The Impact of Institutional Obstacles and Facilitators on Innovative Firms in Kosovo

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Abstract
The main aim of this study is to investigate the impact of institutional obstacles and facilitators on innovative firms in Kosovo. In addition, we explore how the European and regional cooperation schemes help innovative entrepreneurs in Kosovo gain access to missing resources, financial capacities, and develop current institutional framework.

Keywords: The Impact of Institutional Obstacles and Facilitators on Innovative Firms in Kosovo

Introduction
Theoretical and conceptual issues
Institutional theory views SMEs as entrenched in institutional arrangements (Busenitz, Gomez and Spencer, 2000). These institutional arrangements impact the activities of organizations and individuals in subtle but wide-ranging ways (Scott, 1995, 2002), which in turn affect SMEs decision making to develop and produce (Lau, Tse and Zhou, 2002; Hitt, Ahlstrom and Dacin, 2004) and strategies (Peng, Wang and Jiang, 2008).

This theory assumes that institutions are relatively stable over time and, in fact, can be difficult to change (Brint and Karabel, 1991). Thus, in much of the research for developed economies, the time frame examined may include multiple decades, but in transition economies, change can be more compacted and dynamic. Thus, the typical perception of institutions as static and unchanging is not appropriate for transition economies since they have experienced an emphasized institutional upheaval in a short time (Newman, 2000). One of the main factors for this dynamic change and deinstitutionalization is the cooperation of local firms with international partners (Scott, 2002). The process of deinstitutionalization happens due to different sets of values, practices and systems of partners who find it difficult to integrate them to a common framework without implementing additional adjustments (Parkhe, 2003). The deinstitutionalization and weakening of current institutions lead to a search for re-institutionalization of new adjustments and solutions acceptable by both partners. Although, the presence of international alliances initially weakens current institutional framework, in long term institutions improve because organizations tend to model themselves after similar organizations which are perceived to be more legitimate or successful (Powell and DiMaggio, 1991).

Previous studies have shown that network created by cooperation of firms with each other can increase the creativity and the performance of firms (Powell, Koput and Smith-Doerr, 1996). Firms use networks to gain access to missing resources (Spekman, Isabella and MacAvoy, 2000; Rothaermel and Boeker, 2008) financial capacities, research and development facilities (Premaratne, 2001) and referrals and contacts (Stuart, Hoang and Hybels, 1999). In addition, network boost the ability to compete (Pfirrmann, 1998), increase economies of scale and scope (Gomes-Casseres, 1997), collaboration, learning and opportunities (Hamel, 1991; Massa and Testa, 2008) and efficiency (Ahuja, 2000).

However, firms that are part of network or alliances have to face challenges as well. For example, they can be seized by the larger firm (Alvarez and Barney, 2001) or lose control when cooperating with them (Gomes-Casseres, 1997). In this context, alliances offer opportunities for cheating, poor investment in joint projects, and no fulfillment of responsibilities and commitments (Ahuja, 2000). Despite these network weaknesses, SMEs understand that it is crucial to build a complex network that enables different domestic and international participants to share knowledge, benefit from complementary competencies (Bullinger, Auernhammer and Gomeringer, 2004) and survive market competitiveness (Dodgson, Gann and Salter, 2006). Finally, foreign firms provide to local SMEs new ideas that help them enter market with new products (Liefner, Hennemann and Xin, 2006).
Data collection

To critically investigate the impact of institutional obstacles and facilitators on innovation and explore European and regional cooperation schemes of innovative entrepreneurs in Kosovo we will be using interviews as a qualitative method. This approach starts from the expected relationships as identified in the existing literature and involves a movement from theoretically derived propositions to the collection of data with which to test those propositions.

Considering that structured interviews reduce the opportunity to extract more information and validate the researcher’s preference (Gray, 2013), I have decided to use semi-structured interviews, in which the researcher allows respondents to disclose more information on their own. Semi-structured interviews aim to collect qualitative data and act as a guideline to the interviewer, while allowing a certain degree of control to the researcher. Initially, 40 interviews designed as per existing protocol in literature (Gray, 2013; Easterby-Smith, Thorpe and Jackson, 2012) are planned to be conducted. This number may change referring to that point at which we sense we have encountered the amount of repetition that gives us the confidence to write and make analytical generalisations (Baker, Edwards and Doidge, 2012).

Methodology

The approach to be adopted for data analysis will be based on the instructions generated by earlier researchers (Creswell, 2003; Denzin and Lincoln, 1998). Initially raw data obtained from the questionnaires will be coded for descriptive statistics. In addition the process will continue through following steps: reading through the data, underlining themes and making notes to get an overall sense of its meaning. Initially emerging themes will be noted and categories will be formed with respective codes attached.

The analysis of qualitative data will be compared through a matrix that has the key themes generated from theory and prior research. In the second step, the grouping and generation of concepts will be done. Mapping and interpretation will be done in the third stage, where similar cases will be grouped. In the final step, the results in narratives including quotes lifted directly from the framework matrix to support my arguments will be written up.

Research Plan

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References


