

EXPLORING THE MOTIVATION AND OBSTACLES OF THE FIRST ENTRANT FIRM IN THE RECYCLING INDUSTRY

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Abstract

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By reviewing the existing literature, this paper aims to investigate linear economy and recycling as a necessary component of a circular economy in a transition economy such as the Kosovo case. Initially, the paper investigates the legal framework for the environment, waste management, recycling industry, circular economy, and green entrepreneurship in Kosovo. This paper is a qualitative research based on a single case study approach aiming to investigate the motivations and obstacles of the first Kosovan entrant firm in the recycling industry, as well as the variety of the products and future plans. The research reveals that the company has implemented a plastic waste recycling initiative, utilizing it for the manufacturing of plastic products. This strategic move aims to minimize costs in comparison to relying solely on imported plastic raw materials. Furthermore, the company's shift towards recycling has significant positive implications for the environment. Among the main obstacles that the company encountered were the lack of adequate and experienced staff in this industry, as well as equipment, but it also mentions power outages as quite harmful for equipment and production. Finally, the conclusions and policy implications are drawn, the research paper limitations are presented and the gaps for further studies are identified.

Keywords: Entrepreneur, Environment, Recycling Industry, Plastic Recycling, Vertical Integration

Authors' individual contribution: Conceptualization — A.A. and B.S.; Methodology — A.A.; Formal Analysis — A.A. and B.S.; Investigation — B.S.; Writing — Original Draft — A.A. and B.S.; Writing — Review & Editing — A.A. and B.S.

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1. INTRODUCTION

Entrepreneurs are known as "global heroes" (Allen, 2009). This is due to their contribution by bringing new products/services to the market, which is beneficial for their company and society. Small and medium enterprises (SMEs) generate most of

the new jobs worldwide and thus contribute to increasing employment (de Kok et al., 2013). By entering the market, companies aim at market expansion and business and profit growth. Midgley and Burns (1969) listed the motivating forces underlying expansion as follows: achieving economies of scale through organization and planning; mergers,

to secure greater control over the sources and markets of raw materials, benefiting from the advantages of diversification, and eliminating competition.

One of the most strategic decisions that a firm must take is the time of market entry (Chen et al., 2023). In the literature, there are different opinions about whether a company should take the initiative in opening a market and be a “pioneer” (Chen et al., 2023), or wait and see how the market is developing and then enter the market. According to Shackleton et al. (2004), the more uncertain the industry environment is, the shorter-lived market leadership. In addition, Shackleton et al. (2004) argue that if a firm has the opportunity to invest in conditions of uncertainty, then the option of delay in entering the market presents a value.

Traditionally, due to their weakness in the know-how of technology, SMEs operate in a linear economy (Rizos et al., 2015). The current trends of the circular economy for some firms present challenges since they face a lack of the appropriate technology and human resources that possess the necessary skills for the shift from the linear to the circular economy. In order to accelerate diversification, investments in the formation of human capital are highly necessary (Young, 2022).

This paper aims to investigate the motivation and challenges of the first company in Kosovo that entered the recycling industry.

The remainder of this paper is structured as follows. Section 2 presents the contextual background and reviews the relevant literature. Section 3 analyses the methodology that has been used to conduct empirical research on exploring the motivation and obstacles of the first entrant firm in the recycling industry. Section 4 presents the legal framework in Kosovo regarding the green economy and the environment. Section 5 shows the analyses and results of the case study. Whereas, in Section 6, the paper’s conclusions are presented.

2. CONTEXTUAL BACKGROUND AND LITERATURE REVIEW

In this section, the contextual background outlines the rationale, problem statement, and research questions addressed in this paper. In addition, the relevant literature is reviewed concerning the motivation and obstacles of the first-entrant firm in the market and the recycling industry, the circular and green economy.

2.1. Contextual background

Climate change, global warming, and the reduction of natural resources present global concerning issues. Therefore, United Nations drafted the two most comprehensive blueprint documents: *Paris Agreement* (United Nations, 2015a) and *Transforming Our World: The 2030 Agenda for Sustainable Development* (United Nations, 2015b) for eliminating extreme poverty, reducing inequality and protecting the planet. In addition, countries worldwide have undertaken initiatives to act by creating environmentally friendly development policies and objectives (Hägele et al., 2022). In contrast to these initiatives, the governments of some developing countries have lagged far behind in creating development policies and objectives in compliance with these objectives. This is especially evident in

countries that have experienced wars and armed conflicts and that have faced many problems, such as state formation, reconstruction, the creation of institutions, and regulations for operation. Despite the lack of legislation and stimulating policies in some countries, with their own initiatives, companies have started to orientate their production processes, aiming at the reduction of natural resources and the reduction of production costs. Before the formation of the state, Kosovo experienced war and, as a consequence, the loss of human lives, as well as the destruction of infrastructure. After the war, as a new state, Kosovo faced numerous problems. There was an urgent need for the reconstruction of infrastructure and to ensure shelter for its inhabitants. Going through all these development processes has resulted in the insufficiency of concrete policies in compatibility with the Sustainable Development Goals (SDGs). However, recently, Kosovo has been oriented towards the drafting of all development policies in accordance with the 2030 Agenda and SDGs. Even in Kosovo, as in other countries, the initiatives from the private sector aimed to orient production processes in compatibility with the preservation of natural resources and the environment were not absent. This paper intends to identify the motivation, as what were the barriers of the first company in Kosovo which started a shift by replacing the raw material for plastic manufacturing from natural sources with the recycling of plastic waste. The research objectives of this paper are the following:

- To investigate the legal framework for the recycling industry, circular economy, and green and social entrepreneurship in Kosovo.
- To explore the motivation of the first company in Kosovo that entered the recycling industry.
- To identify the obstacles faced by the first company in Kosovo that entered the recycling industry.
- To identify the variety of products, the target market, and quality assurance of the company.
- To explore the institutional support and future plans of the company.
- To propose strategies and measures for the creation of favorable conditions that stimulate entrepreneurs towards orienting their business operations on the circular and green economy, as well as the change of culture in terms of environmental protection.

