
Entrepreneurship bridging ethnic divides

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Abstract: The purpose of this article is to examine the wider societal outcomes of entrepreneurs' networking in ethnically divided post-conflict societies. Using network theory to explain relational dynamics between business, social and personal relationships, we postulate that entrepreneurs' interactions generate connections and paths across ethnically diverse social networks, thus facilitating social relations between ethnic groups. The survey was conducted with 130 entrepreneurs in Bosnia and Herzegovina, Kosovo and North Macedonia. The findings demonstrate that entrepreneurs are driven to increase profit and networks when cooperating with diverse ethnic groups. While spreading their business connections with other ethnic groups, they at the same time form connections between ethnic communities. Entrepreneurs alleviate ethnic cleavages and improve relations between ethnic groups. This article contributes to the recognition of the capacity of economic ties to facilitate cooperative patterns and rebuild impaired ethnic relations in ethnically divided post-conflict societies.

Keywords: entrepreneurs; ethnically divided post-conflict societies; business networks; cross-ethnic paths; social cohesion.

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1 Introduction

Already Immanuel Kant [(1795), 1970] expressed the idea that economic exchange in the form of trade between countries would be a factor that contributed to peace. Trade, domestic as well as international, is one of the main activities of entrepreneurs, i.e., economic agents that build networks to augment their opportunities in the market. Networking that transpires between entrepreneurs provides the contextual setting for analysing the influence of business networks on directly or indirectly associated social networks. Fukuyama (1995, p.7) asserts that economic activity signifies a crucial part of social life and is knit together by a broad set of norms, rules, moral responsibility, and behaviours that jointly structure the society. Hence, economic activities influence and are influenced by social circumstances.

Business ventures can contribute to building trust and business networks, and enabling 'strategies for finding unifying themes in the presence of diversity' [Putnam and Feldstein, (2003), p.10]. Engagement in business networks generates social capital and trust utilised within business circles. Trust between business partners can range from emotion-free formal commercial exchange to a friendly business relationship (Human and Provan, 1996; Brüderl and Preisendörfer, 1998; Uzzi, 1996). Scholars studying business clusters determined that trust between economic actors play a decisive role in the economic success of business clusters (Farrell and Knight, 2003). Trust is the value that enriches and expands social networks and enables cooperation in mutual actions.

Business interaction, albeit founded on motivation to earn income, is not just commercial. Business is a social interaction that implies mutual obligation and responsibility. Entrepreneurs are social actors that deploy social action and social interactions when coordinating business activities (Brüderl and Preisendörfer, 1998). Networks stimulate social interaction. Dorussen and Ward (2010) show that it is not only direct trade links that promote peace, but even more the indirect networks that emerge from trade and contribute to a common understanding.

Studies show that ethnic homogeneity is not in linear relation with trust (Zak and Knack, 2001; Håkansson and Sjöholm, 2007). Ethnicity and trust are disproportionate because various factors determine the trust between different ethnic groups (Håkansson and Sjöholm, 2007). Our starting premise is that entrepreneurs' cross-ethnic business networks are advantageous for cultivating trust and extending cooperative behaviour

across ethnic divides. Even cooperation initiated only for the sake of personal benefits can still be beneficial for others as well (Axelrod, 1984). Cross-ethnic business cooperation provides an opportunity for overcoming social cleavages in ethnically divided post-conflict societies.

Fukuyama (1995, p.6) identifies the economy 'as one of the most fundamental and dynamic arenas of human sociability' that is 'inextricably linked with social and political life'. We are investigating the social outcome of the business relations and links when they spill outside the firm and reaches related personal and social networks. Personal and social networks generate shared considerations, trust and reciprocity across social groups that facilitate cooperation and collective action, which is the basis for economic prosperity and economic inclusion [Miles and Tulley, (2007), p.4].

When dealing with ethnicity, social scientists are preoccupied with the differences between different identities, thus neglecting crosscutting linkages and bridging social capital (Narayan, 1999; Pieterse, 2003). Differences do not imply divisions, but the mobilisation of social groups is more successful if dissimilarities are emphasised. Thus, Narayan (1999) places the importance of crosscutting ties between social networks in creating social cohesion.

Social cohesion embodies 'social relationships, interactions and ties' [Berger-Schmitt, (2000), p.8]. Social networks probably embrace the most straightforward sphere of social cohesion (Berman and Phillips, 2004). Shared norms trust and networks are correspondingly significant for social cohesion (Kearns and Forrest, 2000; Berger-Schmitt, 2000).

Cohesion based on ethnic, race or class identity is harmful when it becomes a source of social exclusion or social conflict (Wooley, 1998; Colletta and Cullen, 2000). That would be a kind of bonding cohesion; distinguished from 'bridging cohesion' (Wooley, 1998) that traverses ethnic cleavages. A cohesive society contains a high degree of social interaction between communities (Kearns and Forrest, 2000; Wooley, 1998; Narayan, 1999). Inclusive character of multi-ethnic business networks defies social exclusion. Hence, cross-ethnic networks convert into mediators of peace because they form bridges and manage tensions (Narayan, 1999). Entrepreneurs' widespread connections within and outside their ethnic group proliferate cross-ethnic interaction.

Westlund and Bolton (2003, p.92) point out that "in modern entrepreneurship research, in increasing degree entrepreneurship has been considered as a result of the interaction, as a social, a collective phenomenon based on mutual trust and obligations". Downing (2005, p.196) asserts that 'entrepreneurship, like the rest of social life, is a collaborative social achievement'. Brüderl and Preisendörfer (1998, p.214) claim that 'entrepreneurship is a social role, engrained in a social, political, and cultural context'. The creator of that process is an entrepreneur. Entrepreneurs pursue innovative opportunities, all the while bearing risks that may originate from unfavourable prices, natural causes, fluctuations in the market, or new technologies. Challenges for entrepreneurs increase in ethnically divided societies after the violent conflict.

One of the most beneficial social effects of SMEs is job creation. SMEs employ the highest percentage of labour, higher than large companies. Governments acknowledge entrepreneurship as a viable solution for job creation and economic growth (Toma et al., 2014; Shane, 2005; Audretsch and Thurik, 2004). Bianchi et al. (1997, p.4) note that 'bottom-up growth based on small firms is considered a source of increased employment, including self-employment'. The impact of SMEs on the labour market became evident in the 1980s because over 80% of all new jobs in the USA were created by SMEs, which

generates more than half of the GDP and total exports (Toma et al., 2014). Recognition of SMEs role in job creation highlights their role in economic inclusion.

SMEs are the foundation of some of the best performing economies worldwide. SMEs in Japan employ more than 80% of the total number of Japanese employees, with an average of nine employees per firm; in the EU the corresponding figure is four employees per firm (Toma et al., 2014). According to the analysis conducted by the European Commission (2012) 'SMEs created 85% of new jobs in the EU between 2002 and 2010, and the share of SMEs in total employment is 67%'. Therefore, public authorities frequently introduce regulations, tax policies and financing subsidies to boost entrepreneurship in their regions (Shane, 2005; McMillan and Woodruff, 2002). Employment as a form of social inclusion, including the employment of minorities, is significant to social cohesion (Fenger, 2012; Berman and Phillips, 2004; Jenson, 2010). Considering the relevance of employment in social cohesion, we also examine the influence of employment across ethnic lines. Recognition of SMEs role in job creation highlights their role in economic inclusion.

Entrepreneurs initiate and maintain well-founded personal and business relationships. Drakopoulou and Keles (2014, p.5) assert that entrepreneurs receive numerous benefits from kind and trusting communication with other people. Their connectedness improves their social status in the local community. Individuals possessing widespread ties to different parts of a network can be key players in the entrepreneurial process (Aldrich and Zimmer, 1986). While maintaining their businesses entrepreneurs establish bridges across ethnic groups.

