strong entrepreneurial spirit and the will for success. Moreover, when I created my own family my desire for financial independence was even bigger. (Kolja)

The motives for starting a business for the cases that engaged in the entrepreneurship after the 1999 conflict are somewhat different. This is evident from the quotes below:

The only motive for starting the business was financial security and the wellbeing of my family. (Srdjan)

The start of the business was initially for survival, and later on for family care and the desire to be financially independent. After some time, I had the willingness to develop the business further. But, I have to mention again, at the start it was purely a survival motive. (Profa)

Similarly, Sladjan had the same motive as Srdjan and Profa. He was also pushed into self-employment due to the lack of job opportunities, and the only way to survive was to start an own business. It is obvious from their responses that their motives vary based on the period of business establishment.

The second issue that this research aimed to reveal is to understand the businesses challenges that these ethnic entrepreneurs face.

Among the biggest difficulties and challenges that they face are the limited number of clients and the unfavourable conditions for obtaining a loan. Below are some of their comments on this issue:

The problem is that the shop is in a small place, where we all know each other, and that's why most people take commodities and pay later... very often I have difficulties in collecting those debts. Also, the number of costumers is very limited because this is a small town. (Sladjan)

There are many challenges that we face from a small number of customers to the climate. My business depends very much on the weather, and very often when the climate conditions are unfavourable the number of customers is very limited. (Tina)

Like every entrepreneur, I also have encountered many problems during my work, like unfavourable terms for obtaining loan from banks, non-financing of the trade by different donors that have operated in Kosovo and a limited market with a small number of consumers. (Kolja)

The last issue that was in focus of this study was to understand these entrepreneurs' attitude toward the informality. Being that informality is a very sensitive topic, and most of interviewed entrepreneurs hesitated to plainly talk about this issue it is suggested that their responses should be treated with a little reservation. The question on the informality was straightforward, which also resulted in their answers being short:

Since the foundation of my business I have always paid my taxes. Also after the 1999, I continued to pay my taxes to the Tax Administration of Kosovo. (Kolja)

The same short answer gave the other participant too:

Until now I have always paid all the taxes. (Profia)

Also, three other cases answered very shortly that they report every income and pay the taxes on a regularly basis.

As mentioned above, questions related to the informality are sensitive, and the topic in general is sensitive, therefore it was expected that such responses would be given. But, in three cases, based on the observation at their premises, it was noticed that when clients visited the shop during the interview, they did not offer them fiscal coupons (receipts) which clearly indicates that they perform their business partially in an informal manner, and they were reluctant to admit to this.

6 Conclusions

The main objective of this chapter was to present empirical insights on the informal ethnic entrepreneurship among ethnic Serb minority entrepreneurs living in Kosovo. The findings of the study, in general, confirm the findings from the previous studies in this field.

Motives of the ethnic Serbs toward self-employment are mainly necessity driven; they are usually pushed into entrepreneurship due to the lack of other opportunities, and in order to create prosperity for themselves and their families.

The main challenges that those entrepreneurs face are related to the limited number of costumers and the unfavorable loan terms. The other interesting fact is that even though they live in enclaves where they form the majority, they serve to the clients of all ethnicities. According to them “*everybody is welcomed as long as they pay, regardless of their ethnicity*”.

It is obvious that when it comes to serving clients they don't mind serving other ethnicities, but, when it comes to employment they exclusively employ only Serbian ethnicity employees. When asked about the reason for doing so, they replied that they have a moral obligation of employing their co ethnic neighbors.

As for informality, all the interviewed cases declared that they do their business formally, bur those responses should be taken with reserve, because based on a observation by the interviewer it was noticed that they do not provide the clients with fiscal coupons/receipts which indicates that their business is partly informal by hiding a part of incomes from the state.

In general, it can be concluded that the characteristic of those companies correspond to the findings of Dana and Morris (2011) and Fiti and Ramadani (2013) according to whom most of the ethnic enterprises operate in service sector, are relatively new, are family owned businesses and generate small incomes.

It is worth mentioning that even though there was an ethnic conflict in 1999 in Kosovo, the ethnic Serbs have found their way of turning into self-employment regardless of the challenges that they have faced.

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