The main research questions addressed in this paper are:

RQ1: What is the legal framework regarding recycling, circular and green economy, as well as other environmentally friendly initiatives in Kosovo?

RQ2: What was the motivation of the first company in Kosovo that entered the recycling industry?

RQ3: What are the challenges of the first company in Kosovo that entered the recycling industry?

RQ4: Which are the products, the target market, and quality assurance of the company?

RQ5: Did the company benefit from any institutional support and which future plans of the company?

RQ6: What strategies must be put in place to boost the circular and green economy, as well as other environmentally friendly initiatives in Kosovo?

2.2. Literature review

In recent decades, there is a trend of change in the mentality of entrepreneurs. The efficiency of the company resources (Hay & Lui, 1997), but also natural resources (Alvarez-Risco et al., 2021), is the motto of today's entrepreneurs. Some firms apply strategies that involve the acquisition or development of businesses that are part of the same industry or value chain, with the aim of achieving greater efficiency and profitability through the integration of operations. Avdullahi and Hoti (2020), found that by improving operational efficiencies and reducing costs, SMEs can support existing processes with fewer resources.

The strategy of linear integration may provide certain benefits, such as economies of scale and reduced transaction costs. A firm's decision to integrate takes into account the extent to which integration mitigates necessary costs while maintaining a good reputation (Cai & Obara, 2015). Porter (1985) points out that vertical integration, capacity expansion, and entry are important strategic decisions in the industry. Vertical integration can be "backward vertical integration" presenting the ownership or acquisition of upstream suppliers of the business, "forward vertical integration" meaning the ownership or acquisition of its downstream distributors, or "complete or so-called balanced vertical integration" which represents a combination of both (Boyce, 2023). Both types of vertical integration, backward and forward, make up the organization of global value chains (Del Prete & Rungi, 2019).

According to Ursino (2015), the motivation of the company's chief is seen as the main reason for improving the negotiating position of a company by vertically integrating with suppliers. Barton (2018) points out that the vertical integration of supply chains is not something new, but the novelty is its use for sustainability purposes. A firm's strategy can often be seen as a double-edged sword as it can advance or pull down the structure and performance of the industry (Porter, 1985). Del Prete and Rungi (2019), based on many explored studies, found the irrational theory that companies practice integration only once that backward or forward, but not in both directions. This motivated them to investigate this theory using a global sample of about 201,272 multinational enterprises and documented the opposite, i.e., the coexistence of backward and forward integration strategies (Del Prete & Rungi, 2019).

Although the statement that the entrepreneur is mostly profit-oriented presents a myth, some of the literature describes the entrepreneur as such. Newbert (2003) found that wealth creation does not present the main motive of entrepreneurs who simultaneously have both economic and ethical motives. Nowadays, as we are facing the reduction of natural resources and climate change, the mindset of entrepreneurs has started to significantly change. Shifting to a sustainable economy requires using resources more efficiently.

According to Morath (2022), the environment is facing the problem of pollution and the presence of a high amount of plastic. Studies addressing environmental issues reported a lack of positive environmental behaviors by today's young consumers (Blose et al., 2020). Santander (2021), defines

the linear economy as "a traditional model of the economy where raw materials are collected and transformed into products that consumers use until discarding them as waste, with no concern for their ecological footprint and consequences"¹. Morath (2022) points out that intentional and unintentional actions by individuals and businesses have led to the plastic crisis, as people are unknowingly drinking microplastics. In China, companies that deal with garbage collection have seen a staggering increase in shares, whereas only the Dynagreen Environment Protection Group company has had an increase of about 500 percent in shares during 2018 (Bloomberg News, 2018). Nowadays, the green shift and circular economy result in reusing and recycling. According to Blose et al. (2020), the USA and China are the two largest economies in the world and are leaders in waste production but, when it comes to recycling efforts, they lag behind fall behind Western Europe. Over the past decades, Europe has been a global leader in recycling, and Germany has the highest recycling rate in the world ("Recycling rates by country 2023", n.d.).

The European Commission, on 2 December 2015 presented a new circular economy package. According to Bourguignon (2016), "a circular economy is based on sharing, leasing, reuse, repair, refurbishment, and recycling, in an (almost) closed loop, where products and the materials they contain are highly valued. In practice, it implies reducing waste to a minimum" (p. 1). According to Neves and Marques (2022), the circular economy presents a concept that is beneficial to the environment and humankind. The green economy leverages ecosystem processes to benefit human beings in an equitable and inclusive manner without jeopardizing the sustainability of ecosystems (Eigenraam, 2022). The green shift will result in more plastics being recycled (Umar et al., 2023). Many companies started to rethink their strategies and transform their business models to move to an environmentally friendly economy. For example, in 2018, the high-tech tire producer Michelin Group announced its new strategy for a circular economy by using sustainable materials in the production of tires and the issue of their recycling following the Group's 4R approach (Reduce, Reuse, Recycle, and Renew) (Michelin, 2018). Some firms decided to collect and sort waste, and then turn them into materials to be used for their specific need (Beulque & Aggeri, 2016).