An example of bridges across nations following a conflict is set in the foundation of the European Union. The network of industries established between former adversaries gradually advanced European integration. The economic sector was important in maintaining peace and joining European countries in common interests after WW2 (Rosamond, 2000). Spillovers from economy to politics were the initial stage in the establishment of the EU. Political unity envisaged as a logical consequence of that economic integration required the support of adequate institutions (Rosamond, 2000).

The vast bureaucratic system involved thousands of national officials and experts in the continuous decision-making process [Lindberg, (1963), p.62], who are the key actors in the bargaining process aiming to create common policies (Sweet and Sandholtz, 1997). While representing their national interests, committee members also had to acknowledge the national interests of others and compromise in search of mutual interest. Cooperation towards mutual understanding and consideration instigated social spillovers (Niemann, 2006; Niemann and Schmitter, 2009). Social spillovers generated social values that resulted in social learning (Niemann, 2006). Social interaction between national representatives in the European Council committees generated social learning (Haas, 1958; Niemann, 2006). Cooperation in committees facilitated socialisation that transcends national divisions.

In ethnically divided war-torn countries divisions are created within the state borders. Countries divided based on ethnicity or language will most likely form associations along ethnic lines (Knack and Keefer, 1997), which 'almost inevitably brings a higher risk of social fragmentation' [OECD, (2001), p.57]. The establishment of separate institutions further discourage inter-group interaction, so these 'parallel societies' exist without much interaction between them (Kymlicka, 2002). The clash between representatives of different ethnic identities is even more concerning than the prevalence of ethnic identity, which consequently enabled institutionalisation of ethnicity in Bosnia and Herzegovina,

Kosovo and North Macedonia (Bieber, 2004). Separate institutions prolong a subtle structural discord deeply ingrained in discriminatory behaviour and fractionalised ethnic relations.

Bieber (2005, p.90) notes that “ethnicity continues to be the primary political identity in most former conflict regions, especially in the more diverse parts of the former Yugoslavia, such as Bosnia-Herzegovina or North Macedonia, ethnic affiliation often matters more than economic or social platforms”. Despite significant progress in democratisation and reforms after dramatic conflicts in the former Yugoslav territories, ethnic divisions are deeply embedded in society.

Aiming to ensure equal representation of all ethnic groups in the decision-making process established on the premise of the power-sharing between Bosniaks, Serbs, and Croats the entire political and administrative system in BiH is divided. The international community imposed a system that restrains cross-ethnic cooperation through the institutionalisation of ethnonational cleavages and ethnic-based federalism (Pickering, 2006). The case of dualism in north Kosovo creates a specific situation with regards to a dual administrative system, controlled by both Serbian and Kosovo Governments. Complex administrative issues hinder the transportation of goods and mobility across Kosovo. After the low-scale conflict, the North Macedonian state improved cross-ethnic relations, which joined with the strategic economic development, supports cross-ethnic entrepreneurship.

This empirical study aims to highlight the bridging potential that resides in business interactions in ethnically divided societies in Bosnia and Herzegovina (BiH), Kosovo and North Macedonia. Cross-ethnic business networks provide a basis for bridging social relationships instead of ‘coexistence by means of segregation’ [Marko, (2008), p.380]. We are emphasising the distinction of weak business ties formed in ethnically divided societies, and the social consequences they produce.

The objective is to analyse the characteristics and implications of ethnically mixed business networks, and factors that encourage or impede cross-ethnic cooperation in ethnically divided post-conflict societies. While clarifying the social consequences of entrepreneurship across ethnic lines, we determine the impact of entrepreneurs’ relationships on social networks.

In Section 2, we apply theories of social networks, inter-firm networks and ethnic entrepreneurship to postulate the capacity of business networks in the facilitation of cooperation and trust. In Section 3, we outline research methods and the profile of 130 entrepreneurs and firms in the representative sample. In Section 4, we present statistical results about features of entrepreneurs’ relations in cross-ethnic business networks. In the light of the empirical results, Section 5 discusses the creation of strong-weak ties and the potential of cross-ethnic paths in achieving social cohesion. Section 6 gives some concluding remarks.

2 Networks and entrepreneurship

Networks are a group of nodes and links between them (Goyal, 2007), a collection of interrelated dyadic ties (Johannisson, 1988), a set of relationships (Kadushin, 2012) between social entities (Wasserman and Faust, 1994). Networks exist in the form of dyads (two actors and their ties), triads (three actors and their ties), or larger systems such as subgroups or networks (Wasserman and Faust, 1994). Networks comprise the pattern

of relationships originating from the direct and indirect ties between actors (Hoang and Antončić, 2003) that influence a variety of economic, political, and social outcomes (Jackson, 2010) and social learning (Goyal, 2007). In summation, networks are collections of links between actors that influence and are influenced by each other and socio-economic environment.

Modern entrepreneurs are ‘network heroes’ who purposefully invest in social communication and informal links (Nijkamp, 2003). Entrepreneurs are incentivised to form connections to build a network that would secure benefits (Goyal, 2007). Burt (1992, p.9) asserts that ‘relationships with colleagues, friends, and clients (...) transform financial and human capital into profit’. Mainly, entrepreneurs trade off the costs and benefits of forming connections (Goyal, 2007). Relationships create an advantage in securing benefits in the market of goods and services.

Geographical proximity incentivises the formation of business networks (Feld and Carter, 1998; Johannisson, 1988; Audretsch and Thurik, 2004). Networks contribute to broadening entrepreneurs’ stock of the human, social, market, financial and technical resources (Jack et al., 2008). Also, networks influence the entrepreneurial processes and outcomes (Hoang and Antončić, 2003), thus enabling a free flow of information (Johannisson, 1996; Shane and Venkataraman, 2000; Lin, 2001) and social capital (De Beer et al., 2016). Purposeful social interaction in business enlarges social capital (Miles and Tully, 2007).

Entrepreneurs are affiliated not only to a business network but also to personal and social networks, be it a family, profession, neighbourhood, sports club, religious or ethnic group. Social and personal networks of entrepreneurs overlap with business networks (De Beer et al., 2016). The interplay between entrepreneurs’ social and business networks is crucial in forming bridges between multiple networks. Personal and social networks stimulate entrepreneurial process (Johannisson, 1988, 1993, 1996; Arregle et al., 2013; Brüderl and Preisendörfer, 1998; Witt, 2004). Large and diverse business and social networks provide access to resources and support (De Beer et al., 2016; Brüderl and Preisendörfer, 1998; Johannisson, 1993).

Community values and behavioural norms are an intrinsic part of spontaneous business networking (Johannisson, 1993). Accumulated norms and values that reinforce networks generate trust that is the essence of repeated interaction (Johansson, 2016). Uslaner (2002, p.2) explains that trust in other people is founded on the conception that they share the same fundamental values, and these ‘common bonds make cooperation vital’. Entrepreneurs preserve trust in business relations through reciprocity (Axelrod, 1984) and repetitive interpersonal interaction (Durlauf and Fafchamps, 2005) in following acceptable and established norms (Uslaner, 2002; Johansson, 2016, Johannisson, 1996) that further affirms entrepreneurs’ good reputation.

Depending on the ties that dominate, Putnam (2000) differentiated networks as bridging and inclusive, or bonding and exclusive. Putnam (2000) specifies that inclusive networks direct towards cooperation, support, trust, and exclusive networks may support ethnocentrism, thus produce negative outcomes for society. Bonding relationships include close and intimate ‘bonds’ people form with family, friends, ethnic and religious groups. Bridging relationships are formed between organisations, groups and networks.

Beside socially favourable and inclusive aspects, networks may have adverse features. Networks can be homogenous, thus lacking diversity in their reach and resources (Drakopoulou and Keles, 2014). Some social networks may be largely segregated (Jackson, 2010). Race and ethnicity create the strongest segregation in our

environments (McPherson et al., 2001). Scott and Carrington (2011) claim that developing links is less costly within a group than across groups, be it ethnic or religious.