As Bell (2004) points out, a new category of entrepreneurs is emerging on the scene, advancing their business, merging environmentalism with an entrepreneurial spirit, and moving toward a reorganized ecological society. Organizations can learn from these successful environmental entrepreneurs (Krueger, 1998) as the world's population is growing and the demand for raw materials with it (European Parliament, 2022). Cosma et al. (2020) found that economic growth can lead to environmental quality improvement. In this aspect, companies must balance social, economic, and environmental goals (Astuti et al., 2023). Each day the demand for raw materials is increasing, whereas, the reserves of raw materials are being

¹ Presents a sustainability indicator that measures the effect our lifestyle has on nature.

limited, therefore the recycling of waste is seen as a promising alternative (Chutipat et al., 2023).

Vertical integration provides recyclers with a guaranteed customer, allowing them to expand operations and recycle even more waste (Barton, 2018). Thus, the Swedish company IKEA intends, from 2030, to use only renewable or recyclable materials for the production of its products, aiming to have a positive impact on the regeneration of resources, the protection of ecosystems, and the improvement of biodiversity (IKEA, n.d.).

Vertical integration is not something new, and in most cases, it appears when an industry matures and it is necessary to search for efficiency in supply with lower “transaction” costs (Anderson & Rattray, 1994). However, this statement does not apply to a country such as the Kosovo case, which experienced discrimination for ten consecutive years as part of the former Yugoslavia, and later the complete destruction of the economy from the war in 1999. The existing literature examines the economic development in post-war Kosovo. There are numerous research papers that have analyzed the challenges of doing business, as well as the fragile business environment during the state formation period in Kosovo (Lemay-Hébert & Murshed, 2016; Vorley & Williams, 2017; Peci et al., 2012).

According to Bonnici and Channon (2015), first-mover advantage is the benefit that results from a firm’s ability to enter a new market early. However, this applies mainly in cases where barriers to entry are created which ensure substantial profits (Bonnici & Channon, 2015). Boulding and Christen (2003) emphasize that “being first” in a new market can be costly. Beliefs about being a first-mover present or not a competitive advantage vary between cultures (Bolton, 2007). According to Lieberman and Montgomery (1988), the first-mover strategy carries advantages and disadvantages, and the net impact might be negative. According to Bonnici and Channon (2015), the pioneering advantage is expensive. Compared to later movers, in most cases, first movers face a long-term disadvantage in terms of profit (Bolton, 2007). To ensure a first-mover advantage, it is necessary to create high barriers to entering the market for competitors (Bonnici & Channon, 2015).

Nowadays the green shift and circular economy result in reusing and recycling (Umar et al., 2023). According to Recycling Tracker 2020 (Waste and Resources Action Programme [WRAP], 2020), some of the main motivations given for recycling are “it is the right thing to do”; to help address climate change, as well as to reduce their own carbon footprint. Whereas, the main identified barrier is uncertainty about what can or cannot be recycled (WRAP, 2020). It is concluded that the conventional recycling of plastic waste generally produces materials of lower value compared to the original plastic, thus upcycling has emerged (Balu et al., 2022). In addition, Balu et al. (2022) point out that upcycling is a sustainable solution that transforms plastic waste into value-added products. According to Blomsma and Brennan (2017), recent strategies aim to extend the life of resources referred to as resource life-extending strategies (RLEs).

“The circular economy envisages a regenerative production-consumption system where product,

service and system design choices enable the elimination of waste and pollution, existing materials are kept in use (reuse, refurbishment, repair, remanufacturing, recycling, composting), and natural systems regenerate because of reduced flows of residuals” (Eigenraam, 2022, p. 8).

Mainly, the literature of developed countries deals with the motivation and awareness of consumers to engage in recycling (Oke et al., 2021). Regarding developed countries, there is a plethora of literature regarding the circular economy, social enterprises, and eco-entrepreneurs. Whereas, in Kosovo, few businesses pay attention to the environment and the preservation of natural resources.

From our literature review, we found only a few reports of projects that dealt with this issue. To our knowledge, there is no research paper regarding the green and circular economy, social entrepreneurs, the recycling industry, as well as any other initiative that is environmentally friendly. Therefore, we believe that this manuscript is important as it is the first paper that explores the current legislation regarding recycling and the circular economy in Kosovo as well as the motivations and obstacles of an enterprise that made the first move to enter the recycling industry in Kosovo and, as such, fill this gap in the literature.

3. METHODOLOGY

In this paper, the qualitative research method was used. The first company that enters a certain market faces many barriers as it paves a path that has not been crossed before. All other companies that enter the market later in a certain industry have at least some knowledge about the barriers and difficulties faced by the first entrant in that certain market and industry. Especially in Kosovo, entrepreneurs are motivated by each other’s successes in a certain sector or industry and often have the “and me” concept to start their businesses, regardless of their knowledge, experience, ability, and available resources in the target industry or sector. Thus, the research is conducted based on a single case study approach.

According to Bartunek et al. (2006), papers that build theory from case studies are often considered the most interesting. Yin (2009) defines it as an empirical investigation that investigates a contemporary phenomenon in depth and within a real-life context. In addition, David and Sutton (2011) stress that exploratory and descriptive studies usually incline to the qualitative and inductive, whereas explanatory studies are more often quantitative and deductive. In this case, the criticism is evident, which again includes issues of construct validity, concerns the reliability and replicability of different forms of single case analysis, and leads to the broader criticism of qualitative research methods as a whole (Willis, 2014).

On the other hand, Wells (2004) points out that a good paper should have a narrative composition, leading from one finding to another, therefore it must have a chronic composition and cannot be random. Siggelkow (2007) noted that the existence of a phenomenon can be adequately described by single case studies. In addition to that, single case studies turn out to be better than multiple cases,

since a single case study produces more and better theories. In most cases, multiple case studies are costly and time-consuming to implement (Baxter & Jack, 2008). In addition, a scientific article with as many case studies as possible reduces the observation time that the writer studied the case studies (Gustafsson, 2017).

To achieve the research purpose of this paper, the literature has been reviewed and primary data were used. Initially, we reviewed the existing literature, gathered information about the legal framework for the recycling industry, circular economy, and green and social entrepreneurship in Kosovo, as well as used other relevant sources related to our researched topic.

Primary data were obtained through a semi-structured interview with the sales manager of PLASTIKA company, following a questionnaire prepared by the authors of the paper (Appendix). The interview was conducted face-to-face with the sales manager following the questions listed in the questionnaire. During the conversation, additional questions and issues were asked and discussed to get a better picture of the researched topic.

The questionnaire consists of 28 questions which are classified into six groups. The first group of the questionnaire asks for information about the person with whom the interview was conducted (age, gender, education, and position in the company).

The second part of the questionnaire asks for information about the company, such as the age, the number of employees at the time of creation and the current one, whether the business operations are performed in one or more locations or premises, as well as information from when it started recycling.

The third part explores the company's motivation and obstacles to starting a business and entering the recycling industry. The fourth part of the questionnaire investigates institutional support (financial and non-financial) from the state and external organizations/donors. The fifth part seeks information about the variety of products/services and the target market. Whereas, the last part (sixth part) asks for information about the vision of the company and its future plans.

The validation of the questionnaire has gone through two phases. In the first phase, the questionnaire was shared with our peers that are experts in this field, looking to their evaluation to check whether our questionnaire has common errors like double-barreled, confusing, and leading questions. Our peers suggested that a set of questions regarding the current operation of the company, namely the current management of production operations do not correspond much to the goals of the work.

In the second phase, during the interview of the sales manager of the company, the questionnaire was first given to the interviewed person to check the content of the questionnaire and if there are any irrelevant questions or to which he cannot answer. In this case, it has been requested that a group of questions that require information on the management of the company's operations to be removed, since the company's representative considers that they are not related to the examined topic and that cannot provide answers to these questions.

Based on the suggestions of both parties, a set of questions that require information on the internal organization and management of the company's operations have been removed. Then, the final version of the questionnaire together with the results has been shared with our peers, asking them based on their experience to give us information if it can be generalized to other populations or settings beyond the sample used in the study. After the second confirmation from our peers, the research has been continued.

4. LEGAL FRAMEWORK

In this section of the paper, we have investigated the legal framework regarding recycling, circular and green economy, as well as other environmentally friendly initiatives in Kosovo aiming to answer the research questions addressed in this paper.

The continuous increase in the amount and variety of waste from human activities, followed by the increase in the negative impact on the environment and human health, on the one hand, as well as the limitation of opportunities for finding suitable surfaces/locations for waste disposal, as well as the increasing difficulties for providing natural resources, on the other hand, have made societies face serious problems today. Therefore, the reduction of waste to be disposed of and the sustainability of natural resources remain among the main challenges of humanities. These requirements have led to the development, among others, of the concepts of sustainable waste management and circular economy, which are increasingly becoming part of the legislation. Economies worldwide need to amend laws and regulations to facilitate the adoption of the economic model "bio-circular-green (BCG)", which is already adopted by governments throughout the world (Chutipat et al., 2023).

According to European Environmental Agency (2021), the legal framework for waste management in Kosovo broadly includes the objectives set in the European directives for waste management.

Waste management in Kosovo has been regulated by the Waste Law (Assembly of the Republic of Kosovo, 2012). Among the basic principles of waste management regulated by this law and attributed to the circular economy is waste management with priority according to the hierarchy: reducing waste at the source, reuse of materials, recycling, energy recovery, and landfilling. The development of the circular economy is also supported by documents, such as the Kosovo Strategy for Integrated Waste Management (2021-2030) and the Action Plan (2021-2023) (Office of the Prime Minister of the Republic of Kosovo, 2021). The legal framework in Kosovo still needs to include the "polluter pays" principle and "extended producer responsibility" (EPR).

While the Ministry of Economy and Environment (MEE) is responsible for drafting laws, strategies, and national plans and defining targets and objectives, the municipalities are responsible for planning, managing, and operating waste collection and management services. Natural or legal persons dealing with waste management have to be licensed by MEE.