Putnam (2000) asserts that bonding relationships imply loyalty. Loyalty might have negative external aspects because groups are not forming strong relationships with other groups. Bonds that enable cooperation and relationships within certain groups can also constrain access to others (Portes, 1998). In ethnically divided societies, groups sustain strong inward social obligations within ethnic groups, which may reinforce ethnic cleavages.

Societal cleavages decline when networks connect with crosscutting ties (Narayan, 1999), while wide networks of weak ties are highly positive to social cohesion [Granovetter, (1973), p.1373]. Crosscutting ties may reduce animosity between communities, and support the attainment of effective and inclusive social integration (Berman and Phillips, 2004). Ties across ethnically diverse business networks open economic opportunities that contribute to social cohesion within their business circles (Narayan, 1999). Cohesive elements of a business network expand to networks connected to them. Transference of social values between business and social networks supports social cohesion. We observe business relationships as crosscutting ties between ethnic communities. The relevance of the crosscutting ties across ethnic groups is in the process of spillover that occurs between actors (nodes) through relations (links) they create.

2.1 Relational dynamics in networks

The most valuable quality of social and economic networks is the transmission and diffusion of information, resources and behaviours (Goyal, 2007; Burt, 1992; Jackson, 2010; Hoang and Antončić, 2003; Drakopoulou and Keles, 2014; Witt, 2004; Granovetter, 1973). The focal points for the transmission of information through and between networks are nodes. Nodes connect through links. By their willingness to cooperate, nodes determine the establishment and extent of these links (Westlund and Bolton, 2003). One node can be connected synchronously at numerous levels in separate networks (Westlund, 1999). The existing path between any two nodes institutes a connected network (Jackson, 2010).

However, not all nodes are proportionally accessible. Nodes may have direct or indirect influences in the system depending on their location in the network (Goyal, 2007). Drakopoulou and Keles (2014, p.8) define centrality as “the position of the entrepreneur at the heart of a network, connecting others, and as the main conduit for network exchanges (including information), which can be a considerable source of influence”. Entrepreneurs spread their influence via links and paths. Several models explain the effect of links between individuals and groups.

2.1.1 Neighbourhood effect

Casual observation, as well as introspection, suggests that our behaviour is influenced significantly by the actions of our neighbours, friends and acquaintances. Networks enable the exchange of information and resources but also shape the opinions and behaviours of its actors. Goyal (2007) defined this process as a neighbourhood effect. Human behaviour is considerably influenced by the entire structure of relationships created in the social and economic context (Goyal, 2007). Considering the sociable character of business relationships, we deduce that entrepreneurs shape the behaviour of

their connections. The behaviour of friends is influenced by their friends, whose behaviour is in turn influenced by the behaviour of their friends, and so on (Goyal, 2007). Individual behaviour is shaped by the entire structure of relationships that persevere in the social and economic context.

2.1.2 Communications model

Jackson and Wolinsky (1996) posit a communications model that infers individuals to communicate directly with those to whom they are linked. Adjacent nodes also benefit from their links to the central nodes (Jackson and Wolinsky, 1996). Reachability between nodes can instigate learning, the diffusion of information and behaviours between networks (Jackson, 2010, Jackson and Wolinsky, 1996).

In-group ties tend to display clustering as in friends' networks of friends (Freeman, 2004; Jackson, 2010; Jackson and Wolinsky, 1996). Players benefit from having indirect relationships with friends of friends. A business partner's social and business connections may be regarded with similar consideration as the business partner. The value of the communication depends on the distance from other nodes, 'less distant connections are more valuable than more distant ones' [Jackson and Wolinsky, (1996), p.49]. Thus, a higher distance between nodes hinders the transmission of information or opinion between them.

2.1.3 Transitivity and facilitator model

Carpenter et al. (2004) analysed transitivity and facilitation of information in networks. Transitivity aspects of relationships imply that if entrepreneur A is in relationship to entrepreneur B (that is a bridging relationship), and B is also connected to his friend C (a bonding relationship), then A and C are more likely to form a trusting connection (Hoff et al. 2002; Carpenter et al., 2004). The third party C can play the role of the social broker that further can increase interaction and social trust between parties A and B. Entrepreneurs take on the role of social broker in the business dealings. This brokerage extends to the associated networks that are divided across ethnic lines.

2.2 Previous research: inter-firm networks and ethnic entrepreneurship

Empirical studies of Johannisson (1996) and Uzzi (1996) analyse the sociable character of business relations between entrepreneurs. Johannisson (1996) conducted a panel study over the period 1987–1993 encompassing 361 young entrepreneurs in Sweden. He concluded that lasting ties change from business to social more often than vice versa. Results of the panel study indicate that 45% of business relations transformed into social relations. Social ties originate from business ties.

Commercial relations can transform from strictly professional to social encounters through repeated interactions and trust (Johannisson, 1996; Uzzi, 1996). Social closeness is a by-product of successful joint commercial endeavour. In this way, business relations become conduits of cooperative patterns of behaviour through various networks.

To elucidate ethnic diversity in business, Uzzi (1996) organised a study in multi-ethnic business networks in the USA about the effect of social ties on economic performance in the apparel industry comprising manufacturers that are of Chinese, Jewish and Italian origin. He identified two types of business relations: market and close

relations. Unlike market relations that included a few one-time transactions, close relations included repeated interaction. Uzzi (1996) concludes that trust, understanding, and problem solving maintain business relations.

Considering the cross-ethnic business cooperation, Pieterse (2003) and Waldinger et al. (1990) examined the stimulus of ethnic entrepreneurship on the creation of bridging social capital and trust between ethnically diverse immigrant business networks. Pieterse (2003) described cross-ethnic business relations as relevant for the business owners in immigrant communities, and the economy in general. He asserts that entrepreneurs' need for labour, training, new clients and supplies inevitably brings immigrant entrepreneurs in cooperation with a variety of networks (Pieterse, 2003).

Tolciu (2011) observed the case of immigrants of Turkish origin who employ German workers to accommodate customers of diverse national background in Germany. Tolciu (2011) claims that the drive to widen the business network that motivates immigrant entrepreneurs of Turkish origin to be open for business with consumers of German descent. Immigrants employ workers of diverse ethnic structure to attract customers and clients different from their ethnic origin (Tolciu, 2011). A multi-ethnic workforce attracts ethnically diverse customers. Previous research dealt with the effect of social aspects of business relations in boosting firms' economic performance. We expand the study of the effects of business relations to a broader societal plane. Given that some of the earlier research is placed in the context of countries at peace, new opportunities may arise from the cross-ethnic entrepreneurship in the aftermath of the conflict.

The influence of ethnically diverse business networks on facilitating social capital in ethnically divided post-conflict societies has not received sufficient attention in social sciences. There are several studies about the effects of cross-ethnic business relationships on social capital in post-conflict societies, prepared by Colletta and Cullen (2000), International Alert (2006) and De Luca and Verpoorten (2011). Colletta and Cullen (2000) conducted a study on the effects of war on bonding and bridging social capital in Rwanda and Cambodia. De Luca and Verpoorten (2011) analysed the impact of conflict on decreasing trust and associative endeavours in the aftermath of the war in Uganda.

The UK-based peace-building organisation International Alert analysed the role of the business sector in bridging divided ethnic groups through business activities in 20 war-torn countries. International Alert analysed the role of the business sector in conflicts, considering its influence in acquiring beneficial social capital for the public good, but also in creating negative social capital. The study was motivated by the premise that the domestic private sector contributes to conflict resolution and peace-building. The trust that local actors earned in their local communities and across society arises as an opportunity for promoting reconciliation (International Alert, 2006).

International Alert (2006) explains the private business sector in a comprehensive context, including illicit economic activities. Involvement in illicit economic activities during the conflict created bridges between divided ethnic groups, as International Alert (2006) found in Georgia between ethnic Georgians and Abkhaz in Gali district, between Georgians and South Ossetians at Ergneti market, and Armenians and Azeris at Sadakhlo market, which had the potential for supporting peace-building in the region. A similar example of bridging business relationship appeared in the first year of peace in BiH with the establishment of the three markets at the entity borders for easier access from all ethnic groups in BiH (Divjak, 2006).