However, implementing waste management legislation remains a challenge for Kosovo's institutions, especially in the field of the circular

economy (Agjencia për Mbrojtjen e Mjedisit në Kosovë [AMMK], 2020). First, there is a lack of capacity in the municipalities, some of which have not even adapted waste management plans. This highlights the need for intensive communication between the main actors in waste management (municipalities, regional waste companies, enterprises for recoverable materials processing, citizens, economic agents, and the commercial and production units as waste producers) to improve the current situation in the sector (The Balkan Forum [BF], 2021). Likewise, through economic instruments, central institutions and municipalities should create incentive policies to prevent waste generation and increase recycling capacities.

The National Development Strategy (NDS) 2016–2021 (Republic of Kosovo, 2016) does not envisage the development of the circular economy in Kosovo but rather focuses on the management of the consequences of the linear economy (ATRC Kosovo, 2020). In 2022, the Prime Minister's Office drafted the 2030 National Development Strategy (NDS) 2030 (Republic of Kosovo, 2022), which is still in public consultation. The objectives of the NDS 2030 will be linked to the Agenda of European Integration, SDGs, and the Green Deal Agenda (Republic of Kosovo, 2022). To address the development challenges of the country and establish a comprehensive approach, the draft document of NDS 2030 plans to be built on four tentative pillars, set in 11 development goals (Table 1).

Table 1. Development goals

Pillar one: Sustainable economic development	
1.1	Innovative, circular, and competitive economy
1.2	Quality, sustainable, and integrated infrastructure
1.3	Clean environment and efficient use of natural resources
Pillar two: Equal human development	
2.1	Accessible and quality education
2.2	High, decent, and inclusive employment
2.3	Improved health and wellbeing
2.4	Creative culture and active society
Pillar three: Security and rule of law	
3.1	High readiness for peace and security
3.2	Effective justice
Pillar four: Good governance	
4.1	Effective and accountable government
4.2	Strengthening of international subjectivity

Source: Republic of Kosovo (2022).

The drafted document of the NDS 2030 (Republic of Kosovo, 2022) plans to achieve development in the first pillar through the 8 following strategic objectives (SO), while objective 4 has to do with the mobilization of industry towards the circular economy (Republic of Kosovo, 2022):

1.1. Build a fair, adaptable, and competitive business environment.

1.2. Acceleration of digital transformation and innovation in SMEs and startups.

1.3. Development of industry towards products and services with higher added value.

1.4. Mobilization of the industry toward the circular economy.

1.5. Internationalization of enterprises and reduction of excessive dependence on imports.

1.6. Increase export-oriented investments.

1.7. Improve productivity and sustainability in agriculture.

1.8. Build lasting links between farmers, processors, and retailers.

According to this draft strategy, special attention in the new economic trajectory will be paid to innovation and the circular economy as a model for sustainable development (Republic of Kosovo, 2022).

In addition, Kosovo Integrated Waste Management Strategy (2021–2030) and Action Plan (2021–2023) has the vision of protecting public health and reducing the impact of waste on the environment, aiming at the same time to increase opportunities for business and employment and transition towards a circular economy harmonized with European norms and standards (Office of the Prime Minister of the Republic of Kosovo, 2021). The approach towards a circular economy is one of the main strategic objectives of this document.

5. RESULTS AND DISCUSSION

In this section of the paper, the single case study has been analyzed starting with the profile of the company; followed by exploring the motivation and obstacles to enter the recycling industry; investigating the legal framework regarding recycling, circular and green economy; the products and target market; institutional support and future plans of the company.

Developed countries are paying special attention to environmental protection and the efficiency of human resources by creating and implementing environmentally friendly policies. While in these countries, the green economy and transition from linear to circular economy is readily evident, in developing countries, the situation is considerably different. Despite the lack of institutional support, by learning from the good experience of developed countries, the entrepreneurs of these countries took the courage to introduce the first initiatives toward making the change and transforming their businesses from traditional to green businesses. According to the Green Entrepreneurship Roadmap of Western Balkan, in Kosovo, there are around 115 green businesses, mainly in the fields of solar energy, wind, hydro, wood biomass, energy efficiency, recycling, and construction (Balkan Trust for Democracy, 2021). One of them is PLASTIKA company, the first company that entered the recycling industry.

5.1. Company's profile

PLASTIKA is a private company established in 1992 by Mr. Astrit Shabani. Initially, the company was involved in the processing and collection of forest fruits, mushrooms, in particular. At that time, the company was mainly a family business and it operated only in one location with a small number of employees — mainly family members. The number of staff has gradually increased and currently, the company has 90 employees.

In 2003, the company started with the production of products from plastic. For the production of products, the company obtained the raw material mainly through export from other countries. Facing competition in the market from other countries that offered products with lower prices, resulting from the use of raw materials from recycling, forced the company to review its business strategy and production models. Thus, in 2006, the company

started recycling plastics and currently operates in three locations: in Fushë Kosovë, the main warehouse and headquarters are located, whereas the production area is located in Industrial Park in Drenas and Podujevë.

5.2. Motivation to start the business and enter the recycling industry

In this subsection, based on the response to our face-to-face interview, we intend to identify what was the motivation of the first company in Kosovo that entered the recycling industry and thus provide the answer to the second research question.