Under appropriate conditions, the business sector can provide a space for identifying common interests that encompass an inclusive approach to economic development

between divided ethnic groups (International Alert, 2006). On the negative side, the study portrays that the connection created between business owners and political elites in some cases contributes to the preservation of the conflict status quo.

Entrepreneurship and privately owned SMEs spurred during the transition period from socialist to the market economy in the Western Balkans. Several works have studied entrepreneurship in former Yugoslavia. Palalić et al. (2018) have studied the development and constraints of entrepreneurship in former Yugoslav territories. Palalić et al. (2020) have analysed entrepreneurship from a gender perspective. Dana (1999) studied entrepreneurship during the 1990s in Bosnia-Herzegovina and noticed that it had developed more in the Bosnian federation than in Republika Srpska. Hisrich et al. (2016) study the effect of lack of venture capital for entrepreneurs in Bosnia and Herzegovina and North Macedonia.

Regarding entrepreneurship and ethnic divides, Light and Dana (2013) discuss the role of social capital for bridging ethnic divides and fostering entrepreneurship. On the negative side of the social capital effect, Light and Dana (2013) present the suppression hypothesis. Social capital in dominant ethnic groups may suppress the minority groups, deeming in-group social capital unproductive. Light and Dana (2013) assert that bonding social capital within ethnic groups is insufficient to compensate for the inexistent bridging social capital among ethnic groups.

The literature on entrepreneurship in Western Balkans has not analysed the role of entrepreneurship in overcoming ethnic divides and in creating bridging social capital. This brief overview of available studies on networks and entrepreneurship, in peace and conflict, leads us to formulate the following working hypothesis: Ethnically diverse business networks generate cross-ethnic paths that encourage inclusive networks and social cohesion in an ethnically divided post-conflict society. Cross-ethnic paths transverse diverse networks and contributes to social cohesion. Inclusive features of ethnically mixed business partnerships instigate spillovers of social values created in business networks to social networks.

With a focus on Bosnia and Herzegovina, Kosovo and North Macedonia, the investigation is guided by the following three questions:

- 1 What are the characteristics of cross-ethnic business cooperation, including rate, quality, desirable forms, and motivation to establish them?
- 2 What is the effect of business relationships on generating paths across ethnic groups?
- 3 What are the implications of business networks on social cohesion?

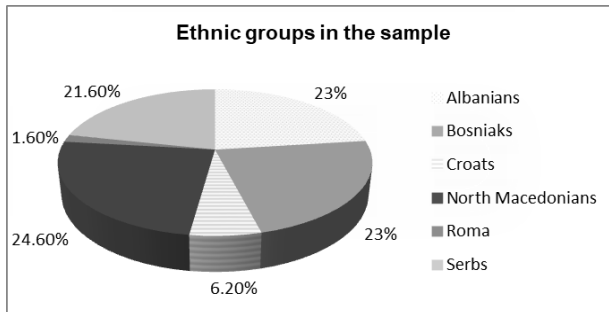
3 Research methods and data

Author 1 conducted a survey with 130 entrepreneurs in 130 privately owned SMEs, including 50 entrepreneurs from BiH, 40 from Kosovo, and 40 from North Macedonia. The representative sample includes entrepreneurs from major ethnic groups that operate in dominating economic sectors. The survey was organised and implemented in August and September 2013 in BiH and Kosovo, and in September 2014 in North Macedonia.

The firms are registered in 39 towns or municipalities. In the implementation of the survey, author 1 directly approached entrepreneurs to share their opinion on the studied subject. There was approximately 95% response rate. A representative sample includes

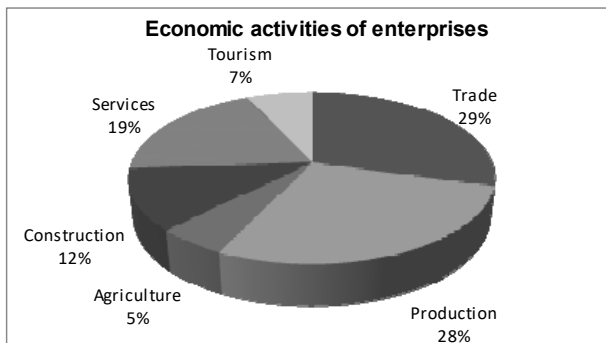
30% owners, 30% managers, 5.40% co-owners, 18.5% owners and managers, and 16.1% of employees. Entrepreneurs in the sample originate from six different ethnic groups: North Macedonians 24.6%, Bosniaks 23%, Albanians 23%, Serbs 21.6%, Croats 6.2%, and Roma 1.6% (Figure 1).

Figure 1 Ethnic groups in the sample



The average age of entrepreneurs in the survey is 38.7 years. The sample included 78.5% men and 21.5% women. The least share of women, 10% was in the sample in Kosovo. The share was 20% in BiH and 35% in North Macedonia. Size structure in the sample includes 30% of firms with up to five workers, 33% of firms with 5 to 20 workers, 14% firms with 20–50 workers and 23% firms with over 50 workers. Prevailing economic activities are trade, production, agriculture, services, and construction (Figure 2).

Figure 2 Economic activities of enterprises in the sample



Entrepreneurs can establish cross-ethnic cooperation with firms and cross-ethnic employment with individuals. Cross-ethnic cooperation is an economic transaction between two or more firms in private ownership of ethnically diverse proprietors. A cross-ethnic employment relation implies an agreement between a business owner and an employee of a different ethnic origin. Entrepreneurs might reside in mono-ethnic communities and may be unable to engage the ethnically mixed workforce, thus we are inquiring inclination to employ.

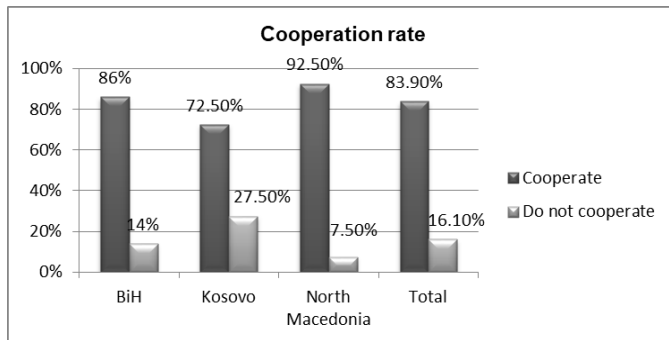
Evaluating entrepreneurs’ readiness to employ other ethnic groups is validating two aspects. First, we find out if entrepreneurs trust other ethnic groups to include them in the firms’ staff. Second, we determine the benefits of the inclusion of diverse ethnic groups

into the workforce. Higher shares of cooperation and employment indicate advantageous circumstances for the economic inclusion of minorities.

4 Results

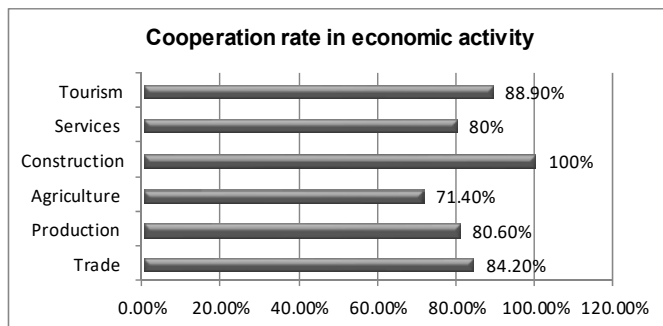
The empirical results demonstrate 83.9% of entrepreneurs engage in cross-ethnic cooperation, whereas 16.1% avoid cooperation across ethnic lines (Figure 3). Cooperation varies between the case studies, 92.5% in North Macedonia, 86% in BiH and 72.5% in Kosovo (Figure 3).

Figure 3 Cooperation rate



Some entrepreneurs avoid business across ethnic lines or have tried, but could not implement cooperation. Lack of cooperation is the highest in Kosovo, 27.5%, 14% in BiH and 7.5% in North Macedonia. The rate of avoiding cooperation is the highest in Kosovo, 17.5% of Albanians and Serbs do not cooperate and have not attempted to cooperate with the other side.

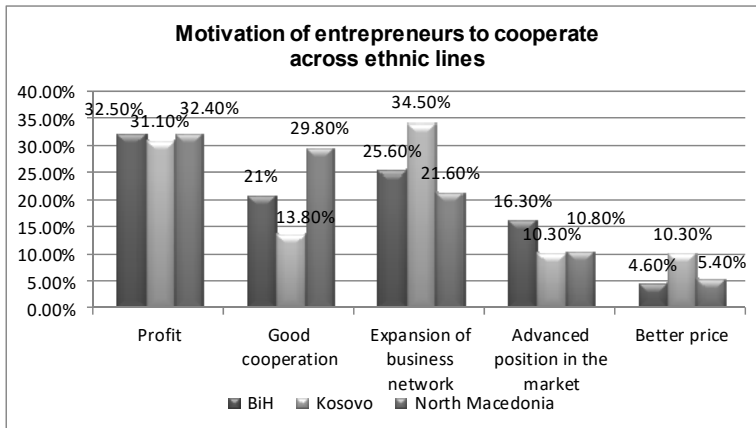
Figure 4 Cooperation rate in economic activity



Results indicate that women engage in cross-ethnic businesses more than men, 92.9% and 81.4%, respectively. The difference between genders is lesser in inclination to employ, 89.1% women and 86.1% men. Business cooperation is prevalent in construction, and the lowest in agriculture, presumably because agriculture is dominantly family business (Figure 4).

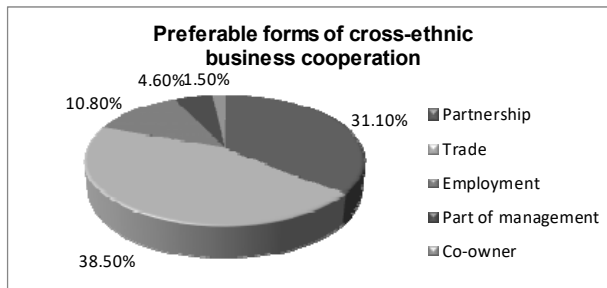
Entrepreneurs working across ethnic lines designate cross-ethnic partnerships as very satisfying in 45% and good in 48.6%, moderate in 4.6% and bad in 1.8%. The decisive motivating factor for entrepreneurs to establish business across ethnic lines in the total sample is profit, 32.1%, followed by an expansion of the business network of 26.6%. Good cooperation is a motivation for 22%, advanced position in the market is motivation in 12.9% responses and better price in 6.4% cases. Entrepreneurs in North Macedonia placed the highest motivation for good cooperation, while in Kosovo they favour the expansion of the business network and are searching for a better price, in BiH they aspire to advance their position in the market (Figure 5).

Figure 5 Motivation of entrepreneurs to cooperate across ethnic lines



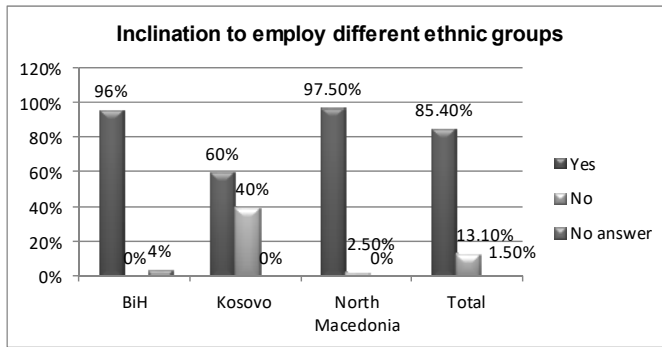
Trade is a preferable form of cooperation for 38.5% of entrepreneurs, followed by partnerships in 31.1% (Figure 6). Trade is the primary selection for the entrepreneurs in Kosovo and North Macedonia, whereas entrepreneurs in Bosnia prioritise partnerships before trade. The least popular options are sharing management or ownership (Figure 6).

Figure 6 Preferable forms of cross-ethnic business cooperation



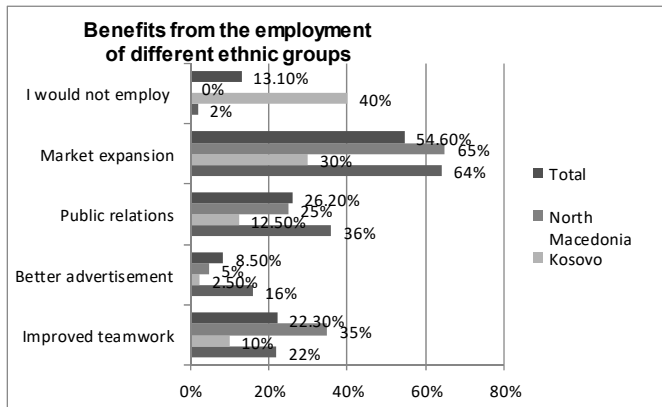
The readiness of business owners and managers to employ ethnically diverse workers and entrust them with working responsibilities is acceptable for 85.4% of entrepreneurs, whereas 13.1% does not incline to involve ethnically diverse workers (Figure 7). The absence of interest to involve other ethnic groups in the firm is the most discernible in Kosovo, the size of 40% of entrepreneurs would not employ other ethnic groups.

Figure 7 Inclination to employ different ethnic groups



Employers hiring employees of other ethnic origin is a common practice in North Macedonia, 97.5%, and not a widespread occurrence in Kosovo, 60% as shown in Figure 9. On many occasions, entrepreneurs added that a worker’s ethnic background is irrelevant for business, emphasising professional experience, skills and reliability. Business cooperation across ethnic lines is in positive correlation with employment across ethnic lines, which demonstrates Spearman’s correlation of 0.324 on the scale of 0 to 1.

Figure 8 Benefits from the employment of different ethnic groups



The most distinguished benefit of cross-ethnic employment is the market expansion in 54.6% cases, followed by public relations with 26.2% (Figure 8). Improved teamwork is a benefit for 22.3% and advertisement in 8.5% (Figure 8). In North Macedonia and BiH, the second prevalent reason is improved teamwork, whereas entrepreneurs in Kosovo prefer cultivating public relations, as shown in Figure 8.

Entrepreneurs with firms established before the war have a higher propensity for cooperation across ethnic lines in North Macedonia and Kosovo and lower in the case of BiH (Figure 9). Entrepreneurs in North Macedonia and BiH with pre-war businesses display 100% inclination to employ different ethnic groups (Figure 10). Presumably, war has not affected employment across ethnic lines as much as associations with firms of ethnically different ethnic owners.

Figure 9 Cooperation rate in firms established before and after the war

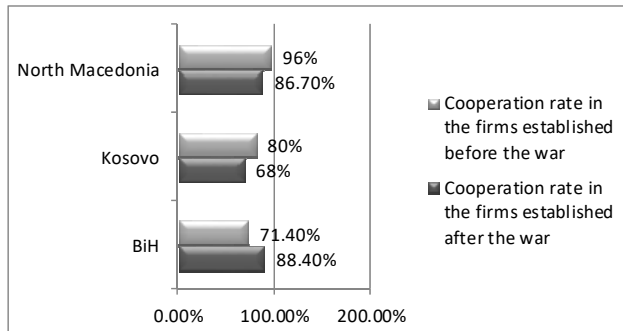
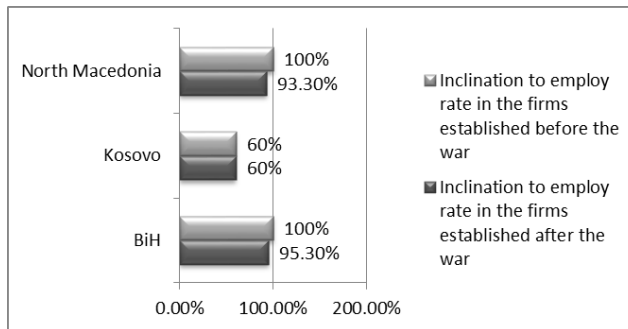


Figure 10 Inclination to employ in firms established before and the war



5 Discussion: business networks across ethnic divides

In this section, we discuss arguments in support of the hypothesis. The prelude is the statistical description of indicators of cross-ethnic cooperation and employment. Each section explains answers to research questions, respectively. After defining the characteristics of cross-ethnic business relationships in Subsection 1, the discussion advances in Subsection 2 to unravel the process of formation of paths connecting ethnically diverse networks. Finally, we discuss the utilisation of cross-ethnic paths and their impact on social cohesion in subsection 3.