Based on the literature review, among the three categories of opportunities that Drucker (1985) described in his book is the opportunity of the reaction to shifts in the relative costs and benefits of alternative uses of resources. The company management was facing the decision of whether to use the opportunity to replace the natural raw material with the recycled one. Reduction of production costs, competitiveness in the market with lower prices, and profit increase were the main reasons that motivated the company management to start thinking about producing the raw material of their own. In addition, they were aware of the problems with plastic waste treatment and its negative impact on the environment.

The business expansion through its entry into the recycling industry, whereby the recycled material would be used as raw material, would not only have a positive impact on the business but would also reduce the production costs and increase the company's profit, and above all, it would be beneficial for the society. The latter was yet another reason why the business owner and the management decided to launch the recycling of raw material, plastic in this case. Taking such a decision was a great risk to the business since the company did not have experienced staff in this industry.

However, risk-taking is what characterizes the personalities of entrepreneurs. Thus, in 2006, the company started recycling plastic waste and producing re-granules (PLASTIKA, n.d.). In the same year, the company started using recycled plastic to produce agriculture and construction foil. Thus, PLASTIKA was the first Kosovan company to penetrate the plastic recycling industry.

5.3. Obstacles to entering the recycling industry

In this subsection, based on the response to our face-to-face interview, we intend to identify what was the obstacles faced by the first company in Kosovo that entered the recycling industry and thus provide the answer to the third research question.

Making strategic decisions is highly critical for business. In this case, the company's strengths and weaknesses should be well analyzed to find out whether the company is sufficiently prepared to overcome possible obstacles in implementing such a decision. Despite the plentiful benefits that operation on an integrated basis might bring, it is also followed by the increased need for capital, unbalanced production, lack of flexibility, and specialization (Buzzell, 1983).

PLASTIKA company decided to "taste the waters" and entered the recycling industry. This

was a critical strategic decision in a situation of uncertainty that carried the risk of failure considering that they decided to enter an unknown and untrodden path by any Kosovan company. Business owners decided to expand their business through vertical integration. The company aimed to reduce the cost of supplying raw materials by recycling plastic, making a one-sided (backward) vertical integration strategic decision. Backward integration deals with a manufacturer's decision to integrate with its suppliers or, the decision whether to "make or buy" an input (Del Prete & Rungi, 2019).

Initially, the firm started to collect plastic waste, then began to recycle it, and finally switched to producing products from recycled plastic. "At the beginning, it was very hard, as we faced numerous difficulties such as lack of qualified and experienced staff, insufficient workspace and equipment, during the first phase of operations we had to collect the plastic waste as we lacked regular plastic waste suppliers, etc.", says the sales manager of the company, according to the questionnaire results.

The electricity crisis in post-war Kosovo lasted for more than a decade. Power outages were frequent, lasted for hours, and occurred without any specific schedule, which caused huge and sometimes irreversible damage to household appliances, electronic equipment, as well as machinery, and production equipment. "Power outages are extremely costly, taking into account the damage caused to production and equipment in this industry", says the sales manager of PLASTIKA company, according to the questionnaire results. In the post-war period, the business environment in Kosovo was so unfavorable. Most of the budget revenues in the budget of Kosovo came from customs and taxes, which mainly were paid by businesses. Therefore, the manager of the PLASTIKA company rightly points out that too high taxes and customs, as well as an unfavorable business environment, are among the main challenges in doing business in Kosovo.

5.4. The variety of products, the target market, and quality assurance

In this subsection, based on the response to our face-to-face interview with the sales manager aiming to answer the fourth research question, we intend to gain information on the variety of products, the target market of the company, as well as quality assurance.

The same year, PLASTIKA company started recycling plastic, it started to use the produced recycled plastic for the production of agriculture and construction foil (PLASTIKA, n.d.). The first years of penetrating the recycling industry and switching from using the raw material from the suppliers to the material produced/recycled by the company were quite challenging, as many additional operations had to be managed. According to Ademi and Avdullahi (2021), creating and launching a new product on the market involves a very challenging and difficult path for the enterprise. However, the company continued with the increase in production capacity and started with the production of many other new products.

In 2007, the company started producing bags from foil and continued with the production of thermo foil in 2010 (PLASTIKA, n.d.). A year after,

in 2011, by gaining new knowledge and experience, as well as increasing the number of employees, the company started to produce stretch foil (PLASTIKA, n.d.). Six years later, in 2017, the company started to produce geomembranes (PLASTIKA, n.d.).

Porter (1985) noted that the industry structure and competitive advantage can be affected by technological change. In addition, according to Neagu and Mădălin-Ioan (2022), structural changes are needed in the industrial, and manufacturing sectors. Similarly, the company started applying new technology in the production process, thus in December 2017, a new modern line a five-layered extruder was started. The adaption of the new technological line enabled the company to produce high-quality products, such as stretch hoods, stretch film, haub, and agriculture film (PLASTIKA, n.d.). In addition, the new line enabled the production of the highest quality foil, thus setting up the company in competition with the worldwide markets.

The company also intends to increase production lines and production capacity. In an interview for the European Bank for Reconstruction and Development (EBRD), the now-deceased owner of the PLASTIKA company, Mr. Astrit Shabani emphasizes, "Our determination to make the investment work means we now have two recycling lines, with a capacity of 30 tons per day, as well as five production lines" (Vlajcic, 2021, para. 4).