5.1 *Entrepreneurs' relationships*

Entrepreneurs function within the web of networks that fulfil their needs in the personal, social and business domain. Entrepreneurs' ambition to profit facilitates the expansion of networks beyond ethnic borders. As shown in empirical results, 83.9% of entrepreneurs cooperate with other ethnic groups, and 93.6% of them identify the quality as very satisfactory and good. Entrepreneurs' motivation to profit and expand business networks takes them beyond ethnic borders. High levels of cross-ethnic engagement confirm that networks provide entrepreneurs' access to a bigger market of potential partners and customers outside their ethnic group. Preservation of networks requires investment.

Therefore, when entrepreneurs build links across ethnic groups, moreover transverse dividing boundaries, it implies they have a payoff that is significant enough to incentivise cross-boundary networking.

New business opportunities may arise outside of their ethnic group or neighbourhood. Cooperation outside familiar networks increases firms' business potential for exchange and access to new resources and clients. When people live in proximity, they work together, notwithstanding the political circumstances that challenge cooperative partnerships. Forming links outside the familiar group (based on intimate and personal relations) impose unforeseen costs but also opens unexpected possibilities.

Unforeseen opportunities rose in the case of a taxi driver of Bosniak origin from Sarajevo (BiH) when he established business relationships with colleagues of Serbian origin that helped him to start his business. The taxi driver's friends argued that he is making a mistake for trusting Serbs and encouraged him to stop cooperating with Serbian colleagues. Nonetheless, the taxi driver maintained business networks with Serbian colleagues, because they were always at his disposal to provide valuable advice that improved his business strategy.

The motivation to establish bridging relationships in business is to increase the likelihoods to form more bridging relationships. Entrepreneurs are motivated to include employers of different ethnic origin to attract diverse customers and clients. Furthermore, entrepreneurs cooperating with diverse ethnic groups are more likely to employ or are already employing across ethnic lines, which further supports the creation of business networks and paths that transverse divided ethnic groups.

Multi-ethnic employment structure promotes networking for 54.6% and public relations for 26.2% of entrepreneurs, as shown in the empirical results. Improved teamwork is beneficial for 22.3% of entrepreneurs and 8.5% perceive a multi-ethnic workforce as an opportunity to improve the marketing of their firm. Having ethnically mixed employees expands the market to distant nodes that are potential partners and customers. If some people feel constrained to approach a firm due to the different ethnic origin of the firm's owner, the multi-ethnic workforce indicates a willingness to accommodate clients of diverse ethnic origin.

Some constraints may arise in a society with fragile cross-ethnic relationships, which are most pronounced in the case of Kosovo. The ratio of 40% of entrepreneurs in Kosovo observing neither interest nor benefits to employ other ethnic groups sustains difficulties in the creation of bridging relationships between Serbs and Albanians. The lower share of cross-ethnic cooperation and employment in Kosovo in empirical data is the manifestation of the unfavourable climate for cross-ethnic alliances.

The possible reason why business owners restrain from cross-ethnic business activities in Kosovo is that business relations propagate social closeness with the other ethnic group. However, political circumstances and occasional ethnic tensions encourage a hostile environment for cooperation. At the same time, channels and reciprocity that instigates trust from the cooperative relations cannot develop, which disrupts liaisons between ethnic groups, thus encouraging divisions and segregation.

The formation of trust in relationships may be challenged when we consider the diverse ethnic background of the contributors in an ethnically divided post-conflict country. The lack of trust towards different ethnic groups may counteract the formation of cross-ethnic business networks. However, results indicate that entrepreneurs with businesses formed before the war has a slightly higher share of cooperation and are more

inclined to employ. Businesses owners whose firms survived the war remain open to cross-ethnic alliances.

Trust does not necessarily exist in the initial stage. Entrepreneurs need time to appraise the collaboration through recurrent business interaction. Business transaction supposes a certain level of trust. To maintain successful business relations, one is motivated to preserve a good reputation. Building a good reputation through repeated social interaction and successful completion of contracts ensures better standing of an entrepreneur's business in the market.

The lack of trust could be discernible in the unwillingness of entrepreneurs to share management. According to empirical results, the most desirable form of cooperation is trading in goods and services. Trading infers reciprocal obligation but excludes joint management and decision-making in the firm. Entrepreneurs' reluctance to form alliances that involve interference in firms' management could be due to the business partner's ethnic origin, or due to the lack of trust in institutions to remedy the breach of contract.

Cooperation and mutual understanding in business are not necessarily accompanied by the same beliefs, either religious or ethnic. Ethnic differences do not impede the establishment of business networks, just as similar ethnicity does not guarantee a trustworthy relation. Regardless of ethnic origin, entrepreneurs can defraud another entrepreneur. It requires time and effort to build and maintain reliable networks.

Albeit challenging socio-economic conditions inflict difficulties on entrepreneurs, they do not suppress cross-ethnic business networks. The factors originating from divided institutions and residual resentment may hinder cross-ethnic alliances, but physical proximity, networking opportunities, lower transaction and transportation costs encourage cross-ethnic cooperation.

The ethnic background has no merit in forming cross-ethnic commercial ventures because it is not pertinent to the quality of business liaisons. Reciprocal adherence to norms safeguards business partnerships. Repeated interaction generates trust and friendly relationships that support business achievements, and conveys social benefit that spillover from business to the social domain through cross-ethnic paths. Entrepreneurs' resilience to the ethnic divisions encourages paths across diverse ethnic groups.

5.2 Cross-ethnic paths

The sequence of direct and indirect connections forms a path. The path is a potential relationship. The cross-ethnic path constitutes the possibility of contact between two disconnected nodes of varied ethnic origin. Prospective relationships may transpire from path-connected networks. Paths multiply opportunities for payoffs with other nodes in the network.

An entrepreneur is a central and connecting node in the ego-centric star network of his/her business partners and his/her friends, family, and employees, which constitute peripheral nodes, as shown in Figure 11. Cross-ethnic paths consist of bridging relationships formed between cooperating entrepreneurs and their bonding relationships with their family and friends, or of two bridging relationships between entrepreneurs and their business partners, or employees.

Business ties produce paths that consist of nodes of different ethnic groups. Maintaining a multi-ethnic business network requires regular contact, successful cooperation and lucrative results that originate from reciprocated respect of the partnership contract. Business partnerships formed within close range reduce

transportation and transaction costs. Hence, entrepreneurs are prone to form business liaisons with partners that are nearby.

Despite diverse ethnic or religious origin, business associates maintain their relationships based on similar interests. Cooperation of Albanian and Serbian entrepreneurs in Kosovo, or cooperation of Bosniaks, Serbs and Croats in BiH, or Albanians and North Macedonians in North Macedonia offers a possibility of a ‘path’ for further social contacts between members of divided ethnic groups. Cross-ethnic paths extend from commercial relationships between entrepreneurs and employees in an ethnically mixed business network to their family and friends. Business occurs within multiple business-related networks that overlap with social and personal networks.