Aiming to expand its market share and gain a competitive advantage, the company pays particular attention to the quality of products, machines, as well as production processes. The company guarantees a high quality of their products produced by European machines and European quality standards certified with ISO 9001:2015 in the certified scope on recycling of plastic and production of industrial products from plastic used in the following industries, agriculture, construction, food, and wood processors (PLASTIKA, n.d.). Therefore, Mr. Shabani says that "Our company has broad coverage of the domestic market, but also wide reach on the international market — up to 60 percent of our annual turnover is from exports" (Vlajcic, 2021, para. 4). In addition, the sales manager, during the interview, stated: "Our products are sold in the local market, in the countries of the region, in the EU countries, and also in the USA". He also emphasized that the current production capacity cannot cover the market demands.

5.5. Institutional support and future plans of PLASTIKA company

Whereas, in this subsection, we aim to answer the fifth research question, and to gain information on whether the company benefited from any institutional support and for the future plans of the company.

Considering the successful penetration of the produced plastic products and the continuous demand from the local and global market, the management of the PLASTIKA company decided to expand the premises of the company, to increase the production capacity. Buzzell (1983) emphasized that a business must provide the necessary capital before integrating new operations. This also includes the required budget. Thus, the PLASTIKA company approached the EBRD for financial support.

The company benefited from finance through an EBRD program, co-financed by the European Union (EU) under its Instrument for Pre-Accession Assistance (IPA), which provides loans through local commercial banks (Vlajcic, 2021). Thus, a loan of €600,000 was disbursed to the company's account from the local commercial bank — Banka Per Biznes (BPB); whereas with the successful completion of the investment, the company received a grant of €90,000, financed by the EU IPA and managed by European office of the European Union Special Representatives (EUSR) Kosovo (Vlajcic, 2021). In addition, the Government of Kosovo enabled the company to open a production factory in the Industrial Park in Drenas.

In our questions, about whether the company has received support such as training, incubation, equipment, financial, or any other kind of support from public institutions in Kosovo, the sales manager stated "We have gotten permission to set up the factory in the Industrial Park, and this is all that we have benefited from the public institutions. Currently, the company operates in 3 warehouses and two factories. The main office and warehouse are located in Fushë Kosovë, while one factory is in the Industrial Park in Drenas, while the other is in Podujevë".

Concerning the future plans, during the conversation in the interview, we were informed that the company has invested in the advancement of production equipment and it is expected that they will receive the new equipment in March next year. The current production capacity within 24 hours is 10–12 tons of final products. With the use of the new equipment, the company plans to meet market demands by doubling the current production capacity while also continuously improving quality. The company currently has around 90 employees, and with the increase in production capacity, it also plans to increase the number of employees. Our last question asked the information on where the management sees the company in 5 years. The sales manager answered without hesitation and with conviction: "Even after 5 years our company will be in the recycling industry".

5.6. Discussion of the results

In this subsection, the research paper results are discussed and compared with the previous relevant literature. This paper investigates the motivation and obstacles of the first company that entered the recycling industry in Kosovo. In addition, it seeks information on legal frameworks regarding recycling, circular and green economy, as well as other environmentally friendly initiatives. The variety of the products, the target market, and the quality assurance of the company were explored in this paper too.

The motivations of the owners of PLASTIKA company to enter the recycling industry were based on the benefits of the company, considering that they aimed to reduce raw material costs, manage raw material supply and increase profits. Besides this, the owners of the company aimed for the operations of their business to have fewer negative impacts on the environment, so they started recycling and vertical integration to decrease the ecological footprint.

Our results regarding the motivations of the PLASTIKA company to enter the recycling industry are in line with those of Tam (2008), who studied the cost and benefit of the production of new natural materials for new concrete production, and the proposed concrete recycling method to recycle construction waste as aggregate for new concrete. In this case, it turns out that the concrete recycling method can result in a huge amount of savings and also helps to protect the environment and achieve construction sustainability (Tam, 2008).

However, every strategic decision is accompanied by risks and obstacles/barriers. In this particular case, the company is faced with numerous obstacles in various aspects. Electricity shortage, high taxes, the lack of a legal framework and supporting strategic policies, as well as the lack of a friendly business environment were among the main external barriers to the company. While, among the internal barriers that the company faced were the lack of professional staff, lack of plastic waste suppliers, and insufficient workspace and equipment. Our results regarding the lack of a legal framework and supporting strategic policies are similar to Manolova and Yan (2002), indicating the lack of an appropriate legal framework based on their findings from a survey in Bulgaria on the impact of the legal environment on SME development as the most significant constraint. Concerning the obstacle lack of a friendly business environment and high taxes, our results are in line with Krasniqi (2007), indicating that the lack of a friendly business environment and high taxes burden harms the growth of SMEs. In addition, similar to our findings, Estrin et al. (2005) found that the reform process of the transition from the socialist system had the effect of making the business environment less favorable.

The identified obstacle of the lack of professional staff is in line with the findings of Lee et al. (2011). Whereas regarding the lack of plastic waste suppliers as an obstacle to PLASTIKA company, the paper's findings relate to van der Vegt et al. (2022), arguing that the demand for plastic raw material is expected to increase in the coming years whilst resources become further depleted. Our findings also found that insufficient workspace and equipment present an obstacle to the PLASTIKA company when entering the recycling sector.