Figure 11 Entrepreneur’s ego-centric network

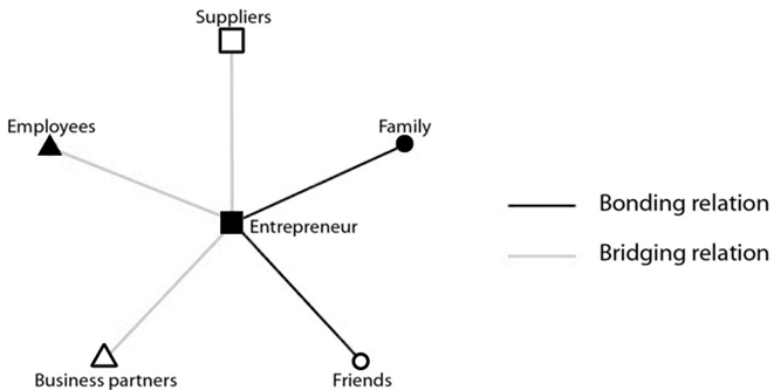
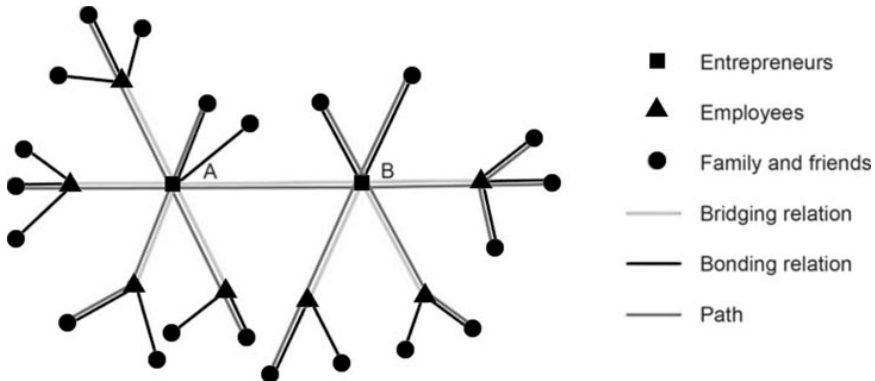
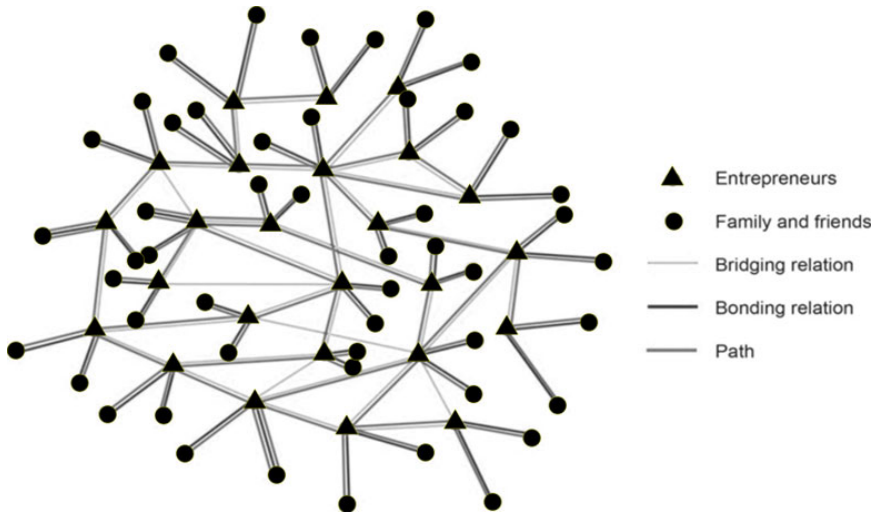


Figure 12 Multi-ethnic decentralised network: dyadic business partnership



Ethnically diverse cooperating entrepreneurs form a path between one entrepreneur’s friends and family and his business partner’s family, thus creating a connected or path-connected multi-ethnic decentralised network, as shown in Figures 12 and 13. At the central positions of intersecting business networks are entrepreneurs of varied ethnic origin. Interaction with diverse networks enables access to supplies, favourable terms in payments and knowledge sharing. Entrepreneurs create paths across the business and social networks, but inadvertently they also establish paths across ethnic groups.

Figure 13 Multi-ethnic decentralised network: business cluster



SMEs contribute to the total employment in BiH with 66% (EIB, 2016a), in North Macedonia with 75.6% (EIB, 2016b) and Kosovo with 80.7% (EIB, 2016c). A substantial number of business owners and employees in SMEs regularly work across ethnic lines. Employees are directly involved in business interaction with firms and workers of different ethnic origin, as illustrated in Figure 11. Fostering multi-ethnic working environments increase paths across ethnic groups. The hierarchical organisation within a firm may be restricting direct access between lower levels of management or workers and higher levels of management. However, the links formed between firms nonetheless constitute the channel of communication between ethnically diverse employees.

The possibility of a path between two disconnected nodes is increased when partners' firms operate in close proximity. Once two or more ego-centric networks connect in cooperation, they form multiple paths between their nodes. The lesser the number of nodes between the two peripheral nodes creates a shorter distance between them. For example, in a dyadic business partnership, the peripheral nodes have only two nodes between them, the two cooperating entrepreneurs.

The density of bridges and paths is increasing in business clusters or business associations as shown in Figure 13. They may include a varying number of firms. For example, a food processing cluster in North Macedonia contains 26 member firms (Figure 13). The director of the business cluster conjectured that firm-owners in the cluster come from different ethnic groups. He stated that employees from different firms are in frequent contact, especially during seasonal agricultural works. The number of paths increases with the number of participants in the business transaction so does the number of bridging relationships. The density of bridges and paths is increasing in business clusters or business associations as shown in Figure 13. Business clusters, cooperatives and associations provide space for interaction between diverse ethnic groups, economic integration of socially vulnerable groups, for economic inclusion of minorities, while at the same time support bridging relationships.

The bridging relationship between central nodes, entrepreneurs, constitutes a bridge between peripheral nodes. Lower interaction costs of business endeavours also decrease

interaction costs between peripheral nodes connected with bonding relationships to the entrepreneurs. Therefore, the distance between cooperating entrepreneurs' friends and family becomes shorter, which enables access to other nodes that are otherwise distant and disconnected due to existing ethnic cleavages.

5.2.1 Cross-ethnic path effect

The cross-ethnic path between peripheral nodes can be utilised to transmit information and merge in matters of business, social or personal nature. Relations from the path may instigate either of the nodes and initiate contact between central (business) nodes and peripheral (social) nodes that belong to cooperating entrepreneurs' ego-centric networks.

The potency of a cross-ethnic path lies in the strength of its fractions, namely bridging and bonding relationships. The extent of utilisation of cross-ethnic path between entrepreneurs' personal and social networks depends on the social closeness between central nodes. Social closeness is a by-product of a successful commercial venture.

The intersection between business networks facilitates the spillover of social values and trust through related networks. The central connection between business partners founded on reciprocity and trust reflects as Goyal's (2007) neighbourhood effect on neighbours, friends and family. Business partners, of either ethnic origin, affect each other's opinion while sharing information and exchanging resources.

The assumption deriving from the connections model stipulates entrepreneurs to discuss business achievements with people in their personal and social networks. Opinions, behaviour and attitudes from the business network spillover to and through connected social networks. Having the central relationship in the cross-ethnic path based on mutual satisfaction in business increases the possibility that the potential relationship emerging from this path is going to be formed on the affirmative emotional stance.

Trust established between two persons increases the possibility that their joint friend/acquaintance will be more trusted by the other. Business partners' social and business connections may be regarded as similar if not the same respect and consideration as the business partner. Hence, reliable and reciprocal business relations as the foundation can prompt trusting relationships between entrepreneurs' personal and social contacts.

Business ties prompt communication channels across dividing margins. Densely positioned nodes in interrelated economic and non-economic networks provide space for interaction between closer and distant nodes that are originating from different ethnic groups. In multi-ethnic networks, divided ethnic groups are joined in mutually beneficial commercial undertakings. Nodes can more easily initiate interaction within the widespread multi-ethnic decentralised network. The utilisation potential extends beyond self-interest driven benefits, which contains elements of group cohesion.

5.3 From the specific to the general: social spillover to social cohesion

Business relationships create crosscutting ties between ethnically diverse networks, thus enabling social cohesion. Entrepreneurs' business networks convey relevance for post-conflict societies that extends beyond their original purpose of supplying goods and services. The significance lies in the opportunity for spreading cooperative conduct that bridges ethnic divides. Crosscutting ties decline resentment between ethnic communities.

Furthermore, cross-ethnic cooperation facilitates cross-ethnic communication and improves conditions for economic development in divided societies, while encompassing different ethnic groups in business networks. Inclusive character of multi-ethnic business networks defies social exclusion. Ties between ethnically diverse business networks create economic opportunities that, at the same time, advance social cohesion.

Commercial exchange is a conduit for social spillover between ethnic groups. Joining people with different ethnic background devoted to the creation of economic benefits while considering the interests of other economic players is the result of business accomplishments. Opinions, behaviour and attitudes from the business network spillover to and through adjoined social networks. Socialisation and learning from cooperative behaviour have broader effects on the social cohesiveness in their local communities. Recurrent social interaction stimulates socialisation across divided ethnic groups.

A substantial number of business owners and employees in SMEs regularly work across ethnic lines. In that way, they expand cross-ethnic networks that facilitate social capital, which is an essential ingredient of social cohesion. Entrepreneurs' centrality in business and social networks facilitates the transmission of social capital across ethnic groups. The intersection between business networks of diverse ethnic origin enables the flow of social capital across ethnic lines. Social capital generates a supportive environment for firms' growth, which dispersed across diverse social networks has the cohesive potential for restoring social connections in ethnically divided societies. Unintentionally, entrepreneurs improve relationships between divided ethnic groups, which also contribute to the public good.

Entrepreneurship enables interaction that surpasses divisions, national, religious or ethnic. Entrepreneurs' business acumen disregards resentment, fear and distrust stemming from ethnic prejudices. Entrepreneurs are social brokers that disseminate norms and regulations of business transactions and patterns of communication beyond commercial cooperation. Determination to form business alliances, within or across ethnic lines, implies a willingness to consider the interests of involved partners.

Entrepreneurs strive to maintain their economic life, disregarding the ethnic or religious background of their business partners in their network, as shown in the empirical findings of this study. Seemingly, entrepreneurs inadvertently include their friends, family and employees in the larger decentralised network that generates social gains. The social culture that develops during business and social interaction across ethnic lines is a social asset that bridges post-conflict divides.

In the EU, a stimulating environment led to the creation of norms that regulate merging economic and political supra-national institutions. Can the case of post-war Europe, where politics follows the economy, be applied in the post-conflict Balkans? Spillovers between related sectors empowered cohesiveness. Similarly, entrepreneurs' cooperative activity may influence spillovers of norms and values to the socio-political domain.

Ethnically diverse business networks in the case studies are constrained by the lack of coherent coordination between institutions that sustain ethnic segregation. National gatekeepers may have interests that collide with overall interest, hence may create obstacles to attaining an inclusive environment. Nonetheless, political structures must facilitate a shift of loyalty from ethnic interests towards a common interest.

Conveying loyalty from ethnic interests towards general and encompassing 'supra-ethnic' interests is imperative for integration. Political integration between

cantons, regions and towns cemented with administrative divergences, or invisible, yet tangible, ethnic borders would improve prospects for ethnically mixed entrepreneurship.

Complex and disharmonised 'ethnically' determined institutions in BiH and Kosovo impede an integrated strategic approach to market demand and utilisation of available resources. Incoherent regulations impose impediments to business transactions across different entity, cantonal, regional or municipal administrations. Consequently, regulations create constraints for fluent commercial transactions, thus complicating business administration.

The discrepancy between proclaimed objectives for balanced economic development and imposed procedures are hampering the pace of economic growth. Institutions should consider local circumstances and a bottom-up perspective in formulating development strategies. Simplification of regulations and administration could encourage entrepreneurship. Harmonising administrative procedures between regions and cantons could support the integration process within the divided country.

Coherent institutional policies promote integration by formulating and implementing viable strategies based on common interests. Institutional arrangements could stimulate far-reaching benefits from cross-ethnic cooperation in the economic and social domain. Considering local circumstances is vital when designing strategies to advance entrepreneurship, while at the same time stimulating mutually beneficial social interaction across divided communities to enhance social cohesion.

6 Concluding remarks

In this article, our accomplishment is twofold. Firstly, to explain the paths that can serve for the transference of social values from business networks to personal and social networks, and secondly, to determine societal consequences of business activities in the context of ethnically divided post-conflict societies. These social results, just like entrepreneurs cooperation, are extended across ethnic lines. While enhancing firms' performance and productivity, making new contacts and conquering new markets, entrepreneurs disseminate values that instigate beneficial social results.

Post-conflict societies may be lacking elements of social cohesion, but entrepreneurship functions in a more cohesive setting. Cross-cutting economic ties repair broken bridges between ethnic communities in a cooperative and productive setting. Highlighting the social significance of economic transactions outlines beneficial social infrastructure residing in business relations. Entrepreneurs facilitate affirmative social values across ethnically diverse business and social networks, which is the unintentional outcome of profit-oriented economic exchange. On the larger societal scale, the web of cross-ethnic cooperation propagates group cohesiveness. Ethnically mixed business networks and subsequent trust that embodies business cooperation contributes to social cohesion.

It would be an overstatement to claim that the existence of cross-ethnic cooperation is sufficient to advance social cohesion to the level of a coherent and fully integrated society. However, the capacity of people to cooperate across ethnic lines despite conflicts from the recent past and occasional political tensions illustrates circumstances below the surface of fragile cross-ethnic relations. In ethnically divided post-conflict societies where some social groups have limited, if any, purposeful interaction, entrepreneurs encourage collaboration between ethnically diverse economic and non-economic

networks. Entrepreneurship may serve as a model for undermining ethnic segregation in ethnically divided post-conflict societies.

The beneficial societal aspect of entrepreneurship may expand further research in revealing the social values that entrepreneurs pass on through their activities, as well as any adverse consequences that may come out of their behaviour. Lack of research on the subject of social benefits of profit-oriented entrepreneurs, or the behaviour of entrepreneurs in former conflict areas in the Western Balkans placed added challenges on the preparation of this article. Limited resources did not allow for an in-depth analysis of personal and social networks attached to entrepreneurs, and to evaluate the external influence of business relationships, and to investigate the role of local self-governments in instigating cooperative business relationships among divided ethnic groups, which stand as suggestions for avenues of future research.

In this ever-growing diverse world, it is worthwhile to look at the affirmative opportunities of ethnic diversity, to account for similar motivation, interests and intentions when formulating development policies in divided societies. To surpass the perception that varying ethnic belonging is necessarily exclusionary, future studies should focus on identifying the role of similarities in surpassing cleavages and fragmentation while acknowledging differences. Bonding social relationships could be studied in terms of their inclusive capacity outside their primary networks. Future research should analyse bonding social relations in different aspects considering ethnicity, religion, family and friends.

Advancing research of cross-ethnic relations could help identify novel patterns and possibilities of inclusion of immigrant communities through economic ventures. The influx of refugees from the war-torn areas in the Middle East to Europe created new challenges that demand new venues for refugees' integration in European society.

Notwithstanding the fragile socio-political environment in post-conflict ethnically divided societies permeated with discrimination and cleavages, entrepreneurs remain resilient to societal fragmentation. Social learning through cooperation can meliorate hostile attitudes between divided groups in a fragile ethnically divided post-conflict society. Social values originating from business relationships may be a foundation for reconciliation and collective action. Repetitive business interaction instigates an advantageous social outcome that breaks down prejudices and increases cooperative achievement.

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