Despite these obstacles, the company has penetrated successfully into the recycling industry, having good performance; increasing the number of professional staff and operating points, and increasing the production capacity. Although the company stated that some of the barriers come from the external environment, institutional support has also not been absent. The company managed to get financing as support with space for company premises to open a production factory in the Industrial Park in Drenas. Currently, the company offers a variety of products that meet international quality standards, has managed to export the products to foreign markets, and plans to continue operating in the recycling industry even in 5 years.

6. CONCLUSION

In this section, the research paper's conclusions are drawn, the policy implications are addressed, as well as the research paper's limitations are presented and the gaps for further studies are identified.

Post-war Kosovo has inherited numerous problems of different natures. The unemployment rate in Kosovo remains the highest among Western Balkans Six (Avdullahi et al., 2022). Although Kosovo experienced continuous economic growth and aims to continuously improve the business environment, little has been done concerning economic development that does not have negative impacts on the environment. Nowadays, many environmental problems are existent, such as the treatment of sewage, protecting rivers from pollution and waste disposal, and many others. There is still no specific/adequate legal framework for the green and circular economy. Businesses mainly operate based on the traditional linear model of the economy. There are few initiatives from businesses for recycling, but these initiatives are rarely supported by the state.

The research has identified several key motivations and obstacles. These motivations can be classified into motivations based on economic benefits (reduce cost and increase profit) and, environmental concerns (decrease their ecological footprint). Whereas, the obstacles are classified into external (which originate from the external environment of the business) and internal (which originate from the internal environment of the business).

This paper, similar to other related literature, shows that entrepreneurs despite the unfavorable business environment contribute to society by bringing innovations. In recent years, the Government of Kosovo has joined the initiative towards developing its policies based on the principles of the 2030 Agenda and SDGs and is working on drafting the development strategies aiming to transform the business environment to the environmentally friendly and oriented toward the circular economy. Although, recently, there have been positive developments in policies favoring the preservation of the environment and orientation towards the circular economy, in practice, there are still not enough reflections. Currently, the number of companies in the recycling industry in Kosovo has increased, but compared to developed countries, it stands far in implementing all these environment-friendly initiatives.

We suggest to the policymakers that environmental protection must be included in the education curriculum at all levels aiming to shift consumer behavior towards recycling culture and environment protection behavior. The waste in Kosovo is thrown without any prior classification. Therefore, we strongly recommend sorting and improving the throwing and collecting of household waste for recycling. It is necessary to provide institutional support and training to increase the awareness of businesses to preserve the environment. Training would aim at increasing the awareness of the entrepreneurs to manage the firm's operations in such a way that the outputs from the production processes are managed and do not have a negative impact on the environment.

In addition, through economic instruments, central institutions and municipalities should create incentive policies to prevent waste generation and increase recycling capacities, social entrepreneurship, and circular economy.

Although this paper fills a gap in the literature, it has limitations since it relies on a single case study that analyses only one company. Because

the number of companies in the recycling industry in Kosovo has increased, we suggest that future research rely on a bigger size sample coming from different regions in Kosovo, using quantitative and multiple case study approach in order to analyze and compare the obtained results of the sample and to achieve more representative results.

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APPENDIX. QUESTIONNAIRE FOR SCIENTIFIC PAPER WITH PLASTIKA COMPANY, L.L.C.

I. Data on the interviewed person:

1. First name and surname:

2. Gender:

3. Age:

4. Education:

5. Position in the company:

II. Data for the company:

1. Year of establishment:

2. Number of employees at the time of establishment:

3. The current number of employees:

4. The age of the company?

5. What was the main activity of your company in the first years of establishment?

6. Did the firm initially operate in one or more locations?

7. Currently, does the firm operate in one or more locations (branches)?

8. When the company started recycling activities?

III. The motivation and obstacles of the company to start a business and to start recycling:

1. Did the decision to start the business come from your own will or from the need for family survival?

2. If the decision came from your own will, then the willing was to:

- a) Pursue your dreams and make them true
- b) Be your own boss
- c) Financial benefits
- d) Other (Specify)

3. What were the main obstacles to starting the business?

4. Did the decision to start with recycling come from your own will or the need for business survival?

5. If the decision came from your own will, then the willing was to:

- a) Pursue your dreams and make them true
- b) To be a leader in the market
- c) Engage in an activity that benefits business and society
- d) Other (Specify)

6. What have been the main obstacles to starting the recycling activity?

IV. Institutional support to the company to start a business and recycling:

1. Did you have institutional support to start the business?

- a) Yes
- b) No

2. If YES, what was the type of support?

- a) Financial
- b) Training
- c) Work equipment
- d) Incubation
- e) Other (Specify)

3. Did you have institutional support to start recycling?

- a) Yes
- b) No

4. If YES, what was the type of support?

- a) Financial
 - b) Training
 - c) Work equipment
 - d) Incubation
 - e) Other (Specify)
-

V. Operations management, marketing, and staff:

1. What are the products that the company produces?

2. Your products are sold in the:

- a) Local market
 - b) They are exported to the region
 - c) They are also exported to countries in the EU
 - d) Other (Specify)
-

VI. Future plans of the company:

1. What are the future plans of the company?

2. How do you see the company after 5 years?

3. Is there any other relevant information to share with us?

Interviewers: Ajtene Avdullahi & Behxhet Shala

The respondent: